

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA18146

Date ISDS Prepared/Updated: 29-Jun-2016

I. BASIC INFORMATION

1. Basic Project Data

Country:	Bangladesh	Project ID:	P157958
Project Name:	OBA SANITATION MICROFINANCE PROGRAM (P157958)		
Task Team Leader(s):	Rokeya Ahmed		
Estimated Appraisal Date:		Estimated Board Date:	30-Jun-2016
Managing Unit:	GWA06	Lending Instrument:	Investment Project Financing
Sector(s):	Sanitation (100%)		
Theme(s):	Rural markets (30%), Rural services and infrastructure (70%)		
Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?			No
Financing (In USD Million)			
Total Project Cost:	25.00	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			22.00
Global Partnership on Output-based Aid			3.00
Total			25.00
Environmental Category:	B - Partial Assessment		

2. Project Development Objective(s)

The project development objective (PDO) is to increase access to hygienic sanitation facilities for low-income households in rural areas of Bangladesh through commercial sanitation loans.

3. Project Description

The project will support local microfinance institutions (MFIs) to provide sanitation loans to poor households through a nation-wide program in rural Bangladesh. Pre-qualified local construction firms will construct hygienic latrines for targeted households. Most rural households currently have access to basic/improved latrines, characterized by direct pit latrines, constructed using 3-5 rings for pit lining, and a concrete slab with a plastic pan to channel the waste to the pit (most of them without a water seal). These latrines are often poorly constructed, quickly falling into disrepair, both increasing the risk of environmental pollution and exposing the contents of the pit to the user. Under

this project, local construction firms will upgrade the existing latrines to meet hygienic standards, meaning waste is fully confined from both the environment and user, blocking also the transmission of pathogens.

The project will be implemented by Palli Karma-Sahayak Foundation (PKSF), the Government of Bangladesh's wholesale microfinance institution. PKSF will be responsible for compliance with the terms of the Grant Agreement, and for reporting to the World Bank. PKSF will sign a subsidiary agreement with 21 Partner Organizations (POs), including the Association for Social Advancement (ASA), for providing household sanitation loans to the targeted beneficiaries. The POs are mostly NGOs with microfinance and water and sanitation sector experience. ASA has been a strong partner under the WSP pilot program, extending US\$ 4.39 million in household loans for sanitation and US\$ 1.18 million in loans for sanitation entrepreneurs as of the end of 2015. ASA is an important partner for PKSF and the OBA project, bringing the expertise and experience in household sanitation loans attained since the loan product was introduced in 2014.

The project's components are as follows:

Component 1 (US\$ 2.4 million): OBA subsidies to increase access to household sanitation. The component will finance subsidies to improve access to on-site sanitation for a total of approximately 170,000 low-income households, benefiting 850,000 people in rural areas. The one-off OBA subsidy will be available for low-cost technologies ranging from US\$ 45 - 128, which will reduce the total purchase price for households unable to pay the entire amount up front. The OBA subsidy will range from 10 - 12.5 percent of the total value of loan, to be disbursed upon independent verification outputs.

Component 2 (US\$ 600,000): Implementation support for PKSF and independent verification agent (IVA). This component will finance operational and implementation related costs, including project management, subproject monitoring and supervision, administering the OBA subsidy to the POs, hiring designated Environmental, Social, and Financial Management Specialists, and for hiring the IVA.

The OBA project will be coordinated closely with the Water and Sanitation Program (WSP) technical assistance activity, Scaling-up MFI lending for improved rural sanitation in Bangladesh. This activity will support the demand creation and market promotion, including handwashing promotion and behavior change activities, provide follow up support to trained entrepreneurs to ensure quality of construction, involve community leaders and local government, and support MFIs to reach the poorest households. By raising awareness of the need to shift from unimproved to hygienic sanitation facilities, local government agencies and NGOs will help build demand for the loan products offered by PKSF partners and ASA, which will subsequently support a scale-up of the approaches tested.

4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will support sanitation access for approximately 170,000 poor households in rural areas of Bangladesh, which will result in access to hygienic sanitation for over 850,000 individuals. The nationwide program will offer the OBA subsidy only for low-cost latrine technologies, which meet hygienic sanitation standards. The project is expected to significantly improve social and environmental outcomes for rural poor populations. The project will be implemented nationwide including, it is expected, in areas where indigenous people live. OP 4.10 is therefore triggered for the

project. Since the exact geographic locations are not known at this stage, a framework approach has been adopted and an Environmental and Social Management Framework (ESMF) as well as a standalone Small Ethnic Communities and Vulnerable Peoples Development Framework (SECVPDF) have been prepared.

5. Environmental and Social Safeguards Specialists

Iqbal Ahmed (GEN06)

Sabah Moyeen (GSU06)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Project was initially categorized as B during the PCN stage, as the impacts of sanitation program are expected to be largely beneficial. However, some minor to moderate impacts may occur during the construction and operation phase which are mostly on-site and can be avoided or minimized through concerted efforts. Considering the nature and magnitude of potential environmental impacts from sanitation program, the project was reviewed during preparation and designated as environmental Category B which is appropriate and consistent with the provisions of OP/BP 4.01.
Natural Habitats OP/BP 4.04	No	There are not any natural habitats in or surrounding the project location. It is highly unlikely that any natural habitat formed largely by native plant and animal species will be affected or modified due to the project activities.
Forests OP/BP 4.36	No	The project is expected have no impact on the management, protection, or utilization of natural forests or plantations. As such, the policy has not been triggered.
Pest Management OP 4.09	No	The project does not involve the use of pesticides or have any impact on pest management practices.
Physical Cultural Resources OP/BP 4.11	No	No impact on landscape with archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance is expected.
Indigenous Peoples OP/BP 4.10	Yes	As the project will likely take place in geographic locations where indigenous peoples live, OP 4.10 for indigenous peoples is triggered. Since the exact geographic areas are not determined at the moment, the project has adopted a framework approach. An Environmental And Social Management Framework (ESMF) has been prepared along with a standalone Small Ethnic Communities and Vulnerable Peoples Development Framework (SECVPDF). The SECVPDF will ensure that the social mobilization, awareness raising, communication strategies, design and delivery of project benefits are implemented in a culturally sensitive, inclusive and gender sensitized manner, using local

		languages. Once the sites are determined and screened to find the presence of IPs, site specific Small Ethnic Communities and Vulnerable Peoples Development Plans (SECVPDF) will have to be prepared based on the guidance provided by the EMDF. The ESMF and SECVPDF contain grievance redress mechanisms and institutional arrangements for the implementation of the ESMF and SECVPDF. All safeguards documents (including the subsequent plans) have been approved by the Bank and disclosed according to Bank rules.
Involuntary Resettlement OP/BP 4.12	No	There is no requirement for land acquisition, displacement of people or adverse livelihood impacts anticipated due to the project activities. No adverse social impacts are expected. All the facilities installed under the project will be on private lands belonging to people who take the loan for the improved facilities, or on public lands (for e.g. those belonging to schools and other public institutions). No land acquisition, displacement of people (with or without title) or adverse impacts on livelihoods will be permissible under the project.
Safety of Dams OP/BP 4.37	No	The project will not finance any dams, nor do project activities depend on any existing dams.
Projects on International Waterways OP/BP 7.50	No	The project will support households to move up the sanitation ladder, from unimproved/partially improved latrines which run the risk of environmental pollution, to hygienic latrines that fully confine waste from the user and the surrounding environment. Given this, in addition to further mitigation measures noted in the ESMF, the project is not expected to contribute to pollution/contamination of transboundary groundwater sources, nor will it adversely change the quantity and/or quality of water flows of the transboundary aquifer. Therefore, OP 7.50 will not be triggered.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas in the project area of influence.

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p>
<p>The project intends to improve access to on-site sanitation for approximately 170,000 low-income households, benefiting 850,000 people and preventing the spread of infectious diseases in rural areas. Mainly, hygienic two pit latrines will be constructed under the project. Overall, the project is likely to have a positive impact by ensuring the safe disposal of human waste (sanitation). The primary risk with on-site sanitation is the pollution of drinking water, surface water, or</p>

groundwater due to poorly built toilets, inadequate maintenance or improper fecal sludge management. This project is designed to mitigate this risk, by transitioning households from basic/improved latrines, which run the risk of environmental pollution, to hygienic latrines, which are structurally sound and fully confine waste from both the user and the surrounding environment. Further mitigation measures have been put in place to mitigate any potential risk of environmental pollution, including the use of offset latrines (dual pit encouraged) for strengthened fecal sludge management.

An environment and social guideline will be followed to minimize safeguard risk as anticipated during operation. No land acquisition or involuntary resettlement was triggered. As the project will likely extend to geographic locations where indigenous peoples live, OP 4.10 for indigenous peoples has also been triggered. In addition to the ESMF, a standalone SECVPDF has been developed to ensure compliance with environmental and social safeguards.

No significant or irreversible negative impacts are expected due to the project. The ESMF and SECVPDF will ensure culturally and gender sensitive designs and delivery of project benefits. The project was reviewed during preparation and designated as environmental Category B, which is appropriate and consistent with the provisions of OP/BP 4.01.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No potential negative indirect and/or long term impacts are anticipated as a result of the project. As communities to be upgraded are not fully identified or details of new activities or sub-projects are not yet available, a framework approach has been adopted and an ESMF and SECVPDF have been developed in consultation with concerned community and local stakeholders that provides procedures to mitigate any potential adverse impacts, a mechanism for environmental monitoring as well as a guideline for capacity enhancement, as well as social assessments and monitoring.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The ESMF has provided provisions for alternative analysis in terms of design and location. The environmental management process will help to consider the alternative options to avoid or minimize adverse impacts at the planning stage.

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

The project will be implemented by PKSf, an apex organization established by the Government of Bangladesh, which disburses funds to microfinance institutions (MFIs). The MFIs are the Partner Organizations (POs) of PKSf, which implement development programs designed for the poor of Bangladesh. PKSf has experience implementing the World Bank's Community Climate Change Project (CCCP), including ensuring compliance with safeguards policies. PKSf had adopted an ESMF to address social and environmental safeguards issues that may arise during the planning, implementation, and operation of project interventions. All types of latrine construction to be funded under the project will be subject to an environmental screening in order to prevent negative environmental impacts. PKSf will recruit an Environmental Specialist and a Social Safeguards Specialist to ensure due diligence to the Government and World Bank's safeguard policies by the POs to be involved in the program.

Since the exact geographic areas are not determined at the moment, the project has adopted a framework approach. An ESMF has been prepared along with a standalone SECVPDF. The

<p>SECVPDF will ensure that the social mobilization, awareness raising, communication strategies, design and delivery of project benefits are implemented in a culturally sensitive, inclusive and gender sensitized manner, using local languages. Once the sites are determined and screened to find the presence of IPs, site specific Small Ethnic Communities and Vulnerable Peoples Development Plans (SECVPDF) will have to be prepared based on the guidance provided by the SECVPDF.</p> <p>The ESMF and SECVPDF contain grievance redress mechanisms, M&E, and institutional arrangements for the implementation of the ESMF and SECVPDF, as well as the plans based on these. All safeguards documents (including the subsequent plans) have been approved by the Bank and disclosed according to Bank rules.</p>
<p>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</p>
<p>The project will involve all social groups including women, vulnerable communities and ethnic minority/tribal peoples. PKSf will hold consultations on social and environmental safeguards at all stages of implementation of the project. Public consultations with all stakeholders, at all stages of project implementation, will be carried out and the nature and number of consultation, location, and type of participants and the summary of findings will be documented. In addition to national government agencies, key stakeholders will be consulted, including affected communities, community organizations, NGOs, local elected representatives, host communities, Department of Public Health Engineering (DPHE) and relevant private sector agencies. The ESMF and SECVPDF (in English and Bangla) will be distributed to all Union offices and disclosed in the relevant websites.</p>

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	18-May-2016
Date of submission to InfoShop	27-Jun-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Bangladesh	13-Jun-2016
<i>Comments:</i>	
Indigenous Peoples Development Plan/Framework	
Date of receipt by the Bank	18-May-2016
Date of submission to InfoShop	27-Jun-2016
"In country" Disclosure	
Bangladesh	13-Jun-2016
<i>Comments:</i>	
If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.	
If in-country disclosure of any of the above documents is not expected, please explain why:	

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment	
Does the project require a stand-alone EA (including EMP) report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
OP/BP 4.10 - Indigenous Peoples	
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]
The World Bank Policy on Disclosure of Information	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
All Safeguard Policies	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have costs related to safeguard policy measures been included in the project cost?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>]

III. APPROVALS

Task Team Leader(s):	Name: Rokeya Ahmed	
Approved By		
Practice Manager/ Manager:	Name: Meike van Ginneken (PMGR)	Date: 29-Jun-2016