

# Project Administration Manual

Project Number: (55077-001)  
Loan Number: {LXXXX}  
May 2021

People's Republic of Bangladesh: Responsive  
COVID-19 Vaccines for Recovery Project Under the  
Asia Pacific Vaccine Access Facility

## ABBREVIATIONS

ADB	–	Asian Development Bank
BAN EAL	–	COVID-19 Response Emergency Assistance Project
APFS	–	audited project financial statements
APVAX	–	Asia Pacific Vaccine Access Facility
COVAX	–	COVID-19 Vaccines Global Access
COVID -19	–	coronavirus disease
DGHS	–	Directorate General of Health Services
FMA	–	financial management assessment
HSD	–	Health Services Division
LFIS	–	Loan Financial Information Services
MOF	–	Ministry of Finance
MOHFW	–	Ministry of Health and Family Welfare
NDVP	–	National Deployment and Vaccination Plan for COVID-19 Vaccines
NGO	–	nongovernment organization
PAM	–	project administration manual
PIU	–	program implementation unit
PMU	–	program monitoring unit
QPR	–	quarterly progress report
RRC	–	rapid response component
SPS	–	Safeguard Policy Statement
SOE	–	statement of expenditure
WHO	–	World Health Organization
UNICEF	–	United Nations Children's Fund

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### **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Health and Family Welfare (MOHFW), through the project implementation unit, is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by executing and implementing agencies of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Staff Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

## I. PROJECT DESCRIPTION

1. The project will provide the Government of Bangladesh with timely financing for procuring safe and effective vaccines against the coronavirus disease (COVID-19) based on an agreed list of eligible expenditures. The project will utilize the rapid response component (RRC) under the Asia Pacific Vaccine Access Facility (APVAX).<sup>1</sup> Ongoing technical assistance (TA) will help strengthen the vaccine delivery system.<sup>2</sup>

2. Since the first case of COVID-19 was confirmed in Bangladesh in March 2020, 776,257 cases have been confirmed and 12,005 people have died from the virus as of 11 May 2021.<sup>3</sup> The pandemic has resulted in high costs to the country's overall health, well-being and the economy. Bangladesh is currently experiencing a second wave which has led to a rapid spike in new cases, with the highest number of deaths (112) in a single day on 19 April 2021.<sup>4</sup> The resurgence in infections threatens to incur prolonged health and economic costs. Recognizing the need for vaccinations, the government acted swiftly to roll out vaccinations starting 7 February 2021. The government has secured a pipeline of 33.2 million doses more than 9.3 million people have been vaccinated as of 9 May 2021.<sup>5</sup> The government aims to inoculate 80% of its population. However, Bangladesh's vaccine needs have not been fully met and a significant share of the targeted population is yet to be vaccinated. It requires timely financing support to procure safe and effective vaccines, and avert prolonged risks from the pandemic.

3. **Impact and outcome:** The project is aligned with the following impact: accelerated health, social, and economic recovery of the COVID-19 affected population in Bangladesh.<sup>6</sup> It will have the following outcome: target populations vaccinated against COVID-19.<sup>7</sup>

4. **Output: Safe and effective COVID-19 vaccines delivered.** The project will support the procurement of safe and effective vaccines against COVID-19 through APVAX's RRC in compliance with the Asian Development Bank (ADB)'s vaccine eligibility criteria. It will procure an estimated 44.7 million doses of vaccines, which will be administered to 20.13 million Bangladeshis by 2024 based on the National Deployment and Vaccination Plan for COVID-19 Vaccines (NDVP). The eligible vaccines will be procured through either COVID-19 Vaccines Global Access Facility (COVAX), United Nations Children's Fund (UNICEF), or bilateral arrangements with vaccine manufacturers or distributors. The government expects to swiftly introduce the vaccines to the population following the NDVP and vaccination protocols and standards, including those governing waste management and monitoring of adverse events following immunization. In addition, ongoing TA resources of \$1.7 million will support strengthening of the vaccine delivery

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<sup>1</sup> The proposed project was prepared under the One Asian Development Bank (ADB) approach following the streamlined business processes outlined in the APVAX policy paper. ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

<sup>2</sup> ADB. 2020. [Technical Assistance for Regional Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia](#). Manila (TA 9982); and ADB. 2020. [Technical Assistance to Bangladesh for Supporting COVID-19 Response Emergency Assistance Project](#). Manila (TA 6643).

<sup>3</sup> Government of Bangladesh, Ministry of Health and Family Welfare (MOHFW), Directorate General of Health Services (DGHS). [Coronavirus COVID-19 dashboard](#) (accessed 11 May 2021).

<sup>4</sup> Government of Bangladesh, MOHFW, DGHS. [Coronavirus COVID-19 dashboard](#) (accessed 25 April 2021). The test positivity rate is 13% as of 24 April 2021. This figure is high as compared with the 5% benchmark set by the World Health Organization (WHO).

<sup>5</sup> The government has purchased 30 million doses from Serum Institute of India (SII), of which 7 million doses have been delivered. In addition, it received a donation of 3.2 million doses from the Government of India. Government of Bangladesh, MOHFW, DGHS. [COVID-19 Vaccination dashboard](#) (accessed 11 May 2021).

<sup>6</sup> Government of Bangladesh, MOHFW, DGHS. 2020. [National Preparedness and Response Plan for COVID-19, Bangladesh Version 5](#). Dhaka.

<sup>7</sup> The design and monitoring framework is in Appendix 1.

system, including, (i) technical experts to augment the capacity of the COVID-19 Vaccination Coordination Cell; (ii) capacity building of vaccinators in online registration and generating vaccination cards in rural and hard-to-reach areas; (iii) upgrading the interoperability of vaccine-related information technology systems to improve tracking and monitoring of vaccines, cold chain and logistics, AEFI, and medical waste management, including features to flag gender-differentiated gaps and benefits; and (iv) strengthening medical waste management practices by revising guidelines and training materials, and the web portal to enhance its monitoring (footnote 2).

## II. IMPLEMENTATION PLAN

### A. Project Readiness Activities

**Table 1: Project Readiness Activities**

Indicative Activities	Months					Responsibility
	Feb	Mar	Apr	May	June	
Establish project implementation arrangements	x	x	x			MOHFW
Advance contracting actions	x	x	x	x		DGHS
Loan negotiation				x		ADB/ERD/MOHFW/FD
ADB Board approval					x	ADB
Loan signing					x	ADB/ERD
Government legal opinion provided					x	ERD/Administrative Wing, Ministry of Law
Government budget inclusion			x			MOHFW/FD
Loan effectiveness					x	ADB/ERD
Retroactive financing actions	x	x	x	x		ADB/MOHFW/DGHS/FD

ADB = Asian Development Bank, DGHS = Directorate General of Health Services, ERD = Economic Relations Division, FD= Finance Division, MOHFW = Ministry of Health and Family Welfare.

Source: Asian Development Bank.

## B. Overall Project Implementation Plan

5. The project implementation chart recording key implementation activities on a quarterly basis is provided in Table 2. The activities will be undertaken by the government and updated annually and submitted ADB with contract and disbursement projections for the following year.

**Table 2: Gantt Chart of Implementation Activities**

Activities	2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Finalize national COVID-19 vaccine deployment plan																				
Develop COVID-19 vaccination delivery system, including operational plan relating to safeguards and medical waste management.																				
Update effective vaccine management protocols and procedures for COVID-19 vaccination and national immunization programs.																				
Prepare and conduct an information, education, and communications campaign to marginalized populations.																				
Develop end-to-end logistical arrangements (cross-country and in-country shipping), transportation, and delivery of vaccines from point of manufacture to designated central and/or regional hub or storage facility.																				
Set-up central and regional cold chain system and storage facilities that meet temperature and equipment requirements.																				
<b>A. DMF</b>																				
<b>1. Safe and effective COVID-19 vaccines delivered.</b>																				
1.1. Procure the required number of vaccine doses for ADB financing																				
1.2. International logistics to point of entry in Bangladesh																				
1.3. Provide technical and logistics support to the COVID-19 Vaccination Coordination Cell and build capacity of female staff in the cell																				
1.4. Training in online registration, generating vaccination cards, and post-immunization reporting to vaccinators and other staff																				
1.5. API inter-operability between the existing COVID-19 vaccination-related IT systems, and develop web-based waste management monitoring portal, including appropriate hosting support																				
<b>B. Project Management Activities</b>																				
Conduct procurement arrangements/direct contracting contracts for COVID-19 vaccines																				
Prepare and submit quarterly and annual progress reports including progress on medical waste management																				
Submit annual audited project financial statement and annual performance audit report																				
Prepare project completion report																				

ADB = Asian Development Bank; COVID-19 = coronavirus disease; DMF = design and monitoring framework, Q = quarter.  
Source: Asian Development Bank.

## III. PROJECT MANAGEMENT ARRANGEMENTS

### A. Project Implementation Organizations: Roles and Responsibilities

**Table 3: Implementation Roles and Responsibilities**

Project Implementation Organizations	Management Roles and Responsibilities
<b>Executing agency</b> Finance Division, Ministry of Finance	(i) Oversight of overall project implementation; (ii) Provide guidance and policy directions; (iii) Provide guidance to the Project Implementation Unit in coordination/consultation with DGHS, HSD, MOHFW; (iv) Manage the advance account; (v) Monitor project progress; and (vi) Recommend course corrections as needed.



<b>Implementing agency</b> Directorate General of Health Services (DGHS), Health Services Division, Ministry of Health (HSD) and Family Welfare (MOHFW)	<p>A program monitoring unit (PMU) will be established under DGHS to provide implementation support and monitor the project, including the following:</p> <ul style="list-style-type: none"> <li>(i) Day-to-day project preparation and supervision of project implementation activities;</li> <li>(ii) Procurement of vaccine contracts;</li> <li>(iii) Preparation and submission of withdrawal applications;</li> <li>(iv) Submission of the audited annual report and financial statements;</li> <li>(v) Submission of performance audit report;</li> <li>(vi) Maintaining project accounts and loan financial records;</li> <li>(vii) Keeping supporting documents for project financial statements and project accounts;</li> <li>(viii) Preparing regular progress reports, monitoring reports and a project completion report and their timely submission to the Asian Development Bank (ADB);</li> <li>(ix) Administration of vaccine contracts;</li> <li>(x) Quality assurance of contracts and services of consultants and counterpart staff;</li> <li>(xi) Conduct annual internal audit for the project and reporting of status of internal audit findings as part of quarterly progress report;</li> <li>(xii) Compliance with safeguards requirements;</li> <li>(xiii) Involving beneficiaries, affected persons and their representatives in all stages of project development and implementation;</li> <li>(xiv) Information disclosure;</li> <li>(xv) Implementation of gender action plan; and</li> <li>(xvi) Compliance with loan covenants social and environment safeguards, financial, economic, others).</li> <li>(xvii) Coordination with and to be guided by the COVID-19 Vaccine Preparedness and Deployment Core Committee, including development partners and technical experts.</li> </ul>
Asian Development Bank (ADB)	<ul style="list-style-type: none"> <li>(i) Monitoring and review of the overall implementation of the project in consultation with the executing agency, including, but not limited to, progress toward the achievement of project outputs, progress of contract award and disbursements, procurement and performance audits, and compliance with loan covenants;</li> <li>(ii) Posting on the ADB website of updated project data sheets;</li> <li>(iii) Ensuring compliance with loan covenants (social and environment safeguards, financial, economic and others); and</li> <li>(iv) Timely processing of withdrawal applications and release of eligible funds.</li> </ul>

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

### Executing Agency

Ministry of Finance

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### C. Project Organization Structure

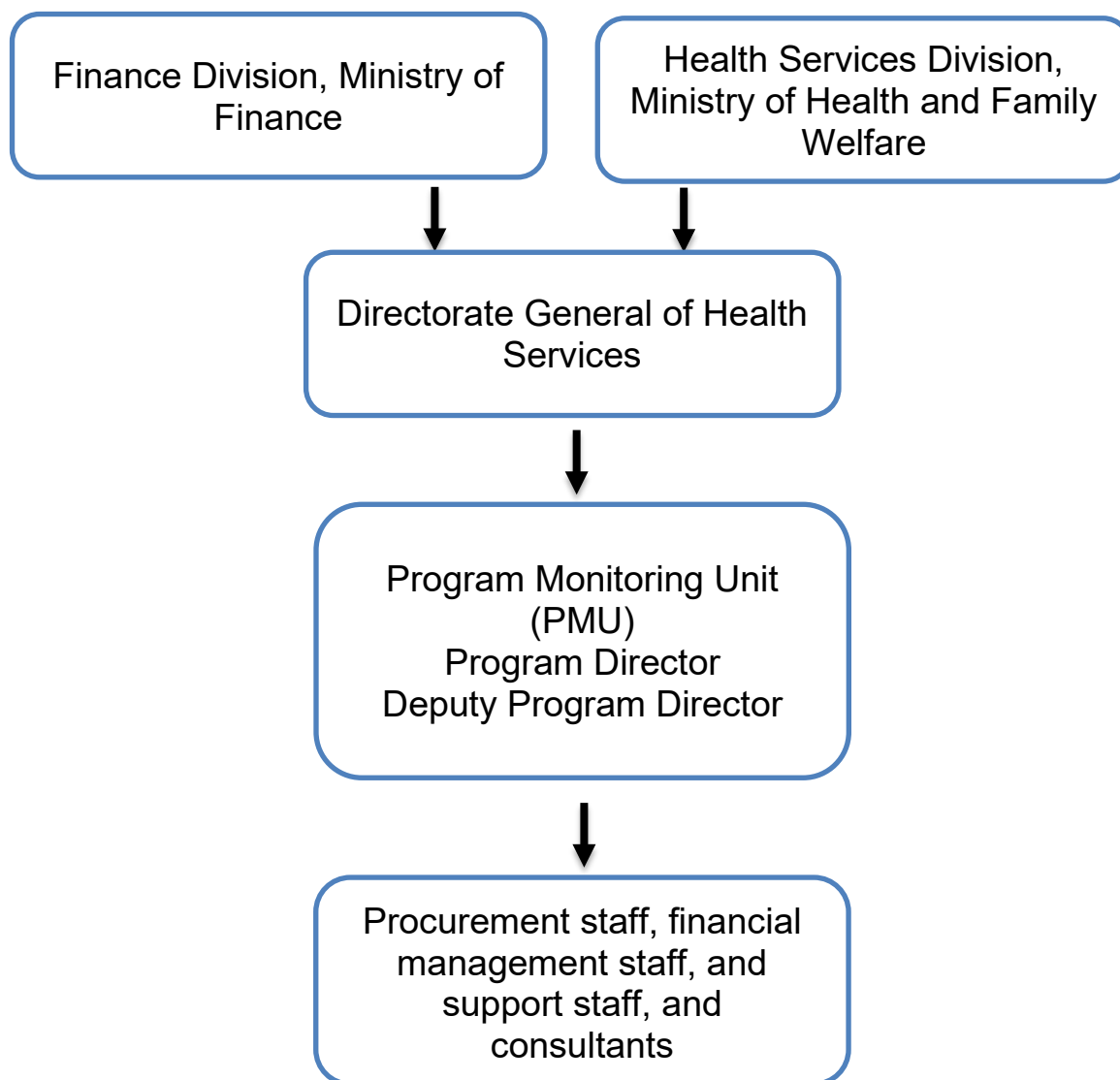
6. The project will be implemented over 3 years. The Finance Division of the Ministry of Finance (MOF) will be the executing agency and the DGHS under Health Services Division (HSD), Ministry of Health and Family Welfare (MOHFW) will be the implementing agency of the project. The Finance Division will manage the advance account and DGHS will procure the vaccines. A Project Steering Committee chaired by Senior Secretary/Secretary, Finance Division, MOF will be established. It will comprise relevant government officials and development partners, to provide guidance to the PMU and oversee overall project implementation. The Project Steering Committee will meet at least twice a year.

7. A program monitoring unit (PMU) will be established under the DGHS to provide implementation support and monitor the project prior to loan disbursement. In addition, A Project Implementation Committee, chaired by the Additional Director General, DGHS, will provide technical oversight and hands-on supervision, meeting at least quarterly. The Project Implementation Committee will work directly under the supervision of the Director General, DGHS and be guided by the Steering Committee. The PMU will also coordinate with and be guided by the COVID-19 Vaccine Preparedness and Deployment Core Committee, including development partners and technical experts.

8. **Program Monitoring Unit.** The PMU will be staffed with a dedicated program director, deputy program director, financial management, and procurement staff. The Program Director and Deputy Program Director will also work directly with the relevant coordination committees and vaccine working groups, and government entities. Individual consultants, such as procurement, financial management, and audit experts, as well as necessary support staff will be recruited to assist the PMU through the ongoing TA Supporting COVID-19 Response Emergency Assistance Project<sup>8</sup> by June 2021 before loan disbursement. The Program Director terms of reference as requested by the government is in Appendix F.

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<sup>8</sup> ADB. 2020. [\*Technical Assistance to the People's Republic of Bangladesh for Supporting COVID-10 Response Emergency Assistance Project\*](#). Manila (TA 6643).

**Figure 1: Project Organization Structure**

Note: Individual consultants, such as a procurement, financial management and audit experts, will be recruited through the ongoing ADB technical assistance grants to support the PMU.

Source: Asian Development Bank.

#### IV. COSTS AND FINANCING

9. The project is estimated to cost \$940 million, inclusive of physical and price contingencies, interest, and other charges during implementation (Table 4). The project will be guided by the Indicative Master List of Eligible Items and Agreed List of Acceptable Expenditure Items ('Positive List') for ADB financing under the RRC (Appendix G).

**Table 4: Summary Cost Estimates**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Safe and effective COVID-19 vaccines delivered	893.08
<b>Subtotal (A)</b>	<b>893.08</b>
<b>B. Contingencies<sup>c</sup></b>	<b>23.27</b>
<b>C. Financial Charges during Implementation<sup>d</sup></b>	<b>23.64</b>
<b>Total (A+B+C)</b>	<b>940.00</b>

COVID-19 = coronavirus disease.

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> COVID-19 vaccines will be tax-exempt.

<sup>b</sup> In March 2021 prices.

<sup>c</sup> Physical contingencies computed at about 1%. Price contingencies computed at average of 1.7% on foreign exchange costs and 5.5% on local currency costs.

<sup>d</sup> Includes interest and commitment charges during implementation for the ordinary capital resources portion of the loan. For the concessional portion of the loan, only interest during implementation is included and this has been computed at 2% per annum.

Source: Asian Development Bank.

10. The government has requested a loan of \$940 million from ADB's ordinary capital resources to help finance the project. This will comprise (i) a regular loan of \$470 million and (ii) a concessional loan of \$470 million, both from ADB's ordinary capital resources. The regular loan will have a 15-year term with a grace period of 3 years, with an annual interest rate determined in accordance with ADB's Loan interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per annum; and such other terms and conditions set forth in the draft loan agreement. Based on the straight line method, the average maturity is 9.25 years, and there is no maturity premium payable to ADB. The concessional loan will have a term of 25 years, including a grace period of 5 years, an interest charge at the rate of 2.0% per annum, and such other terms and conditions set forth in the draft loan agreement.

11. The proposed financing plan is in Table 5. The government will provide in-kind contribution in form of counterpart staff, logistics, cold chain, and various facilities to support the deployment of ADB financed vaccines. In addition, the government will finance all taxes and duties for the project through tax exemption and its estimated amount is not included in the project costs.

**Table 5: Summary Financing Plan**

Source	Project		COVID-19 Vaccination Program <sup>a</sup>	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank	940.00	100.00	940.00	25.43
Concessional OCR Loan	470.00	50.00	470.00	12.72
OCR Regular Loan	470.00	50.00	470.00	12.72
Government of Bangladesh <sup>b</sup>			1,704.09	46.10
Others <sup>c</sup>			1,052.29	28.47
<b>Total</b>	<b>940.00</b>	<b>100.00</b>	<b>3,696.38</b>	<b>100.00</b>

COVID-19 = coronavirus disease, OCR = ordinary capital resources.

Note: Percentages may not total 100% because of rounding.

- <sup>a</sup> The COVID-19 vaccination program is financed through the government's own resources, development partners and other donors. The total program cost was estimated assuming 10% vaccine wastage. Total vaccine costs are estimated at \$3.08 billion with vaccine prices of \$4–\$20 per dose and total operational costs of \$614.4 million based on \$2 per dose.
- <sup>b</sup> The government will finance all taxes and duties for the project through tax exemption. In addition, the government will provide in-kind contribution and common program costs in the form of counterpart staff, logistics, cold chain, and various facilities needed for the deployment of Asian Development Bank-financed vaccines. The taxes and duties and the government in-kind contribution for the project is not included in the project cost and will not be included in the audited project financial statement.
- <sup>c</sup> Financing from various development partners and donors including the COVID-19 Vaccines Global Access Facility and the Asian Infrastructure Investment Bank.
- Source: Asian Development Bank estimates.

## A. Cost Estimates Preparation and Revisions

12. The cost estimates were prepared by MOHFW and the project cost will be reviewed and updated during implementation. The determination of the volume of vaccines from prospective suppliers were derived from the government's detailed vaccine rollout plans. The vaccine unit costs are provided as indicative rates based on early discussions the government has had with prospective suppliers. The cost estimates are fluid and may change as the market prices of COVID-19 vaccines and other costs continue to be volatile and uncertain. During project implementation, the responsibility for updating the cost estimates will be with DGHS.

## B. Key Assumptions

13. The following key assumptions underpin the cost estimates and financing plan:
- (i) Exchange rate: Tk84.63 = \$1.00 (as of 26 April 2021).
  - (ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

**Table 6: Escalation Rates for Price Contingency Calculation**

Item	2021	2022	2023	2024	Average
Foreign rate of price inflation	1.60%	1.70%	1.70%	1.80%	1.70%
Domestic rate of price inflation	5.50%	5.50%	5.50%	5.50%	5.50%

Source: Asian Development Bank estimates.

### C. Detailed Cost Estimates by Expenditure Category

**Table 7: Detailed Cost Estimates by Expenditure Category**  
(\$ million)

	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Costs</b>				
1. Supply contract for eligible vaccines	893.08	0.00	893.08	100.00
<b>Subtotal (A)</b>	<b>893.08</b>	<b>0.00</b>	<b>893.08</b>	<b>100.00</b>
<b>B. Recurrent Costs</b>				
Other vaccine related costs	0.00	0.00	0.00	0.00
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Base Cost</b>	<b>893.08</b>	<b>0.00</b>	<b>893.08</b>	<b>100.00</b>
<b>C. Contingencies</b>				
1. Physical	8.93	0.00	8.93	1.00
2. Price	14.34	0.00	14.34	1.61
<b>Subtotal (C)</b>	<b>23.27</b>	<b>0.00</b>	<b>23.27</b>	<b>2.61</b>
<b>D. Financial Charges During Implementation</b>				
Interest during implementation	22.84	0.00	22.84	2.56
Commitment charges	0.80	0.00	0.80	0.09
<b>Subtotal (D)</b>	<b>23.64</b>	<b>0.00</b>	<b>23.64</b>	<b>2.65</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>940.00</b>	<b>0.00</b>	<b>940.00</b>	<b>105.25</b>

Notes:

- Numbers may not sum precisely because of rounding.
- The government will finance all taxes and duties for the project through tax exemption on coronavirus disease vaccines and its estimated amount (\$116 million) is not included in the project cost. In addition, the government will provide in-kind contribution and common program costs in form of counterpart staff, logistics, cold chain, and various facilities needed for the deployment of Asian Development Bank-financed vaccines.

Source: Asian Development Bank estimates.

**Table 7.1: Detailed Cost Estimates by Expenditure Category (APVAX-COL)**  
(\$ million)

	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Costs</b>				
1. Supply contract for eligible vaccines	442.41	0.00	442.41	100.00
<b>Subtotal (A)</b>	<b>442.41</b>	<b>0.00</b>	<b>442.41</b>	<b>100.00</b>
<b>B. Recurrent Costs</b>				
Other vaccine related costs	0.00	0.00	0.00	0.00
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Base Cost</b>	<b>442.41</b>	<b>0.00</b>	<b>442.41</b>	<b>100.00</b>
<b>C. Contingencies</b>				
1. Physical	4.42	0.00	4.42	1.00
2. Price	7.10	0.00	7.10	1.61
<b>Subtotal (C)</b>	<b>11.52</b>	<b>0.00</b>	<b>11.52</b>	<b>2.61</b>
<b>D. Financial Charges During Implementation</b>				
Interest during implementation	16.06	0.00	16.06	3.63
Commitment charges	0.00	0.00	0.00	0.00
<b>Subtotal (D)</b>	<b>16.06</b>	<b>0.00</b>	<b>16.06</b>	<b>3.63</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>470.00</b>	<b>0.00</b>	<b>470.00</b>	<b>106.24</b>

Notes:

1. Numbers may not sum precisely because of rounding.
2. The government will finance all taxes and duties for the project through tax exemption on coronavirus disease vaccines and its estimated amount is not included in the project cost.
3. The program operational costs will be provided by the government in form of in-kind contribution and common program costs such as counterpart staff, logistics, cold chain, and various facilities needed for the deployment of Asian Development Bank-financed vaccines. The amount of in-kind contribution and common program costs are not included in the project costs.

Source: Asian Development Bank estimates.



**Table 7.2: Detailed Cost Estimates by Expenditure Category (OCR)**  
(\$ million)

	Foreign Exchange	Local Currency	Total Cost	% of Total Base Cost
<b>A. Investment Costs</b>				
1. Supply contract for eligible vaccines	450.67	0.00	450.67	100.00
<b>Subtotal (A)</b>	<b>450.67</b>	<b>0.00</b>	<b>450.67</b>	<b>100.00</b>
<b>B. Recurrent Costs</b>				
Other vaccine related costs	0.00	0.00	0.00	0.00
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Base Cost</b>	<b>450.67</b>	<b>0.00</b>	<b>450.67</b>	<b>100.00</b>
<b>C. Contingencies</b>				
1. Physical	4.51	0.00	4.51	1.00
2. Price	7.24	0.00	7.24	1.61
<b>Subtotal (C)</b>	<b>11.75</b>	<b>0.00</b>	<b>11.75</b>	<b>2.61</b>
<b>D. Financial Charges During Implementation</b>				
Interest during implementation	6.78	0.00	6.78	1.50
Commitment charges	0.80	0.00	0.80	0.18
<b>Subtotal (D)</b>	<b>7.58</b>	<b>0.00</b>	<b>7.58</b>	<b>1.68</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>470.00</b>	<b>0.00</b>	<b>470.00</b>	<b>104.29</b>

Notes:

1. Numbers may not sum precisely because of rounding.
2. The government will finance all taxes and duties for the project through tax exemption on coronavirus disease vaccines and its estimated amount is not included in the project cost.
3. The program operational costs will be provided by the government in form of in-kind contribution and common program costs such as counterpart staff, logistics, cold chain, and various facilities needed for the deployment of Asian Development Bank-financed vaccines. The amount of in-kind contribution and common program costs are not included in the project costs.

Source: Asian Development Bank estimates.

## D. Allocation and Withdrawal of Loan Proceeds

14. Tables 8 and 9 set forth the categories of expenditure items to be financed out of the proceeds of the loan and the allocation amounts of the loan to each category.

**Table 8: ADB Regular Ordinary Capital Resources Loan (Concessional)**

Category			ADB Financing
No.	Item	Amount Allocated (\$)	Percentage and Basis for Withdrawal from the Loan Account
1	Goods <sup>b</sup> and Services	442,410,000	100.0% of total expenditure claimed <sup>a</sup>
2	Interest charges	16,060,000	100.0% of total amount due
3	Unallocated	11,530,000	
	<b>Total</b>	<b>470,000,000</b>	

ADB = Asian Development Bank.

<sup>a</sup> Exclusive of taxes and duties imposed within the territory of the Borrower.

<sup>b</sup> Subject to the condition for withdrawal described in para. 10 of Schedule 3 of the Ordinary Operations (Concessional) Loan Agreement.

Source: Asian Development Bank.

**Table 9: ADB Regular Ordinary Capital Resources Loan**

Category			ADB Financing
No.	Item	Amount Allocated (\$)	Percentage and Basis for Withdrawal from the Loan Account
1	Goods <sup>b</sup> and Services	450,673,000	100.0% of total expenditure claimed <sup>a</sup>
2	Interest and Commitment charges	7,583,000	100.0% of total amount due
3	Unallocated	11,744,000	
	<b>Total</b>	<b>470,000,000</b>	

ADB = Asian Development Bank.

<sup>a</sup> Exclusive of taxes and duties imposed within the territory of the Borrower.

<sup>b</sup> Subject to the condition for withdrawal described in para. 10 of Schedule 2 of the Ordinary Operations Loan Agreement.

Source: Asian Development Bank.

# E. Detailed Cost Estimates by Financier

**Table 10: Detailed Cost Estimates by Financier**  
(\$ million)

Item	ADB (COL)		ADB (OCR)		Government		Total Cost	
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	Taxes and duties
<b>A. Investment Costs</b>								
1. Supply contract for eligible vaccines	442.41	100.00			0.00	0.00	442.41	0.00
			450.67	100.00	0.00	0.00	450.67	0.00
<b>Subtotal (A)</b>	<b>442.41</b>	<b>49.54</b>	<b>450.67</b>	<b>50.46</b>	<b>0.00</b>	<b>0.00</b>	<b>893.08</b>	<b>0.00</b>
<b>B. Recurrent Costs</b>								
Other vaccine related costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Base Cost</b>	<b>442.41</b>	<b>49.54</b>	<b>450.67</b>	<b>50.46</b>	<b>0.00</b>	<b>0.00</b>	<b>893.08</b>	<b>0.00</b>
<b>C. Contingencies</b>								
1. Physical	4.42	49.54	4.51	50.46	0.00	0.00	8.93	0.00
2. Price	7.10	49.54	7.24	50.46	0.00	0.00	14.34	0.00
<b>Subtotal (C)</b>	<b>11.53</b>	<b>49.54</b>	<b>11.74</b>	<b>50.46</b>	<b>0.00</b>	<b>0.00</b>	<b>23.27</b>	<b>0.00</b>
<b>D. Financial Charges During Implementation</b>								
1. Interest during implementation	16.06	70.31	6.78	29.69	0.00	0.00	22.84	0.00
2. Commitment charges	0.00	0.00	0.80	100.00	0.00	0.00	0.80	0.00
<b>Subtotal (D)</b>	<b>16.06</b>	<b>0.00</b>	<b>7.58</b>	<b>32.07</b>	<b>0.00</b>	<b>0.00</b>	<b>23.64</b>	<b>0.00</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>470.00</b>	<b>50.00</b>	<b>470.00</b>	<b>50.00</b>	<b>0.00</b>	<b>0.00</b>	<b>940.00</b>	<b>0.00</b>

ADB = Asian Development Bank, COL = concessional ordinary capital resources, OCR = ordinary capital resources.

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

**F. Detailed Cost Estimates by Outputs and/or Components**

**Table 11: Detailed Cost Estimates by Output**  
(\$ million)

Item		Total Cost	Amount	Output 1 % of Cost Category
<b>A.</b>	<b>Investment Costs</b>			
	1. Supply contract for eligible vaccines	893.08	893.08	100.00
	<b>Subtotal (A)</b>	<b>893.08</b>	<b>893.08</b>	<b>100.00</b>
<b>B.</b>	<b>Recurrent costs</b>			
	Other vaccine related costs	0.00	0.00	0.00
	<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Base Cost</b>	<b>893.08</b>	<b>893.08</b>	<b>100.00</b>
<b>C.</b>	<b>Contingencies</b>			
	1. Physical	8.93	8.93	100.00
	2. Price	14.34	14.34	100.00
	<b>Subtotal (C)</b>	<b>23.27</b>	<b>23.27</b>	<b>100.00</b>
<b>D.</b>	<b>Financial Charges During Implementation</b>			
	1. Interest during implementation	22.84	22.84	100.00
	2. Commitment charges	0.80	0.80	100.00
	<b>Subtotal (D)</b>	<b>23.64</b>	<b>23.64</b>	<b>100.00</b>
<b>Total Project Cost (A+B+C+D)</b>		<b>940.00</b>	<b>940.00</b>	<b>100.00</b>

Source: Asian Development Bank estimates.

**G. Detailed Cost Estimates by Year****Table 12: Detailed Cost Estimate by Year**  
(\$ million)

Item	Total Cost	2021	2022	2023
<b>A. Investment Costs</b>				
1. Supply contract for eligible vaccines	893.08	446.54	357.23	89.31
<b>Subtotal (A)</b>	<b>893.08</b>	<b>446.54</b>	<b>357.23</b>	<b>89.31</b>
<b>B. Recurrent costs</b>				
Other vaccine related costs	0.00	0.00	0.00	0.00
<b>Subtotal (B)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Base Cost</b>	<b>893.08</b>	<b>446.54</b>	<b>357.23</b>	<b>89.31</b>
<b>C. Contingencies</b>				
1. Physical	8.93	4.47	3.57	0.89
2. Price	14.34	2.64	8.11	3.60
<b>Subtotal (C)</b>	<b>23.27</b>	<b>7.10</b>	<b>11.68</b>	<b>4.49</b>
<b>D. Financial Charges During Implementation</b>				
1. Interest during implementation	22.84	1.60	8.99	12.25
2. Commitment charges	0.80	0.53	0.22	0.05
<b>Subtotal (D)</b>	<b>23.64</b>	<b>2.13</b>	<b>9.21</b>	<b>12.30</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>940.00</b>	<b>455.78</b>	<b>378.13</b>	<b>106.09</b>
<b>% Total Project Cost</b>	<b>100.00</b>	<b>48.49</b>	<b>40.23</b>	<b>11.29</b>

Note: Numbers may not sum precisely because of rounding.

Source: Asian Development Bank estimates.

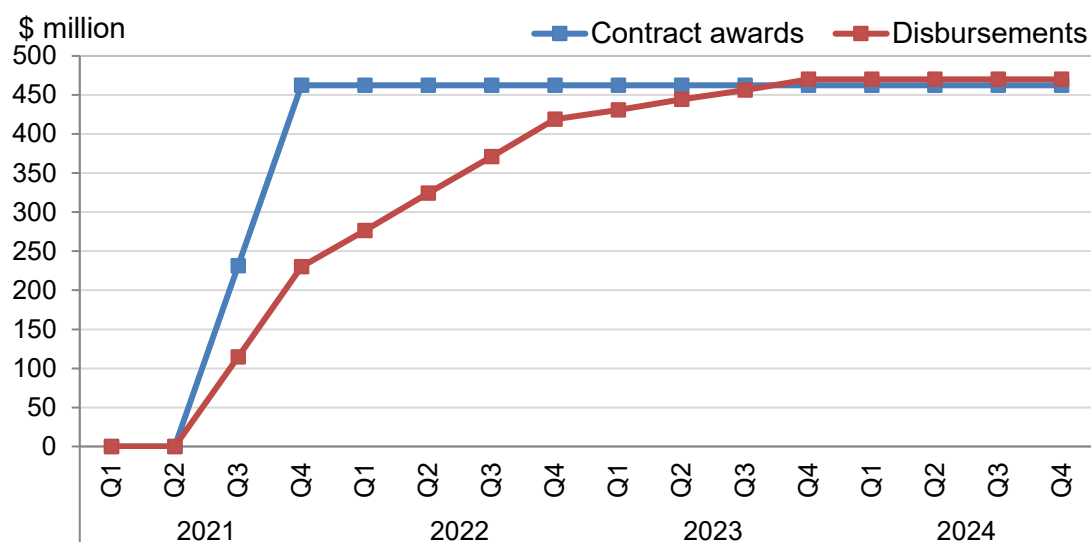
**H. Contract and Disbursement S-Curve****Table 13: Contract Awards and Disbursement Baseline Projections**  
(\$ million)

COL												
	Contract Award						Disbursement					
	Q1	Q2	Q3	Q4	Total	Cum	Q1	Q2	Q3	Q4	Total	Cum
2021	-	-	226.97	226.97	453.94	453.94	-	-	112.36	113.49	225.85	225.85
2022	-	-	-	-	-	453.94	45.7	48.8	45.7	48.8	189.07	414.92
2023	-	-	-	-	-	453.94	11.6	15.9	11.6	15.9	55.08	470.00
2024	-	-	-	-	-	453.94	-	-	-	-	-	470.00
OCR												
	Contract Award						Disbursement					
	Q1	Q2	Q3	Q4	Total	Cum	Q1	Q2	Q3	Q4	Total	Cum
2021	-	-	231.21	231.21	462.42	462.42	-	-	114.46	115.47	229.93	229.93
2022	-	-	-	-	-	462.42	46.5	48.0	46.5	48.0	189.05	418.98
2023	-	-	-	-	-	462.42	11.8	13.7	11.8	13.7	51.02	470.00
2024	-	-	-	-	-	462.42	-	-	-	-	-	470.00

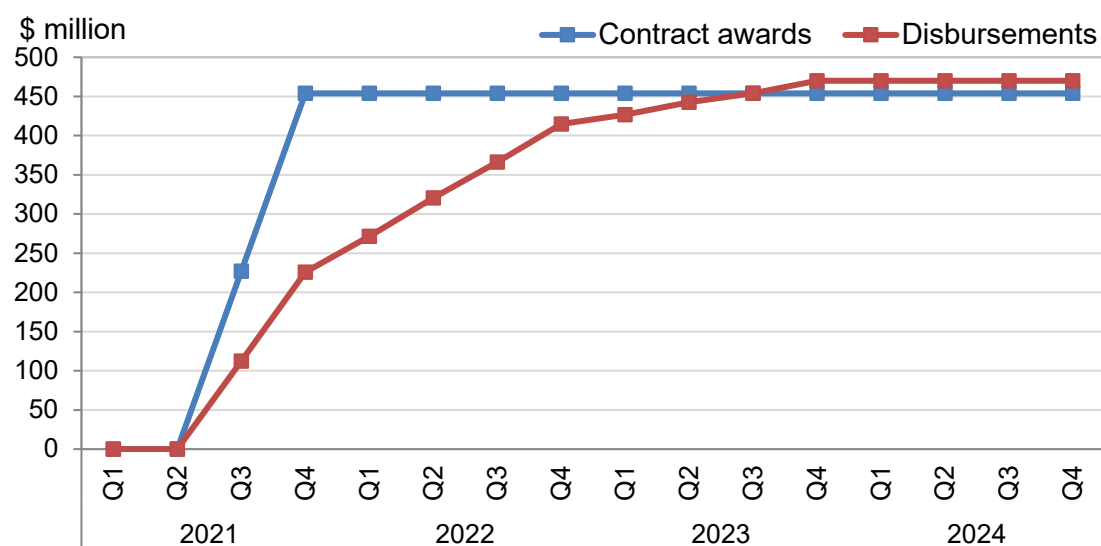
COL = concessional ordinary capital resources, OCR = ordinary capital resources, Q = quarter.

Note: This table provides only tentative projection of contract awards and it will be updated before loan effectiveness when data is available on actual contract awards and pre-purchase agreements.

Source: Asian Development Bank estimates.

**Figure 2: Contract Awards and Disbursement S-Curve (OCR)**

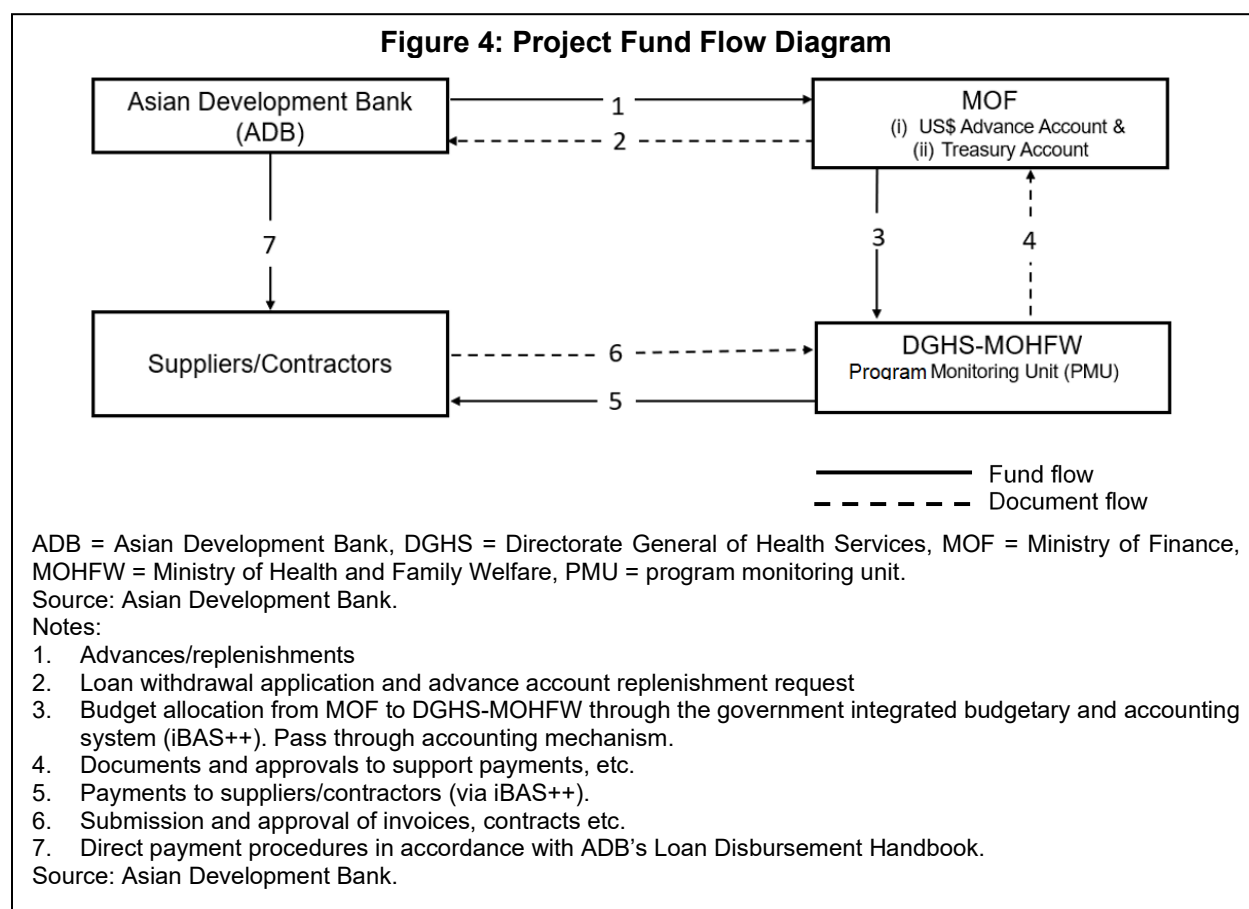
OCR = ordinary capital resources, Q = quarter.  
 Source: Asian Development Bank estimates.

**Figure 3: Contract Awards and Disbursement S-Curve (COL)**

COL = concessional ordinary capital resources, Q = quarter.  
 Source: Asian Development Bank estimates.

## I. Fund Flow Diagram

15. The overall project fund flow is illustrated in the figure below.



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

16. The financial management assessment (FMA) was conducted in February and March 2021, and prepared in accordance with ADB's APVAX Policy Paper,<sup>9</sup> APVAX Guidance Note<sup>10</sup>, Guidelines on Financial Management Assessment<sup>11</sup> and Financial Due Diligence: A Methodology Note.<sup>12</sup> The FMA preparation included reviewing of documents, interviewing relevant government agencies, completion of financial management assessment questionnaires, and review of ADB's ongoing projects under the same executing and implementing agencies. The FMA considered the capacity of Finance Division, MOF as the executing agency and DGHS under Health Services Division, MOHFW as the implementing agency. Key elements of financial management system were reviewed including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. Finance Division-MOF and DGHS-MOHFW have adequate financial management processes and procedures in place, and a new integrated budget and accounting system. Financial management staff capacity will need to be augmented. The accounting policies and system are fairly harmonized with International Public Sector Accounting Standards, Cash Basis (IPSAS Cash) and the auditing standards are aligned with international standards.

17. The FMA identified risks that may impact the project's financial management: (i) insufficient financing; (ii) inadequate inventory management system; and (iii) limited financial professionals in DGHS-MOHFW. To effectively manage the project and ensure fiduciary controls and render accurate and timely financial reporting, (i) a PMU will be established and staffed to support DGHS-MOHFW, (ii) relevant PMU staff will be trained, (iii) financial information will be prepared and submitted to ADB on quarterly basis, (iv) the project will be included in the internal audit plan, and (v) financial management consultants will provide hands-on support to the PMU. Further, to ensure that ADB-financed vaccines are delivered in accordance with NDVP, Comptroller and Auditor General will conduct annual performance audit focusing on good governance, transparency, and accountability. DGHS-MOHFW has implemented various development partners projects including those ADB funded. MOF has been a long-standing partner of ADB in various projects and handled various advance accounts in ongoing and past projects. The FMA indicates that, with the risk mitigation measures and the adoption of the financial management action plan, the financial management systems are acceptable for the proposed project and both executing and implementing agencies have capacity to handle the advance account. The overall pre-mitigation financial management risk of the project is substantial (Table 14). The executing and implementing agencies have agreed to implement an action plan which describes the key measures to address the weaknesses in financial management, which is detailed in Table 15.

<sup>9</sup> ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

<sup>10</sup> ADB. 2021. *APVAX Guidance Note for One ADB team members*. Manila

<sup>11</sup> ADB. 2015. *Financial Management Technical Guidance Note: Financial Management Assessment*. Manila

<sup>12</sup> ADB. 2009. *Financial Due Diligence: A Methodology Note*. Manila.



**Table 14: Financial Management Internal Control and Risk Assessment**

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
<b>Country Specific</b>		
<b>Public financial management</b> Although Bangladesh has recently made progress in strengthening the PFM system, there are still some weaknesses. These weaknesses may cause mismanagement of funds and reduced transparency of the government programs.	Substantial	Government to continue the implementation of PFM related initiatives such as PFM Reform Strategy 2016–2021. PEFA assessment is planned to be conducted in 2021, with support from ADB, and provide an update of critical PFM actions.
<b>NDVP Program/Project Risks</b>		
<b>Vaccine inventory management</b> Weak inventory management system may result in vaccines being lost, damaged, stolen, or misused.	Moderate	a. Government is using the existing EPI system and will update the existing systems, processes, and procedures. The government is currently developing a system which integrates the registration and vaccination, logistic management information system and AEFI. b. DGHS will continuously monitor the vaccination process and make a detailed supervision plan for national and sub-national levels. Each batch of vaccines procured will be assigned a unique tracking number. c. MOHFW Internal Audit Division will perform routine inventory management audits.
<b>Staffing</b> Limited number of qualified financial professionals across all health finance units and trained staff may adversely impact the project financial management.	Substantial	a. DGHS will establish a PMU with qualified and experienced FM personnel and adequate exposure on development projects. b. Training on ADB's financial management and procurement processes and procedures will be provided by ADB. c. Financial management consultant will be provided through the Technical Assistance support.
<b>Accounting and reporting</b> Previously, development funds financial statements were not system-generated which exposes the accounts to risk of error, manual manipulation, or misappropriation. Also, the ministry may still lack adequate skill and manpower to optimally use the iBAS++.	Substantial	a. MOF to incorporate project budget allocation in iBAS++. b. MOHFW/DGHS will maximize the benefit of the recently implemented new iBAS++. The enhanced system will be used for the project accounting and reporting. c. QPR will be produced and submitted to ADB within 45 days from end of each quarter. d. MOF to train DGHS and PMU staff on iBAS++.
<b>Internal Audit</b> Low capacity of internal audit function may result to control weaknesses not being identified.	Substantial	The project will be included in the internal audit plan and adequate experienced staffs will be assigned to conduct the audit.

<b>Risk Description</b>	<b>Risk Assessment</b>	<b>Mitigation Measures or Risk Management Plan</b>
<b>External Audit</b> (i) Missing audit opinion on the use of funds. (ii) Missing assurance that target populations are vaccinated against COVID-19 in accordance with NDVP	Substantial	(i) The project must liaise with FAPAD to ensure the proposed project is part of FAPAD's annual audit plan and that ADB's audit requirements are strictly followed. The status of audit observations to be included in the periodic progress reports. (ii) Annual performance audit by CAG.
<b>Overall Pre-Mitigation</b>	<b>Substantial</b>	

ADB = Asian Development Bank; AEFI = adverse events following immunization; CAG = Comptroller and Auditor General, COVID-19 = coronavirus disease; DGHS = Directorate General of Health Services; EPI = Expanded Programme on Immunization; FAPAD = Foreign Aided Project Audit Directorate, FM = financial management, iBAS++ = new integrated budget and accounting system; MOF = Ministry of Finance; MOHFW = Ministry of Health and Family Welfare; NDVP = National Deployment and Vaccination Plan for COVID-19 Vaccines; PEFA = public expenditure and financial accountability, PFM = public financial management; PMU = program monitoring unit; QPR = quarterly progress report.

Source: Asian Development Bank.

18. To mitigate the risks above, the following action plan has been discussed and agreed with the government.

**Table 15: Financial Management Action Plan**

<b>Key Risk Area</b>	<b>Mitigation Action</b>	<b>Responsible Party</b>	<b>Timeline</b>
<b>Funding/Costing/Budgeting</b>	a. Detailed and segregated costing with relevant cost components finalized. b. Budget approved online by MOF through iBAS++	MOF and MOHFW	Before project effectiveness date
<b>Inventory management and control</b>	a. Use of the existing EPI system and the government is developing a system which will interlink registration and vaccination, logistic management information system, and AEFI.	DGHS-MOHFW	December 2021
	b. System interlinking registration and vaccination, logistic management and AEFI developed.	DGHS-MOHFW	December 2021
	c. Vaccine coordination cell to monitor the vaccination deployment at national and sub-national level, inventory management, and FM strengthened.	DGHS-MOHFW	Q3 2021 and throughout implementation
	d. Audit of NDVP inventory management included in the annual Internal Audit Plan.	DGHS-MOHFW	Q3 2021 and throughout implementation
	e. Annual internal audit findings and status of the actions taken included in QPRs	DGHS-MOHFW	Quarterly

<b>Key Risk Area</b>	<b>Mitigation Action</b>	<b>Responsible Party</b>	<b>Timeline</b>
<b>Staff capacity</b>	a. Establish a PMU under DGHS with qualified and experienced FM personnel.	DGHS-MOHFW	Prior to loan disbursement
	b. Training on ADB's FM, disbursements, and procurement.	DGHS-MOHFW	Q2 2021
<b>Accounting and reporting</b>	a. DGHS-MOHFW to operationalize iBAS++ for the project to be used for the project accounting and reporting.	DGHS-MOHFW, MOF	Before project effectiveness date
	b. QPR to be produced and submitted to ADB within 45 days from end of each quarter. Template of the QPR is annexed to the PAM.	DGHS-MOHFW	45 days after the end of each quarter
<b>Internal audit</b>	a. Internal audit of the system, processes, and controls for NDVP added to annual internal audit plan.	DGHS-MOHFW	By Q3 2021 and every start of FY
	b. Summary of audit findings and status of implementation of audit observation reported in the QPR.	DGHS-MOHFW	Quarterly
<b>Performance audit</b>	a. CAG to conduct annual performance audit of the NDVP focusing on transparency, accountability, and good governance and submit to ADB.	DGHS-MOHFW and CAG	Annually
	b. Jointly finalize and agree the statement of audit needs.	CAG and ADB	By inception mission date
<b>External audit</b>	a. DGHS-MOHFW to notify CAG/FAPAD on the requirement for the audit of the project in accordance with the Statement of Audit Needs as attached in the PAM.	DGHS-MOHFW and CAG/FAPAD	Q3 2021
	b. CAG to conduct audit on annual basis.	CAG/FAPAD	Annually
	c. MOHFW-DGHS to review the APFS and submit to ADB within 6 months from end of each fiscal year.	DGHS-MOHFW	Annually, within 6 months from end of each FY
	d. Summary of audit findings and status of implementation of audit observation shall be included in the QPR.	DGHS-MOHFW	Quarterly

ADB = Asian Development Bank; AEFI = adverse events following immunization; APFS = audited project financial statements; CAG = Comptroller and Auditor General; COVID-19 = coronavirus disease; DGHS = Directorate General of Health Services; EPI = Expanded Programme on Immunization; FAPAD = Foreign Aided Project Audit Directorate; FY = fiscal year; iBAS++ = new integrated budget and accounting system; MOF = Ministry of Finance; MOHFW = Ministry of Health and Family Welfare; NDVP = National Deployment and Vaccination Plan for COVID-19 Vaccines,

PAM = project administration manual; PFM= public financial management; PMU = program monitoring unit; Q = quarter, QPR = quarterly progress report.  
Source: Asian Development Bank.

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

19. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time),<sup>13</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.<sup>14</sup> Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

20. The DGHS-MOHFW through the PMU will be responsible for (i) preparing disbursement projections, (ii) requesting budgetary allocations for ADB and counterpart funds, and (iii) collecting and retaining supporting documents. Withdrawal applications and other relevant documents will be submitted by MOF to ADB.

21. Direct payment procedures may be used for large foreign currency contracts under the project. Suppliers/contractors are required to submit approved invoices and other supporting documentation to ADB in accordance with the ADB's Loan Disbursement Handbook (2017, as amended from time to time).

22. **Advance fund procedure.** After loan effectiveness date, a dedicated advance account in United States dollar will be opened for the project by MOF. MOF will allocate budget to DGHS-MOHFW through the integrated budgetary and accounting system. The advance account is to be used exclusively for ADB's share of eligible expenditures. MOF is accountable and responsible for proper use of advances to the advance account.

23. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months or 50% of ADB's financing amount, whichever is lower. The combined outstanding balance of advance financing and the percentage approved for retroactive financing may not exceed 60% of the approved RRC financing amount. The MOF may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet<sup>15</sup> setting out the estimated expenditures to be financed through the accounts for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by DGHS in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) (footnote 13) when liquidating or replenishing the advance account.

24. Before the submission of the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the persons who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the Loan Disbursement Handbook (2017, as amended from time to time) (footnote 13). Individual payments below such amount should be paid (i) by the DGHS and subsequently claimed to ADB through

<sup>13</sup> ADB. 2017. [Loan Disbursement Handbook](#). Manila.

<sup>14</sup> Disbursement eLearning. [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning)

<sup>15</sup> Estimate of Expenditure sheet is available in Appendix 8A of ADB's Loan Disbursement Handbook (2017, as amended from time to time) (see footnote 13).

reimbursement, or (ii) through the advance fund procedure. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements<sup>16</sup> system is mandatory for submission of withdrawal applications to ADB.

## **2. Disbursement Arrangements for Counterpart Fund**

25. The government counterpart funds will be sufficiently allocated in the budget annually. DGHS- MOHFW through its PMU will be responsible for preparing disbursement projections and requesting budgetary allocations for counterpart funds to the Ministry of Finance. DGHS-MOHFW through its PMU will submit to ADB annual project contract awards and disbursement projections at least a month before the start of each calendar year.

### **C. Accounting**

26. The DGHS-MOHFW will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following the government's accounting laws and regulations. The DGHS-MOHFW through its PMU will prepare project financial statements in accordance with the Bangladesh Financial Procedures and Accounting Procedures—cash basis of accounting, which are consistent with International Accounting Standards. The financial statements will include at least the following:

- (i) Statement of cash receipts and payments; showing the funds received by each funding source (ADB loan, government, etc.) and expenditures incurred by expenditure category for the current year, prior year and cumulative from loan effectiveness date or from retroactive financing date, whichever is applicable;
- (ii) Statement of budget versus actual expenditures—any significant variance must be sufficiently explained in the notes;
- (iii) Statement of advance account reconciliation for the advance account;
- (iv) Statement of disbursement with a breakdown for each funding source; and
- (v) Detailed notes to the financial statements including significant accounting policies. The notes of the financial statements must provide a detailed breakdown of at least the following:
  - (a) funds received from the government during the current year, previous year and cumulative to date; and
  - (b) a list of withdrawal applications submitted to - and the amounts paid by ADB as follows: (i) financing source, (ii) withdrawal application number, (iii) the amount claimed and currency, (iv) period when expenditures were incurred, (v) date submitted, (vi) disbursement method, (vii) the amount disbursed by ADB, and (viii) the exchange rate as applicable.

27. The expenditure categories and outputs used in the financial reports will be aligned with the structure outlined in Appendix E.<sup>17</sup> Moreover, to allow for timely and efficient monitoring, DGHS-MOHFW through its PMU, will ensure that comprehensive financial information is included in the quarterly progress reports to be submitted to ADB within 45 days after the end of each quarter. The information will include at least the following:

<sup>16</sup> Client Portal for Disbursements. <https://cpd.adb.org/>. The Online guide can be accessed at <https://www.adb.org/documents/client-portal-disbursements-guide>.

<sup>17</sup> The PMU to explore mapping of government economic codes against the PAM cost categories to facilitate financial reporting.

- (i) Cumulative contract awards financed by the ADB loan (commitment of funds to date), and comparison with time-bound projections (targets – for ADB financing compare the actual contract awards with the contract award curve included in the PAM). Any significant variances between planned and actual contract awards are to be explained;
- (ii) Cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets – for the ADB financing compare the actual disbursement with the disbursement projections as per the S curve included in the PAM). Any significant variances between planned and actual disbursements are to be explained;
- (iii) Re-estimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely;
- (iv) Reconciliation of project records and ADB disbursement records (Loan Financial Information Services [LFIS]/ Grant Financial Information Services) for the financial year to date and cumulative from project inception or retroactive financing date to end of the reporting period. Any discrepancies and outline follow-up actions required are to be explained;
- (v) Analysis of budget vs actual expenditures and physical vs financial progress, with significant deviations explained;
- (vi) Summary of the status of financial covenants (if any) as outlined in the loan agreements;
- (vii) Summary of the status of financial management in the project including: (a) any problems in the existing financial management arrangements and/or flow of funds; and (b) any significant changes occurred during the reporting period (e.g., financial management staff turnover, implementation of new financial systems, emerging financial management-related risks, etc.);
- (viii) Summary of the status of the (a) financial management action plan outlined in the PAM, (b) recommendations and actions raised by ADB as part of the audited project financial statement (APFS) review and performance audit report review (if any), and (c) financial management-related recommendations agreed during ADB review missions (if any); and
- (ix) Summary of status of past audit observations (resolved/pending).

28. The following detailed statements will be attached to the quarterly progress reports as annexes.

- (i) Statement of cash receipts and payments by category;
- (ii) Physical versus financial progress by output;
- (iii) List of signed contracts;
- (iv) Detailed reconciliation (by withdrawal application) of project records and ADB disbursement records (LFIS/Grant Financial Information System) for the fiscal year to date and cumulative;
- (v) Status of external and internal audit observations (resolved/ pending) and status of implementation of auditors' recommendations;
- (vi) Status of implementation of financial management action plan (complied/ongoing); and
- (vii) Status of vaccine inventory report.

29. **Variance analysis.** As part of the variance analysis, DGHS-MOHFW through its PMU will examine the differences between budgeted versus actual expenditures.

30. **Periodic reconciliations.** To ensure the correctness and completeness of the project's books of accounts and financial reports, DGHS-MOHFW through its PMU shall conduct:

- (i) Monthly reconciliations of the advance account; and
- (ii) Quarterly reconciliation of the project book of accounts, and ADB's disbursement data available in the LFIS.

31. Any discrepancies and/or reconciliation items will be followed up to ensure these are resolved in a prompt manner, and that there are no misstatements in the financial reports or long outstanding advances. The differences between amounts claimed from ADB and the amounts disbursed by ADB will be disclosed and explained in the withdrawal application register to be included in the financial reports.

#### **D. Auditing and Public Disclosure**

32. **Internal Audit.** The project will be covered by a regular internal audit by DGHS-MOHFW as agreed with ADB. Additionally, the internal audit unit of DGHS-MOHFW will audit the NDVP inventory management and NDVP system, processes, and controls. The PMU will actively liaise with the internal audit function to ensure that the recommendations related to the project/NDVP (if any) are addressed in a timely manner. The status of the internal audit recommendations will also be regularly monitored by DGHS-MOHFW through its audit review committee and included in the quarterly progress report (QPR) to be submitted to ADB every quarter.

33. **Performance Audit.** The performance audit for the COVID-19 NDVP shall be conducted by CAG annually, in accordance with International Standards on Auditing and the statement of audit needs to be agreed with ADB by the inception mission, to ensure economy, efficiency, and effectiveness of the program. The Audit Report shall be shared with ADB.

34. **Financial Audit.** The DGHS-MOHFW will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The APFS together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the MOHFW. The DGHS-MOHFW through its PMU will ensure that total amount in the APFS reconciles with ADB's disbursement amount. Auditor's Terms of Reference is in Appendix B.

35. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable). The management letter will include from the second year onwards, a follow-up on previous years audit observations. In case the auditor does not issue a management letter, the auditor must issue a written confirmation that no internal control issues were identified as part of the audit.

36. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

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<sup>18</sup> The project is expected to be audited by CAG.

37. The government and the DGHS-MOHFW have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the APFS.<sup>19</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

38. Public disclosure of the APFS, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information 2018.<sup>20</sup> ADB will disclose the APFS and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. Management letter and additional auditor's opinions will not be disclosed.<sup>21</sup>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

39. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Policy (2017, as amended from time to time)<sup>22</sup> and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time).<sup>23</sup>

40. **Advance contracting.** Advance contracting is expected for the procurement of COVID-19 vaccines.

41. **Retroactive financing.** The government may request withdrawals from ADB loan account to finance eligible expenditures in relation to vaccines incurred after the declaration of the COVID-19 emergency and within the past 12 months of loan effectiveness provided that (i) the expenditure does not exceed 30% of the loan amount, and (ii) disbursement conditions are met. The MOHFW have been advised that the approval of advance contracting and retroactive financing does not commit ADB to finance advance payment to vaccine manufacturers/suppliers and/or any vaccine-related procurement costs—all advance contracting and retroactive financing will be subject to APVAX eligibility criteria and other requirements being fully met.

<sup>19</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

<sup>20</sup> ADB. 2018. [Access to Information Policy](#). Manila.

<sup>21</sup> This type of information would generally fall under access to information policy exceptions to disclosure. ADB. 2018. [Access to Information Policy](#). Manila. paras. 17 (viii) and (ix).

<sup>22</sup> ADB. 2017. [ADB Procurement Policy](#). Manila.

<sup>23</sup> ADB. 2017. [Procurement Regulations for ADB Borrowers. Goods, Works, Nonconsulting and Consulting Services](#). Manila.



## **B. Procurement of Goods, Works, and Consulting Services**

42. All procurement of goods, works and services will be undertaken in a manner consistent with the simplified and expedient procedures permitted under the ADB's Procurement Policy (2017, as amended from time to time) (footnote 22) and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting and Consulting Services (2017, as amended from time to time) (footnote 23).

43. The procurement of vaccines against COVID-19 will be undertaken through the RRC, in conformity with its vaccine eligibility criteria. The procurement of vaccines and related services will be done by direct contracting method.

44. Procurement under the RRC is restricted to the purchase of vaccines and associated international logistics costs necessary for their delivery to Bangladesh. The government may procure vaccines through three different avenues: (i) procurement of eligible vaccines through the COVAX facility Advance Market Commitment mechanism, and (ii) procurement of eligible vaccines through bilaterally negotiated contracts with a number of vaccine manufacturers, to be procured by DGHS/HSD of MOHFW, and (iii) through UNICEF to facilitate ADB procured vaccine distribution in a timely manner, the government will procure needles, syringes, and other COVID-19 vaccine related commodities using other fund sources.

45. UNICEF is the procurement coordinator for COVAX. Procurement of additional COVAX doses will require the government to enter into a supply agreement with UNICEF. This agreement will include the procurement of vaccines and related services, including transport of the vaccines from the vaccine origin to a designated entry point stated by the government. For bilateral deals, the government will enter into direct negotiations with vaccine manufacturers. All vaccine agreements shall be subject to prior review to confirm that the terms, including anticorruption and right to audit and investigate provisions among other conditions that are acceptable to ADB.

46. Following ADB's APVAX policy,<sup>24</sup> ADB's member country procurement eligibility restrictions will be waived and universal procurement will apply.

47. Value for money in procurement will be achieved through (i) selecting candidate vaccine types that are best suited to the domestic logistics supply chain and distribution mechanisms; (ii) identifying vaccines that will efficiently meet the project disbursement conditions; (iii) engaging with manufacturers who have advantageous vaccine availability and delivery timelines, and (iv) entering into agreements on terms and conditions that are reasonable, noting the currently constrained market for vaccines globally.

48. The initial procurement plan is presented in Appendix D. The information in the procurement plan is indicative and will be further detailed once further details on the vaccines to be procured under the loan is confirmed.

## **VII. SAFEGUARDS**

49. The safeguards requirements of the proposed APVAX loan for COVID-19 ensure fast implementation while ensuring compliance with the ADB's Safeguard Policy Statement 2009.<sup>25</sup>

<sup>24</sup> ADB. 2020. [ADB's Support to Enhance COVID-19 Vaccine Access](#). Manila.

<sup>25</sup> ADB. 2009. [Safeguard Policy Statement](#). Manila.

The project is categorized as C for environment, C for involuntary resettlement, and C for indigenous peoples safeguards.

50. **Environment (category C).** The proposed loan will support the procurement of vaccines and will not entail civil works or other activities with potential for significant adverse impact on the environment. The distribution and use of COVID-19 vaccines will result in a temporary increase in immunization waste generation at the point of use. The NDVP defines immunization waste management arrangements and responsibilities and includes a training program for local health care facilities on handling immunization waste. Immunization waste will be managed in compliance with the Bangladesh Medical Waste (management and processing) Rules of 2008 and COVID-19-Related Medical Waste Management Guidelines and Standard Operating Procedure. A due diligence report on Bangladesh medical waste management system has been prepared to assess the government's legal and regulatory framework, current practices, gaps, and the government's plan.<sup>26</sup> Health facilities which do not have access to incinerators will temporarily resort to pit burning and burying but will follow the precautionary measures detailed in the National Guideline on Infection Prevention and Control in Healthcare Settings. As an interim arrangement, ADB is supporting preparation of science-based open pit burning and burying guidelines including criteria for selection of location for pits through ADB's ongoing TA resources. However, government aims to modernize medical waste management through the provision of autoclaves and dual-chamber incinerators, and establishment of effluent treatment plants in all government medical colleges, specialized hospitals, and district hospitals during 2021 to 2024. The government's plan includes a project on medical waste management supported under the revenue and partnerships with development institutions to address the gaps in medical waste management. The due diligence report has provided the details on medical waste management.

51. **Involuntary resettlement (category C).** The project will not require any land acquisition or lead to any involuntary resettlement impacts. Improved medical waste management will not result in civil works under the project. Should any civil works or other investments become necessary that could potentially result in impacts on land and resource, those impacts will be screened and if necessary, avoided, reduced, mitigated or compensated in line with international best practice and/or the ADB Safeguard Policy Statement (2009) (footnote 25).

52. **Indigenous peoples (category C).** While the tribes, minor races, ethnic sects, and ethnic communities are present in the country, they will not be targeted as distinct and vulnerable indigenous peoples as a group, as defined by ADB's indigenous peoples safeguard policies, but may benefit as individual indigenous peoples. The project will ensure that members of indigenous peoples groups will not be excluded and will not suffer any disadvantages in targeting due to the fact of belonging to an indigenous peoples group. The government treats all citizen with equal significance including small ethnic communities and same will be reflected in the vaccination program. The proposed loan is not expected to have any direct or indirect impacts on the dignity, human rights, livelihood systems, or culture of indigenous peoples, or the territories or natural or cultural resources that indigenous peoples own, use, occupy, or claim as an ancestral domain or asset.

53. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009) (footnote 25).

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<sup>26</sup> Due diligence on the Bangladesh COVID-19 Immunization Waste Management Plan (accessible from the list of linked documents in Appendix 2).

## VIII. GENDER AND SOCIAL DIMENSIONS

54. **Gender.** The project is categorized as effective gender mainstreaming. The project through ongoing TA<sup>27</sup> resources will support the following gender-related actions: (i) 50% women vaccinators trained on online registration and generating vaccination cards to encourage vaccination of women in rural areas; (ii) the interlinked information technology system<sup>28</sup> will generate automated triggers on specific measures such as registration and vaccination rate, number and sex of vaccinators, AEFI, highlighting gaps, including on gender, for appropriate action to be taken; and (iii) the COVID-19 Vaccination Coordination Cell will be staffed with 30% women technical experts and all women staff in the Cell will be trained on vaccination and relevant issues. In addition, a separate TA<sup>29</sup> will support the following gender-related actions to support the vaccination program: development of gender-sensitive communication materials<sup>30</sup> on COVID-19 vaccination to increase awareness of registration processes, benefits of vaccination and risk communication. To encourage women's registration and vaccination: (i) at least one local level consultation/briefing in selected hard-to-reach<sup>31</sup> locations with key influencers<sup>32</sup> (30% women participants); (ii) all women to be reached by mobile registration and vaccination teams in hard-to-reach areas as per prioritization plan; and (iii) separate vaccination booths for women and female vaccinators will be supported; Table 16 presents the gender equality and social inclusion (GESI) action plan.

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<sup>27</sup> ADB. 2020. [Technical Assistance for Regional Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia \(9982\)](#). Manila

<sup>28</sup> These systems are online registration system, vaccine logistics management system, AEFI portal, COVID-19 vaccination dashboard, and medical waste management.

<sup>29</sup> ADB. 2020. [Technical Assistance for Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases](#). Manila (TA 9950).

<sup>30</sup> All materials information, education and communication materials will be free from gender bias, avoid and challenge gender stereotypes, and use gender inclusive language. Communication products will also be culturally sensitive and age-appropriate.

<sup>31</sup> Isolated islands, *chor* area, remote hilly area and hard to reach areas with women's participation and targeting socially vulnerable groups such as transgender, elderly, ethnic minorities, migrant, displaced and refugee populations, and low-income communities.

<sup>32</sup> Elected representatives, women elected members, and local political and social leaders.

**Table 16: Gender Equality and Social Inclusion Action Plan**

Outputs/Activities	Indicators and Targets	Responsibilities	Timeframe
Output: Safe and effective COVID-19 vaccines delivered			
1. Build capacity of female staff in COVID-19 Vaccination Coordination Cell.	1. COVID-19 Vaccination Coordination Cell staffed with 12 technical experts (30% women). <sup>a</sup> 2. All staff including women in COVID-19 Vaccination Coordination Cell report increased knowledge on vaccine procedures, side effects of the vaccine, the effectiveness of the vaccine, gender differentiated challenges in vaccine access including hesitancy.	DGHS/MOHFW	June 2021–May 2024
2. Women health professionals trained, and practicing acquired skills and knowledge.	3. 3,000 health staff trained on online registration and generating vaccination cards in rural areas, isolated islands, <i>chor</i> area, remote hilly area and hard-to-reach areas, and for socially vulnerable groups such as women, transgender, elderly, small ethnic minorities, floating population, and low-income communities (50% women).		
3. Interoperable and integrated vaccine MIS established.	4. Interoperability of existing vaccine-related IT systems including features to flag gender differentiated gaps and benefits strengthened (data disaggregated by sex, age, priority groups and location).		
Activity 4 will be supported by separate TA <sup>b</sup>			
4. Vaccination coverage increased in selected hard-to-reach areas with particular focus on women.	5. Gender-sensitive communication modules and materials <sup>c</sup> on COVID-19 vaccination information developed.	DGHS/MOHFW	June 2021–May 2024
	6. At least one local level consultation/briefing in all Administrative Divisions (eight) with key influencers (elected representatives, women elected members, local political and social leaders) conducted to encourage women’s registration and vaccination (30% women participants).		
	7. All women to be reached by mobile registration and vaccination teams in hard-to-reach areas as per prioritization plan.		
	8. Separate vaccination booths for men and women established in all vaccination centers.		
	9. Female vaccinators within vaccination teams (two out of five members) effectively deployed and tasked to encourage women’s registration and address vaccine hesitancy.		

COVID-19 = coronavirus disease; DGHS = Directorate General of Health Services; GESI = gender equality and social inclusion; MIS = management information system; MOHFW = Ministry of Health and Family Welfare, TA = technical assistance.

<sup>a</sup> Technical experts (12) include: program coordinator (1), public health experts (4), lead health expert (1), medical officers (4), information technology expert (1), and communication expert (1). Additional staff includes: accountants (2) and office assistants (2).

<sup>b</sup> ADB. 2020. [Technical Assistance for Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases \(9950\)](#). Manila. While these activities contribute to the overall outcome of the project, they will be counted under TA 9950 and not under this project.

<sup>c</sup> All information, education and communication materials will be free from gender bias, avoid and challenge gender stereotypes, and use gender inclusive language. Communication tools will also be gender and culturally sensitive and age-appropriate, and differently-abled friendly; and channels will be developed to facilitate information for ethnic individuals and groups, people disadvantaged due to reduced literacy, and differently-abled people.

Source: Asian Development Bank.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Project Design and Monitoring Framework

55. The design and monitoring framework for the project is in Appendix A.

### B. Monitoring

56. **Project performance monitoring.** Overall monitoring of each project component in terms of progress will be undertaken by the government, which will review monthly progress reports submitted by the PMU. The concerned line ministries, acting on behalf of the government, will monitor progress, procurement, quality, and contract management. ADB and the PMU will conduct semiannual reviews throughout the implementation of the project and will regularly monitor the (i) project output quality, (ii) implementation arrangements, (iii) implementation progress, and (iv) disbursements. Performance will be monitored based on indicators and targets stipulated in the design and monitoring framework. Disaggregated baseline data for output and outcome indicators gathered during project processing will be updated and reported quarterly through the PMU's quarterly progress reports and after each ADB review mission. Results will be included in the executing agency's quarterly progress reports to feed into ADB's project performance monitoring system in eOps (reported during quarterly validation exercise). The APVAX policy (footnote 24) requires additional information on vaccine procurement in the quarterly and summarized annual reports. An indicative progress report format is attached at Appendix E.

57. **Compliance monitoring.** The loan agreement specifies the undertakings and covenants that will be monitored through regular review missions and on a quarterly basis in discussion with the executing agency/implementing agency. Compliance with undertakings and loan covenants, social and environmental safeguards, and financial and economic aspects will be jointly monitored by ADB and the executing agency/implementing agency. Any non-compliance issues will be specified in the quarterly progress reports together with remedial actions.

58. **Safeguards monitoring.** Since the project is categorized C for all safeguards (environment, involuntary resettlement, and indigenous peoples), no standalone safeguards monitoring report is required. However, the consolidated annual reports and the project completion report stated in para. 63 below shall report on compliance with the loan agreement, including those clauses pertaining to safeguards. The reports shall also document and assess the adequacy of the COVID-19 immunization waste management system put in place, and planned actions to improve its effectiveness, as needed. Any grievances that may arise due to the management of medical waste will be monitored and addressed through grievance redress mechanism platform to be formed at DGHS.

59. **Gender and social dimensions monitoring.** Timely and effective implementation of GESI will be monitored by PMU. PMU will ensure GESI issues are reflected in monitoring and evaluation formats and reports. GESI implementation and periodic reporting to be included in QPRs/semi-annual/annual reports to be submitted to ADB. ADB will assess the progress of these activities during review missions. The PMU will ensure that resources, including consultant services and financial resources are allocated for GESI action plan implementation and monitoring. In addition, the inclusion and compliance with labor standards, health and gender aspects will be monitored through review of bidding documents, contract awards, and progress reports.

60. **Performance audit monitoring.** A performance audit will be conducted annually and will monitor the performance of the vaccination allocation program from procurement to distribution of the vaccines in accordance with the National Plan for COVID-19 Vaccination. The performance audit will evaluate governance, financial accountability, and transparency. This is required for a more comprehensive fiduciary assurance to ADB. The main objective of performance auditing is constructively to promote economical, effective, and efficient governance and contribute to accountability and transparency.

## C. Evaluation

61. An ADB inception mission will be fielded within 3 months after the loan is declared effective; thereafter ADB will conduct regular semi-annual review missions to review, discuss progress, and report on the project performance. As necessary, special loan administration missions and a midterm review mission will be fielded, under which any changes in scope or implementation arrangements may be required to ensure the achievement of project objectives. Within 6 months of physical completion of the project, the MOHFW will submit a project completion report to ADB.<sup>33</sup>

62. A consolidated midterm analysis report will be prepared and disseminated during the midterm review mission.

## D. Reporting

63. The MOHFW will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system, no later than 45 days after end of each quarter. The quarterly progress reports should include financial and disbursement information, variance analysis of physical and financial progress, details of utilization of funds and reconciliation with ADB LFIS, and status of resolution of audit findings; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement, together with the associated auditor's report, should be adequately reviewed. MOHFW will also report on the safeguard compliance with loan covenants and management of COVID-19 immunization waste through the quarterly, consolidated annual, and project completion reports.

## E. Stakeholder Communication Strategy

64. The project will comply with the policy of transparency and accountability of the Access to Information Policy (footnote 20). To do so, it will establish a communications strategy that will ensure an efficient and continuous two-way communication about ADB projects with stakeholders with a focus on managing stakeholders' expectation during all phases of implementation. The strategy will follow the following approaches:

- (i) **Stakeholders.** Critical stakeholders include people affected by COVID-19, and women and vulnerable groups. Other key stakeholders include, but are not limited to, Finance Division, MOF as executing agency and DGHS under HSD, MOHFW

<sup>33</sup> The project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

- as implementing agency, government officials at national and sub-national levels, interested community-based organizations, interested civil society organizations, interested private sector entities, and interested development partners.
- (ii) **Disclosure.** DGHS, MOHFW will disclose on their website all information relevant to this project, including the scope, cost, financial and institutional arrangements, the consolidated annual progress reports, progress on procurement, and the audited project financial statements. The website will provide the contact details of PMU staff in English and Bangla and will link to ADB's Integrity Unit website at <http://www.adb.org/Integrity/complaint.asp> for reporting grievances or allegations of corrupt practices arising out of the project and/or project activities.
  - (iii) **Communication focal point.** DGHS, MOHFW will be responsible for implementation and monitoring of information dissemination and disclosure of project components. DGHS, MOHFW will also designate a focal person for information dissemination and disclosure, who will also serve as the custodian of all information relevant to the project.
  - (iv) **Awareness-raising materials.** The project will at the minimum prepare: (a) a fact sheet or information booklet containing objectives, components, activities, timelines, relevant contact information, and grievance redress mechanism; and (b) a project brief summarizing details of the project in Bangla and utilizing stories and infographics targeting a wider group of audience, including the poor and women. All materials will be free from gender bias, avoid and challenge gender stereotypes, and use gender inclusive language. Both documents will be translated into local language and will be made available to the public in print at DGHS, MOHFW headquarters, distributed during all stakeholders' consultations and outreach activities, and posted in the ADB website. Other information materials may be developed for distinct stakeholder groups.
  - (v) **Channels.** For effective dissemination and efficient use of resources, collaboration with other readily available channels should be highly prioritized, including but not limited to government websites both at national and subnational levels; government social media accounts; and ADB website and its other online platforms. All online platforms will be optimally utilized to ensure unrestricted public access to information and documents repository. Meanwhile, conventional methods will remain to be used, as appropriate, to ensure that all interested stakeholders have access to information. Culturally appropriate and differentiated channels will be developed as required, such as those targeting non-literate, disabled (hearing, reading/visual), and remote populations.
  - (vi) **Coordination.** The project, through the DGHS, MOHFW focal point, will coordinate with relevant government agencies and development partners, particularly those working on COVID-19 response efforts, to ensure effective communication, avoid overlaps, and identify potential collaboration, where possible.

## X. ANTICORRUPTION POLICY

65. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy (1998, as amended to date) relating to the project.<sup>34</sup> All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other

<sup>34</sup> ADB. 1998. [Anticorruption Policy](#). Manila.



service providers. Individuals and/or entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed, administered or supported activity and may not be awarded any contracts under the project.<sup>35</sup>

66. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. ADB's Anticorruption Policy was explained to and discussed with the government and MOHFW.<sup>36</sup>

67. Project-specific measures to enhance governance and prevent corruption, designed with the stages of project implementation and the disbursement chain in mind, include (i) the requirement for the PMU to follow government's procedure for all expense and revenue items including cash and the proper and accurate maintenance of financial records; (ii) establishing a project website to provide transparency on project details; and (iii) adhering to the risk assessment and risk mitigation plan.

## **XI. ACCOUNTABILITY MECHANISM**

68. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>37</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

69. The first draft of the PAM was agreed upon at loan negotiations in Xxx 2021. All revisions/updates including the revision to contract awards and disbursement S-curves during the course of the project implementation will be recorded as below.

	Date	Revisions
First revision		
Second revision		

<sup>35</sup> ADB. Anticorruption and Integrity. [Anticorruption Sanctions List](#).

<sup>36</sup> ADB TA will support integrity knowledge management session/s for MOF, DGHS, MOHFW and other project stakeholders to increase their awareness and compliance with ADB's Anticorruption Policy. ADB. 2018. [Technical Assistance on Capacity Building and Integrity](#). Manila (TA 9703).

<sup>37</sup> ADB. [Accountability Mechanism](#).



## DRAFT DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with Accelerated health, social, and economic recovery of the COVID-19 affected population in Bangladesh ( <a href="#">National Preparedness and Response Plan for COVID-19, Bangladesh: Version 5</a> ) <sup>a</sup>			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<b>Outcome</b> Target populations vaccinated against COVID-19	By 2024: a. Up to 20.13 million Bangladeshis (11.6% of the total population) vaccinated against COVID-19, based on government's vaccine allocation plan <sup>b</sup> (2021 baseline: 0) (disaggregated by sex, age) (OP 1.1)	a. DGHS Hospital Information Management System COVID-19 vaccination coverage weekly report; COVID-19 vaccination dashboard; and WHO and UNICEF immunization estimates to supplement	A: The government runs an effective and planned campaign to make target populations aware of the advantages of getting vaccinated against COVID-19.
<b>Output</b> Safe and effective COVID-19 vaccines delivered	By 2024: 1a. Up to 44.7 million doses of COVID-19 vaccine delivered to the country <sup>c</sup> (2020 baseline: 0) (OP 1.1.2)  (Under technical assistance) <sup>d</sup>  1b. COVID-19 Vaccination Coordination Cell staffed with 12 technical experts (30% women) <sup>e</sup> (2020 baseline: 0) (OP 2.3)  1c. 3,000 health staff trained in online registration and generating vaccination cards in rural and hard-to-reach areas (50% women) <sup>f</sup> (2020 baseline: 0) (OP 2.2)  1d. Interoperability of existing vaccine-related IT systems, <sup>g</sup> including features to flag gender-differentiated gaps and benefits strengthened (data disaggregated by sex, age, priority groups, and location) (2020 baseline: parallel IT systems with partial interoperability) (OP 2.4.1)	1a.–1d. DGHS/MOHFW updates, project progress report, and data from vaccine information management system	R: Limited supply of vaccines because of high global demand, inadequate supply of vaccines that meet APVAX eligibility criteria, and low commitments to Bangladesh, leading to delay in vaccine delivery.  A: Vaccine doses delivered with required cold storage (both cross-country and in-country), thereby maintaining quality and efficacy against COVID-19.
<b>Key Activities with Milestones</b> <b>1. Safe and effective COVID-19 vaccines delivered</b> 1.1 Procure the required number of vaccine doses for ADB financing (Q3 2021–Q2 2024) 1.2 International logistics to point-of-entry in Bangladesh (Q3 2021–Q2 2024) 1.3 Provide technical and logistics support to the COVID-19 Vaccination Coordination Cell and build capacity of female staff in the cell (Q3 2021) 1.4 Training in online registration, generating vaccination cards, and post-immunization reporting to vaccinators and other staff (Q3–Q4 2021)			

1.5 API interoperability between the existing COVID-19 vaccination-related IT systems, and develop web-based waste management monitoring portal, including appropriate hosting support (Q3–Q4 2021)
<b>Project Management Activities</b> Conduct procurement arrangements/direct contracting contracts for COVID-19 vaccines. Prepare and submit quarterly and annual progress reports, including progress on medical waste management. Submit annual audited project financial statement and annual performance audit report. Prepare project completion report.
<b>Inputs</b> ADB: \$940 million (loan) ADB: \$1.7 million (technical assistance) <sup>h</sup>

A = assumption, ADB = Asian Development Bank, API = application programming interface, APVAX = Asia Pacific Vaccine Access Facility, COVID-19 = coronavirus disease, DGHS = Directorate General of Health Services, IT = information technology, MOHFW = Ministry of Health and Family Welfare, OP = operational priority, Q = quarter, R = risk, UNICEF = United Nations Children's Fund, WHO = World Health Organization.

<sup>a</sup> Government of Bangladesh, MOHFW, DGHS. 2020. [National Preparedness and Response Plan for COVID-19, Bangladesh: Version 5](#). Dhaka.

<sup>b</sup> Country National Vaccination Prioritization and Allocation Plan (accessible from the list of linked documents in Appendix 2).

<sup>c</sup> ADB-assisted vaccine batches will be tracked (unique batch numbers) and reported by the vaccine logistics management information system.

<sup>d</sup> Output indicators 1b.–1d. will be financed by ADB. 2020. [Technical Assistance for Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia](#). Manila (TA 9982).

<sup>e</sup> Technical experts (12) include a program coordinator (1), public health experts (4), lead health expert (1), medical officers (4), IT expert (1), and communication expert (1). Additional staff includes accountants (2) and office assistants (2).

<sup>f</sup> The number of rural areas is to be determined. Presently, there is only one official online registration system. To reach excluded and vulnerable people, targeted awareness-raising and community communication tools addressing the needs of semiliterate/illiterate will be used.

<sup>g</sup> These systems are online registration system, vaccine logistics management system, AEFI portal, COVID-19 vaccination dashboard, and medical waste management.

<sup>h</sup> Technical assistance is broken down as follows: \$1.5 million (TA 9982) and \$0.2 million (TA 6643). ADB. 2020. [Technical Assistance for Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia](#). Manila (TA 9982); and ADB. 2020. [Technical Assistance to the People's Republic of Bangladesh for Supporting COVID-19 Response Emergency Assistance Project](#). Manila (TA 6643).

#### Contribution to 2030 Operational Priorities:

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in the Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the DMF, this operation will contribute results for OP 7.3.3: Measures to improve regional public health and education services supported in implementation.

Source: Asian Development Bank.

**APPENDIX B**  
**AUDITED PROJECT FINANCIAL STATEMENTS (APFS)**  
**INDICATIVE STATEMENT OF AUDIT NEEDS (AUDITOR'S TERMS OF REFERENCE <sup>1</sup>)**

**Introduction**

1. The project will be implemented over a period of 3 years and the loan will close by 2024. The Finance Division, under Ministry of Finance will be the executing agency and Directorate General of Health Services (DGHS) under the Health Services Division (HSD) of Ministry of Health and Family Welfare (MOHFW) will be the implementing agency. A program monitoring unit (PMU) will be established within DGHS. A program director will be appointed to oversee the Asian Development Bank (ADB) project. The PMU will provide the technical, administrative, and logistical support and conduct monitoring, evaluation and quarterly reviews, required for implementation. A Program Steering Committee will be established and chaired by Senior Secretary/Secretary, Finance Division, Ministry of Finance, comprising relevant government officials, to provide guidance to the PMU and oversee the overall program implementation. A program implementation committee, chaired by the Additional Director General, DGHS, will provide technical oversight and hands-on supervision, meeting at least quarterly, or more frequently as needed. The PMU and the project implementation committee will work directly with the relevant coordination committees, vaccine working groups, and government entities.

2. The DGHS-MOHFW through its PMU will prepare project financial statements in accordance with the Bangladesh Financial Procedures and Accounting Procedures – cash basis of accounting, which are consistent with International Accounting Standards. The financial statement will include at least the following:

- (i) Statement of cash receipts and payments; showing the funds received by each funding source (ADB loan, Government of Bangladesh, etc.) and expenditures incurred by expenditure category for the current year, prior year and cumulative from inception to date;
- (ii) Statement of budget vs actual expenditures; any significant variance must be sufficiently explained in the notes;
- (iii) Statement of Advance account reconciliation for the advance account;
- (iv) Statement of disbursement with a breakdown for each funding source;
- (v) Detailed notes to the financial statements including significant accounting policies. The notes of the financial statements must provide a detailed breakdown of at least the following:
  - (a) Funds received from the government during the current year, previous year and cumulative to date,
  - (b) A list of withdrawal applications submitted to - and the amounts paid by ADB as follows: (i) financing source, (ii) withdrawal application number, (iii) the amount claimed and currency, (iv) period when expenditures were incurred, (v) date submitted, (vi) disbursement method, (vii) the amount disbursed by ADB, and (viii) the exchange rate as applicable.

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<sup>1</sup> This statement of audit needs was developed to guide project teams and executing and implementing agencies in communicating the ADB's auditing requirements to private auditors. This statement of audit needs may also be used as a guide when communicating auditing requirements with supreme audit institutions, where applicable.

3. The expenditure categories and outputs used in the financial reports will be aligned with the structure outlined in the Project Administration Manual. According to ADB's audit requirements, the project must be audited annually and the audit report and the management letter must be submitted to ADB within 6 months after the end of each fiscal year. The final audit must cover all project expenditures up to the loan closing date and all withdrawal applications submitted to ADB.

### **Management Responsibility for Preparing Project Financial Statements**

4. Management is responsible for preparing and fairly presenting the project financial statements, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. In addition, management is responsible for ensuring that funds were used only for the purpose(s) of the project, for compliance with financial covenants (where applicable), and for ensuring that effective internal controls, including over the procurement process, are maintained. In this regard, management must:
  - (i) Prepare and sign the Project Financial Statements.
  - (ii) Prepare and sign a Statement of Compliance.
5. Management must include the following in the Statement of Compliance:
  - (i) That project financial statements are free from material misstatements including omissions and errors, and are fairly presented;
  - (ii) That the borrower or executing agency has utilized the proceeds of the loan only for the purpose(s) of the project;
  - (iii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s) (where applicable);
  - (iv) That the advance fund procedure, where applicable, has been operated in accordance with the Asian Development Bank's (ADB) Loan Disbursement Handbook;
  - (v) That adequate supporting documentation has been maintained to authenticate claims stated on the statement of expenditures (SOE), where applicable, for reimbursement of eligible expenditures incurred and liquidation of advances provided to the advance account; and
  - (vi) That effective internal control, including over the procurement process, was maintained.

### **Objectives**

6. The objectives of the audit of the project financial statements are to enable the auditor to (i) express an independent and objective opinion as to whether the project financial statements present fairly, in all material respects, or give a true and fair view of the project's financial position, its financial performance and cash flows, and (ii) provide a reasonable assurance opinion over certain specific representations made in the Statement of Compliance (para. 10).

### **Auditing Standards**

7. The audit is required to be conducted in accordance with International Standards on Auditing (ISA). These standards require that the auditor comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the project financial

statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the project financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the project financial statements whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the project financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the project financial statements.

8. The standards to be applied will be documented in the project/loan documents, and will include Standards promulgated by the International Auditing and Assurance Standards Board (IAASB):

- (i) International Standards on Auditing (ISA); and
- (ii) International Standards on Assurance Engagements (ISAE).

9. In complying with ISA, the auditor will pay particular attention to the following standards:

- (i) ISA 240/ISSAI 1240 – The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements.
- (ii) ISA 250/ISSAI 1250 – Consideration of Laws and Regulations in an Audit of Financial Statements.
- (iii) ISA 260/ISSAI 1260 – Communication With Those Charged with Governance.
- (iv) ISA 265/ISSAI 1265 – Communicating Deficiencies in Internal Control To Those Charged with Governance and Management.
- (v) ISA 330/ISSAI 1330 – The Auditor's Responses to Assessed Risks.

## **Project Financial Reporting Framework**

10. The auditor will verify that the project financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) cash basis or national equivalent accounting standards. The executing agency and/or implementing agency are responsible for preparing the project financial statements, not the auditor.

## **Audit Deliverables**

### **A. Audited Project Financial Statements**

11. An auditor's opinion providing reasonable assurance over the project financial statements, and project financial statements comprising the following:

- (i) Statement of cash receipts and payments; showing the funds received by each funding source (ADB loan, Government of Bangladesh, etc.) and expenditures incurred by expenditure category for the current year, prior year and cumulative from inception to date;

- (ii) Statement of budget vs actual expenditures; Any significant variance must be sufficiently explained in the notes;
- (iii) Statement of Advance account reconciliation for the advance account;
- (iv) Statement of disbursement with a breakdown for each funding source;
- (v) Detailed notes to the financial statements including significant accounting policies. The notes of the financial statements must provide a detailed breakdown of at least the following:
  - (a) Funds received from the government during the current year, previous year and cumulative to date,
  - (b) A list of Withdrawal applications submitted to - and the amounts paid by ADB as follows: i) financing source, ii) WA number, iii) the amount claimed and currency, iv) period when expenditures were incurred, v) date submitted, vi) disbursement method, vii) the amount disbursed by ADB, and viii) the exchange rate as applicable.

**B. Reasonable Assurance Opinion over the Use of Loan Proceeds and Compliance with Financial Covenants**

12. The auditor will provide a reasonable assurance opinion following *[ISAE 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information” or ISSAI 4200 “Compliance Audit Related to the Audit of Financial Statements”]* for the following confirmations provided by Management in the Statement of Compliance:

- (i) That the proceeds of the loan were used only for the purpose(s) of the project; and
- (ii) That the borrower or executing agency was in compliance with the financial covenants of the legal agreement(s), where applicable.

13. The auditor will outline the degree of compliance for each of the financial covenants in the loan agreement.

**C. Management Letter**

14. The auditor will provide a management letter containing, at a minimum, the following:

- (i) Any weaknesses in the accounting and internal control systems that were identified during the audit, including any irregularity in the use of the advance fund and SOE procedures (where applicable);
- (ii) Any identified internal control weaknesses related to the procurement process such as, over the bidding, evaluation and contract management domains;
- (iii) Recommendations to rectify identified weaknesses;
- (iv) Management’s comments on the audit recommendations along with the timeframe for implementation;
- (v) The status of significant matters raised in previous management letters;
- (vi) Any other matters that the auditor considers should be brought to the attention of the project’s management; and
- (vii) Details of any ineligible expenditure<sup>2</sup> identified during the audit. Expenditure is considered ineligible if it refers to (i) expenditures incurred for purposes other than the ones intended under the legal agreement(s); (ii) expenditures not allowed

<sup>2</sup> If the auditor reports any ineligible expenditure in the management letter, the details of the findings should include the funding source to which the observation relates.

under the terms of the legal/financing agreements; and (iii) expenditures incurred in violation of applicable government regulations.

#### **D. Specific Considerations**

15. The auditor will, during the course of the audit, pay particular attention to the following:
  - (i) The use of external funds in accordance with the relevant legal and financing agreements;
  - (ii) The provision of counterpart funds in accordance with the relevant agreements and their use only for the purposes intended;
  - (iii) The maintenance of proper books and records;
  - (iv) The existence of project fixed assets and internal controls related thereto;
  - (v) Where the audit report has been issued under ISA 800 or ISSAI 1800, it shall include the mandatory Emphasis of Matter paragraph alerting users of the audit report that the project financial statements are prepared in accordance with a special purpose framework and that, as a result, the project financial statements may not be suitable for another purpose. The auditor shall include this paragraph under an appropriate heading;
  - (vi) Where reasonable assurance has been provided using ISAE 3000 or ISSAI 4200, the assurance report must contain, among others:
    - (a) A statement that the engagement was performed in accordance with ISAE 3000 or ISSAI 4200;
    - (b) Subject matter;
    - (c) Criteria for measurement;
    - (d) A summary of the work performed; and
    - (e) The auditor's conclusion.
  - (vii) On the advance fund procedure (where applicable), audit procedures are planned and performed to ensure (a) the advance account (and any sub-accounts) has been managed in accordance with ADB's Loan Disbursement Handbook, (b) the cash balance of the advance account (and any sub-accounts) is supported by evidence, (c) the expenditures paid from the advance account (and any sub-accounts) comply with the approved project purpose and cost categories stipulated in the loan agreement, and (d) the amount of expenditures paid from the advance account (and any sub-accounts) comply with disbursement percentages stipulated in the loan agreement;
  - (viii) Adequate supporting documentation has been maintained to authenticate claims stated in the SOE for reimbursement of eligible expenditures incurred and liquidation of advances provided to the advance account (where applicable);
  - (ix) On the SOE procedure (where applicable), audit procedures are planned and performed to ensure that (a) the SOEs have been prepared in accordance with ADB's Loan Disbursement Handbook, (b) the individual payments for expenditures stated in the SOE are supported by evidence, (c) the expenditures stated in the SOEs comply with the approved project purpose and cost categories stipulated in loan agreement, and (d) the amount of expenditures stated in the SOEs comply with disbursement percentages stipulated in the loan agreement; and
  - (x) Any weaknesses in internal controls over the procurement process.
16. All reports must be presented in the English language within 6 months following the end of the fiscal year.

17. Public disclosure of the project financial statements, including the auditor's opinion on the audited project financial statements, will be guided by ADB's Public Communications Policy (2018). After review, ADB will disclose the audited project financial statements and the opinion of the auditor on the audited project financial statements no later than 14 calendar days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter and the additional auditor's opinions will not be disclosed.<sup>3</sup>

## **Other Matters**

### **A. Statement of Access**

18. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreement(s), bank records, invoices and any other information associated with the project and deemed necessary by the auditor.

19. The auditor will be provided with full cooperation by all employees of [XYZ] and the project implementing units, whose activities involve, or may be reflected in, the annual project financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

### **B. Independence**

20. The auditor will be impartial and independent from any aspects of management or financial interest in the entity or project under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

### **C. Auditor Experience**

21. The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with appropriate professional qualifications and suitable experience, including experience in auditing the accounts of projects or entities comparable in nature, size and complexity to the project or entity whose audit they are to undertake. To this end, the auditor is required to provide curriculum vitae (CV) of the personnel who will provide the opinions and reports, together with the CVs of managers, supervisors and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

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<sup>3</sup> This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2018. *Access to Information Policy*. Manila.



## APPENDIX C

### Indicative Performance Audit Statement of Audit Needs<sup>1</sup> Comptroller and Auditor General

1. Though the Asian Development Bank (ADB)'s role in the vaccination plan is only up to the procurement of vaccine, the primary objective of this assignment is to audit the performance of the program from procurement to distribution of the coronavirus disease (COVID-19) Vaccine in accordance with the National Deployment and Vaccination Plan for COVID-19 Vaccines (NDVP).

2. **Objective of the assignment.** To conduct a performance audit on an annual basis. The performance audit is an evaluation of governance, financial accountability, and transparency, hereafter referred to as a "performance audit". This performance audit is required for a more comprehensive fiduciary assurance to ADB. The main objective of performance auditing is constructively to promote economical, effective, and efficient governance. It also contributes to accountability and transparency.

3. **Scope of work.** The auditor's examination should include an evaluation of the systems and overall operating procedures. An analysis of explanations submitted to the auditor and all information necessary to support the auditor's opinion and to construct the report of the auditor, shall be provided by responsible implementing agencies. The auditor opinion shall include:

- (i) Economy. Whether the vaccine available in due time, in and of appropriate quantity.
- (ii) Efficiency. Whether all best available resources have been fully utilized and delivered to appropriate recipients.
- (iii) Effectiveness. Whether the targeted groups to receive the vaccine were completed and in a timely manner.

4. In undertaking the audit, the audit shall review, at a minimum, the following documents<sup>2</sup> (including any update to such documents).

- (i) Vaccination projects documents from ADB and other donors financing NDVP;
- (ii) Legal Agreements from ADB and other donors;
- (iii) Monthly or quarterly activity reports (programmatic as well as financial);
- (iv) Important correspondence pertaining to implementation matters;
- (v) Internal audit reports relevant to the expenditures or any systems, governance or other issue which impinges on the NDVP program; and
- (vi) National Plan for COVID-19 Vaccination in Bangladesh.

5. **Documentation and reporting.** All reports must be presented in the English language within 6 months following the end of the fiscal year. The auditors are expected to produce a report which should contain, at the minimum, the following information.

- (i) Background - Covering the objective, scope and history of the NDVP Program, the legal and governmental framework, information on cash and in-kind

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<sup>1</sup> This statement of audit needs is indicative and for finalization and agreement with the Comptroller and Auditor General by inception mission.

<sup>2</sup> Project documents are available at <http://www.adb.org/projects/documents>. ADB's guidelines are available at <http://www.adb.org/publications/guides>.

donations, including bank account details where transfers of donations were made from overseas and details on its use.

- (ii) Roles and Responsibilities -For maintaining records, preparing the financial statements, auditing the financial statements, etc.
- (iii) Audit objectives and Methodology used - Informing the type of work, agencies/institutions audited, type of transactions verified, procedures tested, etc.
- (iv) Findings - This part should cover the main findings and responses obtained.
- (v) Conclusion - This should contain the professional opinions based on the objectives and results of the audits, following applicable international auditing standards.
- (vi) Recommendations - This part should provide the recommended measures to help strengthen the NDVP processes and procedures. Additionally, this section should identify gaps and possible actions to strengthen country health sector systems to prepare the government for future pandemics.

## APPENDIX D PROCUREMENT PLAN

Basic Data		
Project Name: APVAX - Responsive COVID-19 Vaccines for Recovery Project		
Project Number: 55077-001	Approval Number:	
Country: Bangladesh	Executing Agency: Finance Division, Ministry of Finance	
Procurement Risk: High	Implementing Agency: Directorate General of Health Services (DGHS)/Centre of Medical Stores Depot (CMSD)	
Project Financing Amount: \$ 940 million ADB Financing: \$940 million Cofinancing (ADB Administered): Not Applicable Non-ADB Financing: None	Project Closing Date: 31 May 2024	
Date of First Procurement Plan: 1 March 2021	Date of this Procurement Plan: 15 March 2021	
Procurement Plan Duration: 18 months	Advance contracting: Yes	e-GP: No

### A. Methods, Review and Procurement Plan

Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, non-consulting services, and consulting services.

Procurement of Goods, Works and Non-Consulting Services	
Method	Comments
Direct Contracting (DC)	All vaccine contracts will be subject to direct contracting and prior review

### B. List of Active Procurement Packages (Contracts)

The following table lists goods, works, non-consulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

Goods, Works, and Non-consulting Services							
Package Number	General Description	Estimated Value (\$m)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
G01	Procurement of COVID-19 Vaccines through COVAX	205,000,000	DC	Prior Review	N/A	N/A	No. of Contracts: 1 Domestic Preference: No Advance Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes Other: Agreement with UNICEF under COVAX
G02	Procurement of COVID-19 Vaccines through bilateral deals, including international logistic handling	515,000,000	DC	Prior Review	N/A	N/A	No. of Contracts: Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes
G03	Procurement	100,000.00	DC	Prior	N/A	N/A	No. of Contracts: Single

Goods, Works, and Non-consulting Services							
Package Number	General Description	Estimated Value (\$m)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
	of COVID-19 vaccine through UNICEF			Review			or Multiple Domestic Preference: No Advance Contracting: Yes High Risk Contract: Yes COVID-19 Response: Yes

COVAX = COVID-19 Vaccines Global Access, COVID-19 = coronavirus disease, DC = direct contracting, m = million, NA= not applicable, UNICEF = United Nations International Children's Emergency Fund.

### C. Non-ADB Financing

The following table lists goods, works, non-consulting, and consulting services contracts over the life of the project, financed by non-ADB sources.

Goods, Works and Non-consulting Services				
General Description	Est. Value (cumulative, \$)	Est. Number of Contracts	Procurement Method	Comments
Procurement of needles, syringes and other COVID-19 vaccine related commodities		To be confirmed	Competitive	Financed by the Government or development partners
3rd Party Logistics Provider (customs brokerage, warehousing / storage, local transportation etc.)		To be confirmed	Competitive	Financed by the Government

## **APPENDIX E**

### **OUTLINE QUARTERLY PROGRESS REPORT FORMAT**

#### **General Instructions**

The quarterly progress reports (QPRs) should follow the format outlined below and are to be submitted to ADB within 45 days after each quarter. In case of delays or incomplete information, ADB will submit a reminder to the executing agency/implementing agency. Repeated delays or incomplete information may have a negative impact on the project performance ratings and may be discussed during review missions and TPRMs.

#### **Section A. Introduction and Basic Data**

- (i) ADB loan number, project title, borrower, executing agency, implementing agency(ies)
- (ii) total estimated project cost and financing plan;
- (iii) status of project financing including availability of counterpart funds;
- (iv) dates of approval, signing, and effectiveness of ADB loans;
- (v) original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- (vi) date of last ADB review mission.

#### **Section B. Utilization of Funds (ADB Loan, and Counterpart Funds)**

- (i) cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets – for ADB financing compare the actual contract awards with the contract award curve included in the PAM). Include an analysis of significant variances between planned and actual contract awards;
- (ii) cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets – for the ADB financing compare the actual disbursement with the disbursement projections as per the S curve included in the PAM ), Include an analysis of significant variances between planned and actual disbursements; and
- (iii) re-estimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.
- (iv) Reconciliation of project records and ADB disbursement records (loan financial information system [LFIS]/ grant financial information system [GFIS]) for the reporting period and cumulative from project inception to end of the reporting period. Explain reasons for discrepancies and outline follow-up actions required (if any). Attach a detailed reconciliation by WA as per Appendix 3.

#### **Section C. Project Purpose**

- (i) status of project scope/implementation arrangements compared with those in the Report and Recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- (ii) an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements; and

- (iii) an assessment of changes to the key assumptions and risks that affect attainment of the development objectives.

#### **Section D. Implementation Progress**

- (i) provide a brief summary assessment of progress or achievements in implementation since the last progress report;
- (ii) assessment of the progress of each project component, such as (a) recruitment of consultants and their performance, (b) procurement of goods and works (from preparation of detailed design and bidding documents to contract awards); and (c) the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- (iii) assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules. Include an analysis of significant variances between physical and financial progress; and,
- (iv) an assessment of outcome/output achievements versus targets – based on project performance monitoring system (PPMS) developed from design and monitoring framework of the project.

#### **Section E. Major Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

#### **Section F. Compliance with Safeguards and Covenants**

- (i) review the borrower's compliance with policy loan covenants, and, where relevant, provide any reasons for any noncompliance or delay in compliance;
- (ii) provide a summary assessment of compliance with resettlement and environmental safeguards;
- (iii) provide a summary assessment of COVID-19 immunization waste management; and,
- (iv) Summarize the status of financial covenants (if any) as outlined in the loan and project agreement.

#### **Section G. Financial Management**

- (i) Summarize the status of Financial management in the project including: a) any problems in the existing FM arrangements and /or flow of funds and b) any significant changes occurred during the reporting period (e.g., FM staff turnover, implementation of new financial systems, emerging FM related risks etc.);
- (ii) Summarize the status of: a) the FM action plan outlined in the PAM, b) recommendations and actions raised by ADB as part of the APFS review (if any) and c) FM related recommendations agreed during ADB review missions (if any); and

- (iii) Summarize the status of past audit observations (resolved/ pending)

## **Appendixes**

Attach the following appendixes to the QPR when submitting it to ADB:

1. Summary Loan Covenant Review
2. Summary Gender Action Plan Progress (separate format available)
3. Statement of Cash Receipts and Payments by Category
4. Detailed reconciliation (by Withdrawal application) of project records and ADB disbursement records (LFIS/GILFIS) for the fiscal year to date and cumulative
5. List of signed contracts
6. Status of external audit observations (resolved/ pending)
7. Status of internal audit recommendations (resolved/ pending)
8. Status of FM action plan (complied/ongoing)
9. Status of FM related actions agreed during ADB review missions (if any)
10. Status of vaccine inventory report

## QPR APPENDIXES

Appendix 3: Statement of Cash Receipts and Payments by Category

	Reporting Period (Quarterly/Semi-annually)	Year to date	Cumulative	Hard commitments (contracts signed not paid)
In the currency of the financial statements				
<b>Cash receipts</b>				
ADB Advance/Replenishments	Q	Q*	Q^	
ADB Direct Payments	P	P*	P^	
ADB Reimbursement/Retroactive Financing	U	U*	U^	
Government	S	S*	S^	
<b>Total</b>	<b>T=Q+P+S+U</b>	<b>T*=Q*+P*+S*+U*</b>	<b>T^=Q^+P^+S^+U^</b>	
<b>Payments</b>				
Vaccines	A	A*	A^	A**
[Additional Line]	B	B*	B^	B**
[Additional Line]	C	C*	C^	C**
[Additional Line]	D	D*	D^	D**
<b>Total expenditures</b>	<b>E=A+B+C+D</b>	<b>E*=A*+B*+C*+D*</b>	<b>E^=A^+B^+C^+D^</b>	<b>E**=A**+B**+C**+D**</b>
<b>Opening cash balance</b>	<b>H</b>	<b>H*</b>	<b>H^</b>	
<b>Closing cash balance</b>	<b>K=H+T-E</b>	<b>K*=H*+T*-E*</b>	<b>K^=H^+T^-E^</b>	



**Appendix 4. Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LFIS/GILFIS)  
for the Fiscal Year to Date and Cumulative**

WA Details			Per project records/APFS (Amount recorded in the project Financial statements as reimbursement, direct payment, etc..)				Per ABD disbursement records LFIS/GFIS (actual Paid)			
Withdrawal application No (WA)	Disbursement method (reimbursement, direct payment, etc..)	Time period covered in the WA	Date	In local currency (as recorded in project records/ financial statements)	exchange rate	USD equivalent (A)	Value date	In USD (B)	Difference (A-B)	Reason for difference (i.e., timing forex. Pending rejected)
1										
2										
3										
etc..										
<b>Total</b>										



**Appendix 6: Status of External Audit Observations – Cumulative from Inception to End of Reporting Period**

<b>Recommendation/ Audit Observation</b>	<b>External Audit Recommendation</b>	<b>Date of the Recommendation</b>	<b>Planned Actions to Address the Recommendation</b>	<b>Responsibility</b>	<b>Current Status of the Planned Action (pending /resolved)</b>	<b>Remarks</b>

**Appendix 7: Status of Internal Audit Recommendation – Cumulative from Inception to End of Reporting Period**

<b>Recommendation/ Audit Observation</b>	<b>Internal Audit Recommendation</b>	<b>Date of the Recommendation</b>	<b>Planned Actions to Address the Recommendation</b>	<b>Responsibility</b>	<b>Current Status of the Planned Action (pending /resolved)</b>	<b>Remarks</b>

**Appendix 8: Status of Financial Management Action Plan**

<b>Key Risk</b>	<b>Risk Mitigating Activity</b>	<b>Timeline</b>	<b>Responsible Entity</b>	<b>Current status (implemented/Pending)</b>	<b>Remarks (including an action plan in case of noncompliance)</b>

## APPENDIX F

### TERMS OF REFERENCE FOR PROGRAM DIRECTOR

1. The program director would be in charge of the program monitoring unit (PMU) and work under the overall guidance of the Additional Director General for Planning and Development of the Directorate General Health Services (DGHS) under the Health Services Division of the Ministry of Health and Family Welfare. She/he will be preferably a government staff with sufficient experience in the immunization and vaccine leadership positions. She/he will lead the team of procurement and financial management staff, relevant support staff and individual consultants (such as procurement, financial management and audit experts) to be recruited through the ongoing Asian Development Bank (ADB) technical assistance<sup>1</sup> to support the PMU. Her/his tasks include the following:

- (i) lead overall day-to-day management and stakeholder coordination to the implementation of the proposed Responsive COVID-19 Vaccines for Recovery Project Under the Asia Pacific Vaccine Access Facility for Bangladesh;
- (ii) monitor the vaccine logistics and ensure timely procurement and distribution of coronavirus disease (COVID-19) vaccines;
- (iii) establish and maintain the monitoring system for different activities under the government's COVID-19 vaccination program;
- (iv) lead the preparation of bidding/contract documents for vaccine procurement, requests for proposal (including terms of reference) and other related solicitation documents with technical support and inputs from other engaged consultants;
- (v) lead the management of vaccine procurement, including international logistics, processes to assure compliance with ADB Procurement Policy and Regulations and its associated staff instructions;
- (vi) lead to prepare and submit to ADB the documentation required to facilitate ADB oversight function for procurement;
- (vii) support the convening and the preparation of required documents for coordination meetings of different committees and working groups at national and sub-national levels;
- (viii) support the government to coordinate training and capacity building activities at national and sub-national levels;
- (ix) monitor the implementation of COVID-19 vaccine deployment;
- (x) lead the team to perform any other tasks as and when requested by the Additional Director General for Planning and Development of DGHS or designated Director in charge of the PMU; and
- (xi) support the internal and performance audit team to conduct audit.

2. The program director will have preferably a degree in community medicine/public health/hospital management/social work or equivalent discipline with at least 15 years' overall experience, five to seven years of which should be at leadership positions under public health projects. She/he will work closely with government officials at Ministry of Health and Family Welfare and other concerned officials from other departments and ministries across all levels of government, other consultants, development partners and the ADB project team (including consultants engaged by ADB) under the COVID-19 Vaccination Coordination Cell.

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<sup>1</sup> ADB. 2020. [\*Technical Assistance to the People's Republic of Bangladesh for Supporting COVID-10 Response Emergency Assistance Project\*](#). Manila (TA 6643).

## APPENDIX G

### INDICATIVE MASTER LIST OF ELIGIBLE ITEMS, AND AGREED LIST OF ACCEPTABLE EXPENDITURE ITEMS ('POSITIVE LIST'), FOR ADB-FINANCING UNDER THE RAPID RESPONSE COMPONENT

The eligible items agreed for financing will include:

- (i) Advance market commitments and/or payments or procurement costs for vaccines acquired through the COVID-19 Vaccines Global Access Facility (irrespective of whether Bangladesh eventually procures vaccines through the facility).
- (ii) Vaccines that meet any of the eligibility criteria outlined in the linked document: Eligibility Criteria for Use of Funds under the Rapid Response Component.<sup>1</sup>
  - (a) Vaccines that meet at least one of the eligibility criteria and will be potentially financed by ADB such as Pfizer, Moderna, Oxford/AstraZeneca vaccine manufactured by the Serum Institute of India, Johnson & Johnson's Janssen vaccine manufactured by authorized manufacturers, and Sinopharm vaccine manufactured by Beijing Institute of Biological Products, and any other vaccines which meet ADB eligibility criteria.
  - (b) Vaccines being explored for procurement which may also be financed by ADB if they meet one of the eligibility criteria are Covovax vaccine manufactured by the Serum Institute of India, Sputnik V vaccine manufactured by Gamaleya Research Institute of Epidemiology and Microbiology, and others.
- (iii) Advance payments for vaccines that meet one of the eligibility criteria, and that will be procured from vaccine manufacturers and distributors (see item [ii]).
- (iv) International logistics and related services required for the transportation of eligible vaccines to designated delivery points in Bangladesh.
- (v) Indirect management fees, with reasonable percentage normally below 10% of the loan amount managed, charged as required by the United Nations agencies' financial regulations or similar authoritative guidelines.

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<sup>1</sup> Eligibility Criteria for Use of Funds Under the Rapid Response Component (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President).