



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 11-Oct-2022 | Report No: PIDC34308

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

Country Bangladesh	Project ID P178985	Parent Project ID (if any)	Project Name Bangladesh Resilient Urban and Territorial Development Project (P178985)
Region SOUTH ASIA	Estimated Appraisal Date May 08, 2023	Estimated Board Date Sep 26, 2023	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Government of the People's Republic of Bangladesh	Implementing Agency Local Government Engineering Department, Ministry of Local Government, Rural Development and Coopera	

**Proposed Development Objective(s)**

The PDO for this project is to increase access to resilient urban services and to demonstrate the benefits of regional-level investment in selected economic growth corridors.

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

<b>Total Project Cost</b>	600.00
<b>Total Financing</b>	600.00
<b>of which IBRD/IDA</b>	400.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	400.00
IDA Credit	400.00

**Non-World Bank Group Financing**



Counterpart Funding	200.00
Borrower/Recipient	120.00
Local Govts. (Prov., District, City) of Borrowing Country	80.00

Environmental and Social Risk Classification

High

Concept Review Decision

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

Bangladesh has made rapid social and economic progress in recent decades and reached lower middle-income country (LMIC) in FY16. While growth decelerated in FY20, the country weathered the Covid-19 pandemic shock and the GDP growth rebounded in FY21. Real GDP growth is estimated to reach 7.2 percent in FY22, and projected to be 6.1 percent in FY23, before gradually starting to re-accelerate in FY24. While economic disruptions related to the pandemic are waning, a sharp increase in commodity prices and rising uncertainty in European export markets, including the war in the Ukraine, are expected to weigh on growth. Notwithstanding these challenges, GDP growth is expected to remain resilient, supported by a recovery in investment, and strong domestic demand.<sup>1</sup> While the country's main trends have remained positive over the past decade, the pace of poverty reduction has slowed down. The Covid-19 pandemic has put substantial poverty reduction gains of the past decade at risk, and vulnerability to economic shocks has risen. Poverty increased from 13.9 percent in FY19 to an estimated 18.1 percent in FY20. However, as growth strengthened in FY21, household surveys point to a gradual recovery in employment and earnings.<sup>2</sup>

Bangladesh's vulnerability to the effects of climate change threatens its recovery and potential for future growth. Adapting to climate change remains a serious challenge to the country's development. Rising temperatures, unpredictable rainfalls during the monsoon season and a higher probability of catastrophic cyclones are expected to result in increased disaster impacts in cities and towns. Recent studies estimate that by 2050, Bangladesh could have 13.3 million internal climate

<sup>1</sup> Bangladesh Country Partnership Framework (draft for review on Sept 9, 2022)

<sup>2</sup> Ibid



migrants<sup>3</sup> which, together with rural-urban migration, will put additional pressure on urban areas. The urban poor and those engaged in economic activities exposed to climate shocks are likely to face severe implications from climate impacts.

#### Sectoral and Institutional Context

As it strives to become a high middle-income country, Bangladesh is expected to continue facing a major surge in urbanization. Bangladesh has experienced one of the most rapid increases in urbanization in South Asia over the past 50 years, with the pace of urban growth (3%) outpacing the national growth rate (13%). By 2021, around 38 percent of Bangladesh's total 2021 population of 166 million resided in urban areas, of which over half live in slums.<sup>4</sup> Rapid urbanization has been accompanied by rapid environmental deterioration and increasing disaster and climate change impacts. Rapid urban expansion, wetland reclamations and deforestation near boundaries of expanding cities have made urban areas highly susceptible to climate impact.

The benefits of agglomeration from the current spatial pattern of urbanization have slowed down. Local government institutional capacity is constrained, and infrastructure and services have not kept pace with population growth. As a result, while the spatial concentration of economic activity in the country's major cities, predominantly Dhaka, have had positive agglomeration effects in the past, these places now face significant congestion and negative externalities, including air pollution and environmental degradation. At the same time, poorly connected and underdeveloped secondary cities face immense challenges to growth in the form of infrastructure bottlenecks, increasing climate risks and natural disasters, and slow human capital development.

Infrastructure requirements for rapid urbanization are immense and urban local bodies continue to face challenges that limit their ability to function as strong, responsive, and inclusive local government institutions. These development gaps will need to be addressed at a time when Bangladesh's traditional growth model—leveraging low-cost labor in international markets—faces multiple threats, such as wage pressure, technological change, environmental and social compliance, and eroding partners trade preferential treatments enjoyed in the recent past. In addition, women continue to face a myriad of challenges in the urban sector in Bangladesh. Women's relatively limited access to healthcare, education, income-generating opportunities, productive assets, finance, and mobility, as well as the heavy time burden of domestic duties, restrict their political participation and leadership opportunities. Since much of the country's urbanization is yet to occur, Bangladesh has the opportunity to invest in climate resilient, lower-carbon urban growth. With the improved/right policies and investments in place, the urbanization process can be managed to boost productivity and growth and reduce poverty.

The Government of Bangladesh (GoB) 8<sup>th</sup> Five Year Plan (2021-2025) emphasizes the importance of pursuing a sustainable development pathway resilient to disasters and climate change, and to successfully manage the urban transition. Similarly, the Perspective Plan (2021-2041) recognizes the benefits of a more spatially balanced urbanization, and the need to integrate environment and climate change in the country's growth strategy. In 2018, the Bangladesh Delta Plan 2100 (BDP2100) was adopted with the goal of achieving a safe, climate resilient and prosperous delta region. The activities envisaged under proposed project directly support these national goals by focusing on improving access to resilient urban services in selected urban growth corridors in the country. These strategic and resilient infrastructure investments will contribute to unleashing the economic potential of high priority corridors and their surrounding regions, and thus, promote a more territorially balanced development in the country.

<sup>3</sup> World Bank. 2018. *Groundswell: Preparing for Internal Climate Migration*.

<sup>4</sup> <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?locations=BD>.



## Relationship to CPF

The proposed project addresses key constraints to the development agenda outlined in the draft World Bank Group (WBG) Bangladesh Country Partnership Framework (FY23-FY27), notably the impediments to job creation and inclusive growth. These have become even more relevant because of the enhanced vulnerability that has evolved from the COVID-19 pandemic. More specifically, it addresses the following frontier challenges identified by the 2021 Systematic Country Diagnostics (SCD): (i) the need for spatial transformation for more efficient, sustainable, and inclusive growth; and (ii) the serious threats posed by climate and environmental vulnerabilities to sustainable growth and poverty reduction. The project is also aligned with the following CPF objectives: (i) to improve the effectiveness of public institutions to deliver better services (Objective 1); (ii) to strengthen spatial and digital connectivity for inclusive growth (objective 6); and (iii) to improve the effectiveness of delta management for accelerated climate resilience building (Objective 7). Under Objective 1, it will support urban local governments to build their technical and financial capacities. Under Objective 6, it will help strengthen spatial connectivity by investing in urban infrastructure that is complementary to transport investments. Finally, under Objective 7, it will seek to enhance urban resilience through climate-resilient urban infrastructure and risk-informed land use planning, as well as adoption of nature-based solutions to climate vulnerability.

The project is also aligned with the World Bank's Climate Change Action Plan 2021-2025, South Asia Climate Change Roadmap and with the Bangladesh Delta Plan 2100 (BDP2100). The Bank's Global Climate Change Action Plan 2021-25 prioritizes cities as one of the five main transition pathways for building climate change resilience and decarbonization. Similarly, the Bank's Climate Change Roadmap for the South Asia Region identifies urbanization as a key priority for the region, and for Bangladesh specifically, with the commitment to support cities in the delivery of resilient services and infrastructure. The GoB has acknowledged and prioritized the impact of climate change on cities and urban areas as a major threat to the country's economic development goals.

## C. Proposed Development Objective(s)

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The PDO for this project is to increase access to resilient urban services and to demonstrate the benefits of regional-level investment in selected economic growth corridors.

### Key Results (From PCN)

#### PDO 1: To increase access to resilient urban services

- People provided with improved urban living conditions (This is the CRI indicator. In the case of this project, improved urban living condition means resilient urban services).

#### PDO 2: To demonstrate the benefits of regional level investments in selected economic growth corridors.

- Amount of solid waste collected, transported and treated in advanced sorting or disposal facilities serving more than one Pourashava in select economic growth corridors (metric tons/month)
- Travel time along feeder roads in targeted clusters in select economic growth corridors
- Land area with robust flood mitigation measures in targeted clusters along select economic growth corridors

## D. Concept Description



The proposed project provides an important bridge from the current city-focused to an urban cluster/territorial-based approach to urban and regional development through a multi-phased, multi-sectoral investment program to support spatially differentiated, climate resilient and inclusive urban growth in Bangladesh. It will concentrate investment in clusters of secondary cities along the three selected economic growth corridors identified for economic opportunities, climate impacts, and poverty reduction. The focus on city clusters is important because most urban infrastructure and services, by their very nature, require an area-wide approach. The three selected corridors are: (a) Dhaka-Mawa-Shariatpur-Madaripur-Gopalganj-Khulna; (b) Khulna-Pabna-Natore-Bogura-Rangpur-Dinajpur-Panchagor; and (c) Dhaka-Chattogram-Cox’s Bazar corridor. The goal is to unlock the growth potential of these corridors through carefully targeted investments and technical support. Beneficiary Cities will be selected that could mutually benefit from cross-Pourashava boundary investments, such as regional facilities for solid waste management, road connectivity, flood mitigation, and rural urban food system (food storage, warehouse, markets). The proposed project includes interventions under three complementary components: (a) Component 1: Institutional Strengthening for Climate Resilient and Improved Urban Development; (b) Component 2: Resilient Urban Infrastructure Investments; (c) Component 3: Municipal Finance Improvement Investments; and (d) Component 4: Contingent Emergency Response.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The environmental risk of the project is rated as High primarily due to the risks associated with the construction of the sanitary landfills. As the landfills may cause ground and surface water pollution if not properly designed and management, such facilities will require careful selection accompanied by extensive stakeholder consultation. Design of such facilities should also ensure proper collection, treatment, and disposal of hazardous waste, such as liquids and medical wastes. Substantial occupational and community health, and safety risks are also anticipated during the operational phase of the landfills. The social risk for the proposed of project at this stage is rated Substantial due to the scale of some of the civil works for proposed infrastructure which may involve small-scale land acquisition and involuntary resettlement of project affected people. The social risks also consider possible labor influx in the project impact area, and the associated low risk of SEA and SH during implementation. LGED has accrued extensive experience in managing all aspects of environmental and social requirements under the former safeguards OPs of the Bank in several projects and has prepared two projects under the Environmental and Social Framework (ESF). Some of the municipalities and city corporations that will be included in the project have experience in managing social and environmental risks under the recently implemented MGSP. Individual E&S consultants will be engaged to assist the GoB in the E&S management of the proposed. As the locations of some of the infrastructure funded by the proposed project will not be finalized by appraisal, the GoB will prepare an Environmental and Social Management Framework (ESMF), Labor Management Procedure (LMP), Stakeholder Engagement Plan (SEP), Resettlement Policy Framework (RPF), Occupational Health and Safety Framework (OHSF) and an Environmental and Social Commitment Plan (ESCP) to be cleared and disclosed be reviewed by WBG prior to appraisal of the proposed project.



## CONTACT POINT

### World Bank

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### Borrower/Client/Recipient

Government of the People's Republic of Bangladesh

### Implementing Agencies

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## APPROVAL

Task Team Leader(s):	Kwabena Amankwah-Ayeh, Asmita Tiwari
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### Approved By

Country Director:	Dandan Chen	23-Oct-2022
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**The World Bank**

Bangladesh Resilient Urban and Territorial Development Project (P178985)

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