



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 24-Feb-2019 | Report No: PIDISDSA25472

**BASIC INFORMATION****A. Basic Project Data**

Country Bangladesh	Project ID P168484	Project Name Additional Financing For Modern Food Storage Facilities Project	Parent Project ID (if any) P120583
Parent Project Name Bangladesh Modern Food Storage Facilities Project	Region SOUTH ASIA	Estimated Appraisal Date 28-Feb-2019	Estimated Board Date 26-Jul-2019
Practice Area (Lead) Agriculture	Financing Instrument Investment Project Financing	Borrower(s) People's Republic of Bangladesh	Implementing Agency Directorate General, Ministry of Food

Proposed Development Objective(s) Parent

The overall Project development objective is to increase the grain reserve available to households to meet their post-disaster needs and improve the efficiency of grain storage management.

Components

Component A – Construction of Modern Grain Storage Silo Facilities

Component B – Support for Food and Market Planning and Monitoring Program

Component C - Project management, Construction Supervision, Technical Assistance, Training and Strategic Studies

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	290.03
Total Financing	290.00
of which IBRD/IDA	280.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	280.00
IDA Credit	280.00



Non-World Bank Group Financing

Counterpart Funding	10.03
Borrower	9.55
LOCAL: BENEFICIARIES	0.48

Environmental Assessment Category

B-Partial Assessment

Have the Safeguards oversight and clearance function been transferred to the Practice Manager? Yes

Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

Despite being one of the world’s most densely populated countries and highly vulnerable to climate induced natural disasters, Bangladesh has achieved robust economic growth over the past decade.¹ It has met the Millennium Development Goal on poverty: the incidence of extreme poverty has declined from 44.2 percent in 1991 to 13.8 percent in 2016. Poverty reduction has been driven by increases in agricultural productivity, wages, female labor force participation and remittance transfers. Agriculture provided 43 percent of employment in 2016 and accounted for 90 percent of poverty reduction from 2005-2010. Looking ahead, Bangladesh will need to sustain growth to meet its target of reaching middle-income status by 2021 and eliminating poverty by 2030. About 22 million people remain below the international extreme poverty line (US\$1.90 2011 Purchasing Power Parity), and in rural areas their share exceeds a quarter of the population. Malnutrition continues to be widespread in Bangladesh², even amongst food producing households where agriculture is the main source of income. Bangladesh ranks 90th out of 118 countries in the Global Hunger Index and 142nd out of 186 countries in the Human Development Index.

Despite strong economic growth and a steady decline in poverty, natural disasters regularly cause serious damage to the country’s infrastructure and agricultural sectors, severely affecting food access and food availability for the poor and vulnerable. Bangladesh remains highly vulnerable to extreme weather events and climate variability. The challenges to meeting the food and nutrition security needs of the vast number of poor and vulnerable, particularly women and children in rural areas, remain considerable. As 80 percent of Bangladesh’s population lives in rural areas and around 53 percent of the rural population is classified as poor, climate shocks and stresses have particularly negative implications for their food, livelihood security, and welfare.

¹ The Gross Domestic Product grew well above the average for developing countries in recent years, averaging 6.5 percent since 2010, with an officially estimated growth of 7.86 percent in FY2018, driven by manufacturing and construction.

² Nationwide, about 41 percent of children under 5 years of age are chronically malnourished, and 22 percent are born with low birth weights.

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The expected increase in the frequency and intensity of weather-related shocks makes it imperative that the Government of Bangladesh (GoB) enhances its preparedness to address food insecurity in disaster-prone areas. Historically, the country has been hit by a major cyclone and/or widespread flooding once every three years on average. Growing climate variability and natural disaster risks are anticipated to lead to more intense and frequent cyclones, floods, and droughts, as well as a sea level rise and associated salinity intrusion in coastal areas. This is expected to increase pressure on the government to respond to the food and nutrition security needs of affected populations with food distribution programs, both for short-term relief interventions *as well as* for longer-term recovery assistance.

In 2017, severe monsoon floods in the north and north-eastern regions affected the livelihoods of about 8 million people. These floods caused considerable physical damage to housing and led to major losses of agriculture and livestock assets across 32 districts. As a direct impact of this adverse climatic event, around 1.5 million people required of food assistance in the short-term. The expected increase in the frequency and intensity of weather-related shocks is at the core of the efforts to enhance its capacity to respond to household food insecurity in disaster-prone areas by increasing its strategic grain reserves, enhancing the efficiency of its food-based disaster relief and recovery programs, and strengthening the climate resilience of households in those areas to address.

Sectoral and Institutional Context

Established by the GoB in 2006, the National Food Policy (NFP) is coordinated by the Ministry of Food (MoFood) and implemented in close coordination with the national Disaster Management Plan (NDMP) of the Ministry of Disaster Management and Relief (MoDMR). Under the NFP, MoFood procures food grains from local producers and/or through imports and distributes the subsidized grain through the Public Food Distribution System (PFDS) to eligible segments of the population. In September 2012, GoB passed the updated Bangladesh Disaster Management Act, 2012, which promotes a more holistic approach to disaster preparedness and management. This has led to an improvement in Bangladesh's overall effectiveness and disaster preparedness by: (i) strengthening coordination and networking at all critical levels for addressing issues in risk exposure to the most disadvantaged livelihood groups in targeted, disaster-prone districts; and (ii) mainstreaming disaster risk reduction and climate change adaptation agendas in sectoral policies, plans, and budgetary frameworks.

The GoB seeks to improve its capacity to respond to short and long-term post-disaster food and nutrition security needs by enhancing its network of food grain storage facilities; to that effect, the construction of modern grain storage facilities for rice and wheat has been initiated under the Modern Food Storage Facilities Project (MFSFP). The availability of modern grain storage facilities in eight different strategic locations across the country will allow grain to be kept in bulk for a few years in much better conditions than in the existing but largely dilapidated godowns currently used. This will significantly reduce grain losses and enhance the nutritional value of the grain distributed.

At the same time, GoB aims to improve the efficacy and accountability of the public food grain system. The new storage facilities will also improve PFDS's logistical capability and operational flexibility in supplying grain both for food-based social safety nets (SSNs) and disaster relief and recovery. With strengthened capacity for improving stock management in the modern silos, and comprehensive analyses for enhancing the overall policy framework on strategic grain reserves, GoB will be in a position to make sound and informed decisions as it reconciles the three strategic objectives that impact the domestic food market: (i) supporting the poor and vulnerable through effective SSN programs; (ii) improving the country's disaster preparedness to meet food security needs caused by disaster-induced food shortages; and (iii) devising non-distortive market interventions for food price stabilization, mainly for coarse grain consumed by the poor and vulnerable.



Against this background, the World Bank has been supporting the GoB with a US\$210 million IDA credit No. 5265-BD for the MFSFP under implementation since March 2014.

As part of the mid-term review (MTR) carried out by the World Bank in May 2018, the financial proposals received for the construction of the silos and ancillary facilities (first package) were reviewed and the detailed costing for the silos to be built and modern technologies to be acquired for their proper operation was updated. As a result, the MTR projected a significant cost overrun due primarily to: (i) underestimation of original cost for silos: the pre-feasibility prepared in 2011 proposed initial cost in the amount of US\$216.97 million, but only US\$170.00 million were considered in the Project Appraisal Document (PAD) of which US\$145.00 million for IDA credit and US\$25.00 million for Bangladesh Climate Change and Resilience Fund (BCCR); (ii) increase from US\$170.00 million – US\$342.91 million (total cost per ton of US\$411 – US\$674.00) of the initial cost estimates for construction of silos at appraisal; (iii) increase from US\$15.00 million - US\$76.98 million of the initial cost of the Food Stock and Market Monitoring System; and (iv) increase from US\$20.00 million – US\$43.20 million of Project Management, Construction Supervision, Governance and Accountability Action Plan (GAAP), Technical Assistance (TA) and Training, Strategic Studies. Consequently, the MTR has recommended that the GoB seeks additional financing from IDA to cover the emerging financing gap.

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Despite significant implementation delays, key lessons are learned from the parent project. Preliminary findings of the Food Planning and Policies research show that there are emerging Food Policy Challenges for the public food distribution system: First, 2007/08 world food price shock and temporary disruption of rice imports from India led to lesser reliance on international markets with: a) increased public cereal stocks (0.617-1.687 million tons), domestic procurement and public distribution (including a return to rationed sales); and b) GoB's plan for investments in expanded grain storage and drying facilities (2.1-3.05 million tons) that would enable storage of rice for longer periods without major quality deterioration. This confirms the needs for scaling-up construction of silos within the country. If these silos would have been operationalized, the vulnerabilities of the availability of food grain during 2017 floods in Bangladesh would have been substantially reduced. The floods have affected the livelihood of about 8 million people in 32 districts. Second, nonetheless, private sector imports of rice and wheat continue at large scale (0.125-0.519 million tons for rice). Third, maintaining an appropriate balance between public interventions and reliance on private sector markets continues to be a key food policy challenge.

C. Proposed Development Objective(s)

Original PDO

The Project Development Objective is to increase the grain reserve available to households to meet their post-disaster needs and improve the efficiency of grain storage management.

Current PDO

The current PDO remains the same as in the original project.

Key Results

The key performance indicators and outcomes of the AF are same as for the original project:

- (i) Increased availability of silo grain stocks: end of project target is 535,500 tons;
- (ii) Increased number of households whose grain needs can be met immediately after a natural disaster: 4.5 million households are expected to meet their grain needs;
- (iii) Decreased grain storage cost: US\$300 decrease per ton; and
- (iv) Reduced loss in grain stocks: grain losses are down to 3 percent at project closing.



D. Project Description

The MFSFP has three components: Component A – Construction of Modern Grain Storage Silo Facilities; Component B – Support for Food and Market Planning and Monitoring Program; and Component C – Project Management, Construction, Supervision, Technical Assistance, Training and Strategic Studies. Its main on-going investments include:

- a) **Construction of eight public modern grain storage steel silos with total storage capacity of 535,500 tons.** The construction of the rice silos in Mymensing, Madhupur and Ashuganj was started in April 2018 and is expected to be completed by June 2021. Whereas the construction of wheat silos in Chattogram and Maheshwarpasha and rice silos in Dhaka, Narayanganj and Barishal yet to start, but is planned to be delivered in January 2022 and May 2022, respectively.
- b) **Distribution of 500,000 Household Silos (HHS),** i.e food-grade, water and air tight plastic bins. To date, 302,646 HHS have been manufactured for the project. A total of 230,000 have been distributed to targeted HHs (poor and marginal farmers, and women-headed vulnerable HHs) in coastal districts, against a small cash contribution³ from the recipients. All HHS would be delivered by December 2019.
- c) **Development of the Food Planning and Monitoring Program (FPMP).** Under the Food Planning and Policies (FPP), three final reports have been submitted on cost and logistics of grain transportation in Bangladesh, private sector rice stocks in Bangladesh, and assessment of current grain losses and identification of solutions to reduce losses. Final output would be delivered by June 2021. For the Food Stock and Market Monitoring System (FSMMS): supply, installation and commissioning of computers and accessories, and maintenance support and supply, installation and commissioning of software would be done in June 2021.
- d) **Project Management,** Construction Supervision, GAAP, TA, Training, and Strategic Studies. The construction would be completed by June 2020 for the Food Monitoring, Research and the Training Center and of the Digital Truck Weigh Bridge for strengthening DG Food operational efficiency.

The only changes and/or additions introduced with the AF are the following:

- a) Costs by component/and sub-components as shown in Table 1 and detailed in Annex 1.
- b) Results Framework: gender-based indicators and CE indicators have been added to account for Gender gaps identified and corporate requirements for Citizen Engagement (CE).
- c) Project closing date: the AF will close on May 31, 2022, effectively extending the original implementation period of MFSFP by 23 months. Extension of the closing date will be processed through a L2 Restructuring of MFSFP.

Under the AF, all other aspects of the MFSFP will remain unchanged.

The AF will finance mainly: (i) the construction of wheat silos in Chattogram and Maheshwarpasha and rice silos in Dhaka, Narayanganj and Barishal; (ii) the supply, installation and commissioning of software for the online FSMMS; and (iii) the eligible project expenditures associated with construction supervision and contract management, GAAP, TA and Training, Strategic Studies.

All applicable fiduciary arrangements and safeguard policies in place for MFSFP will remain the same under the AF. Hence, as for the MFSFP, the AF will be classified as Environmental Category B.

³ Beneficiary contribution to HHS has been reduced to US\$0.5 million instead of US\$5 million initially, leading to US\$4.5 million financing gap. Per recommendations of the market assessment and beneficiary assessment completed in October 2016 and January 2018, respectively, HHS should be distributed at a subsidized price of US\$1 per unit instead of initial estimate of US\$10, to make HHS affordable for targeted poor beneficiaries (poor and marginal farmers, and women-headed vulnerable households).



E. Implementation

Institutional and Implementation Arrangements

Implementation arrangements (institutional, financial management, disbursement, procurement, safeguards, monitoring and evaluation) agreed to under the parent MFSFP will continue to apply in full to the AF.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The AF will not introduce any new activity to the project.

G. Environmental and Social Safeguards Specialists on the Team

Sabah Moyeen, Senior Social Specialist
Nadia Sharmin, Senior Environmental Specialist
S. M. Zulkernine, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	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	Yes	
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	

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KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Despite significant implementation delays, some lessons have been learned from the parent project that include the following:

(i) Systematic compliance to quality and environmental and social norms is critical to project achievements. In December 2016, the Inspection Panel received a request about MFSFP and the harm alleged included adverse environmental and health impacts, and financial loss, from the HH level, plastic grain silos to be provided to farmers under the project. The Inspection Panel did not register the Request for Inspection because the safeguards measures and quality control have been fully implemented.

(ii) Proper communication and coordination between safeguards specialists at Project Management Unit (PMU), Design and Supervision Consultant and Contractors, is crucial for ensuring safeguards compliance in the field. Against this, a joint monitoring program headed by PMU Safeguards Specialist, especially for supervision and monitoring of the ongoing sites, as well as regular training and capacity building workshops for the contractors and selected personnel/foremen/supervisors would be needed. Also, a separate training program for each silo site might be justified.

Although there are no major changes in the ESMF as no new activity has been included in the additional financing, ESMF is being updated based on the lessons learned from the implementation of the parent project.

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

No changes and new issues have been identified to the project with the AF.

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

No changes and new issues have been identified to the project with the AF.

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.

No changes and new issues have been identified to the project with the AF.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

No changes and new issues have been identified to the project with the AF.



B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

The ESMF will be updated with the lessons learnt from the parent MFSFP.

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
16-Dec-2018	24-Jan-2019	NA

"In country" Disclosure

24-Jan-2019

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
24-Jan-2019	24-Jan-2019

"In country" Disclosure

24-Jan-2019

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered).

Citizen Engagement and Gender requirements have been reviewed and confirmed by the respective regional focal points. Climate Co-Benefits (CCB) have been assessed 50 percent by the CCB Assessment Team. Climate and Disaster Risk Screening, Green House Gas accounting as well as analysis of the Shadow Price of Carbon have been done.

CONTACT POINT

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Borrower/Client/Recipient

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APPROVAL

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