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ANNEX III

to the Commission Implementing Decision on the financing of the annual action plan in favour of Bangladesh for 2023

Action Document for Scaling up Green Construction in Bangladesh

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Scaling up Green Construction in Bangladesh OPSYS number: ACT-61725 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes, (green energy transition and decent work, Bangladesh)
3. Zone benefiting from the action	The action shall be carried out in Bangladesh
4. Programming document	Multi-annual Indicative Programme (MIP) for Bangladesh 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Priority Area 2: Green Inclusive Development
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	General Environment Protection - 410
7. Sustainable Development Goals (SDGs)	Main SDG: 13 (climate action) Other significant SDGs: 9 (industry, innovation and infrastructure), 12 (responsible consumption and production), 8 (decent work and economic growth), 5 (Gender equality)
8 a) DAC code(s)	41010 – environmental policy and administrative management – 40 % 32310 – construction policy and administrative management – 20 % 32130 – small and medium-sized enterprises development – 40 %
8 b) Main Delivery Channel	Donor country-based NGO – 22 000, multilateral organisations – 40 000

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/
Connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital connectivity energy transport health		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	education and research			
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s): BGUE-B2023-14.020131-C1-INTPA Total estimated cost: EUR 15 000 000 Total amount of EU budget contribution EUR 10 000 000 This action is co-financed in joint co-financing by: - the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1 for an amount of EUR 5 000 000			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1			

1.2 Summary of the Action

The construction sector in Bangladesh is booming, given the increasing population, rapid urbanization and industrialization along with the country's growing economy. The sector is currently dominated by traditional brick manufacturing of fired clay bricks and traditional brick kilns: an industry which despite its output (35 billion bricks per year) is still mostly artisanal and informal.

The traditional brick production is one of the biggest sources of greenhouse gas emission (approx. 8.75M tonnes annually) and consumes approximately 2.2M tonnes of coal and 1.9M tonnes of firewood. It is widely responsible for land degradation and depletion of natural resources. This goes along with poor social conditions and non-observance of workers' occupational health and safety standards.

A transition towards more sustainable production faces the challenge of: a high level of informality of the sector, traditional kilns undercutting real market prices through unsustainable practices, little (or no) access to finance for brick manufacturers, very low knowledge of, and incentives for alternative – non-fired bricks, and the absence of product standards for alternative bricks.

The Action will tackle the above challenges through a holistic sector ecosystem approach which includes the introduction of clean technologies (SDG 9), less resource intensive production (SDG 12), while safeguarding social standards and decent work (SDG 8), ultimately resulting in reduced greenhouse gas emissions and environmental degradation (SDG 13).

The Action directly contributes to Multi-annual Indicative Programme (MIP) Priority Area 2 'Green Inclusive Development', and it has as its Overall Objective to reduce carbon emissions and environmental impacts and mitigate climate change while promoting better social and health conditions for male and female workers and communities related to the brick sector in Bangladesh and to reduce inequalities amongst vulnerable groups.

This will be achieved along the lines of three outcomes: Firstly, improved energy efficiency and compliance with new/updated national standards for green bricks and blocks manufacturing. Secondly, improved market and investment conditions for climate friendly non-fired, energy efficient bricks and alternative bricks. Lastly, improved labour conditions for male and female workers, effectively integrating a gender and human rights based approach and reduced inequalities for the identified vulnerable groups.

This AAP follows a Team Europe approach by building on two existing Team Europe Initiatives (Green Energy Transition & Decent Work). It also directly contributes to the European Union's key sector policy priorities as Agenda 2030, the European Consensus for Development and the European Green Deal, hence it directly supports the Indo-Pacific Strategy and the Global Gateway for the European external action. Finally it is designed to promote more sustainable brick production as a launching pad for possible future funding through the EFSD+ to allow for scaling-up and encouraging investment in the sector through non-traditional development finance (possible future blended finance, green bonds, etc.).

2 RATIONALE

2.1 Context

With an estimated population of 166 million people, Bangladesh ranks as the world's 8th most populous country. **Bangladesh, despite being one of the most affected countries by environmental hazards and the consequences of climate change¹, has been among the fastest growing economies in the world over the past decade, mainly due to a demographic dividend, to a strong ready-made garment (RMG) export, to stable macroeconomic conditions and to substantial migrant's remittances (6.7% of GDP²), with a positive impact on human development and poverty and inequality reduction, with a Gini Index of 32.4. The country will graduate from the United Nation's Least Developed Country status in 2026.**

The major risks are at political and governance level: lack of disaggregated data, capacity and knowledge, fragmented democratic process leaving behind the people in the most vulnerable situations, ineffective rule of law, and systemic corruption. Bangladesh has seen important advances in gender equality in recent years, but women are still largely excluded from the formal economy and decision-making spaces³. These conditions also generate inequalities in women's access to and use of energy⁴.

While Bangladesh has developed adaptation measures and infrastructures to address the adverse effects of climate change, the mitigation side has not kept pace. With one of the largest populations in the world, the per capita emissions remain small, although the overall emissions are dramatically increasing⁵. Brick kilns are identified as one of the major CO₂ emitters in Bangladesh's updated Nationally Determined Contributions (2021)⁶, which foresees as potential contribution a 14% (unconditional) or 47% (conditional) emission reduction through banning fixed chimney kilns, encouragement of advanced production technology, and non-fired brick use (actions by 2030). These priorities are reflected in the (i) brick sector roadmap, and (ii) the long-term brick sector policy, strategy, and action plan (2017) which instructed that by 2025 non-fired bricks (NFB) would amount to 100% in the construction of the government structures/facilities.

Environmental hazards nevertheless remain high in Bangladesh, including floods, cyclones and increased salinity and heat waves, worsened by the consequences of climate change⁷. Displacement due to disasters, climate change and environmental degradation from the coastal areas to the main cities is a reality – with estimations that point to 1.2 million people to be displaced every year due to climate related hazards⁸ – and environmental degradation has put Bangladesh as 162nd out of 180 countries assessed by the Environmental Performance Index⁹, with particularly low score in terms of air quality (179/180). According to the World Bank, climate change hits women, poor and vulnerable people the hardest in Bangladesh. Average tropical cyclones cost Bangladesh about \$1 billion annually. By 2050, a third of agricultural GDP could be lost and 13 million people could become internal climate migrants.

The 2021-2027 MIP identifies in its second Priority area Green sustainable development, green growth, climate change mitigation and sustainable consumption and production as key to contribute to the country nationally determined

¹ https://germanwatch.org/sites/default/files/Global%20Climate%20Risk%20Index%202021_1.pdf

² World Bank, 2020.

³ <https://blogs.worldbank.org/endpovertyinsouthasia/bangladeshs-prosperity-hinges-gender-equality>

⁴ With a female-to-male HDI ratio of 0.898, the Gender Development Index (GDI) shows low HDI achievements between women and men

⁵ <https://ourworldindata.org/country/bangladesh>

⁶ <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Bangladesh%20First/Updated+NDC+of+Bangladesh.pdf>

⁷ The Delegation, within the Local Government Initiative on Climate change programme is carrying out climate attribution studies to elaborate on how much of the natural hazards occurring can be attributed to climate change and global warming.

⁸ <https://www.internal-displacement.org/countries/bangladesh>

⁹ <https://epi.yale.edu/epi-country-report/BGD>

contributions (NDC) commitments and ambitions to become an upper middle income country by 2031. Bangladesh presented an updated NDC in 2021 with more ambitious targets, and in particular, it increased its conditional emissions reduction target from 36 MtCO₂e to 89.47 MtCO₂e by 2030 compared to business as usual. The country also increased its unconditional emissions reduction target from 12 MtCO₂e to 27.56 MtCO₂e by 2030 compared to business as usual.¹⁰

The Action is therefore in line with the national development plans, and in particular: 8th Five Year Plan 2021-2025, Vision 2041, upcoming Integrated Energy and Power Master Plan, Renewable Energy Policy (in phase of revision), Energy Efficiency and Conservation Master Plan, Bangladesh Delta Plan (BDP) 2100, the SDGs agenda and Bangladesh's NDCs, and with the Mujib Climate Prosperity Plan up to 2030.

This Action is fully aligned with the EU political priorities of the Indo-Pacific Strategy, Global Gateway, Agenda 2030, European Consensus for Development and is aligned with main pillars of the EU Green Deal. In particular, it aligns with the main pillar for supplying clean, affordable and secure energy in an efficient way by enabling a green energy transition. It will also contribute to the implementation of the Gender Action Plan III, notably addressing the challenges and harnessing the opportunities of the green transition for a more gender equal society.

This action will build on the existing Team Europe Initiatives for Bangladesh (Green Energy Transition & Decent Work) by stimulating energy efficiency and improved social occupational safety and health conditions in one of the most polluting sectors in Bangladesh. In addition, the action would build on the three identified enablers in the Annual Action Plan 2023, namely: 1) Education, and in particular technical and vocational training which will address job displacement caused by transition towards production process less reliant on manual labour; 2) Women's economic empowerment, to improve employability for women and to fight gender based violence in a sector notorious for abuse, and 3) E-governance to fight corruption which has enabled traditional brick kilns to survive.

Finally, **the proposed Action aims at supporting the Government to achieve the above objectives by promoting a socially and environmentally sustainable transition towards a sustainable economic development and inclusive growth model**, as well as improving EU visibility in the country.

2.2 Problem Analysis

Sustainable economic growth and the reduction of the socio-economic inequalities in Bangladesh cannot be achieved without affordable, reliable, clean and modern energy for all, reduced GHG emissions, and reduction of the economic cost of pollution with a focus on the most vulnerable¹¹. With the construction sector being one of the key drivers for GDP growth in Bangladesh, improving environmental and social conditions in the brick manufacturing sector is an essential and necessary step towards achieving a green and socially just transition of the economy.

The growing population needs housing and physical and technical infrastructure services. There is a shortage of 4.6 million housing units, and with the increasing population growth (165M today forecasted to grow to 191M by 2035), this housing shortage is not likely to decrease in the near future. In addition, to further support the economic development the government is engaged in some 28 mega infrastructure projects, which also increases the demand for bricks and building materials. Without natural stone as building material, the principal building material in Bangladesh is the fired clay bricks, which is the cheapest and most commonly available product.

Brick kilns are widespread within the country and Bangladesh is currently the fourth largest brick producer in the world. It is estimated that a total of 35 billion bricks were produced in 2019. The sector is primarily categorized by Small and Medium sized Enterprises (SMEs), and is mostly comprised by one-person owned operations or small family-businesses with informal management. Brick kilns are omnipresent in the country and most of these are concentrated in the Greater Dhaka Region, particularly in Gabtali, Savar, Ashuliya, Keraniganj, Narshingdi, Gazipur and Manikganj, Barisal, Chittagong, Khulna, Rangpur, Rajshahi, and Sylhet. Production is seasonal and is confined to the five dry months of the year with reliance on manual labour and low mechanisation and with limited financial, technical and managerial capacity. A report published in the Dhaka Tribune reported that there are at least 7881 brick kilns in the country (as of June 2022) with 58.8% of these considered as illegal¹². Furthermore, a report carried out by

¹⁰ https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Bangladesh%20First/Updated_NDC_of_Bangladesh.pdf

¹¹ <https://www.tbsnews.net/environment/bangladesh-loses-14bn-year-air-pollution-44359>

¹² [Minister: Around 60% of brick kilns operating illegally \(dhakatribune.com\)](https://www.dhakatribune.com), January 31, 2023

the International Centre for Integrated Mountain Development (ICIMOD) in 2019¹³ estimated that 35% of all traditional brick kilns are using illegal firing technology, and more sustainable technology covers only around 2.5% of the market. The sector employs about one million people and accounts for approximately 1% of the country's GDP. The sector has a poor social and environmental track record because of:

- Greenhouse gas emission: The brick industry is a major source of GHG emission in Bangladesh, emitting 19.3 million tons of CO₂ in 2019;
- Air pollution: Air quality in Dhaka is considered one of the worst in the world, and The World Health Organization ranks Dhaka among the top 50 out of almost 3,000 cities with the highest annual mean concentrations of particulate matter air pollution, mainly attributable to traditional brick fields around Dhaka;
- Excess use of resources such as coal, soil, water, biomass: The principal fuel for brick kilns is coal (mainly low-grade, high-sulphur coal imported from India). Nearly 18% of brick kilns use forest wood, though its illegal, causing adverse impacts on the environment¹⁴. Thus, traditional kilns are a significant cause of deforestation in the country, loss of biodiversity and soil degradation. In fact, any available fuel is being used, including industrial waste from the garment industry and plastics. Deforestation and loss in vegetation (also linked with loss in soil quality) also has impacts on heat transfer and surface radiation, as well as water vapour conditions (necessary for cloud formation), which will reduce resilience to climate change;
- Labour conditions are poor: the sector operates on a seasonal basis, employing day labourers, notorious for abuse particularly against women, absence of health and safety standards and child labour. Working hours are typically 12-14 hours a day, six days a week. Workers do not have contracts and are underpaid.
- Soil depletion: Fertile topsoil's are used for the production of clay bricks, which results in loss of farmlands and natural habitats. Brick kilns use on average 800,000 tons of topsoil daily, seriously reducing the amount of arable land in Bangladesh, which is already threatened by urbanisation. It is also threatening overall food security of the nation as well. The loss in healthy soil cover, therefore, contributes to reduced resilience towards climate change, especially during heavy rain falls.

The Government has tried to regulate the sector for two decades with limited success, as the sector seems immune to external pressure given that most producers have been able continue operating informally or even illegally.

Better alternatives to bricks from traditional brick kilns are already available, including different production technologies for fired clay bricks (tunnel and Hybrid Hoffman kilns (HHK)) and non-fired bricks (such as autoclave blocks, concrete blocks, hollow blocks), but these cleaner production options have only had limited (but increasing) market penetration so far.

One of the major reasons for limited market popularity is that these products are more expensive than the unsustainable bricks from traditional kilns. Other reasons why alternative bricks (fired and non-fired) are at a disadvantage position compared to traditional bricks, include: i) Cost of investment and working capital are considerably higher for alternative bricks; ii) Commercial banks are reluctant/unwilling to provide loans as long as traditional brick kilns are able to dominate the market - despite the existence of green loan facilities in Bangladesh; iii) Traditional brick kilns owners willing to invest in cleaner technology cannot obtain (green) loans as they do not have sufficient collateral and because many are operating in the informal sector; iv) Construction companies are unwilling to procure greener alternatives, such as non-fired bricks, as there are no product standards in Bangladesh for these products, and companies and construction workers are mostly unfamiliar with such products; v) Production of non-fired bricks face supply chain challenges and quality issues; vi) Alternative brick producers are registered business entities and thus liable to higher corporate tax and VAT regulations than informal traditional brick operators, who are operating in the informal, semi-legal or illegal domain; and, vii) There is a lack of product standards for alternative bricks and alternative bricks have not found a place in the building code. More than anything else, the government would need a long-term vision and planning to regulate the sector and reduce inequalities. It equally lacks monitoring, inspection, law enforcement capacity for the current ban on most polluting brick kilns.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

¹³ Source: [Brick sector in Bangladesh - Fact sheet | HimalDoc \(icimod.org\)](#) , 2019

¹⁴ In 2011, wood consumption in the brick industry was estimated at 1.9 million tons

- Policy level stakeholder: The Ministry of Environment, Forestry and Climate Change (MoEF) has responsibility over most of the regulations affecting the brick sector and has the coordinating role. Other relevant entities are the Ministry of Industry (Policy and regulations for industrial operations), the Ministry of Agriculture (soil/clay mining permits which is the main raw material for fired bricks and to certain extent some non-fired bricks). Bangladesh Standards and Testing Institution (BSTI) is responsible to issue standard parameters for any products marketed in Bangladesh, and will be engaged to update/develop recommended minimum standards on dimensions, strength and other quality together with the Ministry of Housing and Public Works for non-fired/alternative bricks to be eligible to receive necessary official recognition on building codes/permitted construction material. Bangladesh Bank (central bank) is responsible for the financial regulatory controls that also includes special financing schemes for climate change and environment related projects. The National Board of Revenue (NBR) as the responsible public entity for taxation policy and tax collections, will be engaged for piloting of possible tax holidays/incentives for the green brick sector.
- Implementation level stakeholder: The Department of Environment (DoE) is the main implementing agency due to its direct enforcement role in relation to the brick making sector. Mandatory "Environmental Clearance Certification" is required from the DoE to set up brick factories. The Department of Inspection for Factories and Establishments (DIFE) is responsible for ensuring occupational health-safety and labour work conditions. The Local Government Engineering Department (LGED) will host the planned Learning and Innovation Centre, and have a key role in scaling up of alternative brick usage in public sector infrastructure projects. The Housing and Building Research Institute (HBRI) will be the designated entity on research, innovation in housing and building design and construction. The District Commissioner's office will be engaged in the local level implementation due to its mandate to issue operating license for the brick kilns within their administrative jurisdictions.
- Private sector and Associations: Main actors within the brick manufacturing sector are the traditional brick kiln owners and operators. They will need to stop operations or invest in more sustainable production. The Bangladesh Brick Manufacturers' Owner Association (BBMOA) represents the majority of registered traditional brick kilns, and is the most relevant interface with the sector. It is estimated that more than half of the sector operates fully out of view of public authorities and are not organised. There are a few larger scale (automated) producers, and represented through the Bangladesh Auto Bricks Manufacturers Association (BABMA). Finally, there are a small number of alternative brick producers active. Real Estate & Housing Association of Bangladesh (REHAB), and the Federation of Bangladesh Chambers of Commerce & Industries (FBCCI) as the apex business association in the country for the business community and the housing sector respectively, will be consulted on overall sector perspectives and market development. The Bangladesh Association of Construction Industry (BACI) as an apex organization representing the country's construction industry will be engaged in policy dialogues, advocacy and awareness raising among the entrepreneurs, construction companies and relevant stakeholders working in the construction sector for further mainstreaming of use of alternative bricks.
- Financial sector: In addition to Bangladesh Bank, commercial banks and financial institutions are stakeholders as providers or intermediaries for investment capital in the green construction sector.
- Other relevant stakeholders: SME operators in the construction sector will be involved due to their potential role to scale up the green brick industry. The Institute of Architects Bangladesh (IAB), Institute of Planners (BIP), and The Institute of Engineers Bangladesh (IEB), will be engaged for policy dialogues, advocacy and awareness raising among the professionals and entrepreneurs working in the construction sector.
- Civil Society Organisations and NGOs: local civil society associations will be engaged to raise awareness among the local population on protection of the environmental/natural resources. For example, the Bangladesh Environmental Lawyers Association (BELA) could be involved due to their expertise and networks to work as a pressure group to take actions to mainstream green construction materials in all public infrastructure development projects. Relevant environmental, youth and women organisations including NGOs will be engaged to support to take action on similar aspects.
- Brick kiln workers and their communities: The workers in the brick kilns and their communities would be affected by sector changes; the changes in the production process, and would need to be trained to operate the new equipment, adapt to the improved working conditions and occupational health and safety measures. The transformation will lead to certain impacts on livelihoods for families of some workers, thus, would need support

for formal/ non-formal TVET and business start-up funding to recover economic losses and prosper through alternative livelihood opportunities.

- **Local communities and Local Government Representatives:** The local communities would be impacted by the changes in the brick industry, and their concerns should be taken into account, both in terms of the environmental impacts and the social impacts such as job loss. Local Government Representatives (City Mayors/Union Parishad Chairpersons/Ward Councillors) to be involved due to their legislative role to decide and administer local development initiatives within their jurisdictions, in particular given the prominence of community-based adaptation (CBA) initiatives to climate change and disaster risk management in Bangladesh.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to reduce carbon emissions and environmental impacts and mitigate climate change while promoting better social and health conditions for male and female workers and communities related to the brick sector in Bangladesh and to reduce inequalities amongst vulnerable groups.

The **Specific Objectives** (Outcome) of this action are:

1. Improved energy efficiency and compliance with new/updated national standards for green bricks and blocks manufacturing.
2. Improved market and investment conditions for climate friendly non-fired, energy efficient bricks and alternative bricks
3. Improved labour conditions for male and female workers, effectively integrating a gender and human rights based approach and reduced inequalities for the identified vulnerable groups.

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcome) are:

For Outcome 1:

- **Output 1.1:** Strengthened capacities of partner ministry to update and institutionalise national framework conditions for green brick production.
- **Output 1.2:** Increased number of product standards and specifications for green alternative bricks production developed and awareness of relevant stakeholders about the need for their inclusion in the national building code.
- **Output 1.3:** Increased availability of innovative green, and human rights and gender-responsive business models integrating risk sharing mechanisms for gradual conversion of existing small and medium brick kilns into greener ones.

For Outcome 2:

- **Output 2.1:** Strengthened capacities of the partner ministry for the institutionalisation of learning and innovation on climate friendly and socially committed green construction standards/prerequisites.
- **Output 2.2:** Enhanced access to new and existing financing schemes and tax incentives on green technologies for brick manufacturers, with a focus on women and PWD.

For Outcome 3

- **Output 3.1:** Strengthened capacities of target stakeholders within the brick production sector on occupational health and safety and social safeguards effectively integrating a gender and human rights based approach and focusing on the most vulnerable

3.2 Indicative Activities

Outcome 1

Indicative activities (among others) relating to **Output 1.1**

- 1.1.1. Develop a national roadmap for green alternative bricks production together with DoE & validation of the roadmap by the concerned regulatory bodies (RB's).

- 1.1.2. Support the Ministry of Housing and Public works and BSTI to jointly define the minimum standards for alternative bricks and include these in building codes within the relevant policy documents.
- 1.1.3. Training of regulatory authorities along with availability of necessary equipment for emission measurement, environment monitoring.
- 1.1.4. Develop a “Model Brick-kiln Information System (MBKIS)” to have basic information on existing brick kilns, review of new applications during approval process, monitoring of transformation process of existing brick kilns.

Indicative activities (among others) relating to **Output 1.2:**

- 1.2.1. Develop draft product standards and specifications for green alternative bricks production (through consultation among brick producers, construction and building sector, and relevant ministries to define draft national standards and specifications for green blocks and bricks).
- 1.2.2. Develop final standards and specifications (through gathering lessons learned and recommendations from piloting the draft standards and specification in partner brick kilns), institutionalization of new standards and guidelines to officially include in the national building code, scale-up/mainstream (through national level consultations and dissemination among brick sector representatives, ministries, and relevant stakeholders).

Activities (among others) relating to **Output 1.3:**

- 1.3.1. Develop scopes for profitable green business models including technical designs and production process improvements through an innovative marketing mix strategy for gradual conversion/transformation of the existing brick kilns into greener ones also by ensuring that the brick kilns transition from seasonal and intermittent production to industrial brick production with continuous year-round production can lead as examples to a cleaner brick industry as well as contribute to the industrialization of the sector, women and PWD inclusive.
- 1.3.2. Integrate risk sharing mechanisms i.e., insurance schemes, machinery guarantee schemes etc. within the business models and financing schemes; matchmaking major govt. consumers (example: LGED, R&H, PWD, Min of Housing) for supporting a cleaner and gender responsive market development.

Outcome 2

Activities (among others) relating to **Output 2.1:**

- 2.1.1. Establish a joint committee consisting of relevant high officials by the DoE and DIFE as a dialogue and exchange platform on “Green Transformation and Social Compliance in the brick making Industry”.
- 2.1.2. Create an enabling environment for skills development and innovation of alternative brick technology through institutional anchoring in the form of a center/unit, scaling up and dissemination of solutions as replication/adaptation of best practices, techniques and programmes through a partner ministry (i.e. LGED).
- 2.1.3. Support necessary adjustments in designs, specifications, tender documents including BoQ’s, qualifying prerequisites for bidders on the entire brick production cycle at various levels, e.g., technical training for the workforce (e.g., through TVET education for the construction sector), production management training for supervisors and business management training for owners.

Activities (among others) relating to **Output 2.2:**

- 2.2.1. Leverage new and existing financing schemes and tax incentives for investments in greener alternative brick technologies.
- 2.2.2. Identify challenges and develop recommendation on simplification of application processes; identify possible alternatives to collateral requirements; review of eligibility criteria for the applicants of the brick sector and create scope to provide conditional financing opportunities for owners committed to transform their kilns.
- 2.2.3. Develop financing packages for green bricks production considering the affordability to small and medium brick kiln owners also promoting women and PWD inclusion.

Outcome 3

Activities (among others) relating to **Output 3.1:**

- 2.3.1. Preparation of guidelines and tools for occupational health and safety standards and social safeguard conditions in the brick production and make them available for intended users, provision of field-based technical assistance to boost the confidence of brick makers and help ensure a smooth transitioning process.
- 2.3.2. Development of relevant Standard Operations Procedures (SOP) and instruction handbooks;

- 2.3.3. Provision of necessary non-formal/formal TVET training for the seasonal and interested permanent workers (prioritizing female and most vulnerable workers) who are at risks of losing jobs due to (semi)automation of the traditional brick kilns.

Horizontal activities (all outputs): conducting policy advocacy and capacity development through workshops, backstopping, exposure visits, trainings, technical mentoring/coaching, and information platforms, including possible participation to sector related national/international events, exploring scope for Twinning/TAIEX options, among others. Where relevant, activities will be made accessible for the most vulnerable.

The commitment of the EU's contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Increased economic activity in the construction sector may have certain negative or positive impacts on environment and climate change. On the one hand, the increase in construction and infrastructure development can put more pressure on the environment (land, air, water, forest areas) and contribute to environmental degradation. On the other hand, with the investment in sustainable alternatives, combined with revenue and income generated from the increased trade and investment, Governments and businesses within Bangladesh may have more skills and financial resources to tackle environmental problems and promote the agenda for investments in the green and circular economy and clean energy.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project). The EIA (Environment Impact Assessment) screening classified the action as Orange B Category¹⁵ (project does not requiring an EIA), for which environmental aspects will be addressed during the design of the action

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project). The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment)

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender will be mainstreamed in the action focusing particularly on two aspects: rooting out gender-based violence in brick production, and improving employability for women in new business models in brick production. The action will ensure a. monitoring and prevention of gender-based violence within the sector, and b. job creation for women in the development of new business models. The Action is aligned with the Gender Action Plan III 2021-2025 (GAP III), in particular to the thematic area of engagement "Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation".

Human Rights

The action will contribute to human rights protection by creating the conditions for a sector transition towards respect for and adherence to environmental and social regulations in the sector. Rights holders, i.e., workers and members of communities dependent on traditional brick kilns will suffer less human rights violations by ensuring that companies comply with labour and occupational health and safety standards. The action will equally reinforce the capacities of the duty bearers/public authorities, through improved capacity on enforcement and compliance with social regulations. The Action is aligned with the EU's Action Plan on Human Rights and Democracy 2020-2024.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disability is not considered the overall nor the specific objective of the action. The Action will be in line with the National Social

¹⁵ Project which requires initial environmental examination (IEE) and an environmental management plan based on ADB guidelines, and following DOE project categories based on location and environmental impact

Security Strategy 2015-2026, the Disabled Persons' Rights and Protection Action Plan 2018. The Action will ensure that rights of persons with disabilities will be respected, and the planned activities are disability responsive and inclusive. The Action will seek to invite organisations representing people with disabilities when possible.

Reduction of inequalities

As per the Inequality Marker, the proposed action is labelled as I-1. The dust and air pollution caused by bricks kilns not only have a detrimental effect on public health, but it also negatively affects plant life and soil fertility. The use of top soil for bricks reduces the amount of arable land. So, while the kilns might provide revenues for the poorest segments of society in the short term, it only impoverishes local communities as a whole in the longer run. Brick kilns are typically financed by local elites for whom these facilities are a reasonably straightforward way to generate income as soil is procured or coerced from local farmers. These elites have the ability to move operations once the brick kilns are at the end of its life span (<10 years) while the local communities stay behind more impoverished. The action aims to introduce models which cause less environmental degradation, and which would leave the potential for local economic development intact.

Democracy

The action is not strictly linked to the promotion of democracy, but is expected to strengthen consultative processes between private sector actors, civil society and public authorities. This will enable private sector and civil society organisations to speak out on issues where the state should act, and it will make public authorities more responsive to the specific challenges within the sector.

Conflict sensitivity, peace and resilience

The action addresses the negative impacts of unbalanced economic growth. It focuses on a sector, in which vulnerable population groups are exploited under particularly onerous working conditions, affecting the environment and ultimately diminishing the potential to create or sustain livelihoods for local communities.

By regularising the sector, phasing out the most harmful production methods for bricks, creating safeguards for workers, and exploring the potential for sustainable business models communities are becoming more resilient, reducing potential for conflict over scarce resources.

One risk factor in which the action might be associated with local protest or opposition is in case of forced closure by government of existing traditional brick kilns. The risk for this are low to moderate. Kilns are not permanent employers. They provide temporary employment (5 months per year) at best, and stay in operation for a maximum of 10 years. Mitigating measures included in the action are support to alternative income generating activities for those unable to be re-employed.

Disaster Risk Reduction

Disaster Risk Reduction will be mainstreamed in the implementation of the action. It is not directly addressed in this action, but there are elements within the action which would need further scrutiny in particular: a. the use of sand and clay from riverbeds for certain types of bricks. Ensuring that government has the appropriate policies in place to consider the effects of sand and clay mining from river beds and the risks of erosion, b. the planning of infrastructure/investment as part of the business models to be piloted.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures

External environment	Lack of political commitment and low capacity of the concerned regulatory bodies to implement and enforce existing and new policies and acts	Medium	High	There is considerable political momentum for a green transformation in the construction sector as confirmed at the 2022 Bangladesh-EU political dialogue. To ensure stakeholder commitment a regular policy dialogue and close follow-up with political and implementing partners to scale-up enforcement efforts to comply with 100% use of environment friendly bricks in public sector projects will be an important part of this action.
Planning, processes and systems	No major market demand for alternative/green bricks is developed during the project life cycle.	Medium	High	<p>Lessons learnt from previous actions (such as those funded by SWITCH-Asia) have confirmed the market potential for several alternative brick products and have laid the foundation on which could be further build.</p> <p>An effective marketing mix strategy will be developed and applied in relevant actions for market development and scaling up of green/alternative bricks' use in public infrastructure development projects.</p> <p>Through LGED, increased use of environment friendly bricks in their projects will contribute to higher market demands for alternative/green bricks</p>
Legality and regularity aspects	Traditional brick kiln owners may refuse to cooperate, and continue to undercut the market for alternative bricks	High	High	<p>Working with the regulatory bodies for the brick sector to disseminate information and awareness building on the government ban on the traditional brick kilns started from 2014¹⁶.</p> <p>Traditional brick kiln owners will be introduced to profitable green business models through the demonstration measures being implemented by the project on improved design, workplace safety, environmental and social safeguards.</p> <p>BBMOA and BACI will be sensitised on the government's circular for shifting towards 100% green/alternative brick usage in all public infrastructure projects by 2025. This increased market demand is expected to lower the resistance from the traditional brick kiln owners and commit</p>

¹⁶ [Brick Manufacturing and Brick Kilns Establishment \(Control\) Act 2013](#)

				for gradual transformation to avail the newly developed cleaner business models and financing packages.
Legality and regularity aspects	Corruption prevents relevant government entities from enforcing existing rules and regulations	High	Medium	Closer monitoring, verification and information sharing within the government administration on brick kiln operations in the selected regions through capacity development of DoE officials on the use of digital surveillance on a test case basis and the development of a “Model brick Kiln information system (MBKIS) to assist the District Commissioners (DC) offices in the legal assessment of requests for licenses to set-up new brick kilns and check transformation processes within the existing kilns.
Gender equality	A gender-blind, neutral, or negative context and problem analysis could reinforce existing gender inequalities and non-realization of human rights in the sector, and hinder the efficiency and sustainability of the action.	Medium	Medium	Knowledge and tools of gender mainstreaming are available. Gender-sensitive monitoring, use of sex-disaggregated data, and gender-sensitive indicators. Gender mainstreaming is applied in all phases of the support services.
External environment	Supply issues for raw materials to produce alternative bricks (sand, cement, soil)	Medium	Medium	Action will focus on utilization of locally available raw materials or on materials which available from neighbouring areas. Action will focus both on fired clay bricks (FCB) and non-fired bricks (NFB), supply issues will only affect NFB’s
External environment	Political turmoil during and after elections may impede project progress	High	High	The action will start in the aftermath of the elections. However, an in-depth situation analysis will be required considering that political situation can remain uncertain due to post-election violence/deteriorated law and order situation.
Planning, processes and systems	Local brick kiln producers have low capacity and may refuse to co-invest for the development of local business models	High	Medium	Low-cost design modification, models for gradual introduction of workplace safety and workers social compliance aspects in participating brick kilns to show case to other local brick kiln owners.

Internal	The lack of information and data for targeting vulnerable groups might reduce the capacity of the Action to correctly address inequalities.	High	Medium	The possibility to use the Distributional Impact Assessment, when starting the implementation, to help target the most vulnerable, can be considered.
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Lessons Learnt: This action is developed by stocktaking of two EU funded activities through SWITCH-Asia: development of an action plan for green housing and promoting sustainable building in Bangladesh. In addition, other sector relevant projects financed by the Asian Development Bank and the World Bank have been taken into consideration. The following lessons learnt were derived from these:

The use of dedicated financial products for brick producers needs to be explored. Transitioning to less polluting production methods for bricks requires access to capital. However, the sector is largely informal, traditional brick producers have very little collateral (few fixed assets, rented land), meaning that traditional financial services (green loans, SME finance) are out of reach for them.

The need to bridge the gap between the informal and formal sector acting through local organisations and structures and seeking linkages with alternative livelihoods generating activities and technical and vocational training providers as part of the Team Europe Initiative on decent work. One important reason why the traditional sector has been able to escape government regulation is that sector operates mostly on an informal basis, protected by local elites and communities as these operators do generate income for communities, however harmful the operations.

Another lesson is that **the construction sector and brick manufacturers (alternative and traditional both) itself will need to be directly involved.** One reason why alternative bricks so far have been unable to gain a substantial market share is because brick manufacturers, construction companies and workers are unfamiliar with the product and therefore refuse to produce or buy them.

Seeking complementarity within the wider construction sector. In terms of policy/regulatory framework and livelihoods development, a few donors (GIZ, WB, ADB, EU) are engaged in TA/Capacity building in the relevant sectors. Germany through GIZ is conducting a multi-phase programme on Climate Change and Sustainable Urban Development covering areas of climate financing and NAP/NDC, advisory, climate risk assessments, climate resilient and inclusive urban planning, livelihood and community development, sustainable construction, and urban environmental management. The proposed Action will profit from lessons learned out of these projects and is meant to complement and create synergies with other GIZ TC projects. Therefore, the proposed actions will be implemented in synergies with the current projects of TEI member states.

3.5 The Intervention Logic

The underlying intervention logic for this action is based on the fact that, in the current scenario, despite an increasing political commitment towards a greener brick production, the sector still has a significant negative impact on environment, livelihoods and communities. A paradigm shift of the whole sector ecosystem is needed, ensuring that IF:

- i) Government institutionalizes its updated national framework conditions for more sustainable brick production systems, implements its rules and regulations and enforces these;
- ii) Innovative green business models and financial incentives for small and medium enterprises are developed;
- iii) A sectoral learning and innovation platform is established and functioning for awareness raising and knowledge transfer;
- iv) Brick kiln operators have access to finance; and
- v) Social standards in the brick production sector are improved and safeguarded.

THEN level playing field market conditions are created for sustainable investment in greener bricks, social conditions for workers are improved, and brick manufacturing is able to improve energy efficiency, reduce carbon emission and limit environmental pollution.

BECAUSE, A transition towards cleaner brick production implies a shift in perspective on the entire brick sector ecosystem targeting all relevant public and private stakeholders through: supporting legal framework and related capacities, designing business models and financial tools, establishing learning platforms and scaling up social safeguards' implementation.

And BECAUSE, the use of different/innovative technologies will have broad implications on many aspects of life, including the environmental footprint and pollution reduction, the society, the economy and governance in line with the UN Sustainable Development Goals. This will also affect building costs and tariffs, trade in terms of possible tax/import changes. Hence, this fundamental transformation needs the backing of the institutional decision makers, but also of most of the population. This major effort needs strong political leaders that push the matter forward, also through targeted policy and regulatory reforms.

Therefore, this Action aims at achieving these goals, in partnership and synergy with the relevant development partners under the TEI umbrella. The policy/regulatory framework gaps and investments' needs will be addressed through studies, capacity building, and technical assistance.

In parallel, the Action is designed to promote more sustainable brick production as a launching pad for possible future funding through the EFSD+ to allow for scaling-up and encouraging investment in the sector through non-traditional development finance (possible future blended finance, green bonds).

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention. On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To reduce carbon emissions and environmental impacts and mitigate climate change while promoting better social and health conditions for male and female workers and communities related to the brick sector in Bangladesh and to reduce inequalities amongst vulnerable groups	1. Greenhouse Gas (GHG) emissions avoided (tonnes CO2eq) with EU support	1. 0 (2023)	1. TBD (2027)	1. Baseline, mid-line and end-line surveys	Not applicable
		2. Number of (b) green jobs supported/sustained by the EU	2. TBD (2023)	2. TBD (2027)	2. Baseline, mid-line and end-line surveys	
Outcome 1	1. Improved energy efficiency and compliance with new/updated national standards for green bricks and blocks manufacturing	1.1 Extent to which national framework conditions (Brick Manufacturing and Brick Kilns Establishment (Control) Act, Govt Circular on the use of blocks, NDC, Delta Plan 2100 etc) is officially published and institutionalized within DoE and other partner ministries	1.1 Existing govt. rules and orders (baseline value: 0)	1.1 Two (02) updated policy/regulatory documents by 2026 and officially published by 2027 (target value: 02 updated and institutionalized documents by 2027)	1.1 Action plan and Meeting Minutes with DoE and other RBs	The economic situation remains stable and the effects of possible shocks are mitigated. Political turmoil during and after elections does not impede project progress.
		1.2 Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support, disaggregated by sex of ownership". (GERF 2.6)	1.2 0	1.2 TBD (2028)	1.2 Progress reports, reporting documents financial instruments	

		1.3 Number of business ventures that adopt the new green business models for small and medium entrepreneurs	1.3 0	1.3 TBD (2028)	1.3 sample based feedback survey	There are no supply issues for raw materials to produce alternative bricks (sand, cement, soil).
Outcome 2	2. Improved market and investment conditions for climate friendly non-fired, energy efficient bricks and alternative bricks	2.1 Status of learning and innovation platform on Climate friendly and socially committed Green Construction standards	2.1 No platform is active and operational (baseline 0)	2.1 Exchange platform is operational and institutionalised within LGED (target value: 01 platform established by 2027)	2.1 Meeting minutes and participation list	The involved GoB entities (i.e., DoE, LGED HBRI) and financing agencies continue cooperating with each other and with the interested kiln owners/new entrepreneurs Brick kiln owners remain interested to improve workplace safety and social compliance aspects if initial proper incentives and project support is provided.
		2.2 Number of eligible brick kiln operators with improved access to new and existing financing schemes and tax incentives for investments in greener alternative brick technologies (matching GEF 2.17)	2.2 No defined eligibility criteria and dedicated financing schemes available (baseline 0)	2.2 Two (02) well defined and dedicated financing schemes from BB and two (02) tax incentive schemes from NBR (1 each for small and medium sized brick kilns respectively) available (target value: 02 financing schemes and 02 tax incentives including eligibility criteria available by 2028)	2.2 Report, Consultation meeting minutes, training sessions etc	
		3.1 Number of green brick units with improved occupational	3.1 Zero (0) brick kilns follow occupational	3.1 Occupational safety and social	3.1 Worker occupational safety	

Outcome 3	Improved labour conditions for male and female workers, effectively integrating a gender and human rights based approach and reduced inequalities for the identified vulnerable groups.	safety and social safeguard conditions for their permanent and seasonal workers (disaggregated by sex and disability).	safety and social safeguard conditions (baseline: 0)	safeguard conditions improved in 10 brick production units (target value: 10 by 2028)	and social safeguard compliance survey report,	
		3.2 Number of women benefiting from incentives used to encourage women's entry into the green economy and the circular economy. (GAP III).	3.2 0	3.2 TBD	2.3 Reporting from financial service/grant providers	
Output 1 relating to Outcome 1	1.1: Strengthened capacities of partner ministry to update and institutionalise national framework conditions for green brick production.	1.1.1 Status of national roadmap 2035 to achieve a greener brick sector	1.1.1 No nationally accepted roadmap available (base value 0)	1.1.1 National Roadmap on sector transformation endorsed by ministry (2026)	1.1.1 Consultation meeting minutes, Approved Roadmap	Regulatory reforms and willingness to enforce remains a focus of the GoB and GoB is willing to initiate necessary changes to its approach to regulate and support the brick kiln sector
		1.1.2 Number of officials from DoE, DIFE and relevant ministries trained on GIS-based and other field monitoring approaches, showing improved knowledge of the subject area, disaggregated by sex and department	1.1.2 0 (base value 0)	1.1.2 100 (2027)	1.1.2 Pre and post training assessment	
		1.1.3 Number of need-based digital information, educational and communication (IEC) materials developed and officially published on a national digital learning platform by 2026 with open access, disaggregated by type	1.1.3 0 (base value 0)	1.1.3 11 (01 Model Brick-kiln Information System (MBKIS); 10 IEC) (2028)	1.1.3 MBKIS portal/site, Published IEC materials	

Output 2 relating to Outcome 1	1.2: Increased number of product standards and specifications for green alternative bricks production developed and awareness of relevant stakeholders about the need for their inclusion in the national building code.	1.2.1 Number of stakeholders reached through BSTI consultations on definition of draft national standards and specifications for green blocks and bricks, disaggregated by type of stakeholder	1.2.1 0 0	1.2.1 TBD (2026)	1.2.1 Lists of participants /Consultation meeting minutes.	Availability and Willingness of the key stakeholders, ministries, brick kiln owners and brick kiln owners are interested to be a partner of pilot measures.
		1.2.2 Number of brick kilns with whom BSTI piloted the application of the draft national product standards and specifications for the green block and brick production	1.2.2 0	1.2.2 03 (2027)	1.2.2 Measures and related documents, intervention's monitoring and reporting	
		1.2.3 Status of BSTI defined national product standards and specifications	1.2.3 0	1.2.3 One (01) set of final national standards and specifications are officially included in the national building code and published in the government order/ gazette notification (2028)	1.2.3. Government order/gazette notification published by BSTI	
Output 3 relating to Outcome 1	1.3: Increased availability of innovative green, and human rights and gender-responsive business models integrating risk sharing mechanisms for gradual conversion	1.3.1 Number of new green business model(s) available for the use small and medium entrepreneurs that consist of technological solutions for design and production process modification for gradual conversion of traditional brick kilns to mitigate GHG emissions	1.3.1 0	1.3.1 2 (2026)	1.3.1 Technical designs of new green business models	Availability and Willingness of the key stakeholders, ministries, inter(national), local NGO's,

	of existing small and medium brick kilns into greener ones.	and promote non-fired brick production technologies by 2026				CSO's and brick kiln owners are interested to be a partner of the project.
		1.3.2 Number of new green business model(s) accompanied with relevant marketing mix strategies that tested partially or in full in existing small and medium sized traditional brick kilns and/or new entrepreneurs to produce and sale greener bricks as per the newly developed national framework conditions by 2028	1.3.2 0	1.3.2 3 (2028)	1.3.2 Minutes of meetings with the entrepreneurs, MoU with the 3 entrepreneurs	
Output 1 relating to Outcome 2	2.1: Strengthened capacities of the partner ministry for the institutionalisation of learning and innovation on climate friendly and socially committed green construction standards/prerequisites	2.1.1 Number of consultations held by a high level joint committee established by the DoE and DIFE as a dialogue and exchange platform on “Green Transformation and Social Compliance in the brick making Industry” by 2028	2.1.1 0	2.1.1 16 ((4 - awareness raising; 4 - workplace safety and workers welfare standards; 4 - greener brick and brick production facility design; 4 - consultation with all key stakeholders and interest groups etc.) (2028)	2.1.1 Event reports incl. participation lists	All stakeholders involved are willing to engage in interagency and public-private coordination
		2.1.2 Status of Center/Unit for Green Construction in Dhaka with the Local Government Engineering Department (LGED)	2.1.2 0	2.1.2 One (01) Centre/Unit is established and joint roadmap developed (2027)	2.1.2 ToR of the centre, Handing over documents	
		2.1.3 Percentage use of alternative bricks in civil/infrastructure projects of	2.1.3 No data available on the quantity of green brick usage in govt	2.1.3 Minimum 10% green bricks used in 05 civil/infrastructure	2.1.3 Measures and related documents, intervention's	

		LGED and Ministry of H&PW sourced from the brick kilns that are complying with the newly introduced framework conditions starting from 2027	infrastructures (baseline 0)	development projects (target value: 05 public infrastructure projects by 2028),	monitoring and reporting, baseline survey among projects on brick types presently used in LGED, follow-on survey results within LGED	
Output 2 relating to Outcome 2	2.2: Enhanced access to new and existing financing schemes and tax incentives on green technologies for brick manufacturers, with a focus on women and PWD.	2.2.1 Number of well-defined and dedicated financing and tax schemes available for small and medium sized brick kilns, disaggregated by type of scheme	2.2.1 0	2.2.1 4 (02 financing schemes and 02 tax incentives including) (2028)".	2.2.1 Meeting minutes, bank reporting, financial instrument reporting	GoB, agencies and relevant stakeholders are willing to cooperate to provide necessary information and takes timely measures to institutionalize the framework
		2.2.2 Number of frameworks for public private cooperation between the trade associations and central bank established by 2027 that duly addressed the existing regulatory guidelines and the challenges for accessing the national and international financing schemes	2.2.2 No framework on public-private cooperation for brick sector does not exist (baseline 0)	2.2.2 One (01) national framework for public-private cooperation in brick sector developed (target value: 01 national framework by 2027)	2.2.2 Measures and related documents, intervention's monitoring and reporting	
Output 1 relating to Outcome 3	3.1: Strengthened capacities of target stakeholders within the brick production sector on occupational health and safety and social safeguards effectively integrating a gender and human rights based approach and focusing on the most vulnerable	3.1.1 Number of trained brick kiln owners and regulatory body officials, having improved knowledge of social and environmental safeguards (disaggregated by sex and disability) and measures implemented to improve occupational safety in workplaces	3.1.1 0	3.1.1 340 (120 brick kiln owners and 100 GoB/regulatory body officials) (2028)	3.1.1 Pre and post training assessment	Brick kiln operators/sector association willing to cooperate and accept training for workers
		3.1.2 Number of people who have benefited from institution or workplace based VET/skills development interventions supported by the EU: (a) all	3.1.2 0	3.1.2 1200(2027)	3.1.2 Pre and post training assessment	

		VET/skills development, disaggregated by sex and age” (GERF 2.14)				
		3.1.3 Number of brick kiln workers (disaggregated by sex, age, location, income and disability) who received increased support in alternative livelihood development due to the gradual automation of brick production facilities	3.1.3 0	3.1.3 250 right-holders (2027)	3.1.3 Evidence of certification, documentation of seed funding and their use, baseline and follow-up survey	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

N/A

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁷.

4.4.1 Indirect Management with an entrusted entity

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Long-standing experience and capacity in policy advice/design, capacity building and technical assistance;
- Solid experience in the Bangladesh country context, with the ability, capacity and size to manage a sector-wide intervention which encompasses a range of interventions (i.e., policy support, regulatory reform, value chain development, financial sector interventions and advocacy);
- Extensive experience in the building/construction sector, and climate change policies;
Knowledge and capacity on market innovation and sector transformation, innovative financing and investment climate and business environment;
- Preference will be given to an entity that is familiar with EU policies and possibly contributing to the TEI Green Energy Transition and/or Decent Work in Bangladesh.

4.4.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If this Action cannot be implemented in indirect management specified in 4.4.1 due to circumstances outside of the Commission's control, it will be implemented in direct management instead (procurement, grant or a combination of both) for the amount of EUR 9.6 million:

Procurement (direct management)

Procurement will contribute to achieving the overall and specific objectives specified in 3.1. with the global budgetary amount indicated in 4.6 (EUR 9,600,00) either in full, or partially in combination with grant funding (see below), not taking into account EUR 400,000 allocated for audit and evaluation.

Grants (direct management)

(a) Purpose of the grant(s)

¹⁷ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

To reduce carbon emissions and environmental impacts and mitigate climate change while promoting better social and health conditions for male and female workers and communities related to the brick sector in Bangladesh and to reduce inequalities amongst vulnerable groups (overall and specific objectives specified in 3.1)

(b) Type of applicants targeted

International organisations and or national or international non-governmental organisations.

4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.4		
Indirect management with an entrusted entity- cf. section 4.1.1	9 600 000	EUR 5 000 000
Evaluation – cf. section 5.2	300 000	N.A.
Audit – cf. section 5.3	100 000	N.A.
Totals	10 000 000	EUR 5 000 000

4.7 Organisational Set-up and Responsibilities

The entrusted entity will implement the project. The entrusted entity will be responsible for development partner coordination, joint administration of the resources allocated by development partners, the mobilisation of additional resources and project assurance.

The project will be governed by a steering committee whose composition will be further established and which will include the EU, the Ministry of Environment Forest and Climate Change, implementing partners and other relevant stakeholders. The steering committee will meet at least once a year to review progress against indicators, review the ongoing work plan and coordinate responses to issues identified in implementation.

A mechanism to have more regular technical meetings will also be established in the different work areas to ensure the operational implementation of the Action.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not

less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

- The implementing partners alongside the relevant ministries and public entities can provide a simple and practicable decentralised M&E system. The implementing partners will conduct baseline, midline and endline surveys/reports in close cooperation with the EU. Furthermore, the EU regularly hosts Results-Oriented Monitoring (ROM) missions. The project formulation mission will further refine the performance monitoring system as well as its indicators (see Logframe).
- Indicators shall be disaggregated at least by sex. All monitoring and reporting shall assess how the action is taking into account gender equality, a human rights-based approach and rights of persons with disabilities including inclusion and diversity.
- Distributional Impact Assessment tool (DIA) could be applied, as a data source whenever other sources (national, regional, local data) are not available to monitor whether expected outputs (list-reference to Logical Framework) have, to a large extent, benefited the bottom poorest 40 % income or wealth, or socio-economically disadvantaged groups, households and individuals. The DIA can also be performed at the start of the implementation phase to a) locate where the most vulnerable live and target them geographically; b) identify main drivers of inequalities (e.g. reasons for not accessing some services) c) unveil intersectionalities (e.g. bottom 40 income who are women, children etc.)

5.2 Evaluation

Having regard to the nature of the action, a mid-term, and final or ex-post evaluation may be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to potential for scalability.

The final or ex-post evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the complexity of the sector and previous interventions in the sector.

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams.

The evaluation plan should assess the distributional impact of activities undertaken on the bottom (poorest) 40 per cent or socio-economically disadvantaged individuals, households or groups. This can be done through the Distributional Impact Assessment tool (DIA). The DIA analysis looks at the effective targeting of beneficiaries of development interventions, identifying if more than 40 per cent of beneficiaries are at the bottom two quintiles of the income or wealth distribution. It also allows to evaluate whether effective targeting has been done towards women, children and youth or other disadvantaged groups (e.g. ethnic minorities) or at territorial level.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, duty-bearers, grant right-holders or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single action	Contribution agreement with an entrusted entity EUR 9 600 000, support entities: procurement of services for evaluation EUR 300 000, procurement of services for audit EUR 100 000
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSYS#): <Present action> <Other action(s)>
Contract level		
<input type="checkbox"/>	Single Contract 1	
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>

Appendix 2 COMMISSION DECISION & TECHNICAL and ADMINISTRATIVE PROVISIONS

	Project modality (Incl. thematic and regional programmes, as well as calls for proposals)		Budget support		No activities to be implemented by, and no funds to be transferred to, the Partner country, with signature of a Financing Agreement based of the 'simplified' template	
Action Document	Annex Commission Decision	Technical and Administrative Provisions (TAPs)	Annex Commission Decision	Technical and Administrative Provisions (TAPs)	Annex Commission Decision	Technical and Administrative Provisions (TAPs)
1. SYNOPSIS						
1.1. Action Summary Table	Yes	Yes	Yes	Yes	Yes	N/A
1.2. Summary of the Action	Yes	Yes	Yes	Yes	Yes	Yes
2. RATIONALE						
2.1. Context	Yes	N/A	Yes	N/A	Yes	N/A
2.2. Problem Analysis	Yes	N/A	Yes	N/A	Yes	N/A
2.3. Additional Areas of Assessment [For Budget Support Actions only]	N/A	N/A	Yes	N/A	N/A	N/A
2.3.1. Pre-condition on Fundamental values (for a SDG contracts only)	N/A	N/A	Yes	N/A	N/A	N/A
2.3.2. Public Policy	N/A	N/A	Yes	N/A	N/A	N/A
2.3.3. Macroeconomic Policy	N/A	N/A	Yes	N/A	N/A	N/A
2.3.4. Public Financial Management	N/A	N/A	Yes	N/A	N/A	N/A
2.3.5. Transparency and Oversight of the Budget	N/A	N/A	Yes	N/A	N/A	N/A
3. DESCRIPTION OF THE ACTION						
3.1. Objectives and Expected Outputs	Yes	Yes	Yes	Yes	Yes	N/A
3.2. Indicative Activities	Yes	Yes	Yes	Yes	Yes	N/A
3.3. Mainstreaming	Yes	Yes	Yes	Yes	Yes	N/A
3.4. Risks and Lessons Learnt	Yes	N/A	Yes	N/A	Yes	N/A
3.5. The Intervention Logic	Yes	Yes	Yes	Yes	Yes	N/A
3.6. Logical Framework Matrix	Yes	Yes	Yes	Yes	Yes	N/A
4. IMPLEMENTATION ARRANGEMENTS						
4.1. Financing Agreement	Yes	N/A	Yes	N/A	Yes	N/A
4.2. Indicative Implementation Period	Yes	N/A	Yes	N/A	Yes	N/A

	Project modality (Incl. thematic and regional programmes, as well as calls for proposals)		Budget support		No activities to be implemented by, and no funds to be transferred to, the Partner country, with signature of a Financing Agreement based of the 'simplified' template	
Action Document	Annex Commission Decision	Technical and Administrative Provisions (TAPs)	Annex Commission Decision	Technical and Administrative Provisions (TAPs)	Annex Commission Decision	Technical and Administrative Provisions (TAPs)
4.3. Implementation of the Budget Support Component (and subsections)	N/A	N/A	Yes	Yes	N/A	N/A
4.4. Implementation Modalities (and subsections)	Yes	Yes	Yes	Yes	Yes	N/A
4.5. Scope of geographical eligibility for procurement and grants	Yes	Yes	Yes	Yes	Yes	N/A
4.6. Indicative Budget	Yes	Yes	Yes	Yes	Yes	N/A
4.7. Organisational Set-up and Responsibilities	Yes	Yes	Yes	Yes	If applicable and relevant	If applicable and relevant
4.8. Pre-conditions [only for project modality]	Yes	Yes	Yes	N/A	Yes	If relevant and applicable
5. PERFORMANCE MEASUREMENT						
5.1. Monitoring and Reporting	Yes	Yes	Yes	Yes	Yes	N/A
5.2. Evaluation	Yes	Yes	Yes	Yes	Yes	N/A
5.3. Audit and Verifications	Yes	Yes	Yes	Yes	Yes	N/A
6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY						
6. Strategic Communication and Public Diplomacy	Yes	Yes	Yes	Yes	Yes	N/A
APPENDICES						
Appendix 1 Reporting in OPSYS	N/A	N/A	N/A	N/A	N/A	N/A
Appendix 2 Commission Decision and TAPs	Delete and replace with Appendix for Blending if applicable	N/A	N/A	Delete and replace with Appendix for Budget Support if applicable	N/A	N/A
Other: Appendix only for Blending: List Lead Finance Institutions	To be added	N/A	N/A	N/A	N/A	N/A
Other: Appendix only for Budget Support (Disbursement Arrangements, Conditions and Performance Indicators)	N/A	N/A	N/A	To be added	N/A	N/A