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# Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 28-Jan-2017 | Report No: PIDISDSA19739



**BASIC INFORMATION**

**A. Basic Project Data**

Country Bangladesh	Project ID P159429	Project Name Bangladesh Investment Promotion and Financing Facility Project II (IPFF II)	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 01-Dec-2016	Estimated Board Date 31-Mar-2017	Practice Area (Lead) Finance & Markets
Lending Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Bangladesh Bank	

Proposed Development Objective(s)

The PDO is to increase long-term financing for infrastructure and to build capacity of the local financial institutions for promoting private sector-led infrastructure financing in Bangladesh.

Components

Long-Term Infrastructure Financing Component  
Technical Assistance Component

**Financing (in USD Million)**

Financing Source	Amount
Borrower	60.00
International Development Association (IDA)	300.00
<b>Total Project Cost</b>	<b>360.00</b>

Environmental Assessment Category

F - Financial Intermediary Assessment

Decision

The review did authorize the preparation to continue

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Other Decision (as needed)

## **B. Introduction and Context**

Country Context

Sectoral and Institutional Context

## **C. Proposed Development Objective(s)**

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Development Objective(s) (From PAD)

The PDO is to increase the scope of long-term financing for infrastructure and to build capacity of the local financial institutions for promoting financing to private sector-led infrastructure in Bangladesh.

Key Results

## **D. Project Description**

## **E. Implementation**

Institutional and Implementation Arrangements

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## **F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

NOTE: THE WB POLICY APPLIED TO THIS PROJECT IS OP/BP4.03 (WB PERFORMANCE STANDARDS FOR PRIVATE SECTOR ACTIVITIES), IN LIEU OF SAFEGUARD POLICIES. ENVIRONMENTAL ASSESSMENT CATEGORY FOR THIS PROJECT IS FI-1 (IN ACCORDANCE WITH OP/BP4.03). ISDS DISCLOSURE IS DONE MANUALLY IN ACCORDANCE WITH WB OPCS "OFFLINE" PROCESSING FOR PROJECTS THAT APPLY OP/BP4.03. IF THE ISDS FORM CONTAINING THIS TEXT IS DISCLOSED, IT IS AN INCORRECT VERSION.



**G. Environmental and Social Safeguards Specialists on the Team**

Dr. M. Khaliqzaman, Ekaterina Grigoryeva, Sabah Moyeen

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	<p>OP/BP 4.03, and more specifically, provisions related to private sector activities involving Financial Intermediaries (FIs), will be applied to the project in lieu of safeguards policies. Eight World Bank Performance Standards will be applicable, as mandated in the OP/BP 4.03, for the management of environmental and social risks and impacts in the prospective all of the activities/ sub-projects financed by PFIs through IPFF II. The World Bank Performance Standards, as applied to sub-projects, will also include WBG Environment, Health, and Safety (EHS) Guidelines. As the sub-projects are not known at this stage, any of the eight Performance Standards may apply, based on the outcomes of the process of identification of risks and impacts for each sub-project.</p> <p>The project will develop and maintain an Environmental and Social Management System (ESMS), covering all levels of the project – BB, PFIs, and project sponsors – that should incorporate, as appropriate for the project circumstances, key elements of the ESMS described in Performance Standard 1 on Assessment and Management of Environmental and Social Risks and Impacts (as required by OP/BP4.03). The ESMS will also take into account Mandatory Environmental Risk Management Guidelines of the BB, as a requirement for financial institutions under the national law.</p> <p>Additionally, all PFIs will manage the working conditions of their own workforce in accordance with relevant aspects of Performance Standard 2 on</p>



Labor and Working Conditions, as required by OP/BP 4.03.

Natural Habitats OP/BP 4.04	No
Forests OP/BP 4.36	No
Pest Management OP 4.09	No
Physical Cultural Resources OP/BP 4.11	No
Indigenous Peoples OP/BP 4.10	No
Involuntary Resettlement OP/BP 4.12	No
Safety of Dams OP/BP 4.37	No

Projects on International Waterways OP/BP 7.50	No	Use of this policy will depend on the exact nature of activities or sub-projects to be financed and on their locations. During preparation, efforts will be made to understand these issues, and subsequent triggering of the policy. If required and appropriate, exclusion of sub-projects that are expected to involve such activities.
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Projects in Disputed Areas OP/BP 7.60	No	Use of this policy will depend on the exact nature of activities or sub-projects to be financed, and their locations. During preparation, efforts will be made to understand these issues, and subsequent triggering of the policy. If required and appropriate, exclusion of sub-projects that are expected to involve such activities.
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**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

IPFF II is a project involving Financial Intermediaries (FIs) that are expected to be the primary vehicle to channel funding for sub-projects to private sector sponsors and / or PPPs in several infrastructure sectors. The pipeline of IPFF II is only indicative at this stage and consists of medium to large infrastructure projects in several sectors. As such, the nature and magnitude of E&S risks and impacts of sub-projects is not yet known and will be assessed separately for each sub-project, as and when financing proposals will be considered by Bangladesh Bank (or BB, the core implementing agency for the IPFF II project).

The initial investments under the project will be directed mainly to sub-projects where E&S risks and impacts are expected to be comparatively moderate. This “staggered” approach to project implementation will allow for the necessary time to strengthen Bangladesh Bank, PFIs’, and private sponsor companies’ capacity already built through IPFF I to prepare the sub-project level E&S instruments as per requirements of the Government of Bangladesh and the



World Bank. More specifically, with regard to identification of risks and impacts, building on the practice in IPFF I, ESAs incorporating Environmental and Social Management Plans (ESMPs) will be prepared for all sub-projects and would be subject to local disclosure and consultation as per the national law.

Key E&S issues – including their nature and scale - will be detailed during the process of identification of E&S risks and impacts for each sub-project, including preparation of ESAs, and may range from inadequate labor and working conditions; pollution; occupational and community health and safety; physical and/or economic displacement, including those without formal title to land; adverse impacts on livelihoods; adverse impacts on local communities, including tribal peoples and/ or small ethnic communities and/or their unique livelihood modalities, cultural and societal norms and way of life; impacts on biodiversity and ecosystem services, and cultural heritage.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Potential indirect or long-term impacts will be determined for each sub-project on the basis of the ESA and specific management plans that will address management of E&S risks and impacts, including certain types of indirect and/ or long-term impacts, as commensurate with the Performance Standards and associated guidance.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. The project's core approach to mitigation of E&S risks and impacts will be founded on the principles of gradual capacity strengthening of all key stakeholders and will consist of a combination of (i) applying relevant environmental and social standards to identifying and managing specific risks and impacts in sub-projects during construction as well as at the implementation stage and (ii) excluding particularly high risk activities from financing by specific Participating Financial Institutions (PFIs) based on these PFIs' and/or private sponsors' capacity to adequately address them (until such capacity is built over a period of time, as described above). There will be dedicated TA resources to help BB, PFIs and the private sponsors to build the required capacity). These exclusions will also take into consideration availability – or lack thereof – of technical expertise needed to assess and mitigate certain high-risk situations such as potential projects in critical habitats. Therefore, the project will have a choice of not financing certain sub-projects where E&S risks have been determined to be unacceptable.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

#### **Bangladesh Bank**

IPFF II is expected to be mainly implemented by the original project implementing agency for the predecessor project (IPFF I) - Bangladesh Bank (BB). BB will have primary oversight / monitoring responsibility for E&S risk management under IPFF II. In particular, BB will (i) ensure that all activities/ sub-projects financed under IPFF II meet the applicable Government of Bangladesh and World Bank requirements; (ii) ensure that all PFIs fulfill their respective obligations with regard to E&S due diligence and monitoring for sub-projects, as described below; (iii) provide formal clearance for E&S instruments for sub-projects, such as ESAs, ESMPs, ESAPs etc.; (iv) consolidated E&S performance reporting for all sub-projects is provided to the World Bank.

IPFF II Environmental and Social Policy and Procedures, among other provisions, clearly articulates applicable requirements for sub-projects. These applicable requirements will include (i) relevant environmental and social national and local laws and regulations; (ii) List of Excluded Activities, based on the IFC Exclusion List to the extent it may be applicable to infrastructure development activities and List of E&S Sensitive Activities, and (iii) the World Bank Performance Standards, as commensurate with the risks and impacts of activities/ sub-projects.

#### **Participating Financial Institutions**



PFI's key responsibilities for E&S risk management under IPFF II will include: (i) ensuring that ESIA's and all other associated E&S instruments have been prepared in line with the requirements of GoB and WB and all clearances are obtained in a timely manner; (ii) ensuring that adequate E&S covenants are incorporated in the loan agreements with project sponsors / implementing entities and other relevant sub-project documentation; (iii) monitoring E&S performance of sub-projects; (iv) providing periodic reporting to BB.

#### Role of the World Bank

The Bank will assist BB in fulfilling its oversight/ monitoring role, and in particular: (i) review of the IPFF II Environmental and Social Policy and Procedures and, on a sample basis, ESMSs prepared by the PFI's for consistency with IPFF II requirements; (ii) review annual consolidated E&S Performance Reports submitted by BB on the E&S performance of both PFI's and sub-projects; (iii) provide no objection to BB's clearance of the ESIA, ESMP, ESAP, and any other relevant E&S plans for selected high risk sub-projects; (iv) conduct supervision activities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Disclosure for the project is done in accordance with the World Bank Policy on Access to Information. BB has publicly disclosed IPFF II Environmental and Social Policy and Procedures in both English and Bangla. Consultations have been conducted by Bangladesh Bank on the IPFF II E&S Policies and Procedures document on October 27, 2016, with Financial Institutions / banks and on November 30, 2016, with multiple stakeholder groups such as Ministry of Industry, Ministry of Environment, other relevant Government departments, prospective project sponsors, Non-Government Organizations, worker's representatives, civil society organizations (e.g. academia, research centers, media, etc.). The outcomes of the consultations have been incorporated in the E&S risk management design for IPFF II.

BB shall cause PFI's to publicly disclose elements of their ESMS as they are prepared during project implementation. In addition, each PFI will, after Bank review, disclose a summary of the ESIA and relevant E&S instruments for all IPFF II supported sub-projects.

Stakeholder engagement process (including disclosure and consultations) at the sub-project level will be undertaken by the entity / private sponsor which will prepare and implement the sub-project. This process will be done in accordance with the national and local laws and regulations, detailed guidance provided in the IPFF II Environmental and Social Policy and Procedures document, and specific relevant provisions contained in the World Bank Performance Standards. To that extent, sub-project requirements may, as appropriate, include Stakeholder Engagement Plans and project-level grievance mechanisms for affected communities.

As part of the sub-project stakeholder engagement process, timely disclosure of full ESIA's, ESMP's, and any other associated management plans and documents will be the responsibility of project sponsors. In particular, timing of such disclosure for IPFF II sub-projects will be 120 days prior to approval of financing by BB in the case of sub-projects categorized as High risk, and 60 days in the case of sub-projects categorized as Medium risk in accordance with the PFI's ESMS and guidance on categorization provided in the IPFF II E&S Policies and Procedures document.

## **B. Disclosure Requirements**



**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)**

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

**CONTACT POINT**

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**APPROVAL**

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