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Report No: PP2045

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED STRATEGIC CLIMATE FUND FOREST INVESTMENT PROGRAM GRANT

IN THE AMOUNT OF US\$ .25 MILLION EQUIVALENT

TO THE

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

FOR THE

BANGLADESH - FIP INVESTMENT PLAN PREPARATION PROJECT

November 16, 2016

ENVIRONMENT & NATURAL RESOURCES  
SOUTH ASIA REGION

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective September 30, 2016)

Currency Unit = US \$  
78.48 BDT = US\$1

FISCAL YEAR  
July 1 – June 30

## ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
BCCRF	Bangladesh Climate Change Resilience Fund
BCCSAP	Bangladesh Climate Change Strategy and Action Plan
BFD	Bangladesh Forest Department
CIF	Climate Investment Funds
CRPARP	Climate Resilient Participatory Afforestation and Reforestation Project
CSO	Civil Society Organization
EFCC	Environment, Forestry and Climate Change Sectors
ERD	Economic Relations Division
FAO	Food and Agriculture Organization of the United Nations
FIP	Forest Investment Program
GoB	Government of Bangladesh
IFC	International Finance Corporation
IP	Investment Plan
MDB	Multi-lateral Development Bank
MoEF	Ministry of Environment and Forests
PPCR	Pilot Program for Climate Resilience
REDD	Reducing Emissions from Deforestation and Forest Degradation
UNDP	United Nations Development Programme
USAID	U.S. Agency for International Development
WB	The World Bank

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**BANGLADESH**  
**FIP Investment Plan Preparation Project (P160234)**

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# APPRAISAL DATA SHEET

Bangladesh

Bangladesh - FIP Investment Plan Preparation Project (P160234)

## PROJECT PAPER

SOUTH ASIA

0000009274

Report No.: PP2045

Basic Information			
Project ID P160234	EA Category C - Not Required	Team Leader(s) Madhavi M. Pillai, Tapas Paul	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 30-Nov-2016	Project Implementation End Date 31-May-2018		
Expected Effectiveness Date 30-Nov-2016	Expected Closing Date 30-Nov-2018		
Joint IFC No			
Practice Manager/Manager Kseniya Lvovsky	Senior Global Practice Director Julia Bucknall	Country Director Qimiao Fan	Regional Vice President Annette Dixon
Approval Authority			
Approval Authority CD Decision			
Borrower: Economic Relations Division			
Responsible Agency: Bangladesh Forest Department			
Contact: Telephone No.: 880-2818-1737	Md. Yunus Ali	Title: Email: yunusbfd@gmail.com	Chief Conservator of Forests
Project Financing Data(in USD Million)			
Total Project Cost:	0.25	Total Bank Financing:	0.00
Financing Gap:	0.00		

<b>Financing Source</b>	<b>Amount</b>
Climate Investment Funds	0.25
<b>Total</b>	<b>0.25</b>

### **Expected Disbursements (in USD Million)**

Fiscal Year	2017	2018	2019	0000	0000	0000	0000	0000	0000	0000
Annual	0.08	0.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	0.08	0.25	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### **Institutional Data**

#### **Practice Area (Lead)**

Environment & Natural Resources

#### **Contributing Practice Areas**

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

The objective of the Project is to support the preparation of the Bangladesh Forest Investment Plan that meets the criteria of the Forest Investment Program.

#### **Components**

<b>Component Name</b>	<b>Cost (USD Millions)</b>
Preparation of Forest Investment Plan	0.21
Project Management	0.04

### **Compliance**

#### **Policy**

Does the project depart from the CAS in content or in other significant respects? Yes [ ] No [ X ]

Does the project require any waivers of Bank policies? Yes [ ] No [ X ]

Have these been approved by Bank management? Yes [ ] No [ ]

Does the project meet the Regional criteria for readiness for implementation? Yes [ X ] No [ ]

#### **Safeguard Policies Triggered by the Project**

	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01		
Natural Habitats OP/BP 4.04		
Forests OP/BP 4.36		
Pest Management OP 4.09		
Physical Cultural Resources OP/BP 4.11		

Indigenous Peoples OP/BP 4.10						
Involuntary Resettlement OP/BP 4.12						
Safety of Dams OP/BP 4.37						
Projects on International Waterways OP/BP 7.50						
Projects in Disputed Areas OP/BP 7.60						
<b>Legal Covenants</b>						
<b>Name</b>		<b>Recurrent</b>		<b>Due Date</b>		<b>Frequency</b>
<b>Description of Covenant</b>						
<b>Conditions</b>						
<b>Source Of Fund</b>		<b>Name</b>			<b>Type</b>	
<b>Description of Condition</b>						
<b>Team Composition</b>						
<b>Bank Staff</b>						
<b>Name</b>		<b>Role</b>		<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
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Tapas Paul		Team Leader		Senior Environmental Specialist	Environment	GEN06
Ishtiak Siddique		Procurement Specialist (ADM Responsible)		Senior Procurement Specialist	Procurement	GGO06
Mohammed Atikuzzaman		Financial Management Specialist		Financial Management Specialist	Financial Management	GGO24
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Janet Bably Halder		Team Member		Program Assistant	Administration	SACBD
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Nadia Sharmin		Team Member		Environmental	Environment	GSU18

		Specialist			
<b>Extended Team</b>					
<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>Location</b>		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>

## **I. STRATEGIC CONTEXT**

### **A. Country Context**

1. Bangladesh has made notable progress in economic and social sectors in recent years, with a target to be an upper middle income country by 2021. Efforts to expand key growth drivers including manufacturing by at least 3 times the level of current investments, improve transport accessibility and accommodate unplanned and rapid urbanization with a current population density exceeding 1,150/sq.km, will translate into accelerated pressure on natural resources. Unless significant progress is made in managing the natural resources of the country in tandem with planned infrastructure development, growth will likely increase degradation and deforestation and negatively impact livelihoods and nutrition of the poor who are most directly dependent on forests and related natural resources for jobs, income and overall wellbeing.

2. Since 2009 when it unveiled the Climate Change Strategy and Action Plan, the Government of Bangladesh (GoB) has consistently supported policy reforms and investment activities aimed at improving the environment, enhancing climate mitigation and adaptation and improving forest and natural resources management. Bangladesh is at the forefront of international efforts to reduce the negative impacts of climate change and is among the first fifty five nations to ratify and enable the Paris Agreement to enter into force by the twenty second Conference of the Parties (COP) under the United Nations Framework Convention on Climate Change (UNFCCC) in November 2016. Bangladesh's Intended Nationally Determined Contributions (INDC), the post-2020 voluntary climate targets which countries committed to in preparation for the Paris Agreement, envisions a significant role for forests in its mitigation efforts as well as in enhancing resilience to the impacts of climate change.

### **B. Sectoral and Institutional Context**

3. Forests in Bangladesh play a crucial role in the livelihoods of communities, providing fuel for cooking, timber and non-timber products, including fibers, fruits, nuts, honey, as well as various compounding materials for gums, incenses, latexes, oils, resins, shellacs and tannins. It is estimated that at least 400,000 people are involved in the trade of forest products. Non-timber forest products contribute significantly to supporting the economic activities of at least 600,000 people. Forests contribute to about 7% of GDP. In addition, forests provide valuable ecosystem services: they maintain local climate and strongly influence global fluxes of oxygen and carbon dioxide; protect top soil and hold important nutrients; and act as a stabilizing force for top soil to prevent erosion in hilly areas. Forests also harbor tremendous biological diversity of flora and fauna, including unique species, such as the Royal Bengal Tiger in Sundarbans.

4. Along the coasts mangrove forests and wetlands provide critical protection against cyclonic storm events and serve as a safety net during lean agriculture season. These critical resources are, however, facing severe pressure from degradation and deforestation. The geographic location and geo-morphological conditions of the country makes it one of the most vulnerable to climate change. Current global climate models predict upward trends in mean temperatures, warmer winters and increase in frequency and intensity of tropical cyclones. For a



largely an agrarian economy, the effects of climate change could reverse any progress in tackling extreme poverty, plunging the most vulnerable communities into deeper poverty.

5. Over the last two decades, Bangladesh has implemented a number of successful pilot projects in natural resource management and climate resilient afforestation using multiple sources of financing, notable among which is the BCCRF (Bangladesh Climate Change Resilience Fund) which financed the Bangladesh Climate Resilient Participatory Afforestation and Reforestation Project (CRPARP). Bangladesh has been a UN REDD+ partner country since 2010 and has made progress on its national REDD+ Readiness Roadmap. In partnership with UNDP and FAO the Bangladesh Forest Department has made progress on key elements of the Roadmap -a monitoring, reporting and verification (MRV) Action Plan, capacity building for forest monitoring, an assessment of REDD+ corruption risks, and development of nationally-appropriate social safeguards. The country has also established a national steering committee for REDD.

6. The Forest Investment Program (FIP) is one of the four targeted programs of the Climate Investment Funds (CIF). The purpose of the FIP is to support the efforts of developing countries to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks. The FIP also contributes to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancement. For its second phase (2015), the FIP sub-committee proposed a preparation grant of US\$ 250,000 to nine countries, including Bangladesh, to draft Investment Plans (IP) which propose investment options for forest-based climate change mitigation and adaptation on the basis of national priorities. The FIP will not, however, finance the implementation of the IP. It is envisaged funding from other sources (e.g. Green Climate Fund) will be explored to fund investments prioritized in the IP.

### **C. Higher Level Objectives to which the Project Contributes**

7. The proposed FIP Investment Plan is aligned with the third pillar i.e., Climate Change and Environment Management, of the Country Partnership Framework (CPF). It will draw upon the priorities identified in the Bangladesh Climate Change Strategy and Action Plan, 2009, and the Bangladesh Forest Sector Master Plan which is under finalization and identify investment options which align with national priorities to address forest-based climate adaptation and mitigation actions. The proposed project covers only the preparation of the FIP IP, but not its implementation.

## **II. PROJECT DEVELOPMENT OBJECTIVES**

### **A. PDO**

8. The objective of the Project is to support the preparation of the Bangladesh Forest Investment Plan that meets the criteria of the Forest Investment Program.

## **B. Project Beneficiaries**

9. This project of technical assistance supports the delivery of a FIP IP and involves no physical investments and thus no direct beneficiaries. However, the IP is expected to leverage resources for implementing priority forest mitigation and adaptation actions identified in the BCCSAP and Bangladesh Forest Master Plan (under finalization) which when implemented is likely to benefit vulnerable forest dependent and coastal communities. The number, geographic distribution and other information related to beneficiaries will be known only after the IP is finalized. A reduction in deforestation and increase in forest and tree cover will also result in global climate benefits.

## **C. PDO Level Results Indicators**

10. Achievement of the PDO will be measured against the following indicator:

- A Forest Investment Plan in line with the country's priorities and forest investment program criteria is developed and submitted for endorsement by the FIP Sub-committee.

## **III. PROJECT DESCRIPTION**

11. The FIP IP is prepared and presented by the country to the FIP Sub-committee following the guidance and requirements set forth in the key documents of the FIP ([\*FIP Design Document, FIP Investment Criteria and Financing Modalities\*](#)) in addition to relevant decisions of the FIP Sub-committee. The FIP Sub-committee endorses the IP upon its submission by the country's FIP Focal Point. The Asian Development Bank (ADB) and the International Finance Corporation (IFC), partner MDBs in the FIP, have confirmed that they will play a limited role in this case, and participate in technical missions as feasible. The World Bank will be the lead MDB and will support the government in the preparation of the investment plan and its review and endorsement by the FIP Sub-committee.

12. Preparation of the IP is led by the country's FIP Focal Point and involves drafting of the IP by a technical team, and multi-stakeholder dialog with relevant line Ministries, academia, think-tanks and non-governmental organizations to generate broad agreement on: (a) the key challenges to enhancing forest-based mitigation and adaptation; and, (b) priority actions (policy and investment), both inside and outside forests, to address those challenges. The proposed project (\$250,000) will have two components:

### **A. Project Components**

#### **Component 1: Preparation of FIP Investment Plan (approx. US \$210,000).**

13. The focus of this component will be on building the technical rationale for the IP and generating a broad consensus for the IP, completing independent review of the IP and finally, submission of the IP for endorsement.

14. The main activities will be: (i) analysis of the key drivers of deforestation and forest degradation, climate changes challenges and response strategy of the government, institutional capacity and policy environment; (ii) outlining the priority investments to reduce forest loss, enhance forest cover and livelihoods; (iii) development of a draft IP in accordance with the FIP template; (iv) discussions and workshops with stakeholders including line Ministries, academia, think-tanks and non-governmental entities. Given that the Plan will not have follow up financing stakeholder dialog will be adjusted to avoid raising expectations; (v) public disclosure of the Plan by GoB; (vi) independent review and revision of the IP; and, (vii) submission of the Plan for endorsement. An annotated outline of the investment plan is presented in Annex 2.

**Component 2: Project Management (approx. US \$40,000)**

15. Activities under this component will enable the Project Management Unit (PMU) to: (i) manage all project related procurement, financial management and reporting, communications, translations, printing and other activities necessary for preparation of the IP.

**B. Project Cost and Financing**

16. The proposed financing instrument is a \$250,000 grant from the Climate Investment Funds (CIF) through the Forest Investment Program and will be channeled using the procedures for a small (less than \$5 million) recipient-executed trust fund (RETF). The bulk of the project activities are expected to be completed within one year (the Investment Plan is expected to be submitted to the June 2017 FIP Committee meeting) but the grant is for two years to allow for completion of residual commitments.

Project Components	Project cost (US\$)	Grant Financing	% Financing
1. Preparation of Investment Plan	210,000	100%	100%
2. Project Management	40,000		
<b>Total Baseline Costs</b>	250,000		
Total Project Costs	250,000		
<b>Total Financing Required</b>	250,000		

**C. Lessons Learned and Reflected in the Project Design**

17. The project design drew considerably from lessons learned during the preparation of FIP investment plans in eight countries since 2011. Critical lessons include: (a) early coordination with key development partners; (b) national investment priorities and direction for climate change cannot be imposed from the outside; they need to be agreed internally with national stakeholders, to guarantee legitimacy, consolidate support, and ensure sustainability. The multi-stakeholder dialogue for the preparation of the Investment Plan offers an opportunity for government and non-government stakeholders in forest, environment, agriculture and associated sectors to engage together and agree on priorities.

## **IV. IMPLEMENTATION**

### **A. Institutional and Implementation Arrangements**

18. The GoB confirmed that the Additional Secretary of MOEF will serve as the National Focal Point for communication and representation of the GoB on FIP issues, including, representing the country in the FIP Sub-committee. The Bangladesh Forest Department (BFD) will be responsible for preparing the Plan and overall fiduciary oversight. Within the BFD, the PMU established under the CRPAR project will be responsible for procurement, financial management, budgeting, accounting and reporting, and for ensuring flow of funds, internal controls, and external audits satisfactory to the Bank. The PMU is in place and includes a Project Manager, Procurement Specialist, Financial Specialist, Accounts officer and support staff.

### **B. Results Monitoring and Evaluation**

19. Given that the project is a small technical grant to support the writing of an investment plan, there are only two indicators (see Annex 1).

### **C. Sustainability**

20. This project will be completed within a year when the IP will be submitted for endorsement by the FIP Sub-committee, which is the governing body of the multi-donor Trust Fund that finances the FIP. Its sustainability highly likely with the renewed impetus to climate action after the ratification of the Paris Agreement as countries begin resource mobilization to address their commitments under the Agreement. The IP will be used to mobilize resources from the Green Climate Fund and bilateral donors.

## **V. KEY RISKS AND MITIGATION MEASURES**

21. The process for the FIP IP preparation will involve organization of several meetings/workshops and exchanges with all stakeholders to ensure that a range of views are taken into account. Given that Bangladesh is not likely to receive additional investment resources due to the FIP not receiving further donor funding, there will likely be unmet expectations, both within the government and the civils society. The overall risk rating is Substantial for this reason. . This risk will be mitigated by clear and consistent communication to all stakeholders. In addition there will be efforts to coordinate with other development partners to mobilize resources through the Green Climate Fund or the GEF and also through the IDA. To mitigate potential procurement and FM risks, the project implementation unit and the procurement and financial management team from the ongoing World Bank financed Climate Resilient Afforestation project will provide support to this task.

## **VI. APPRAISAL SUMMARY**

### **A. Economic Analysis**

22. As a small technical assistance grant the project does not lend itself to traditional cost benefit analysis. The Bangladesh INDC (2015), the Bangladesh Climate Change Strategy and Action Plan (2009) and other recent plans<sup>1</sup> estimate that billions of dollars will be needed to address the country's climate change challenges. This investment plan will contribute by helping mobilize funding from different climate finance sources, including the Green Climate Fund to meet some of these funding needs.

### **B. Technical Analysis**

23. There is adequate technical information available in the country and experience within the BFD and the PMU to undertake this task. The ongoing Master Plan for Forests under the CRPAR project provides some baseline information to draw up the IP. In addition the BFD and MOEF's recent experience in the preparation of the Environment, Forestry and Climate Change Country Investment Plan with FAO and UNDP and, the strategy laid out in the BCCSAP and the INDC provide the technical basis for the IP, including key data on potential for mitigation, adaptation based mitigation and options for enhancing livelihoods and biodiversity benefits through forest based interventions. A number of studies have already been undertaken on the Sundarbans, the largest mangrove forests in the world, and its role in climate change mitigation and adaptation. This body of knowledge will be used to strengthen the investment plan and identify unique opportunities for intervention.

### **C. Procurement**

24. BFD will be responsible for performing the procurement activities under the project and ensuring compliance with the terms of the Grant Agreement. A procurement capacity assessment of BFD has been carried out to evaluate the capability of the implementing agency and of the adequacy of systems in place to administer Bank-financed procurement, and to assess the risks that may negatively affect ability of the agency to carry out the procurement process. BFD has extensive experience in executing Bank-funded projects and conducting procurement following the Bank's Procurement Guidelines. BFD has been implementing the Climate Resilient Participatory Afforestation and Reforestation Project (CRPARP) since 2012, without any significant procurement problems. With the exception of some delays in completing procurement activities, it has adequate in-house expertise to deal with procurement. The same PMU of the CRPAR project will be used for this project. A procurement assessment of the PMU was carried out and was rated as 'Moderate Risk' from a procurement operations and contract management viewpoint considering experience of the PMU in managing Bank funded procurements and size of the grant. A number of risk mitigation measures would be put in place to minimize the risk. For example, continuing the procurement focal point of the CRPARP; continuous fiduciary training to improve procurement and contract management knowledge of the relevant

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<sup>1</sup> Bangladesh Environment, Forestry and Climate Change Country Investment Plan 2016-2021 (Draft, September 2016)

stakeholders; and use of electronic procurement planning and management system (STEP-Systematic Tracking of Exchanges in Procurement).

### **C. Financial Management and Fund Flow**

25. The Bank's financial management (FM) requirements as per Operational Policy/Bank Procedures (OP/BP) 10.02 for *Forest Investment Plan Preparation Project*, is, among others, that the recipient maintain acceptable financial management (FM) arrangements that can provide reasonable assurance that the proceeds of the grant are used for the intended purposes. The financial management assessment (FMA) has been conducted based on the desk review of the information and documents and the implementation experiences of the on ongoing projects with BFD; (i) Wildlife: APL on Strengthening Regional Cooperation for Wildlife Protection in Asia (P121210) and (ii) CRPARP: Climate Resilient Participatory Afforestation and Reforestation Project (BCCRF) (P127015). Track record on the level of financial management capacity of the IA (Implementing Agency) in relation to ongoing projects was objectively considered in assessing adequacy FM arrangement for FIP. Given the capacity requirement for quality financial management, provision for a designated FM staff considered with a view to strengthening the capacity.

26. **Financial Management Arrangement:** For utilization of eligible project expenditure, Bangladesh Forest Department (BFD) will maintain one designated account (DA) in Bangladesh Taka (BDT) in any nationalized commercial bank where grant funds will flow under agreed terms and conditions. The designated Project Director and in his/her absence, the deputy, will be the authorized persons for operating the DA. BFD will maintain relevant books and records for all financial transactions and prepare half yearly financial reports. The financial delegation of power and authority will follow BFD's applicable rule under the GFR of Bangladesh.

27. The key project accounting functions for which the project implementation team in BFD would be responsible are as follows: (i) payments for eligible project expenditure; (ii) account for financial transactions; (iii) maintenance of books and bank accounts; (iv) cash flow management; (v) preparation of financial reports and submission to GOB, World Bank and other stakeholders within as per prescribed timeline ; (vi) preparation of Withdrawal Applications to claim funds from the World Bank fund; and (vii) ensuring that the use of grant funds is adequately included in the annual financial statements of BFD and audit is conducted after the completion of the project .

### **D. World Bank Grievance Redress**

28. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has

been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## Annex 1: Results Framework and Monitoring

**Country: Bangladesh**

**Project Name: Bangladesh - FIP Investment Plan Preparation Project (P160234)**

### Results Framework

#### Project Development Objectives

PDO Statement

The objective of the Project is to support the preparation of the Bangladesh Forest Investment Plan that meets the criteria of the Forest Investment Program.

**These results are at** | Project Level

#### Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values										
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target	
Forest Investment Plan (Yes/No)	No	Yes										Yes

#### Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values										
		YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	YR9	End Target	
Number of multi-stakeholders workshops (Number)	0.00	3.00										3.00



## **ANNEX 2: OUTLINE OF FIP INVESTMENT PLAN**

### **Section 1 Description of the country and sector context (3 pages)**

The Investment Plan will be developed through a transparent participatory stakeholder process on a country-specific basis to achieve nationally-defined REDD+ objectives. Therefore, a brief summary of the government's existing forest-relevant development plans or programs that include low carbon objectives related to forests should be prepared, including specific forest or other relevant sectors and climate change strategies. The following sector-specific background information should be provided:

- (a) description of the major national forest- or forest landscape-based sources of GHG emissions and projected trends
- (b) status and trends concerning forest and woodland resources
- (c) economic importance of forestry sector and those sectors affecting forests (local livelihoods, contribution to GDP, poverty linkages)
- (d) explanation of the key drivers of deforestation and degradation
- (e) summary of national REDD+ program/plan or equivalent
- (f) summary of other ongoing REDD+ programs (e.g. FCPF or UN-REDD) for forest, woodland and wider forest landscape management, including funding sources
- (g) description of forest governance arrangements (legislation, regulations, land rights and tenure systems, institutions and their capacities, participation of key stakeholders including indigenous and other forest communities, and accountability arrangements)

### **Section 2 Identification of opportunities for Greenhouse gas abatement (2 pages)**

The Investment Plan will identify key opportunities for reducing emissions from deforestation and forest degradation as well as the conservation and enhancement of forest carbon stocks. The interventions should be sufficiently flexible to include a wide range of possible public and private sector activities. The investment opportunities should meet the FIP investment criteria as outlined in the document *FIP Investment Criteria and Financing Modalities*.

### **Section 3 Enabling policy and regulatory environment (1-2 pages)**

The Investment Plan should

- (a) describe the fiscal and regulatory framework, land use policies, market structure, other incentives, and medium-term expenditure frameworks in the forestry (including REDD+ readiness) and related sectors to support the operations envisaged in the plan;
- (b) describe the extent to which the existing regulatory and policy framework supports, or conflicts with, REDD+ objectives; and
- (c) further identify existing regulatory gaps and governance challenges and describe the barriers that exist and what the potential impacts of public and private sector interventions could be if these barriers are addressed.

### **Section 4 Expected Co-Benefits from Investment (1 page)**

The Investment Plan should identify expected co-benefits from investments, including the contribution to the improvement of local livelihoods, poverty alleviation, and human development of forest dependent communities, including indigenous peoples, as well as, the protection of biodiversity and other ecosystem services; enhance climate resilience, and the promotion of gender equality and social sustainability. A key element will be the description of environmental and social outcomes and benefits of the investments.

### **Section 5 Collaboration among MDBs and with other Partners**

The Investment Plan should discuss the collaboration potential among MDBs and with other development partners (e.g. FCPF, UN-REDD, GEF) in preparing the Investment Plan as well as potential collaboration during implementation of the Investment Plan. This should include a brief description of relevant ongoing or planned activities of potential partners, the status of interaction and the potential to leverage financial and technical resources with the view to enhancing the implementation of the Investment Plan and making it more comprehensive.

### **Section 6 Identification and rationale for projects and programs to be financed (4 pages)**

A sub-set of interventions should be selected from the wide range of opportunities identified in Section 2. For each project or program, the Investment Plan should:

- (a) Prioritize activities that
  - i. would enable the scaling-up of approaches, forest management models, technologies, and solutions that are successfully piloted but not in routine use, and/or
  - ii. would help generate working examples of low carbon forest development that might be applied at scale to the country, geographic sub-region or sub-sector. An appropriate justifications needs to be presented for why these activities are prioritized.
- (b) Assess the cumulative emissions savings, explaining how investments
  - i. would explore new opportunities previously unrealized at scale, and/or
  - ii. are linked to policy and regulatory change t that will stimulate much wider action by creating new opportunities and removing barriers.
- (c) Estimate the replication and scalability potential of the project or program, e.g. its potential impact on the deforestation rate, pace of rehabilitation of degraded areas, conservation of existing forest carbon stocks, REDD activities and payments, and/or forest carbon emissions.
- (d) Provide evidence of poverty reduction, environmental and social co-benefits by prioritizing activities that
  - i. help reduce poverty by enhancing economic growth or by improving services to the poor, taking into account the gender dimension of poverty and/or
  - ii. provide local or regional environmental benefits such as greater biodiversity, improved watershed management or better soil quality.
- (e) Take into account the framework of the MDBs' Country Assistance/Partnership Strategies, other relevant national planning exercises and activities of other

development programs, including the FCPF, UN-REDD, bilateral development agencies, UN and GEF.

- (f) Establish 2-3 results indicators consistent with the FIP Results Framework and identify methodology to measure those along with a timeline for achieving results.

## **Section 7 Implementation potential with risk assessment (1-2 pages)**

An assessment of the implementation potential of the alternative GHG emission reduction options in the Investment Plan should be considered. This would include an analysis of the technical and management capacities of the executing agencies or project sponsors/entities as well as their financial health. If there are bottlenecks in related infrastructure or land use, the ability of executing agencies or project entities to resolve these problems should also be addressed. The Investment Plan should include an initial description of potential risks that might affect the implementation of proposed investments including: country and sub-national level risks; sector policies and institutions; technology, governance, environmental, and social risks.

## **Section 8 Financing plan and instruments (half-page)**

The Investment Plan should provide a projected amount of total financing requirements for each intervention, potential sources of public and private financing (including carbon finance, bilateral development banks and agencies, and non-traditional financiers). The Investment Plan should also identify FIP leverage ratios and types of financial instruments e.g., commercial loans, concessional financing, grants).

## **Section 9 Results Framework for Investment Plan (1-2 pages, table format)**

Consistent with the FIP Results Framework<sup>2</sup>, each FIP pilot country Investment Plan should provide a higher level results framework presenting expected results from FIP investments, success indicators and means of verification (e.g. information on methodology how indicators will be measured or relevant data gathered). Projects and Programs supported under the Investment Plan will have to present their own respective results frameworks but have also to report against relevant key indicators in the results framework for the investment plan (aggregation). This section should also provide information on baseline information against which progress will be monitored.

## **Annexes**

The Investment Plan should include five annexes that summarize:

Annex 1: the proposed project and program pipeline, including the notional FIP resource allocation, an estimate of resources that would be leveraged, projections of potential carbon emissions reductions from both, the co-financed portfolio as well as the larger transformational impact and other results indicators.

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<sup>2</sup> To be approved by the FIP Sub-Committee.

For each project concept, a project outline annex (maximum two pages) should be provided that includes:

- (a) MDB and lead Government Agency(-ies)
- (b) Problem statement (1-2 paragraphs)
- (c) Proposed transformational impact and co-benefits (1-2 paragraphs)
- (d) Implementation readiness (1-2 paragraphs)
- (e) Potential national and international partners including their REDD+ financial support(1 paragraph and a table)
- (f) Rationale for FIP financing (1-2 paragraphs)
- (g) Safeguards
- (h) Financing plan
- (i) Project preparation timetable
- (j) Request for project preparation grant if required

Annex 2: A stakeholder involvement plan which presents an assessment of the relevant stakeholder groups in the pilot and how these groups have been involved in the design and will be involved in the implementation of the Investment Plan and related projects and programs.

Annex 3: FCPF/UNREDD Readiness Preparation Proposal (R-PPs), National REDD+ Plan, Action Plan or equivalent (if available)

Annex 4: Technical review of the country Investment Plan by an expert/peer review group (from FCPF roster of experts)

## ANNEX 3: PROCUREMENT

1. **Procurement Guidelines.** Procurement under this Project will involve a small number of consulting services (mostly individual consultants) and a few goods and non-consulting services with an approximate value of USD 0.2 million. Procurement financed under the Program shall be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published in January 2011 (revised July 2014), in the case of goods, and non-consulting services; and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published in January 2011 (revised July 2014) in the case of consultants' services, and the provisions stipulated in the Grant Agreement.
2. **Procurement Arrangement.** BFD is the implementing agency for this Project, and will be responsible for ensuring compliance with the project's procurement rules to be stipulated in the Grant Agreement.
3. **Procurement Capacity and Risk Assessment.** A procurement capacity assessment of BFD has been carried out to evaluate the capability of the implementing agency and of the adequacy of systems in place to administer Bank-financed procurement, and to assess the risks that may negatively affect ability of the agency to carry out the procurement process. BFD has extensive experience in executing Bank-funded projects and conducting procurements following the Bank's Procurement Guidelines. BFD has been implementing the Climate Resilient Participatory Afforestation and Reforestation Project (CRPARP) since 2012, without any significant procurement problems. With the exception of some delays in completing procurement activities; it has adequate in-house expertise to deal with procurement. Given that the same PIU will be used for this project, the procurement risk of the project is assessed as 'Moderate Risk'. A number of risk mitigation measures would be put in place to minimize the risk. For example, continue the procurement focal point of the CRPARP; continuous fiduciary training to improve procurement and contract management knowledge of the relevant stakeholders; and use of electronic procurement planning and management system (STEP-Systematic Tracking of Exchanges in Procurement).
4. **Managing Procurement Risks.** In order to minimize the procurement associated risks, the following measures have been agreed upon with the implementing agency.
  - (i) *Bid/Proposal Evaluation Committee:* Implementing agency shall ensure that the bid/proposal evaluation committees are formed following the provision of the Public Procurement Rules 2008. Formation of such committee shall be subject to Bank's acceptance.

- (ii) *Introducing STEP system*: Systematic Tracking of Procurement Exchanges System (STEP) will be introduced to prepare and manage procurement plan and procurement transactions under the Project. It will be also used to regular updating and getting no objection of the procurement plans and prior review procurement documents of this Project.
- (iii) *Due-diligence Measures*: The following steps will be followed as part of procurement and implementation arrangements: (a) all bid evaluation reports will cover verification of recommended bidders' post-qualification information [for goods]; (b) all contract negotiations will be preceded by additional due diligence by PMU on verification of recommended consultants' experience and curriculum vitae of key staffs [for consultancy services]; (c) make bidders generally aware about fraud and corruption issues; (d) award of contracts within the initial bid validity period, and closely monitor the timing; (e) preserve records and all documents regarding procurement (including correspondences with the potential bidders as well as complaints/clarification requests etc.), in accordance with the Public Procurement Rules 2008 and Bank's Procurement Guidelines, to facilitate smooth procurement audit or post-review; (f) publish contract award information on Central Procurement Technical Unit (CPTU) and the respective agencies' website within two weeks of contract award, and in United Nations Development Business (UNDB online) for International Competitive Biddings (ICB) or international consultancies.); and (g) ensure timely payments to the suppliers/ contractors/consultants.

#### **5. Particular Methods of Procurement of Goods, Works and Non-consultancy services.**

Except as otherwise agreed in the procurement plan, goods and non-consulting services may be procured on the basis of International Competitive Bidding. Procurement of goods and non-consulting services having estimated value less than the ceiling stipulated in the Procurement Plan may follow National Competitive Bidding (NCB), and Shopping methods, and Community Participation Procedures, which have been found acceptable to the Association. Direct Contracting may be allowed under special circumstances with prior approval of the Bank. NCB would be carried out under Bank Procurement Guidelines following procedures for Open Tendering Method (OTM) of the People's Republic of Bangladesh (Public Procurement Act 2006 - PPA, 1st amendment to PPA (2009) and the Public Procurement Rules 2008, as amended in August 2009) using standard/model bidding documents satisfactory to the Bank. Shopping will be carried out based on a model document satisfactory to The Bank. For the purpose of NCB the following shall apply:

- Post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;
- Bids should be submitted and opened in public in one location immediately after the deadline for submission;
- Lottery in award of contracts shall not be allowed;
- Bidders' qualification/experience requirement shall be mandatory;
- Bids shall not be invited or rejected on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and
- Single-stage two-envelope procurement system shall not be allowed.

**6. Methods of Procurement of Consultants' Services.** Selection of Consultants will follow the Bank's Consultant Guidelines and standard documents in all types of selection processes. The following methods will apply for selection of consultants: Quality and Cost based Selection (QCBS), Quality-based selection (QBS), Fixed Budget Selection (FBS), Consultants' Qualification (CQ), Least Cost Selection (LCS), and Single Source Selection (SSS). Single Source Selection may be allowed under special circumstances with prior approval of the Bank. Shortlist of consultants for services estimated to cost less than US\$500,000 equivalent per contract may be composed entirely of national consultants. The Procurement Plan will specify the circumstances and threshold under which specific methods will be applicable, along with the Bank's review and implementation support requirements.

**7. Use of Standard Procurement Documents.** For procurement through International Competitive Bidding and for selection of consultants, the Bank's Standard Bidding Documents (SBDs) and Standard Request for Proposals (SRFPs) will be used, including the form of contract attached with SBDs and SRFPs. For all NCB, Shopping packages, Framework Agreements and partnership agreements, the implementing agencies will use model documents agreed with the Bank.

**8. Prior review Thresholds.** The Procurement Plan shall set forth those contracts which shall be subject to the Bank's prior review. All other contracts shall be subject to Post Review by the Bank.

**9. Post Review.** For compliance with the Bank's procurement procedures, the Bank will carry out sample ex-post review of contracts that are below the prior review threshold.

**10. 18-months' Procurement Plan.** For each contract to be financed by the Project, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements and time frame are agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan of the project is prepared in agreement with the Bank. It will also be available in the Program's website, and in Bank's external website for this Program. Besides, all expected major procurements will be announced in the General Procurement Notice, published in the Bank external website and United Nations Development Business. The procurement plan will be updated semi-annually or as required and will be the basis of Bank's procurement supervision plan. The Bank's electronic procurement planning and monitoring system (STEP) will be used to prepare and regular updating and getting no objection of the procurement plans of this Project. Respective PMU staff will receive training on STEP prior to appraisal mission of the Project, and continuous training will be provided during its use in the Project.