## BASIC INFORMATION

### A. Basic Project Data

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<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
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<td>Bangladesh</td>
<td>P169880</td>
<td>Western Economic Corridor and Regional Enhancement Program</td>
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<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<td>Investment Project Financing</td>
<td>People's Republic of Bangladesh</td>
<td>Roads and Highways Department (RHD), Local Government Engineering Department (LGED)</td>
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**Proposed Development Objective(s)**

To provide efficient, safe, and resilient connectivity along a Section of a regional transport corridor in western Bangladesh and reduce post-harvest losses in the hinterland of the Section

### Components

- Upgrading National Highway Corridor and Enhancing Digital Connectivity
- Upgrading Secondary and Tertiary Roads and Complementary Logistics Infrastructure and Services
- Project Implementation Support and Sustainability
- COVID-19 Relief and Recovery
- Contingent Emergency Response Component

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
<thead>
<tr>
<th>Description</th>
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### DETAILS
B. Introduction and Context

Country Context

1. **Bangladesh has made rapid social and economic progress in recent decades, reaching lower-middle income status by 2015.** Gross domestic product (GDP) growth averaged close to 6 percent annually since 2000 and, according to official estimates, accelerated to over 8 percent in FY19. Strong labor market gains contributed to a sharp decline in poverty, with the national poverty rate falling from 48.9 to 24.3 percent between 2000 and 2016, while extreme poverty declined from 34.3 to 12.9 percent. However, the pace of poverty reduction slowed in recent years even as growth accelerated, particularly in urban areas and in the west of the country. Similarly, the progress on shared prosperity slowed between 2010 and 2016 after a decade of improvements, with annual consumption growth of the bottom 40 percent trailing that of the overall population (1.2 versus 1.6 percent). Bangladesh entered the COVID-19 crisis with a relatively strong macroeconomic position. Garment exports and remittances narrowed the external deficit in recent years and international reserves were adequate at the end of April 2020 at US$32.9 billion, equivalent to six months of imports. While tax collections are amongst the lowest in the world, under-execution of the budget has contained the fiscal deficit, which has been below 5 percent of GDP since FY01. As a result, public debt is low and stood at 33.7 percent of GDP at the end of FY19. A key economic vulnerability is in the banking sector where the non-performing loan (NPL) ratio is high at 9.3 percent of outstanding loans in December 2019, and is underestimated considering significant under-provisioning, regulatory forbearance, and gaps in the legal framework.

2. **Growth declined sharply as the COVID-19 pandemic brought about major disruptions to economic activity.** In the first half of FY20 (July to December), growth decelerated as slower global trade and deteriorating external competitiveness lowered exports and tighter access to finance constrained private investment growth. COVID-19 has also darkened the economic outlook. FY20 GDP growth is projected in a range between 1.6 percent and a downside scenario of 1.0 percent. The decline in exports is expected to persist, as developed market recessions depress demand for ready-made garments. A shortage of intermediate inputs is expected to lower industrial
production, while labor shortages could adversely impact all sectors. Transportation disruptions are expected to dampen agricultural growth, particularly production of perishable products like dairy, poultry, and vegetables.

3. **There is a marked divide in poverty reduction between eastern and western divisions of Bangladesh.** Poverty reduction since 2010 has been concentrated in the central and eastern divisions of the country, while it has stagnated in the western divisions. The stronger rates of poverty reduction in the east widened a gap between eastern and western Bangladesh that had previously been narrowed between 2005 and 2010. The data also show that consumption growth was significantly lower in the west than in the east, compared to the previous decade. Poverty reduction was driven by a reduction in rural areas, but it was not predominately due to gains in the agricultural sector. The agricultural sector contributed to only 27 percent of the poverty reduction in rural areas, despite employing about 47 percent of rural households, highlighting the need for agriculture to become more poverty reducing.¹

4. **In terms of economic structure, the west derives a larger share of income from agriculture than the east.** For example, 57 percent of the income of the Khulna Division is generated from agricultural production. The welfare divide between the eastern and western regions is especially evident in rural areas, driven in part by slower agriculture growth affecting relatively more households in the west. However, despite the longer-term trend of growing employment and income in non-agriculture, agriculture income will remain central for poverty reduction. For the poorest households living in rural areas, agricultural income represents, on average, about 57 percent of total labor income. To increase their incomes, a World Bank study highlights the criticality of better connectivity and efficient logistics to market agricultural products.² Furthermore, value chain analyses point to the importance of modern market infrastructure, given the large share of rural non-farm enterprises that pursue activities related to agriculture (such as trading and processing).

5. **Bangladesh is highly vulnerable to health and other hazards.** Bangladesh is ranked as the sixth most vulnerable country (of 181 countries), according to the 2018 United Nations Disaster Risk Index. The country’s high population density and rapid urbanization make it prone to high rates of morbidity from outbreaks of infectious diseases, such as cholera, dengue fever, and possibly the evolving COVID-19 crisis. Overall, a large section of the population is at risk of health emergencies, including those due to outbreaks of infectious diseases that typically follow natural disasters. The frequency of such disasters is higher in the Southwest region compared to the rest of the country, since the region is more vulnerable to cyclones³, tidal surges, waterlogging, flood, drought and salinity.

**Sectoral and Institutional Context**

6. **The road network in Bangladesh needs considerable investments for upgrading and maintenance.** The primary road network⁴ is congested and in poor condition, operating at or near maximum capacity and is unable to keep up with rapidly increasing demand. The average speed on the primary network is less than 30 km/hour. With respect to the secondary and tertiary road network⁵, Bangladesh has made remarkable progress, achieving

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¹ World Bank, Bangladesh Poverty Assessment, 2019
² World Bank, Rural Income Diagnostic (forthcoming)
³ Between 1960-2015, 19 severe cyclones hit the country’s coast
⁴ The Primary road network which is under the responsibility of the Roads and Highways Department (RHD), MoRTB - extends more than 21,000 km, of which 7,000 km are national and regional highways, and 13,100 km are Zilla (district) roads.
⁵ Secondary and tertiary network is under the responsibility of the Bangladesh Local Government Engineering Department (LGED), MoLGRDC - extends roughly 375,000 km
the highest rankings on the Rural Accessibility Index (RAI) in the region and among Least Developed Countries (LDCs). Despite this progress, rural roads across the country are in dire need of regular repair and rehabilitation. Poor quality of construction and maintenance of the primary, secondary and tertiary road network is common, resulting in poor riding quality, reliability and impassable sections during the rainy season. Yet, the national maintenance budget for roads is increasingly in deficit, and road repair is often reactive and is therefore more expensive in the long run. The World Bank’s forthcoming Infrastructure Sector Assessment Program (InfraSAP) estimates that Bangladesh will need road sector investments of US$52 billion until 2025 to meet the growing transportation demand.

7. The poor road conditions are resulting in high logistics costs, constraining Bangladesh from playing a more active role in regional integration despite its strategic geographical location. Pervasive congestion across the national logistics system is estimated to increase standard trucking costs by 100 percent. Logistics costs are especially high for agricultural products, ranging from 4.5 percent of sales (for leather footwear) to 47.9 percent of sales (for horticulture). Inefficiencies in logistics systems can especially have dire consequences during emergency situations like the spread of pandemics (e.g., COVID-19) when the uninterrupted flow of essential goods like food and medical supplies is imperative. Given the transport disruption currently caused by COVID-19, and similar possible future emergencies, food supply chains could collapse in Bangladesh due to the lack of efficient transport to take products from farm to table. In this context, reducing the high post-harvest losses for food security and ensuring timely transportation is vital.

8. Road safety performance is deteriorating. Estimates of annual deaths in road crashes range from 2,538 to between 20,736 and 21,316, which is estimated to cost Bangladesh 2-3 percent of GDP annually. Between 1990 and 2017, the increase in the road crash fatalities per capita was three times higher in Bangladesh than that across the South Asia region. For the highest-risk group - males between the ages of 15 and 49 - the rate of increase in Bangladesh was 15 times higher than that across the South Asia region. The low but rapidly growing motorization rate (a 2.5 time increase from 2014 to 2017) poses serious threat to road safety, and unless rapid, scaled-up road safety investments are made, a continued upward trend in fatalities and injuries is inevitable. The deteriorating road safety performance is not only undermining the already limited capacity to provide emergency care that would be vital for saving lives should the COVID-19 outbreak worsen, but it also increases the costs of moving vital goods (road crashes account for about 11 percent of truck operating costs).

9. Bangladesh’s unique geographic conditions present challenges in developing and maintaining the transport system. Situated in the delta of three major and highly active rivers – the Meghna, Jamuna, and Padma - Bangladesh is one of the most disaster-prone and climate vulnerable countries in the world, and the frequency as well as the intensity of floods and cyclones are increasing. The 2019 Global Climate Risk Index ranks Bangladesh among the top 10 most affected countries by climate change. More than 50 percent of all types of roads are exposed to different levels of flooding. The impacts of climate change are more pronounced in the west, especially the Southwest region, and natural hazards are expected to be more intense in the region in the future due to climate change. An additional 20 percent monsoon rainfall by 2050 is predicted for the Ganga-Brahmaputra-Meghna basin, suggesting more severe inland flooding in the southwest region of Bangladesh.

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6 Herrera Dappe, M., 2016, Moving Forward: Connectivity and Logistics to Sustain Bangladesh’s Success, World Bank
7 Police First Information Report (FIR). Defined as died at scene of crash.
8 Global Burden of Disease
10 Herrera Dappe, M., 2016, Moving Forward: Connectivity and Logistics to Sustain Bangladesh's Success, World Bank
11 Resilience of the Transport Network in Bangladesh, World Bank, TU Delft, 2018
Rainfall and floods damage the roads and impair accessibility. The damaged roads in during the flood seasons result in disproportionately high costs for rehabilitation, especially following high flood events. The region is also at risk of severe droughts. The annual average temperature in Bangladesh shows an increasing trend (+0.6°C since 1950), leading to softening and cracking of pavements, and making them more vulnerable to heavy rainfall.

10. **Women face a myriad of challenges in the transport and logistics sectors in Bangladesh.** Only 8 percent of those employed in the “Transport, Storage and Communications Sector” are female; however, in rural road maintenance work this share is somewhat higher at around 13 percent. Around 3 percent of sellers in rural markets in western Bangladesh are women. There is thus considerable scope to improve the gender balance in the transport sector and in markets, that would allow women to benefit from the gains from enhanced connectivity. A forthcoming World Bank study in Bangladesh finds that the barriers that women face can be divided into the societal, institutional, and individual levels. At the societal level, the main barrier is the social norm of purdah, and often women are stigmatized when working on their own in public places. The study finds that designating stall space for female vendors, to accommodate the purdah, is helpful in alleviating this barrier. At the institutional level, women vendors cite the lack of female-friendly facilities, such as separate toilets with doors that close, disposal bins for sanitary pads, and water for handwashing. And at an individual level, household responsibilities and especially that of child rearing, play an important role in a woman’s choice to work. As in the rest of the world, women spend much greater time in care work.  

Evidence from the field suggests that many skilled women are not able to continue working due to the lack of childcare facilities. For example, in an apprenticeship program run by LGED in the district of Jashore, approximately 60 percent of the trained females indicated that they could not work after the apprenticeship was completed due to childcare responsibilities. Women on worksites have also been reported to work fewer hours to balance household and work responsibilities.

11. **Digital connectivity remains a challenge in Bangladesh, especially outside the main cities.** While mobile internet penetration has grown from 12 percent in 2014 to 22 percent in 2018, Bangladesh ranks 78 among the 79 countries in the Global Connectivity Index for 2018. Of the 176 countries in International Telecommunication Union’s (ITU’s) annual ICT Development Index 2017, Bangladesh ranked 147. The optical fiber cable (OFC) system suffers from frequent cuts, requiring new OFC to increase coverage and reliability. Inadequate digital connectivity and inability to deploy digital tools will likely hamper Bangladesh’s response to the COVID-19 outbreak, including social distancing regimes, essential services through remote operations, and business continuity.

12. **Significant investments in broadband and IT infrastructure will be required to achieve ‘Digital Bangladesh’.** This is a government program to deploy ICT as a tool to alleviate poverty, eliminate the urban-rural digital disparity, establish good governance, and ensure social equity. Digital connectivity is also critical for the “My Village, My Town” initiative to provide quality public services to rural areas. The Ministry of Road Transport and Bridges (MoRTB) is developing a national Intelligent Transport System (ITS) master plan to install ITS along highways. The government’s plan to launch 5G services by 2021 depends entirely on the nationwide availability of seamless OFC connectivity. Improved broadband connectivity and ITS will also have substantial benefits for road transport operations of (especially during emergencies) and are a critical enabler of building “Smart Highways”.

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12 ILO finds that “living with a child under 6 implies a loss of close to one hour of paid work per week for women and an increase in paid working time of 18 minutes per week for men.” Source: ILO (2018). Care work and care jobs for the future of decent work. A 2018 ILO global report finds that women perform 76.2 percent of total hours of unpaid care work, more than three times as much as men. In Asia, this rises to 80 per cent, imposing a “job quality penalty” for the care givers.
13. The transport sector faces institutional fragmentation, weak co-ordination and capacity constraints. At the national level, there are five ministries and 21 agencies responsible for the transport sector with overlapping mandates, and conflicts between service provision and regulatory responsibilities. Transport infrastructure projects are most often identified and selected independently along modal lines through separate ministries without a comprehensive, coordinated and continuous planning process. In the absence of a multi-sectoral mechanism or platform that can facilitate an integrated approach to infrastructure development, large transport projects tend to primarily focus on physical investments, with little consideration for their impact on local and regional economies and deepening the benefits through complementary interventions. The road sector lacks a Disaster/Pandemic Response Plan for situations like the COVID-19, and there is a significant risk of disruptions to key highway transportation services and infrastructure in case of emergencies (which can jeopardize the timely delivery of critical food, fuel, and medical supplies).

14. These multifaceted development challenges are amplified in the western region. There is evidence to suggest that the eastern region has increasingly benefited from integration with growth poles, namely Dhaka and Chattogram, in contrast to the more isolated western region. The large rivers crisscrossing the country act as natural boundaries between these two parts of the country by imposing a strong barrier to connectivity. Despite the western region’s unique potential for economic prosperity due to its geographic location as the main gateway for Indo-Bangla trade, agglomeration of transport infrastructure has not materialized. This gap in economic development between east and west is further enlarged by a growing digital divide. A review of the volume and growth of mobile data reveals uneven distribution in the access and far greater usage in the eastern region.

15. Transport infrastructure can play a critical role in narrowing the east-west divide. The construction of the Bangabandhu Bridge in 1998 is estimated to have reduced transport costs between the northwest and Dhaka by more than 50 percent and structurally pushed farmers towards high value crops. The much-anticipated Padma Bridge is expected to boost the economic integration of southwest Bangladesh with the eastern part of the country. A World Bank study highlighted that, to deepen the benefits of the Padma bridge, the capacity of the primary road network needs to be enhanced to meet higher traffic demand, and complementary investments would be required in secondary and tertiary roads, as well as in basic infrastructure and services, to promote economic opportunities in rural areas.

16. The western region of Bangladesh is an important gateway for regional and international trade but is not well integrated with the rest of the country and region. Three of the six most important trade gateways in Bangladesh—Benapole and Bhumra land ports, and Mongla seaport—are in the southwestern region. The Benapole-Petrapole land border post is the busiest and the most important land port between mainland India and Bangladesh. It accounts for over 50 percent of India’s overland exports, and almost 90 percent of Bangladesh’s. Several transport routes in the western region also have the potential to serve as regional transit corridors, interconnecting India (including the North East Region), Bhutan and Nepal. However, despite its importance, the southwestern region is isolated from the rest of Bangladesh in terms of road connectivity. A defining feature of the southwestern and northwestern regions of Bangladesh is that close to half of tradable goods that these regions produce (measured using freight that each region generates) is traded within them. The COVID-19 pandemic has further highlighted not only the need for enhancing the resilience and efficiency of

13 World Bank, Poverty Assessment for Bangladesh: Creating Opportunities and Bridging the East-West Divide, 2008
14 World Bank, Transport Costs, Comparative Advantage, and Agricultural Development, Evidence from Jamuna Bridge in Bangladesh, 2018
15 World Bank, Comprehensive Development of the Southwest Region Following Building of Padma Bridge, 2011
transport connectivity between the agrarian western region and population centers like Dhaka, but also the need to improve the local food supply chain.

17. An integrated approach over a longer time horizon is required to have meaningful impact. Under the Western Economic Corridor and Regional Enhancement (WeCARE) Program (“the WeCARE Program”), the Government plans to transform a 260 km national highway (Bhomra-Satkhir-Navaron and Jashore-Jhenaidah-Bonpara-Hatikumrul, the “Program Corridor”) in the western region into an “Economic Corridor”. The Program Corridor does not include the Navaron-Jashore section, which is expected to be improved as part of the Bhanga to Benapole corridor improvement under the third Indian Line of Credit. The Program Corridor is an important regional transport route and is an integral part of several South Asian Association for Regional Cooperation (SAARC) Road Corridors and the Asian Highway network. Improvement of this Program Corridor will contribute to strengthening weak links in the road network of the BBIN countries, as envisioned in the Operational Plan of the South Asia Sub-regional Economic Cooperation (SASEC). The 260 km length will be the ‘spine’ of the Economic Corridor and its area of influence will comprise the ten districts of Jashore, Jhenaidah, Magura, Chuadanga, Sathkira, Natore, Shirajganj, Kushtia, Pabna and Meherpur (“Program Districts”). The local impacts of the Program will be enhanced through a network of improved rural roads, markets, and logistics infrastructure that would be connected to the corridor.

18. The World Bank’s support to the WeCARE Program will be implemented through a Multiphase Programmatic Approach (the “MPA program”). The MPA program will comprise of upgrading 110 km of the Program Corridor; and the development of secondary and tertiary roads, growth centers, logistics infrastructure and services, and other economic infrastructure in the Program Districts. It will also support COVID-19 relief and recovery; and strengthen road sector management and institutional capacity. The Asian Infrastructure Investment Bank (AIIB) is expected to complement the WeCARE Program by upgrading 150 km of the Program Corridor through parallel financing.

19. The Program Corridor will be upgraded from the existing two-lane single carriageway to a climate-resilient four lane dual carriageway. Separate service lanes for slow moving vehicles and vulnerable users will be constructed on both sides of the carriageway to improve road safety. OFC will be deployed along the corridor to enhance digital connectivity and to facilitate the application of ITS, as well as digital tools for emergency response and business continuity. Investments in local economic infrastructure under the MPA Program will place a strong emphasis on enhancing the efficiency of, and reducing the losses in, local supply chains, thereby enhancing the resilience of local supply chains which is important in the case of natural disasters or pandemics. These investments would result in Wider Economic Benefits (WEBs), such as growth in income and consumption, poverty reduction, and the creation of new jobs.

20. The MPA Program will contribute to employment generation and economic recovery following the evolving COVID-19 pandemic. It will provide immediate social protection and critical livelihoods to the vulnerable rural population in the Program Districts through labor intensive civil works with the potential of generating about 1.3 million days of rural employment in the first 24 months of project implementation. In the longer-term, civil works related to upgrading primary, secondary, and tertiary roads, as well as logistics and other economic infrastructure, are estimated to generate 5-7 million person days of employment under the project. They are also

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16 Navaron-Jashore section is not an Associated Facility for the purposes of the ESF since the viability of the MPA Program is not dependent on this road section and this section will be constructed even without the MPA through the Indian Line of Credit.
expected to generate significant demand for local materials and services, thereby contributing to the recovery.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
To provide efficient, safe, and resilient connectivity along a Section of a regional transport corridor in western Bangladesh and reduce post-harvest losses in the hinterland of the Section

Key Results

21. **Achievement of this objective will be measured through the following key indicators:**
   a) Increased efficiency of transport mobility for passengers and goods,
   b) reduced post-harvest losses for select value chains,
   c) reduced annual fatalities on the corridor section,
   d) increased number of kilometers of national and regional highways upgraded to climate resilient standards.

D. Project Description

22. The Project is the first phase of the WeCARE MPA Program and will support the following five components:

Component 1: Upgrading the National Highway Corridor and Enhancing Digital Connectivity (Total Cost: US$495.1 million; IDA: US$314.2 million)

This component will be implemented by RHD and support the following:

(a) Upgrading the Section\(^{17}\) from a two-lane single carriageway to a climate-resilient four-lane dual carriageway with a service lane on each side;

(b) i) supporting the design of a climate-resilient optical fiber cable (OFC) system and intelligent transport system (ITS) for the Program Corridor; and ii) supporting the installation, and operations and maintenance of the climate-resilient OFC system and the ITS;

(c) i) supporting the design of a pilot safe corridor demonstration program (SCDP) for the Section; and ii) supporting the implementation of the SCDP along the Section, including: (A) implementing road safety countermeasures; (B) providing support for enhancing enforcement of traffic rules, including, **inter alia**: (I) the acquisition of patrol vehicles and motorcycles, breathalyzers and speed control radar guns; and (II) speed enforcement through CCTV cameras linked to control centers, all for the exclusive use of traffic control; (C) providing support for post-crash response and rescue, including the acquisition of ambulances, tow trucks (wreckers), cranes and metal-cutting equipment; and (D) carrying out public awareness campaigns; and

(d) supporting studies, assessments, surveys, and data collection in relation to, **inter alia**, the

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\(^{17}\) “Section” means about 48 kilometers of the national highway N7 connecting the towns/cities of Jashore and Jhenaidah.
feasibility, design, supervision, and technical aspects of the activities listed in (a) to (c) above, with respect to the Program Corridor or Section, as applicable.

Component 2: Upgrading Secondary and Tertiary Roads; and Complementary Logistics Infrastructure and Services (Total Cost: US$247 million; IDA: US$171 million)

23. This component will be implemented by LGED and support the following:

(a) Supporting, in the Project Districts18; (i) the development and upgrading of complementary logistics infrastructure, including, *inter alia*: (A) selected markets and logistics infrastructure for selected agriculture value chains, livestock and fishing; and (B) amenities associated with such selected markets and logistics infrastructure; and (ii) the provision of relevant services; and

(b) Upgrading around 600 kilometers of selected priority village roads, Upazila roads and Union roads, serving selected markets in the Project Districts, to all weather climate-resilient roads.

Component 3: Project Implementation Support and Sustainability (Total Cost: US$6.7 million; IDA: US$5.6 million)

24. This component will be implemented by both RHD and LGED and will support the following:

(a) Providing training and supporting capacity building activities of RHD and LGED, and industry stakeholders on selected priority areas and Project management, including procurement, financial management, and environmental and social aspects;

(b) Carrying out a Strategic Environmental and Social Assessment;

(c) Supporting the establishment of a Fiduciary Advisory Consultant Panel (FACP);

(d) Supporting the establishment of a Road Transport Sector Integration and Coordination Platform (RTSICP), and supporting the implementation of the Road Maintenance Fund Board Act; and

(e) Providing support for preparatory activities for subsequent MPA Program phases.


25. This component will be implemented by both RHD and LGED and will support the following:

(a) Designing and implementing a program to foster employment opportunities for vulnerable local populations, including, on routine maintenance of roads, clearing of water passages, and hygiene-related small works; and as relevant, the provision of working tools and personal protective equipment;

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18 "Project Districts" means the districts of Jashore, Jhenaidah, Magura, and Chuadanga.
(b) Supporting the development and dissemination of an emergency response plan for COVID-19 for RHD and LGED; and

(c) Supporting the provision of necessary upgrades at RHD and LGED offices to ensure business continuity and improve work environment safety.

**Component 5: Contingent Emergency Response Component (CERC) (Total Cost: zero)**

26. This component will provide immediate response to an Eligible Crisis or Emergency, as needed.

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<th>Triggered?</th>
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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**

27. Based on the ESIA and World Bank’s due diligence of the proposed corridor, the key environmental risks and impacts of the proposed project, which mainly supports existing roads and complementary logistics infrastructures and small labor-intensive contracts, are anticipated to occur largely during the construction phase. Social risks and impacts, however, will be permanent with significant land acquisition related to the expansion of existing roads.

28. **Key impacts include:** (i) cutting of trees lining along the expanded ROW; however these trees are not part nor connected to any forests; (ii) health & safety of workers and communities within the corridor and along the transport routes of construction supplies, materials and equipment; (iii) exposure of population in urban and semi-urban centers along the ROW and transport routes to noise, vibrations and air pollution; (iv) siltation and sedimentation of waterways close to the physical works; (v) significant land acquisition along the expanded ROW; (vi) partial and full physical displacement of houses, some mosques, temples, madrasah and graves; (vii) economic displacement of some vendors and business along the ROW and in market areas where some rural roads will be constructed and/or rehabilitated; and, (viii) increased risk of GBV and road accidents.

29. **The project will mainly employ local labor for unskilled labor requirements, but skilled laborers may come from other areas of the country.** Risks deriving from labor influx are expected to be substantial. During operation & maintenance phase, impacts to the economy from improved roads and connectivity and road safety are expected to be significantly positive. Health and safety are also expected to improve with the safety features included in the improved road, including separating lanes for slow from fast moving vehicles, enforcement of speed limits, installation of signages, etc.
30. The environment risk of the project is substantial largely because risks and impacts are construction-related and temporary and can be mitigated following sound engineering measures and good housekeeping practices. Social risk is high due to significant land acquisition involved and potential physical and economic displacement. Overall Environmental and Social Risk Classification of the project is High.

E. Implementation

Institutional and Implementation Arrangements

31. The Project will be implemented by the Roads and Highways Department (RHD) and the Local Government Engineering Department (LGED). RHD and LGED will establish a project implementation unit (PIU) headed by a project director. These agencies will be responsible for satisfactory implementation of the project activities under their purview, including compliance with fiduciary and safeguard requirements. The agencies will engage Project Management and Supervision Consultants for regular supervision, monitoring and reporting of project activities. Both implementing agencies will have project-level steering committee with participation from RHD and LGED. A coordination committee will be established for the WeCARE Program at the national level, involving key government stakeholders.

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