



# Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 11-Oct-2023 | Report No: PID207

**BASIC INFORMATION****A. Basic Project Data**

Project Beneficiary(ies) Bangladesh	Operation ID P500727	Operation Name Inclusive Services and Opportunities for Host Communities and Displaced Rohingya People	
Region SOUTH ASIA	Estimated Appraisal Date 21-Feb-2024	Estimated Approval Date 25-Apr-2024	Practice Area (Lead) Social Protection & Jobs
Financing Instrument Investment Project Financing (IPF)	Borrower(s) The People's Republic of Bangladesh	Implementing Agency Ministry of Women and Children Affairs, Ministry of Health and Family Welfare, Ministry of Disaster Management and Relief	

**Proposed Development Objective(s)**

To improve access to economic opportunities, health, and gender responsive services for vulnerable Host and Rohingya communities

**PROJECT FINANCING DATA (US\$, Millions)****Maximizing Finance for Development**

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

**SUMMARY**

Total Operation Cost	350.00
Total Financing	350.00
of which IBRD/IDA	350.00
Financing Gap	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	350.00
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IDA Credit	192.50
IDA Grant	157.50
Environmental and Social Risk Classification	
Moderate	Concept Review Decision The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

**Bangladesh experienced rapid social and economic progress in recent decades, reaching lower middle-income status in 2015.** Stable macroeconomic conditions drove 6.4 percent average annual real GDP growth between 2010 and 2022. Over the same period, poverty and extreme poverty declined by 19.6 and 6.8 percentage points to 30 percent and 5 percent, respectively.<sup>1</sup> However, the pace of poverty reduction slowed, and urban inequality has widened.

**Bangladesh navigated the COVID-19 pandemic shock with prudent macroeconomic policies, but now faces a significant balance of payments (BoP) deficit and rising inflationary pressure.** Elevated commodity prices and synchronous global monetary policy tightening contributed to a widening BoP deficit and a sharp decline in foreign exchange (FX) reserves from the second half of FY22. Domestic policies exacerbated the impacts of external pressure, including the introduction of multiple exchange rates, and de facto caps on lending rates. By end-FY23, the BoP deficit reached US\$ 8.2 billion and gross international reserves declined to US\$ 24.7 billion (3.5 months of prospective imports). Authorities requested support to restore external balance, including an IMF program approved in January 2023.

**The fiscal deficit widened to an estimated 5.3 percent of GDP in FY23.** Tax revenues remained among the lowest in the world at an estimated 7.4 percent of GDP in FY23. Expenditure growth accelerated with higher subsidy spending as a result of elevated commodity prices, while revenues declined with lower imports. Capital expenditure was led by infrastructure megaprojects, with rationalization of other projects in FY23 to slow the growth of the budget deficit.

**Real GDP growth is expected to reach 5.6 percent in FY24 before accelerating to its long-term trend.** Inflation is projected to remain elevated in the near term and gradually subside with monetary policy tightening and import price stabilization over the medium term. Pressure on the external sector is expected to persist in FY24, easing over the medium term as external conditions moderate. The fiscal deficit is expected to remain within 5.5 percent of GDP, with a moderate increase in revenues. However, downside risks are rising. Inflation could further accelerate if timely monetary and fiscal policy adjustments are not adopted. Weak demand in Bangladesh's major export and external labor markets could weigh on the current account deficit, and failure to address distortions in the FX market could deplete reserves. Financial sector vulnerabilities may widen if enhanced asset measurement, supervision, and enforcement measures are delayed.

<sup>1</sup> Based on the international poverty line of US\$ 3.65 and US\$ 2.15 per day (using 2017 purchasing power parity) for poverty and extreme poverty, respectively.



**Structural reforms are needed to support a faster pace of growth over the medium term.** Priorities to reach upper middle-income status by 2031 include building a competitive business environment, diversifying exports, increasing human capital, building efficient infrastructure, deepening the financial sector, and attracting private investment. These reforms will support international competitiveness as Bangladesh prepares for graduation from the Least Developed Country status in 2026, which will gradually lead to reduced concessional financing and preferential market access for its exports.

**Bangladesh is at low risk of overall and external debt distress in the January 2023 joint IMF-World Bank Debt Sustainability Assessment.** Bangladesh is not currently subject to Debt Limits Conditionality under the Sustainable Development Finance Policy. In its most recent Staff Report, the IMF stressed the need for Bangladesh to accelerate its ambitious reform agenda to achieve a more resilient, inclusive, and sustainable growth, requiring substantial investments in human capital and infrastructure.

**Bangladesh faces a high level of vulnerability to the effects of climate change.** The Global Climate Risk Index ranks it as the seventh most affected country in 2000-2019,<sup>2</sup> with high susceptibility to extreme weather events such as cyclones, floods, and storm surges. Recurring flooding in Bangladesh affects a greater population than any other natural hazard, impacting more than 1 million people annually. Once every three to five years, up to two-thirds of the country is inundated by floods. Addressing these climate risks will support sustainable economic development and prevent vulnerable populations from being left behind.

#### Sectoral and Institutional Context

**Bangladesh has been coping with an inflow of around one million Displaced Rohingya People (DRP) from Myanmar over the last six years.**<sup>3</sup> As of July 31, 2023, 962,416 Rohingya individuals (199,857 families) registered jointly by the Government of Bangladesh (GoB) and UNHCR are residing in thirty-three extremely congested camps in Ukhiya and Teknaf Upazilas of the Cox's Bazar District, and about 32,000 DRP have been relocated to the island of Bhasan Char since December 2021.<sup>4</sup> Less than 4 percent of the DRP had basic vaccine coverage and about half of children under five suffered from chronic malnutrition. The violence, including sexual and gender-based violence (GBV), experienced by DRP caused high levels of psychosocial trauma and mental health issues. In 2019, around 70 percent of the DRP comprised of women and children, and half of them were less than 15 years of age.

**The Rohingya inflow had an immediate impact on the host communities (HCs) in Cox's Bazar.** Soaring prices of food, transport, and firewood; disruptions in wage rates and livelihoods; water shortages, and outbreak of various communicable diseases such as diphtheria, all contributed to the decreased social cohesion between HCs and DRP within a short time. Furthermore, essential services (e.g., health) were put under significant pressure due to excess demand, as well as resource diversion from NGOs and other actors toward the DRP.

**The GoB, international community, and NGOs all participated in response efforts to support the DRP and HCs.** The World Bank (WB) has provided US\$590 million of financing (of which US\$491.67 million were grant) through five projects to support GoB's responses covering infrastructure, water and sanitation, food and nutrition, healthcare, and educations. Three projects – the Emergency Multi-Sector Rohingya Crisis Response Project (EMCRP), Social Safety Nets Systems for

<sup>2</sup> German watch (2021) Global Climate Risk Index 2021.

<sup>3</sup> The early estimates suggest hosting the Rohingya for the first five years with no repatriation would require over US\$7 billion.

<sup>4</sup> Joint Government of Bangladesh – UNHCR Population Factsheet.



the Poorest Project (SNSP), and Health and Gender Support Project (HGSP) – are under implementation and closing in June 2024.

**The majority of DRP remain highly vulnerable despite humanitarian assistance.** As the crisis enters its sixth year and humanitarian aid has been shrinking, the DRP face increasingly severe challenges in the medium-term. For example, the universal food assistance provided by WFP was reduced from \$12 to \$ 10 per person per month in March 2023, and further to \$8 in June. As a result, now 78 percent of DRP do not have sufficient food (up from 44 percent in November 2022), and acute malnutrition prevalence is 48 percent higher.<sup>5</sup> One major reason for this high vulnerability is that the DRP of working age have few economic opportunities. Lack of opportunities to “survive and thrive” and uncertainty in repatriation have made way for rising fundamentalism, crimes, gang violence, and the erosion of social cohesion within the DRP. The absence of avenues for meaningful engagement, especially for youth, is increasing the risks of them turning towards crime or substance abuse. GBV rates remain very high, mainly due to intimate partner violence (IPV), but trafficking, child marriage, and sexual harassment are also on the rise. Hard earned gains made in women’s mobility, participation in training and income generation, health seeking behaviors and access to essential services are being threatened by the growing rigidity in social norms and conservatism in some quarters of DRP camps.

**Sustainable economic opportunities for the DRP are severely limited by low human capital and the policies limiting economic activity in the camps.** DRP cannot legally work outside the Cox’s Bazar camps, and work in the camps is limited to small-scale volunteer services and home production of food items, specified in the approved list of “portable” skills and livelihood activities per the GoB-UN Framework on Skills Development issued in August 2022. Moreover, the scope of economic opportunities is hampered by the low level of education and limited prior work experience of the DRP. The policy regime for DRP economic activity on Bhasan Char seems to be less binding than in Cox’s Bazar. However, the island has neither adequate energy infrastructure, nor easy physical access to the mainland, making it non-viable for private sector engagement. There is also no framework for Bangladeshi businesses to invest, operate, or hire Rohingya in the camps. As a result, there is an increasing acknowledgement of the need to identify ways to reduce fiscal costs by increasing access to economic opportunities and inclusive services for the DRP.

**Health, nutrition, and population (HNP) outcomes in Cox’s Bazar are low, and public health services have struggled to address the needs of HC and DRP due to capacity constraints and underfunding.** The health system in Cox’s Bazar District has struggled with inadequate human resources, deployment and retention of health professionals, and weak waste management systems at the health facilities. The DRP’s needs for HNP services are more acute because of their poor access to, and knowledge about, HNP services prior to arrival, which have been exacerbated by the conditions in the camps. DRP women and girls are also battling trauma-related mental health conditions and stress, exacerbated by the extreme deterioration in the security situation inside the camps. The DRP relocated to Bhasan Char also face increasing mental disorders due to isolation from the mainland and lack of access to the informal income generating opportunities.

**Access to essential services and economic opportunities for women, people with disabilities (PWD), and other marginalized people in both host and Rohingya communities is more challenging.** This is due to limited capacity among service providers to deliver targeted and specific services, a shortage of multi-sectoral support services and limited accessibility, restrictive social norms, and stigma attached with the identity of vulnerable groups, and lack of awareness. Gender gaps persist in education, health, and economic outcomes.<sup>6</sup> Fear of sexual harassment and violence limits mobility

<sup>5</sup> WFP, 2023, Donor Partner Briefing.

<sup>6</sup> UNHCR, CARE, and ActionAid, 2020.



of women and their participation in social and economic activities. Access to health services is also constrained due to lack of female staff for gender-appropriate care, especially for adolescent girls. Rising conservative forces start to stop women and girls from mobility and participation in learning. People with disabilities (PWDs) in both host and Rohingya communities experience peculiar forms of violence and discrimination. DRP households such as those headed by children, PWDs, and elderly are even more affected by the food assistance cuts as they cannot access economic.

**Addressing GBV to elevate human capital and increase participation of women is an urgent imperative.** The high incidence of GBV leads to substantial reductions in physical and mental health, reduced access to education and jobs, disempowerment and economic outcomes across multiple generations. Addressing GBV is thus critical for other interventions to be effective, especially for the abovementioned vulnerable groups. Bangladesh has the highest rates of IPV and child marriage in the region, and Rohingya women and girls are at even higher risks of GBV in the camps.<sup>7</sup> Prior to the onset of COVID-19, one in four women among the DRP was a GBV survivor, with 57 percent having experienced physical assault.<sup>17</sup> Child marriage within the camps is significantly higher than national rates, and sexual assault, cases of polygamy, abandonment, and the risk of human trafficking have been rising over the years. Adolescent girls, children, and transgender individuals face additional risks of GBV and barriers in accessing services given the intersectionality of vulnerabilities. Furthermore, the existing services do not adequately cover the needs of men and transgender population.

#### Relationship to CPF

The proposed project aligns with the World Bank's Bangladesh Country Partnership Framework FY23-27 by supporting its High-level Outcome A on Increased private sector jobs, as well as High Level Outcome B on Improved social economic inclusion. In addition, it also aligns with the GoB's 8th Five Year Plan and is in line with Bangladesh's commitments to the Paris Agreements on climate change.

### C. Proposed Development Objective(s)

To improve access to economic opportunities, health, gender, and other services for vulnerable Host and Rohingya communities

#### Key Results (From PCN)

The proposed key results are the following (to be disaggregated by gender and between HC and DRP):

- Number of displaced Rohingya people and people of host communities provided with services and livelihoods.
- Number of Children (0-11 months) having received three doses of pentavalent vaccines.
- Number of women and girls utilizing GBV response services.

### D. Concept Description

The proposed project would support three sets of activities to address the development needs of the DRP in the camps in Cox's Bazar and Bhasan Char and of vulnerable HCs in the Cox's Bazar. The scope and scale of activities to be implemented for DRP in the camps in Cox's Bazar and Bhasan Char would be bound by the US\$157.5 million grant from IDA20's Window for Host Communities and Refugees. Overall, all the proposed activities would undertake targeted efforts to enhance

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<sup>7</sup> 54 percent of women report facing IPV at some point in their life, and 51 percent were married as children.



gender sensitization, social inclusion, and cohesion. Furthermore, this project would also complement existing operations supporting human capital and livelihood development for HCs, and the proposed Host and Rohingya Enhancement of Lives through a Multi-Sectoral Approach (P501274).<sup>8</sup>

**Component 1 - Enhancing income generating opportunities for the poor and vulnerable households in HCs.** Performance Based Conditions would be used to finance two GoB programs to support the poor and vulnerable households to improve earnings and livelihoods.

**Component 2 - Increasing access to skills development and economic opportunities for DRP.** Subject to the GoB's policies on economic activities in the camps, working age DRP would be engaged to contribute to community work and services or to various productions. Participating DRP would receive stipends and gain relevant work experience and skills. Two vulnerable groups would be targeted for most relevant supports.

**Component 3 - Strengthening integrated health, nutrition, population, and gender-based response and prevention services.** This Component would support both HCs and DRP. Integrated services would be provided through a network of facilities across all tiers in the district, and selected facilities within the camps with effective referral to higher level facilities.

**Component 4 - Project management, coordination, and monitoring** to support the establishment and operation of Project Management Units (PMU) through provision of training, office equipment, and Operating Costs.

#### Legal Operational Policies

#### Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Area OP 7.60

No

#### Summary of Screening of Environmental and Social Risks and Impacts

There will be no civil construction for the Project. Minor medical wastes may be generated due use of vaccines and other medical services. There will be no impact on cultural heritages, biodiversity and natural resources. There will also be no land acquisition, and physical or economic displacement are unlikely. There is likely to be no negative impact on SECs. The main point of concern would be exclusion of certain strata of beneficiaries—especially the persons with disability, female headed household, children, elderly, ethnic minorities. The potential for SEA/SH risk due to cash transfer modalities and interaction between the beneficiaries and the service providers may also be likely.

<sup>8</sup> Several operations under implementation or preparation have a focus on building, protecting, or utilizing human capital, including the Accelerating and Strengthening Skills for Economic Transformation (ASSET), Resilience, Entrepreneurship and Livelihood Improvement Project, Recovery and Advancement of Informal Sector Employment (RAISE), Economic Acceleration and Resilience for NEET (EARN), Bangladesh Enhancing Investments and Benefits for Early Years (BEIBEY), and the new Health Sector Program.



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## APPROVAL

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