



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 03-Dec-2022 | Report No: PIDC34383



BASIC INFORMATION

A. Basic Project Data

Country Bangladesh	Project ID P179079	Project Name Bangladesh Green and Climate Resilient Development Credit (P179079)	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Board Date Apr 27, 2023	Practice Area (Lead) Environment, Natural Resources & the Blue Economy	Financing Instrument Development Policy Financing
Borrower(s) People's Republic of Bangladesh	Implementing Agency Finance Division, Ministry of Finance		

Proposed Development Objective(s)

To support the Government of Bangladesh to transition to green and climate resilient development by (i) enhancing public planning, financing, and delivery of green and climate resilient interventions; and (ii) promoting key sector reforms for climate-smart production and services.

Financing (in US\$, Millions)

SUMMARY

Total Financing	250.00
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DETAILS

Total World Bank Group Financing	250.00
World Bank Lending	250.00

Decision

The review did authorize the preparation to continue

B. Introduction and Context

Country Context

Bangladesh made rapid social and economic progress in recent decades and reached lower middle-income status in 2015. Annual GDP growth averaged close to six percent since 2000. Strong labor market gains contributed to a sharp decline in poverty, with the national poverty rate falling from 48.9 to 24.5 percent between 2000 and 2016. However, the pace of



poverty reduction slowed in recent years even as growth accelerated, particularly in urban areas and in the west of the country. Annual consumption growth of the bottom 40 percent (1.2 percent) trailed that of the overall population (1.6 percent) from 2010 to 2016.

As the country recorded a robust recovery from the pandemic shock, it faces new macroeconomic challenges from rising global commodity prices, slowing global growth, elevated domestic inflation, and strong pressures on its balance of payment. Bangladesh also needs a paradigm shift in its growth model to ensure a lasting economic recovery. The country's development pathways, from relatively high manufacturing growth to rapid urbanization, has been associated with increased carbon intensity and limited resource efficiency that have resulted in alarming levels of pollution, reduced climate resilience, and depletion of natural resources. Environmental degradation has impacted the health, productivity, and welfare of the Bangladeshi people, and impairing human capital formation and retention. Additionally, Bangladesh faces a high level of vulnerability to the effects of climate change. The Global Climate Risk Index ranks Bangladesh as the world's seventh most-affected country in 2000-2019. Internal climate and rural-urban migration will put additional pressure on cities and essential services – such as water supply, sanitation, and energy – that are already constrained, especially for the most disadvantaged groups.

Relationship to CPF

This Green and Climate Resilient Development (GCRD) Credit series is consistent with the FY16-20 Country Partnership Framework (CPF) and is aligned with proposed objectives of the new CPF (FY23-27) currently under preparation.

C. Proposed Development Objective(s)

To support the Government of Bangladesh to transition to green and climate resilient development by (i) enhancing public planning, financing, and delivery of green and climate resilient interventions; and (ii) promoting key sector reforms for climate-smart production and services.

Key Results

To enhance public planning, financing, and delivery of green and climate resilient intervention, key results will be measured by (i) performance of ministries, departments, and agencies in implementing green and climate resilient (GCR) activities; (ii) execution rate of ADP of GCR in projects; (iii) increased intergovernmental fiscal transfers that are green, or climate tagged; (iv) improved reporting on green and climate expenditure by City Corporations and Category A Pourashavas; (v) more women-led businesses participating in public procurement; (vi) selected Public Sector Organization (SPSOs) using sustainable public procurement; (vii) approval of Development Project Proforma for Bangladesh Delta Plan (BDP) 2100 projects; (viii) increased collection rate of imposed environmental fines; (ix) users providing feedback on environmental policies through National Framework for Environmental Information system.

To promote key sector reforms for climate-smart production and services, the DPC aims the following results: (i) satisfactory implementation of the National Air Quality Plan/Program (2024); (ii) entities registering their GHG emissions in the national registry and submitting their GHG emission verification reports to the Government; (iii) energy savings; (iv) reduction of fiscal expenditures on fuel subsidies; (v) reduction in power generated by liquid fuel-based generation; (vi) increased cost recovery ratio in water supply and sanitation (WSS) services operations; and (vii) new municipalities adopting WSS tariff models.



D. Concept Description

The reform program supported under the DPC series operationalizes key policy recommendations from the recently completed Country Climate and Development Report (CCDR). This DPC series complements the parallel Recovery and Resilience DPC series. While the latter focuses on structural reforms to enable economic recovery from the Covid-19 pandemic and promote overall growth, the GCRD series supports policies to transition to a greener and more climate-resilient development to ensure sustained economic growth.

Under Pillar A, the DPC supports reforms to (i) strengthen prioritization and efficiency of public investment planning as well as its implementation, at national and local levels, based GCRD criteria; (ii) increase efficiency in the BDP2100 implementation to improve climate resilience; (iii) enhance environmental governance and promote sustainable public procurement for clean, resource efficient and socially sustainable production and consumption. Pillar A supports reforms to: (i) improve air quality management and reduce emissions across productive sectors; (ii) increase energy efficiency, reduce fiscal costs from fossil fuel subsidies and capacity charges in rental power plant contracts, and rationalize on liquid fuel-based generation; (iii) increase efficiency and resilience of WSS services.

E. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

Poverty and Social Impacts

Overall, the reforms supported by this operation are not likely to generate significantly negative poverty, social and distributional impacts on the Bangladeshi population on average. Reforms geared towards devolving finance to local levels, strengthening environmental governance, and promoting sustainable procurement, which promote inclusion of disadvantaged groups are all likely to have broad positive impacts on the population. However, further analysis will be undertaken to unpack possible distributional effects of some reform measures. Impacts on specific sub-groups and sub-national regions will be also analyzed.

Environmental, Forests, and Other Natural Resource Aspects

The GCRD Credit series supports reforms that are fundamentally designed to improve environmental (including climate), forests, and other natural resources. All prior actions supported by the DPC are likely to either have positive or no negative effect on the environment, forests, or other natural resources of Bangladesh. Policies reforms with likely positive effects will (i) incentivize the ministries and local government institutions to allocate more funds to green and climate resilient activities; (ii) support implementation of BDP 2100 with the aim to ensure water and food security, economic growth, climate resilience and environmental sustainability; (iii) improve environmental risk management and air quality management, with high potential of generating significant positive impacts in air quality and other environmental health conditions, as well as on GHG emissions; and (iv) improve the efficiency and quality of WSS services, thereby improving access to adequate water supply and sanitation.

CONTACT POINT

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APPROVAL

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