

SUMMARY POVERTY REDUCTION AND SOCIAL STRATEGY

Country:	Bangladesh	Project Title:	Financing Brick Kiln Efficiency Improvement Project
Lending/Financing Modality:	Financial Intermediary	Department/ Division:	South Asia Department/Public Management, Financial Sector and Trade Division; Energy Division

I. POVERTY ANALYSIS AND STRATEGY	
A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy	
<p>The assistance program of the Asian Development Bank (ADB) for Bangladesh contributes to the government's Sixth Five-Year Plan goals for enhancing growth and reducing poverty. Towards this objective, ADB's country partnership strategy for Bangladesh, 2011–2015 supports the national development agenda in environmental sustainability.^a The country partnership strategy is programmed to make domestic economic growth more inclusive and greener by deepening the country's financial markets and boosting energy efficiency, with a significant emphasis on climate change mitigation and adaptation. The project further aligns with ADB's Strategy 2020^b by focusing on one of the three critical strategic agendas of Strategy 2020: environmentally sustainable growth. More specifically, the project contributes to poverty reduction indirectly by (i) modernizing a key business sector in Bangladesh, (ii) generating private sector business and employment opportunities, (iii) establishing core labor standards and gender mainstreaming in all ADB-funded brickfields, and (iv) improving health conditions of those affected by the brick sector. Finally, the project also aligns with the goals of Bangladesh's National Strategies for Accelerated Poverty Reduction II for fiscal year 2009–2011 to achieve environmental sustainability by ensuring environmentally friendly development to tackle pollution from a major polluter that harms mainly the poor, particularly poor women and children, who live in surrounding areas.</p>	
B. Poverty Analysis	Targeting Classification: <u>General intervention</u>
<p>Key issues. Brick making is a major business sector in Bangladesh and contributes about 1% of national gross domestic product. The rapid economic growth and construction boom in recent years have led to an increased demand for bricks. The brick manufacturing process is energy intensive and a major source of greenhouse gas emissions and fine particulate pollution. In addition, existing brickfields in Bangladesh are backward, often informal, and highly labor intensive. The work at the brickfields is arduous and this affects workers (and their families), female workers from the surrounding areas, and sometimes child laborers. By supporting the construction of advanced, more energy efficient brick kiln technologies, the project intends to raise the investment and technology threshold to gradually transform the brick sector into a modern industry. With improved energy efficiency, mechanical automation, and working conditions, ADB could also help sub-borrowers (brickfields) reduce occupational hazards, eliminate illegal child labor, improve the working conditions of female workers, enhance public health in surrounding areas, and raise the potential skill set requirement and increase wage levels.</p>	
II. SOCIAL ANALYSIS AND STRATEGY	
A. Findings of Social Analysis	
<p>Key issues. There are about 750,000 people working in the country's 4,880 brickfields, 92% of which are polluting fixed chimney kilns (FCKs). On average, each brickfield employs about 150 people. The workers are mostly migrants, from the economically disadvantaged regions of northwestern and southwestern Bangladesh. Because of the manual nature of the work, the pay scale depends on the level of physical intensity. The workforce consists of 80%–90% male workers and 10%–20% female workers. In some cases, there are also 10%–20% of child laborers. Although most female workers are from the surrounding areas, male migrant workers sometimes bring their families, and female family members and older children also work in the brickfields to improve their family income. Men are paid more than women, and women are paid more than children. The male workers on average earn about Tk200 per day, female workers earn Tk100 per day, and children earn Tk20–Tk40 per day. Overall, the average wage of male workers is above the national minimum wage of Tk3,000 a month. No other benefits are provided, such as medical or social security. In addition, the work is highly seasonal because most FCK sites are located in low-lying areas to take advantage of cheaper land rental costs, and the brickfields are regularly flooded during the monsoon seasons. As a result, brickfield work is confined to the 5–6 months of the dry season, from November to April.</p> <p>Working conditions are very harsh in the brickfields. Workers have to endure heavy manual labor due to the low levels of mechanization, poor occupational safety protection measures, and negative health effects under hazardous conditions, particularly for women and children. The harsh physical labor includes mud pugging by foot, brick molding by hand, and transporting loads of bricks on top of the head, causing severe muscular and skeletal stress. Even firemen, who are more skilled and better paid, have to perform strenuous and unhealthy work in the high-temperature environment. Clinical facilities are mostly not provided at the brickfields. As a result, workplace incidents cannot be immediately attended to. Finally, the high level of air pollution at and near the brick kiln sites is a severe health hazard</p>	

to all workers and people living nearby.

The project will support the construction of more advanced brick kilns, which will reduce carbon dioxide emissions and fine particulate pollution and improve the health of people living at and in the vicinity of the brickfields. Mechanization will reduce occupational hazards by replacing strenuous labor and heavy manual lifting work. More advanced vertical shaft brick kilns, hybrid Hoffman kilns, and tunnel kilns are operated year round. This will reduce the concern over the seasonality of the migrant workers. The higher skill set requirement means improved productivity and higher wages, and this will improve workers' living and health conditions. All ADB-funded subprojects also must comply strictly with ADB's environment and social management system, gender action plan, core labor standards.

While the FCK owners formed the Bangladesh Brick Manufacturing Owners Association (BBMOA), workers are not organized and lack trade unions to protect their interests and rights. In recent years, kilns have faced a labor supply shortage as older workers have become increasingly unwilling to do the arduous work (even when owners offer advance payment). This has led to a partial mechanization of the work (e.g., introduction of pug machines in kilns near Dhaka).

B. Consultation and Participation

1. Provide a summary of the consultation and participation (C&P) process during project preparation.
2. What level of C&P is envisaged during the project implementation and monitoring?
☒ Information sharing ☐ Consultation ☐ Collaborative decision making ☐ Empowerment
3. Was a C&P plan prepared for project implementation? ☐ Yes ☒ No

ADB has conducted extensive consultation with stakeholders, including those from Ministry of Environment and Forests (the environment policy maker), Department of Environment (the implementing agent of the Ministry of Environment and Forests), Ministry of Industries, BBMOA, financial institutions, individual brickfields, and potential investors (in advanced brick kilns). All stakeholders are supportive of the immediate transformation of the brick sector. To accommodate the request from BBMOA representatives, ADB also designed a major component of the project to support the upgrade of FCKs to an intermediary technology of improved zigzag kilns to minimize the negative impact on the loss of livelihood for FCK owners and migrant workers. In addition, the proposed (separately processed) capacity development technical assistance (TA) will support the identification of an alternative livelihood program to help some FCK owners exit the industry. Finally, ADB consultants have interacted extensively with brickfield workers to obtain their views on current working and living conditions.

C. Gender and Development

Gender Mainstreaming Category: Some gender benefits

1. **Key issues.** Among the average 150 workers at each FCK, about 10%-20% are women. Both male and female workers engage in almost all aspects of brick production, such as excavating clay, loading, unloading, stacking, and transporting bricks. The pays to male and female workers are not equal, as more female workers are engaged in lighter workloads of making brick chips, brick molding, and food preparation. In addition, women are more affected by the poor working conditions, such as the lack of separate accommodation and toilet facilities. There is a general lack of awareness of gender equality in the brickfields and there is no monitoring mechanism. When FCKs are being phased out, female workers will be more affected because of their already low wages.

2. **Key actions.** Measures included in the design to promote gender equality and women's empowerment—access to and use of relevant services, resources, assets, or opportunities and participation in decision-making process:

- ☒ Gender action plan ☐ Other actions or measures ☐ No action or measure

The project will modernize the brick sector by raising the initial capital investment threshold and encouraging the transformation to a formal and efficient industry to eliminate gender equality. Mechanical automation could reduce the need for physical laboring, and better equalize the pay scale (based on skills rather than physical strength). The project will set up the strictest social safeguard measures at the Bangladesh Bank and participating financial intermediaries (PFIs) to prevent undesirable gender-related issues. All PFIs will be required to sign a participation agreement with Bangladesh Bank not to finance any brickfields that could potentially violate core labor standards and the ADB gender action plan. The proposed capacity development TA will help conduct a rapid assessment on the labor situation in FCKs, with a focus on the conditions of women workers, and prepare action plans to help them transition to working in more advanced brick kilns and/or other jobs. Sub-borrowers will agree to providing adequate working conditions for female workers (e.g., safety measures, occupational health measures, and separate changing and washing rooms). The proposed capacity development TA will help conduct relevant training on displaced female workers from the phased-out FCKs, and prioritize them, if possible, to the newly constructed energy efficient brick kilns. This eventually will lead to poverty reduction.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS			
Issue	Significant/Limited/ No Impact	Strategy to Address Issue	Plan or Other Measures Included in Design
Involuntary resettlement	No impact	Upgrade of FCKs to improved zigzag kilns will take place on existing FCK sites, which are agricultural lands rented to FCK owners and where there have been no incidences of involuntary resettlement in the past. The new vertical shaft brick kilns, hybrid Hoffman kilns, and tunnel kilns are likely to be constructed on investors' own industrial lands.	<input checked="" type="checkbox"/> No action
Indigenous peoples	No impact	There are no similar cases affecting indigenous peoples in Bangladesh. However, the ADB funds will be limited to projects which do not adversely affect or impact land or territory owned, occupied, or used by indigenous peoples or their unique customs, way of life, or beliefs.	<input checked="" type="checkbox"/> No action
Labor <input type="checkbox"/> Employment opportunities <input type="checkbox"/> Labor retrenchment <input checked="" type="checkbox"/> Core labor standards	Significant	The labor conditions in brickfields are poor. Child labor is present. The project will develop a number of eligibility criteria at the PFI level for the sub-borrowers to comply with core labor standards.	<input checked="" type="checkbox"/> Other action
Affordability	No impact		<input checked="" type="checkbox"/> No action
Other risks and/or vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human trafficking <input type="checkbox"/> Others (conflict, political instability, etc.)	Not applicable		<input checked="" type="checkbox"/> No action
IV. MONITORING AND EVALUATION			
Are social indicators included in the design and monitoring framework to facilitate monitoring of gender and social development activities and/or social impacts during project implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No As a part of the loan agreement, (i) at least 10% of its workforce for the Qualified Subproject must be women, (ii) sub-borrower offers preferential treatment for women displaced due to the closure of FCKs in the recruitment of workers; (iii) sub-borrower must offer equal pay for work of equal value; and (iv) sub-borrower must provide separate facilities for male and female workers.			

^a ADB. 2011. *Country Partnership Strategy: Bangladesh, 2011–2015*. Manila.

^b ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

Source: Asian Development Bank.