

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	People's Republic of Bangladesh	Project Title:	Third Public–Private Infrastructure Development Facility
Lending/Financing Modality:	Multitranches Financing Facility	Department/Division:	South Asia Department Public Management, Financial Sector, and Trade Division

I. POVERTY AND SOCIAL ANALYSIS AND STRATEGY

Poverty targeting: General Intervention

1. Links to the National Poverty Reduction and Inclusive Growth Strategy and Country Partnership Strategy

As part of its Vision 2021 overall development plan for 2010–2021,^a the Government of Bangladesh is supporting inclusive and sustainable growth to reduce poverty and help the country move toward middle-income country status by 2021. Its seventh five-year plan is aiming for annual gross domestic product (GDP) growth of 8% during 2016–2020 and a rise in the investment rate from 29% of GDP in FY2015 to 35% by FY2020. Substantially faster growth and poverty reduction will require more private sector investment in the development of infrastructure to fill a significant current infrastructure deficit and supplement limited public fiscal ability to finance the needed fast-tracking of nationally important projects. The government will work to speed major highway, bridge, and power sector development projects to provide greater access to serviced land in more parts of the country to potential foreign and domestic investors. This will be part of a special economic zones initiative. The 2016–2020 five-year plan projects that about 78% of the incremental investment in the economy during the plan period will come from the private sector in Bangladesh and internationally.

The proposed Asian Development Bank (ADB) Third Public–Private Infrastructure Development Facility (PPIDF 3) will seek to leverage additional funding from other sources to develop more high-quality infrastructure in support of the government's growth and poverty reduction goals. PPIDF 3 aligns with the government's 2016–2020 five-year plan and with ADB's country partnership strategy for Bangladesh for 2016–2020,^b both of which stress the need to support private sector-led infrastructure development and public–private partnerships. ADB will continue to focus on easing infrastructure constraints in Bangladesh in such areas as transport, energy, and water and municipal services. It will work to help bring about greater private sector participation in infrastructure. Support for regional cooperation, gender mainstreaming, governance improvement, policy reform, institutional strengthening, and knowledge management will underpin ADB's activities. This is consistent with the priorities of ADB's midterm review of Strategy 2020.^c

2. Results from the Poverty and Social Analysis during PPTA or Due Diligence

- Key poverty and social issues.** Bangladesh made considerable progress on some of the Millennium Development Goals, including those related to reducing poverty, attaining gender parity in education, and lowering the child mortality rate in rural areas. A large number of people still live below the poverty line, especially in rural areas. As of 2016, about 25% of the country's poor are poor,^d and 13% live in extreme poverty.^e The government will facilitate increased investment in infrastructure, particularly private sector investment in public–private partnerships which will give the poor better access to economic opportunities and facilitate trade by improving transport. The government will also ensure financial sector stability to foster faster and more sustained economic growth, which will benefit the poor and vulnerable groups by 2020.
- Beneficiaries.** Since PPIDF 3 is a general intervention, all citizens will benefit, including the poor and the socially excluded.
- Impact channels.** The enhanced access to basic infrastructure that PPIDF 3 will help provide will have a direct impact on poverty reduction. Improved infrastructure assets will help the poor become more productive. It will improve their opportunities to gain employment and to access markets to generate greater income. It will also provide them with better basic infrastructure facilities and services. A stronger infrastructure base for the economy will enable better investments in human capital and reduce the vulnerability of the poor to economic shocks. Public policy reform and investments in physical infrastructure through PPIDF 3 will significantly contribute to the pursuit of socially inclusive development.
- Design features.** PPIDF 3 provides limited opportunity for specific pro-poor design. Grant financing will be allocated for renewable energy and energy efficiency subprojects, and the financing of electrification through renewable sources of energy in off-grid areas (particularly in rural areas) will improve the well-being of people in these areas, including the poor. Making energy more available in off-grid areas will provide greater business and educational activities and opportunities. Key impacts on poverty expected to result will be through (i) enhanced investment levels and growth, (ii) greater affordability of high-quality services provided by new infrastructure, including through energy efficiency and renewable energy interventions, and (iii) more opportunities for businesses to create employment for and provide greater income to unskilled urban and rural workers.

3. Plan or other Actions. <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> No action		<input type="checkbox"/> Combined resettlement and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Social impact matrix	
B. Indigenous Peoples 1. Key impacts. Per ESSF guidance, there are no anticipated impacts on indigenous peoples because no subprojects will be located in indigenous peoples regions. 2. Strategy to address the impacts. Not applicable. 3. Plan or other actions. <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> Social impact matrix <input type="checkbox"/> No action		Safeguard Category: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI Is broad community support triggered? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Combined resettlement plan and indigenous peoples plan <input type="checkbox"/> Combined resettlement framework and indigenous peoples planning framework <input type="checkbox"/> Indigenous peoples plan elements integrated in project with a summary	
V. ADDRESSING OTHER SOCIAL RISKS			
A. Risks in the Labor Market 1. Relevance of the project for the country's or region's or sector's labor market, indicated as high (H), medium (M), and low or not significant (L). <input type="checkbox"/> unemployment <input type="checkbox"/> underemployment <input type="checkbox"/> retrenchment <input type="checkbox"/> core labor standards 2. Labor market impact. Not applicable.			
B. Affordability Not applicable.			
C. Communicable Diseases and Other Social Risks 1. The impact of the following risks are rated as high (H), medium (M), low (L), or not applicable (NA): <input type="checkbox"/> Communicable diseases <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (please specify) _____ 2. Risks to people in project area. Corporate social responsibility initiatives by the subproject sponsors will ensure that the construction workers and employees of the companies building and managing the subprojects are aware of the human immunodeficiency virus (HIV) risks.			
VI. MONITORING AND EVALUATION			
1. Targets and indicators. As an FI operation, PPIDF 3 aims mainly to catalyze (i) \$650.0 million of private sector investment in eligible infrastructure subprojects to be catalyzed through the ADB ordinary capital resources component of the multitranche financing facility; and (ii) \$15.0 million of private sector investments for renewable energy and energy efficiency subprojects to be catalyzed under the Asian Development Fund component of the facility. The financial closing target date for subprojects to be financed under PPIDF 3 is FY2023. 2. Required human resources. IDCOL is the project FI and will serve as the intermediary between ADB and each subproject owner, which will be a special purpose vehicle, in terms of monitoring for performance. 3. Information in the facility administration manual. Project review and monitoring will be submitted by IDCOL to ADB annually in the form of audit sheets and performance reports to report on IDCOL's monitoring of compliance with the ESSF and environment and social safeguards as prescribed in the ADB Safeguard Policy Statement. 4. Monitoring tools. IDCOL, as the project FI, will serve as the intermediary between ADB and the project owner in terms of monitoring for performance.			

^a The Vision 2021 is the government plan that lays down the social and economic progress it aims for the country to achieve by 2021. It includes the targets of the five-year plans for FY2011–FY2015 and FY2016–FY2020. Government of the People's Republic of Bangladesh. Perspective Plan of Bangladesh 2010–2021: Making Vision 2021 A Reality.

http://bangladesh.gov.bd/sites/default/files/files/bangladesh.gov.bd/page/6dca6a2a_9857_4656_bce6_139584b7f160/Perspective-Plan-of-Bangladesh.pdf (accessed 16 November 2016).

^b ADB. 2016. *Country Partnership Strategy: Bangladesh, 2016–2020*. Manila.

^c ADB. 2008. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

^d The government defines poverty as income of less than \$1.25 per day.

^e The government's household income and expenditure survey for 2010 defined the extreme poor as individuals whose food intake was equal to or less than 1,805 kilocalories per day.

^f Infrastructure Development Company Limited. 2011. *Environmental and Social Safeguards Framework (ESSF)—Policy and Procedures*. <http://idcol.org/download/1d8514287c3e7cda76423b33a781f79c.pdf>

^g ADB. 2009. *Safeguard Policy Statement*. Manila.

^h Bangladesh Bank. Guidelines on Environmental and Social Risk Management for Banks and Financial Institutions. https://www.bb.org.bd/aboutus/draftguinotification/guideline/esrm_bankfi_draftv.pdf (accessed 16 November 2016).

Source: Asian Development Bank.