
President's report

Proposed loan

People's Republic of Bangladesh

Climate Resilience and Livelihood Enhancement Project

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 65.

Technical questions:

Reehana Raza
Regional Director
Asia and the Pacific Division
e-mail: r.raza@ifad.org

Valantine Achancho
Country Director
Asia and the Pacific Division
e-mail: v.achancho@ifad.org

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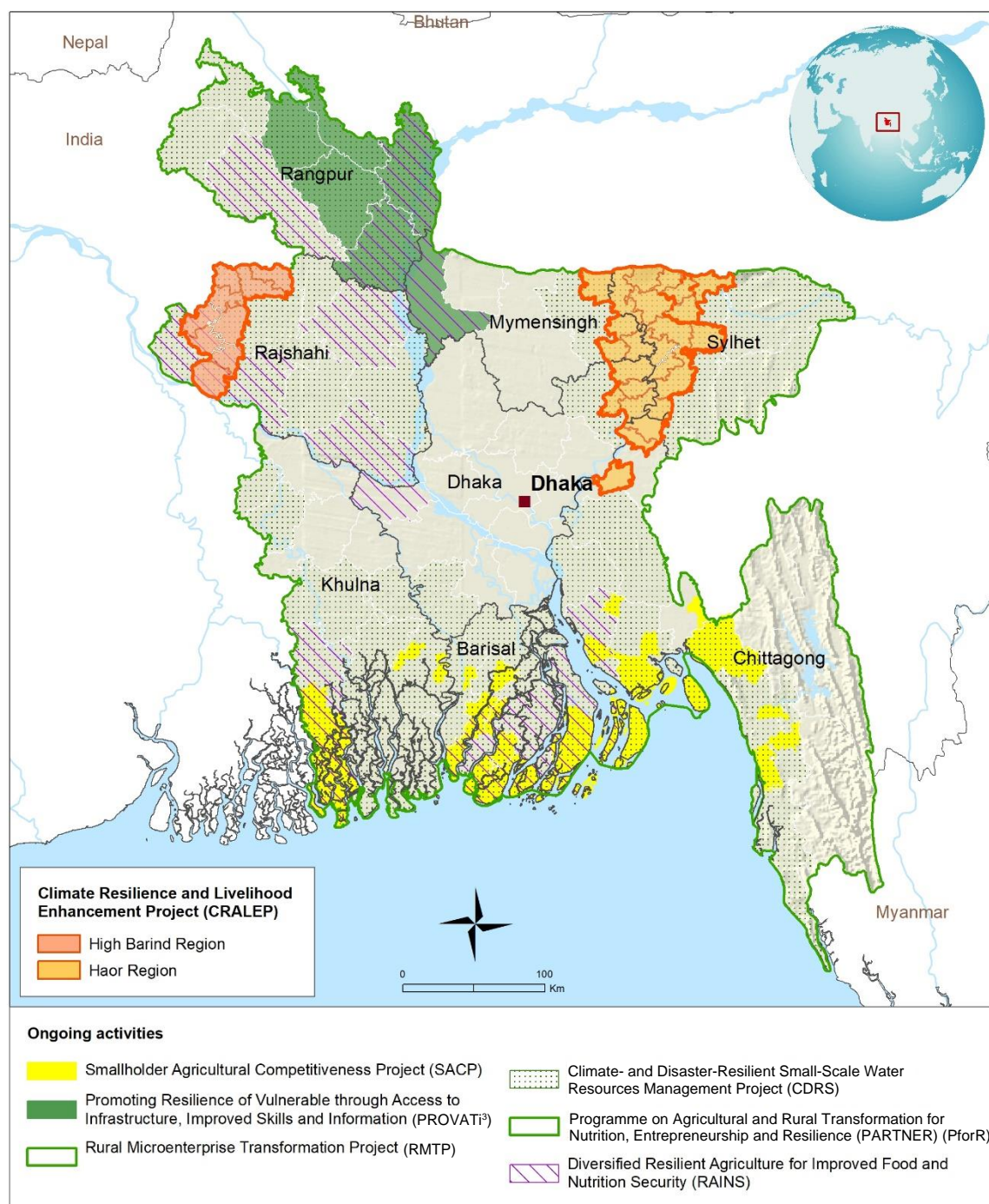
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Project delivery team	
Regional Director:	Reehana Raza
Country Director:	Valantine Achancho
Technical Lead:	Jahan-Zeb Chowdhury
Finance Officer:	Kayode Fagbemi
Climate and Environment Specialist:	Jahan-Zeb Chowdhury
Legal Officer:	Itziar Miren Garcia Villanueva

Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 06-02-2025

Financing summary

Initiating institution:	IFAD
Borrower:	The People's Republic of Bangladesh
Executing agency:	Local Government Engineering Department
Total project cost:	SDR 76.1 million (equivalent to US\$103.3 million)
Amount of IFAD loan (performance-based allocation system):	SDR 51.6 million (equivalent to US\$70 million)
Terms of IFAD loan:	Blend terms Maturity period of 25 years, including a grace period of 5 years, with a service charge of 0.75 per cent and interest rate of 1.25 per cent per annum in special drawing rights (SDR).
Contribution of borrower:	SDR 23.4 million (equivalent to US\$31.8 million)
Financing gap:	SDR 1.1 million (equivalent to US\$1.5 million)
Amount of IFAD climate finance:	SDR 40.5 million (equivalent to US\$54.9 million)
Cooperating institution:	Directly supervised by IFAD

I. Context

A. National context and rationale for IFAD involvement

National context

1. The People's Republic of Bangladesh has made significant strides in development, achieving lower-middle-income status in 2015. The poverty rate was halved from 48.9 per cent in 2000 to 24.5 per cent in 2016, with extreme poverty dropping to 13.0 per cent. Despite this progress, poverty reduction has slowed, even as economic growth has continued.
2. Although the COVID-19 pandemic slowed GDP growth to 3.4 per cent in 2020, the economy rebounded with an estimated 7.2 per cent GDP growth in the 2022 fiscal year. Due to the war in Ukraine, inflation rose to 7.5 per cent in July 2022, hitting poorer populations the hardest.
3. By 2023, Bangladesh's poverty rate stood at 18.7 per cent, and extreme poverty at 8.7 per cent. Undernourishment affected 9.7 per cent of the population. The country also faced moderate or severe food insecurity at 31.9 per cent, though dietary diversity is gradually improving.
4. To achieve upper-middle-income status by 2031, Bangladesh must focus on job creation, a competitive business environment, export diversification, human capital investment, infrastructure development and a conducive policy environment for private investment. The Haor wetlands and High Barind districts of the Barind Tract, vulnerable to climate impacts, are focal regions of the Climate Resilience and Livelihood Enhancement Project (CRALEP). National strategies address climate change impacts (greater variability and increased intensity of extreme weather events) and aim to increase resilience, but gaps in policy implementation and resource allocation remain, highlighting the need for targeted interventions and investments.

Special aspects relating to IFAD's corporate mainstreaming priorities

5. In line with IFAD's mainstreaming commitments, the project has been confirmed as:
 - ☒ Including climate finance
 - ☒ Youth-sensitive
 - ☒ Including adaptive capacity
6. **Youth.** CRALEP empowers youth by enhancing skills and providing sustainable livelihood opportunities. Its focus on vocational training and entrepreneurship, especially in the non-farm sector, helps to address youth unemployment and underemployment in rural areas. It integrates youth into the development process, ensuring they contribute to and benefit from the project outcomes. CRALEP also encourages youth participation in decision-making processes, fostering leadership and a sense of ownership.
7. **Gender equality.** CRALEP aims to reduce disparities between women and men in rural areas and foster women's economic empowerment. The project targets women by providing access to resources, training and income-generating opportunities. By promoting women's involvement in decision-making and leadership roles, CRALEP empowers women economically and challenges traditional norms, ensuring that both women and men benefit equitably, thereby contributing to balanced and inclusive development.
8. **Climate resilience.** Climate adaptation is core to CRALEP, which is designed to enhance the resilience of vulnerable communities. The project supports climate-proofed infrastructure, skill development for alternative livelihoods, enhanced institutional capacity and disaster risk reduction. Incorporating climate resilience and nature-based solutions (NbS) ensures long-term sustainability, aligning with IFAD's commitment to integrating climate adaptation into rural development.

Rationale for IFAD involvement

9. The Haor and High Barind regions in Bangladesh face severe challenges, including high poverty levels, climate vulnerabilities, degraded natural resources and poor infrastructure. The Haor Region suffers from annual floods, flash floods and wave action, disrupting livelihoods, damaging homes and limiting access to markets, safe water and sanitation. The High Barind region is prone to prolonged droughts, groundwater depletion and low agricultural productivity, severely limiting economic opportunities for the local population, especially poor families relying on low-profit farming and agricultural labour.
10. Youth unemployment is significant, with about 41 per cent of Bangladeshi youth inactive – not engaged in education, employment or training. This inactivity is higher among young girls due to early marriage, a lack of job skills and adverse social conditions. Rural female labour force participation is low, at 38.6 per cent, compared with 80.3 per cent for men, highlighting a significant disparity in economic opportunities.
11. Women, who constitute about 49 per cent of the disadvantaged population, face limited employment opportunities. Enhancing women's economic capabilities and providing better employment opportunities are crucial for improving their livelihoods and overall community resilience.
12. IFAD's involvement is justified by its successful track record in similar initiatives in Bangladesh, such as the Haor Infrastructure and Livelihood Improvement Project – Climate Adaptation and Livelihood Protection (HILIP-CALIP) and the Promoting Resilience of Vulnerable through Access to Infrastructure, Improved Skills and Information (PROVATI³) project, which have demonstrated their effectiveness in creating employment opportunities, enhancing food security and building resilient communities. CRALEP will build on these experiences, introduce innovative approaches to climate adaptation and livelihood enhancement, and intensify the focus on youth and women.

B. Lessons learned

13. The HILIP-CALIP and PROVATI³ projects highlight the importance of climate-resilient infrastructure in reducing vulnerabilities and creating economic opportunities while fostering sustainable livelihoods through targeted training. The impact evaluation of the Coastal Climate-Resilient Infrastructure Project revealed that improved roads and market infrastructure, as well as labour contracting societies (LCS), facilitated market access and increased agricultural income and non-farm wages. Integrating NbS into resilient infrastructure design (roads, protective embankments) is an effective approach to further enhancing sustainability and community resilience. However, challenges remain, such as ensuring access to high-quality agricultural inputs and capital, complementary support to improve farm productivity, and strengthening institutional capacity for mainstreaming climate and NbS.
14. Evidence from Bangladesh and around the world has shown that skill development through training institutes with professional trainers, and a standardized curriculum and certification – particularly in non-farm sectors – can significantly increase livelihood resilience by providing alternative income sources for youth (between 18 and 35 years of age). Women's employment through LCS has also been beneficial, though more effort is needed to ensure transformative impacts.

II. Project description

A. Objectives, geographical area of intervention and target groups

15. The aim of the project is to reduce poverty significantly and increase climate resilience by mitigating climate impacts in the flood-prone Haor Region and the drought-prone High Barind Region.
16. The development objective of CRALEP is to strengthen community resilience and well-being through climate-resilient infrastructure and diversified livelihoods that integrate NbS and climate information services.
17. Targeting the most vulnerable populations in Haor and High Barind, CRALEP covers eight districts and 33 *upazilas*, prioritizing areas with high climate vulnerability, poverty and poor infrastructure. The project targets poor households, especially young men and women, and aims to benefit 311,820 households, accounting for around 1.34 million individuals.

B. Components, outcomes and activities

18. The project will have the following components:
 - Component 1: Climate-proofed village road connectivity and market improvement
 - Component 2: Village services for resilient communities in the Haor Region
 - Component 3: Livelihood diversification and resilience
 - Component 4: Capacity development, climate information services and innovation
19. **Component 1** includes subcomponents: 1.1 village road connectivity in Haor; 1.2 village road connectivity in Barind; 1.3 rural market improvement in Haor and High Barind; and 1.4 boat landing ghats (Haor and High Barind). It focuses on connecting villagers with markets, institutions and services, encouraging village investments. All infrastructure will have enhanced specifications to withstand the effects of climate change.
20. **Component 2** has three subcomponents: 2.1 village internal services (walkways, water and sanitation, other infrastructure); 2.2 *killas* for temporary storage of harvests and shelter; 2.3 low-cost nature-based village protection system in the shallow parts of the Haor and 2.4 technical assistance to the project. This component focuses on village protection measures and services in Haor, where villages are marooned during the rainy season and vulnerable to erosion, a situation not seen in High Barind.
21. **Component 3** includes three subcomponents: 3.1 vocational training to create employment opportunities for youth; 3.2 entrepreneurship training for youth; and 3.3 sustainable livelihoods for LCS members. This component enhances the technical and management skills of young men and women for wage and self-employment, mainly in non-farm sectors that are less vulnerable to climate variability and increasing intensity of extreme weather events. LCS, combined with upskilling and household methodologies, foster empowerment and provide safe, secure employment opportunities for poor women, youth and marginalized groups.
22. **Component 4** has four subcomponents: 4.1 capacity-building of the Climate-Resilient Local Infrastructure Centre (CReLIC); 4.2 flash flood early warning system in Haor and drought forecasting in High Barind for community resilience; 4.3 innovation in construction, materials and livelihood diversification; and 4.4 policy and dissemination. This component complements other components by providing early warning of flash floods and droughts, thereby developing the internal capacity of the Local Government Engineering Department (LGED) and piloting relevant innovations.

C. Theory of change

23. CRALEP aims to address key challenges in the Haor and High Barind regions through targeted interventions designed to improve connectivity, protect villages and provide basic services, diversify livelihoods, provide early warning of flash floods and droughts, and enhance institutional capacity. In both regions, livelihoods are heavily dependent on agriculture and wage labour, with few options for diversification. Limited access to markets further exacerbates this issue. CRALEP addresses these constraints through vocational training for young men and women, microentrepreneurship and sustainable income generation for LCS members. These combined interventions create a pathway for household socioeconomic empowerment, particularly for youth, by providing the necessary skills, infrastructure and opportunities to thrive in a resilient and sustainable environment.

D. Alignment, ownership and partnerships

24. CRALEP emphasizes alignment, ownership and local partnerships to enhance climate resilience and livelihood opportunities. The project aligns with national policy priorities and contributes to the country's Sustainable Development Goals, including zero hunger and food insecurity; poverty reduction; climate action; gender equality; reduced inequalities; and clean water and sanitation. This alignment ensures the project integrates well with other national and international efforts, maximizing impact and avoiding duplication.
25. Ownership is critical, with efforts to involve local communities and stakeholders at all stages. This includes consultation during planning and active participation during implementation. Fostering local ownership ensures benefits are sustainable and the community remains invested in maintaining project outcomes.
26. The project builds on strategic partnerships with stakeholders, including the Bangladesh Water Development Board and the Bangladesh Meteorological Department, enhancing their capacity to provide early warnings and climate information that are crucial to the Haor and High Barind communities. Collaboration with other IFAD projects, such as the Rural Microenterprise Transformation Project and the Foresight for Food System Transformation programme, ensures complementary services, including access to credit.
27. Finally, the project strengthens the institutional capacity of national institutions, such as the CReLIC. Capacity development ensures that the CReLIC and LGED can sustain and scale up project activities, embedding climate resilience into local development plans and policies.

E. Costs, benefits and financing

28. The project will be implemented over six years and the total costs are estimated at SDR 76.1 million (equivalent to US\$103.3 million), to be financed through: (i) an IFAD loan of SDR 51.6 million (equivalent to US\$70 million); (ii) a financing gap of SDR 1.1 million (equivalent to US\$1.5 million); and (iii) a Government of Bangladesh contribution of SDR 23.4 million (equivalent to US\$31.8 million).
29. IFAD is actively working to secure an additional SDR 7.4 million (equivalent to US\$10 million) in grant funding to cover the SDR 1.1 million (equivalent to US\$1.5 million) financing gap in component 4 and to scale up activities in components 2 and 3.
30. According to the multilateral development banks' methodology for tracking climate adaptation and mitigation finance, the total amount of IFAD climate finance for CRALEP is SDR 40.5 million (equivalent to US\$54.9 million) all of which is classified as adaptation finance.
31. Project costs by component and expenditure category are summarized in tables 1, 2 and 3 below. The project investments are organized into four major components, as detailed in paragraphs 18 to 22.

Table 1

Project costs by component and subcomponent and financier

(Thousands of special drawing rights)

Component/subcomponent	IFAD		Financing gap		Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
1. Climate-proofed village road connectivity and market improvement								
1.1. Village road connectivity Haor	13 240	70.0	-	-	5 674	30.0	18 914	24.9
1.2. Village road connectivity in High Barind	16 047	70.0	-	-	6 877	30.0	22 924	30.1
1.3. Rural market improvement in Haor and High Barind	1 547	70.0	-	-	663	30.0	2 210	2.9
1.4. Boat landing <i>ghats</i> (Haor and High Barind)	665	70.0	-	-	285	30.0	950	1.2
Subtotal	31 498	70.0	-	-	13 499	30.0	44 998	59.1
2. Village services for resilient communities in the Haor Region								
2.1 Village internal services (walkways, water and sanitation, other infrastructure)	6 122	70.0	-	-	2 624	30.0	8 745	11.5
2.2 <i>Killas</i> for temporary storage of harvests and shelter	671	70.0	-	-	287	30.0	958	1.3
2.3 Low-cost nature-based village protection system in Shallow Haor	2 879	70.0	-	-	1 234	30.0	4 113	5.4
2.4 Technical assistance to the project	2 783	70.0	-	-	1 193	30.0	3 975	5.2
Subtotal	12 454	70.0	-	-	5 337	30.0	17 792	23.4
3. Livelihood diversification and resilience								
3.1 Vocational training to create employment opportunities for youth	6 259	70.0	-	-	2 682	30.0	8 941	11.7
3.2 Entrepreneurship training for youth	676	70.0	-	-	290	30.0	965	1.3
3.3 Sustainable livelihoods for LCS members	203	70.0	-	-	87	30.0	290	0.4
Subtotal	7 138	70.0	-	-	3 059	30.0	10 197	13.4
4. Capacity development, climate information services and innovation	-	-	1 106	100.0	-	-	1 106	1.5
5. Project management	505	25.1	-	-	1 506	74.9	2 011	2.6
Total	51 595	67.8	1 106	1.5	23 402	30.8	76 103	100.0

Table 2

Project costs by expenditure category and financier

(Thousands of special drawing rights)

Expenditure category	IFAD		Financing gap		Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment costs								
A. Equipment and materials	399	70.0	-	-	171	30.0	570	0.7
B. Works	40 305	70.0	-	-	17 274	30.0	57 579	75.7
C. Training and workshops	7 599	67.0	481	4.2	3 257	28.7	11 337	14.9
D. Consultancy	3 074	61.3	625	12.5	1 317	26.3	5 016	6.6
Total investment costs	51 377	69.0	1 106	1.5	22 019	29.6	74 502	97.9
II. Recurrent costs								
A. Operation and maintenance	218	13.6	-	-	1 383	86.4	1 601	2.1
Total recurrent costs	218	13.6	-	-	1 383	86.4	1 601	2.1
Total	51 595	67.8	1 106	1.5	23 402	30.8	76 103	100.0

Table 3

Project costs by subcomponent and project year (PY)

(Thousands of special drawing rights)

Component/subcomponent	PY1		PY2		PY3		PY4		PY5		PY6		Total
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1. Climate-proofed village road connectivity and market improvement													
1.1. Village road connectivity in Haor	1 082	6	2 712	14	3 679	19	5 572	29	3 856	20	2 012	11	18 913
1.2. Village road connectivity in High Barind	1 236	5	3 110	14	4 814	21	6 937	30	4 481	20	2 347	10	22 925
1.3. Rural market improvement in Haor and High Barind	-		669	30	826	37	355	16	361	16	-	0	2 210
1.4. Boat landing <i>ghats</i> (Haor and High Barind)	-		224	24	251	26	276	29	199	21	-	0	949
Subtotal	2 318	5	6 716	15	9 569	21	13 139	29	8 897	20	4 359	10	44 998
2. Village services for resilient communities in the Haor Region													
2.1. Village internal services (walkways, water and sanitation, other infrastructure)	34	0	846	10	1 689	19	2 641	30	2 576	29	958	11	8 745
2.2. <i>Killas</i> for temporary storage of harvests and shelter	-		-	0	293	31	293	31	374	39	-	0	958
2.3. Low-cost nature-based village protection system in Shallow Haor	10	0	424	10	820	20	1 229	30	1 223	30	409	10	4 113
2.4. Technical assistance to the project	-		801	20	801	20	801	20	786	20	786	20	3 975
Subtotal	44	0	2 070	12	3 601	20	4 963	28	4 959	28	2 153	12	17 792
3. Livelihood diversification and resilience													
3.1. Vocational training to create employment opportunities for youth	445	5	1 353	15	1 793	20	2 230	25	2 228	25	892	10	8 941
3.2. Entrepreneurship training for youth	48	5	144	15	194	20	240	25	242	25	97	10	966
3.3. Sustainable livelihoods for LCS members	-		63	22	46	16	45	15	69	23	69	23	290
Subtotal	494	5	1 560	15	2 032	20	2 515	25	2 538	25	1 058	10	10 197
4. Capacity development, climate information services and innovation	-		55	5	166	15	332	30	332	30	221	20	1 106
5. Project management	342	17	217	11	439	22	472	23	242	12	299	15	2 011
Total	3 197	4	10 619	14	15 807	21	21 421	28	16 968	22	8 090	11	76 103

Financing and cofinancing strategy and plan

32. IFAD will provide a loan of SDR 51.6 million (equivalent to US\$70 million) on blend terms. IFAD will fund all activities except capacity development, climate information services and innovation activities, which are to be funded with SDR 1.1 million (equivalent to US\$1.5 million), concerning which discussions are ongoing to mobilize grant resources from partners. The Government's SDR 23.4 million (equivalent to US\$31.8 million) share in financing comprises cash-based counterpart funding for the payment of applicable taxes and other project management costs.

Disbursement

33. The revolving fund modality under the report-based disbursement system will be used for the withdrawal of funds from IFAD financing. The interim financial reports package will be used as the basis for the submission of withdrawal applications to IFAD. The interim financial reports package and requirement will be included in the project financial management and financial control letter and the project implementation manual (PIM) during the implementation period. Advance withdrawals through a revolving fund will be the principal method of disbursement. The Government contribution will be incorporated into the annual workplan and budget (AWPB) and will be identified in the project accounts. The accounting system shall separately record the disbursement and expenditure on each source of financing.

Summary of benefits and economic analysis

34. CRALEP offers substantial benefits to both its target groups and the Bangladeshi economy. It aims to improve infrastructure, such as roads and village protection systems, enhance crop and livestock productivity, and support the mobility of farm inputs and outputs. Other benefits include capacity-building, entrepreneurship training, better market access, improved fishing through new and rehabilitated *ghats*, and increased savings for LCS members. The project is targeting 311,820 households, affecting 1.34 million people.
35. Financial analyses of various models, such as roads, markets and agricultural activities, show positive incremental benefits over 20 years at a 12 per cent discount rate. With an economic discount rate of 9 per cent, the project is deemed economically viable, offering a 34 per cent internal rate of return, a benefit-cost ratio of 1.8, and a net present value of US\$292 million. Sensitivity analyses suggest the project remains viable despite cost increases or benefit decreases.
36. Non-quantifiable benefits include improved drinking water, higher school attendance, better health services, job creation, climate benefits from conservation activities, and increased government tax income and staff capacities.

Exit strategy and sustainability

37. CRALEP's exit strategy focuses on ensuring long-term sustainability across several areas. The socioeconomic benefits will continue through vocational training and entrepreneurship. Institutional support will be strengthened through local agencies, such as LGED and CReLIC. Technical sustainability will involve integrating NbS into infrastructure. Environmental sustainability is ensured by embedding resilient practices into local plans, while financial sustainability will be maintained through existing funding mechanisms. The scaling-up strategy aims to replicate successful outcomes nationwide, supported by innovative practices and community training for infrastructure maintenance.

III. Risk management

A. Risks and mitigation measures

38. The overall risk for CRALEP is deemed moderate. This risk level has been determined based on an assessment of the country context, fiduciary and institutional risks.

39. The country's inherent fiduciary risk rating is high. Bangladesh has a score of 24/100 and is ranked 149th out of 180 countries in the Corruption Perceptions Index 2022 published by Transparency International. Overall, the inherent financial management risk at design is considered substantial, due to high country, entity and project-specific risks across the six financial management pillars. Although mitigating measures will be included in the loan covenants, they are not sufficient to reduce the residual risk at this time.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Substantial	Substantial
Sector strategies and policies	Moderate	Moderate
Environment and climate context	Substantial	Substantial
Project scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Substantial
Project procurement	Moderate	Moderate
Environment, social and climate impact	Substantial	Moderate
Stakeholders	Moderate	Moderate
Overall	Moderate	Moderate

B. Environment and social category

40. The environmental and social risks of the project have been assessed as moderate. Potential risk from infrastructure includes adverse impacts on wetlands, ecosystem services and cultural heritage, and will be managed through community engagement in site selection, strategic partnerships and feasibility studies. Risks to ethnic minorities are low due to the project design and are managed through an ethnic minority plan. Based on best practices, measures will be put in place to ensure worker safety and effective labour management by contractors and LCS.

C. Climate risk classification

41. The project's climate risk has been assessed as substantial. Both regions face severe climate hazards, including changes in precipitation and temperature, and increased frequency of extreme events (droughts, floods, storms, heatwaves), which affect livelihoods and agriculture. Proposed adaptation measures include improving market access, diversifying livelihoods and climate-proofing infrastructure. The project will not increase greenhouse gas emissions, with potential – though minimal – carbon sequestration benefits from NbS.

D. Debt sustainability

42. The June 2024 International Monetary Fund report on Bangladesh determines the country's risk of debt distress as low. The concessionality of debt increases in the short run, reflecting additional disbursements. However, it is projected to decline over the medium term, as Bangladesh graduates from least developed country status and income levels rise. Multilateral donor financing is projected to contribute around 50 per cent of total external financing in the near term, gradually declining to 30 per cent by the 2044 fiscal year. The average nominal interest rate on external debt is projected to be 2.7 per cent in the 2034 fiscal year.

IV. Implementation**A. Organizational framework****Project management and coordination**

43. The Government of Bangladesh, represented by the Economic Relations Division of the Ministry of Finance, is the borrower. The Local Government Engineering Department of the Ministry of Local Government, Rural Development and Cooperatives is the executing agency.

44. A project steering committee (PSC) headed by a secretary of the Local Government Division will be established, which will provide overall strategic guidance, monitor overall implementation progress, facilitate inter-agency coordination required for smooth project implementation, and resolve any outstanding issues requiring high-level decisions. The committee will meet at least once a year or whenever necessary to review the progress of project implementation.
45. In addition to the PSC, a project implementation committee, headed by the chief engineer of LGED, will be established to provide assistance or suggestions for the implementation of project activities, and resolve problems arising during implementation. The project implementation committee will meet at least once a year or whenever necessary.

Financial management, procurement and governance

46. **Financial management.** The project management unit (PMU) will have a well-staffed financial management section, including a finance manager, accounts officer and assistants. Staff will be recruited on competitive salaries and with the required qualifications, following IFAD's guidelines. Financial management staff will undergo IFAD training and adhere to a detailed job description and the terms outlined in the PIM.
47. **Disbursement arrangements.** IFAD funds will be disbursed to a designated account with Bangladesh Bank, with operational accounts to be managed by a publicly listed bank. The project will maintain separate accounts for IFAD and government funds, and financial management procedures will be detailed in the PIM.
48. **Annual workplans and budgets** will guide all project activities, based on the project design report and financing agreement, subject to approval by the PSC and prior written clearance from IFAD (no objection). The PSC will conduct a midyear review to assess progress against the annual workplan and budget and approve any required adjustments, revisions or remedial measures.
49. **Internal controls** will include competent personnel, adequate reporting and record-keeping, asset safeguards and anti-fraud measures. Two internal audit consultants will be engaged specifically for the IFAD-funded projects. The terms of reference should be submitted to IFAD for no objection.
50. **Accounting systems and reporting.** The project will use International Public Sector Accounting Standards cash-basis reporting and appropriate accounting software. The PMU will maintain detailed records and submit quarterly, annual and audited financial reports to IFAD.
51. **External audits** will be conducted by the Foreign Aided Projects Audit Directorate, ensuring adherence to international standards. The PMU will ensure timely completion and submission of audit reports, and will address audit findings promptly.
52. **Procurement** will follow Bangladesh's Public Procurement Rules 2008, consistent with IFAD's Project Procurement Guidelines. Goods and works will be procured via the Bangladesh e-Government Procurement (e-GP) portal, while consultancy services will be procured manually. The project will obtain IFAD's no objection for contracts subject to prior review through IFAD's Online Project Procurement End-To-End System (OPEN). A procurement specialist will be recruited to oversee the process.

Target group engagement, feedback and grievance redress

53. The project incorporates extensive consultations with target groups, drawing on past experience from the HILIP and PROVATI³ projects. During implementation, the PMU of LGED will engage beneficiaries in various ways:
 - **Road construction.** In Haor and High Barind, villagers will provide input on road design and construction through meetings discussing local conditions and anticipated benefits.

- **Market development.** Consultations will involve market management committees, shop owners and buyers in High Barind to discuss market set-up and management, and in Haor for market rehabilitation.
- **Village internal services.** Villages are selected based on levels of poverty, climate vulnerability and infrastructure needs, with communities actively involved in both the design and construction phases. Local labour will be employed, and maintenance committees will be established to manage internal services.
- **Village protection system.** Communities will participate in identifying priority areas and constructing and maintaining protection walls.
- **Vocational training.** Local groups will oversee outreach and enrolment, with ongoing support provided to trainees.
- **LCS development.** LCS groups will be formed following established procedures for market development.

54. During implementation, regular community meetings will be held to update community members on progress, with participation from community facilitators, programme representatives and local authorities. The project will also build capacity among stakeholders – including LGED staff – to implement safeguards, engage stakeholders, and apply participatory approaches effectively, ensuring strong community involvement and robust feedback mechanisms.

Grievance redress

55. A grievance redress mechanism (GRM) will be established to ensure that programme participants can raise concerns using various access points, including by telephone, complaints boxes, a website, e-mail and postal correspondence. The GRM will be publicized in the local language at community level and will adhere to established standards to ensure accessibility and confidentiality. The mechanism will operate at *upazila*, district and national levels, addressing matters including non-compliance, fraud, corruption and sexual harassment. Information about the GRM will be widely communicated to affected populations.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

56. Planning for CRALEP starts with the development of the AWPB, which aligns budget allocations, activity implementation and monitoring efforts with the project's objectives. The PMU will adopt a participatory approach to develop the AWPB, which will serve as a key monitoring and evaluation tool to track progress against established indicators.
57. Monitoring and evaluation (M&E) will be guided by a comprehensive plan, incorporating lessons learned from PROVATi³ to integrate best practices. The M&E plan will define roles and responsibilities to ensure effective oversight of project activities. The M&E system will track project indicators, prevent duplication and include a geospatial component to accurately map beneficiary locations. It will integrate with existing systems and provide interactive access for stakeholders.

58. Knowledge management and communications will be guided by a dedicated plan, supporting evidence generation and facilitating stakeholder feedback. The project will use learning and knowledge management activities to synthesize best practices and lessons learned, building on previous IFAD projects. Case studies will showcase successful practices, while policy engagement will focus on infrastructure impacts, NbS and innovations in climate services. Findings will be shared through dialogues, workshops and presentations.

Innovation and scaling up

59. Innovation remains a key priority for the project. Lessons from previous IFAD-financed projects of a similar nature show that successful initiatives have been scaled by the Government of Bangladesh and other development partners. The project aims to strengthen LGED's innovation capacity in climate mainstreaming, NbS and alternative construction materials. It will also support the deployment of early warning systems to improve climate preparedness, reduce agricultural production and asset losses, decrease maintenance costs of grey infrastructure, and promote sustainable, resilient communities. Project initiatives will be scaled up by embedding best practices into LGED operations and strengthening the capacity of local institutions – such as market management committees and LCS – for infrastructure maintenance.

C. Implementation plans

Implementation readiness and start-up plans

60. LGED has a wealth of experience in implementing IFAD-financed projects and coordinating with local partners – such as microfinance institutions, local NGOs and training institutes – which will be leveraged to ensure strong implementation readiness and a timely project start-up. The PMU will receive initial support from PROVATI³ to carry out essential recruitments and set up offices and systems. IFAD will field a start-up mission immediately after the project enters into force to support start-up readiness.

Supervision, midterm review and completion plans

61. Annual supervision missions, implementation support missions, the midterm review and the completion reviews will be conducted jointly by the Government of Bangladesh and IFAD. IFAD will mobilize experts to facilitate these missions. A minimum of six supervision missions and four implementation support missions will be carried out over the course of the project.

V. Legal instruments and authority

62. A financing agreement between the People's Republic of Bangladesh and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
63. The People's Republic of Bangladesh is empowered under its laws to receive financing from IFAD.
64. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

65. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the People's Republic of Bangladesh in an amount of fifty-one million five hundred and ninety thousand special drawing rights (SDR 51,590,000) equivalent to seventy million United States dollars (US\$70,000,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement Climate Resilience and Livelihood Enhancement Project

(Negotiations concluded on 16/06/2025)

Loan No: _____

Project name: *Climate Resilience and Livelihood Enhancement Project* ("the Project" or "CRALEP")

People's Republic of Bangladesh (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Loan is fifty-one million five hundred and ninety thousand Special Drawing Rights (SDR 51 590 000).

2. The Loan is granted on blend terms and shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency and shall have a maturity period of twenty five (25) years,

including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.

The principal of the Loan granted on blend terms will be repaid in equal instalments.

3. The Loan Service Payment Currency shall be in United States Dollars (USD).
4. The first day of the applicable Fiscal Year shall be 1 July.
5. Payments of principal interest, and service charge shall be payable on each 1 April and 1 October.
6. There shall be a Designated Account in United States Dollars (USD), for the exclusive use of the Project opened in the Bangladesh Bank. Designated Accounts for the Project shall be opened within four (4) weeks of the date of signing of the Financing Agreement. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There shall be Project operational accounts in Bangladeshi Taka (BDT) with a publicly listed commercial bank that is licensed by the Bangladesh Bank.
8. The Borrower shall provide counterpart financing for the Project in the equivalent amount of thirty-one million seven hundred and fifty thousand United States Dollars (USD 31 750 000) in the form of taxes, duties and other project management costs.

Section C

1. The Lead Project Agency shall be the Local Government Engineering Department (LGED).
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
3. The Project Completion Date shall be the sixth (6th) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.
4. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Loan and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The PIM and/or any provision thereof, has been waived, suspended, terminated, amended, or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

- (b) The Borrower did not request a disbursement of the Financing, following the first 18 months of the Project Implementation Period, for a period of at least 12 consecutive months without justification from the Borrower.
 - (c) The Key Project Personnel as established in paragraph 10, Section I, Schedule 3 has been removed from the Project without prior consultations with the Fund, with the exception of the Project Director who will be appointed directly by the Borrower
2. The following are designated as additional general conditions precedent to withdrawal:
- (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained.
 - (b) Key Project Personnel shall have been appointed as per paragraph 10, section I, Schedule 3 of this Agreement.
 - (c) The Designated account referred to in paragraph 6 section B above, shall have been duly opened by the Borrower and the authorized signatories shall have been submitted to the Fund.
3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the People's Republic of Bangladesh:

Secretary
Economic Relations Division
Ministry of Finance
Government of the People's
Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

PEOPLE'S REPUBLIC OF BANGLADESH

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Alvaro Lario
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit agricultural laborers, artisans, marginal and small farmers, fishing communities, other small producers, non-agricultural producers, and poor young men and women.
2. *Project area.* The Project will cover Haor and Barind regions of Bangladesh (the "Project Area").
3. *Goal.* The goal of the Project is to significantly reduce poverty and increase climate resilience by mitigating the adverse impacts of climate change in flood-prone Haor and drought-prone High Barind regions.
4. *Objectives.* The objective of the Project is to strengthen community resilience and well-being through climate resilient infrastructure and diversified livelihoods that integrate nature-based solutions and climate information services.
5. *Components.* The Project shall consist of the following Components:
 - 5.1 Component 1: Climate proofed village road connectivity and market improvement.
 The outcome of Component 1 will be increased market accessibility, improved livelihood options, and expanded access to social services for community members. This component focuses on connecting villagers with markets, institutions, and services, which in turn also encourages investments in the villages. All infrastructure will have enhanced engineering specifications to withstand the adverse effects of climate change. Component 1 is divided into four subcomponents.
 - 5.1.1 *Sub-Component 1.1:* Village Road connectivity in Haor areas;
 - 5.1.2 *Sub-Component 1.2:* Village Road connectivity in Barind area;
 - 5.1.3 *Sub-Component 1.3:* Rural market improvement in Barind and Haor;
 - 5.1.4 *Sub-Component 1.4:* Boat landing platform (Ghat).
 - 5.2 Component 2: Village services for resilient communities in Haor region.
 The outcome of Component 2 will be improved village protection, living conditions, and resilience against wave action and severe weather events. This component is to provide internal walkways, safe water and sanitation facilities, and nature-based low-cost protection for the homesteads and livelihoods, which in turn will also reduce climate migration. The Project villages will be selected using predetermined criteria to prioritize poorer, vulnerable and remote villages with non-existent internal services. The village communities will be organized and trained to maintain this minor infrastructure. Component 2 is divided into three subcomponents.
 - 5.2.1 *Sub-Component 2.1:* Village internal services (walkways, safe drinking water and sanitation, common community space);
 - 5.2.2 *Sub-Component 2.2:* Killa for temporary storage of harvests and shelter;
 - 5.2.3 *Sub-Component 2.3:* Low-cost nature-based village protection system in Shallow Haor (VPS).

5.3 Component 3: Livelihood diversification and resilience.

The outcome of Component 3 is to obtain diversified wage and self-employment opportunities for young men and women and members of the LCS. This component focuses on the enhancement of technical and management skills of young men and women for preparing them for wage and self-employment. The unique feature of this component will be three interrelated elements: selection of young women and men from poor families, demand-driven vocational training and placement for wage-employment through a network of employers or assistance for self-employment, including access to credit. LCS members will be provided training on livelihoods to place them on an empowerment pathway to eradicate poverty. Component 3 is divided into three subcomponents.

5.3.1 *Sub-Component 3.1: Vocational training for employment creation for youth;*

5.3.2 *Sub-Component 3.2: Entrepreneurship training for youth;*

5.3.3 *Sub-Component 3.3: Sustainable livelihoods for LCS members.*

5.4 Component 4: Capacity development, climate information services, and innovation.

The outcome of Component 4 is to strengthened innovation capabilities of the LGED in climate mainstreaming, deploying advanced weather warning systems, and promoting nature-based solutions and other technologies. This component directly addresses climate issues by providing early flash flood and drought warning to the communities, as well as capacity building of LGED and piloting innovative ideas. Component 4 is divided into four subcomponents.

5.4.1 *Sub-Component 4.1: Capacity building of CReLIC;*

5.4.2. *Sub-Component 4.2: FFEWS in Haor and drought forecasting in Barind for community resilience;*

5.4.3 *Sub-Component 4.3: Innovation in construction, materials, and livelihood diversification;*

5.4.4 *Sub-Component 4.4: Policy and dissemination.*

II. Implementation Arrangements

6. *Lead Project Agency.* The Lead Project Agency shall be the Local Government Engineering Department (LGED).
7. *Project Steering Committee and Project Implementation Committee* A Project Steering Committee (PSC) (i.e., implementation and steering committee IMSC), headed by the Secretary, Local Government Division (LGD), will be established, which will provide overall strategic guidance, monitor overall implementation progress, facilitate interagency coordination required for smooth Project implementation, and resolve any outstanding issues requiring high-level decisions. The PSC will review and endorse the AWPB, monitor Project progress, and ensure alignment with national policies and strategies. A Project Implementation Committee (PIC), to be chaired by the Chief Engineer of the Local Government Engineering Department, shall be constituted in accordance with the relevant guidelines of the Borrower, with a mandate to provide strategic guidance and oversight for the implementation of the Project.
8. *Project Management Unit.* The LGED will establish a Project Management Unit (PMU) headed by a senior engineer as the Project Director. Several LGED officials will be deputed to the Project. The Project will hire the necessary contractual officials as stipulated in Project design document. The PMU will have four tiers: PMU/Dhaka at LGED Head Quarters, three Regional Offices in Chapai Nawabganj, Kishoreganj and

Sunamganj, eight District Offices and 33 Upazila LGED offices. All these PMU offices and respective project officials will be housed in LGED respective District Offices and Upazila Offices.

9. *Implementing partners.* The Local Government Division (LGD) on behalf of the Ministry of Local Government, Rural Development and Cooperatives (LGRDC) will supervise the Project execution and will preside over the Project Steering Committee (PSC). The Local Government Engineering Department (LGED) under the LGD is the Project Executing Agency (EA). LGED will implement Project activities through contracts with service providers and Memorandum of Understanding (MoU) with specialized institutions. (IA)..
10. *Monitoring and Evaluation.* The Project's Management Information System (MIS) and Monitoring and Evaluation System (M&E) will monitor the Project's progress and evaluate the project's achievements.
11. *Knowledge Management.* Knowledge Management (KM) activities for CRALEP will incorporate an ongoing process of learning and evidence generation based on the quantitative and qualitative data collected. The KM tools developed will synthesize best practices and lessons learned to provide feedback to the team and relevant project stakeholders. The Project will leverage information produced within the fourth component, identifying innovative products developed and training processes conducted.
12. *Project Implementation Manual.* The Project Implementation Manual (PIM) has been prepared to guide the Project Management Unit (PMU) to implement all Project activities as per Project design documents and annual work plans. The PIM provides an outline of the overall Project components and their implementation process. The PIM has been reviewed and approved by LGED and IFAD. The Project Management Unit (PMU), established within the Local Government Engineering Department (LGED) and responsible for implementing this Project, will seek IFAD's approval for future amendments and revisions.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category		Loan Amount Allocated (expressed in SDR)	Percentage of eligible expenditure (net of taxes and co-financing)
I	Works	38 720 000	100%
II	Training and workshops	7 600 000	100%
III	Consultancies	3 070 000	100%
IV	Equipment and materials	1 980 000	100%
V	Operating costs	220 000	100%
TOTAL		51 590 000	

(b) The terms used in the Table above are defined as follows:

- (i) "Works" under category I shall also include roads, market improvement, killas, ghats, walkway, sanitation and other infrastructure works.
- (ii) "Training and workshops" under category II, shall include eligible expenditures for capacity building and training of project stakeholders including beneficiaries LCS, CRALEP, DAE, NGOs, etc.
- (iii) "Consultancies" under category III, shall include studies, surveys, training consultants and technical assistance for the PMU, regions, districts, and Upazilas.
- (iv) "Equipment & Materials" under category IV, shall mean eligible expenditures for vehicles, machinery, and other equipment.
- (v) "Operating costs" under category V, shall mean eligible expenditures for the operation and maintenance of vehicles, machinery, and other equipment.

2. *Disbursement arrangements*

- (a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500 000. Activities to be financed by Start-up Costs will require the no objection of IFAD to be considered eligible.
- (b) *Audit arrangements .* The Foreign Aided Projects Audit Directorate (FAPAD) of the Office of the Comptroller & Auditor General (OCAG) of Bangladesh will audit CRALEP. FAPAD is a specialized arm of the Office of the OCAG, the Supreme Audit Institution (SAI) of Bangladesh. The annual audit reports shall be submitted to IFAD not later than six (6) months after the fiscal year end.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customized accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender.* The Borrower shall ensure that out of total targeted beneficiaries, at least 40% will be women and at least 40% will be youth.
5. *Small ethnic groups.* The Borrower shall ensure that the concerns of Small ethnic groups are given due consideration in implementing the Project and, to this end, shall ensure that:
 - (a) The Project is carried out in accordance with the applicable provisions of the relevant Small ethnic group's national legislation;
 - (b) Small ethnic groups are adequately and fairly represented in all local planning for Project activities;
 - (c) Small ethnic groups rights are duly respected;
 - (d) Small ethnic groups , participate in policy dialogue and local governance;
 - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected;
 - (f) The Project will not involve encroachment on traditional territories used or occupied by indigenous communities.
6. *Land tenure security.* The Borrower shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.
7. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the

IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

9. *Use of Project Vehicles and Other Equipment.* The Borrower shall ensure that:

- (a) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
- (b) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.

10. The Key Project Personnel are: Project Director, appointed by LGD and main specialists recruited through a competitive selection including, Financial Specialist, Monitoring and Evaluation Specialist, Procurement Specialist, Social Inclusion and Gender Specialist, and Environment and Climate Assessment Specialist. In order to assist in the implementation of the Project, the PMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the PMU in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel and their dismissal is subject to IFAD's prior review and No Objection, except for the Project Director who will be appointed directly by the Borrower. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

II. SECAP Provisions

1. For projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the [Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans] (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).

2. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

3. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project -affected area, in a form and language understandable to Project -affected

persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

4. The Borrower shall ensure or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project -affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

6. The Borrower shall ensure or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.

7. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

8. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach Project outreach in terms of beneficiaries receiving project services and corresponding households and HHs members	1 Persons receiving services promoted or supported by the project				MIS/MES	semester/annual	LGED	4.3 members in average per household. National average distribution for female and young people.
	Number of Males	0	201124	670413				
	Number of Females	0	201124	670413				
	Number of Young people	0	281573	938578				
	Total number of persons receiving services	0	402248	1340826				
	1.a Corresponding number of households reached				MIS/MES	semester/annual	LGED	
	Number of Women-headed households	0	14032	46773				
	Number of Non-women-headed households	0	79514	265047				
	Number of Households	0	93546	311820				
	1.b Estimated corresponding total number of households members				MIS/MES	semester/Annual	LGED	
Household members	0	402248	1340826					
Project Goal To significantly reduce poverty and increase climate resilience by mitigating the adverse impacts of climate change in flood-prone Haor and drought-prone High Barind regions.	HHs reporting increase in income				COI HH survey	BL, MT, End	LGED	
	Percentage of households	0	5	15				
	HHs reporting improvement in household assets				HH survey - FAO FIES methodology (to be added to COI)	BL, MTR/PCR	LGED	
	Households - Percentage	0	5	15				
Development Objective To strengthen community resilience and well-being of particularly youth population with climate resilient infrastructure and diversified livelihoods that integrate nature-based solutions and climate information services.	2.2.1 Persons with new jobs/employment opportunities				COI HH survey	BL, MT, PCR	LGED	
	Number of Males	0	5760	14400				
	Number of Females	0	2400	6000				
	Number of Young people	0	8160	20400				
	Total number of persons with new jobs/employment opportunities	0	8160	20400				
	SF.2.1 Households satisfied with project-supported services							
	Number of Household members		321798	1072661				
	Households - Percentage		24	80				
	Number of Households		74837	249456				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers							
	Household members		60604	202014				
	Number of Women-headed households		1409	4698				
	Households Percentage		5	15				

	Number of Households		14094	46980				
	% of Households increase the Ability to Recover from Shocks (ATR) - Resilience Capacity				COI survey	HH	BL, MT, End	LGED
	Increase ATR (%) - Percentage (%)		40	80				
Outcome Outcome 1: Increased market accessibility, improved livelihood options, and expanded access to social services for community members.	2.2.6 Households reporting improved physical access to markets, processing and storage facilities							4.3 members in average per household. National average distribution for female and young people.
	Households reporting improved physical access to markets - Percentage		11	35				
	Size of households (Number of people)		141565	471882				
	Number of households reporting improved physical access to markets		32922	109740				
Output Output 1: Climate resilient village road connectivity and market improvement	2.1.5 Roads constructed, rehabilitated or upgraded				MIS/MES		semester/annual	LGED
	Length of roads (Km)	0	100	334				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							
	Total number of facilities		34	58				
	Number of boat landing ghats constructed				MES/MIS		semester/annual	LGED
	Total number of ghats	0	17	34				
Outcome Outcome 2: Improved village connectivity, living conditions, and resilience against wave action and severe weather events.	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI Outcome survey		BL, MTR, PCR	LGED
	Total number of household members		77400	258000				
	Households - Percentage (%)		6	19				
	Number of Households	0	18000	60000				
	1.2.3 Households reporting reduced water shortage vis-à-vis production needs							
	Households - Percentage (%)		6	19				
	Number of Households		18000	60000				
	Total number of household members (Number of people)		77400	258000				
Output Output 2: Village services for resilient community in Haor area	Villages supported with walkways constructed, sanitation and safe water projects implemented				MES		semester/annual	LGED
	Number of villages	0	72	240				
	Number of tube wells installed	0	216	720				
	Number of toilet block built	0	144	480				

	Paved walkways constructed (number of km)	0	22	72				
	Storage and shelter facilities constructed (Killas)				MES	semester/annual	LGED	
	Number of Killas constructed	0	22	72				
	VPS implemented in shallow Haor							
	Number of VPS implemented	0	84	280				
Outcome Outcome 3: Diversified wage and self-employment opportunities for young men and women and members of the LCS	Households reporting improved diversification in their income				COI HH survey	BL, MT, End	LGED	
	Households reporting improved income diversification (%) - Percentage (%)	0	5	15				
	Household members reporting improved income diversification - Number	0	60604	202014				
	Total no. of households reporting improved income diversification - Number	0	14094	46980				
Output Output 3: Diversification of livelihoods	Young people received vocational training for employment creation				MES	semester/annual	LGED	
	Young men trained - Number		7200	24000				
	Young women trained - Number		3000	10000				
	Total young people trained - Number		10200	34000				
	Young people trained in entrepreneurship				MES	semester/annual	LGED	

	Young men trained in entrepreneurship - Number		2100	7000							
	Young women trained in entrepreneurship - Number		900	3000							
	Total young people trained in entrepreneurship - Number		3000	10000							
	LCS members trained on family-based income generating program								MES	semester/annual	LGED
	Men - Number		179	596							
	Women - Number		715	2384							
	Total LCS members trained on IGAs - Number		894	2980							
Outcome Outcome 4: Strengthened capabilities of the LGED in climate mainstreaming, deploying advanced weather warning systems, and promoting nature-based solutions and other technologies	Number of innovative technologies disseminated							Persons provided with climate information: One person per household. 85% female head household and 40% young people.			
	Number of innovative technologies disseminated - Number	0	1	5							
Output Output 4: Capacity building, weather services and innovation	Number of LGED staff trained on Climate change, Climate resilient infrastructure, project evaluation etc.				MES						
	Men - Number	0	42	140							
	Women - Number	0	18	60							
	Total person trained (#) - Number	0	60	200							
	3.1.2 Persons provided with climate information services										

	Males - Males	0	80922	265047				
	Females - Females	0	14280	46773				
	Young - Young people		38081	124728				
	Persons provided with climate information services - Number of people	0	95202	311820				
Flesh Flood Early Warning System (FFEWS) and drought system developed								
	Number - Number	0	1	1				
Drought warning and dissemination system developed								
	Number - Number	0	1	1				
Number of innovative technologies tested/piloted								
	Number - Number	0	2	5				
Policy 1 Policy-relevant knowledge products completed								
	Number - Knowledge Products		1	5				

Integrated project risk matrix

I. Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Substantial	Substantial
Political Commitment	Substantial	Substantial
Governance	Substantial	Substantial
Macroeconomic	Substantial	Substantial
Fragility and Security	Moderate	Moderate
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Low	Low
Policy Development and Implementation	Moderate	Moderate
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Project vulnerability to climate change impacts	Substantial	Substantial
Project Scope	Moderate	Moderate
Project Relevance	Moderate	Moderate
Technical Soundness	Moderate	Moderate
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Implementation Arrangements	Moderate	Moderate
Monitoring and Evaluation Arrangements	Moderate	Moderate
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial
Project Budgeting	Substantial	Substantial
Project Funds Flow/Disbursement Arrangements	High	High
Project Internal Controls	High	High
Project Accounting and Financial Reporting	Substantial	Substantial
Project External Audit	Substantial	Substantial
Project Procurement	Moderate	Moderate
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
A.2 Institutional Framework and Management Capacity	Substantial	Substantial
A.3 Public Procurement Operations and Market Practices.	Substantial	Substantial
A.4 Accountability, Integrity and Transparency of the Public Procurement System	Substantial	Substantial
B.1 Assessment of Project Complexity	Moderate	Moderate
B.2 Assessment of Implementing Agency Capacity	Moderate	Moderate
Project Procurement Overall	Moderate	Moderate
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Moderate	Moderate
Resource Efficiency and Pollution Prevention	Moderate	Moderate
Cultural Heritage	Low	Low
Indigenous People	Low	Low
Labour and Working Conditions	Moderate	Moderate
Community health, safety and security	Moderate	Moderate

Risk Category / Subcategory	Inherent risk	Residual risk
Physical and Economic Resettlement	Low	Low
Financial intermediaries and direct investments	Low	Low
Climate change	Substantial	Substantial
Stakeholders	Moderate	Moderate
Stakeholder Engagement/Coordination	Low	Low
Stakeholder Grievances	Moderate	Moderate
Overall	Moderate	Moderate
Country Context	Substantial	Substantial
Political Commitment	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • Elections or changes in LGED leadership could impact the priorities of the Ministry. Political instability and leadership changes can result in shifts in policy focus, resource allocation, and support for ongoing projects. This can disrupt project continuity, lead to re-evaluation of project components, or cause redirection of funds. Furthermore, the risk of slow start-up due to delays in government processes is heightened by bureaucratic inefficiencies and procedural bottlenecks. These delays can stem from lengthy approval processes, changes in regulatory requirements, and the need for extensive consultations and revisions. These factors collectively pose significant risks to the timely and effective implementation of the project. 	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> • LGED is a well-established institution and has a long history with IFAD, with several projects managed successful during / after electoral transitions. • LGED will prepare Development Project Pro-forma (DPP) as per GOB system. The DPP preparation will begin after completion of PDR. LGED has already appointed a team to work with IFAD mission. 		
Governance	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • Risk related to governance failures that may undermine project implementation. Government processes leading up to the start-up of activities (e.g., preparation and revision of the DPPs) are quite cumbersome and can delay project implementation. Additionally, the political situation in Bangladesh poses significant risks, as the country reported the lowest score in the 2023 Corruption Perception Index, ranking 10th from the bottom. This high level of perceived corruption may further hinder project progress and effectiveness. 	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> • The country team supports with the preparation and revision of the DPPs for the proposed additional financing phase • Liaise with key persons to expedite approval processes 		
Macroeconomic	Substantial	Substantial

<p>Risk:</p> <p>The macroeconomic outlook is expected to stabilize and remain with real GDP growth at 5.4% in 2024 and showing an upward trend of 6.6% in 2025 (IMF staff estimates and projections, 2024). This is mainly due to the import compression which was 31% of GDP in 2022 and dropped to 4% in 2024, and export growth from US \$ 36,903 million in 2021 to US\$ 55,076 million in 2024. Inflation is projected to remain elevated at approximately 9.4% (year-on-year) in 2024, with a projection of dropping it to 5.8% in 2025, with projected lower global food and commodity prices and improving exports. Medium- and long-term external public debt is showing an increase from US\$ 65,482 million in 2022 to US\$ 74,007, a 13% increase, but the percentage of debt out of GDP remains at 15% and 17% in the two years respectively. There is a growth in the foreign direct investment from 3% to 4% during the two-year period from 2022. The foreign exchange market has experienced significant fluctuations. In response, Bangladesh Bank (BB) has allowed greater exchange rate flexibility resulting the Taka depreciated by 15.2% against the U.S. dollar in 2023 with and 4.5% in real effective terms. The current account deficit has narrowed considerably (0.7% of GDP in 2023 compared to 4.1% of GDP in 2022). Net international reserves however declined to US\$20 billion as of October 31, 2023 from US\$ 28 billion in 2022. The overall indication of these trends is that there are uncertainties surrounding the economic outlook. However, the growth, stability and therefore the return to public investment risks predominantly leaning towards the downside and be moderate.</p> <p>Risk</p> <ul style="list-style-type: none"> • Price escalation of various construction works and inputs as import compression during project implementation and associated risk of reduction in project output. • Foreign exchange rate variations with an upward trend. 	Substantial	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • LGED has established rules for revising costs with variations in market prices, in line with GoB rules. The cost estimation by IFAD has built in appropriate price escalation taking inflation rate into account, and price and physical contingencies. • All construction materials will be procured locally. Price escalation is built into the COSTAB. Foreign exchange forecast will be applied at disbursement based on past experience. GOB and other reputed sources will be used for determining the forex rate in the COSTAB. 		
Fragility and Security	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • Political volatility may adversely impact the performance of public institutions. • Bangladesh is prone to extreme climate events, particularly tropical cyclones in southern and southeastern coastal areas. If the scale of natural disasters is large, it may impact time / resource allocation of CRALEP some partner institutions (e.g., BMD, LGED engineers may be additionally deployed for reconstruction efforts, etc.). 	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • LGED performed well even in volatile political environment. The works of LGED have widespread political and social support. • In general, the project will work closely to monitor emergencies; partners for early warning systems have strong commitment to CRALEP activities (since flash floods and drought also cause regular socio-economic losses). Besides PMU, LGED is hiring technical and administrative consultants at various levels. CRALEP will engage with local NGOs and vendors / contractors where feasible to ensure minimal disruptions. LGED, through IFAD projects, has been building local capacity for implementation (e.g., Labour Contracting Societies). 		
Sector Strategies and Policies	Moderate	Moderate
Policy alignment	Low	Low

Risk: While the project aligns well with national policies and IFAD's strategic priorities, there is a risk associated with potential changes in rural infrastructure development policies by the Government of Bangladesh. Such changes could impact project implementation through policy shifts, budget reallocations, and new regulatory requirements. To mitigate these risks, continuous policy monitoring, strong stakeholder engagement, flexible project design, and contingency planning are necessary to adapt to any policy changes without significant disruptions.	Low	Low
Mitigations: <ul style="list-style-type: none"> • Rural infrastructure development is a high priority of the GOB. IFAD will periodically review any changes in the GOB policies and adjust accordingly. 		
Policy Development and Implementation	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • Less emphasis on development of Haor area. <ul style="list-style-type: none"> o There is a moderate risk that the Government of Bangladesh may place less emphasis on the development of the Haor area, which could impact the allocation of resources and attention to these regions. This could slow down progress and affect the achievement of project objectives in the Haor area. o Supporting Info: Historically, the Haor area has received fluctuating levels of attention in national development plans. Any shift in focus away from this region could lead to reduced investment and support for infrastructure and social development projects. • Less emphasis on skill development and vocational training. <ul style="list-style-type: none"> o There is a moderate risk that policies may not prioritize skill development and vocational training, which are crucial for enhancing local employment opportunities and economic growth. Insufficient emphasis could lead to gaps in the workforce's ability to meet the demands of evolving job markets. o Supporting Info: While there are ongoing initiatives for skill development, there is variability in policy emphasis and resource allocation. Shifts in government priorities could deprioritize these initiatives, impacting the long-term sustainability and effectiveness of the project. 	Moderate	Moderate
Mitigations: <ul style="list-style-type: none"> • Development of Haor and other climate vulnerable areas is high priority of the government as reflected in all development plans. IFAD will periodically review any changes in this regard. • Skill development and vocational training for youth employment are high priority of the government. IFAD will periodically review any changes in this regard. 		
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • Contaminated soil or water in the Haor region due to poor baseline conditions (flooding-induced, poor water and sanitation) may affect the watershed as a whole, in turn posing risks to tubewell / handpump for villages and water connections for markets. • Changes in river flow or siltation, particularly due to activities in upstream riparian provinces or countries, may <ul style="list-style-type: none"> o negatively impact the effectiveness of climate-resilient infrastructure and Nature-based Solutions. At the same time, improperly implemented NbS may introduce or worsen existing risks (i.e., maladaptation). o complicate flash flood forecasting models. • High Barind has low seismic risks, but Haor falls in a more active seismic zone. 	Moderate	Moderate

Mitigations: <ul style="list-style-type: none"> • Design of water and sanitation infrastructure within communities will determine appropriate design / location to assess and avoid existing sources of contamination. • While risks due to activities in the upper riparian zones are unavoidable, project will improve early warning systems (including expansion of the observation network) to reduce risks to people's lives and their assets. • The Bangladesh Meteorological Department (BMD), Institute of Water and Flood Modelling (IWFM) and Institute of Water Modelling (IWM) are aware of variables that drive uncertainties / errors in the forecasting models. Therefore, observational data from new equipment and mapping products will be used to improve these models. • The choice, scale and location of NbS will consider potential trade-offs, and be designed to complement the effectiveness / longevity grey infrastructure (roads, boat landings, killas). The project is also setting aside funds to conduct research in the project context and further develop evidence. • Where feasible, project-supported infrastructure (single-storey open sheds in existing marketplaces, toilet blocks) will be in geographies with reduced risk of earthquakes. In general, design standards will take earthquake resistance into account in line with GOB norms and regulations. Finally, the nature of CRALEP project infrastructure is not expected to increase risks (during earthquakes) to people or their assets. 		
Project vulnerability to climate impacts	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • Infrastructure or Nature-based Solutions funded by the project may be destroyed by floods or excessive sedimentation during flash floods. • Extreme climate events (e.g. floods, drought) may result in loss of lives and/or damage livelihood assets (including housing). When the intensity or frequency of events increase, it may have multiplier effects on resilience and erode project benefits. Extreme climate events that affect agricultural production (crops, fishery) might affect food security and income of target households, with effects on project outcomes and impacts. 	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> • The project focuses on appropriate design of climate-resilient infrastructure, combined with Nature-based Solutions, through technical feasibility studies (including through use of hydrological data and modelling). All infrastructure will be designed to work with local ecological / topographical conditions and avoid / reduce climate risks. For example: roads will be submergible in the Haor region. • Project will also work with communities through Participatory Rural Appraisal (PRA) to understand historic inundation levels in both Haor and Barind (since floods do occur in both regions) to ensure the design and site selection for infrastructure is carefully done. • To reduce climate impacts on livelihoods, project is supporting the diversification of livelihoods through off-farm vocational training, income generation (Local Contracting Societies), and entrepreneurial training. • Bangladesh has developed very good disaster reduction strategies over the decades to reduce loss of lives. Under CRALEP, climate information services for drought forecasting and flood warnings will be improved (i.e., quality of data, models and dissemination). More robust information and additional lead time will support anticipatory action on the part of communities. Project will support alternate income generation activities to strengthen food security and income resilience of target households. 		
Project Scope	Moderate	Moderate
Project Relevance	Moderate	Moderate

<p>Risk:</p> <p>Although no immediate risk is envisaged regarding the project's relevance, it is essential to highlight its alignment with IFAD's priorities and the country COSOP, particularly in strengthening climate adaptation and mitigation capacities of vulnerable communities. The project targets regions with some of the highest poverty levels in Bangladesh, namely the Haor and Barind areas, which face severe climate vulnerabilities and socio-economic challenges.</p> <ul style="list-style-type: none"> • Haor Region: <ul style="list-style-type: none"> o The Haor region experiences 5-7 months of natural inundation annually, with frequent floods and wave action that erode villages, threaten livelihoods, and make road communication difficult during the dry season. Access to safe drinking water and sanitation is also poor. These conditions necessitate focused interventions for climate adaptation and infrastructure development to improve living conditions and resilience. • Barind Region: <ul style="list-style-type: none"> o The High Barind region is characterized by prolonged droughts, heat waves, depleting groundwater levels, poor soil quality, low agricultural productivity, and inadequate market access. These climate vulnerabilities require targeted strategies to enhance water resource management, agricultural productivity, and market connectivity. • Youth and Women: <ul style="list-style-type: none"> o With high youth unemployment and a significant proportion of youth being inactive, particularly young girls due to early marriage and lack of job skills, the project aims to provide vocational training and employment opportunities. Additionally, despite progress, women's economic participation remains low, with only 38.6% of the rural female labor force engaged in employment compared to 80.3% for men. The project focuses on enhancing women's economic capabilities and opportunities, especially in agriculture where 60% of employed women are engaged. <p>This three-fold targeting strategy ensures the project meets the beneficiaries' needs by addressing the specific vulnerabilities of the Haor and Barind regions, as well as improving employment opportunities for youth and women. Given this comprehensive approach, the project remains highly relevant and aligned with both national priorities and IFAD's strategic goals.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Stakeholder Engagement:</p> <ul style="list-style-type: none"> • Strengthen continuous engagement with local communities, government agencies, and non-governmental organizations to ensure that the project remains aligned with their evolving needs and priorities. <p>Regular Monitoring and Evaluation:</p> <ul style="list-style-type: none"> • Implement a robust monitoring and evaluation system to track progress and impact, allowing for timely adjustments to project activities based on feedback and changing circumstances. <p>Flexibility in Project Design:</p> <ul style="list-style-type: none"> • Design the project with built-in flexibility to adapt to unforeseen changes in the local context, such as shifts in government policy or emerging socio-economic challenges. <p>Capacity Building:</p> <ul style="list-style-type: none"> • Provide ongoing training and capacity-building programs for local communities and project staff to enhance their ability to implement and sustain project activities effectively. <p>Climate-Resilient Infrastructure:</p> <ul style="list-style-type: none"> • Invest in climate-resilient infrastructure and technologies that can withstand extreme weather events and environmental challenges specific to the Haor and Barind regions. <p>Women and Youth Focus:</p> <ul style="list-style-type: none"> • Develop targeted initiatives to address the specific needs of women and youth, promote their empowerment through vocational training, entrepreneurship support, and access to financial services, ensuring their active participation and benefit from the project. 		

Technical Soundness	Moderate	Moderate
Risk: While there is a low risk associated with ensuring climate proofing of all infrastructure design and implementation, this assessment is supported by the substantial experience and lessons learned from previous and ongoing projects within the country portfolio. Projects such as PROVATI, HILIP-CALIP, and others have provided valuable insights and best practices in creating employment opportunities, providing vocational training to women and young people, and reducing poverty and climate vulnerabilities. These projects have demonstrated effective strategies for integrating climate resilience into infrastructure development, which will be leveraged to ensure the technical soundness of this project. The accumulated knowledge from these initiatives mitigates the risk and enhances the project's capacity to implement robust and climate-resilient infrastructure solutions.	Moderate	Moderate
Mitigations: All designs will be as per climate resilient design techniques. The project will have expert Civil engineers to review all designs. IFAD will prior review design of infrastructure, especially for Haor. LGED Engineers will be given refresher training on designing of climate resilient infrastructure. (On-going IFAD funded project has developed such training course)		
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Implementation Arrangements	Moderate	Moderate
Risk: 1. 1. Organization and staffing • There may be delays in recruiting and filling vacant positions with suitably experienced and qualified personnel. Root causes may include weak capacity in the job market, interference in the recruitment process and underpayment on projects compared to market price. • Complex implementation arrangement with multiple governmental implementing agencies (IAs) and support/oversight by Technical Assistance (TA) teams in some instances. 2. Low capacity of LGED to manage and implement vocational training projects. 3. Low capacity of communities or inadequate resources to engage in management and maintenance of project-supported assets.	Moderate	Moderate

<p>Mitigations:</p> <p>Mitigations:</p> <p>1. Organization and staffing</p> <ul style="list-style-type: none"> • Core staff of the PCU—Project Director, Finance Manager/FM Specialist, FM Specialist, M&E Specialist should be engaged within two (2) months of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance. Other technical experts (engineers, climate change and hydrology, GESI, etc.) will be recruited on a priority basis. • Project design should avoid ambiguous implementation arrangements and must have clear organigram, flow of funds and responsibility/authority matrix. <p>2. LGED has successfully managed vocational training under the IFAD-funded HILIP-CALIP project in Haor area. Similarly, it has been managing a large vocational training program under IFAD funded PROVATI3 project. Actual training will be provided by NGOs (partner organizations of PKSf) and GOB training providers. IFAD will periodically review progress of vocational training program during implementation.</p> <p>3. Sustained maintenance of project structures will build on IFAD HILIP-CALIP experience. Examples of mechanisms include</p> <p>a. Maintenance of Killa: Handed over to the communities (nearest villages) who will be the users of the sites. Basic maintenance (grass cutting) needed.</p> <p>b. Maintenance of markets: As per exiting law and regulations, LGED hands over the markets after construction to the Upazila Parishad, which lease out the market through competitive bidding. 25% of the lease value is, by law and present regulations, given to the 11-member Market Management Committee (MMC) [also established as per law], headed by respective Union Parishad Chairman, for maintenance of the markets. This is a well-established rule of the Upazila Parishad. Note that the leaseholder collects a small toll from shops as per existing GoB rules.</p> <p>c. Maintenance of Ghats: 1) Small ghats are maintained by Upazila Parishad (Subdistrict Council) from lease values of the ghats, which are also leased out similar to the markets. 2) Large ghats are maintained by Zila Parishad (District Council) from lease value of ghat.</p> <p>Note: Lessees of the markets and ghats collect small tolls as per government's established rate.</p>		
Monitoring and Evaluation Arrangements	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • Challenges in data collection and analysis is related with poor coordination between implementation agencies at national and sub-national levels that could affect quality of M&E and log frame reporting. • The use of differing concepts for indicator development among implementing agencies can lead to issues in reporting and comparability of results. • Field data collection can be impacted by climatic issues and the seasonality of certain data. • The lack of capacity and training among some interviewers, coupled with contextual differences between intervention areas and beneficiaries, can lead to issues with data collection instruments and criteria. • There is a possibility that individuals may receive multiple benefits from the project, posing a risk of duplicating the count of beneficiaries when calculating the outreach. 	Moderate	Moderate

Mitigations: <ul style="list-style-type: none"> • M&E system will be embedded in the project management information system (MIS) to allow real-time reporting and coordination between various levels of implementation. The project budget will allocate resources to qualified M&E consultants at the PMU level and the district level. • The project will include internal training sessions and sessions with implementing partners in the M&E plan, to familiarize them with the logical framework, the methodology for indicator development, and the project's needs for results reporting. • Operational planning for data collection processes will take seasonality into account, coordinating efforts among beneficiaries, implementing partners, and the PMU. Additionally, the planning will include contingency measures to address potential issues. • The Computer-Assisted Personal Interviewing (CAPI) methodology will be used as a tool for standardization and quality control of the collected data, it will be supervised by PMU. • The Monitoring Information System (MIS) includes the creation of a unique beneficiary code to ensure that individuals or households are not counted more than once. 		
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • There may be delays in recruiting and filling vacant positions with suitably experienced and qualified personnel. Root causes may include weak capacity in the job market, interference in the recruitment process and underpayment on projects compared to market price. • Finance function may not be given the required level of attention and authority because LGED is a core technical engineering and infrastructure organisation. • Complex implementation arrangement with multiple governmental implementing agencies (IAs) and support/oversight by Technical Assistance (TA) teams in some instances. Additionally, there will be private sector/NGO partners and some implementation by the LCS. 	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> • Institution of a well-structured finance unit within the PMU that includes competent and qualified staff who can carry out project financial management as per the fund requirements. • All finance staff to undertake IFAD Online Finance Management practices and procedures course and IFAD anti-corruption training. In addition to that, finance staff to attend induction sessions on IFAD financial management requirements as conducted by IFAD Finance Officer. • Key to ensure appropriate designation is used for FM staff and that qualification and experience and proposed pay are commensurate with job role and competitive. Finance Manager should have the necessary delegation of authority to submit interim and annual financial reports, WAs and other required documentation to IFAD. 		
Project Budgeting	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • There are delays in the submission of AWPB. This is often due to delays in sitting and approval by the project steering committees and difficulties in consolidating budgets from the lower levels of implementation. • Weak budget monitoring at management level with no cross-functional review of implementation progress. Qualitative explanations are not provided along with budget variance analysis submitted with quarterly IFRs. 	Substantial	Substantial

Mitigations: <ul style="list-style-type: none"> • AWPB will be prepared with adequate details on financing for key activities to ensure adequate guidance to the accounting team in booking of the expenditure. The first 18 months AWPB will be developed as part of the design. Subsequent AWPBs will be subject to clearance within the project governance systems of GoB and submitted to IFAD for NO latest by 2 months before the commencement of the fiscal year. • The internal controls and funds flow arrangements would ensure there are co-signatories to the project accounts and that the Finance Manager is provided access to ICP and bank account information of the project. 		
Project Funds Flow/Disbursement Arrangements	High	High
Risk: <ul style="list-style-type: none"> • Prolonged process to obtain or amend development project proforma/proposal (DPP) and revised DPP (RDPPP) approvals for projects implemented through Government agencies. Variations between DPP and project cost tables also generates confusion and hampers implementation. • Sub-optimal disbursement because of delays in the start-up of projects arising from delays in opening bank accounts and fulfilment of the other disbursement conditions. • Weak capacity at lower levels of implementation such as at the community organizations (LCS) and other sub-national and private partner organizations (POs). Oversight and monitoring of these organizations by the project management is often ineffective. 	High	High
Mitigations: <ul style="list-style-type: none"> • The cost tables, DPP and PIM will have sufficient details on key activities to be implemented and sources of finances for these costs. • Designated Accounts for the project will be opened within four (4) weeks of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance. • Counterpart Fund requirements shall be clearly established through timely preparation and approval of AWPB (latest by 15 April of each financial year-before the start of preparation of the government budget and Annual Development Programme process. • IFAD Disbursements will be based on validated 6 months cash forecast, and expenses will be justified based on quarterly interim financial report. 		
Project Internal Controls	High	High
Risk: <ul style="list-style-type: none"> • Instances of non-compliance with applicable internal controls have been reported by the Auditor General of Bangladesh (FAPAD) Pakistan in recent audit reports, as well as in supervision & implementation support missions. • Absence of internal audit function at project management and lower levels of implementation may pose internal control risks. • Contracts and MoUs with implementing partners may not include key clauses on internal controls and reporting requirements. • Inadequate supporting documentation to justify expenditure especially around asset management, travel expenses, and vehicle fuelling and maintenance, raising the risk of ineligible expenditure. • Weak segregation of duties may arise if approval and authorisation duties are concentrated in one role/office. 	High	High

<p>Mitigations:</p> <ul style="list-style-type: none"> • The PIM will include anti-fraud and anti-corruption procedures as a component of the financial procedures manual and will include direct/specific reference to the IFAD Anti-Corruption policies and procedures. • There will be two Internal Audit Consultants specifically for the IFAD funded projects. The terms of reference should be submitted to IFAD for NO. This should include requirements to: <ul style="list-style-type: none"> o tailor the already developed internal audit charter and manual to LGED/project requirements, o develop the annual audit workplan, o conduct of internal audit activities and o include the reporting and monitoring mechanisms. o Collaborate with FAPAD and follow up on recommended actions of internal/external audit and missions. • The internal controls and funds flow arrangements would ensure there are co-signatories to the project accounts and that the Finance Manager is provided access to ICP and bank account information of the project. • A few internal control measures will be implemented to mitigate risks of internal controls failure such as <ul style="list-style-type: none"> o monthly bank reconciliation. o budgetary controls over each transaction. o budget vs actual analysis and reporting to PSC. o maintenance of Fixed Asset Registers and verification of assets randomly/periodically. o complete documentation of activities especially at the beneficiary level and random/periodic inspection to test credibility of reporting by implementing partners. Details will be provided in the PIM. • Supervision missions would specifically examine whether the project is in full compliance with these internal control requirements. 		
Project Accounting and Financial Reporting	Substantial	Substantial
<p>Risk:</p> <ul style="list-style-type: none"> • Accounting software may not be adequately sophisticated or customized to meet project reporting requirements. This may result in difficulties to automatically generate required reports from the system, consolidate reports across multiple financing instruments, implementing layers and levels and report on multiple currencies. • Weak monitoring of physical and financial progress may result in difficulty to track implementation progress and gaps and to take prompt remedial actions. • Project financial procedures in the PIM may lack enough details to provide guidance to the project staff and may not be updated as at when required. • Important project supporting documents and files may be lost in the absence of proper archiving and filing systems. Physical copies may be lost forever when there is no electronic backup and filing. 	Substantial	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • PMU shall submit to IFAD; Quarterly Interim Financial Reports within 30-day of period end, annual unaudited financial statements within 4-month of year end and annual audited Financial Statements within 6-month of year end. Reports shall be compliant with IPSAS cash standards. • An appropriate Accounting Software (TOMPRO) will be procured, installed and the finance team trained in its use. Financial reports should be auto generated from the procured accounting software. Integration of the service providers, expenditures in the PMU accounting software. Relevant procedures to be identified in the PIM. The finalization and approval of the PIM Designated Accounts for the project will be opened within eight (8) weeks of the date of signing of the Financing Agreement and will be a condition for disbursement of the initial advance. • Electronic filing and archiving will be required and documented in the PIM. The manual filing and archiving system will also be defined. 		

Project External Audit	Substantial	Substantial
Risk: <ul style="list-style-type: none"> • Persistent gaps with reference to external auditing of projects include weak-follow up with audit office resulting in backlog of audit findings, non-resolution of audit findings—which could potentially create ineligible expenditure for the project. • Audit may not be required of key sub-recipients of IFAD Financing; hence, Partner Organizations may not submit annual audit reports to the PMUs. This may weaken the levels of assurance over project funds. 	Substantial	Substantial
Mitigations: <ul style="list-style-type: none"> • PMU will be guided by IFAD to: Engage with FAPAD for timely completion of audit. o Send scanned copies of the final audit report as soon the report is ready to ensure on-time submission to IFAD and to avoid delays resulting from mail services. Then the hard copy can follow to IFAD ICO in Dhaka. o Settle Audit observations within four (4) months after the Audit Report has been shared with project executing agency to ensure early resolution. o Ensure follow up meetings with the Auditors to settle any unsettled audit findings from previous years. o Ensure that NGOs and private organizations engage reputable and acceptable Chartered Accountant Firms. 		
Project Procurement	Moderate	Moderate
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
Risk: <p>Public procurement is regulated by the Public Procurement Act 2006 with supplemental Public Procurement Rules 2008, e-GP Guideline and Delegation of Financial Power (DOFP). The PPA 2006 has been amended several times, by the Public Procurement (1st and 2nd Amendment) Act 2009, the Public Procurement (Amendment) Act 2010 and the Public Procurement (Amendment) Act 2016. Overall, there is a well-functioning procurement system across the country but weaknesses have still been observed. For example, the sanction/debarment process lacks independent review (decision by the head of the procuring agencies is final) except by way of appeal to the judiciary and sustainable public procurement has not yet found its way into the public procurement legislation and practices.</p>	Moderate	Moderate
Mitigations: <p>Allow only enterprises that have prescribed characteristics to compete for contracts e.g., % reserved for women enterprises, SMEs, start-ups; design specifications to suit particular group or address particular issue. e.g., use of gas burnt bricks in construction instead of coal or wood burnt bricks. Also, scale up procurement training for the auditors with appropriate course content.</p>		
A.2 Institutional Framework and Management Capacity	Substantial	Substantial

Risk: Bangladesh has a nodal procurement policy agency, the Central Procurement Technical Unit (CPTU). CPTU was established in 2002 under the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning (MOP) to carry out procurement reform activities and regulate and monitor the country's public procurement functions. It is planned to be converted into an independent government agency to be known as the 'Bangladesh Public Procurement Authority (BPPA)' to facilitate enhanced autonomy in executing its functions. It will be done through a separate act, Bangladesh Public Procurement Authority Act. CPTU is constrained by its capacity in terms of legal structure, autonomy in decision making, limited staffing, and inadequate analytical and research capability. It largely depends on external experts and outsourced firms which is inadequate to regulate and monitor public procurement for a high number of organizations.	Substantial	Substantial
Mitigations: While waiting for the formation of proposed Bangladesh Public Procurement Authority (BPPA), develop inhouse institutional and technical capacity (with a set of qualified, experienced and adequate number of trained officials).		
A.3 Public Procurement Operations and Market Practices.	Substantial	Substantial
Risk: Public procurement in Bangladesh is now well established but remains mostly compliance based. The legal and regulatory framework is in place, there is an established regulator (CPTU) and a well performing e-GP system which is growing rapidly. Moreover, there is an extensive capacity development program. However, the emphasis has been given mainly on building this system and ensuring compliance with the essential requirements of the framework. There is scope to elevate the current system into a performance or output based system based on strategic vision and value for money consideration. Some of the main weaknesses are represented by 70% of contracts not completed on time and absence of strategic procurement planning and analysis resulting in higher procurement cost and lower procurement performance (e.g. too many small procurement packages for recurring items).	Substantial	Substantial
Mitigations: Ensure contracts are completed on time; Introduce strategic procurement planning and analysis and expedite decision making process specially for high value contracts.		
A.4 Accountability, Integrity and Transparency of the Public Procurement System	Substantial	Substantial
Risk: A reasonably transparent process is followed in formulation of procurement legislation with consultation with large procuring agencies. Even if the Public Financial Management (PFM) system is governed by a set of legislative instruments with OCAG as the supreme audit organization, the audit system is mostly external. Financial auditing are carried out regularly. There is presence of ethical standard in audits and public procurement (code of ethics) and national integrity strategy. Instead, the procurement complaint system is lengthy and takes 2-3 months' time to exhaust the entire process.	Substantial	Substantial
Mitigations: Bidders should be included in public consultation for legislation change. Specialized procurement audits/procurement performance audit should be carried out, especially in large agencies based on periodic risk assessment.		
B.1 Assessment of Project Complexity	Moderate	Moderate

Risk: The project is in the design stage but several similar projects have been executed and are being advanced by the IA.	Moderate	Moderate
Mitigations: It is advisable to appoint a dedicated Procurement Specialist to serve as the focal point, overseeing updates of the Procurement Plan in OPEN, managing contract status in the CMT, maintaining procurement file records, and facilitating coordination with field Executive Engineers and project management personnel.		
B.2 Assessment of Implementing Agency Capacity	Moderate	Moderate
Risk: IA does not have certified procurement personnel and requires comprehensive procurement capacity training within 3 months of engagement. Current Processes are partially compliant. Performance varies depending on weaknesses in procurement and contract management, as highlighted by audit observations. Foreseen mitigation measures are sufficient to address 3P deficiencies.	Moderate	Moderate
Mitigations: i) A dedicated Procurement Specialist will be hired and engaged in procurement co-ordination along with PMU regular staff; ii) A comprehensive training on procurement aspects will be organised; iii) In the initial 18-month PP, big ticket items are planned which will speed up the implementation. Many of the critical activities related to consultancy services will need to be completed prior to entry into force.		
Project Procurement Overall	Moderate	Moderate
Risk: Bangladesh's public procurement system plays a vital role in the country's governance, economic development, and public service delivery. Governed primarily by the Public Procurement Act, 2006 and its subsequent amendments, the system aims to ensure transparency, fairness, competition, and efficiency in the procurement process. Bangladesh's procurement system allows for various methods, including open competitive bidding, limited competitive bidding, request for quotations, and direct procurement under certain circumstances. The choice of method depends on factors such as the nature and value of the procurement. In recent years, Bangladesh has made significant strides in digitizing its procurement process through the implementation of e-GP (Electronic Government Procurement). In line with the procurement risk assessment, procurement under CRALEP will follow IFAD Procurement Guidelines and IFAD Procurement Handbook. Government of Bangladesh recognises precedence of international obligations like IFIs Financing Agreements to use IFI procurement guidelines and document templates. Government of Bangladesh has implemented large numbers of externally aided projects in different sectors.	Moderate	Moderate

<p>Mitigations:</p> <p>IFAD will field an annual Supervision Mission to the project and the Procurement Specialist in the mission among other issues will (i) review the procurement contracting and implementation processes and timeliness and appropriateness of procurement actions; (ii) assess contract administration and management procedures and review the completeness and updated nature of contract data in the Contract Monitoring Tool; (iii) determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether procurement documentation and records (including securities) are maintained as per required standards and can be relied upon.</p> <p>In addition to the annual Supervision Mission, IFAD Bangladesh Country Office will also organise a Startup workshop within 2 months from entry into force.</p> <p>Additional specific adhoc support missions will also be fielded by IFAD.</p>		
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • Degradation or disturbances to the local ecosystem as a result of construction or other physical works that may be temporary or permanent in nature, including (a) soil disturbance, (b) structural changes in local ecosystems, and (c) indirect effects of local economic activities. • Income-generation activities are not expected to increase pressure on protected or critical ecosystems. 	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • Project upazilas do not include Protected Areas in Bangladesh, and selected areas are not critical for migratory species of birds. This is included in exclusion criteria for infrastructure activities. • Improved accessibility is expected to reduce pressure on overall ecosystem through improved ability to use roads as opposed to water transport. Complementing or minimizing hard interventions, where feasible, through Nature-based Solutions is also proposed; bamboo and vetiver nurseries will on public land within communities. • Project will adopt sustainable sourcing practices and adhere to GoB's environmental guidelines. 		
Resource Efficiency and Pollution Prevention	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • The primary risk is increased pollution, through construction works or work sites, with impacts on water or soil. 	Moderate	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • Several measures such as construction in the correct season, spraying water to reduce dust, and limiting hours of operation to reduce / limit noise pollution will be put in place. • Procurement contracts will also include clauses relating to safe handling of fuel, and proper management of borrow pits, temporary construction areas, and waste collection. 		
Cultural Heritage	Low	Low

Risk: <ul style="list-style-type: none"> • Disturbance of sites of cultural, archaeological, socio-cultural, religious, or heritage value, including mosques, madrasas, churches, temples, graveyards, monuments, traditional meeting places. • Involvement of intangible cultural heritage through vocational training and livelihood interventions related to handicrafts (for e.g., crafts produced from vetiver grass). 	Low	Low
Mitigations: <ul style="list-style-type: none"> • Participatory design to identify and avoid project intervention in areas of cultural value. Chance finds procedure included for infrastructure works. • Engagement of partners that have previous experience in vocational training and livelihood interventions in similar settings. 		
Indigenous People	Low	Low
Risk: <ul style="list-style-type: none"> • Ethnic Minorities constitute between 0.04% to 6.5% of the population in the targeted districts (average of 1.88%), since they are more dispersed in the plains of Bangladesh. The risk that the project may cause adverse physical, social, or economic impacts on Ethnic Minorities or threats to or loss of resources of historical or cultural importance to them. 	Low	Low
Mitigations: <ul style="list-style-type: none"> • There are no constraints for Ethnic Minorities to participate in project interventions, and past projects by the implementing partner have equally targeted Ethnic Minorities when they are present. • Project interventions are expected to result in increased incomes, increased access to market and improved skills for all beneficiaries including Ethnic Minorities. • An Ethnic Minority Implementation Framework has been prepared to ensure informed consultation and participation, and an Ethnic Minority Plan will be prepared by the PMU during implementation 		
Labour and Working Conditions	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • Occupational Health and Safety (OHS) risks associated with construction of physical infrastructure for workers and for local people. These risks include personal injuries related to the use of machinery (typically small in nature) and the execution of groundworks, and exposure to high or extreme temperatures / other weather events (lightning, storms). • Risks in labor and working conditions related to temporary small-scale construction activities. The project may result in exploitative labor practices (e.g., forced or child labor), violence against women, discriminatory practices, and unsafe or unhealthy working conditions for people employed to work specifically in relation to the project, including third parties and primary suppliers. • Indirect risk associated with vocational training and entrepreneurship outcomes is that the entities that trainees end up working with may not follow IFAD or GOB regulations related to labour, OHS, and cultural norms. (The project does not engage in placement activities beyond potentially facilitating job fairs). 	Moderate	Moderate

Mitigations: <ul style="list-style-type: none"> • Integration of OHS requirements (document operating procedures with safety considerations, use of personal protective equipment, etc.) into procurement, regular inspection of OHS practices during project implementation, remedial action if non-compliance observed. Clear stipulations on labour and working conditions (code of conduct) will be integrated into the contracts and monitored. • For residential stay associated with vocational training, OHS training (including prevention of sexual violence, exploitation and harassment) will be specified in procurement contracts. The selection process of trainees will start with community level awareness, screening and counselling. Family members are also invited to assess the safety of facilities, if they desire. • PROVATI3 project has instituted safe construction practices for LCS members, including mandatory use of safety gear and accident / life insurance. In addition, LCS members are supported to find more structural employment following their LCS work through the family-based income generating program based on the Gender Action Learning System (GALS) methodology. • The project will introduce training curriculum that will raise awareness on labour, OHS and women's rights and regulations pertaining to the sectors they are trained in, and will also conduct a study of past trainees to identify problem areas as a part of its objective to better understand post-training outcomes and drop-out rates. 		
Community health, safety and security	Moderate	Moderate
Risk: <ul style="list-style-type: none"> • Risk of increase in vector- or water-borne diseases through the creation of temporary breeding habitats and influx of project workers. • Poor design or maintenance of water and sanitation facilities could raise disease risks by mixing wastewater with freshwater. • There is low risk of adverse effects on the physical, mental, nutritional, or social health and safety of an individual, group, or population. But there might be the harmful employment of youth and harmful interactions between project workers and local communities, including violence against women and sexual harassment. • Risks associated with waste streams (organic, inorganic) of the upgraded market facilities or with toilet blocks. • Indirect risks associated with using boric acid to treat bamboo (to extend its lifespan when submerged, from only one or two years to 10-12 years). 	Moderate	Moderate
Mitigations: <ul style="list-style-type: none"> • Integration of age-related requirements into procurement, monitoring of adherence by contractors. • Integration of Code of Conduct requirements into procurement, training of contractors, regular inspection during project implementation, publicizing grievance redress mechanism. (Grievance system has been institutionalized in PROVATI3 project and CRALEP will draw on their lessons / experiences.) • Introduction of composting facilities for organic waste (crops, animal products) in the markets, (b) constructing internal pathways and drains / proper drainage, including for rainwater flow in markets, and (c) septic tanks for toilet blocks (village, boat landing station, markets) will reduce risks associated with waste streams. • Introduction of appropriate safety protocols and awareness-raising measures for the use of boric acid (a chemical that is commonly used for household purposes), in collaboration with Bangladesh Forest Research Institute. 		
Physical and Economic Resettlement	Low	Low
Risk: <ul style="list-style-type: none"> • There are no risks associated with physical or economic displacement due to project activities. • The project will not involve the acquisition of land or resettlement and project activities are not expected to adversely affect land tenure arrangements. 	Low	Low

Mitigations: <ul style="list-style-type: none"> • The selection and design criteria for infrastructure (roads, markets, killas, toilets, tubewells and handpumps, boat landing stations) is such that rehabilitation and upgrade will only occur on public (khas land) and land that is already in use for the same purpose. • No resettlement or land acquisition is involved. This is included in exclusion criteria. 		
Financial intermediaries and direct investments	Low	Low
Risk: N/A	Low	Low
Mitigations: N/A		
Climate change	Substantial	Substantial
Risk: Vulnerability of target populations and ecosystems to climate variability and hazards Risks: <ul style="list-style-type: none"> • Hoar and High Barind are both identified climate hotspots. Droughts and floods are key climate risks contributing to high levels of poverty / risk of population falling back into poverty, loss of livelihood assets and agricultural production, and food and nutrition insecurity through Monga (hungry season) that recurs. • Baseline water and sanitation access is worsened by falling groundwater levels (High Barind) exacerbated by droughts, and by flooding / excessive siltation or riverbank erosion (Hoar) – particularly for women and children. • Finally, infrastructure investments that are not climate-proofed require regular upgrades or reconstruction in Hoar when floods occur and damage / wash away small infrastructure. Greenhouse Gas Emissions (Low/ Low) Risks: <ul style="list-style-type: none"> • Project activities are not expected to increase GHG emissions. There may be small procurement of concrete for specific types of infrastructure upgrade (water and sanitation, markets), but this not expected to substantially increase GHG emissions. 	Substantial	Substantial

<p>Mitigations:</p> <p>Vulnerability of target populations and ecosystems to climate variability and hazards Mitigations:</p> <ul style="list-style-type: none"> • The project explicitly takes climate risks into account and has several entry points (climate-proofed infrastructure, NbS, alternative livelihoods) to reduce climate vulnerabilities of peoples and communities in Hoar and High Barind. • Through CRELiC, project will invest in capacity development of LGED staff in properly considering climate risks, impacts and solutions. • Targeted Adaptation Assessment, identifying priority adaptation actions, has been developed. <p>GHG Mitigations:</p> <ul style="list-style-type: none"> • Nature-based Solutions are incorporated into design, and could contribute to modest GHG emissions reductions in two ways <ul style="list-style-type: none"> o In the long-term, it may reduce physical damage from climate variability, extreme weather events or other disasters to the infrastructure – mitigating the need for regular reconstruction (assuming that reconstruction requires use of new concrete and other building materials). o New bamboo and vetiver nurseries may contribute to modest carbon sequestration. • Project will invest in research on alternative materials such as plastic, particularly for upgrade of roads, that could (in the long-term, if scaled) mainstream a low-carbon, circular economy approach in LGED activities. 		
Stakeholders	Moderate	Moderate
Stakeholder Engagement/Coordination	Low	Low
<p>Risk:</p> <ul style="list-style-type: none"> • There is a low risk that key stakeholders (e.g., NGOs and government training institutions) invited to participate in the project will show little interest in or commitment to the project's objectives and activities. Limited stakeholder engagement and coordination may affect the sustainability or exit strategy, particularly if the community or market users do not engage in post-implementation servicing and maintenance. • Inequality between men and women and lack of female participation in the project, and unintended exclusion from project activities. 	Low	Low

<p>Mitigations:</p> <ul style="list-style-type: none"> • Engagement of target project participants has been conducted through established procedures for participatory design of project activities and will continue through the measures described in the targeting strategy. Engagement with other stakeholders, including the general public, will be primarily implemented through the project's overall communication function. • During the design stage, post field visits, the project engaged in a 2-day design workshop where IFAD design team engaged with LGED staff (national, upazila) as well as other partners / partner institutions (CRELiC, BMD, IWFM, academic researchers, etc.) to (i) understand lessons from HILIP-CALIP and PROVATI3 (as well as other donor funded projects), (ii) validate design of each project activity / sub-component, (iii) get inputs on implementation process and exclusion criteria. This was instrumental in ensuring proper coordination with other complementary ongoing projects funded by IFAD and other international actors. This coordination will continue during implementation, ensured by PDT and PMU staff, to avoid overlapping and duplication. During implementation, at the community and household level, the project will also implement a Participatory Rural Appraisal (PRA) process to define activities that meet the needs and aspirations of the beneficiaries. At this stage, LGED and partners will also commence the process of counselling / engaging communities and market users (via the Market Management Committee-MMC) on expectations related to implementation or post-implementation. o IWFM has shown strong interest in participating in improvement of flash flood forecasting model. It has been a partner in the previous HILIP-CALIP project. o BMD has shown strong interest in developing accurate drought forecasting model and dissemination system. It is the only public institution for this purpose. BMD was a partner of the previous HILIP-CALIP project. o BWDB has strong interest in flash flood forecasting and dissemination. It was a partner of HILIP-CALIP and is a partner for PROVATI3 project (DDM component). • The project will also establish continuous communication, awareness-raising, and coordination with the various partners at all levels (district, upazila, national. It will foster visibility activities to publicize and clarify doubts about the results of the project's activities, both for the target groups and the partners involved in implementation. <p>Several measures will be put in place to ensure women are adequately consulted, and benefit from project activities. These include targeting and monitoring measures such as:</p> <ul style="list-style-type: none"> o At least 80% of LCS members will be women. o At least 30% of vocational trainees will be women. o IFAD will periodically monitor the progress. Previous IFAD funded projects implemented by LGED has successfully included women in LCS and vocational training. 		
Stakeholder Grievances	Moderate	Moderate
<p>Risk:</p> <ul style="list-style-type: none"> • The risk that the CRALEP project has ineffective grievance/complaint redress processes (including regarding allegations of non-compliance with IFAD's SECAP standards, fraud, corruption, or SEA), leading to unaddressed or delayed response to stakeholder grievances that may jeopardize project implementation and the achievement of the project's development objectives. An ineffective GRM can result in increased dissatisfaction among stakeholders, potentially leading to conflicts, community opposition, and delays in project activities. Furthermore, it can undermine trust in the project, discourage stakeholder engagement, and create an environment where fraud and corruption can flourish unchecked. 	Moderate	Moderate

<p>Mitigations:</p> <ul style="list-style-type: none"> • A Grievance Redress Mechanism (GRM) has been proposed that operates at various levels, including local level, and that involves a broad set of stakeholders to ensure a balanced review of issues raised. The GRM includes measures to ensure that people are aware of its existence and have easy ways to access it (to submit complaints or other feedback). The project will raise awareness among stakeholders about the complaints and grievance mechanisms available. GRM processes will be disseminated to project villages including through the Market Management Committees, Labour Contracting Societies and subproject stakeholders, project NGO staff – in particular, facilitators. • The project will also include this information as part of IFAD missions and the training of technical assistance teams that will work directly with beneficiaries. 		
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