

INITIAL POVERTY AND SOCIAL ANALYSIS

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

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The multitranche financing facility (MFF) supports poverty reduction development goals of the Government of Bangladesh (the government) and Asian Development Bank (ADB) for Bangladesh. Bangladesh has made good progress in reducing poverty over the past decade despite a series of external shocks. Income poverty incidence declined substantially from 58.8% in 1991–1992 to 31.5% in 2010. The government has set the target to bring down poverty to 13.5% by 2021. Bangladesh's draft final Seventh Five-Year Plan (7th FYP) for 2016–2020 aims to achieve 8% of gross domestic product (GDP) growth and scale up investment from 29% of GDP to 35% by 2020. Emphasis on accelerating growth and reducing poverty substantially require boosting private sector investment and developing infrastructure by (among others) removing infrastructural limitations to fast track nationally important projects. Initiatives will be taken to broaden and accelerate the implementation of other major highways and bridges, power sector and providing access to serviced land to foreign and domestic investors in the context of Special Economic Zones (SEZ) initiative. It is expected that poverty rate will drop to 18.6% and the rate of ultra-poor to 8.9% under the plan. The Asian Development Outlook 2016 for Bangladesh highlighted that it will be a challenge to achieve an increase in the private investment rate in the next 5 years unless the government address binding constraints on infrastructure (on electricity and gas supply), cost of doing business and strengthening logistics. More generally, boosting investment and sustaining growth momentum as Bangladesh approaches middle-income status require deep policy reform and strengthened institutions.

ADB's country strategy and program (CSP) 2011–2015 states that "Bangladesh's economic and social progress notwithstanding, the country still faces a number of difficult medium- to longer-term challenges in its quest to grow more rapidly and inclusively. Gross domestic saving, at 19.6% of GDP in FY2011, has remained stagnant since FY2007, and must rise significantly to support the investment needed to lift Bangladesh to a higher growth trajectory." However, such investment requirements should not be built upon the cost on the environment. The CSP clearly highlighted that "Bangladesh is at high risk from climate change impacts including sea level rise, frequent floods, tidal waves, and cyclones, which threaten to erode gains in poverty reduction achieved so far. Integrating climate change considerations into development programs and projects, and building capacity for climate change adaptation and mitigation are essential to ensuring environmentally-sustainable development."

B. Poverty Targeting

General Intervention Individual or Household (TI-H) Geographic (TI-G) Non-Income MDGs (TI-M1, M2, etc.)

The MFF is classified as a general intervention because its proposed outputs will benefit all citizens including the poor through the financing of high quality infrastructure which will create jobs, spur economic growth, and attract foreign investment. In addition, financing of renewable sources of energy in offgrid areas will improve the well-being of citizen in these areas including the poor. Increased availability of energy in offgrid areas will promote business and educational activities.

C. Poverty and Social Analysis

1. **Key issues and potential beneficiaries.** Since it is a general intervention, all citizens including the poor and socially-excluded will benefit from the MFF.
1. **Impact channels and expected systemic changes.** There are limited opportunities for specific pro-poor design. However, grant financing or cost subsidies are allocated for some of the renewable energy (RE) subprojects that might be financed under the Third Public–Private Infrastructure Development Facility (PPIDF3). Generally, the key anticipated impact on poverty will be through (i) enhanced investment levels and growth; (ii) greater affordability of high quality infrastructure including RE; and (iii) enhanced infrastructure providing opportunities for businesses which creates employment opportunities for unskilled urban and rural labor and will thus support income generation
2. **Focus of (and resources allocated in) the PPTA or due diligence.** Project preparations do not involve a project preparatory technical assistance (PPTA). A poverty reduction and social strategy will be prepared by the

project team during fact-finding.

3. **Specific analysis for policy-based lending.** Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program? Women will benefit from the investment facility through improved access to various infrastructure services and more affordable pricing. Women entrepreneurs have suffered due to the lack of quality infrastructure, such as regular power supply for production units, and roads for market access requiring them to walk through difficult terrain. Further, regular water supply and adequate drainage improves working conditions for women employees. Moreover, quality infrastructure will assist women and other vulnerable groups through better quality health care and education. Women will benefit from subprojects that conform to required environmental standards. Measures are included in the design to promote gender equality and women's empowerment: (i) access to and use of relevant services, resources, assets, opportunities; and (ii) participation in decision-making process. During due diligence, it will be assessed whether the MFF can effectively be considered as "some gender benefits."
2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?
 Yes No Please explain. The feasibility of a gender action plan will be assessed during due diligence.
3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?
 Yes No Please explain. Increased infrastructure will benefit all citizens including women. The Project Team expects women to have equal access than men to these infrastructure facilities.
4. Indicate the intended gender mainstreaming category:
 GEN (gender equity) EGM (effective gender mainstreaming)
 SGE (some gender elements) NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. The proposed project is a financial intermediary (FI) loan, in which ADB funds will be used for onlending to eligible subprojects identified by IDCOL. As such, IDCOL will conduct due diligence not only on the subproject but on the subproject developers and/or sponsors to ensure they understand and meet the compliance requirements on environmental and social safeguards issues.
2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? For subprojects funded by IDCOL, compliance requirements will necessarily include conduct of stakeholder consultations on environmental and social safeguards issues. The consultations will assist the subproject developer in establishing an environmental impact assessment or the subproject information memorandum. Based on these, an environmental and social management system will be prepared with mitigations, wherever necessary.
3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?
 Information generation and sharing Consultation (M) Collaboration Partnership
4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? Yes No

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category A B C FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?
 Yes No Please refer to the environmental and social management system of IDCOL which lays out in full detail the actions and/or measure to be taken to address such involuntary resettlement in the event that they arise in some of the subprojects to be financed under PPIDF3. Available at: <http://idcol.org/download/1d8514287c3e7cda76423b33a781f79c.pdf>
2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?
 Resettlement plan Resettlement framework Social impact matrix
 Environmental and social management system arrangement None

<p>B. Indigenous Peoples Category <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input checked="" type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain and provide information on the potential benefits and/or expected impacts, as well as the actions/measures to be conducted during PPTA or due diligence to address the concerns of indigenous peoples.</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please explain.</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social Impact matrix <input checked="" type="checkbox"/> Environmental and social management system arrangement <input type="checkbox"/> None</p>
<p align="center">V. OTHER SOCIAL ISSUES AND RISKS</p> <p>1. What other social issues and risks should be considered in the project design? <input checked="" type="checkbox"/> Creating decent jobs and employment (M) <input checked="" type="checkbox"/> Adhering to core labor standards (M) <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Through the environmental and social management system.</p>
<p align="center">VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT</p> <p>1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable (there is no PPTA)</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? Consultant inputs, in this regard, were already procured for PPIDF1.</p>