



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

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

Appraisal Stage | Date Prepared/Updated: 08-Mar-2017 | Report No: PIDISDSA21476



BASIC INFORMATION

A. Basic Project Data

Country Bangladesh	Project ID P156113	Project Name Export Competitiveness for Jobs	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 13-Mar-2017	Estimated Board Date 01-Jun-2017	Practice Area (Lead) Trade & Competitiveness
Lending Instrument Investment Project Financing	Borrower(s) People's Republic of Bangladesh	Implementing Agency Ministry of Commerce	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to contribute to export diversification and more and better jobs in targeted sectors.

Components

1. Market Access Support Program
2. Productivity Enhancement Program
3. Public Investment Facility for Infrastructure Constraints
4. Project Management, Monitoring & Evaluation

Financing (in USD Million)

Financing Source	Amount
Borrower	2.50
International Development Association (IDA)	100.00
Total Project Cost	102.50

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

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



Other Decision (as needed)

B. Introduction and Context

Country Context

Bangladesh's economic performance has been characterized by strong growth for more than a decade. Between 2000 and 2015, the size of the economy in purchasing power parity terms (PPP, current US\$) more than tripled to US\$537 billion. During this time period, exports of goods and services and inflows of personal remittances increased on an annual average of 15.5 percent and 15.2 percent, respectively. In the decade to 2015, gross domestic product (GDP) per capita (PPP) increased annually by 6.8 percent to US\$3,333. Bangladesh needs to accelerate its economic growth rate to above 8 percent in order to realize the Government of Bangladesh's (GOB) vision of attaining upper middle income status by 2021. Bangladesh's continued integration in trade and international production networks will play an important role in this process.

Bangladesh has a strong record of reducing poverty but many Bangladeshis still remain near or below the poverty line. Extreme poverty (US\$1.90 per capita and day at 2011 PPP) in Bangladesh is projected to fall to 12.9 percent in 2016, down from 33.7 percent in 2000. The national extreme poverty rate also saw a large fall from 34.3 percent in 2000 to 17.6 percent in 2010, driven primarily by increased labor earnings. At the same time, Bangladesh has attained near universal access to primary education with gender equity in both primary and secondary education. Despite this rapid progress, around 21 million Bangladeshis remain in extreme poverty and a large share of the non-poor are vulnerable to falling back into poverty in the case of consumption shocks. Developing sustainable sources of labor income is, therefore, the key to sustainable poverty elimination.

Around 25 million youth will reach working age and nearly 16 million youth will enter the labor market in the coming decade. More, better, and more inclusive jobs are required to continue to reduce poverty and provide a brighter future for a nation in which 30 percent of the population is 14 years or younger. Rapid urbanization coupled with significant youth unemployment and underemployment indicate that inclusive economic growth is required, but not necessarily sufficient, to maintain social stability. Moreover, with nine out of ten Bangladeshi workers operating in the informal sector and three out of five workers in vulnerable employment, raising the quality of jobs and earnings will be central to addressing the challenges of poverty and shared prosperity in Bangladesh. An important contribution to formal job creation in productive sectors could come from tradable sectors in which Bangladesh has a comparative advantage. Indeed, the rapid growth of job creation has come from Bangladesh's insertion into the global apparel value chain—more than four million workers are now employed in the sector—and it has coincided with large growth in female employment and increases in formal (waged) employment. Thus, raising export competitiveness to exploit further potential in manufacturing is critical to delivering more, better, and inclusive jobs.

The economy has undergone important structural shifts and the industrial sector has become a large contributor to growth and employment. The share of manufacturing in GDP has risen from 13 percent in 1981 to 17 percent in 2015. Industry's contribution to growth increased from around 1 percentage point in the 1980s to nearly 3 percentage points in 2015. The share of the services sector has stabilized at 53-



54 percent of GDP whereas its contribution to GDP growth was over 3 percentage points in the 2000s. By contrast, agriculture's share in GDP has dropped from 30 percent in 1981 to 15 percent in 2015, making a modest contribution to GDP growth. Industrial growth has been largely linked to the manufacturing sector whereas growth in the services sector has been led by wholesale and retail trade and transport, storage and communication. In 2010-15, Bangladesh underwent a rapid pace of structural transformation with literally all new employment being generated in the services (65 percent) and manufacturing (35 percent) sectors. It highlights a shift of agricultural labor to low productive services/activities, which may eventually limit national growth. Hence, it is important for Bangladesh to continue developing a competitive manufacturing sector, which does not only deliver strong productivity growth but also creates quality, formal jobs for women and youth.

The Bangladesh economy is increasingly integrated in the world trading system but the country could do better at leveraging trade and foreign direct investment (FDI) for growth. Trade as a proportion of GDP increased from 18 percent in 1985, to 29 percent in 2000, and to 45 percent in 2014. The main origins of imports are regional trading partners such as China, India, Singapore and Malaysia whereas the main export destinations are the European Union and the United States. While exports have expanded rapidly, Bangladesh keeps financing a significant and persistent trade deficit through its inflow of financial remittances from Bangladeshis working abroad. Bangladesh is the only member of the South Asian Association of Regional Cooperation (SAARC) ineligible to the United States Generalized System of Preferences (GSP). Bangladesh's preferential market access to the European Union (through the E.U. GSP) is also at risk due to concerns about labor standards. Trade and FDI have thus far continued to increase at a healthy clip with or without trade preferences given Bangladesh's comparative advantage in low-skilled light manufacturing. The emergence of populist parties abroad using trade protectionist rhetoric highlights the need for Bangladesh to urgently strengthen compliance with international environmental, social, and quality (ESQ) standards and improve labor productivity to remain competitive on international markets.

Bangladesh is increasingly attracting FDI, but the absolute amounts are still relatively small and insufficient to transform the broader economy. Net inflows of FDI grew 26 percent per year in the last decade, but FDI was almost non-existent up until 2002. In 2014, net inflows of FDI were US\$2.5 billion, or the equivalent of 1.4 percent of GDP. Total private investment has remained stagnant at 20-22 percent of GDP. This rate is by no means low, but there is a general recognition in the GoB that it needs to increase further for Bangladesh to raise its growth rate. While Bangladesh attracted US\$16 per capita of FDI in 2014, other export-oriented emerging markets like Cambodia (US\$113) and Vietnam (US\$101) were more successful in leveraging international capital, technology and expertise for their development agendas. Bangladesh's goal of diversifying the export basket would be helped if the GoB could increase inflows of FDI.

Garments make up 83 percent of exports and export diversification is a policy priority. The rise of the ready-made-garments (RMG) sector is a remarkable success story. Bangladesh is the world's second largest garment exporter after China, and exports reached an estimated US\$26 billion in the year ending March 31, 2015. Bangladesh hosts around 5,000 RMG factories employing over four million people, of which 61 percent are women. While the RMG sector's performance should be celebrated, and has the potential to continue growing, it is highly sensitive to labor costs, dependent on the efficiency in logistics chains and generosity of tax incentives, reliant on fashion conscious customers, and increasingly sensitive to international perceptions of environmental and labor standards in the countries where



garments are produced. Moreover, while output growth in the RMG sector remains strong, employment growth has stalled. Textile and apparel employment grew 12 percent annually between 2003 and 2010, but by just 1 percent annually between 2010 and 2015. Thus, Bangladesh would have much to gain if it could diversify its export basket and replicate the RMG success story in other sectors.

The capacity of manufacturing beyond RMG to deliver faster job creation will be critical to continuing the pace of structural transformation in the context of a slowdown in jobs growth in the RMG sector. There are signs that other manufacturing sectors are also beginning to fill the gap. Other light manufacturing subsectors—the subsectors that will be most labor intensive and most likely to employ females—have expanded employment by 4.3 percent annually since 2010. Overall, manufacturing sectors outside RMG generated around 300,000 new jobs annually since 2010. However, most of the job creation in non-RMG manufacturing has come from domestically oriented, resource-based sectors, including food processing, furniture, and metals. Certainly, there is significant scope for manufacturing to grow further in the domestic market, as incomes rise and firms raise productivity. However, sustained, large-scale, quality job creation may require a greater export orientation from the non-RMG sectors. This is true in the short run, as scaling benefits immensely from exploiting global markets, as was the case in RMG; the emergence of very large employers is likely to rely on accessing markets beyond Bangladesh. In the long run, export market participation should drive increased competitiveness to deliver higher value addition and better quality jobs.

The GoB has identified the leather, footwear, plastics and light engineering sectors as high potential priority sectors. Exports of leather, leather goods and leather footwear are growing fast, but value addition is impeded by lack of compliance with international standards for husbandry and slaughter practices, and especially inadequate technology, environmental degradation, and poor labor standards in the tannery sector. Its 6,200 firms employ nearly one million people, of which a majority are women. Exports of footwear have doubled every four or five years for more than a decade and the sector has many similarities with the RMG sector in terms of strengths and weaknesses. The plastics and light engineering firms produce essential intermediate products used in the supply chains of many other sectors but the firms are increasingly exporting their output directly. The plastics industry is made up of roughly 3,000 firms employing 600,000 workers whereas the electronics industry's 2,500 firms employ some 70,000 workers. In FY15, Bangladeshi exports from the four sectors were worth US\$1.6 billion. 'Deemed exports' added another 20-25 percent to that.

Sectoral and Institutional Context

The 7th Five-Year Plan (FY2016-20) and Vision 2021 aim for Bangladesh to attain progress towards upper middle-income economy status by its 50th anniversary as an independent nation. The plan's objective is to develop strategies, policies and institutions to accelerate inclusive growth, reduce poverty, empower citizens and promote sustainable development. The plan aims to attract higher domestic and foreign investment to raise productivity of capital and labor. Initiatives that can help improve the investment climate, address skills shortages and increase investment in infrastructure and manufacturing are high priorities. Concrete targets for 2021 include: (i) increasing gross investment from 29 percent to 34 percent of GDP; (ii) raising private investment from 22 percent to 27 percent of GDP; (iii) attracting FDI worth US\$10 billion; and (iv) generating exports worth US\$54 billion. The GoB will seek to achieve these targets by improving regional and global integration through trade liberalization and trade facilitation to promote higher value added manufacturing; investing in industrial infrastructure to develop the private



market for economic zones and increase the supply of electricity; strengthening institutions to manage a larger and more complex economy and foster a business friendly environment; and improving technical education and skills formation.

Bangladesh's economy is in need of investment climate reforms at the national level and targeted support activities to address binding constraints at the sectoral level. The investment climate reforms will need to address a range of factors adversely affecting investment incentives and the allocation of productive resources. Bangladesh is in the 92nd percentile from the bottom in the Doing Business 2016 ranking and well behind countries such as India, Pakistan and Sri Lanka. New entrepreneurs and emerging sectors bear the brunt of excessive transaction costs, which discourages formality, female participation in the economy, entrepreneurship and innovation. The tariff policy is unfavorable to export-oriented firms that rely on imported inputs, which reduces export competitiveness through anti-export bias. Unequal access to bonded warehouse regimes creates stronger incentives to invest in RMG than in other export sectors. There is no consolidated investment policy law, which has left a fragmented and dispersed investment framework with often inconsistent and contradictory support policies. The Companies Act is out of date and impedes growth of small companies, provides weak protection to minority investors, and makes business exit mechanisms expensive and complex. The World Bank Group (WBG) is supporting the GoB in addressing many of these cross-sectoral issues.

The GoB has identified several sectors besides RMG that could play an important role in export diversification. The 7th Five-Year Plan for FY16-20, the Vision 2021 and the Bangladesh Export Policy for 2015-18 identify growth sectors that are increasingly competitive in international markets or showing signs of comparative advantage. Besides RMG, agro-processing, leather and leather products, footwear, light engineering (bicycles, electronic and electrical products), plastics, pharmaceuticals, jute and jute-based products, furniture, toys, luggage and ship building are industrial sectors that feature prominently in the GoB's policy agenda.

The GoB requested support from IDA in FY16 to promote export competitiveness and diversification by supporting the development of the leather, footwear, plastics and light engineering sectors. Leather and leather products, (leather and non-leather) footwear, plastics and light engineering are labor-intensive sectors that have demonstrated strong growth potential. In particular leather and footwear are increasingly exported. Firms in these sectors are expanding their production and seeking to integrate into global value chains (GVCs) but development is held back in part due to insufficient technology and skills adoption, and lack of compliance with international ESQ standards. Failure to invest to overcome these shortfalls results in large part from a number of market failures. For example, there are serious issues of information asymmetry between foreign buyers and Bangladeshi sellers with regard to requirements for adherence to often-changing standards and accreditations in high income markets. Market signals often fail to reach prospective suppliers and markets for business development services (BDS) and accreditation and testing mechanisms are generally underdeveloped. Some of the functions, including training and accreditation institutes, are controlled by public institutions that lack competition or incentives to perform. There are also frequent coordination failures where market participants are poorly organized to effectively address issues of mutual interest, such as policy advocacy, articulation of demand for skill, and agreement on common criteria and needs for technology adoption.

The identified sectors currently employ largely poor, low-skilled workers and demonstrate great potential for stronger backward linkages and increased domestic value addition. The Bangladeshi



plastics and light engineering sectors are successful in certain international niche markets. Both sectors are also essential providers of inputs in the value chains of other export-oriented sectors in Bangladesh. For example, the plastics industry provides inputs to the RMG, footwear, furniture, toys, and luggage product sectors. Up to 90 percent of the exported production of plastics is ‘deemed exports’—i.e. for every \$1 in direct exports there is up to \$9 in indirect exports. There is strong anecdotal evidence that multinationals are assessing Bangladesh as the next frontier for large investment in these sectors with significant knock-on effects if key constraints can be addressed. For example, when Samsung could not secure land for its planned green field investment in Bangladesh, it decided to invest US\$1 billion in a new electronics factory in Vietnam. Samsung’s suppliers followed and invested considerably more than Samsung’s own investment in the production of intermediate goods.

Sectors that are expanding their export orientation are a particular priority and employment growth in emerging manufacturing sectors will likely continue to be positive in the foreseeable future. The sectors with the most notable export performance in Bangladesh between 2010 and 2015 include the footwear sector, which grew 23 percent annually to reach 2 percent of total exports; electrical appliances, which grew 51 percent annually; leather, which grew 43 percent annually; and plastics, which grew 23 percent annually. These sectors experienced large increases in the share of female workers over the past decade. Data from the Economic Census indicate that in 2003-2013, the share of female workers in machinery and equipment rose from 14 to 56 percent; the share in leather rose from 10 to 40 percent; and the share in plastics from 8 to 22 percent. The impact of advanced robotics, automation, 3D printing, may generally reduce the labor content in overall value addition, including in Bangladesh, and light engineering and especially plastics may become more capital intensive as the sectors develop. However, given that wages for low and medium skilled workers in Bangladesh remain among the lowest globally, light manufacturing is expected to remain highly labor intensive for the foreseeable future.

The proposed project would address constraints to growth in the four sectors but many of the proposed interventions would also benefit other sectors in the economy. Important sector selection criteria were: (i) scope to create new jobs/labor intensity; (ii) perceived private interest and scope to generate more investment and export potential; and (iii) relevance and scope for project additionality. Several sectors did not fulfill the criteria and were deemed less suitable. For example, the agriculture and agro-processing sectors have received—and continue to receive—extensive financial and technical support from other bilateral and multilateral development banks/agencies. The jute and jute-based products sector have struggled for many years with public interventions and bailouts. The proposed focus on compliance, skills formation and technology diffusion will benefit more sectors than those initially selected.

Binding constraints in the targeted sectors are linked to issues of market access, skills shortages and weak institutions for technology upgrading, and shortfalls in infrastructure. First, adherence to various technical and process quality standards, testing and accreditation mechanisms, and social and environmental standards are increasingly essential to export leather, leather products, footwear, plastics and light engineering products. The identified sectors rely on skilled technical workers and increasingly on industry-specific R&D, product development, process engineering and more sophisticated management developed in partnership with institutions of higher education and applied research. A strong series of small and medium sized enterprise (SME) clusters underpinning the leather, leather products, footwear and light engineering sectors is essential to raise competition and productivity. Natural entry barriers in terms of high costs of modern machinery shut out many



prospective entrepreneurs, and those who open businesses often lack knowledge of modern management and production practices. But there are proven business models of shared centers for technology adoption and diffusion that help the SME segment access modern technology, product development, business development services and training facilities. In addition, there are binding infrastructure constraints negatively affecting the development of some of the specific industrial clusters, such as dysfunctional common effluent treatment plants (CETPs), poor road access and lack of connectivity to utility services.

Public Disclosure Copy

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.

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to contribute to export diversification and more and better jobs in targeted sectors.

Key Results

The PDO outcome indicators are as follow:

- a. Number of firms directly exporting in targeted sectors;
- b. Value of new private investments in targeted sectors;
- c. Number of new jobs created in targeted sectors;
- d. Average wage growth above trend for beneficiaries in targeted sectors;
- e. Number of beneficiaries (core); of which women (%);

D. Project Description

The project is structured around four components: (i) a Market Access Support Program, (ii) a Productivity Enhancement Program, (iii) a Public Investment Facility for Infrastructure Constraints (PIFIC); and (iv) Project Implementation, Monitoring and Evaluation. Some project interventions at the sectoral level will also have positive spillover effects across other sectors. Successful interventions could thus be rolled out across other sectors in a second phase.

Component 1 will address critical constraints for the private sector to access international markets and integrate in GVCs. It will engage at the sector and firm levels so that firms with the capabilities and orientation for growing through export markets: (i) increase their investment in meeting national, international and buyer-specific standards with regard to ESQ; and (ii) internalize ESQ compliance as a fundamental pillar in their brand proposition, particularly for competing in export markets. The interventions will help build capacity of public and public-private institutions, and improve access to information about ESQ compliance. They will also promote voluntary private solutions that reduce the



risk of regulatory capture and help build a domestic market for ESQ compliance services within the sectors.

The second component will address two sets of constraints related to productivity improvements in the targeted sectors: (i) a shortage of relevant skills; and (ii) use of inferior technology by firms, which both impede product quality, innovation and ESQ compliance. Bangladesh has some of the world's lowest unit labor costs in the manufacturing sector. Raising labor productivity through improvements in skills formation and training is essential to strengthen export competitiveness, and by extension raising labor income. WBG enterprise survey data highlight that Bangladesh greatly lags behind countries like India, Pakistan, China and Vietnam on the average value added per worker in sectors such as textiles, apparel, food and beverages, and 'other manufacturing'. But there is scope to reduce the gap to the technology frontier by increasing investment in modern machinery and strengthening management at the firm level. Bangladesh's most productive RMG factories have shown the way, but the leather, footwear, light engineering and plastics sectors have some way to go to catch up, both upstream and downstream in existing value chains.

The component-3 will finance technical assistance, equipment and works. A Public Investment Facility for Infrastructure Constraints (PIFIC, or the 'Facility') will be established to address infrastructure constraints negatively affecting the development of leather, footwear, plastics and electrical/electronic industrial clusters. The Facility will act as a filtering, prioritization and selection mechanism for proposals to address industry-specific infrastructure constraints and provide the required engineering expertise to design and prepare the bidding documents for (mainly) works contracts. This will generate public benefits by addressing infrastructure underinvestment caused by coordination failures, benefiting groups of firms. The underinvestment also relates to lack of information within individual priority businesses about urgent quality and environmental needs for growth of production and exports. The investments would be of a balancing and gap filling nature designed to help mobilize commercial funding.

The fourth component will finance equipment, operating expenses, training and consulting services of the Project Implementation Unit (PIU) to allow a strong team manage day-to-day operations, including technical, fiduciary, safeguards, M&E and impact evaluation commitments. It will be staffed with qualified and experienced personnel, to manage, coordinate and monitor the project activities. The PIU will replicate the enterprise survey conducted in 2017 at the end of the project to measure progress towards achieving the development objectives. In addition, on citizen engagement, a baseline survey will be carried out in a sample of firms and training institutes to assess outcomes at mid-term, when the survey will be replicated, including satisfaction of beneficiaries to incorporate in for further improvement.

E. Implementation

Institutional and Implementation Arrangements

A Project Implementing Unit (PIU) will be established under the Ministry of Commerce and include a Project Director, Component Leads, a Procurement Specialist, a Financial Management Specialist, a Safeguards Specialist and a Monitoring and Evaluation (M&E) Specialist in addition to technical staff and



consultants. The PIU will rely on point persons in each industry association for coordination purposes. An important aspect of daily work will be to integrate and supervise key long-term technical contractors of the ERF (Export Readiness Fund) Manager (Component 1), the PIFIC (Public Investment Facility for Infrastructure Constraints Manager (Component 3) and those under the TC preparation phase (Component 2).

The PIU will report (at a minimum) twice yearly to a Project Steering Committee (PSC) chaired by the Secretary of the Ministry of Commerce. The PSC will consist of permanent members/representatives from the Ministry of Industries, the Ministry of Labor and Employment, the Bangladesh Investment Development Authority (BIDA), and the Export Promotion Bureau (EPB) in addition to the Chairmen or Managing Directors of the Leather Goods & Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB), the Bangladesh Tanners Association (BTA), the Bangladesh Engineering Industry Owners Association (BEIOA), the Bangladesh Electrical Merchandise Manufacturers Association (BEMMA), and the Bangladesh Plastic Goods Manufacturers & Exporters Association (BPGMEA).

The PIU will rely on two task-specific, and different, advisory boards for: (i) the ERF; and (ii) the Technology Center establishment process. The former will have representatives from GoB, civil society, academia/business schools and the Chamber of Commerce whereas the latter will largely constitute participants from the industry associations and private sector.

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

The site selection process for new Technology Centers is ongoing and part of prefeasibility study work. Several options are being explored for procuring land for the purposes of establishing the centers such as direct purchase of private lands, use of public lands, or in unavoidable circumstances, land acquisition. In addition, there may be squatters on private or public lands, and/or on-going economic/livelihood activities on selected sites. OP 4.12 is triggered because of this uncertainty coupled with the nature of activities envisioned under the PIFIC (road upgrades, creation of access roads, etc.) . OP 4.10 is also triggered because the locations of new Technology Centers are unclear and it is also unclear where trainees will come from. A Social Management (SMF) and Resettlement Policy Framework (RPF) and a Small Ethnic, Tribal and other Vulnerable Peoples Framework (SETVPPF) have been prepared and will be disclosed prior to project appraisal, in accordance with Bank rules. Other project interventions will be at the sector and firm levels so that firms with the capabilities and orientation for growing through export markets: (i) increase their investment in meeting national, international and buyer-specific standards with regard to ESQ; and (ii) internalize ESQ compliance as a fundamental pillar in their brand proposition, particularly for competing in export markets. The project will have the provision of SME grants in the plastic, leather, footwear and light engineering sectors but the activities will be mainly limited to improving technology, environmental due diligence, labor skill and enhanced labor health and safety standards in the targeted sectors.



G. Environmental and Social Safeguards Specialists on the Team

Dr. M. Khaliqzaman, Sabah Moyeen, Ferdous Jahan, Nadia Sharmin

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The PIFIC will finance small-scale construction activities and procurement of equipment which may cause environmental impact due to construction and existing equipment disposal. The project will also finance upgrading of technology and production processes to improve ESQ standards for the development of the leather, footwear, plastics and light engineering sectors, which could involve detrimental side-effects of polluting production processes due to improper operation. The activities involved are not expected to cause any significant negative or irreversible changes in the environment during the implementation or operation stage. The project will only support activities which can be managed through the implementation of an Environmental Management Plan (EMP). An Environmental Management Framework (EMF) approach is adopted because the project consists of subprojects spread throughout the country for which exact sites are yet to be identified. A screening of each sub-project will be carried out to examine the risk of labor influx, current labor and working conditions and practices of the firm. The appropriate mitigation measure shall be taken accordingly.
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	Yes	There will be subprojects developed throughout the country and the actual footprint and exact site(s) of any subproject requiring land acquisition has yet to



be identified. Three or four Technology Centers will be established. There is a possibility that the project may have to resort to land acquisition for the establishment of the centers and associated infrastructure (access roads etc.). There may be squatters and/or ongoing livelihood activities on private lands (in case of direct purchase) or public lands. A Social Management Framework (SMF) and Resettlement Policy Framework (RPF) has been prepared, which provides specific measures for managing social impact of subprojects including developing Resettlement Action Plans (RAPs). Any subproject site that requires land acquisition or displaces people, induces adverse livelihood impacts will be subject to the preparation of these plans, clearance by the World Bank, and subsequent disclosure.

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

The locations for the technology centers and PIFIC are not determined at this stage. These may be set up in areas where IPs may live; IP students and workers may be beneficiaries of the project. The project will screen for these possibilities. Nevertheless, a Small Ethnic, Tribal and other Vulnerable Peoples Framework (SETVVPF) has been prepared and will be disclosed before appraisal in accordance with Bank rules. If and when the screening process reveals potential impacts on IPs, site specific plans will be prepared on the basis of the SETVVPF, disclosed and implemented.

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:

There is little existing capacity on management of environmental and social issues in the Ministry of Commerce. Individual subprojects under the project are generally small and are in the safeguards Category B. The overall Environmental and Social risk is considered substantial in the absence of previous experience in the management of



the issues involved. The PIU will be required to follow the guidance outlined in the Environmental and Social Management Framework to manage the risks.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The specific project areas are not defined at this stage. The project will keep out of the naturally protected areas like World Heritage Sites, Reserve Forest, Wetlands and Environmentally Protected Areas.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. The objective of the project is to improve firm compliance with social, environmental and quality standards in order to improve their chances of exporting and selling their output to international buyers. This should ultimately have a positive impact on social and environmental variables in an important part of the economy.

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.

There is little existing capacity on management of environmental and social issues in the Ministry of Commerce. The PIU is likely to start with no existing capacity on the management of environmental and social issues. The project EMF document has been produced by a consultant. The PIU has to build up institutional capacity to manage the project, including planning and implementation of actions to meet the environmental and safeguards requirements. At least one professional full-time Environmental Safeguard Specialist should be appointed early in the project implementation and environmental consultants should be procured as and when necessary. The Environmental Officer will be based in the PIU and be responsible for assisting the PIU on environmental screening of the sub-project proposals; and monitoring the implementation of the subprojects. The PIU will directly or indirectly (through its contractors) engage approximately five environmental counselors to provide environmental oversight and counseling of targeted firms and clusters under the guidance of the Safeguard Specialist. The project will be financing the upgrading of public good infrastructure supporting the leather, footwear, plastics and light engineering sectors, which may be linked to negative externalities such as side-effects of polluting production processes, if not adequately design. These problems can often be solved by investment in common goods, like improved facilities of sludge disposal, facilities for reuse of waste products, and public goods, like access roads to industrial parks. Such interventions are likely to lead to overall improvement in the environment in the country. However, there may be some negative environmental impacts during the construction period and due to improper operation of the facilities during production stages; and such impacts if any have to be managed through the implementation of an EMP in the case of each of the subprojects.

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

Given the small scale of project interventions, no large-scale, significant and/or irreversible environmental impacts are anticipated in this project. The potential environmental impacts will be primarily due to construction and refurbishment of infrastructure facilities related to selected industrial sectors in the project; and also due to improper operation for facilities during the operation stage. A negative list which cannot be financed (in any form) under this project without prior clearance/revising of Category is included in the EMF. Environmental Screening (ES) is a part of the LEA which will be integrated into the bidding and approval of the subprojects. ES will normally result in mitigation and/or management plans to be implemented by the private sector entrepreneurs or in some cases by the PIU. The PIU will ensure that these environmental mitigation plans are adequately implemented by each of the subproject sponsors. Depending on site-specific requirements, plans for mitigating any expected air pollution, water pollution, soil erosion, land degradation and traffic diversion (in rural/peri-urban roads) during construction will be agreed. Based on quick site appraisals by the PIU using the sample screening formats in the EMF document, the plans for mitigating environmental concerns will be agreed with the subproject sponsors.



B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank

23-Feb-2017

Date of submission to InfoShop

07-Mar-2017

For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors

"In country" Disclosure

Bangladesh

07-Mar-2017

Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank

23-Feb-2017

Date of submission to InfoShop

07-Mar-2017

"In country" Disclosure

Bangladesh

07-Mar-2017

Comments

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank

23-Feb-2017

Date of submission to InfoShop

07-Mar-2017

"In country" Disclosure

Bangladesh

07-Mar-2017

Comments



C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

NA

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes



All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

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APPROVAL

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