

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: ISDSC15758

Date ISDS Prepared/Updated: 26-Oct-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Bangladesh	Project ID:	P157958
Project Name:	OBA SANITATION MICROFINANCE PROGRAM		
Team Leader(s):	Rokeya Ahmed		
Estimated Date of Approval:	15-Mar-2016		
Managing Unit:	GSUOA	Lending Instrument:	Lending Instrument
Sector(s):	Sanitation (100%)		
Theme(s):	Rural markets (30%), Rural services and infrastructure (70%)		
Financing (in USD Million)			
Total Project Cost:	3.3	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Global Partnership on Output-based Aid			3.3
Environment Category:	C - Not Required		

B. 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.

C. Project Description

The project will support local MFIs to provide sanitation loans to poor households through a nation-wide program in rural Bangladesh. Pre-qualified local construction firms (recipients of MFI loans, who will receive extensive training and capacity building support under the WSP intervention) will construct new latrines for targeted households that meet hygienic sanitation standards.

The project will be implemented by two MFIs, Palli Karma-Sahayak Foundation (PKSF) and Association for Social Advancement (ASA), who will be the grant recipients. Having dual implementing agencies under the program allows for these organizations to maintain autonomy over their individual business practices, and to reach the maximum number of households with the GPOBA subsidy. Additionally, it will allow for faster scale-up while also serving a diversified set of institutions, since ASA has already been offering a sanitation loan product for over a year (and has disbursed more than 23,000 loans), while the MFIs partnering with PKSF will need to first develop

and test the sanitation loan product.

The components of the projects are as follows:

Component 1 (US\$ 1.6 million): Subsidies for household sanitation loans managed by ASA. GPOBA will provide a US\$ 1.6 million grant to ASA to improve access to on-site sanitation for approximately 100,000 low-income households, benefitting 500,000 people in rural areas. A 12.5 percent subsidy is 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 in cash by reducing the cost of financing.

Component 2 (US\$ 1.1 million): Subsidies for household sanitation loans managed by PKSf. GPOBA will provide a US\$ 1.1 million grant to PKSf to improve access to on-site sanitation for 70,000 low-income households, benefitting 350,000 people in rural areas. The total subsidy amount for PKSf will be 15 percent of the cost of the latrine, including 2.5 percent to cover PKSf's project management costs. The technology options will be equivalent to those noted under the ASA component. PKSf will administer the subsidy and implement the project through 20 Partner Organizations (POs), mostly NGO's with microfinance and WASH sector experience.

Component 3 (US\$ 300,000): Independent verification agent. ASA and PKSf will select an IVA, either a firm or individual consultants to independently verify outputs and recommend release of subsidy funds. The Bank will provide its no objection for the selection of IVAs and the disbursement of funds.

Complementary technical assistance activities executed by WSP. From 2009 to 2015, WSP implemented the technical assistance program, 'Steps for Sustainable Sanitation Services (4S)' to help poor households in rural Bangladesh access affordable, high-quality hygienic sanitation facilities from small construction firms trained in building a set of standard latrine models. A follow-on program is being launched, and which the proposed GPOBA project will support.

The new program will support demand creation and market promotion, 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.

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

Not applicable

E. Borrower's Institutional Capacity for Safeguard Policies

Not applicable

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
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Environmental Assessment OP/ BP 4.01	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/ BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

Appraisal stage ISDS required?: No

IV. APPROVALS

Team Leader(s):	Name: Rokeya Ahmed	
<i>Approved By:</i>		
Safeguards Advisor:	Name: Zia Al Jalaly (SA)	Date: 03-Nov-2015
Practice Manager/ Manager:	Name: Jyoti Shukla (PMGR)	Date: 04-Nov-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.