

The logo for the Asian Development Bank (ADB), consisting of the letters 'ADB' in a white serif font inside a black square.

ADB

# Project Design Advance Project Administration Manual

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Project Number: 47243-003  
June 2016

## People's Republic of Bangladesh: Rural Infrastructure Maintenance Program

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## **Project Administration Manual for the Project Design Advance: Purpose and Process**

The project administration manual (PAM) for the Project Design Advance (PDA) is an abridged version of ADB's regular PAM and describes the essential administrative and management requirements to implement the PDA on time, within budget, and in accordance with Government and Asian Development Bank (ADB) policies and procedures. The PDA PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Local Government Engineering Department (LGED) is wholly responsible for the implementation of ADB financed PDA project, as agreed jointly between the borrower and ADB, and in accordance with government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by LGED of its obligations and responsibilities for PDA project implementation in accordance with ADB's policies and procedures.

The borrower and ADB shall agree to the PDA PAM and ensure consistency with the PDA Loan Agreement. In the event of any discrepancy or contradiction between the PDA PAM and the PDA Loan Agreement, the provisions of the PDA Loan Agreement shall prevail.

After ADB's approval of the PDA proposal, changes in implementation arrangements are subject to agreement and approval pursuant to relevant Government and ADB administrative procedures (including the Project Administration Instructions), and upon such approval they will be subsequently incorporated in the PDA PAM.

## **Abbreviations**

|      |   |  |
|------|---|--|
| ADB  | = | Asian Development Bank                   |
| DLIs | = | disbursement-linked indicators           |
| LGED | = | Local Government Engineering Department  |
| PAM  | = | project administration manual            |
| PAP  | = | program action plan                      |
| PDA  | = | project design advance                   |
| PMU  | = | project management unit                  |
| PSSA | = | program safeguard system assessment      |
| QCBS | = | quality- and cost-based selection        |
| RBL  | = | results-based lending                    |
| RIMP | = | Rural Infrastructure Maintenance Program |
| SOE  | = | statement of expenditures                |
| SPS  | = | Safeguard Policy Statement               |

## I. PROPOSED PROJECT DESCRIPTION

1. During the past decades, rural infrastructure in Bangladesh has significantly improved. Despite progress, rural connectivity in Bangladesh remains weak, impeding physical and economic access. Only 40% of rural population has access to all-weather roads. Around 33% of *upazila* and union roads and 84% of village roads are still unpaved. Lack of maintenance causes faster deterioration in roads with huge rehabilitation backlog. The local government maintenance budgets, covering only 35% of needs, are inadequate. The Local Government Engineering Department (LGED) has launched the implementation of Rural Road and Bridge Maintenance Policy in 2013 to overhaul the rural road maintenance program.<sup>1</sup> The proposed Rural Infrastructure Maintenance Program (RIMP) will support the government program for the rural roads in Bangladesh vulnerable to climate variability and change. The expanded climate-resilient infrastructure in the adjacent rural areas will provide year-round connectivity between agricultural production areas and markets and to other parts of the country. The RIMP will improve the maintenance of the rural roads to climate-resilient standards with a focus on results. The RIMP impact will be connectivity between lagging and better-off regions is improved, aligned with the Bangladesh Sixth Five-Year Plan, 2011–2015.<sup>2</sup> The outcome will be mobility of rural residents is increased. The key outputs will be (i) rural road infrastructure rehabilitated and maintained, and (ii) institutional arrangement for road maintenance strengthened.

2. The results-based lending (RBL) modality is proposed for the RIMP. The RIMP will focus on achieving key output level results to support the LGED's maintenance program for rural roads. Disbursement-linked indicators (DLIs) and program actions will contribute to realizing the program objectives through interrelated results areas. Key features of the proposed RIMP include (i) supporting the government-owned rural roads maintenance programs and financing the program's expenditures framework, (ii) linking disbursements directly to results, (iii) supporting institutional development for road maintenance program, (iv) managing risks adequately, and (v) fostering development partnership.

3. The project design advance (PDA) will finance consultancy services to undertake (i) preparation and assessment of the RIMP; (ii) expenditure and financing framework assessment, financial management assessment, development of DLIs including third party verification mechanisms; (iii) feasibility studies, including detailed engineering design, cost estimates, and technical, financial, economic, and socioeconomic analysis; (iv) environmental and social safeguard analysis including preparing the environmental and social safeguards planning documents for the RIMP; and (v) procurement system assessment and advance procurement actions, including preparation of bidding documents for the RIMP and supporting the bidding process. The key PDA outputs will be feasibility studies, detailed designs, safeguards and financing frameworks analysis, and preparation of bidding documents. The PDA will not finance land acquisition, resettlement, or civil works. The PDA will speed up contract awards and disbursements by ensuring that detailed designs are complete, and contracts awards initiated before loan effectiveness.

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<sup>1</sup> Government of Bangladesh, Ministry of Local Government, Rural Development and Cooperatives 2013. *Rural Road and Bridge Maintenance Policy*. Dhaka.

<sup>2</sup> Government of Bangladesh, Planning Commission. 2011. Sixth Five-Year Plan FY2011–FY2015: Accelerating Growth and Reducing Poverty, Strategic Directions and Policy Framework. Dhaka.

## II. IMPLEMENTATION PLANS

### A. PDA Readiness Activities

4. LGED has already established a project management unit (PMU) in its headquarters in Dhaka and appointed a project director. The PMU is equipped with computers, furniture and other facilities. The government and ADB already signed the PDA master agreement. The consultant recruitment is under process.

### B. Overall PDA Project Implementation Plan

| Indicative Activities                   | Advance Action (2015-2016) |     |     |     |     |     |     |     |     |     |     | PDA (2016) |     |     |     |     |     | PDA (2017) |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
|---|----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------------|-----|-----|-----|-----|-----|------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|--|--|--|--|
|   | Jul                        | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun        | Jul | Aug | Sep | Oct | Nov | Dec        | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |  |  |  |  |  |
| <b>A. Implementation</b>                |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Consultants selection under PDA         |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Advertisement                           |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Selection                               |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Contract Award                          |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| <b>B. Management Activities</b>         |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Submission of quarterly progress report |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Submission of annual report             |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |
| Projected date of ensuing loan          |                            |     |     |     |     |     |     |     |     |     |     |            |     |     |     |     |     |            |     |     |     |     |     |     |     |     |     |     |     |     |  |  |  |  |  |

### III. PDA PROJECT MANAGEMENT ARRANGEMENTS

#### A. PDA Project Implementation Organizations – Roles and Responsibilities

| PDA Project implementation organizations   | Management Roles and Responsibilities  |
|--|--|
| <b>Oversight body</b><br>project steering committee<br>Chair: Secretary, Local Government Division of the Ministry of Local Government, Rural Development and Cooperatives | (i) provide policy guidance during project implementation<br>(ii) ensure smooth inter-ministry/agency coordination   |
| <b>Executing agency of PDA LGED</b>  | (i) establish a suitably staffed PMU at LGED's headquarters in Dhaka<br>(ii) recruit and manage consulting services<br>(iii) consolidate progress reports and submit audit, progress and other reports to ADB and the government<br>(iv) monitor use of all funding provided by ADB and other financiers<br>(v) ensure that any complaints received are adequately addressed<br>(vi) support and coordinate with ADB and other financiers' review missions<br>(vii) prepare and submit timely withdrawal applications to ADB |
| <b>ADB</b>   | (i) monitor and advise overall project implementation<br>(ii) review and issue no-objection to procurement and documents<br>(iii) provide funding against eligible claims  |

ADB = Asian Development Bank; LGED = Local Government Engineering Department; PDA = project design advance; PMU = project management unit.

#### B. Key Persons Involved in Implementation

##### Executing Agency

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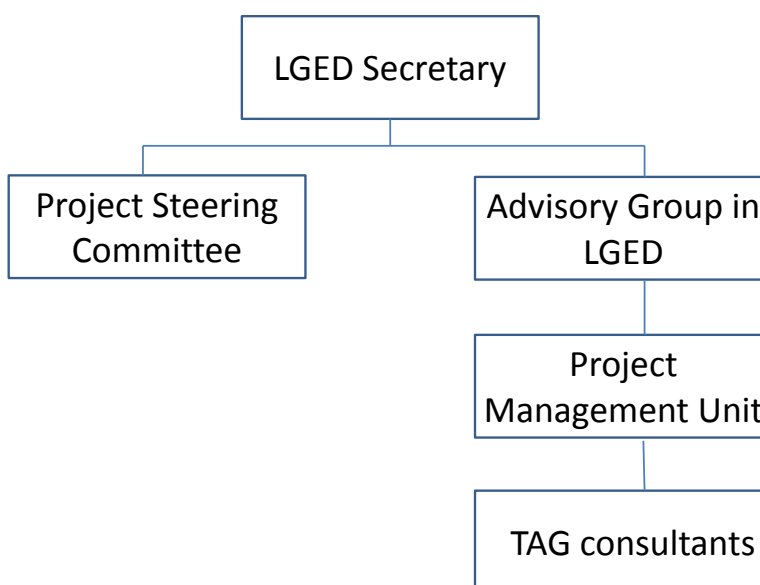
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**C. PDA Project Organization Structure**

5. The flow chart below shows the reporting lines and essential internal structures of key organizations involved in implementation.



LGED = Local Government Engineering Department; TAG = technical advisory group.



#### IV. COSTS AND FINANCING

6. The total cost of the PDA program is \$2.54 million, including a loan not exceeding \$2.00 million equivalent from ADB's Special Funds resources to support the preparatory activities of the RIMP. The PDA will have an interest rate charged at 2% per annum, and the refinancing date is 1 March 2018 or the actual date of effectiveness of the ensuing loan as may be agreed between ADB and the borrower. The PDA cost estimates are summarized in Table 1.

**Table 1: PDA Project Investment and Financing Plan<sup>a</sup>**  
(\$ million)

| Item                                    | Cost        | ADB         | Government <sup>b</sup> |
|---|-------------|-------------|-------------------------|
| <b>A. Base Cost<sup>c</sup></b>         |             |             |                         |
| 1 Consulting Firm                       | 2.16        | 1.71        | 0.45                    |
| 2 Consultant - studies                  | 0.24        | 0.19        | 0.05                    |
| <b>Subtotal (A)</b>                     | <b>2.40</b> | <b>1.90</b> | <b>0.50</b>             |
| <b>B. PMU staff and office expenses</b> | <b>0.04</b> | <b>0.00</b> | <b>0.04</b>             |
| <b>C. Contingencies<sup>d</sup></b>     | <b>0.10</b> | <b>0.10</b> | <b>0.00</b>             |
| <b>Total (A+B+C)</b>                    | <b>2.54</b> | <b>2.00</b> | <b>0.54</b>             |

<sup>a</sup> A PDA loan carries interest charges which are deferred until the PDA is repaid from the ensuing financing or other repayment terms take effect.

<sup>b</sup> Includes taxes and duties of \$0.50 million on consultant services (10% income tax, 15% value added tax) to be paid by the government as an in-kind contribution. ADB may also finance tax and duties in accordance with para 9 of the ADB Operations Manual (OM H3/OP) where (i) the amount will be within the reasonable threshold identified during the country partnership strategy preparation process, (ii) the amount will not represent an excessive share of the project investment plan, (iii) the taxes and duties apply only to ADB-financed expenditures, and (iv) the financing of the taxes and duties is material and relevant to the success of the project.

<sup>c</sup> In mid-2015 prices.

<sup>d</sup> Physical contingencies computed at 5% for consulting services.

Source: Asian Development Bank estimates

**Table 2: Detailed Cost Estimates by Expenditure Category**  
(\$ million)

| Item                                  | Foreign Exchange | Local Currency | Total Cost <sup>b</sup> | % of Total Base Cost |
|---------------------------------------|------------------|----------------|-------------------------|----------------------|
| <b>A Investment Costs<sup>a</sup></b> |                  |                |                         |                      |
| 1 Consultant                          |                  |                |                         |                      |
| a Remuneration/out-of-pocket expenses | 1.21             | 0.92           | 2.13                    | 87.2                 |
| b Equipment                           | 0.00             | 0.11           | 0.11                    | 4.7                  |
| c Studies, surveys and reports        | 0.00             | 0.06           | 0.06                    | 2.6                  |
| d Training, seminars and workshops    | 0.00             | 0.06           | 0.06                    | 2.3                  |
| e Miscellaneous costs                 | 0.00             | 0.04           | 0.04                    | 1.6                  |
| <b>Subtotal (A)</b>                   | <b>1.21</b>      | <b>1.19</b>    | <b>2.40</b>             | <b>98.4</b>          |
| <b>B Other Costs</b>                  |                  |                |                         |                      |
| 1 PMU staff and office expenses       | 0.00             | 0.04           | 0.04                    | 1.6                  |
| <b>Subtotal (B)</b>                   | <b>0.00</b>      | <b>0.04</b>    | <b>0.04</b>             | <b>1.6</b>           |
| <b>Total Base Cost</b>                | <b>1.21</b>      | <b>1.29</b>    | <b>2.50</b>             | <b>100.0</b>         |
| <b>C Contingencies<sup>c</sup></b>    |                  |                |                         |                      |
| 1 Physical                            | 0.10             | 0.00           | 0.10                    | 4.0                  |
| 2 Price                               | 0.00             | 0.00           | 0.00                    | 0.0                  |
| <b>Subtotal (C)</b>                   | <b>0.10</b>      | <b>0.00</b>    | <b>0.10</b>             | <b>4.0</b>           |
| <b>Total PDA Project Cost (A+B+C)</b> | <b>1.31</b>      | <b>1.23</b>    | <b>2.54</b>             |                      |

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Includes taxes and duties of \$0.50 million on consultant services (10% income tax, 15% value added tax) to be paid by the government as an in-kind contribution. ADB may also finance tax and duties in accordance with para 9

of the ADB Operations Manual (OM H3/OP) where (i) the amount will be within the reasonable threshold identified during the country partnership strategy preparation process, (ii) the amount will not represent an excessive share of the project investment plan, (iii) the taxes and duties apply only to ADB-financed expenditures, and (iv) the financing of the taxes and duties is material and relevant to the success of the project.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Physical contingencies computed at 5% for consulting services.

Source: Asian Development Bank estimates.

**Table 3: Detailed Cost Estimates by Financier<sup>a</sup>**  
(\$ million)

|                                       | ADB<br>Amount | % of<br>cost cat | Govt<br>Amount | % of<br>cost cat | Total<br>Cost |
|---------------------------------------|---------------|------------------|----------------|------------------|---------------|
| <b>A Investment Costs<sup>b</sup></b> |               |                  |                |                  |               |
| 1 Consultants                         |               |                  |                |                  |               |
| a Project design                      | 1.71          | 79.2             | 0.45           | 20.8             | 2.16          |
| b Studies                             | 0.19          | 79.0             | 0.05           | 21.0             | 0.24          |
| <b>Subtotal (A)</b>                   | <b>1.90</b>   | <b>79.2</b>      | <b>0.50</b>    | <b>20.8</b>      | <b>2.40</b>   |
| <b>B Recurrent Costs</b>              |               |                  |                |                  |               |
| 1 PMU staff/office                    | 0.00          | 0.0              | 0.04           | 100.0            | 0.04          |
| <b>Subtotal (B)</b>                   | <b>0.00</b>   | <b>0.0</b>       | <b>0.04</b>    | <b>100.0</b>     | <b>0.04</b>   |
| <b>Total Base Cost</b>                | <b>1.90</b>   | <b>77.9</b>      | <b>0.54</b>    | <b>22.1</b>      | <b>2.44</b>   |
| <b>C Contingencies<sup>c</sup></b>    | <b>0.10</b>   | <b>100.0</b>     | <b>0.00</b>    | <b>0.0</b>       | <b>0.10</b>   |
| <b>D Financial Charges</b>            | <b>0.00</b>   | <b>0.0</b>       | <b>0.00</b>    | <b>0.0</b>       | <b>0.00</b>   |
| <b>Total Project Cost</b>             | <b>2.00</b>   |                  | <b>0.54</b>    |                  | <b>2.54</b>   |
| <b>% of Total Project Cost</b>        |               | <b>78.7</b>      |                | <b>21.3</b>      | <b>100.0</b>  |

<sup>a</sup> Includes taxes and duties of \$0.50 million on consultant services (10% income tax, 15% value added tax) to be paid by the government as an in-kind contribution. ADB may also finance tax and duties in accordance with para 9 of the ADB Operations Manual (OM H3/OP) where (i) the amount will be within the reasonable threshold identified during the country partnership strategy preparation process, (ii) the amount will not represent an excessive share of the project investment plan, (iii) the taxes and duties apply only to ADB-financed expenditures, and (iv) the financing of the taxes and duties is material and relevant to the success of the project.

<sup>b</sup> In mid-2015 prices.

<sup>c</sup> Physical contingencies computed at 5% for consulting services.

Source: Asian Development Bank estimates.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

7. A financial management assessment conducted on LGED for an approved ADB project was evaluated to ensure that it continues to be up-to-date and relevant for the PDA project.<sup>3</sup> The assessment concluded that the financial management risk rating of *moderate* continues to be appropriate for the PDA. The financial management systems of LGED are considered adequate, and the procedures, policies and systems on budgeting, funds flow, accounting, reporting and auditing are appropriate for the PDA. The financial management assessment will be updated by the consultants in preparation for the ensuing project. The risk mitigating actions in place for the ADB approved project are under implementation and include capacity strengthening of PMU staff; introduction of internal audit mechanisms; and LGED to maintain separate records and accounts adequate to identify the goods and services financed by ADB and co-financiers, financing received, expenditures incurred, and use of local funds.

<sup>3</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loans and Grant to the People's Republic of Bangladesh for Bangladesh: Coastal Climate-Resilient Infrastructure Project*. Manila (Loans 2913/8258-BAN and Grant 0310-BAN).

## **B. Disbursement**

8. The PDA loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time),<sup>4</sup> and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available at: [http://wpqr4.adb.org/disbursement\\_elearning](http://wpqr4.adb.org/disbursement_elearning). Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

9. The direct payment and reimbursement procedures will be used for disbursements under the PDA.

10. Statement of expenditures (SOE) procedure may be used for reimbursement of eligible expenditures.<sup>5</sup> The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review mission, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

11. Before submitting the first withdrawal application, LGED should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is \$100,000. Individual payments below this amount should be paid by LGED and subsequently claimed to ADB through reimbursement unless otherwise accepted by ADB.

## **C. Accounting**

12. LGED will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred under the PDA. LGED will prepare PDA financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices. These shall be prepared to ensure maximum alignment to international accounting standards and Government of Bangladesh Financial Regulations. PDA project accounts will follow international accounting principles and practices or those prescribed by the government's accounting laws and regulations.

## **D. Auditing**

13. LGED will cause the detailed PDA financial statements to be audited in accordance with International Standards on Auditing and in accordance with the government's audit regulations by an auditor acceptable to ADB. The audit report will include a management letter, and separate opinion on use of SOE procedures. The annual audit report will include audit opinions which covers: (i) whether the PDA financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether PDA proceeds were used only for the purposes of the project or not. A management letter shall also be provided.

14. The government and LGED have been made aware of ADB's approach on delayed submission, and the requirements for satisfactory and acceptable quality of the audited

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<sup>4</sup> Available at: <http://www.adb.org/documents/loan-disbursement-handbook>

<sup>5</sup> SOE forms are available in Appendix 9B of the *Loan Disbursement Handbook*.

accounts. ADB reserves the right to verify the PDA project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

15. Public disclosure of the audited PDA financial statements, including the audit report on the PDA financial statements, will be guided by ADB's Public Communications Policy (2011).<sup>6</sup> After review, ADB will disclose the financial statements for the PDA and the opinion of the auditors on the financial statements within 14 days of the date of their endorsement on ADB's website. The management letter will not be disclosed.

## **VI. PROCUREMENT AND CONSULTING SERVICES**

### **A. Advance Contracting**

16. All advance contracting will be undertaken in conformity with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>7</sup> The issuance of invitations to bid under advance contracting will be subject to ADB approval. Advance contracting may be used for recruitment of TAG consultants. The borrower and LGED have been advised that approval of advance contracting does not commit ADB to finance the PDA project.

### **B. Procurement of Consulting Services**

17. All consultants will be recruited in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time).<sup>8</sup> The terms of reference for all consulting services are detailed in Section C.

18. An estimated 131 person-months (41 international, 90 national) of consulting services are required to (i) facilitate PDA project management and implementation, and (ii) strengthen the institutional and operational capacity of the executing agency. A consulting firm will be engaged using quality- and cost-based selection (QCBS) method with a quality:cost ratio of 90:10.

19. Allowance for recruitment of individual consultants up to \$200,000 is included in the PDA to assist project preparation.

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<sup>6</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

<sup>7</sup> Available at: <http://www.adb.org/Documents/Guidelines/Consulting/Guidelines-Consultants.pdf>

<sup>8</sup> Checklists for actions required to contract consultants by method available in e-Handbook on Project Implementation at: <http://www.adb.org/documents/handbooks/project-implementation/>

### C. Procurement Plan

20. The following table lists consulting services contracts of the project:

**Table 4: Consulting Services Contracts Estimated to Cost \$100,000 or More**

| Package Number | General Description      | Estimated Value | Recruitment Method | Review (Prior / Post) | Advertisement Date (quarter/year) | Type of Proposal        | Comments      |
|----------------|--------------------------|-----------------|--------------------|-----------------------|-----------------------------------|-------------------------|---------------|
| 1              | Technical Advisory Group | \$1.8 million   | QCBS               | Prior                 | Q4 2014                           | Full technical proposal | International |

### D. Consultant's Terms of Reference

21. LGED will recruit technical advisory group consultants through a firm using QCBS method (90:10) to provide 41 international and 90 national person-months of consulting services.

**Table 5: Summary of Consulting Services Requirement**

| Positions                                   | Person-Months Required |
|---|------------------------|
| <b>International</b>                        |                        |
| Rural Infrastructure Specialist/Team Leader | 15                     |
| Results-Based Lending Specialist            | 6                      |
| Climate Change Specialist                   | 6                      |
| Project Economist                           | 6                      |
| Senior Rural Infrastructure Engineer        | 8                      |
| <b>National</b>                             |                        |
| Results-Based Lending Specialist            | 6                      |
| Climate Change Specialist                   | 6                      |
| Project Economist                           | 6                      |
| Senior Rural Infrastructure Engineer        | 15                     |
| Deputy Rural Infrastructure Engineer        | 14                     |
| Road Safety Specialist                      | 1                      |
| Hydrologist                                 | 6                      |
| Environmental Specialist                    | 6                      |
| Social Safeguard Specialist                 | 6                      |
| Poverty Reduction Specialist                | 6                      |
| Social Development and Gender Specialist    | 6                      |
| Financial Management Specialist             | 6                      |
| Procurement Specialist                      | 6                      |

Source: Asian Development Bank.

22. The outline terms of reference for the technical advisory group consultants are:

23. **Rural Infrastructure Specialist/Team Leader (international, 15 person-months).** The rural infrastructure specialist/team leader shall have at least 20 years international work experience including in developing countries in planning and designing rural infrastructure projects with a post graduate degree in civil engineering or related areas. The team leader will manage the team and prepare a comprehensive project proposal in consultation with the stakeholders including the Ministry of Finance, Ministry of Local Government, Rural Development and Cooperatives, LGED and local communities in a format suitable for ADB loan processing. The team leader will be responsible to prepare (i) the project proposal including RIMP preparation and assessment; (ii) detailed climate-resilient engineering designs, bidding documents and bill of quantities (BOQ); (iii) climate risks and vulnerability assessment of project

areas; (iv) sector analysis, design and monitoring framework including baseline data; (v) economic and financial analysis; (vi) financial management assessment, cost estimates and financing plan; (vii) terms of reference for consulting services; (viii) gender assessment and action plan; (ix) social and safeguard assessment (environment, involuntary resettlement, and indigenous peoples); (x) implementation arrangements and program implementation document (PID); and (xi) the development project proforma for the ensuing program. The team leader will also be responsible for preparing inception, midterm, and draft final and final reports.

**24. Results-Based Lending (RBL) Specialists (international, 6 person-months; national, 6 person-months).** The RBL specialists shall have at least 15 years work experience in project design and planning with a post graduate degree in economics or related areas. The international specialist must have work experience in multiple countries. The RBL specialists will be responsible for RIMP preparation and assessment. The specific responsibilities include (i) preparation for program technical assessment which covers program soundness, expenditure and financing framework, and DLIs; (ii) program system assessments including the monitoring and evaluation (M&E) systems, the fiduciary systems, the environmental and social systems, and other institutional and system aspects, as relevant and appropriate to the program; and (iii) preparation of PID.

**25. Climate Change Specialists (international, 6 person-months; national 6 person-months).** The climate change specialists shall have at least 15 years work experience in climate assessment and designing climate-resilient infrastructure projects with a post graduate degree in relevant areas. The international specialist must have work experience in multiple countries. The climate change specialists will be responsible for (i) conducting climate change impact, vulnerability and adaptation assessments; (ii) identifying all potential adaptation solutions, including soft and hard measures; and (iii) incorporating selected adaptation priorities into the project design, including institutional arrangements and budget.

**26. Project Economists (international, 6 person-months; national, 6 person-months).** The project economists shall have at least 15 years work experience in agriculture and rural infrastructure projects with a post graduate degree in economics. The international economist must have work experience in multiple countries. The economists will (i) prepare the project's detailed budget and investment plan based on the detailed design cost; (ii) analyze policy distortions and recommend appropriate policy adjustments; (iii) contribute to RIMP preparation and technical assessment; and (iv) undertake a detailed economic and financial analysis of the project in accordance with ADB's Guidelines for the Economic Analysis of Projects (1997, as amended from time to time).

**27. Senior Rural Infrastructure Engineers (international, 8 person-months; national 15 person-months).** The senior rural infrastructure engineers shall be senior qualified civil engineers with degree in civil/highway engineering with at least 15 years extensive experience in the design and implementation of rural road projects. The international senior rural infrastructure engineer must have work experience in multiple countries. The national senior rural infrastructure engineer will also be the deputy team leader. The engineers will (i) assist the team leader in the feasibility study including reforming maintenance program, preparation of business plan for LGED's road maintenance policy, and preparing detailed climate-resilient engineering designs, bidding documents and BOQ; (ii) assess the selection and eligibility criteria; (iii) develop technical, economic, social, and environmental criteria for screening and selecting schemes to be upgraded under the project; (iv) verify construction and maintenance cost estimates for subproject selected for upgrading; and (v) check and finalize cost estimates for climate proofing infrastructure proposed for improvement.

28. **Deputy Rural Infrastructure Engineer (national, 14 person-months).** The deputy rural infrastructure engineer shall be a qualified civil engineer with degree in civil/highway engineering with at least 10 years extensive experience in the design and implementation of rural road projects. The deputy rural infrastructure engineer will assist the senior rural infrastructure engineers in (i) conducting the feasibility study including reforming maintenance program, preparation of business plan for LGED's road maintenance policy, and preparing detailed climate-resilient engineering designs, bidding documents and BOQ; (ii) assessing the selection and eligibility criteria; (iii) developing technical, economic, social, and environmental criteria for screening and selecting schemes to be upgraded under the project; (iv) verifying construction and maintenance cost estimates for subproject selected for upgrading; and (v) checking and finalizing cost estimates for climate proofing infrastructure proposed for improvement.

29. **Road Safety Specialist (national, 1 person-month).** The road safety specialist shall be a senior qualified civil engineer with 15 years extensive experience in the design and implementation of rural safety projects in Bangladesh, and preferably, be a certified road safety auditor. The road safety specialist will be responsible to the team leader and will be based at the project management office and work for both the team of consultants.

30. **Hydrologist (national, 6 person-months).** The hydrologist shall have at least 15 years extensive experience in the design and implementation of rural road projects with a post graduate degree in relevant areas. The hydrologist will (i) recommend options for improving design criteria of the rural infrastructures (roads, embankments, bridges, culverts, etc.) based on hydrological analysis considering climate change scenario; (ii) review lessons learned from previous rural infrastructure projects of LGED from hydrological analysis perspective; and (iii) provide support to the design engineers to come up with an improved climate resilient rural infrastructure design.

31. **Environmental Specialist (national, 6 person-months).** The environmental specialist shall have a post graduate degree in relevant field and at least 10 years work experience on environmental issues in development projects. The consultant will prepare the RBL program safeguard system assessment (PSSA) including the program's likely positive and negative environmental impacts and risks, identifying the safeguard principles applicable to RBL and preparing a matrix how the environmental safeguards are triggered by the RIMP. Detailed tasks include (i) preparation of a diagnostic assessment of applicable and relevant laws, regulations, rules, and procedures for managing and mitigating the likely impacts of the RIBL (focusing on ADB's Safeguard Policy Statement, 2009 [SPS] policy principles that are likely to apply to the program); (ii) preparation of an assessment on the country's implementation practice, capacity, and commitment to plan, implement, monitor, and report on the safeguard measures for the RIMP; (iii) preparation of gap assessment and safeguard related program actions to be included in the overall program action plan (PAP) to address the identified weaknesses, including consideration on the need for capacity strengthening measures (such as through consultant or technical assistance support); and (iv) identification of measures for monitoring environmental safeguard systems performance.

32. **Social Safeguard Specialist (national, 6 person-months).** The social safeguard specialist shall have a post graduate degree in relevant field and at least 10 years work experience on safeguard issues in development projects. The consultant will prepare RBL PSSA including the program's likely positive and negative involuntary resettlement, and indigenous people's impacts and risks, identifying the safeguard principles applicable to RBL and preparing a matrix how the involuntary resettlement, and indigenous peoples safeguards

are triggered by the RIMP. The detailed tasks include (i) preparation of a diagnostic assessment of applicable and relevant laws, regulations, rules, and procedures for managing and mitigating the likely impacts of the RIMP (focusing on the SPS policy principles that are likely to apply to the program); (ii) preparation of an assessment on the country's implementation practice, capacity, and commitment to plan, implement, monitor, and report on the safeguard measures for the RIMP; (iii) preparation of gap assessment and safeguard related program actions to be included in the overall PAP to address the identified weaknesses, including consideration on the need for capacity strengthening measures (such as through consultant or technical assistance support); and (iv) identification of measures for monitoring social safeguard systems performance.

**33. Poverty Reduction Specialist (national, 6 person-months).** The poverty reduction specialist shall have a post graduate degree in relevant field and at least 10 years work experience on poverty issues in development projects. The poverty reduction specialist will (i) collect socioeconomic data as required, (ii) analyze the socioeconomic data required for benchmark information on poverty and its distribution and for poverty impact ratio analyses, (iii) develop poverty and social selection criteria, and (iv) develop a results-based monitoring and evaluation system.

**34. Social Development and Gender Specialist (national, 6 person-months).** The social development and gender specialist will (i) gather gender related data and information and develop and suggest mechanisms whereby degree of women's effective participation can be improved in management as users and as beneficiaries; (ii) recommend steps to incorporate gender criteria into the project monitoring system; (iii) prepare a budget for gender and development activities; and (iv) prepare gender-related actions to be built in the PAP and in the DLIs matrix.

**35. Financial Management Specialist (national, 6 person-months).** The financial management specialist (chartered accountant [CA], certified practicing accountant [CPA], or equivalent) shall have at least 10 years work experience on financial management assessment. The financial management specialist will (i) assess the government's expenditure framework for the RIMP including the government annual budget, the medium-term expenditure framework covering the effectiveness, efficiency and economy, and adequacy of the expenditure framework for the RIMP; (ii) assess the adequacy and sustainability of the financing plan for the RIMP; (iii) conduct the fiduciary related financial management system assessment covering the accountability and transparency of the financial management system; (iv) prepare the risk mitigation measures and actions; and (v) assist RBL specialist in the RIMP preparation and assessment.

**36. Procurement Specialist (national, 6 person-months).** The procurement specialist shall have at least 10 years work experience in procurement with a post graduate degree in civil engineering, business administration or related areas. The specialist will (i) advise and assist in preparing suitable bidding documents for the different types of project works packages; (ii) prepare standard bidding documents templates for the different types of contract packages to be used in the project; (iii) assist team leader and PMU in preparing procurement plans including annual procurement plans for goods and works and suggest methods to be used; (iv) assess ongoing procurement reforms including e-procurement in the country, and feedback from the donor funded projects on the systemic issues; and (v) suggest how the procurement can be further strengthened.



## VII. SAFEGUARDS

37. The initial safeguard categorizations of the ensuing project in accordance to ADB's SPS are as follows: environment (category B); involuntary resettlement (category B); and indigenous peoples (category B). The PDA's safeguard consultant will confirm these classifications. The PDA will also undertake environmental and social safeguard assessments for the ensuing project. The PDA will undertake an assessment of the country's program safeguard system for managing environmental, involuntary resettlement, and indigenous people's impacts and risks; and prepare a PSSA report with adequate consultation with relevant stakeholders. The PSSA will be prepared by focusing on ADB's SPS principles that are likely to apply to the program, assessing applicable and relevant laws, regulations, rules, procedures, and identifying the gaps and provide measures for managing and mitigating the environmental and social safeguards impacts of the RIMP. The preparation of the PSSA will involve field visits by ADB to verify proposed measures to address impacts, gaps with ADB's SPS principles and to verify proposed actions to address the gaps in ADB's SPS. The PSSA will be discussed with relevant stakeholders before being finalized and submitted to ADB for approval. The disclosure of the draft PSSA should be undertaken before holding stakeholder consultation, and final the PSSA after ADB approval will need to be disclosed. The PDA will also undertake environmental and social safeguard assessments for the RIMP.

38. Prohibited investment activities. Pursuant to ADB's SPS, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of ADB SPS.

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

### A. Monitoring and Evaluation

39. **PDA project performance monitoring.** PDA project performance will be monitored based on quarterly and consolidated reports provided by LGED as agreed. These reports will include (i) progress achieved by activity as measured against the implementation schedule (Section II.B), (ii) key implementation issues and solutions, (iii) updated procurement plan, and (iv) updated implementation plan for next 12 months. To ensure PDA projects continue to be both viable and sustainable, PDA project financial statements, together with the associated auditor's report, should be adequately reviewed. Only in the event that an ensuing loan is not approved, will LGED submit a PDA project completion report to ADB within 6 months of physical completion of the PDA project.<sup>9</sup>

### B. Reporting

40. LGED will provide ADB with:

- (i) PDA project's quarterly progress reports in a format consistent with ADB's project performance reporting system;
- (ii) consolidated annual reports including (a) progress achieved by output as measured through the performance targets, (b) key implementation issues and

<sup>9</sup> Project completion report format is available at: <http://www.adb.org/sites/default/files/pai-6-07-a.pdf>

- solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months;<sup>10</sup> and
- (iii) PDA project accounts and the executing agency audited financial statements, together with the associated auditor's report.

### **C. Stakeholder Communication Strategy**

41. The PDA will maximize transparency by communicating relevant project information to stakeholders in various means. Surveys and consultations among stakeholders will be conducted in preparing the program safeguard systems assessment. A gender assessment will look at mechanisms to increase women's participation in the program. Capacity and awareness workshops on climate change adaptation will be held.

## **IX. ANTICORRUPTION POLICY**

42. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the PDA project.<sup>11</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 PDA project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the PDA project.<sup>12</sup>

43. To support these efforts, relevant provisions are included in the PDA Loan agreement and the request for proposals for the PDA project.

## **X. ACCOUNTABILITY MECHANISM**

44. People who are, or may in the future be, adversely affected by the PDA 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 PDA 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 a good faith effort 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>13</sup>

## **XI. RECORD OF PAM CHANGES**

45. All revisions/updates during course of implementation should be retained in this Section to provide a chronological history of changes to implemented arrangements recorded in the PAM.

<sup>10</sup> The regional departments will present the performance of the completed PDA in the project completion report of the ensuing loan. See para. 51 of ADB. 2013. [Project Design Advance](#). *Staff Instruction*. Manila.

<sup>11</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

<sup>12</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

<sup>13</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.