### BASIC INFORMATION

#### A. Basic Project Data

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<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<tbody>
<tr>
<td>Bangladesh</td>
<td>P169342</td>
<td>BD Rural Water, Sanitation and Hygiene for Human Capital Development Project</td>
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<tr>
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<td>09-Jun-2020</td>
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<td>Water</td>
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<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tr>
<td>Investment Project Financing</td>
<td>People's Republic of Bangladesh</td>
<td>Department of Public Health Engineering (DPHE), Palli Karma-Sahayak Foundation (PKSF)</td>
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#### Proposed Development Objective(s)

To (i) improve access to ‘safely-managed’ water supply and sanitation in selected areas of rural Bangladesh; and (ii) strengthen sector institutional capacity for water and sanitation.

#### Components

1. Investments in water supply
2. Investments in sanitation and hygiene
3. Institutional strengthening
4. Project implementation and management
5. COVID-19 emergency response
6. Contingent emergency response

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

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<td>Total Financing</td>
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<td>Financing Gap</td>
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B. Introduction and Context

1. **Economic conditions in Bangladesh have continued to improve in recent years.** Per capita Gross National Income reached US$1,751 (World Bank Atlas method) in 2018, well above the lower middle-income country threshold which Bangladesh crossed in 2014. The country has seen significant progress on reducing extreme poverty and boosting shared prosperity, especially through human development. The Human Capital Index of 0.48 for Bangladesh surpassed the South Asian average and the lower middle-income average in all criteria except for stunting. Bangladesh has lowered infant mortality and increased life expectancy with 97 percent of children likely to survive to the age of 5 and 87 percent of 15-year-old children likely to survive to the age of 60. Bangladesh’s performance against the Millennium Development Goals (MDG) was also impressive relative to the South Asia Region average for most of the indicators.

2. **Significant human capital development challenges remain as Bangladesh aspires to meet its target of eliminating poverty by 2030 and attaining the upper middle-income status by 2031.** For example, the learning adjusted years of schooling is just 6.5 years due to the poor quality of education, 36 percent of children are afflicted by chronic malnutrition, and nearly half of children under five in the poorest wealth quintile are stunted, placing significant limits on human capital development.
3. Bangladesh is highly vulnerable to health hazards, including the COVID-19 pandemic, which may reverse the human capital development progress achieved in recent years. The country’s high population density—even in rural areas—and weak capacity in managing public health emergencies make it prone to high rates of morbidity from increasing outbreaks of infectious diseases, including cholera, dengue fever, diphtheria, diarrhea, typhoid, and COVID-19. Overall, a large section of the population is at risk of health emergencies.

4. Progress toward human capital development can be enhanced partly through coordinated multi-sectoral approaches that effectively address the underlying determinants of nutritional status. For example, reductions in stunting are more likely to materialize when the multiple contributing factors—such as access to health care, childcare practices, and access to water, sanitation, and hygiene (WASH)—are adequately addressed for a child. WASH plays a critical role in human capital development, the key to achieving the country’s ambition of becoming an upper-middle income country by 2021. The Bank’s Bangladesh WASH Poverty Diagnostics highlighted the implications of WASH access and quality on the country’s human capital development and poverty reduction. The poorest, especially women and girls, feel the greatest burdens of inadequate WASH because of its negative synergies with other life deprivations such as little income, poor access to health services, food insecurity, and low levels of education.

5. Access to WASH services in rural Bangladesh improved much over time, but significant challenges remain for the government to achieve the United Nations’ Sustainable Development Goal (SDG) 6 on clean water and sanitation. In 2017, about 97 percent of the rural population had access at least to ‘basic’ water supply. This achievement was largely due to the expansion of tube wells in rural areas, with close to 95 percent of rural people using them. Meanwhile, the community led total sanitation (CLTS) approach enabled a vast majority of the rural population to end open defecation and use sanitation facilities. As a result, access to ‘improved’ sanitation increased dramatically from 30 percent to 65 percent in rural areas from 2000 to 2017. Still, significant challenges remain in rural WASH to meet the SDG 6 service standards, which are recommended for maximizing human capital outcomes. The challenges include:

   a. Water supply. The proliferation of tube wells has given rise to concerns about: (i) sustainability, where excessive withdrawal may threaten water security in the long term; and (ii) water quality as there are few practical solutions to regulating and monitoring tube wells against arsenic and fecal contamination. Indeed, the rural population using ‘safely-managed’ water supply barely increased from 59 percent in 2000 to 61

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1 In May 2016, Bangladesh conducted the Joint External Evaluation (JEE) of the International Health Regulations (IHR) core capacities to prevent, detect, and rapidly respond to public health threats, whether occurring naturally, or due to deliberate or accidental events. Bangladesh scored 2.5 (on a scale of 1 to 5), demonstrating limited capacity to prevent, detect and respond to public health emergencies.


5 UNICEF and WHO.

6 UNICEF-WHO Joint Monitoring Programme (JMP) ladders for drinking water and sanitation divide the “improved” category to three further rungs: limited, basic, and safely-managed. The safely-managed category is the highest standard and is required to meet the UN’s SDG 6. See Annex 8 for further details. United Nations Children’s Fund (UNICEF) and World Health Organization (WHO). Joint Monitoring
percent in 2017.\textsuperscript{7,8}

b. **Sanitation.** While low cost options have significantly increased access to ‘improved’ sanitation, in 2017, only 32 percent of the rural population had access to a ‘safely-managed’ sanitation service, and 35 percent still were using ‘unimproved’ sanitation facilities.\textsuperscript{9} Although inequality in access to at least ‘basic’ sanitation services has lessened since 2000,\textsuperscript{10} the difference between the poorest and richest wealth quintile of the population was still stark in 2017, nationally at 23 percent and 75 percent respectively.

c. **Handwashing.** Although 86 percent of the rural population has access to a designated handwashing facility, only 26 percent has access to facilities that have soap and water.\textsuperscript{11} Even more concerning is the practice of handwashing—only 14 percent of all persons washed both hands with soap after defecation or before eating.\textsuperscript{12}

d. **WASH in public places, healthcare facilities, and community secondary schools.** Scattered evidence suggests that inadequate WASH access in places outside the home is a significant barrier in people’s daily lives. WASH in healthcare facilities is of paramount importance due to its implications for health and safety of healthcare workers and patrons alike. However, while 86 percent of rural healthcare facilities have access to an improved water source, only 42 percent have it on the premises.\textsuperscript{13} Of the 78 percent of rural healthcare facilities that have access to an improved sanitation facility for clients, only 12 percent have designated toilets for women.\textsuperscript{14}

e. **Menstrual hygiene.** Only 23 percent of women use appropriate menstrual materials, while many repeatedly use clothes that are not adequately washed and dried between uses. This is an overlooked path by which bacteria might affect women’s health through incidence of urinary tract infections or other complications.

f. **WASH decision making.** Women are under-represented in the sector, and WASH-related decision making is often dominated by men. For instance, among the 40 water management groups surveyed in Southwest Bangladesh, women accounted for 17-24 percent of water management group representatives, and no woman held the high-ranking position of president or treasurer.\textsuperscript{15}

g. **Climate change.** The WASH sector in Bangladesh is affected by weather and climate change events,\textsuperscript{16} which

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\textsuperscript{7} UNICEF and WHO.

\textsuperscript{8} Access to safe water on the premises decreases to 34 percent at the point of consumption due to contamination during transport and storage. BBS / UNICEF. 2015. *Multiple Indicator Cluster Survey* 2012/13.

\textsuperscript{9} UNICEF and WHO.

\textsuperscript{10} In 2000, the access rate to at least ‘basic’ sanitation for the poorest wealth quintile was 8 percent, while that for the richest wealth quintile was 63 percent.

\textsuperscript{11} UNICEF and WHO.

\textsuperscript{12} Halder et al. 2010. BMC Public Health 10:545 [http://www.biomedcentral.com/1471-2458/10/545].


\textsuperscript{14} NIPORT, ACPR and ICF. 2018. *Bangladesh Health Facility Survey 2014 & 2017.*


\textsuperscript{16} Research to date suggests that sea level rise due to climate change will exacerbate groundwater salinity problems in coastal regions of Bangladesh (Talukder, Rutherford, and Chu 2015). This is of particular concern in a country where groundwater provides 95 percent of all drinking water (Das Gupta et al. 2005). Studies also suggest that the burden of rising salinity caused by climate change will fall disproportionately on the shoulders of the poor. One study found that in just the southwest coastal region, about 2.5 million poor (including 1.4 million extreme poor) are already suffering shortages of drinking water, scarcity of water for irrigation for dry-season
translates into reduced drinking water availability and quality and also lower performance of sanitation and hygiene services, exacerbating the issues outlined above. It is vital that climate resilience becomes integral to strategic planning for WASH.

6. **The current administration's vision**\(^\text{17}\) to enhance the WASH service standards in rural areas to be comparable to those in urban areas is a step in the right direction toward meeting the SDG 6, and a new national WASH strategy has been drafted accordingly. This vision has drawn much public attention and allowed the Ministry of Local Government, Rural Development, and Cooperatives (MoLGD&C), the ministry in charge of the sector, to shift in focus from hand-pumped tube wells to piped water schemes in rural areas, in line with the SDG 6 service standards.

C. Proposed Development Objective(s)

7. Development Objective(s) (From PAD)

To (i) improve access to ‘safely-managed’ water supply and sanitation in selected areas of rural Bangladesh; and (ii) strengthen sector institutional capacity for water and sanitation.

The PDO will be evaluated against the following PDO-level indicators:

(a) The number of people provided with access to ‘safely-managed’ water services;

(b) The number of people provided with access to ‘safely-managed’ sanitation services; and

(c) Monitoring system established and in use in project Upazilas (Yes/No).

8. Key Results

Through AIIB and Bank financing, it is estimated that about 4.5 million people living in 78 Upazilas in Mymensingh, Rangpur, Chittagong, and Sylhet Divisions\(^\text{18}\) (see Annex 1 and 4) will have access to ‘safely-managed’ WASH facilities at home. More people—about 1 million—will have access to ‘safely-managed’ WASH facilities in public spaces, including community clinics. Further 2.5 million people are expected to gain access to ‘safely-managed’ WASH facilities through counterpart funding. The enhanced access to ‘safely-managed’ WASH facilities may especially benefit children, women, the vulnerable groups, since they are most susceptible to health consequences of non-access and subsequent deprivation of life-long economic and educational opportunities. The project will also benefit national and local governments by supporting institutional strengthening activities. In addition, the private sector will benefit from the project through increased capital for WASH loans, and market agriculture, and significant changes in the coastal aquatic ecosystems.

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\(^\text{17}\) Dhaka Tribune. 19 August 2018.

\(^\text{18}\) Sylhet Division has the highest rate of children suffering from malnutrition and stunted growth, followed by Chittagong. At least 45 percent of the children below the age of five in Sylhet have stunted growth, while 39 percent are underweight, according to a study titled “Undernutrition Maps of Bangladesh 2012.” In Chittagong, 42 percent of the children are suffering from stunted growth and 37 percent are underweight, according to the data from the Population and Housing Census 2011, Child and Mother Nutrition Survey 2012, and Health and Morbidity Status Survey 2012. Rangpur and Barisal Divisions have the highest poverty rates among the four.
creating and capacity building activities to deliver ‘safely-managed’ WASH facilities. From COVID-19 emergency response, it is estimated that about 700,000 people across Bangladesh will benefit.

D. Project Description

9. To achieve its objectives, the project will support following six components:

(a) Component 1: Investments in water supply.
   (i) 1.1: Large piped water schemes will support rural water scarce communities of 300-700 households.
   (ii) 1.2: Small piped water schemes will target rural water scarce communities of 30-120 households, where 1-3 schemes will be provided.
   (iii) 1.3: Household loans for water improvements will enable about 60,000 households to borrow from MFIs for household water facility improvements.
   (iv) 1.4: Water supply market development will provide MFI loans to local water entrepreneurs.
   (v) 1.5: Feasibility studies in high climate risk regions will identify sources for drinking water and examine technological options and their financial viability in five Districts in Southern Bangladesh.

(b) Component 2: Investments in sanitation and hygiene.
   (i) 2.1: Public sanitation and hygiene facilities will invest in sanitation and hygiene facilities in high pedestrian traffic locations, community health clinics, and non-government schools.
   (ii) 2.2: Sanitation and hygiene facilities for households will provide two-pit latrines and handwashing stations to households through MFI loans or grants, depending on their income level.
   (iii) 2.3: Sanitation and hygiene market development will provide MFI loans to local sanitation and hygiene entrepreneurs to expand their businesses and offer them training on proper installation and maintenance of SDG 6 compliant WASH facility products.
   (iv) 2.4: Innovation will help localize innovation WASH technologies, especially in fecal sludge management.
   (v) 2.5: Behavioral change communication (BCC) campaign will carry out activities to change WASH behaviors and raise WASH awareness and willingness to pay.

(c) Component 3: Institutional strengthening.
   (i) 3.1: Strengthening of policies and regulatory framework will support drafting policy documents that are critical in implementing the newly drafted National Strategy for Water Supply and Sanitation.
   (ii) 3.2: Capacity building will design and deliver a series of multi-year training to targeted central and local government officials working in the WASH and converging sectors.

(d) Component 4: Project implementation and management. This component will support key project management activities enabling the DPHE and PKSF to coordinate and implement the proposed project.

(e) Component 5: COVID-19 emergency response. This component will provide quick, just-in-time WASH services where needed, both in and outside the convergence areas, to cope with the fast-changing COVID-19 situation.
(f) **Component 6: Contingent emergency response (CERC).** A provisional zero amount component is included, which will allow for rapid reallocation of loan proceeds from other project components during an emergency.

### Legal Operational Policies

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<th>Legal Operational Policies</th>
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<td>Projects on International Waterways OP 7.50</td>
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<tr>
<td>Projects in Disputed Areas OP 7.60</td>
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### Summary of Assessment of Environmental and Social Risks and Impacts

#### 10. Environmental

The major environmental risk will emanate from water contamination, discharge of sludge and untreated sewage. There will be construction related impacts such as air, noise, dust and water management when water pipes and twin pit latrines are built/setup. Removal/transportation of septage may also cause worker and community health and safety concerns if not properly managed.

Training of local sweepers for safe management of fecal sludge and above all a community outreach/training/awareness building effort will significantly improve the present status of fecal waste hazards. Without the project, the current practice is unhygienic and random disposal of fecal waste will lead to pollution of natural resources and affects human health.

In case of water supply component of the Project there might be risks of lowering the groundwater table due to operation of project constructed deep tube wells. However, the implementing agency has already prepared a groundwater mapping, and the location of the deep tube-wells will be identified accordingly to ensure low risk of subsidence. Poorly maintained water sources could be breeding grounds for mosquitoes or poor disposal of sludge could result in contamination of water sources. The water quality for all water facilities need to be monitored at regular intervals. Caretakers will be appointed for each water point and will be trained for operation and maintenance, with a special focus on safe disposal of wastewater.

Both the implementing agencies are capable organizations and have proven experience in managing rural sanitation and water supply programs and are currently implementing two other similar WB funded projects.

Considering the overall risk and impacts related to the proposed project activities, the proposed mitigation measures and the long-term experience and capabilities of the implementing agencies, **the Environmental risk is rated Moderate.**

#### 11. Social

The key social impacts of the project are mainly associated with: (i) gender (design, safety, impact on women’s health); (ii) inclusion (addressing the needs of women, elderly, persons with disabilities,
indigenous, marginalized and vulnerable communities, culturally sensitized design, easing access to information and finance, assistance with repair and maintenance; (iii) land use (common/private property, optimizing access through strategic location, resettlement impacts if any); (iv) community health and safety; and (v) the type of labor used and associated impacts. If these impacts are well managed, the project is expected to result in better E&S outcomes through improved access to ‘safely-managed’ sanitation facilities, leading to better health. Especially for women, menstrual hygiene, privacy, security, access and comfort will be greatly improved.

The Project will entail use of labor for small scale civil construction in remote areas. Although labor will be mostly local incidence of GBV/SEA cannot be ruled out. The Implementing Agency (IA) and the Contractor will put adequate mechanisms in place (C-ESMP, written and signed Codes of Conduct, worker training and sensitization on GBV/SEA, spread of communicable disease, including COVID-19) to address these issues.

Community health and safety risks are also anticipated due to the removal and transportation of fecal sludge, if not properly managed. However, the Project is designed to reduce open defecation and improve the sludge management and transportation issues. The project will introduce better social outcomes through improved access to basic sanitation facilities, leading to better health and hygiene in the long run. Especially for women and the vulnerable, the Project is also expected to improve menstrual hygiene (and related health issues), privacy, security, access and comfort. Component 2.5, Behavioral Change and Communication will also address the critical need for hand washing and maintaining proper hygiene to deter COVID-19 outbreak in the communities. Field level activities will be monitored and evaluated against set guidelines by the IAs.

Project ESMF addresses these areas and proposes policies and procedures for mitigation and recommends modalities to maximize project benefits for the target populations by aligning the project design with the socio-cultural and context specific needs of communities. The outbreak of COVID-19 may amplify community health and safety issues, especially related to labor influx. IA will to put in place adequate measures for workers as well as local communities where the project will be implemented to deter the spread of the virus.

Considering the overall risks and impacts related to the proposed project activities, that are predictable, site specific, and have minimal adverse impacts that can be adequately mitigated and the long-term experience and capabilities of the implementing agencies, the Social risk is rated Moderate.

E. Implementation

Institutional and Implementation Arrangements

12. The Department of Public Health and Engineering and Palli Karma-Sahayak Foundation (PKSF) will be the implementing agencies of the project. The project will be managed by two PMUs collaborating closely.

a. DPHE. It will play the main role in the development of public infrastructure under the project. It has considerable experience in executing Bank projects, with capacity for design and procurement, construction, and commissioning of WASH facilities. The DPHE will be responsible for the construction of piped water
schemes (Sub-components 1.1 and 1.2), providing public WASH facilities, including in healthcare centers and non-government schools (Sub-component 2.1), and offering sanitation grants for the poorest (Sub-component 2.2.b). The DPHE will also carry out water supply feasibility studies in high climate risk areas (Sub-component 1.5), pilot innovations (Sub-component 2.4), implement most of WASH behavioral change communications (BCC) campaign (Sub-component 2.5) and carry out institutional reforms and capacity building activities (Sub-component 3). The PMU will comprise a full-time project director, a deputy project director, and personnel with specialization in financial management, procurement, monitoring and evaluation, environment and social and others, posted from within the DPHE and recruited from the open market. The DPHE will be the nodal agency responsible for project reporting.

b. PKSF. It will play the main role in the development of private assets under the project. It is a ‘not-for-profit’ financing institution owned by the Ministry of Finance and works with MFIs that offer microcredits to poor and non-poor borrowers. The PKSF has considerable experience in managing Bank projects in various sectors and recently managed the OBA Sanitation Program. Under this project, the PKSF will use IDA and AIIB financing to offer capital to retail MFIs, which in turn will give loans to households to upgrade the WASH facilities at their residence in the project areas (Sub-components 1.3 and 2.2.a). In addition, PKSF will extend capacity building support to retail MFIs and local entrepreneurs for creating demand and installing SDG 6 compliant WASH facilities (Sub-components 1.4, 2.3, and 2.5). The PMU will comprise a full-time project director and personnel with specialization in financial management, procurement, monitoring and evaluation, environment and social and others, posted from within the PKSF and recruited from the open market.

13. At the national level, a Project Steering Committee (PSC) will be established in the Local Government Division (LGD) under the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C), chaired by the Secretary of the LGD, to provide overall guidance and policy direction. The PSC will meet at least twice a year, or more frequently if needed, to take stock of project progress and make course corrections. The PSC will consist of representatives from the DPHE, PKSF, the Financial Institutions Division and the Economic Relations Division under the Ministry of Finance, the Ministry of Health and Family Welfare (MoHFW), and the Planning Commission.
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**APPROVAL**

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Aneeka Rahman  
Deo-Marcel Niyungeko |
Approved By

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<td>Practice Manager/Manager:</td>
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