

**PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC68754

Project Name	Bangladesh - FIP Investment Plan Preparation Project
Region	SOUTH ASIA
Country	Bangladesh
Lending Instrument	IPF
Project ID	P160234
Borrower Name	Economic Relation Division, Ministry of Finance
Implementing Agency	Bangladesh Forest Department
Environment Category	C - Not Required
Date PID Prepared	11-Jul-2016
Estimated Date of Approval	04-Aug-2016
Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

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, growth and overall wellbeing.

2. Bangladesh has maintained a relatively stable political environment following the elections of the incumbent back into power although with few temporary largely non-disruptive situations. Since 2009 when the Government 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. Recent directions from the Ministry of Environment and Forest prioritize enhancing environmental considerations in planning and implementing development projects.

3. The economy of Bangladesh continues to be rural and climate-wise fragile from the seasonal flooding, cyclonic events in the coastal areas and seasonal drought in the hilly areas. Rural and poor communities rely on the forest for fuelwood, subsistence agriculture. Coupled with the increasing need to expand industrial, commercial and residential infrastructure pressure on forest lands will

continue to increase, affecting forest productivity and potential to meet needs of forest dependent communities which could further plunge deeper into poverty.

Sectoral and Institutional Context

4. 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, 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.

5. 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, precipitation during monsoon months and drier months, and frequency and intensity of tropical cyclones. In the case of Bangladesh, a largely an agrarian economy, effects of climate change could reverse any progress in tackling extreme poverty, plunging the most vulnerable communities into deeper poverty.

6. The proximate drivers of deforestation are high population growth with severe poverty, expanding cultivation, urbanization, industrialization and other land based development activities and inadequate forest investments. Rapid loss in resilience in forest ecosystems not only adversely affect natural resource dependent communities but also adversely impacts soil fertility, water quality and quantity, air quality, carbon sequestration, biodiversity including wildlife and wetlands and fisheries all leading to declining natural resource capital with emerging environmental concerns such as climate change, forestland conversion.

7. 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). The country has recently sought to 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.

8. 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 will also contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements. For its second phase (2015), the FIP sub-committee proposed a preparation grant of US\$ 250,000 to nine countries, including Bangladesh, for drafting their forest investment plans (IP). The plan is envisaged to position the country to avail of potential new and additional financing such as from the Green Climate Fund and other bilateral and multilateral financing sources (including the FIP, if new resources become available).

Relationship to CAS/CPS/CPF

9. The proposed activity is in line with the third pillar i.e., Climate Change and Environment Management of the Country Partnership Framework (CPF) for Bangladesh, which are to promote agricultural productivity, enhance better land and water use and natural resource management, reduce vulnerability and secure growth. Implementation of the FIP Investment Plan will contribute to achieving the CPF objective in promoting livelihoods diversification in lagging regions targeting the bottom 40% with income below \$1.25. The proposed activity will also contribute to implementing the Forests and Green Growth Strategies of the World Bank, which pledges to support countries in their efforts to harness the potential of forests to reduce poverty, better integrate forests into their economies, and protect and strengthen the environmental role played by forests.

II. Project Development Objective(s)

Proposed Development Objective(s)

The objective of the Project is to support the preparation of the Recipients (Government of Bangladesh) FIP Investment Plan.

Key Results

The main outcome is a comprehensive Investment Plan that identifies forest and climate interventions in line with the country's priorities. An additional outcome is a more informed and inclusive participation of stakeholder groups in the planning of forest and climate related interventions.

III. Preliminary Description

Concept Description

10. The Bangladesh FIP Expression of Interest that was submitted to the to the FIP Sub-Committee in March 2015 provided a description of the country and sector context, forest-related climate change mitigation potential, drivers of deforestation and potential investments needed to address those, as well as the potential to generate enhanced development co-benefits, as required by FIP. This information is still relevant and current and was reviewed positively by the Expert Group of FIP. The main activities to accomplish the objective of this project will include:

- Review and analysis of national strategies and plans relevant for climate change, REDD+ and FIP;
- Hiring of consultants to prepare the investment plan in accordance with FIP criteria;
- Stakeholder meetings and consultations to discuss the investment plan;
- Finalization of IP and presentation to FIP sub-committee for endorsement.

IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	0.25	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Borrower			0
Climate Investment Funds			0.25

VI. Contact point

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