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

Concept Stage | Date Prepared/Updated: 21-Jan-2017 | Report No: PIDISDSC20282



BASIC INFORMATION

A. Basic Project Data

| | | | |
|--|--|---|---|
| Country Bangladesh | Project ID P161568 | Parent Project ID (if any) | Project Name Bangladesh Sustainable Coastal and Marine Fisheries (P161568) |
| Region SOUTH ASIA | Estimated Appraisal Date Oct 16, 2017 | Estimated Board Date Dec 13, 2017 | Practice Area (Lead) Environment & Natural Resources |
| Lending Instrument Investment Project Financing | Borrower(s) Ministry of Finance | Implementing Agency Ministry of Fisheries and Livestock, Department of Fisheries | |

Proposed Development Objective(s)

The proposed Program Goal is to increase coastal and marine fisheries' contribution to the economy, poverty reduction, and environmental stability. The proposed PDO is to improve management of coastal and marine fisheries and aquaculture and fishing communities' access to alternative livelihoods activities

Financing (in USD Million)

| Financing Source | Amount |
|---|---------------|
| International Development Association (IDA) | 200.00 |
| Total Project Cost | 200.00 |

| | |
|---|--|
| Environmental Assessment Category B-Partial Assessment | Concept Review Decision Track II-The review did authorize the preparation to continue |
|---|--|

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Other Decision (as needed)



B. Introduction and Context

Country Context

1. **Bangladesh lies within the Ganges-Brahmaputra-Meghna Delta—the world’s largest, most densely populated delta and one of the richest in aquatic resources.** The country’s 160 million inhabitants live on 150,000 km of land, resulting in population density of about 1,237 per km² in 2015.¹ The delta not only defines the country’s physical characteristics, but also the culture and livelihoods of its people. Like other delta environments, Bangladesh is a known hotspot for natural disasters, increasingly attributed to climate change. The limits on land availability and quality – particularly in the face of increasing soil salinity and other climate-related threats – is one reason the country is looking toward coastal and marine opportunities for new sources of sustainable growth, particularly given their successful pattern of economic growth and poverty reduction over years past.

2. **In 2014, Bangladesh crossed the threshold to become a low middle income country (LMIC), and per-capita income reached US\$ 1,190 in 2015.**² Annual GDP growth averaged about 6 percent over the last 10 years, notwithstanding the adverse impacts of the global recession, unrest in the Middle East (an important destination for Bangladeshi migrants) and local natural disasters. Factors contributing to the economy’s resilience to global shocks include strong macroeconomic fundamentals at the onset of the global crisis, strong growth of exports and remittances, and relatively insulated financial markets. The incidence of extreme poverty also more than halved from 44.2 percent in 1991-92 to 18.5 percent in 2010, with 16.2 million people rising out of poverty from 2000-2010 alone.³ Increases in labor income, agricultural productivity, female labor force participation, and remittance transfers have been important drivers of poverty reduction. With a Gini index of about 0.3, Bangladesh ranks lower than Nepal, India, Sri Lanka, Indonesia, and most East Asian countries in terms of income inequality.

3. **Bangladesh’s remarkable development achievements notwithstanding, high levels of poverty and population density remain pressing development challenges, particularly in coastal areas and in the context of climate change.** Despite the strong poverty reduction record, around 28 million people still remained below the international extreme poverty line (\$1.90 2011 PPP) in 2010.⁴ Seven of the twelve districts in the highest quintile of extreme poverty (as measured by the national headcount ratio) are coastal,⁵ as are four of the ten districts in the highest quintile for the percentage of severely undernourished children.⁶ According to the 2010 Household Income and Expenditure Survey, the proportion of fishers living in poverty and extreme poverty is 37.4 percent and 20.7, respectively – significantly higher than the poverty levels of 30.6 and 16.4 percent, respectively, for all employed. Critically, many more people living along the coast—where the main economic activities are subsistence agriculture and fisheries—are particularly vulnerable to falling back into poverty if they lose their jobs and/or livelihoods as a result of natural disasters.

4. **Given increasing population pressure on land, the Government of Bangladesh (GOB) has recognized that the expansion of coastal and marine fisheries, both capture and culture, can offer an important pathway to sustainable economic development and future poverty reduction opportunities for Bangladesh.** Agriculture (including fisheries) remains a mainstay of Bangladesh’s rural economy, employing 45 percent of the total labor force and providing 18

¹ World Bank. (2017). DataBank. <http://data.worldbank.org/country/bangladesh?view=chart>

² *Ibid.*

³ World Bank. (2017). Bangladesh Development Update.

⁴ *Ibid.*

⁵ Bangladesh Bureau of Statistics, World Bank, and World Food Program (WFP). Bangladesh Poverty Maps, 2014.

⁶ WFP, 2012. Indicators based on the 2012 Bangladesh Child and Mother Nutrition Survey and the 2011 Health and Morbidity Status Survey.



percent of GDP. Credited with up to 90 percent of poverty reduction achieved in 2005-2010, agriculture performance continues to carry major macroeconomic implications for Bangladesh, having broad impacts on employment, poverty alleviation, human development, and food security. The fisheries sector is taking an increasingly major role in this performance, accounting for nearly a quarter of the agricultural GDP and emerging as a major growth driver in the last two decades as compared to the livestock or the still-dominant crops sectors. In 2014, the fisheries sector reached 4.4 percent of total GDP and is also the second largest foreign exchange earner after garments, contributing more than USD 592.5 million in export earnings, with shrimps and prawns as the main species exported.^{7,8}

5. **In addition, two recent UN tribunal awards, including a Blue Economy Cooperation Agreement with India, extended Bangladesh's Exclusive Economic Zone (EEZ) to 118,813 km² into the Bay of Bengal and the Indian Ocean.** As a result, Bangladesh's maritime area exceeds its land area, offering a new frontier to expand the country's national aspiration toward deriving greater economic wealth from its maritime areas and in doing so, transitioning to a blue economy.

Sectoral and Institutional Context

6. **Bangladesh's fisheries sector includes three main sub-sectors: aquaculture (52.5% of total production), inland capture fisheries (29%), and marine and coastal capture fisheries (18.5%), with the total sector value estimated at US\$ 3.6 billion in 2014-15.**⁹ As of 2014, the country's inland capture fisheries and aquaculture sectors ranked 4th and 5th in the world, respectively. With inland aquaculture accounting for nearly 80 percent of total aquaculture production, Bangladesh (in part as a result of WBG support over two decades to develop this sector) is well established as one of the world's leading inland fisheries producers overall, delivering over 3 million tons of fish in 2014-15 (two-thirds from inland aquaculture), an increase of 1 million tons (67%) over the past decade alone. Meanwhile, the country's total marine fish production for the same period was around 0.6 million tons (US\$ 515 million, first sale value), taken mainly from nearshore areas (<40m depth) and far less than the 6 million tons harvested by Bangladesh's neighbors in the Bay of Bengal. Hilsa accounts for nearly 42 percent of their catch and shrimp 8 percent of the overall catch, with other important commercial species including Bombay duck, Jewfish, and sardines. Both small- and large-scale operators are linked to national and international trade in seafood (US\$ 599.4 million in 2014-15).

7. **The fisheries sector also plays an important role in the food supply, food security, and livelihood security of the country's millions of fishers and other stakeholders.** Fish provides 60% of all animal protein consumed in Bangladesh, and Bangladesh ranks among the highest fish consuming nations in the world.¹⁰ Fisheries and aquaculture also play a major role in employment: about 17 million people (11% of the total population) are associated with the fisheries sector, with 5 million people involved in marine fisheries.¹¹ Moreover, certain nutrient rich fish species once wild caught and now cultured in Bangladesh are being piloted to test the efficacy of fish-based solutions to address malnutrition and hidden hunger, particularly among poor women and children in rural areas.¹²

8. **The GOB recognizes the potential for the country to increase the value of its coastal and marine fisheries through more sustainable management and in doing so, improve the lives of poor, coastal inhabitants.** With GOB and

⁷ World Fish. (2016). Review on Current Situations and Future Prospects of the Fisheries Sector in Bangladesh.

⁸ FAO Fishery and Aquaculture Country Profiles. Bangladesh Country Profile Fact Sheets, 2014. At <http://www.fao.org/fishery/facp/BGD/en>.

⁹ Ibid. 4

¹⁰ Department of Fisheries, Ministry of Fisheries and Livestock (DOF, MOFL). National Fish Week 2014. Compendium (in Bengali). 144p.

¹¹ DOF, 2015. National Fish Week 2015 Compendium (in Bengali). 148p.

¹² Thilsted, S.H. and M.A. Wahab. (2014). Pond polyculture technologies combat micronutrient deficiencies and increase household income in Bangladesh. CGIAR Research Program on Aquatic Agricultural Systems. Penang, Malaysia. Policy Brief: AAS-2014-09.



donor—including World Bank—attention to date largely focused on inland capture and culture fisheries and some limited coastal aquaculture,¹³ the marine capture fisheries sub-sector not only faces the largest capacity and management deficit of the three sub-sectors, but also offers significant growth opportunities. In particular, the Ministry of Fisheries and Livestock (MOFL) is tasked to contribute to “Vision 2021” through an ambitious fisheries sector transformation plan that seeks to derive greater economic opportunity from coastal and marine resources to reduce poverty. More specifically, the Department of Fisheries (DOF) within MOFL looks to increase the role that coastal and marine fisheries and aquaculture play in meeting the objectives of the Seventh Five Year Plan (FY2016-FY2020) by boosting the sub-sector’s share of fisheries revenue and export earnings while ensuring sustainable stock management and improving citizen welfare.

9. **Several key sector-wide challenges are shaping how GOB, and particularly DOF/MOFL, seeks to reform the sector to enable private investment. These include (i) the absence of an effective regulatory framework for managing coastal and marine fisheries; (ii) limitations in the basic public infrastructure necessary to enable private sector investment; and (iii) limitations in both public and private sector capacity for improved fisheries management and optimal productivity.**

Absence of an effective regulatory framework for managing coastal and marine fisheries

Open access and tragedy of the commons. Bangladesh’s coastal and marine capture fisheries are dominated by nearly 68,000 artisanal vessels—comparable in numbers to the *entire* West African artisanal fishing fleet—responsible for 88 percent of the catch. Meanwhile, the country’s industrial fleet comprises 243 trawlers licensed to operate in waters beyond the 40 meter depth zone that contribute 12% of the marine catch, especially shrimp.¹⁴ With the partial exception of the iconic Hilsa fishery where DOF closed the fishery during the breeding season (while providing compensation to the poor), Bangladesh’s artisanal and industrial marine capture fisheries remain largely open access. Improved governance through better monitoring, control, and surveillance can provide a benefit to both fishers (including the poor) and critical fish stocks. It is estimated that effective, evidence-based management of the marine capture fisheries can generate annual incremental economic rent in the range of US\$ 992.2 million,¹⁵ including up to US\$ 260 million from improving the Hilsa fishery alone.¹⁶

Limitations in the basic public infrastructure necessary to enable private sector investment

Need to engage and empower communities to identify solutions. In the absence of viable livelihood alternatives, some of the poorest fishers continue to use destructive gear, such as estuarine set bag nets, that target juveniles and destroy critical habitats, which serve as the nursery grounds for key species. It is difficult to effectively prevent or sanction such violations without engaging coastal communities and placing them in the center of any reform.

Opportunities to improve the productivity of coastal aquaculture (particularly brackish water shrimp). While shrimp culture is the coastal culture sector’s strongest export revenue driver, there is ample room to improve

¹³ Including the Bay of Bengal Large Marine Ecosystem Project, the Economic Incentives to Conserve Hilsa Fish in Bangladesh Project, and a series of World Bank-supported projects, including the Oxbow Lakes Fishery Project, the Shrimp Culture Project, the Third and Fourth Fisheries Projects, and, most recently, the National Agricultural Technology Program II (NATP II), which targets dissemination of good practices in inland fisheries.

¹⁴ Ibid. 11

¹⁵ Bay of Bengal Intergovernmental Organization Secretariat. 2016. Technical Note. Economic Rent calculated at 40% of gross landing value; capital stock estimate assumes 8% annual rate.

¹⁶ Moman, M.A., and R. Arnason, 2007. The potential of artisanal Hilsa fishery: Economic efficient fisheries policy. UN University, Reykjavik.



both economic and environmental outcomes.¹⁷ Learning from the inland sector, there are opportunities to increase coastal aquaculture value through processing and exports, including by scaling up contract grower schemes that link small producers with large processing companies, expanding training for producers in quality assurance and application of the international Hazard Analysis and Critical Control Points (HACCP) system, and training producers in improved environmental management.

Limitations in public and private sector capacity for improved fisheries management and optimal productivity

Improved post-harvest practices can reduce losses and increase value, making the sector more attractive to private investment. A 2016 WorldFish analysis estimates that improved coastal and marine fisheries management can generate up to a million jobs, including for women as processors and producers, and increase incomes for some 270,000 fishers by increasing productivity, quality, and value added. The post-harvest value of catch can also be augmented by improving marketing practices. However, post-harvest value-added improvements can only be implemented once a strong harvest management system, including MCS, is in place that increases accountability, transparency, and good governance in the sector to ensure that increased sector value does not lead to overfishing.¹⁸ Adopting simple measures to preserve catches onboard vessels and along the value-chain could reduce spoilage and increase both the nutritional and market value of catches.

10. **To overcome these challenges and enable private sector investment, public sector reforms are needed that leverage existing good practices for coastal and marine capture fisheries management from both regional and global experience.** Global experience highlights the need to first establish a core governance framework, including an agreed sector vision, coherent policy, and enabling legal framework, to enable the design, piloting, and implementation of sustainable fisheries management systems supported by adequate institutional capacity building. The latter entails first and foremost building the DOF capacity to implement an effective management and MCS to address the *de facto* uncontrolled, open access system for the artisanal fleet while improving the sustainability—and performance—of the industrial fleet. Broader public sector reforms, in particular to support fishers to diversify their livelihoods in conjunction with the introduction of a functioning MCS, are necessary to incentivize sustainable fisheries management without negatively affecting livelihoods in the short term and to provide the foundation for responsible private sector finance and investment in the long term.¹⁹ In addition, enacting community-based approaches can address challenges faced by artisanal fishers and support those most disadvantaged, including the rural, coastal poor and women.

Relationship to CPF

11. **The Sustainable Coastal and Marine Fisheries Program offers a significant opportunity to contribute to all three of the FY2016-FY2020 Country Partnership Framework's Focus Areas: growth and competitiveness, social inclusion, and climate and environment management.** The proposed program will support these pillars through: enhanced export-led blue growth (*Objective 1.4 – Enhanced Business Environment and Trade Facilitation*); creating jobs, where Bangladesh has competitive advantage, and improving livelihoods for millions of poor fishers (*Objective 2.4 – Enhanced Rural Income Opportunities for the Poor*); improved management of valuable aquatic resources, pollution loads, and climate resilience (*Objective 3.1 – Increased Resilience of Population to Natural Disasters in Urban and Coastal Areas*); and improved food security and nutrition through climate-smart and sustainable production of captured and

¹⁷ FAO. National Aquaculture Sector Overview: Bangladesh. At http://www.fao.org/fishery/countrysector/naso_bangladesh/en#tcN700C5

¹⁸ Turkewitz, J. (2015). G20 ACWG Note: Addressing Corruption in Forests and Fisheries. Unpublished draft, October.

¹⁹ Neiland, A., Cunningham, S., Arbuckle, M., Baio, A., Bostock, T., Coulibaly, D., Gitonga, N., Long, R., and S. Sei. (2016). Assessing the potential contribution of fisheries to economic development: The case of post-Ebola Sierra Leone. *Journal of Natural Resources*, 7 (356-376).



cultured coastal and marine fish protein (*Objective 3.3 – Increased Adoption of Sustainable Agricultural Practices*). In addition, the proposed project will support several of the key Transformational (Regional and Global Integration and Adaptive Delta Management) and Foundational Priorities (Institutions and Business Environment) identified by the Systematic Country Diagnostic.

12. **South Asia Regional Integration:** The program also advances the Third Pillar of the World Bank’s Regional Strategy for South Asia, namely collaborative management of shared natural resources. By improving national capacity in informed decision-making, especially in the case of collaborative management of shared natural resources such as Hilsa and sharks, the program will also contribute to the productive engagement of Bangladesh in other regional integration platforms, such as the Bay of Bengal Inter-Governmental Organization and the Indian Ocean Tuna Commission, which is becoming increasingly important in light of Bangladesh’s interest to expand its deep water fishing industry. The proposed project will support the Government in undertaking the legal and institutional reforms necessary to meet relevant international conventions.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

13. The proposed Program Goal is to Increase coastal and marine fisheries’ contribution to the economy, poverty reduction, and environmental stability. The proposed Project Development Objective (PDO) is to improve management of coastal and marine fisheries and aquaculture and fishing communities’ access to alternative livelihoods activities.

Key Results (From PCN)

14. Proposed PDO-level results indicators (Phase I):
- i. *Fisheries management plans implemented (number) [corporate results indicator]*
 - ii. *Share of artisanal and industrial vessels under monitoring, control and surveillance (MCS) (%)*
 - iii. *Share of landed catch and aquaculture production in targeted coastal belt fisheries in safe handling (according to defined criteria)*
 - iv. *Share of targeted coastal belt fishing communities with access to livelihood activities outside of fishing (% , disaggregated by sex)*
 - v. *Share of targeted beneficiaries that express satisfaction with project interventions (% , disaggregated by sex, youth) [corporate citizen engagement and gender indicator]*
15. **Project Development Objective (PDO), Phase II:** *Control fishing effort in coastal belt fisheries, improve fish and shrimp processing and marketing, and improve livelihoods for coastal belt communities.*

D. Concept Description

16. Taking into account the need for a long-term commitment and support to effectively strengthen the country’s coastal and marine fishing sector and address rural poverty, a series of projects (SOP) is proposed. The Bangladesh Sustainable Coastal and Marine Fisheries Program BSCMFP) will encompass two (2) phases, with a preliminary budget



envelope of US\$200 million for Phase I. Phase II will be considered and its budget envelopes defined based on successful implementation of the reform program put in place under Phase I as follows:

- Phase I. Institutional and policy reform, capacity development, and piloting (5 years and US\$200 million) with the objective to build GOB and stakeholder capacity to implement a shared approach for using fishery and mariculture resources sustainably, equitably, and more profitably.
- Phase II. Scaling up successful pilots to improve coastal communities and fishers' livelihoods, while addressing sector infrastructure needs and expanding sustainable private sector participation with the objective to provide for higher value capture from domestic and export-oriented fisheries and mariculture. Phase II is further envisioned to be developed and implemented with a significant IFC participation.

17. BSCMFP Phase I aims to develop an enabling institutional and policy environment for sustainable marine and coastal fisheries management and enhanced economic growth from export-oriented fisheries and mariculture, while also piloting alternative (sustainable) livelihood activities to support fishing communities during the transition from de facto open access to managed fisheries. Setting the foundation for future sector growth, it will build the capacity of government fisheries and research institutions and pilot innovative approaches for improved management of coastal fisheries, including through co-management and alternative livelihoods. The project will focus on bringing fisheries policies, regulations, and management capacity up to a level needed to enable stock recovery and opening the space for responsible private sector investments in the sector. The preliminary outline of BSCMFP Phase I is as follows:

Component 1: Good Governance and Sustainable Fisheries Management (USD\$70 million)²⁰

Intermediate Objective: Build the capacity of the GOB and research agencies to conduct evidence-based stock management and implement monitoring, control, and surveillance (MCS) for the artisanal and industrial fisheries.

18. Component 1 will support comprehensive governance reforms for sustainable fisheries management. Building on the GOB commitment to update and expand the 2008 National Fisheries Policy to better account for the country's enlarged EEZ, this component will support the DOF in carrying out a participatory process to produce a revised policy and institutional framework for the sustainable use of Bangladesh's coastal and marine fisheries resources. To this end, the component will strengthen the capacity of government research and oversight agencies to undertake evidence-based coastal and marine fisheries management. The component is expected to further invest in an effective monitoring, control, and surveillance (MCS) system, given its critical importance for supporting sustainable fisheries management and reversing stock declines. Specific focus will be given to provisions and incentives to (1) expand the co-management of coastal fisheries with management responsibilities shared between DOF and artisanal fishing communities and (2) increase the sector's transparency, integrity, and accountability. This will be anchored by a broad-based engagement with both artisanal and industrial fisheries stakeholders, including those involved in fishing, fish processing, and fish marketing.

Component 2: Community Empowerment, Sustainable Livelihoods, and Nutrition (US\$52 million)

Intermediate Objective: Stabilize fish stocks and improve coastal communities' and fishers' livelihoods.

19. Component 2 aims to empower fishing communities with the capacity to better manage local resources and expand their participation in more inclusive and sustainable development. Phase I support will put in place the foundation for achieving the BSCMFP's broader objective of enhancing livelihood diversification and reducing the

²⁰ Indicative estimates based on the GOB's Preliminary Development Project Proposal (PDPP) and initial inception mission discussions.



poverty gap that these communities face in comparison with most of the country. To this end, the project will support investments in human capital (healthy and skilled workforce) and social capital (in particular, well-functioning fishing communities, but also trust-based working relationships across the value chain), as well as investments in physical capital (basic infrastructure) and natural capital (marine and coastal environment), where relevant.

20. Initial work will focus on assessing and testing the feasibility of utilizing existing structures (such as the Fisher ID) to better target assistance and incentivize behavioral changes geared towards more sustainable fishing practices and thereby link at scale the improvement of livelihood opportunities and food security, with assistance conditioned on reduced fishing effort and sustainable management of coastal fisheries. Working closely with local stakeholders and existing support networks, pilot investments will test effective, community-led approaches in four priority areas:

- (i) scaling-up co-management of coastal fisheries with community participation;
- (ii) identifying viable models for expanding extension services and improving access to finance and markets;
- (iii) identifying and piloting livelihood diversification options (including linked to more sustainable fishing practices and also options outside the fisheries and aquaculture sector); and
- (iv) related opportunities for designing and operationalizing pilot schemes for enhanced nutrition outcomes and food security based on scaled-up cultivation, processing, and marketing of small fish cultivated by women in household ponds.

Component 3: Sustainable Economic Growth (US\$65 million)

Intermediate Objective: Improve quality to ensure food safety and higher value capture from export-oriented fisheries and mariculture.

21. Component 3 will provide support in two areas: (1) improvements in the capture fisheries and coastal aquaculture value chains and (2) pilots and research to expand export-oriented growth opportunities in Blue Economy space. Early support to both capture fisheries and aquaculture will focus on immediate post-harvest handling and sanitary practices for reduced post-harvest losses, productivity increases, higher product quality, and improved food safety. These investments will be carefully phased-in once the requisite management reforms supported under Component 1 have been completed, in order to avoid incentivizing additional overfishing by increasing the sector's value.

- (i) In capture fisheries, initial efforts will focus on the semi-industrial and motorized artisanal fleet, to be extended to the industrial fleet in sync with the progress of the management reforms under Component 1. Parallel support will be extended for rehabilitating/upgrading landing sites and improving logistics in priority fishing clusters. The component will further invest in the piloting of incentive-based approaches for greater economic efficiency and sustainability across the entire fisheries value chain (harvest and handling technologies, processing, products and markets, infrastructure, logistics) that will examine and test options to be scaled up under Phase II.
- (ii) In coastal aquaculture, the component will extend institutional capacity-building support to improve biosecurity and disease control, including through regional cooperative training. In close consultations with local communities, government, and industry stakeholders, this component will further support (1) improving food-safety practices and processing facilities, and (2) subject to detailed screening against pre-identified environmental, social, and disaster risk reduction criteria, rehabilitation of silted water supply canals and repair of sluice gates to improve water quality and circulation in selected existing (only) aquaculture production facilities.



Component 4: Project Management (US\$13 M)

22. The project's management and monitoring and evaluation functions will be established and supported within the DOF, and fully integrated within the institutional capacity assistance under Component 1.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

SAFEGUARDS

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

Dividing into three major divisions (eastern, central and western), Bangladesh's coastline extends across total of 710 km from St. Martin's in the south-east to the Sundarbans mangrove forest in the south-west. The project will support various activities in the coastal area of the country, which comprises 16 coastal districts and spans 118,813 sq km, including the marine areas. While the general area for project interventions is known to be along the southern part of the country, along the coastal belt, the exact locations for project interventions are not known at this stage. Therefore, an Environmental and Social Management Framework (ESMF) will be prepared. Since the detailed design of the project components necessary for conducting component-specific Environmental and Social Impact Assessments (EIAs) is likely to be available only during project implementation, the system to support the process of environmental review and clearance will be defined through the ESMF. It will provide for each project component to be screened for potential environmental and social impacts and, where necessary, detailed, site-specific ESIs and subsequent management plans to be prepared to identify and address the potential impacts of the proposed project activities once specific site locations are identified. Guidance for addressing gender impacts, preparing and implementing community consultations, communication plans, and gender action plans will be provided under the ESMF to complement the design of the main strategies under this project component. Guidance will also be provided for grievance redress systems and institutional arrangements. Although the project does not foresee any large scale land acquisition, some small scale infrastructure provision is expected under Component 2. Hence, OP 4.12 will be triggered, and a Resettlement Policy Framework (RPF) will be prepared to provide guidance for the preparation and implementation of site-specific Resettlement Action Plans (RAP) as and when required. It can be expected that the project will touch upon indigenous communities' areas. A Small and Ethnic Minorities and Vulnerable Peoples Framework fully cognizant of local and cultural nuances will be prepared to provide guidance for the preparation and implementation of site-specific Small and Ethnic Minorities and Vulnerable Peoples Plans as and when required. All frameworks and plans will be prepared and disclosed before appraisal in keeping with Bank guidelines.

B. Borrower's Institutional Capacity for Safeguard Policies

The Department of Environment (DOE) under the Ministry of Environment and Forests is the competent national authority to administer the Environmental Conservation Act (ECA) of 1995 and its amendment (2010), which define Environmental Clearance Procedures in Bangladesh. The Environmental Conservation Rules (ECR) of 1997 comprise a set of relevant rules for the ECA implementation, including: categorization of projects, procedures for environmental clearance, ambient standards, as well as permitted discharge/emission levels. According to ECR 1997, no specific environmental clearance is required for fisheries projects. DOE, however, is currently drafting an amendment of the ECR, which is likely to include commercial-scale aquaculture in its list of industrial enterprises. At activity-specific level, many



associated activities, especially related to large-scale aquaculture development, such as canal excavation and construction or rehabilitation of embankments, require ECA clearance. The capacity of the Ministry of Environment and Forests for safeguard policy implementation and monitoring is still in need of significant strengthening, particularly at the district level. The capacity of the proposed implementing agency, the Department of Fisheries (DOF) of the Ministry of Fisheries and Livestock, for environmental and social safeguards due diligence is similarly limited. In this context, the project is expected to significantly invest in improving related counterpart institutional capacity in conjunction with addressing the project-specific safeguards needs.

C. Environmental and Social Safeguards Specialists on the Team

Sabah Moyeen, Md Istiak Sobhan

D. Policies that might apply

| Safeguard Policies | Triggered? | Explanation (Optional) |
|-------------------------------------|------------|--|
| Environmental Assessment OP/BP 4.01 | Yes | Expected project activities include multiple small-scale infrastructure works for construction/rehabilitation/upgrading of fish landing centers, post-harvest processing facilities, and/or rehabilitation of existing water canals and sluice gates. The project will not support new aquaculture production ponds or related infrastructure; however careful environmental and social assessment is required. Respectively, the project is classified as category 'B' in accordance with OP 4.01. An Environmental and Management Framework (EMF) will be prepared to provide guidance for environmental assessment and management. It will also identify the requirements and responsibilities for preparing Environmental Impact Assessments (EIA) as a precondition for individual investments that are likely to have high environmental impact. Since detailed location and design information for conducting activity-specific EIA for some of the project activities will likely be available only during project implementation, the EMF should define the detailed process for the corresponding consultations, reviews, and clearances. |
| Natural Habitats OP/BP 4.04 | TBD | Preliminary analysis does not indicate likely impact on natural habitats under OP/BP 4.04. This will be reviewed during preparation, once more location-specific information for the proposed project activities is available. |
| Forests OP/BP 4.36 | TBD | Preliminary analysis does not indicate likely impact on forests under OP/BP 4.36. This will be reviewed during preparation, once more location-specific information |



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| | | for the proposed project activities is available. Specific attention will be given to potential impacts on mangroves. The project will also consider the need to restore or protect mangroves associated with fisheries activities. |
| Pest Management OP 4.09 | Yes | The policy is triggered considering the potential use of chemicals in aquaculture to manage pests and disease. Specifically, processing facilities as well as feed storage areas may need to control pests as well utilizing pesticides or rodenticides. |
| Physical Cultural Resources OP/BP 4.11 | No | Chance finds are unlikely in the project areas and the project activities are not expected to otherwise relate to physical and cultural resources. |
| Indigenous Peoples OP/BP 4.10 | Yes | There is a likelihood that some of the project activities might touch upon indigenous communities. A Small and Ethnic Minorities, Vulnerable Peoples Framework (SEMVPF) will be prepared to provide guidance for the preparation and implementation of site specific Small and Ethnic Minorities, Vulnerable Peoples Plans (SEMVPP) as and when required. The framework will be fully cognizant of local and cultural nuances associated with designing and proposing alternative livelihood measures, grievance redress processes and all other project interventions including community consultation and communication. |
| Involuntary Resettlement OP/BP 4.12 | Yes | Although the project does not foresee any large scale land acquisition, some small scale infrastructure provision is expected under Component 2. Hence OP 4.12 will be triggered and a Resettlement Policy Framework (RPF) will be prepared to provide guidance for the preparation and implementation of site specific Resettlement Action Plans (RAP) as and when required. In addition, while OP 4.12 generally does not apply to marine resources, the project will require alternative livelihood development models to provide alternative and sustainable income sources which will be critical for the success of halting over-fishing and enforcing no-fishing periods. The SA will complement the main project component 2 and provide guidance on preparation of site specific SIAs associated with project interventions. |
| Safety of Dams OP/BP 4.37 | No | n/a |
| Projects on International Waterways OP/BP 7.50 | TBD | While the project will not support any activities outside of the boundaries of the Bangladesh EEZ, further analysis will be undertaken once more location-specific information is available. |



Projects in Disputed Areas OP/BP 7.60

No

The project will not support activities in disputed areas. Bangladesh's two outstanding maritime delineation disputes with Myanmar and India were settled in favor of Bangladesh in 2012 and 2014, respectively, [the March 14, 2012 Bay of Bengal Maritime Boundary Arbitration Award (Bangladesh v. Myanmar), available at <https://www.itlos.org/en/cases/list-of-cases/case-no-16/> and the July 7, 2014, Bay of Bengal Maritime Boundary Arbitration Award (Bangladesh v. India), available at <https://www.pcacases.com/web/view/18>]. Both cases are now closed, with the respective arbitration awards recognized by all parties involved.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Sep 29, 2017

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

April - September, 2017

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Borrower/Client/Recipient

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Implementing Agencies



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APPROVAL

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Note to Task Teams: End of system generated content, document is editable from here.