Project Information Document/
Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 25-Aug-2016 | Report No: PIDISDSC18105

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Bangladesh	P159429		Bangladesh Investment Promotion and Financing Facility Project II (IPFF II)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
SOUTH ASIA	October 15, 2016	December 15, 2016	Finance & Markets
Lending Instrument	**Sector(s)**	**Theme(s)**	**Borrower(s)**
Investment Project Financing	General information and communications sector (15%), Banking (30%), Other non-bank financial intermediaries (30%), General energy sector (15%), General transportation sector (10%)	Infrastructure services for private sector development (60%), Other Financial Sector Development (40%)	Ministry of Finance
Implementing Agency			
BANGLADESH BANK			

Financing (in USD Million)

Financing Source	Amount
Borrower	60.00
International Development Association (IDA)	350.00
Total Project Cost	**410.00**

Environmental Assessment Category	Concept Review Decision
FI-1-Financial Intermediary Assessment	

Have the Safeguards oversight and clearance functions been transferred to the Practice Manager? (Will not be disclosed)

No

Other Decision (as needed)

Type here to enter text

B. Introduction and Context

Country Context

Bangladesh has had an impressive and sustained economic growth at 6.1 percent rate since 2010, well above most of developing countries. Per capita income continued to increase in fiscal year (FY) 2015 to $1,220, a 12.96 percent year on year growth. The overarching need for job creation, an abundant young labor force, and rapid urbanization has led the country through a structural shift from traditional agriculture to industry and service sectors. The contribution of the industrial sector to the Gross Domestic Product increased from 23 percent to 28 percent since 2010. In

2014, Bangladesh officially attained lower-middle income country (LMIC) status. The growth rate, however, needs to speed up for the country to attain its target of becoming a middle income country (MIC) by 2021 – a goal that the country has been pursuing and noting in strategic planning documents. Studies say that the annual GDP growth rate of Bangladesh has to be at least 8 percent for achieving the MIC status over the next 5-7 years. To move to the 7-8 percent GDP growth path both the public and private investment rate must go up. A key constraint to achieving this goal is the infrastructure gap. The 7th Five Year Plan estimates that about $410 billion of investment - twice the size of GDP - is needed for developing the country's infrastructure to a desired level. In 2014 –15 its ranking was 130 out of 144 countries in terms of infrastructure quality. The gap in infrastructure quality is substantial if compared to that in India, Sri Lanka, and Thailand. It is also evident that with the existing state of infrastructure quality even the current level of growth is difficult to sustain. In terms of quantity, the 6th Five Year Plan had estimated that the investment requirements for infrastructure would go up from 3 percent of GDP in FY10 to 7 percent of GDP in FY15. However, the actual share in FY15 was 5 percent of GDP. The 2 percent gap in the required infrastructure spending is largely explained by an inability to get the private sector-led infrastructure financing going at the right pace. This is a serious shortcoming that needs to be addressed with renewed vigor in the 7th Plan. The investment requirements for infrastructure in the 7th Plan will likely be in the range of 7- 8 percent of GDP. Experience from the execution of the 6th Plan suggests that, going forward, at least 2 percent of GDP worth of infrastructure investments and the corresponding long-term financing will need to come from private sector-led initiatives and the Public Private Partnership (PPP) model to make this possible.

Sectoral and Institutional Context

The financial sector is dominated by commercial banks which engage predominantly in trade finance and some project finance usually limited to 5 - 6 years of maturity. Despite progressive improvement of the sector and a demonstrated resilience in the face of global financial turmoil, the financial system remains weak in its capacity to allocate resources to the most productive uses, as well as to perform its term transformation function - supplying a fast-growing economy with long-term credit. Securities markets in Bangladesh are underdeveloped, with lax regulation of the stock exchanges. Bangladesh's capital markets remain some of the most under-developed in the region. Market capitalization of all securities is $39 billion, which is roughly 20 percent of GDP. Following a market crash in late 2010, a generally bearish market has persisted with intermittent upward movements that have failed to capture investor's interest. The commercial debt market is nascent, while the government debt securities are few and lack liquidity. About 80 percent of all listed securities in the capital market ($31.5 billion) are equity securities. The small number of debt securities listed in the two stock exchanges are inactive and primarily government securities issued for pumping subsidies into targeted sectors and state-owned enterprises (SoEs). There are virtually no corporate bonds or corporate debt instruments listed and most of the corporate sector borrowings are from the banking sector. The international flow of capital has been limited because of the country rating and country competitiveness in attracting foreign capital. A Bangladesh Bank (BB) - country rating, lack of platforms for foreign currency hedging, weak financial sector governance and other similar factors have curbed at a low level the attractiveness of Bangladesh as a destination for foreign inflow of capital from the capital surplus countries.

In contrast to the backdrop of the historically weak long-term financing landscape, IDA-supported Bangladesh IPFF project was started in 2006. The initial $50 million was disbursed quickly in just 18 months, well ahead of the closing date. Having been a successful pilot, IPFF got a five-fold enhancement in 2010, with an additional financing (AF) of $257 million. In the AF phase, IPFF has so far delivered 534 MW of electricity to the national grid (through 11 small power plants and one large independent power plant), one inland container terminal, a nation-wide fiber optic cable network, and three water treatment plants. The current pipeline of the project includes a dry dock near Chittagong Port, a hospital, and another fiber optic cable network.

Some of the achievements of IPFF I in terms of transforming the enabling environment in Bangladesh include: (i) spreading the effective approaches to long-term financing among the local financial institutions. The credit officers of the PFIs have got a grasp of the risk-return trade-off paradigm associated with longer term financing not only through the on-lending operation of IPFF, but also from the workshops and training programs supported by the project's technical assistance (TA) resources; (ii) sharing lessons learned and experiences in structuring of infrastructure investment proposals across different sectors – the PPP Office of the government has been able to draw on IPFF I lessons in successfully developing a pipeline of private sector-led infrastructure proposals in the country that can be subsequently financed from various sources; (iii) instilling good Environment and Social (E&S) standards, based on World Bank safeguard policies as those were applied to IPFF I, during construction as well as implementation of infrastructure projects; IPFF I TA component supported the private sponsors with preparation of the Environmental and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMPs), as well as other instruments deemed necessary by the ESIAs, such as Resettlement Action Plans. At the implementation stage, IPFF I developed capability for monitoring compliance to the ESMP agreed during the financial closure.

The contemplated project size of $350 million, will only meet a small proportion of the overall infrastructure long-term financing needs of Bangladesh. Thus, apart from supporting scaled up financing through IDA and promoting good practices in infrastructure finance, a key indicator to assess the effectiveness of the proposed intervention is the “multiplier effect” or “catalytic impact” of the project, which can be measured by the ratio between funds on-lent by GoB under the project, and the total amount of financing raised by the sub-projects. Drawing from the experience of implementing the ongoing IPFF and taking best practice from elsewhere, the design of IPFF II will have more diverse and robust options to enhance the multiplier effect. The options for diversification include: (i) line of credit denominated in any major international currency; (ii) take-out financing of already constructed/nearly completed infrastructure freeing up funds of the PFIs. Over the project period the PFIs will be able to churn more resources for more number of projects; (iii) underwriting and back-stopping of project bonds issued by the sponsor companies; (iv) credit enhancement (v) developing a secondary market for infrastructure securities.

Relationship to CPF

The IPFF II Project is aligned with the Country Partnership Framework (CPF) focus area 1 (Growth of the Private Sector) and the objective of the project is directly aligned with the CPF objective 1.5 (Increased Financial Intermediation), which states that the ability of financial institutions in Bangladesh to deliver both long-term financing, vital for sectors like energy and transport, and short-term financing have been constrained. Moreover, the activities expected to be delivered by IPFF II will support achievement of CPF focus areas on power generation and transport infrastructure. The existing GoB pipeline of power generation projects and road transport projects cannot materialize without making a more robust provision for project financing in general and long-term financing for infrastructure in particular.

C. Proposed Development Objective(s)

The PDO is to increase the provision for long-term financing for infrastructure and to build capacity for infrastructure finance to promote private sector-led infrastructure development in Bangladesh.

Key Results (From PCN)

1. The PDO will be measured by the following PDO level results indicators:

a) Increase in total investments in infrastructure (as measured by the total amount of equity and debt financing from IPFF, GoB and the local financial institutions)

b) Total amount of debt financing from IPFF, GoB and the local financial institutions

c) Total amount of equity from the private sector entrepreneurs on the transactions supported by IPFF

2. The following intermediate results indicators will be used to monitor progress (#):

a) Long term debt financing for infrastructure increases (as measured by cumulative debt financing from IPFF)

b) Structuring/transaction supporting to at least one infrastructure investment proposal by IPFF II every year

c) At least 12 domestic financial institutions use the IPFF II

d) The project results in 300 MW of additional electricity added to the national capacity

e) Environmental and social assessments are undertaken and risks and impacts are adequately mitigated for all sub-projects financed under the facility in coordination with the DoE and other relevant government authorities

f) The capacity of financial institutions participating in IPFF to undertake financial analysis of infrastructure projects is strengthened, as measured by the cumulative number of PFI staff trained

D. Concept Description

Component 1 (US$ 20 million): This component will finance technical assistance (TA) activities including training, capacity building, and operating expenditure to: (i) strengthen GoB's capacity for developing infrastructure projects, including support to PPP Office and setting up a PPP certification program; (ii) capacity building of MoF for economic/financial analyses of infrastructure projects for viability gap funding (VGF) determination; (iii) capacity building of private sector entrepreneurs and PFIs for environmental and social due diligence and monitoring, including preparation of ESIAs and other sub-project E&S risk management instruments, plans etc., and on fiduciary aspects; (iv) policy dialogue and advisory services for long-term financing for infrastructure development; (v) building and maintaining sufficient project management capacity within the implementing agency (IA) to successfully implement the project and populate M&E frameworks; (vi) appraisal of sub-projects; and (vii) preparation of diagnostic action plans.

Component 2 (US$ 330 million): Financing to the participating financial institutions (PFIs). This component will finance services, goods and works for: (i) infrastructure sub-projects awarded or licensed by the government, (ii) on-site infrastructure of private economic zones licensed by the government authority for EZ development. (iii) Take-out financing of existing infrastructure sub-projects in eligible sectors, which will broaden the provision for long-term financing for sub-projects, where the entrepreneur or the PFIs have arranged the initial, shorter-term debt capital and equity but find it difficult to commit debt funds for a longer term. Piloting other instruments such as credit enhancement, underwriting (back-stopping) and market making for infrastructure bonds/securities could also be explored.

Total estimated funding required for the project is $410 million. The Bank will provide $350 million and GoB will provide $60 million as counterpart funding. Besides, DFID has expressed an interest in providing trust fund resources - estimated at $2.5 million - for World Bank executed activities in support of the proposed project's objectives.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the E&S risk management analysis (if known)

The sub-projects may be funded and implemented nationwide. Since exact locations and/or expected environmental and social footprint of the sub-projects are not fully known at this stage (and will not be known until specific proposals are received from the client), a framework approach will be adopted for the project, building on the success and lessons learned from IPFF I.

While IPFF I funded infrastructure sub-projects with varying scope, nature, and magnitude of environmental and social risks and impacts, all of the sub-projects except one (the dry-dock sub-project) were in the medium-to-low risk category. The financed sub-projects (nine thermal power generation plants, three small size liquid fuel power generation plants, three water treatment plants, a container terminal, and a fiber optic cable network) did not involve any large-scale land acquisition resulting in displacement of people or negative livelihood impacts. In most cases the lands used for sub-projects were owned by the private sponsors with ownership acquired through voluntary land transactions, or public lands were utilized. No or very low/temporary impacts on livelihoods were seen (for example for laying underground fiber optic cables by the side of public roads). IPFF II is expected to continue the same approach, as described in the sections below.

The pipeline of IPFF II is only indicative at this stage and consists of medium to large infrastructure projects. As such, the nature and magnitude of environmental and social 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 submitted by the PFIs. The initial investments under the project will be directed mainly to subprojects where environmental and social risks and impacts are expected to be comparatively low. This step by step 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 environmental and social instruments as per requirements of the Government and the World Bank. More specifically, with regard to identification of risks and impacts, building on the practice in IPFF I, ESIAs incorporating Environmental and Social Management Plans (ESMPs) will be prepared for the majority of sub-projects and would be subject to local disclosure and consultation as per national law.

Risks and impacts of proposed sub-projects will be identified in the ESIAs 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. The project's core approach to mitigation of such risks and impacts 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 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 the PFIs and the private sponsors to build the required capacity.

Rationale for classification as Category FI-1, FI-2, or FI-3:
In the case of IPFF II, OP/BP 4.03 (World Bank Performance Standards for Private Sector Activities) will be applicable to the project in lieu of the World Bank's safeguard policies. OP/BP4.03 is better suited for this project given that all sub-projects are expected to constitute private sector activities and are executed through PFIs, which are commercial private sector financial institutions.

The project is a Financial Intermediary (FI) project and is categorized as **FI-1** in accordance with OP4.03. This categorization is based on the review of the existing IPFF sub-project portfolio (which includes a high risk operation) and an expectation that although most of the activities financed under IPFF II would be similar to those of IPFF I they may also involve potential significant adverse E&S risks and/or impacts that are diverse, irreversible, or unprecedented.

Application of OP/BP4.03 provides a substantial advantage for this project, as World Bank Performance Standards offer significantly more clarity and guidance in these circumstances than safeguards policies, thus enabling more comprehensive and uniform implementation across sub-projects. In addition, IFC may co-finance some of the sub-projects, hence application of OP/BP4.03 will ensure a more harmonized approach, thus making it easier for the client and the PFIs to follow only one set of requirements.

B. Borrower's Institutional Capacity

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 oversight / monitoring responsibility for E&S risk management under IPFF II. In particular, BB will ensure that (i) all activities/ sub-projects financed under IPFF II meet the applicable Government of Bangladesh and World Bank requirements; (ii) all PFIs fulfill their respective obligations with regard to E&S due diligence and monitoring for sub-projects, as described below; (iii) consolidated E&S performance reporting for all sub-projects is provided to the World Bank.

Besides implementing IPFF I project successfully, BB is currently implementing a few other World Bank funded projects, and is well versed in the Bank's environmental and social policies, screening procedures, preparation of safeguards documentation and disclosure process, as well as implementation of relevant mitigation measures including grievance redress, monitoring and evaluation. While BB has now developed adequate in-house capacity to handle environmental and social issues, the use of WB Performance Standards for IPFF II under OP/BP 4.03 will require strengthening of capacity building measures at appropriate levels of BB, especially in relation to its oversight/ performance monitoring role (which has not been fully systematic in IPFF I), PFIs, and project sponsors. Capacity building needs and consequent capacity building plans will be identified during appraisal and incorporated in the project design, including structured approaches to technical assistance in this area.

To that extent, BB has developed an Environmental and Social Management Framework (ESMF) for IPFF I, which contains detailed E&S risk management arrangements for the project, including applicable standards for IPFF I (World Bank safeguards polices), organizational requirements for BB and PFIs, procedures for E&S risks and impacts assessment at the sub-project level, and technical considerations pertaining to E&S aspects of infrastructure development. In order to effectively build on the successful experience of IPFF I, the existing ESMF document will be drawn upon for designing an Environmental and Social Management System (ESMS) for the IPFF II project in line with the requirements of OP/BP 4.03. In particular, Environmental and Social Policy and Procedures document for IPFF II will be prepared, which will form an important part of the overall project ESMS, as required by OP/BP 4.03 for projects involving Financial Intermediaries. It will detail key elements of the ESMS (policy, procedures for assessing risks and impacts, organizational capacity), as specified in OP/BP 4.03. This document will also serve as the basis for the PFIs to prepare their internal ESMSs, once they apply for financing during project implementation. This approach will ensure harmonized project implementation, with adequate guidance on applicable standards, processes, and roles and responsibilities for all stakeholders.

IPFF II Environmental and Social Policy and Procedures will, among other provisions, clearly articulate applicable standards for sub-projects. These standards will include (i) relevant environmental and social national and local laws and regulations; (ii) IFC Exclusion List, to the extent it may be applicable to infrastructure development activities[1], and (iii) the World Bank Performance Standards, as commensurate with the risks and impacts of activities/ sub-projects financed by PFIs through IPFF II.

Additionally, PFIs will not be permitted to finance sub-projects associated with activities listed in (a)-(d) below where they, following a PFI assessment process conducted by Bangladesh Bank, have been found to lack adequate capacity to assess, manage, and monitor associated E&S risks. Decisions to exclude such sub-projects from financing by a PFI will be made based on sub-project initial screening and feasibility assessment, where a full or partial ESIA is not yet available. However, at a later stage Bangladesh Bank may determine that a PFI has developed requisite capacity, in which case the PFI may be allowed to engage in financing of such sub-projects.

a. Activities involving large-scale physical and/ or economic displacement[2] resulting from land-related transactions defined in WB Performance Standard 5 (paragraph 5).
b. Activities in or near critical habitats[3] and /or legally protected areas.
c. Activities involving adverse impacts on tribal peoples and/ or small ethnic communities.[4]
d. Activities involving significant adverse impacts on critical cultural heritage[5] areas.

Bangladesh Bank has also been a member of the Sustainable Banking Network (SBN) since 2012[6]. SBN is a community of financial sector regulatory agencies and banking associations from emerging markets committed to advancing sustainable finance in line with international good practice. SBN is facilitated by IFC with support from several donors. As part of this effort, Environmental Risk Management Guidelines were introduced in January 2011 by Bangladesh Bank, in collaboration with local banks and other stakeholders. Mandatory Environmental Risk Management Guidelines were launched in 2012. The Guidelines enable FIs to consider environmental issues in a structured way in their overall credit appraisal processes. In line with the Guidelines, FIs are not explicitly required to have a separate ESMS, but rather have E&S risk function fully integrated into credit risk management, and some FIs in Bangladesh have already developed their ESMS approaches in line with these national requirements. The IPFF II project will aim to leverage these Guidelines and internal supervisory capacity within Bangladesh Bank with regard to its requirements for the PFIs, as described below.

[1] Even though OP 4.03 does not include an explicit requirement for the use of an Exclusion List as a policy instrument, there are precedents of successfully using IFC Exclusion List by the World Bank for Financial Intermediary projects. IFC Exclusion List can be found at: http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/ifc+projects+database/projects/aips+added+value/ifc_project_exclusion_list

[2] In the context of this project, activities involving large-scale physical and/or economic displacement are those that are expected to affect 200 people or more.

[3] Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitats of significant importance for required for critically endangered or endangered species as defined by the IUCN Red List of Threatened Species; habitats of significant importance for endemic or restricted-range species; habitats supporting globally significant concentrations of migratory species and /or congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes. Primary Forests or forests of High Conservation Value shall be considered Critical Habitats.

4 The term “tribal peoples and/ or small ethnic communities” is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- Self-identification as members of a distinct cultural group and recognition of this identity by others;
- Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.

5 Critical cultural heritage consists of (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; and (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.

[6] http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Partnerships/Sustainable+Banking+Network/

Participating Financial Institutions
PFIs will have the ultimate responsibility for E&S risk management for Bank-supported sub-projects financed through IPFF II. PFIs' key responsibilities will include: (i) ensuring that ESIAs have been conducted in line with the requirements of the Government of Bangladesh and World Bank Performance Standards 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 and engaging consultants and third parties in this process, as appropriate; (iv) providing periodic reporting to the Bangladesh Bank, including prompt reporting of any E&S-related incidents or accidents associated with sub-projects.

In an effort to harmonize national regulatory requirements of the Bangladesh Bank Environmental Risk Management Guidelines described above with the World Bank requirements under OP/BP 4.03 for each PFI to develop and maintain an ESMS to manage risks and impacts of sub-projects, specific requirements for the PFIs' ESMS are expected to be as follows:

- A policy statement endorsed by senior management clearly articulating adoption of the Bangladesh Bank Environmental Risk Management Guidelines, as well as applicable standards for E&S risk management for various lending activities the PFI may decide to cover by its ESMS in line with the Guidelines. In relation to activities/ sub-projects financed through IPFF II, these standards will include (i) relevant environmental and social national and local laws and regulations; (ii) IFC Exclusion List, and (iii) the World Bank Performance Standards, as commensurate with the risks and impacts of activities financed by PFIs through IPFF II.
- Procedures for screening, assessing, managing, and monitoring environmental and social risks and impacts of sub-projects financed through IPFF II integrated within the overall credit risk management of the PFIs, including clearly assigned roles and responsibilities and budget. Such procedures must include sub-project E&S categorization that, among other aspects, should inform the sub-project's overall credit risk rating. More specifically, the PFIs will incorporate in their E&S procedures and rely on guidance provided in the BB's Environmental and Social Policy and Procedures for IPFF II in conducting their E&S due diligence for Bank-supported sub-projects.
- Provisions for monitoring E&S performance of the PFI's portfolio of Bank-supported sub-projects and periodic performance reports to the PFI's senior management and BB, as appropriate.

Training and capacity building has been provided to a substantial number of financial institutions under IPFF I. Continued capacity building will need to be strengthened under IPFF II to ensure adequate knowledge of WB Performance Standards for successful implementation. Capacity building should cover both PFIs (including any consultants and agencies engaged in preparing ESIAs and other sub-project instruments) and private sector entities which will implement Bank-supported sub-projects.

The Bank will assist BB in fulfilling its oversight/ monitoring role, such as review of the IPFF II Environmental and Social Policy and Procedures, ESMSs prepared by the PFIs, and any ESIAs, ESMPs, and other instruments prepared for sub-projects (as deemed necessary based on the ESIAs and in accordance with the Performance Standards).

Mechanisms for consultation and disclosure, with an emphasis on potentially affected people
Disclosure for the project will be done in accordance with the World Bank Policy on Access to Information. BB will publicly disclose IPFF II Environmental and Social Policy and Procedures. In addition, BB shall cause PFIs to publicly disclose elements of their ESMS. In addition, each PFI will, after Bank review, disclose the summary of the ESIA that is required for any sub-project considered high risk in accordance with the PFI's ESMS.

Disclosure and public consultations, with the emphasis on potentially affected people, at the sub-project level will be undertaken by the entity which will prepare and implement the sub-project, in accordance with the national and local laws and regulations, IPFF II Environmental and Social Policy and Procedures, 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.

C. Environmental and Social Specialists on the Team

1. Dr. M. Khaliquzzaman
2. Sabah Moyeen
3. Tapas Paul

4. Ekaterina Grigoryeva

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Performance Standards OP/BP 4.03 for private sector activities	Yes	OP/BP 4.03, and more specifically, provisions related to private sector activities involving Financial Intermediaries, will be applied to the project. 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. Each PFI will develop and maintain an ESMS 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), and taking into account Mandatory Environmental Risk Management Guidelines of the BB and guidance provided in IPFF II Environmental and Social Policy and Procedures, as described above. All PFIs will manage the working conditions of their own workforce in accordance with relevant aspects of Performance Standard 2 on Labor and Working Conditions, as required by OP/BP 4.03.
Projects on International Waterways OP/BP 7.50	TBD	Use of this policy will depend on the exact nature of activities 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.
Projects in Disputed Areas OP/BP 7.60	TBD	As above

E. Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Appraisal will begin in later part of September 2016.

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Preparation for the relevant documents: Preparation of IPFF II Environmental and Social Policy and Procedures (building on IPFF I ESMF document), to (i) create a core document that will underpin IPFF II overall ESMS and (ii) ensure adequate application of WB Performance Standards will start immediately.

CONTACT POINT

World Bank

A.K.M. Abdullah, Marius Vismantas
Email: aabdullah@worldbank.org
mvismantas@worldbank.org

Borrower/Client/Recipient

Ministry of Finance
Mr. Jalal Ahmed, Additional Secretary
Email:jalal61@yahoo.com

Implementing Agencies

BANGLADESH BANK
Ahmed Jamal
Executive Director and Project Director
Ahmed.jamal@bb.org.bd

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop

APPROVAL

Task Team Leader(s):	A.K.M. Abdullah, Marius Vismantas

Approved By

Safeguards Advisor:	Maged Mahmoud Hamed	Aug 31, 2016
Practice Manager/Manager:	Niraj Verma	Aug 31, 2016
Country Director:	Qimiao Fan	Sept 9, 2016