

# Project Administration Manual

Project Number: 44212  
May 2014

People's Republic of Bangladesh: Coastal Towns  
Environmental Infrastructure Project

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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 Government and Asian Development Bank (ADB) policies and procedures. 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 Local Government, Rural Development and Cooperatives (MLGRDC) acting through its Local Government Engineering Department (LGED), and Department of Public Health Engineering (DPHE), and *pourashavas* are wholly responsible for the implementation of the ADB financed 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 of MLGRDC, LGED, DPHE and the *pourshavas* with their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At Loan and Grant Negotiations the borrower and ADB shall agree to the PAM and ensure consistency with the Loan and Grant Agreements. 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 and Grant Agreements, the provisions of the Loan and Grant Agreements 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 ADB's Project Administration Instructions) and upon such approval they will be subsequently incorporated in the PAM.

## Abbreviations

ADB	=	Asian Development Bank
ADF	=	Asian Development Fund
AFS	=	audited financial statements
CQS	=	consultant qualification selection
CTEIP	=	Coastal Towns Environmental Infrastructure Project
DMF	=	design and monitoring framework
EARF	=	environmental assessment and review framework
EIA	=	environmental impact assessment
EMP	=	environmental management plan
ESMS	=	environmental and social management system
GACAP	=	governance and anticorruption action plan
GDP	=	gross domestic product
ICB	=	international competitive bidding
IEE	=	initial environmental examination
LAR	=	land acquisition and resettlement
LIBOR	=	London interbank offered rate
NCB	=	national competitive bidding
NGOs	=	nongovernment organizations
PAI	=	project administration instructions
PAM	=	project administration manual
PIU	=	project implementation unit
PMSC	=	project management and supervision consultant
QBS	=	quality based selection
QCBS	=	quality- and cost based selection
RRP	=	report and recommendation of the President to the Board
SAR	=	Subproject Appraisal Report
SBD	=	standard bidding documents
SCF	=	Strategic Climate Fund
SOE	=	statement of expenditure
SPRSS	=	summary poverty reduction and social strategy
SPS	=	Safeguard Policy Statement
TOR	=	terms of reference

## I. PROJECT DESCRIPTION

1. The project will strengthen climate resilience and disaster preparedness in eight vulnerable coastal *pourashavas* (secondary towns) of Bangladesh.<sup>1</sup> The project takes a holistic and integrated approach to urban development and will (i) provide climate-resilient municipal infrastructure; and (ii) strengthen institutional capacity, local governance, and public awareness for improved urban planning and service delivery considering climate change and disaster risks. Key infrastructure investments include (i) drainage; (ii) water supply; (iii) sanitation; (iv) cyclone shelters; and (v) other municipal infrastructure including emergency access roads and bridges, solid waste management, bus terminals, slum improvements, boat landings, and markets. Investments will benefit the poor and women. The Ministry of Local Government, Rural Development and Cooperatives (MLGRDC) acting through its Local Government Engineering Department (LGED) and the Department of Public Health Engineering (DPHE) will be the executing agencies of the project.

2. The *impact* of the project will be improved wellbeing in coastal towns. The *outcome* of the project will be increased climate and disaster resilience in coastal towns benefiting the poor and women.

### 1. Output 1: Improved Climate-Resilient Municipal Infrastructure

3. **Stage 1: Climate and disaster risk reducing infrastructure.** Priority infrastructure will fill critical deficits to strengthen climate and disaster resilience and include the design, rehabilitation, and construction of (i) drainage systems; (ii) cyclone shelters; (iii) water supply systems; (iv) sanitation systems; (v) emergency access roads, bridges, and culverts; and (vi) solid waste management systems.<sup>2</sup> Infrastructure will be designed considering climate projections for the year 2040. The project will develop climate resilient community infrastructure in poor, vulnerable areas as part of larger infrastructure contracts.<sup>3</sup> Climate resilient measures will include, but are not limited to, increasing drainage capacity; raising infrastructure levels for roads, cyclone shelters, water and sanitation facilities; and identifying non-saline water sources. Groundwater sources will be prioritized as a least-cost option where salinity levels are within government standards. A design consulting firm will screen all subprojects for climate resilience, and prepare all engineering designs, bidding and safeguard documents.

4. **Stage 2: Local economic infrastructure.** This component will support local economic development activities and will include the design, rehabilitation and construction of (i) markets, (ii) bus terminals, (iii) boat landings, and (iv) commercially important roads. These investments will also consider climate resilience in the planning and design stage.

### 2. Output 2: Strengthened Institutional Capacity, Governance, and Awareness

5. **Municipal governance and service delivery improvements.** Capacity building activities under this subcomponent will focus on (i) strengthening municipal finance systems to improve local revenues, (ii) enhancing citizen participation in *pourashava* planning and decision making process,<sup>4</sup> (iii) strengthening technical capacity and institutional arrangements for

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<sup>1</sup> Batch 1 towns: Amtali, Galachipa, Mathbaria, and Pirojpur. Batch 2 towns: Barguna, Bhola, Daulat Khan, and Kalapara. Towns were selected based on their vulnerability, population size, density, and level of past investments.

<sup>2</sup> Improved solid waste management is linked to reduced drainage congestion and improved flood management.

<sup>3</sup> These include community facilities such as free (?) metered standposts and community toilets which require community mobilization for operation and maintenance.

<sup>4</sup> Town and ward-level committees will be formed under the project to improve the citizen participation.

improved service delivery and O&M at the *pourashava* level, and (iv) promoting private sector participation in fecal sludge management.

6. **Non-structural measures to reduce climate and disaster risk.** Capacity building support will strengthen the ability of *pourashavas* to prepare and respond to climate-related risks and disasters by (i) updating, revising and preparing urban master plans, building codes, and engineering design standards of LGED and DPHE to incorporate climate change and disaster resilient measures; (ii) improving water safety planning and groundwater monitoring through the development of water safety plans and guidelines; and (iii) establishing disaster management standing committees in each *pourashava* and delivering appropriate technical training for the members of such committees.

7. **Public awareness, behavior change, and community mobilization.** Knowledge-based awareness raising activities will focus on (i) education and communication campaigns to raise public awareness of climate change and disaster-related risks and preparedness; waste reduction, reuse and recycling; and the links between water, sanitation; and hygiene; (ii) livelihood training programs for poor households targeting women; and (iii) community mobilization to enable poor communities to access and use climate resilient infrastructure (under output 1). The institutional capacity-building consultants will support these activities.

### 3. Output 3: Project Management and Administration Supported

8. A project management and supervision consultant firm will be recruited to support (i) overall project management, performance monitoring, and reporting; (ii) contract management including capacity development in e-procurement processes and procedures; (iii) quality control of engineering designs and construction supervision; and (iv) compliance with ADB safeguard policies. A project internal audit consultant will be recruited to conduct independent and objective third-party internal auditing and post-procurement review services.

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

Indicative Activities	Months						Responsibility
	May 2013	Jun 2014	July 2014	Aug 2014	Sep 2014	Oct 2014	
Advance contracting actions							LGED, DPHE, and Pourashavas
(a) Surveys and detailed design of all Batch 1 towns		X					
(b) Procurement of Batch 1 works				X			LGED, DPHE, and Pourashavas
Retroactive financing actions	X						LGED
Establish project implementation arrangements	X						LGED, DPHE, and Pourashavas
Development Project Pro-forma (DPP) approval by GOB	X						GOB, LGED, DPHE
Local permits and clearances				X		X	LGED, DPHE, and Pourashavas
Local counterpart financing		X					GOB
ADB Board approval		X					ADB
Loan signing			X				ADB and GOB
Government legal opinion provided				X			GOB
Government budget inclusion			X				GOB
Loan effectiveness						X	ADB and GOB

## B. Overall Project Implementation Plan

	Activities	2013	2014	2015	2016	2017	2018	2019	2020
<b>1. Batch 1 Towns (4 no. – Amtali, Galachipa, Pirojpur, Mathbaria)</b>									
1.1	<i>Stage 1: Infrastructure Interventions</i>								
a.	Stage 1: Performance Criteria Compliance								
b.	Detailed engineering survey, investigation								
c.	Preparation and approval of contract documents for civil works								
d.	Procurement, evaluation of bids, negotiations, award of contracts								
e.	Construction of physical works								
1.2	<i>Stage 2 infrastructure interventions</i>								
a.	Stage 2 performance criteria compliance								
b.	Detailed engineering survey, investigation								
c.	Preparation and approval of contract documents for civil works								
d.	Procurement, evaluation of bids, negotiations, award of contracts								
e.	Construction of physical works								
<b>2. Batch 2 Towns (4 no. - Kalapara, Bhola, Barguna, Daulat Khan)</b>									
2.1	Selection of towns								
2.2	Stage 1 performance criteria compliance								
2.3	Feasibility studies/ due diligence								
2.4	<i>Stage 1 infrastructure interventions</i>								
a.	Detailed engineering survey, investigation								
b.	Preparation and approval of contract documents for civil works								
c.	Procurement, evaluation of bids, negotiations, award of contracts								
d.	Construction of physical works								
2.5	<i>Stage 2 infrastructure interventions</i>								
a.	Stage 2 performance criteria compliance								
b.	Detailed engineering survey, investigation								
c.	Preparation and approval of contract documents for civil works								
d.	Procurement, evaluation of bids, negotiations, award of contracts								
e.	Construction of physical works								
<b>3. Technical Assistance</b>									
3.1	Capacity building mobile support teams (CBMST) - financed under PPTA								
3.2	Recruitment of Detailed Design Service (DDS) consultants (PDA) for detailed design								
a.	Mobilization of DDS consultants								
3.3	Approval of Development Project Proposal (DPP)								
3.3	Recruitment of Project Management and Supervision Consultants (PMSC)								
a.	Mobilization of PMSC team								
3.4	Recruitment of Institutional Capacity and Community Development Consultants (ICCDC)								



	Activities	2013	2014	2015	2016	2017	2018	2019	2020
	Mobilization of ICCDC team								
<b>4. Management Activities</b>									
4.1	Procurement plan key activities to procure contract packages								
4.2	Consultant selection procedures								
4.3	Environment management plan and resettlement plan key activities								
4.4	Gender action plan key activities								
4.5	Annual/Mid-term review								
4.6	Project completion report								

### III. PROJECT MANAGEMENT ARRANGEMENTS

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

Project implementation organizations/constituents	Management Roles and Responsibilities
Ministry of Local Government, Rural Development and Cooperatives acting through its Local Government Engineering Department (lead)	<ul style="list-style-type: none"> <li>Oversee full project implementation and administration</li> <li>Serve as focal agency to ADB and development partners, government offices whose coordination, endorsement or approval and monitoring activities are required and/or mandated by existing policies or laws.</li> <li>Administration of loan disbursements</li> </ul>
Ministry of Local Government, Rural Development and Cooperatives acting through its Department of Public Health Engineering, Co-Executing Agency (partner)	<ul style="list-style-type: none"> <li>Assist PMU in the implementation of the water supply and sanitation components</li> <li>Support the Deputy Project Director (DPHE) within PMU</li> </ul>
Pourashavas, Implementing Agencies	<ul style="list-style-type: none"> <li>Implement projects on the ground</li> </ul>
<b>Project Management Unit</b> <ul style="list-style-type: none"> <li>Project Director, LGED</li> <li>Deputy Project Director (Municipal Infrastructure, LGED)</li> <li>Deputy Project Director (Governance and Community Development, LGED)</li> <li>Deputy Project Director (Water Supply and Sanitation, DPHE)</li> </ul> <b>Technical Support Staff<sup>5</sup></b> <ul style="list-style-type: none"> <li>Sr. Assistant Engineer (3)</li> <li>Safeguards officer</li> <li>Social/Land acquisition officer</li> <li>Assistant Engineer(2)</li> <li>Drainage Engineer</li> <li>Water supply &amp; sanitation Engineer (DPHE)</li> <li>Urban Planner</li> <li>Quality Control Engineer</li> <li>Social &amp; Gender Development Officer</li> <li>Sub-Assistant Engineer (3) (2LGED, 1 DPHE)</li> <li>Sub-Assistant Engineer(QC)</li> <li>Estimator</li> <li>Draftsman</li> <li>Accountant</li> <li>Laboratory technician for civil work</li> <li>Laboratory assistant for civil work</li> <li>Accounts Assistant (3) (2 LGED, 1 DPHE)</li> <li>Upper Division Assistant (administrative)</li> <li>Computer Operator (5) (4 LGED, 1 DPHE)</li> <li>Lab Assistant (Environment) (DPHE)</li> </ul>	<b>Project Management and Administration</b> <ul style="list-style-type: none"> <li>The purpose of the PMU is to manage, coordinate and monitor project activities.</li> <li>Fully responsible for day-to-day administration and implementation of the project</li> <li>Liaise with ADB</li> <li>Liaison/coordination with pourashavas</li> <li>Budget and financial planning/management</li> <li>Consolidate PIU reports and submit quarterly project progress reports to ADB in agreed format</li> <li>Establish project imprest and project accounts</li> <li>Assist PIUs in opening subaccounts</li> <li>Make payments to ICB contractors and consultants</li> <li>Ensure auditing of loan proceeds and maintenance of all accounts</li> <li>Submit external auditor report to ADB</li> <li>Provide to ADB all disbursement-related documentation</li> <li>Ensure adequate counterpart funds</li> <li>Reports mandated under the legal agreements</li> <li>Establish, maintain and update the project performance monitoring system</li> <li>Carry out periodic quality audit of the civil works contracts with the support of project consultants</li> <li>Coordinate Project Steering Committee meetings</li> <li>Prepare of project completion report with the support of the project consultants</li> <li>Approve subprojects for Batch 2 towns</li> <li>Provide support to ADB missions</li> <li>Approve estimate of subprojects</li> <li>Assist in knowledge management and sharing, and disclosure of information generated by the project</li> <li></li> </ul> <b>Procurement of Goods, Works, and Services</b> <ul style="list-style-type: none"> <li>Evaluate all ICB bidding documents and process for further approval</li> <li>Review and approve all NCB bidding and evaluation reports</li> <li>Send draft bidding documents to ADB for review and approval</li> <li>Advertise all ICB packages for procurement</li> <li>Procurement of goods</li> <li>Recruitment of consultant teams and manage contracts</li> </ul>

<sup>5</sup> This list includes staffing requirements for LGED and DPHE.

<b>Project implementation organizations/constituents</b>	<b>Management Roles and Responsibilities</b>
<ul style="list-style-type: none"> <li>• Driver (10) (8 LGED, 2 DPHE)</li> <li>• MLSS /Guard (6) (5 LGED, 1 DPHE)</li> <li>• Cleaner (2)</li> </ul>	<ul style="list-style-type: none"> <li>• Apply e-procurement when possible<sup>6</sup></li> <li>• Form and approve a procurement evaluation committee for NCB contracts</li> <li>• Submit evaluation reports to ADB for ICB and NCB</li> <li>• Prepare updated procurement plans (18 month timeframe) in consultation with PIUs and submit to ADB for review and approval</li> <li>• Provide support and guidance to PIUs during procurement and contract management process</li> <li>• Submit annual contract award and disbursement projections by December of each year.</li> </ul> <p><i>Technical Oversight and Support</i></p> <ul style="list-style-type: none"> <li>• Provide technical support and overall guidance to PIUs</li> <li>• Approve subproject proposals against subproject selection criteria (Appendix 4, PAM)</li> <li>• Review and approve detailed engineering designs and estimates for ICB and NCB</li> <li>• Approve any variations during execution of works contracts</li> <li>• Carry out periodic quality audit of the civil works contracts</li> </ul> <p><i>Safeguards Compliance</i></p> <ul style="list-style-type: none"> <li>• Monitor and ensure compliance with ADB's safeguards policy and government requirements</li> <li>• Obtain statutory clearances</li> <li>• Coordinate for obtaining right of way clearances</li> <li>• Review monthly PIU monitoring reports and submit consolidated semi-annual safeguards monitoring report to ADB</li> <li>• Address project related grievances</li> <li>• Provide capacity support to PIUs</li> </ul> <p><i>Institutional Capacity, Governance, and Community Development</i></p> <ul style="list-style-type: none"> <li>• Oversee governance improvement and performance</li> <li>• Approve training and capacity building program</li> <li>• Conduct training and capacity building program</li> <li>• Oversee public relations and knowledge management</li> <li>• Oversee gender action plan and community development</li> </ul>
<p><b>Project Implementation Units</b></p> <ul style="list-style-type: none"> <li>• Mayor, PIU Head</li> <li>• CEO/Secretary</li> <li>• Executive Engineer</li> <li>• Assistant Engineer</li> <li>• Sub-Assistant Engineer (2)</li> <li>• Pourashava Water Superintendent</li> <li>• Safeguards Officer</li> <li>• Account Assistant</li> <li>• Computer Operator</li> <li>• Work Assistants (2)</li> <li>• MLSS</li> <li>• Driver</li> </ul>	<p><i>Project Management and Administration</i></p> <ul style="list-style-type: none"> <li>• Implement day-to-day project implementation in pourashava</li> <li>• Liaise with PMU on project implementation</li> <li>• Open sub-accounts in commercial bank</li> <li>• Make payments to NCB contractors</li> <li>• Submit contractor invoices for ICB and supporting documents for payment by PMU</li> <li>• Submit quarterly reports to PMU in agreed format and as required by PMU</li> <li>• Maintain subproject and contract - level accounting</li> <li>• Submit claims to PMU</li> </ul> <p><i>Procurement of Goods and Works</i></p> <ul style="list-style-type: none"> <li>• Prepare all bidding documents with consultants</li> <li>• Endorse all bidding documents and send to PMU for review and approval</li> <li>• Advertise all NCB packages using e-procurement (if available)</li> <li>• Submit evaluation reports to PMU for NCB contracts</li> <li>• Sign and manage all ICB and NCB civil works contracts (with support from PMU)</li> </ul> <p><i>Technical Support</i></p>

<sup>6</sup> LGED is to assign a trained officer in e-procurement to the PMU.

Project implementation organizations/constituents	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Supervise the contractors and ensure the quality of works</li> <li>• Work closely with consultants</li> <li>• Facilitate collection of data for detailed engineering designs</li> <li>• Prepare progress report on each contract and include in quarterly reports to PMU and as required by PMU</li> </ul> <p><i>Safeguards Compliance</i></p> <ul style="list-style-type: none"> <li>• Implement and monitor safeguards compliance (Resettlement Plans, Environmental Management Plans)</li> <li>• Obtain right of way clearances</li> <li>• Prepare monthly monitoring reports and submit to PMU</li> </ul> <p><i>Institutional Capacity, Governance, and Community Development</i></p> <ul style="list-style-type: none"> <li>• Implement governance improvement as per criteria</li> <li>• Propose training and capacity building program</li> <li>• Ensure public outreach</li> <li>• Implement gender action plan and community development</li> </ul>
<p><b>Project Steering Committee:</b></p> <ul style="list-style-type: none"> <li>• Secretary, Local Government Division, Chair</li> <li>• Local Government Engineering Department</li> <li>• Department of Public Health Engineering</li> <li>• Bangladesh Water Development Board</li> <li>• Planning Commission (Physical Infrastructure Division)</li> <li>• Ministry of Housing and Public Works (Urban Development Directorate)</li> <li>• Disaster Management Bureau (Disaster Management and Relief Division)</li> <li>• Ministry of Environment and Forests (Climate Change Unit)</li> <li>• Department of Environment</li> <li>• Economic Relations Division</li> <li>• Ministry of Finance (Finance Division)</li> <li>• Representatives of coastal towns</li> <li>• Special invitees to advise the committee on technical issues</li> <li>• Project Director (member secretary)</li> </ul>	<ul style="list-style-type: none"> <li>• Meet at least three times in a project period or as/when necessary</li> <li>• Provide strategic guidance and support to the PMU</li> <li>• Ensure smooth implementation of project and resolve critical implementation issues</li> <li>• Ensure compliance with loan covenants as agreed with ADB loan</li> <li>• Facilitate interagency and interministerial coordination</li> </ul>
<p><b>Pourashava Level Coordinating Committees:</b></p> <ul style="list-style-type: none"> <li>• Mayor</li> <li>• Chief Executive Officer/Secretary</li> <li>• Executive Engineer/Assistant Engineer</li> <li>• LGED, DPHE, BWDB, DMB, Department of women affairs representatives</li> <li>• Special invitees to advise the committee on technical issues</li> </ul>	<ul style="list-style-type: none"> <li>• Meet annually or as/when necessary</li> <li>• Provide guidance and support to the PIU for smooth and timely implementation</li> <li>• Ensure smooth implementation of project and resolve critical implementation issues</li> </ul>
<p><b>Pourashava Performance Review Committee:</b></p>	<ul style="list-style-type: none"> <li>• Evaluate performance of the <i>pourashavas</i> against agreed performance criteria (Appendix 5) and deadlines.</li> </ul>

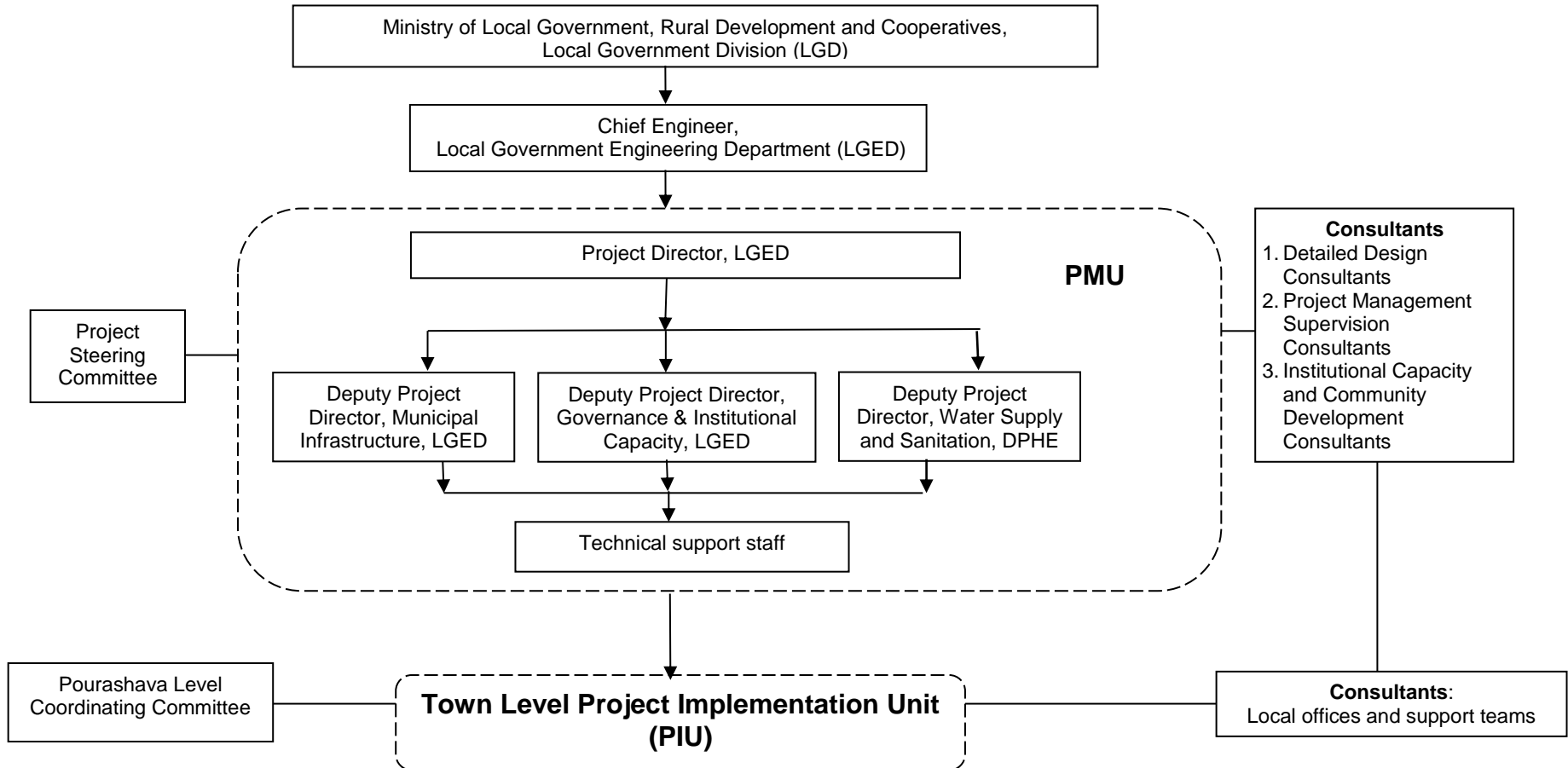
<b>Project implementation organizations/constituents</b>	<b>Management Roles and Responsibilities</b>
<ul style="list-style-type: none"> <li>• Secretary, LGD (chair)</li> <li>• Joint Secretary, LGD (Urban Wing)</li> <li>• Director General, LGD</li> <li>• Chief Engineer, LGED,</li> <li>• Representative, DPHE</li> <li>• Representative, Planning Commission</li> <li>• Representative, ERD</li> <li>• Representative IMED of the Planning Ministry</li> <li>• ADB representative,</li> <li>• Director, Urban Management Support Unit, LGED</li> <li>• Project Director, CTEIP (member secretary)</li> </ul>	
<b>Consultant Selection Committee</b>	<ul style="list-style-type: none"> <li>• Evaluate expressions of interest and proposals</li> <li>• Prepare evaluation reports;</li> <li>• Submit recommendations to PMU for further necessary action.</li> </ul>
<b>Procurement Evaluation Committees</b> <ul style="list-style-type: none"> <li>• PMU level committee for ICB</li> <li>• PIU level committee for NCB</li> <li>• PMU level committee for goods</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate bids</li> <li>• Prepare evaluation reports</li> <li>• Submit recommendations to PMU for further necessary action.</li> </ul>

ADB= Asian Development Bank, BWDB= Bangladesh Water Development Board, CTEIP= Coastal Towns Environmental Infrastructure Project, DMB= Disaster Management Bureau, DPHE= Deputy Project Director, ERD= Economic Relations Division, ICD= international competitive bidding, IMED= Implementation Monitoring and Evaluation Division, LGD= Local Government Division, LGED= Local Government Engineering Department, NCB= national competitive bidding, PIU=project implementation unit, PMU=project management unit.

## **B. Key Persons Involved in Implementation**

<b>Executing Agency</b>	
Local Government Engineering Department (LGED), Ministry of Local Government, Rural Development and Cooperatives (MLGRDC) Government of Bangladesh (GOB)	Officer's Name: Mr. Md. Abul Bashar Position: Project Director Telephone: +8801675466238 Email address: abashar_qc@yahoo.com Office Address: LGED
Department of Public Health Engineering (DPHE), MLGRDC, GOB	Officer's Name: Mr. Md. Shamsul Huq Bhuiyan, Executive Engineer Position: Deputy Project Director Telephone: +8801937585034 Email: shamsulhuqbhuiyan@gmail.com Office Address: DPHE
<b>ADB</b>	
Urban and Water Division, South Asia Department (SAUW)	Fei Yue, Director Telephone No: +63 2 636 4444 Facsimile: +63 2 636 2293 Email address: fyue@adb.org
Project Officer	Ron Slangen, Urban Development Specialist Telephone No: +63 2 632 6270, +62 3 632 6140 Email address: rslangen@adb.org Office Address: Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, Philippines

### C. Project Organization Structure



#### IV. COSTS AND FINANCING

9. The government has requested a loan in various currencies equivalent to SDR33,941,000 from ADB's Special Funds resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years, an interest rate of 2.0% per annum during the grace period and thereafter, and such other terms and conditions set forth in the draft loan and project agreements. The loan from ADB will finance (i) full civil works, (ii) equipment costs, (iii) consulting services, and (iv) incremental recurrent costs. The ADB Strategic Climate Fund (SCF) will provide a loan equivalent to \$30.0 million and a grant equivalent to \$10.4 million, both to be administered by ADB.<sup>7</sup> The SCF loan will have a 40-year term, including a grace period of 10 years and an annual service charge of 0.1%. The Sanitation Financing Partnership Trust Fund under the Water Financing Partnership Facility will provide a grant of \$1.6 million, to be administered by ADB, to support works and services related to sanitation innovations.<sup>8</sup> The government will provide \$23.1 million equivalent to cover (i) taxes and duties, (ii) land acquisition and resettlement, (iii) government staff salaries, and (iv) application fees for environmental clearances and permits. Since this project involves both ADB-administered cofinancing resources and ADF resources, universal procurement will apply.<sup>9</sup>

**Table 1: Project Investment Plan**  
(\$ million)

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Improved climate-resilient municipal infrastructure <sup>c</sup>	81.47
2. Strengthened institutional capacity, governance, and awareness	4.06
3. Project management and administration support <sup>d</sup>	17.87
<b>Subtotal (A)</b>	<b>103.40</b>
<b>B. Contingencies<sup>e</sup></b>	<b>10.96</b>
<b>C. Financing Charges During Implementation<sup>f</sup></b>	<b>2.74</b>
<b>Total (A+B+C)</b>	<b>117.10</b>

<sup>a</sup> Includes taxes and duties of \$16.80 million to be financed by the government.

<sup>b</sup> In mid-2013 prices.

<sup>c</sup> Includes associated costs for land acquisition and resettlement and for a project design advance to support detailed engineering design.

<sup>d</sup> Includes project management and supervision consultant, project internal audit consultant, incremental administration, equipment, and taxes and duties. Incremental administration costs include the project management and project implementation unit staff costs.

<sup>e</sup> Physical contingencies computed at 5% for civil works and equipment. Price contingencies computed at 1.83% on foreign exchange costs and 6.95% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>f</sup> Includes interest. Interest during construction has been computed at the Asian Development Fund rate for the Asian Development Bank (ADB) loan and at ADB rates for the ADB-Strategic Climate Fund (SCF) rates for the ADB-SCF loan.

Source: Asian Development Bank estimates.

10. To meet the total project investment costs, the Government is requesting ADB to finance 44.4% of the total cost, or up to \$52.0 million. The financing plan is below.

<sup>7</sup> Under the Pilot Program for Climate Resilience financed by the Strategic Climate Fund.

<sup>8</sup> Financing partner: Bill & Melinda Gates Foundation.

<sup>9</sup> ADB. 2013. *Blanket Waiver of Member Country Procurement Eligibility Restrictions in Cases of Cofinancing for Operations Financed from Asian Development Fund Resources*. Manila.

**Table 2: Financing Plan**

Source	Amount (\$ million)	Share of Total (%)
ADB		
Special Funds resources (loan) <sup>a</sup>	52.0	44.4
ADB Strategic Climate Fund (loan) <sup>b</sup>	30.0	25.6
ADB Strategic Climate Fund (grant) <sup>b</sup>	10.4	8.9
Sanitation Financing Partnership Trust Fund under the Water Financing Partnership Facility (grant) <sup>c</sup>	1.6	1.4
Government of Bangladesh <sup>d</sup>	23.1	19.7
<b>Total</b>	<b>117.1</b>	<b>100.0</b>

ADB = Asian Development Bank.

<sup>a</sup> Inclusive of \$3.5 million project design advance.

<sup>b</sup> Under the Pilot Program for Climate Resilience financed by the Strategic Climate Fund. The ADB Strategic Climate Fund is administered by ADB.

<sup>c</sup> Financing partner: Bill & Melinda Gates Foundation.

<sup>d</sup> Inclusive of \$0.88 million contribution to PDA in taxes and duties that is part of total project cost.

Source: Asian Development Bank estimates.

### A. Detailed Cost Estimates by Expenditure Category (Total \$ million)

	Total Cost	% of Total Base Cost
<b>A. Investment Costs<sup>a</sup></b>		
1. Civil Works	68.86	79.5%
2. Mechanical and Equipment	2.17	2.5%
3. Land Acquisition and Resettlement	1.98	2.3%
4. Consulting Services		
a. Detailed Design	3.50	4.0%
b. Project Management and Supervision	3.19	3.7%
c. Institutional Capacity and Awareness	3.23	3.7%
d. Project Internal Audit	0.27	0.3%
<b>Subtotal (A)</b>	<b>83.20</b>	<b>96.1%</b>
<b>B. Recurrent Costs<sup>c</sup></b>		
1. PMU / PIU Staff Salaries <sup>d</sup>	1.63	1.9%
2. Travel	0.08	0.1%
3. Equipment and O&M	1.69	2.0%
<b>Subtotal (B)</b>	<b>3.40</b>	<b>3.9%</b>
<b>Total Base Cost</b>	<b>86.60</b>	<b>100.0%</b>
<b>C. Contingencies</b>		
1. Physical <sup>e</sup>	3.28	3.8%
2. Price <sup>f</sup>	7.68	8.9%
<b>Subtotal (C)</b>	<b>10.96</b>	<b>12.7%</b>
<b>D. Taxes and Duties</b>	16.80	19.4%
<b>Subtotal (D)</b>	<b>16.80</b>	<b>19.4%</b>
<b>E. Financing Charges During Implementation<sup>g</sup></b>		
1. Interest During Implementation	2.74	3.2%
<b>Subtotal (E)</b>	<b>2.74</b>	<b>3.2%</b>
<b>Total Project Cost (A+B+C+D+E)</b>	<b>117.10</b>	<b>135.2%</b>

O&M = operations and maintenance, PDA = project design advance, PIU = project implementation unit, PMU = project management unit.

<sup>a</sup> In mid-2013 prices.

<sup>b</sup> Inclusive of costs for the public participation and awareness components.

<sup>c</sup> Inclusive of local transport and insurance costs.

<sup>d</sup> Salary of PMU and PIU staff are recruited for the project, will be paid by the project (GOB contribution). They will not receive salaries from LGED separately.

<sup>e</sup> Computed at 5%.

<sup>f</sup> Computed on average at 1.83% on foreign exchange costs and on average at 6.95% on local currency costs and includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>g</sup> Includes interest for ADB-ADF and ADB-SCF. Interest during construction for ADB-ADF and ADB-SCF has been calculated at 2% and 0.1% respectively.

Note: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimates.



## B. Allocation and Withdrawal of Loan/Grant Proceeds

### Allocation and Withdrawal of ADB ADF Loan Proceeds

Disbursement Category	Loan Amount Allocated	Disbursement Percentage
Civil Works (1): excluding innovative sanitation	35.65	50% of total expenditures
Equipment	1.22	54% of total expenditures
Consulting Services		
a. Detailed Engineering Design (PDA)	3.50	100% of total expenditures claimed*
b. Project Management Supervision	1.79	45% of total expenditures
c. Institutional Capacity & Awareness - excluding innovative sanitation	1.77	45% of total expenditures
d. Project Internal Audit	0.27	100% of total expenditures claimed*
Incremental administration support (ADB funded)	1.83	100% of total expenditures claimed*
Contingencies	5.96	
<b>Total</b>	<b>52.0</b>	

\* Exclusive of taxes and duties within the territory of the borrower.

### Allocation and Withdrawal of ADB-SCF Loan Proceeds

Disbursement Category	Loan Amount Allocated	Disbursement Percentage
Civil Works (1): excluding innovative sanitation	23.61	33% of total expenditures
Equipment	0.71	31% of total expenditures
Consulting Services		
b. Project Management Supervision	1.03	26% of total expenditures
c. Institutional Capacity & Awareness - excluding innovative sanitation	1.02	26% of total expenditures
Contingencies	3.63	
<b>Total</b>	<b>30.0</b>	

### Allocation and Withdrawal of ADB-SCF Grant Proceeds

Disbursement Category	Loan Amount Allocated	Disbursement Percentage
Civil Works (1): excluding innovative sanitation	8.13	11% of total expenditures
Equipment	0.24	11% of total expenditures
Consulting Services		
b. Project Management Supervision	0.36	9% of total expenditures
c. Institutional Capacity & Awareness - excluding innovative sanitation	0.35	9% of total expenditures
Contingencies	1.32	
<b>Total</b>	<b>10.4</b>	

### Allocation and Withdrawal of SFPTF WFPF Grant Proceeds

Disbursement Category	Loan Amount Allocated	Disbursement Percentage
Civil Works (2): innovative sanitation	1.45	100% of total expenditures claimed*
Consulting Services		
d. Institutional Capacity & Awareness - innovative sanitation	0.08	100% of total expenditures claimed*
Contingencies	0.07	
<b>Total</b>	<b>1.6</b>	

ADB = Asian Development Bank, ADF = Asian Development Fund, SFPTF = Sanitation Financing Partnership Trust Fund Under the Water Financing Partnership Facility; WFPF = Water Financing Partnership Facility.

\* Exclusive of taxes and duties within the territory of the borrower.

<sup>a</sup> ADB financing amounts are exclusive of taxes and duties imposed in Bangladesh.

Note: Bill & Melinda Gates Foundation has provided funding through ADB's SFPTF.

Source: Asian Development Bank estimates.

### C. Detailed Cost Estimates by Financier - \$ Million

Details		ADB & SCF & SFPTF		ADB (loan)		SCF (Loan)		SCF (Grant)		SFPTF (Grant)		GoB				Total
		Total Amount	% of Total	Total Amount	% of Total	Total Amount	% of Total	Total Amount	% of Total	Total Amount	% of Total	Net of Tax	Tax	Total Amount	% of Total	
A. Investment Cost																
1. Civil Works																
a. all excluding innovative sanitation	CVL	67.41	94%	35.66	50%	23.62	33%	8.13	11%	-	0%	-	4.3	4.3	6%	71.7
b. innovative sanitation	CVL	1.45	94%	-	0%	-	0%	-	0%	1.45	93%	-	0.1	0.1	6%	1.6
2. Equipments and Materials	EQP	2.17	96%	1.22	54%	0.71	31%	0.24	11%	-	0%	-	0.1	0.1	4%	2.3
3. Resettlement and Land Acquisition	LND	-	0%	-	0%	-	0%	-	0%	-	0%	2.0	-	2.0	100%	2.0
4. Consultants																
a. Detailed Engineering Design <sup>a</sup>	PDA	3.50	80%	3.50	80%	-	0%	-	0%	-	0%		0.9	0.9	20%	4.4
b. Project Management Supervision	PMSC	3.19	80%	1.79	45%	1.03	26%	0.36	9%	-	0%		0.8	0.8	20%	4.0
c. Institutional Capacity & Awareness 1 - excluding innovative sanitation	ICCDC	3.15	80%	1.77	45%	1.02	26%	0.35	9%	-	0%		0.8	0.8	20%	3.9
d. Institutional Capacity & Awareness 2 - innovative sanitation		0.08	80%	-	0%	-	0%	-	0%	0.08	80%		0.02	0.02	20%	0.1
e. Project Internal Audit	PIAC	0.27	100%	0.27	100%	-	0%	-	0%	-	0%				0%	0.3
5. Incremental Administration - GOB funded <sup>b</sup>	IA	-	0%	-	0%	-	0%	-	0%	-	0%	1.6	9.8	11.3	100%	11.3
6. Incremental Administration - ADB funded		1.83	100%	1.83	100%	-	0%	-	0%	-	0%			-	0%	1.8
<b>Sub-total A</b>		<b>83.04</b>	<b>80%</b>	<b>46.05</b>	<b>45%</b>	<b>26.39</b>	<b>26%</b>	<b>9.08</b>	<b>9%</b>	<b>1.53</b>	<b>1%</b>	<b>3.5</b>	<b>16.8</b>	<b>20.3</b>	<b>20%</b>	<b>103.4</b>
B. Contingencies																
1. Physical		3.28	100%	1.71	52%	1.13	34%	0.40	12%	0.04	1%	-	-	-	0%	3.3
2. Price		7.68	100%	4.25	55%	2.48	32%	0.92	12%	0.03	0%	-	-	-	0%	7.7
<b>Sub-total B</b>		<b>10.96</b>	<b>100%</b>	<b>5.96</b>	<b>54%</b>	<b>3.61</b>	<b>33%</b>	<b>1.32</b>	<b>12%</b>	<b>0.07</b>	<b>1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>	<b>11.0</b>
C. Financing Charges During Implementation																
1. Interest During Implementation			0%		0%		0%				0%	2.7		2.7	100%	2.7
<b>Sub-total C</b>			0%		0%		0%				0%	<b>2.7</b>		<b>2.7</b>	<b>100%</b>	<b>2.7</b>
<b>Total Project Cost (A+B+C)</b>		<b>94.0</b>	<b>80%</b>	<b>52.0</b>	<b>44%</b>	<b>30.0</b>	<b>26%</b>	<b>10.4</b>	<b>9%</b>	<b>1.60</b>	<b>1%</b>	<b>6.3</b>	<b>16.8</b>	<b>23.1</b>	<b>20%</b>	<b>117.1</b>

ADB = Asian Development Bank, GoB = Government of Bangladesh, SCF = Strategic Climate Fund, SFPTF = Sanitation Financing Partnership Trust Fund Under the Water Financing Partnership Facility.

<sup>a</sup> Category 4a Detailed Engineering Design will refinance the PDA loan 6001-BAN(SF) of \$3.5 m. The refinancing date is expected around October 2014.

<sup>b</sup> Including bank charges, local transport and insurance.

Notes: 1. ADB and other donors will not finance taxes and duties. Accordingly, these are provided separately under the GoB column.

2. Costs associated with assisting implementation of resettlement plans and gender action plan are included in item 3. ADB and other donors will not finance land acquisition costs.

3. Total may not add correctly due to rounding off.

Source: Asian Development Bank estimates.

**D. Detailed Cost Estimates by Outputs**

		Output 1: Climate Resilient Infrastructure		Output 2: Capacity Building		Output 3: Project Management and Supervision		Land Acquisition & Resettlement	
Item	Total	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category
<b>A. Investment Costs</b>									
1. Civil Works	68.86	68.86	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
2. Mechanical and Equipment	2.17	1.78	81.9%	0.00	0.0%	0.40	18.4%	0.00	0.0%
3. Land Acquisition and Resettlement	1.98	0.00	0.0%	0.00	0.0%	0.00	0.0%	1.98	100.0%
4. Consultants									
a. Detailed Design	3.50	3.50	100.0%	0.00	0.0%	0.00	0.0%	0.00	0.0%
b. Project Management & Supervision	3.19	0.00	0.0%	0.00	0.0%	3.19	100.0%	0.00	0.0%
c. Institutional Capacity & Awareness	3.23	0.00	0.0%	3.23	100.0%	0.00	0.0%	0.00	0.0%
d. Project Internal Audit	0.27	0.00	0.0%	0.00	0.0%	0.27	100.0%	0.00	0.0%
5. Taxes & Duties	16.80	5.36	31.9%	0.83	5.0%	10.61	63.2%	(0.01)	0.0%
<b>Sub-total (A)</b>	<b>100.00</b>	<b>79.50</b>	<b>79.5%</b>	<b>4.06</b>	<b>4.1%</b>	<b>14.46</b>	<b>14.5%</b>	<b>1.98</b>	<b>2.0%</b>
<b>B. Recurrent Costs</b>									
1. PMU and PIU Staff Salaries	1.63	0.00	0.0%	0.00	0.0%	1.63	100.0%	0.00	0.0%
2. Travel	0.08	0.00	0.0%	0.00	0.0%	0.08	100.0%	0.00	0.0%
3. Equipment and O&M	1.69	0.00	0.0%	0.00	0.0%	1.69	100.0%	0.00	0.0%
<b>Sub-total (B)</b>	<b>3.40</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.00</b>	<b>0.0%</b>	<b>3.39</b>	<b>99.8%</b>	<b>0.00</b>	<b>0.0%</b>
<b>Total Base Cost (A+B)</b>	<b>103.40</b>	<b>79.50</b>	<b>76.9%</b>	<b>4.06</b>	<b>3.9%</b>	<b>17.85</b>	<b>17.3%</b>	<b>1.98</b>	<b>1.9%</b>
<b>C. Contingencies</b>									
1. Physical	3.28	3.26	99.4%	0.00	0.0%	0.02	0.6%	0.00	0.0%
2. Price	7.68	7.37	96.0%	0.10	1.3%	0.21	2.7%	0.00	0.0%
<b>Sub-total (C)</b>	<b>10.96</b>	<b>10.63</b>	<b>97.0%</b>	<b>0.10</b>	<b>1.3%</b>	<b>0.23</b>	<b>2.1%</b>	<b>0.00</b>	<b>0.0%</b>
<b>D. Financing Charges During Implementation</b>	<b>2.74</b>	<b>2.40</b>	<b>87.5%</b>	<b>0.09</b>	<b>3.3%</b>	<b>0.25</b>	<b>9.1%</b>	<b>0.00</b>	<b>0.0%</b>
<b>Total Project Cost (A+B+C+D)</b>	<b>117.1</b>	<b>92.5</b>	<b>79.0%</b>	<b>4.3</b>	<b>3.6%</b>	<b>18.3</b>	<b>15.7%</b>	<b>2.0</b>	<b>1.7%</b>

O&M = operations and maintenance, PIU = project implementation unit, PMSC = project management and supervision consultant, PMU = project management unit.

<sup>a</sup> In mid-2013 prices.

<sup>b</sup> Computed at 5% for civil works.

<sup>c</sup> Computed on average at 1.83% on foreign exchange costs and on average at 6.95% on local currency costs and include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Note: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimates.

## E. Detailed Cost Estimates by Component

Details	Drains	Roads	Bridges	Cyclone Shelters	Solid Waste	Sanitation	Water	Stage 2	PDA	PMSC	ICCDC	PIAC	EA/IA	Total
<b>A. Investment Cost</b>														
1. Civil Works	19.77	18.44	0.59	8.75	0.01	1.95	12.85	6.50						68.86
2. Equipment	0.03	0.19	0.00	0.00	0.01	0.54	1.01	0.00	0.00	0.00	0.00		0.39	2.17
3. Resettlement and Land Acquisition							0.19						1.79	1.98
4. Consultants														
a. Detailed Engineering Design									3.50					3.50
b. Project Management Supervision										3.19				3.19
c. Institutional Capacity & Awareness											3.23			3.23
d. Project Internal Audit												0.27		0.27
5. Incremental Administration													3.39	3.39
<b>Sub-total (A)</b>	<b>19.80</b>	<b>18.63</b>	<b>0.59</b>	<b>8.75</b>	<b>0.02</b>	<b>2.48</b>	<b>14.05</b>	<b>6.50</b>	<b>3.50</b>	<b>3.19</b>	<b>3.23</b>	<b>0.27</b>	<b>5.58</b>	<b>86.59</b>
<b>B. Contingencies</b>														
1. Physical	0.95	0.90	0.03	0.38	0.00	0.12	0.56	0.33	0.00	0.00	0.00	0.00	0.02	3.28
2. Price	2.10	1.86	0.04	0.93	0.00	0.23	1.44	0.78	0.00	0.10	0.10	0.10	0.00	7.68
<b>Sub-total (B)</b>	<b>3.04</b>	<b>2.76</b>	<b>0.07</b>	<b>1.31</b>	<b>0.00</b>	<b>0.35</b>	<b>2.00</b>	<b>1.11</b>	<b>0.00</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.02</b>	<b>10.96</b>
<b>C. Taxes and Duties</b>	1.259	1.184	0.036	0.556	0.002	0.156	0.879	0.418	0.875	0.816	0.833		9.788	16.80
<b>D. Financing Charges During Implementation</b>	0.64	0.61	0.02	0.28	0.00	0.08	0.45	0.21	0.10	0.09	0.09		0.16	2.74
<b>Total Project Cost (A+B+C+D)</b>	<b>24.74</b>	<b>23.18</b>	<b>0.71</b>	<b>10.90</b>	<b>0.03</b>	<b>3.07</b>	<b>17.38</b>	<b>8.24</b>	<b>4.47</b>	<b>4.20</b>	<b>4.26</b>	<b>0.37</b>	<b>15.55</b>	<b>117.10</b>

EA = executing agency, IA = implementing agency, ICCDC = Institutional Capacity and Community Development Consultant, PDA = project design advance, PIAC = Project Internal Audit Consultant, PMSC = project management and supervision consultant.

Source: Asian Development Bank estimates.

- Notes:
1. EA/IA column are all costs associated with Executing and Implementing Agency operations, including salary, vehicles, office expenses; and costs associated with resettlement, permits, and environment agency approvals.
  2. Costs are in mid-2013 prices.
  3. Physical contingencies computed at 5% for civil works.
  4. Price contingencies computed on average at 1.83% on foreign exchange costs and on average at 6.95% on local currency costs and include provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.
  5. Total may not add correctly due to rounding off.

## F. Detailed Cost Estimates by Year

Details	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>A. Investment Cost</b>							
1. Civil Works	68.86	-	13.13	13.73	12.57	16.33	13.08
2. Equipment	2.17	0.40	0.72	0.69	0.36	-	-
3. Resettlement and Land Acquisition	1.98	0.90	1.09	-	-	-	-
4. Consultants							
a. Detailed Design	3.50	1.05	1.05	0.53	0.53	0.35	-
b. Project Management and Supervision	3.19	0.36	0.67	0.61	0.58	0.50	0.47
c. Institutional Capacity and Awareness	3.23	0.58	0.57	0.64	0.60	0.46	0.39
d. Project Internal Audit	0.27	-	0.05	0.05	0.06	0.06	0.05
5. Incremental Administration	3.40	1.67	0.34	0.34	0.34	0.34	0.34
<b>Sub-total (A)</b>	<b>86.60</b>	<b>4.96</b>	<b>17.62</b>	<b>16.59</b>	<b>15.04</b>	<b>18.04</b>	<b>14.33</b>
<b>B. Contingencies</b>							
1. Physical	3.28	0.02	0.58	0.66	0.63	0.76	0.63
2. Price	7.68	0.01	0.70	1.11	1.38	2.25	2.22
<b>Sub-total (B)</b>	<b>10.96</b>	<b>0.03</b>	<b>1.28</b>	<b>1.77</b>	<b>2.01</b>	<b>3.01</b>	<b>2.85</b>
<b>C. Taxes and Duties</b>	16.80	2.82	2.97	2.85	2.77	2.86	2.53
<b>D. Financing Charges During Implementation</b>	2.74	0.02	0.13	0.35	0.55	0.74	0.95
<b>Total Project Cost (A+B+C+D)</b>	<b>117.1</b>	<b>7.8</b>	<b>22.0</b>	<b>21.6</b>	<b>20.4</b>	<b>24.6</b>	<b>20.7</b>
<b>% Total Project Cost</b>	<b>100.0%</b>	<b>6.7%</b>	<b>18.8%</b>	<b>18.4%</b>	<b>17.4%</b>	<b>21.0%</b>	<b>17.7%</b>

O&M = operations and maintenance, PDA = project design advance.

<sup>a</sup> The total cost amount represented in this table is the sum of all ADB (or ADB administered co-financier) funds for the project.

Note: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimates.

### G. Contract and Disbursement S-curve

11. Contract awards and disbursement for the ADB portion are projected to be as follows:

**Table 3: Contract Awards and Disbursement (in \$ million)**

By Year End	2014	2015	2016	2017	2018	2019	2020	TOTAL
Contract Award	2.50	8.00	24.20	27.60	24.53	6.07	1.10	94.00
Disbursement	0.10	1.00	12.91	15.78	21.98	24.92	17.311	94.00

Financing charges during implementation are excluded.

**Figure 1: Contract and Disbursements S-curve**

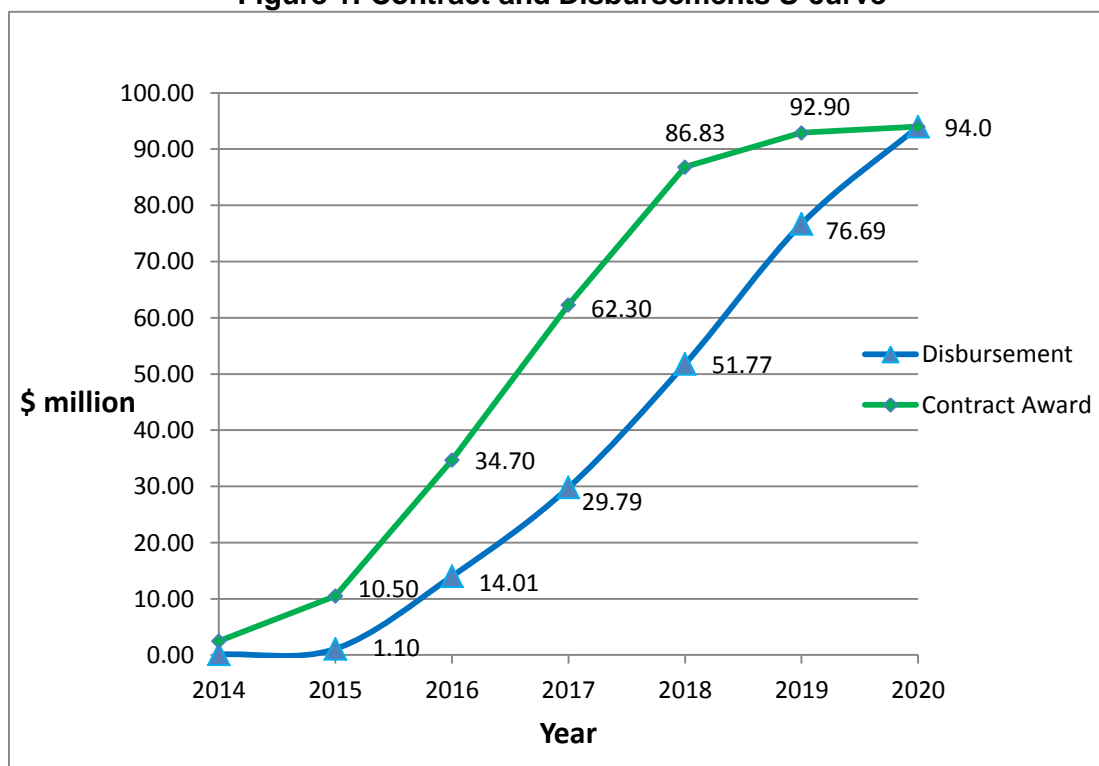
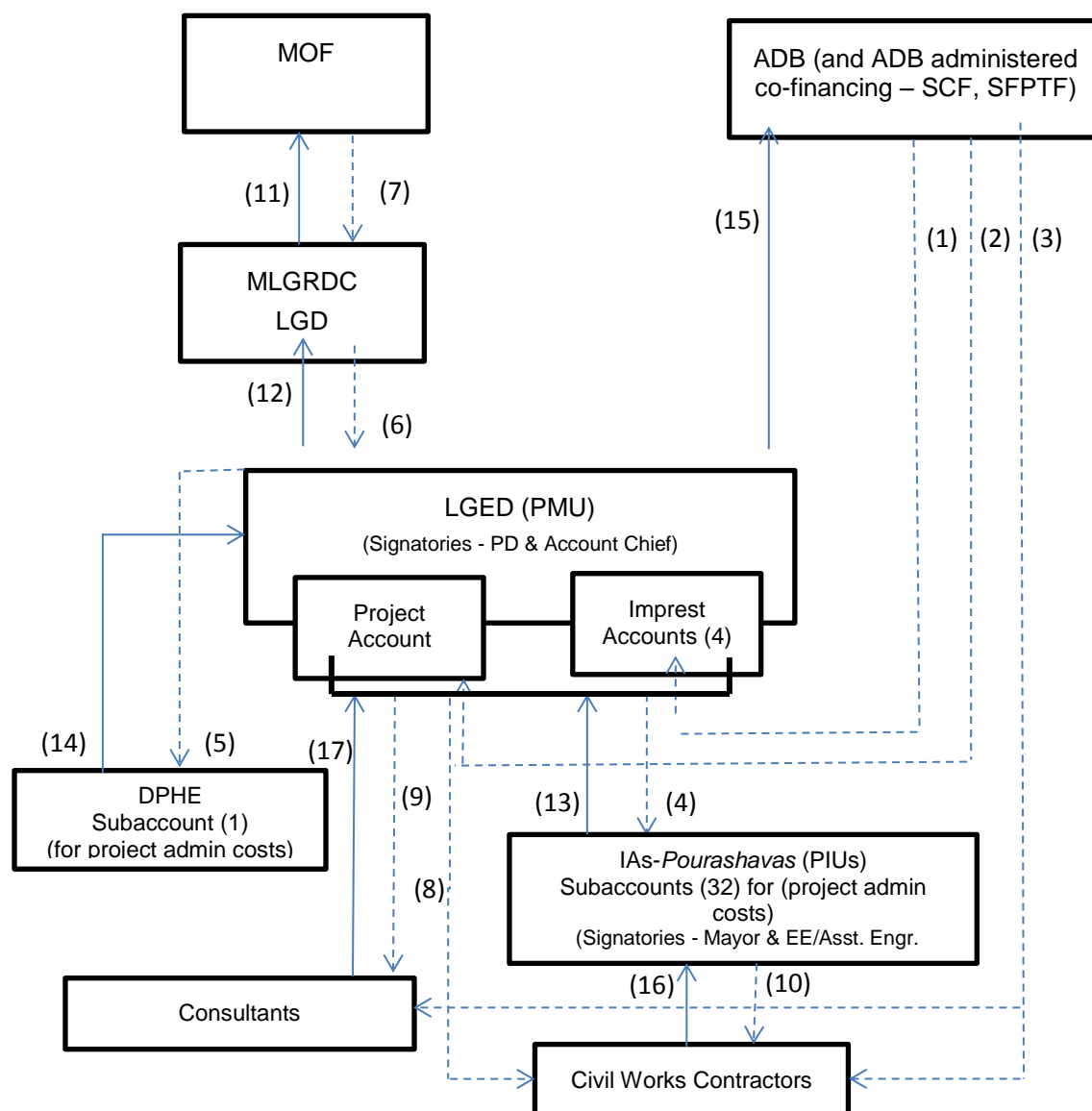


Figure 2: Fund Flow Diagram



ADB = Asian Development Bank, DPHE = Department of Public Health and Engineering Department, EE = Executive Engineer, IA= Implementing Agency, LGD = Local Government Division, LGED- Local Government Engineering Department, MLGRDC = Ministry of Local Government, Rural Development and Cooperatives, MOF = Ministry of Finance, PMU = project management unit, PD = Project Director, PIU= project implementing agency, SCF = Strategic Climate Funds, SFPTF = Sanitation Financing Partnership Trust Fund.

#### Fund Flow ———→

- (1) Disbursement Procedure: Advance/Replenishment of Imprest Account
- (2) Disbursement Procedure: Reimbursement
- (3) Disbursement Procedure: Direct Payment / Commitment
- (4) Advances
- (5) Advances
- (6) Budget allocation
- (7) Budget allocation
- (8) Payment to Contractors
- (9) Payment to Consultants
- (10) Payment to Contractors

#### Document Flow ———→

- (11) Budget request
- (12) Budget request
- (13) Liquidation
- (14) Liquidation
- (15) Withdrawal Applications
- (16) Invoice of Contractors
- (17) Invoice of Consultants



## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

12. The financial management assessment (FMA) (Linked Document 18) was conducted in accordance with Asian Development Bank (ADB) Guidelines for the *Financial Management and Analysis of Projects* (2005) and *Financial Due Diligence A Methodology Note* (2009). The FMA considered the capacity of EA and IAs, with a focus on funds-flow arrangements, governance, staffing, budgeting, accounting and financial reporting systems, internal control procedures, financial information systems, and internal and external auditing arrangements.

13. The FMA indicates that there are financial management risks, including poor transparency and weak internal controls in the EA and gaps in audits and reporting. However, the EA has a sound record of experience with ADB and donor lending procedures and some of the project *pourashavas* (PIUs) have experience with foreign-funded projects (e.g. ADB, DANIDA). Nevertheless, given the planned investments for these towns under the project and expected increase in annual operating budgets, both PMU and PIU management will be strengthened to ensure sufficient capacity in financial management and own source revenue generation (for *pourashavas*); and measures to increase internal controls and transparency at PMU and PIU level will be implemented.

14. Key findings of the FMA that have been addressed with project mitigation measures are summarized below:

- (i) **LGED - low capacity and accountability.** LGED has weaknesses with its internal control practices, particularly in the capacity of its accounting staff to adequately manage internal controls. Some LGED staff lack sufficient qualifications to properly manage internal controls leading to improperly recorded transactions, or improperly accounted for and controlled assets, or a lack of focus on the highest priority projects. Capacity building in financial management and ADB requirements will be provided to project staff by loan consultants. Continuous internal auditing will be outsourced to an A-listed chartered accounting firm to identify and address capacity gaps and ensure robust project financial management.
- (ii) **Pourashavas - low capacity.** The biggest risk in terms of financial management at the *pourashava* level is inexperience in implementing large investment projects. PIUs will receive financial management capacity building support from financial management specialists on the consultant team, including automated software. LGED also has experienced staff in project financial management for large investment projects who will support capacity building of PIUs. All accounts are internally and externally audited.
- (iii) **Pourashavas - lack of internal audit.** The internal *pourashava* audit committees are not yet operational. These are meant to be an extra layer of checks to the *pourashavas* internal controls and external audits. The loan capacity building consultant will provide support to operationalize and strengthen these committees. Annual internal audits of PIUs will also be done under the project.

### B. Disbursement

15. The Loan proceeds including ADB administered co-financier funds will be disbursed in

accordance with ADB's *Loan Disbursement Handbook* (2012, as amended from time to time),<sup>10</sup> and detailed arrangements agreed upon between the government and ADB. PMU is responsible for payments to consultants and ICB contractors from main imprest accounts at PMU. PIUs will have subaccounts for payments to NCB contractors and for small recurrent project administration costs. DPHE will have a subaccount for small recurrent project administration costs.

16. **Types of disbursement procedures.** There are four major types of disbursement procedures:

- (i) **Direct payment** procedure where ADB, at the borrower's request, directly pays a designated beneficiary (recommended for claims worth \$100,000 or more);
- (ii) **Commitment** procedure where ADB, at the borrower's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit financed from the loan account;
- (iii) **Reimbursement** procedure where ADB pays from the loan account to the borrower's account, for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources; and
- (iv) **Imprest fund** procedure where ADB provides the executing and/or implementing agency with funds in advance (replenished when advances were liquidated) for financing eligible expenditures to help the borrower reduce cash flow difficulties thereby facilitating project implementation. Any advance not liquidated by eligible expenditures shall be refunded to ADB. An imprest account is used exclusively for ADB's share of eligible expenditures.

17. The four procedures are normally used for the following kinds of payment.

**Table 4: Disbursement Procedures**

Disbursement Procedures	Suggested Types of Payment
Direct payment	Mainly large civil works, progress payments, consultants' fees, procurement of goods.
Commitment	Importation costs
Reimbursement	Local currency costs for petty purchases, small civil works and services.
Imprest fund	Contractors' bills and suppliers' invoices in foreign and local currency, numerous items of operating expenses, other relatively small eligible expenditures

18. LGED will be responsible for (i) preparing annual contract award and disbursement projections, (ii) requesting budgetary allocations for counterpart funds, (iii) collecting supporting documents for payment from PIUs for ICB related payments, (iv) preparing and sending withdrawal applications to ADB, and (v) making payments from imprest fund to ICB project contractors and consultants (if direct payment method is not used). For the civil works and consulting services related to the innovative sanitation, separate invoices and withdrawal applications will be prepared to be financed by 100% exclusive of taxes and duties by SFPTF.

19. To expedite disbursement, ADB's *Loan Disbursement Handbook* has a dedicated section in Chapter 4 on (i) actions to be taken by the Borrower, (ii) basic requirements for disbursement, and (iii) withdrawal application. Before the submission of 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 borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is

<sup>10</sup> Available at: [http://www.adb.org/Documents/Handbooks/Loan\\_Disbursement/loan-disbursement-final.pdf](http://www.adb.org/Documents/Handbooks/Loan_Disbursement/loan-disbursement-final.pdf).

\$100,000 equivalent, unless otherwise approved by ADB. Individual payments below this amount should generally be paid from the imprest account, or by the EA and subsequently claimed to ADB through reimbursement. ADB reserves the right not to accept WAs below the minimum amount. Withdrawal applications and supporting documents will demonstrate, among other things, that the goods, and/or services are eligible for ADB financing. Withdrawal applications and other loan disbursement information are available at the website of ADB's Controller's Department (<http://lfis.adb.org>).

20. **Imprest Fund Procedure.** Immediately upon loan effectiveness, the government will open four imprest accounts with the Bangladesh Bank for LGED, one for each fund (ADB, SCF loan, SCF grant, and SFPTF).<sup>11</sup> These four imprest accounts will be managed by LGED. The maximum ceiling of the imprest accounts is 10% of the loan amount. The request for advance to the imprest accounts should be accompanied by an Estimate of Expenditure Sheet<sup>12</sup> setting out the estimated expenditures for the forthcoming six (6) months of project implementation, and submission of evidence satisfactory to ADB that the imprest accounts have been duly opened. For every liquidation and replenishment request of the imprest accounts, the borrower will furnish to ADB (a) Statement of Account (bank statement) where the imprest accounts are maintained, and (b) the Imprest Account Reconciliation Statements (IARS) reconciling the above mentioned bank statement against LGED's records.<sup>13</sup>

21. Each PIU will open four subaccounts in local currency, one for each fund source, for payment to NCB contractors and to support minor recurrent costs associated with project management and administration. DPHE will open one subaccount to support minor recurrent costs associated with project management and administration.<sup>14</sup> The borrower, EA, and IA should ensure that every liquidation and replenishment of each subaccount is supported by (i) the statement of account (bank statement) prepared by the bank where the subaccount is maintained, and (ii) a subaccount reconciliation statement reconciling the above-mentioned bank statement against the subaccount's records.<sup>15</sup> These supporting documents should be retained by the borrower, EA, and IA and be made available to ADB upon request.

22. **Statement of expenditures.** Statement of Expenditure (SOE) procedures will be used for the reimbursement, liquidation and replenishment of the imprest accounts, for eligible expenditures not exceeding \$100,000 per individual payment. Original supporting documentation for expenditures claimed under the SOE procedure should be retained by LGED and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. ADB has designed specific SOE and summary sheet formats to facilitate accurate preparation of withdrawal applications.<sup>16</sup>

23. **Disbursement projections.** LGED should submit to ADB, annual project contract awards and disbursement projections at least a month before the start of each calendar year.

### C. Accounting

24. LGED will maintain separate financial accounts and records for the project and also

<sup>11</sup> The currency of the imprest account is agreed upon during loan negotiations and will be indicated in the PAM.

<sup>12</sup> Follow the format provided in Appendix 10B of the *Loan Disbursement Handbook*.

<sup>13</sup> Follow the format provided in Appendix 10C of the *Loan Disbursement Handbook*.

<sup>14</sup> PIUs will not pay consultants or ICB contractors. This will be done by the PMU. PIU will pay NCB contractors.

<sup>15</sup> Follow the format provided in Appendix 10D of the *Loan Disbursement Handbook*.

<sup>16</sup> Follow the format provided in Appendix 7B, 8B, 9B and 9C of the *Loan Disbursement Handbook*.

prepare a consolidated financial statement for all expenditures incurred on the Project, including by each *pourashava*, LGED and DPHE. The consolidated project financial statement prepared by LGED shall comply with the Government of Bangladesh's accounting standards, which are consistent with international accounting principles and practices. DPHE and PIUs shall maintain separate financial accounts for each subaccount. DPHE and PIUs should regularly submit their project financial reports to the PMU.

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

25. LGED will cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and in accordance with the government's audit regulations by an independent auditor acceptable to ADB. The consolidated project audit report, together with the auditor's management letter and the audited project financial statements will be submitted to ADB by LGED in the English language within 6 months of the end of the fiscal year. The government, LGED, DPHE, and *pourashavas* have been made aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited financial statements. ADB's policy on delayed submission of audited project financial statements are as follows:

- (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 six months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements have not been 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 imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next six months.

26. The annual consolidated project audit report will include a separate audit opinion on the (i) use of loan proceeds for the intended purpose of the project; (ii) use of the imprest accounts and subaccounts, and the SOE procedures; and (iii) compliance with all financial covenants of the Loan Agreement. ADB retains the right to: (i) review and examine any project account; and (ii) verify the validity of the certification issued by the executing agency for each withdrawal application. Detailed Statement of Audit Needs is attached as Appendix 9.

27. 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.

28. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).<sup>17</sup> After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days from the date of receipt by posting them on ADB's website. The Audit Management Letter will not be disclosed.

<sup>17</sup> Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

## VI. PROCUREMENT AND CONSULTING SERVICES

### A. Advance Contracting and Retroactive Financing

29. **Advance contracting.** “Advance contracting” refers to the process for procuring goods and related services and works, up to the stage of ADB’s approval of the executing agency’s recommendation for award of contract before the effective date of the loan agreement. Advance contracting may be requested under the Project for (i) civil works, (ii) equipment and materials, and (iii) recruitment of consultants. Advance contracting that may be concluded in advance include: (i) pre-qualification (if applicable) of contractors, preparation of procurement documents, procurement, bid evaluation and award for civil works packages; (ii) preparation of procurement documents to procure materials and equipment, procurement and bid evaluation and award; and (iii) recruitment of consultants.

30. LGED has requested advance contracting for the recruitment of consultant packages, and procurement of works and goods for stage 1 of first batch towns. PMSC will handle activities related to Output 1, while ICCDC will handle activities related to Output 2. All advance contracting (and retroactive financing) will be undertaken in conformity with ADB’s Procurement Guidelines (March 2013, as amended from time to time) and ADB’s Guidelines on the Use of Consultants (2010, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower, executing, and implementing agencies have been advised that approval of advance contracting (and retroactive financing) does not commit ADB to finance the Project.

31. **Retroactive financing.** “Retroactive financing” refers to ADB’s financing of project expenditures incurred and paid for by the borrower prior to the effectiveness of the loan agreement but not earlier than 12 months prior to the signing of the loan agreement. Except as otherwise agreed with ADB, the expenditures incurred for civil works, equipment and materials, and consulting services that are eligible for advance contracting, and project management and implementation expenses of PMU and PIUs will be eligible for retroactive financing of up to 20% of the ADB loan amount.

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

32. All procurement of goods and works will be undertaken in accordance with ADB’s *Procurement Guidelines (March 2013, as amended from time to time)*. International competitive bidding (ICB) procedures will be used for any civil works contract estimated to cost \$2 million or higher, and any goods contract valued at \$500,000 or higher. National competitive bidding (NCB) procedures will be used for any civil works contract estimated to cost less than \$2 million and any goods contract estimated to cost less than \$500,000. Shopping will be used for procurement of works and goods worth up to \$100,000. Since this project involves both ADB-administered cofinancing resources and ADF resources, universal procurement will apply.

33. Goods and civil works procured using NCB will follow national procedures acceptable to ADB. NCB procurement will follow the Public Procurement Act, 2006 and Public Procurement Rules, 2008, subject to the conditions specified in the NCB Annex incorporated in the Procurement Plan (Section C) (October 2013, as updated from time to time). Rate schedule will be updated as per prevailing market price for this project to attract qualified bidders

34. During project implementation, bid packaging should focus on maximizing the size, and therefore reducing the number of contract packages to ensure project implementation efficiency. As far as possible, bidding and construction of works for a particular geographical region should be programmed at one time in the project, rather than in a piecemeal manner throughout the project. Separate civil works may comprise lots within a bid package, if potential bidders may not have sufficient capacity or qualifications to undertake the entire package.

35. All consultants will be recruited according to ADB's *Guidelines on the Use of Consultants (March 2013 as amended from time to time)*.<sup>18</sup> An estimated 1,413 person-months (110 international and 1,303 national) of consulting services are required to (i) facilitate project management, implementation and construction supervision; (ii) strengthen the institutional and operational capacity of the executing and implementing agency; and (iii) implement the community-led program. The project introduces innovative interventions to pilot and demonstrate ways to mainstream climate resilience in urban infrastructure. The success of implementation of the project will depend, to a large extent on expertise and experience of the consultants in dealing with the climate-proofing of infrastructure. Hence more emphasis needs to be given to the quality of the consultants. Hence two major packages: (i) project management and supervision consultancies, and (ii) institutional capacity and community development consultant will be recruited following the quality- and cost-based selection (QCBS) or quality-based selection (QBS) with a 90:10 ratio. ADB will act as an "observer" during negotiation of these two packages. Recruitment of the detailed design consultants has been completed under the project design advance (PDA) to support advanced preparatory work for the project.

### **C. Consultant's Terms of Reference**

36. Outline terms of reference for the consultancy packages are available in Appendix 3.

### **D. Procurement Plan**

37. A procurement plan (Appendix 2) was prepared in accordance with ADB's template and using country specific NCB annex (Section C). The procurement plan indicates threshold and review procedures, goods, works, and consulting service contract packages and national competitive bidding guidelines. The procurement plan provides: (i) a list of goods, works, and consulting services contract packages that will be processed over the next 18 months with milestone dates for activities; (ii) the proposed methods for procurement of such contracts that are permitted under the respective loan agreements; and (iii) the related ADB review procedures. The procurement packages in the procurement plan will be updated by the PMU for approval by ADB. The procurement plan should be updated at least every June (more frequently if necessary) and should cover the next 18 months of procurement activity. A delay in loan effectiveness, other start-up delays, and delays during implementation will require an unscheduled procurement plan update. ADB will review each updated procurement plan prior to its publication. Additional requirements for procurement included in the legal agreements include the following:

38. **Conditions for issuing invitation for bids.** LGED will need to conduct business fairs to promote opportunities of the project and maximize competition for the civil works contracts prior to issuing invitation of first bidding document for each batch of towns.

<sup>18</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/>.



39. **Conditions for award of civil works contracts.** The Borrower, LGED, DPHE, PIU will not award any Works contracts until all participating *pourashavas* fix sluice gates and regulators which are deemed to be in a non-functioning condition.

## VII. SAFEGUARDS<sup>19</sup>

### A. Environmental Safeguards

40. Six draft initial environmental examinations (IEEs) with environmental management plans (EMPs) were prepared for sample subprojects in Stage 1-Batch 1 towns in accordance with ADB's Safeguard Policy Statement (SPS), 2009, and government laws. The draft IEEs will be finalized and submitted to ADB for review, approval, and disclosure during the detail design stage and prior to award of relevant contracts. An Environmental Assessment and Review Framework (EARF) was prepared to guide future subprojects under subsequent phases of the project. Described below (Section C) are the institutional roles and responsibilities to ensure IEEs/EMPs are implemented during design and construction stages. Sample outlines of safeguard monitoring reports for social and environmental safeguards are in Appendix 8.

### B. Involuntary Resettlement (Social) Safeguards

41. Four draft Resettlement Plans (RPs) were prepared for sample subprojects in Stage 1-Batch 1 towns in accordance with ADB's Safeguard Policy Statement (SPS), 2009, and government laws. The draft RPs will be finalized and submitted to ADB for review, approval, and disclosure during detail design and prior to award of relevant contracts. The PMU will ensure that any physically or economically affected persons are compensated prior to displacement in components ready for construction. The following are institutional roles and responsibilities to ensure RPs are implemented during design and construction stages.

### C. Safeguard Implementation Arrangements

42. **Project Management Unit.** The PMU will be established within the LGED and will be staffed with a safeguards officer who will receive support from safeguards specialists (environment and resettlement) on the DDS and PMSC consultant teams. Key tasks and responsibilities of the PMU safeguards officer are as follows:

#### 1. Environmental Safeguards

- (i) confirm existing IEEs/EMPs are updated based on detailed designs and that new IEEs/EMPs are prepared in accordance with the EARF and subproject selection criteria related to safeguards;
- (ii) confirm whether IEEs/EMPs are included in bidding documents and civil works contracts;
- (iii) provide oversight on environmental management aspects of subprojects and ensure EMPs are implemented by the PIU and contractors;
- (iv) establish a system to monitor environmental safeguards of the project including monitoring the indicators set out in the monitoring plan of the EMP;
- (v) facilitate and confirm overall compliance with all Government rules and regulations regarding site and environmental clearances as well as any other

<sup>19</sup> Pursuant to ADB's Appendix 5 of ADB's Safeguard Policy Statement (2009) (SPS) (available at: <http://www.adb.org/Documents/Policies/Safeguards/Safeguard-Policy-Statement-June2009.pdf>), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List.

- environmental requirements (e.g., Location Clearance Certificates, Environmental Clearance Certificates etc.), as relevant;<sup>20</sup>
- (vi) supervise and provide guidance to the PIUs to properly carry out the environmental monitoring and assessments as per the EARF;
- (vii) review, monitor and evaluate the effectiveness with which the EMPs are implemented, and recommend necessary corrective actions to be taken as necessary;
- (viii) consolidate monthly environmental monitoring reports from PIUs and submit semi-annual monitoring reports to ADB;
- (ix) ensure timely disclosure of final IEEs/EMPs in locations and form accessible to the public; and
- (x) address any grievances brought about through the Grievance Redress Mechanism in a timely manner.

## **2. Involuntary Resettlement (Social) Safeguards**

- (i) Confirm and review final RPs prepared by detailed design consultants and that new RPs are prepared in accordance with the RF;
- (ii) Provide oversight on social safeguards aspects (avoidance and mitigation of impacts) of subprojects and ensure RPs are implemented in timely manner by the PIU and contractors;
- (iii) Establish a system to monitor social safeguards of the project including monitoring the indicators set out in the monitoring plan of the RP;
- (iv) Establish and implement the project Grievance Redress Mechanism;
- (v) Facilitate and confirm overall compliance with RF related to entitlements and compensation, as relevant;
- (vi) Supervise and provide guidance to the PIUs to properly carry out the social safeguards monitoring and assessments as per the RF;
- (vii) Review, monitor and evaluate the effectiveness with which the RPs are implemented, and recommend necessary corrective actions to be taken as necessary;
- (viii) Consolidate monthly social safeguards monitoring reports from PIUs and submit semi-annual monitoring reports to ADB;
- (ix) Ensure consultations with the affected people and timely disclosure of final RPs in locations and form accessible to the public; and
- (x) Address any grievances brought about through the Grievance Redress Mechanism in a timely manner.

43. **Project Implementation Unit.** The PIU will be established within each project pourashva. The PIU will be staffed with a safeguards officer appointed from the existing *pourashava* staff, and will receive support from the PMU safeguards officer and safeguards specialists (environment and resettlement) of the DDS and PMSC consultant teams. Key tasks and responsibilities of the PMU safeguards officer are as follows:

## **3. Environmental Safeguards**

- (i) include IEEs/EMPs in bidding documents and civil works contracts;

<sup>20</sup> All necessary environmental clearances should be obtained prior to contract awards to avoid delay in physical progress of relevant subprojects.



- (ii) oversee day-to-day implementation of EMPs by contractors including compliance with all government rules and regulations;
- (iii) take necessary action for obtaining rights of way;
- (iv) oversee implementation of EMPs including environmental monitoring by contractors;
- (v) take corrective actions when necessary to ensure no environmental impacts;
- (vi) submit monthly environmental monitoring reports to PMU;
- (vii) conduct continuous public consultation and awareness;
- (viii) address any grievances brought about through the Grievance Redress Mechanism in a timely manner as per the IEEs; and
- (ix) organize an induction course in coordination with safeguards specialists in consultant teams and PMU for the training of contractors preparing them on EMP implementation, environmental monitoring requirements related to mitigation measures; and taking immediate actions to remedy unexpected adverse impacts or ineffective mitigation measures found during the course of implementation.

#### **4. Social Safeguards**

- (i) Assist the detailed design consultants to communicate, consult and disclose the updated/finalized safeguards documents to the affected people for their endorsement;
- (ii) Implement final RPs and ensure timely payment of compensation and other assistance prior to the dispossession of the affected assets or the start of civil works;
- (iii) Facilitate/assist the detailed design consultants in updating the draft RP and preparation of safeguards documents for future subprojects;
- (iv) Support the detailed design consultants in assessing and reviewing the land availability and ownership status of the proposed subproject areas;
- (v) Conduct social safeguards monitoring during civil works and submit monthly report to PMU;
- (vi) Take corrective actions when necessary to ensure avoidance/minimization of IR impacts;
- (vii) Establish the GRC, disclose the project GRM to the affected communities and coordinate with other local government agencies for the preparation and implementation of the RP; and
- (viii) Address any grievances brought about through the project's Grievance Redress Mechanism in a timely manner.

44. **Detailed design consultants.** The DDC will prepare new and updated safeguard documents (IEEs and RPs) based on detailed designs and strictly following the safeguard frameworks. The team includes both individual resettlement and environmental experts to support such work.

45. **Project management and supervision consultants.** The PMSC will have an environment safeguards expert and a resettlement expert. These PMSC safeguards experts will assist the PMU and PIUs to implement and manage safeguards requirements and policy compliance of the project. The safeguards experts will implement the capacity building program for PMU, PIUs, project staff and contractors involved in project implementation on (a) ADB SPS (2009) and approved frameworks; (b) National laws including involuntary resettlement (ARIPO, 1982) and other relevant social and environmental regulations; (c) environmental awareness and management in accordance with both ADB and government requirements; (d) core labor

standards; (e) the roles of PMU, PIU and contractors on the project's grievance redress mechanism (GRM), public relations and ongoing consultations.

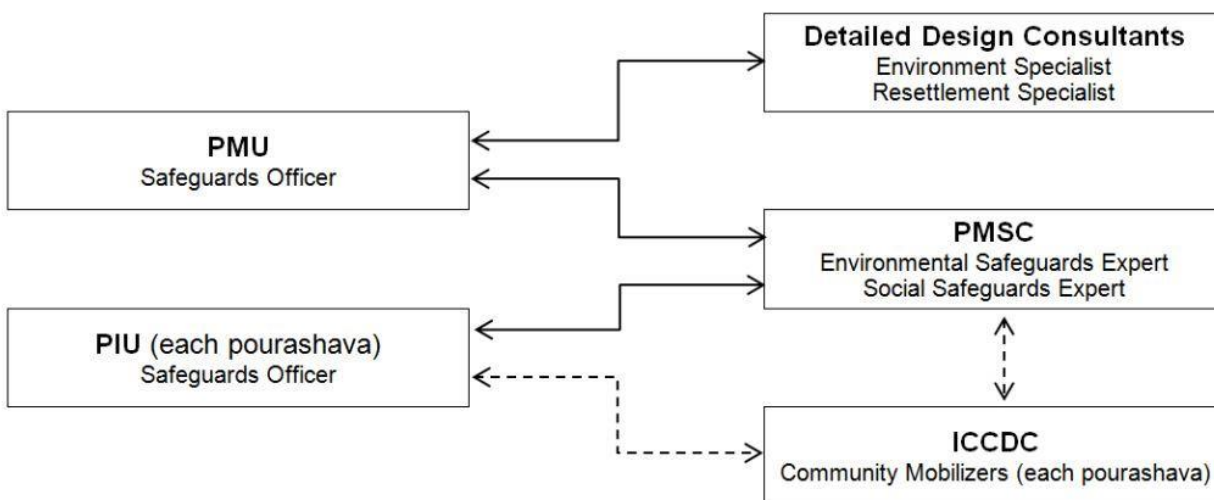
46. **Institutional capacity and community development consultants.** Community mobilizers on the ICCDC team will support community awareness and consultation efforts related to the project, including any safeguard related matters.

47. **Civil works contracts and contractors.** EMPs are to be included in bidding and contract documents and verified by the PIUs and PMU. The contractor will be required to designate an environment supervisor to ensure implementation of EMP during civil works. Contractors are to carry out all environmental mitigation and monitoring measures outlined in their contract. The contractor will be required to designate a resettlement supervisor to (i) ensure compliance with CTEIP RP and RF during civil works, and (ii) carry out all mitigation and monitoring measures such as rebuilding of damaged structures/private property outlined in their contract.

48. The government will ensure that bidding and contract documents include specific provisions requiring contractors to comply with all: (i) applicable labor laws and core labor standards on (a) prohibition of child labor as defined in national legislation for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity or caste; and (c) elimination of forced labor; and (ii) the requirement to disseminate information on sexually transmitted diseases including HIV/AIDS to employees and local communities surrounding the project sites. These will be monitored as part of the project's safeguards and quarterly reporting requirements.

49. **Additional requirements.** For the proposed project sites that are not fully owned/managed by local government, the participating *pourashava* will provide letters/no objection certificate to construct and use from the landowners to the PMU. Associated IR impacts, if any, that may occur will be mitigated through a preparation of a resettlement plan (RP) following the project RF.

50. **Project Grievance Redress Mechanism.** LGED, *pourashavas* and PMU's safeguards officer will establish the project GRM and disclose it to the affected communities and households prior the mobilization of contractors in any subproject areas. The PMU safeguards officer, supported by the DDC and PMSC consultants as well as the PIU safeguard officer will be responsible for timely grievance redress on environmental and social safeguards issues and responsible for registration of grievances, related disclosure and communication with the aggrieved party. Contact details, procedures and complaint mechanism will disclose to the project affected communities at accessible locations and through various media (i.e. leaflets, newspapers, etc.). Samples of draft project leaflets, Grievance Registration Forms and monitoring templates are in the RF.

**Figure 3: Safeguards Implementation Arrangement**

## VIII. GENDER AND SOCIAL DIMENSIONS

51. **Gender.** The project is classified by ADB as a gender equity themed (GEN) project with its high potential to improve lives of women. A gender action plan (GAP) (copied below) will be implemented under the project. The project will provide climate and disaster related services to benefit women by improving access and quality of cyclone shelters (separate women's areas and toilets), reducing their burden to fetch water for families, and improve their health from reduced exposure to unhygienic conditions. Focused livelihood and awareness raising campaigns will target women enabling them to improve their skills and understanding for improved social well-being. Women will be encouraged to play a major role in community-based organizations (CBOs) and town and ward level committees. Women will have equal opportunity to participate in project-supported training programs. Special attention will be given in building technical capacity of women through participation in water and sanitation and related trainings and women will take leadership positions in water safety planning activities. Core labor standards, including equal wage for women and men for work of equal value, will be ensured. Resources have been allocated for the implementation of the GAP and its monitoring. Sex disaggregated database will be developed and progress of GAP implementation will be reported to ADB through Quarterly Progress Reports (QPR). The evaluation of GAP implementation will be carried out as part of any benefit monitoring, including at project completion. Core labor standards, including equal wage for women and men for work of equal value, will be closely monitored and ensured.

52. **Social and pro-poor.** The Summary Poverty Reduction and Social Strategy (SPRSS) details the social aspects of the project. In coastal towns, the poor and the socially vulnerable are disproportionately affected by climate hazards, as they have the lowest capacity to cope with losses and live in slums with less permanent structures (tin, thatch houses) in high risk areas (outside protective embankments) of the towns. They are directly dependent on climate sensitive sectors of the economy such as agriculture and fisheries. Poor urban dwellers face particularly few options for livelihood diversification. Poor urban dwellers are typically not competitive in the job market due to lack of education. Housing and health conditions for them remain poor, and access to services, especially water and sanitation are weak. They drink arsenic and/or high salinity water found in the shallow aquifers. The project will support

organizing CBOs with the assistance of community mobilizers in the ICCDC, to improve access to water and sanitation. The CBOs will be responsible for payment of water tariff and maintenance of the community metered water points. Moreover, the project will provide deep tube wells free from arsenic and salinity for residents in poor areas. To enhance awareness on water use, water quality, public hygiene, sanitation, and disaster preparedness, public awareness campaigns will be implemented. Capacity development of the communities will contribute towards sustainability of the benefits. The poor will benefit from short-term employment opportunities to be generated in the construction activities, and livelihood training programs. Town and ward level committees formed under the project will improve the participation of the poor in community planning decisions, and budget-supported poverty action plans will address the poor's specific needs.

**Table 5: Gender Action Plan**

Activities	Indicators and Targets	Responsibility	Time
<b>Output 1 : Improved climate-resilient municipal infrastructure</b>			
1.1 <b>Needs assessment.</b> Collect sex disaggregated socio-economic data during needs assessment surveys	<ul style="list-style-type: none"> <li>Information on needs of women and poor made available per ward within 3 months of mobilization of ICCDC.</li> </ul>	PMU, PIU ICCDC	Years 1 and 3 <sup>21</sup>
1.2 <b>Community participation in design.</b> Consult women on the <i>locations</i> for common facilities (cyclone shelters, common water points/hand deep tubewells, community toilets, etc.) and <i>designs</i> using local knowledge for climate adaptations, and employment opportunities under the project.	<ul style="list-style-type: none"> <li>Women actively participate in consultations for siting and design of community facilities (at least 50% of participants are women).</li> <li>Gender related data and information documented in all consultations and included in progress reports</li> </ul>	PMU PMSC ICCDC	Years 1 and 3
1.3 <b>Facilities for women.</b> Public/community/school toilets and toilets at cyclone shelters have equal no. of seats for women and men	<ul style="list-style-type: none"> <li>Cyclone shelters with equal share of toilets for women and men</li> <li>Community and public toilets with equal share of toilets for women and men</li> </ul>	PMU, PIU ICCDC	Years 1 and 3
1.4 <b>Role of women in O&amp;M.</b> Women to play key role in managing water and sanitation including collection of tariffs and day-to-day operation and maintenance and liason with <i>pourashava</i> Water and Sanitation Section.	<ul style="list-style-type: none"> <li>Water and sanitation user groups (or CBOs) formed for each community stand-post and community toilet located in poor areas (women comprise 50% members of the water and sanitation user groups with women in key positions)</li> </ul>	PMU, PIU ICCDC	Years 2-6
<b>Output 2: Strengthened institutional capacity, governance, and awareness</b>			
2.1 <b>Planning process.</b> Ensure women's participation in updating urban master plans, water safety plans, preparing building code guidelines, and O&M plans	<ul style="list-style-type: none"> <li>Ensure women's participation in all consultation while designing the plans (33% women in all meetings)</li> <li>Building code guidelines prepared under project consider women friendly designs for public facilities.</li> </ul>	PMU, PIU ICCDC	Years 1 and 3
2.2 <b>Disaster Standing Committee.</b> Ensure	<ul style="list-style-type: none"> <li>Disaster Management Standing</li> </ul>	PMU, PIU	Years 1

<sup>21</sup> At the commencement of design period for Batch 1 and Batch 2 towns.

Activities	Indicators and Targets	Responsibility	Time
women's participation in Disaster Management Standing Committee	Committee TOR prepared ensuring women's participation and role (33% women membership in each committee established)	ICCDC	and 3
2.3 <b>GAPs and PRAPs.</b> Include gender and poverty focused activities in each pourasahava	• Town-wise Gender Action Plans and Poverty Reduction Action Plans prepared (8 GAPs, and 8 PRAPs)	PMU, PIU ICCDC	Years 1 and 3
2.4 <b>Awareness campaigns.</b> Target women for awareness campaigns including disaster preparedness considering climate change, WASH, and 3R under the project.	• 8 awareness campaigns conducted targeting women and poor (target minimum 50% women)	PMU, PIU ICCDC	Years 1-4
2.5 <b>Livelihood training.</b> Implement targeted livelihood support activities benefiting women. Livelihood training based on needs survey.	• All training programs in each town target livelihood opportunities for women and poor (at least 600 number trained per town [total 4,800 for project] of which 60% women).		
2.6 <b>Water Safety Planning.</b> Defined role of women in water safety planning and monitoring	• All WSPs to include clear and defined role of women in water safety planning and monitoring, emphasizing the leadership role of women at community level.	PMU, PIU ICCDC	
<b>Output 3: Project management and administration support</b>			
3.1 <b>Sensitization.</b> Conduct workshops for all project staff of PMU and PIUs on implementation of GAP	• Strengthened capacity of all project staff of PMU and PIU and relevant project stakeholders in gender-responsive project management and implementation	LGED, DPHE PMU, PIUs ICCDC	Year 1 and refresher at Year 3
3.2 <b>Monitoring, evaluation, &amp; reporting.</b> Incorporate gender indicators into regular project progress monitoring	• Project monitoring formats developed with gender indicators and populated with sex-disaggregated data	PMU PMSC ICCDC	Years 1-6

3R = recycle-reuse-reduce, CBO= community-based organizations, DPHE= Department of Public Health Engineering, GAP= gender action plan, ICCDC= Institutional Capacity and Community Development Consultants, LGED= local government engineering department, O&M= operations and maintenance, PIU= project implementation unit, PMU= project management unit, PRAP= poverty reduction action plan, TOR=terms of reference, WASH= water sanitation hygiene.

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

### A. Project Design and Monitoring Framework

53. The design and monitoring framework (DMF) for the Project is in Appendix 1.

### B. Monitoring

54. **Project performance monitoring.** Upon mobilization of the PMSC consultants, the PMU with the support of PIUs will establish a project performance management system (PPMS) using the targets, indicators, assumptions, and risks in the DMF. The PPMS will take into

account the important monitoring parameters in addition to those included in DMF. The baseline data corresponding to indicators and targets set out in the DMF and PPMS and collected by PPTA in 2013, will be reviewed, confirmed and/or updated during the detailed design stage. The PIUs with support of consultants will conduct annual surveys and quarterly monitoring of output and outcome indicators, and submit the results in quarterly reports to PMU throughout project implementation. PMU will consolidate the results and submit quarterly progress reports to ADB.<sup>22</sup> The PMU and ADB staff will regularly update the PPCR focal point in the Ministry of Environment on progress of fulfilling targets relating to climate change adaptation.<sup>23</sup> Quarterly monitoring reports will include a section on the compliance of contractors with core labor standards in contract preparation and implementation (hiring, construction) periods. These quarterly reports will provide information necessary to update ADB's project performance reporting system and include financial information.<sup>24</sup> Results of a comprehensive completion survey will be included in the project completion report prepared by the PMSC consultant team. Moreover, to help monitor contracts, LGED with their own existing resources and capacity will input all contracts into their GIS system. A separate section of the quarterly monitoring report will be dedicated to monitoring performance criteria, including monitoring of each town's tax collection improvements to ensure they are on target to meet the 80% tax collection target by Stage 2.<sup>25</sup>

**55. Compliance monitoring.** The status of compliance with loan covenants, including policy, legal, financial, economic, environmental, and other requirements, will be monitored and reported by the PMU in close coordination with PIUs, through the quarterly progress reports submitted by the PMU to ADB. All non-compliance issues, if any, will be updated in quarterly progress reports together with remedial and time-bound actions. Each ADB review mission (at least twice a year) will monitor the status of compliance with loan assurances and raise the non compliance issues with the government and agree on remedial and time-bound actions.

**56. Safeguards monitoring.** The PMU will submit semi-annual reports to ADB within 30 days of the end of reporting period, for review and disclosure. Sample outlines of safeguard monitoring reports for social and environmental safeguards are in Appendix 8. Semi-annual environmental monitoring report will also include reporting on compliance with core labor standards. Status of the implementation of safeguard documents (IEE/EMPs and RPs) will be discussed at each ADB review mission and integrated into semi-annual safeguard monitoring reports. These will be prepared by the PMU with assistance from safeguard specialists of consultants, based on the information provided by PIUs, contractors, and/or consultants where relevant. In the event of unavoidable significant involuntary resettlement impacts (Category A), ADB requires the LGED to engage an external monitoring agency (EMA) to verify project monitoring reports on RP implementation, provide advice for any safeguards compliance issue, and prepare corrective action plan(s) to address significant issues identified to ensure project's compliance with ADB SPS (2009) on involuntary resettlement. The monitoring will be conducted semiannually. The safeguards monitoring arrangements are summarized in the table below.

<sup>22</sup> ADB will report to relevant donors on the status of implementing measures related to project and financial governance.

<sup>23</sup> Monitoring and reporting of PPCR related indicators at the output level is included in the quarterly progress report template (Appendix 6).

<sup>24</sup> ADB's project performance reporting system is available at:  
<http://www.adb.org/Documents/Slideshows/PPMS/default.asp?p=evaltool>.

<sup>25</sup> Intermediate targets to be agreed during implementation based on existing tax collection efficiencies.

**Table 6: Safeguards Monitoring Team Structure and Responsibilities**

<b>Task Team</b>	<b>Responsibility</b>
PMU, Project Director	Oversee safeguard implementation for the Project. Submit semi-annual safeguard monitoring reports to ADB. Identify key issues and remedial actions.
PMU, safeguards officer	Assess monitoring data on safeguards and report the findings to the Project Director. Prepare and submit to ADB semi-annual safeguard monitoring reports (environment and resettlement). Identify key issues and remedial, time-bound actions.
PIUs, safeguards officers (one in each town)	Monitor field work of contractors and consultants. Review monthly environmental reports submitted by consultants and consolidate and send to PMU. Identify key issues and remedial, time-bound actions.
PMSC, Environmental Specialist, Social Safeguards Specialist	Will assist the PMU and PIUs in the overall safeguards implementation and monitoring. Identify key issues and remedial, time-bound actions.

ADB= Asian Development Bank, PIU= project implementation unit, PMSC= project management and supervision consultant PMU= project management unit.

57. **Gender and social dimensions monitoring.** The project is classified by ADB as a Gender Equity Theme (GEN) project. The progress of GAP implementation will be closely reviewed and monitored at each ADB review mission and incorporated in the quarterly progress reports as well as evaluation reports and sent to ADB. Sex-disaggregated data will regularly be collected and updated during implementation. Core labor standards, including equal wage for women and men for work of equal value, will be closely monitored. A Gender Specialist in the ICCDC and the social and gender officer in the PMU will support the implementation and monitoring of the GAP.<sup>26</sup>

### **C. Evaluation**

58. The project will be regularly evaluated based on the PPMS indicators. For all indicators, data sources and reporting mechanisms outlined in the DMF will be basis for evaluation including project-specific monitoring and evaluation surveys to be submitted in a consolidated report from *pourashavas* and EA consisting of evaluation on climate resilience. The PPMS will aim to detect any deficiency and discrepancy between the plan and the execution of the project in order to ensure that timely corrections can be made to adjust the design of the project. Each of the monitoring teams will evaluate the causes of any deficiency and discrepancy between the plan and the execution of the PPMS, propose corrective measures, and seek policy guidance from the Project Steering Committees, if still unresolved.

59. The EA and ADB will jointly review the project at least twice a year. This includes (i) the performance of the PMU, PIUs, consultants, and contractors; (ii) physical progress of the project, effectiveness of safeguards, and implementation of the GAP and core labor standards; (iii) compliance with loan covenants; and (iv) assessment of operational sustainability in technical and financial terms, including tariff adjustments. In addition to the regular loan reviews, the government and ADB will undertake a comprehensive midterm review in the third year of project implementation to identify problems and constraints encountered and suggest measures to address them. Specific items to be reviewed will include (i) appropriateness of scope, design, contract packaging, implementation arrangements, and schedule of activities; (ii) review of

<sup>26</sup>ADB's *Handbook on Social Analysis: A Working Document*, is available at: <http://www.adb.org/Documents/Handbooks/social-analysis/default.asp>, *Staff Guide to Consultation and Participation*: <http://www.adb.org/participation/toolkit-staff-guide.asp>, and, *CSO Sourcebook: A Staff Guide to Cooperation with Civil Society Organizations*: <http://www.adb.org/Documents/Books/CSO-Staff-Guide/default.asp>.



institutional, administrative, organizational, technical, and financial aspects of the project based on the assumptions and risks included in the design and monitoring framework; (iii) assessment of implementation progress against project indicators; (iv) capacity development of relevant sections of *pourashavas* for ensuring sustainability; (v) compliance with safeguard measures; (vi) extent to which the GAP is being implemented; (vii) lessons learned, good practices, and corrective actions; and (viii) changes recommended. Within 6 months of physical completion of the PMU will submit a project completion report to ADB.<sup>27</sup>

## D. Reporting

60. LGED will provide ADB the following reports, all of which are subject to web disclosure in compliance with ADB's Public Communications Policy (2011):

- (i) Quarterly project progress reports (QPRs) in a format consistent with ADB's project performance reporting system within 15 days of the end of each quarter;<sup>28</sup>
- (ii) Semi-annual safeguards monitoring reports;
- (iii) Progress reports on gender action plan and pro-poor features of project especially access to services in poor areas and community participation (can be part of QPR);
- (iv) Consolidated annual reports including: (a) progress achieved by output as measured through the DMF indicator's performance targets; (b) key implementation issues and solutions; (c) updated procurement plan; and (d) updated implementation plan for next 12 months;
- (v) A project completion report<sup>29</sup> within 6 months of physical completion of the each project under the investment program; and
- (vi) Consolidated audited project financial statements and associated auditor's report within 6 months of the end of the fiscal year.

61. The project forms part of the country's Strategic Program for Climate Resilience being implemented in partnership with other MDBs including the World Bank and the International Finance Corporation. In accordance with the Climate Investment Fund (CIF) requirements, climate change is integrated into the PPMS and quarterly progress report format (Appendix 6, Section G), which can be shared with other MDBs and CIF Administrative Unit, as well as disseminated on the project website.

## E. Stakeholder Communication Strategy

62. The stakeholder communication strategy includes different methodologies. A consultation and participation plan is included in Appendix 7. The basic information of the project will be uploaded in the websites of ADB and LGED. Each PIU will also fully disclose relevant project-related information through *pourashava* citizen committees. All procurement notices will also be uploaded in the websites. Progress will be reported to the Project Steering Committee and guidance will be sought. The Local Government Division, Implementation Monitoring and Evaluation Division, and other relevant ministries will receive periodic reports to review progress. The project communities and affected persons including women will be informed by the community mobilizers in the ICCDC consultant firm about the project as well as compensation and grievance redress mechanism through motivational sessions, meetings, and

<sup>27</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.

<sup>28</sup> An outline is provided in Appendix 6.

<sup>29</sup> Project completion report format is available at: <http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar>.



other forums in the project areas. The community mobilizers will also inform about construction work, available employment, timeframes, wage rate, and the opportunities for women. Contractors will be briefed about the specific clauses on core labor standards (equal pay for work of equal value, occupational health and safety, water supply, sanitation, segregated shelter and facilities). Consultations and awareness raising programs will be organized in each community focusing on disaster preparation, climate change, 3R, WASH, economic use of water, water quality, payment of tariff, operation and maintenance of community toilets, water points ensuring women representation. The review and update of municipal master plans will be carried out in full consultation with citizens and government and non-government bodies. Leaflets, flyers and other printed and electronic media will be used to disseminate information from time to time. The project review missions will also be used for communication with different stakeholders including development partners, other government agencies, and project beneficiaries and for receiving feedback.

**63. Information and knowledge management.** To enhance awareness and support the transformational effect of the project, several knowledge products considering climate change adaptation will be prepared and disseminated to guide successful climate adaptation interventions within and beyond the project area. These include: (i) updated central agency (LGED and DPHE) engineering design standards for urban infrastructure, (ii) new local building code guidelines and urban master plans, and (iii) water safety plans with groundwater monitoring. These project outputs aim to generate good practices and lessons learned considering climate change for application throughout the coastal zone in Bangladesh, and replicable in other countries in the region. Consultants recruited under the project will facilitate training and awareness building to promote the understanding and application of these lessons to multiple stakeholder groups. These products and the lessons learned will also be disclosed, upon concurrence of government, on the project website as a knowledge sharing mechanism within the country and beyond to promote replicability and scaling up of best practices.

## **X. ANTICORRUPTION POLICY**

**64.** ADB reserves the right to review and examine, directly or through its agents, any alleged violation of the Anticorruption Policy relating to the Project, including corrupt, fraudulent, collusive, or coercive practices.<sup>30</sup> ADB also reserves the right to cancel any loan and grant funds if poor governance is found during implementation. 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 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 Project.<sup>31</sup>

**65.** To support these efforts, relevant provisions are included in the loan agreement, project agreement and the bidding documents for the Project. 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 service providers. The Government, executing agency and implementing agencies are advised of ADB's Anticorruption Policy.

**66.** Bangladesh has established an independent Anti-Corruption Commission (ACC) in 2004 by enacting a law. ACC has full authority to investigate into any corrupt practices including those

<sup>30</sup> Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>.

<sup>31</sup> ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>.

of projects and file corruption charges against any citizen of the country without requiring approval from the government. The government has also implemented key anti-corruption and governance reforms including a law on Right to Information (RTI) and establishment of the Information Commission in 2009, enactment of a law on whistle blower protection in 2011, and anti money laundering act in 2012. It has also implemented extensive PFM and procurement reforms including introduction of medium term budgetary framework (MTBF) for budget formulation, uniform procurement laws for all public sector agencies and e-procurement for selected agencies, including the EA of the project, LGED. In October 2012 it has approved a comprehensive National Integrity Strategy (NIS) to address corruption holistically and strengthen watchdog institutions by formulating phased actions for each of them. Under this, all line ministries have established an Ethics Committee and a focal point to undertake preventive measures to control corruption. At the national level, a National Integrity Advisory Committee has been formed with the Prime Minister as the chair to steer anti-corruption drive in the country. ACC, as the constitutional anticorruption agency, has powers to investigate any irregularities in the Project. This includes financial irregularities, as well as corruption of government officials and officers and employees of autonomous bodies.

**67. Measures to enhance governance and prevent corruption.** These include (i) requirement for e-procurement; (ii) consultants to support PMU and PIUs in e-procurement, continuous internal auditing, post-procurement reviews of all awarded contracts, quality control (check quantities and quality), community participation, monitoring and evaluation; (iii) presentation of detailed information on procurement and budgets and expenditures at public meetings to supplement web-based disclosure, PMU and PIU staff will receive training on ADB and GOB corruption rules as well as ADB and GOB financial management and procurement rules; (iv) clear project coordination mechanisms within headquarters and district offices, and between government agencies to be supported by PMU and PIUs; (v) random procurement and financial audits and quality control checks (check quantities and quality) by ADB at anytime deemed appropriate; (vi) LGED to update its cost estimates to reflect market prices to avoid poor quality construction and to attract better quality bids; (vii) strictly enforce that contracts are not sold to other contractors; (viii) citizen monitoring through ward and town-level coordination committee members with capacity training provided by consultants; and (ix) signs at all construction sites and large equipment with name of contractor, contract amount, completion time, etc. (a requirement to be built into contract documents). Web disclosure when dealing with contracts awarded, will disclose: (a) the list of participating bidders, (b) the name of the winning bidder, (c) the amount of the contracts awarded, and (d) the services procured. In addition, PMU and PIUs will establish a system of handling complaints, acceptable to ADB, to deal with any complaints received in relation to the contracts, their awards and their administration. The loan covenants address financial management issues and these have been discussed with the government.

**68.** For civil works, the major risks are of collusion to overprice designs and approve low volume and quality built works. The PMU will employ a quality control specialist to carry quality audit of the project on random basis. The specialist will share the report with LGED and ADB. Contractors will be made to disclose basic information of contracts in each construction site through display board. Full information disclosure and participatory monitoring are expected to be effective in reducing the risk of corruption and improving governance at central and local levels.

**69.** ADB's Anticorruption Policy designates the Office of Anticorruption and Integrity (OAI) as the point of contact to report allegations of fraud or corruption among ADB-financed projects or its staff. OAI is responsible for all matters related to allegations of fraud and corruption. For a

more detailed explanation refer to the Anticorruption Policy and Procedures. Anyone coming across evidence of corruption associated with the project may contact the Anticorruption Unit by telephone, facsimile, mail, or email at the following numbers/addresses:

by email at [integrity@adb.org](mailto:integrity@adb.org) or [anticorruption@adb.org](mailto:anticorruption@adb.org)

by phone at +63 2 632 5004

by fax to +6326362152

by mail at the following address (Please mark correspondence Strictly Confidential):

Office of Anticorruption and Integrity  
Asian Development Bank  
6 ADB Avenue Mandaluyong City  
1550 Metro Manila, Philippines

## **XI. ACCOUNTABILITY MECHANISM**

70. 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 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>32</sup>

### **Contact details:**

Secretary  
Compliance Review Panel  
Asian Development Bank  
6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila, Philippines

Tel + 63 2 632 4149

Fax +63 2 636 2088

Email: [crp@adb.org](mailto:crp@adb.org)

Web: [www.compliance.adb.org](http://www.compliance.adb.org)

## **XII. RECORD OF PAM CHANGES**

71. The first draft of PAM has been agreed upon during the loan negotiations on 8 November 2013. A list of subsequent changes to the PAM and dates are recorded below.

	<b>Change to PAM</b>	<b>Date</b>
1.		
2.		

<sup>32</sup> For further information see: <http://www.adb.org/Accountability-Mechanism/default.asp>.

## APPENDIX 1: DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Improved well-being in coastal towns	<b>By 2023:</b> Incidence of waterborne diseases reduced by 50% from 2011 baseline (on average, 9% of patient admissions to district hospitals in 2011 were for diarrhea)  Average household incomes in project towns increased by 15% in 2013 prices (2013 baseline: Tk15,800/month)	Ministry of Health and Family Welfare district hospital health bulletin	<b>Assumption</b> The government remains committed to urban development strategy.
<b>Outcome</b> Increased climate and disaster resilience in coastal towns benefiting the poor and women	<b>By 2020 in project towns:</b> Percentage of household reporting inundation for more than 3 days reduced to about 21% (2013 baseline 43%)  Drinking water supply systems compliant with government water standards throughout the year increased to 70% (2013 baseline 40%, 13.2% among households headed by women)  Additional 12,500 households with access to climate-proofed public sanitation facilities (2013 baseline 0)  Additional 7,900 household with access to improved cyclone facilities with separate areas and toilets for women (2013 baseline 0)	<b>For all indicators:</b> Project-specific monitoring and evaluation surveys in a consolidated report from <i>pourashavas</i> and LGED and DPHE consisting of evaluation of climate resilience	<b>Assumption</b> Climate change impacts are within predicted level.  <b>Risk</b> BWDB flood control systems not improved.  Losing momentum for governance improvement due to change in <i>pourashava</i> leadership.
<b>Outputs</b> 1. Improved climate-resilient municipal infrastructure	<b>By 2020 in project towns:<sup>a</sup></b> <b>Drainage:</b> 79 kms of new and improved drains constructed  <b>Cyclone shelters:</b> 21 shelters constructed, with separate and safe facilities for women  <b>Water supply:</b> 194 km of pipes installed or upgraded; 12,360 new service connections including services to poor areas  <b>Sanitation:</b> 51 new community latrines with separate and safe facilities for women constructed	<b>For all indicators:</b> Project-specific monitoring and evaluation surveys in a consolidated report from <i>pourashavas</i> and LGED and DPHE consisting of an evaluation of climate resilience	<b>Assumptions</b> <i>Pourashavas</i> achieve all governance improvement criteria to be eligible for stage 1 and stage 2 investments.  <b>Risks</b> Timely acquisition of required land.  Weak compliance with climate-resilient design specifications

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
	<p>5 septage management schemes implemented</p> <p><b>Emergency access:</b> 97 km of upgraded roads, bridges, culverts</p> <p><b>Local economic infrastructure.<sup>b</sup></b> At least five subprojects developed under stage 2.</p>		
2. Strengthened institutional capacity, governance, and awareness	<p>Participatory climate-proofed urban master plans approved (33% of participants during consultations are women)</p> <p>Climate-proofed building code guidelines adopted (include design features that cater to women in public facilities)</p> <p>Climate-proofed LGED and DPHE design standard guidelines published</p> <p>Water safety plans with groundwater monitoring (that define a leadership role for women) approved</p> <p>O&amp;M plans approved including tariff plan for cost recovery (33% of participants during consultations are women)</p> <p>GAP and PRAPs approved for towns</p> <p>Computerized financial accounting and billing systems functional</p> <p>At least 4,800 (at least 600 per town including 60% women) undergo and complete livelihood training and knowledge based awareness programs that consider climate change</p>	<p>Approved urban master plans, and adopted building code guidelines.</p> <p>Published LGED and DPHE design standards</p> <p>Adopted water safety plans</p> <p>Adopted O&amp;M plan with tariff plan</p> <p>Resolution adopting GAP and PRAPs with budget support for each town</p> <p>Consolidated annual monitoring report of <i>pourashavas</i> and LGED and DPHE</p>	<p><b>Assumptions</b></p> <p>Government's policy on decentralization and devolution will remain in place.</p> <p>Municipal staff acquiring new skills through training remain in their positions</p>
3. Project management and administration supported	<p>Quarterly progress reports and audit reports are submitted on time and of satisfactory quality (gender-disaggregated data collected)</p> <p>Project implemented on time and within budget</p>	<p><b>For all indicators:</b></p> <p>Quarterly progress reports issued by PMU</p>	

Activities with Milestones	Inputs
<p><b>1. Output 1: Improved climate-resilient municipal infrastructure</b></p> <p>1.1 Procure works, stage 1, batch 1 towns (Q3 2014)</p> <p>1.2 Procure works, stage 1, batch 2 towns (Q3 2015)</p> <p>1.3 Procure works, stage 2, batch 1 towns (Q4 2015)</p> <p>1.4 Procure works, stage 2, batch 2 towns (Q1 2017)</p> <p>1.5 Implement all civil works (by Q4 2019)</p> <p><b>2. Output 2: Strengthened institutional capacity, governance, and awareness</b></p> <p>2.1 Implement capacity building for batch 1 towns (Q2 2014), and batch 2 towns (Q3 2015)</p> <p>2.2 Implement awareness and training for batch 1 towns (Q3 2014) and batch 2 towns (Q3 2015)</p> <p>2.3 Evaluate performance for stage 1, batch 2 towns (Q1 2015)</p> <p>2.4 Evaluate performance for stage 2, batch 1 towns (Q2 2015)</p> <p>2.5 Establish disaster management standing committees in all towns (Q2 2016)</p> <p>2.6 Evaluate performance for stage 2, batch 2 towns (Q2 2016)</p> <p><b>3. Output 3: Project management and administration supported</b></p> <p>3.1 Establish PMU and PIUs (Q4 2013)</p> <p>3.2 Mobilize PMSC and ICCDC (Q3 2014)</p> <p>3.3 Mobilize PIAC (Q4 2014)</p> <p>3.4 Establish project performance management system (Q3 2014)</p> <p>3.5 Conduct monitoring and reporting (quarterly)</p>	<p><b>Loan</b></p> <p>ADB: \$52,000,000</p> <p>ADB Strategic Climate Fund: \$30,000,000</p> <p><b>Grant</b></p> <p>ADB Strategic Climate Fund: \$10,400,000</p> <p>Sanitation Financing Partnership Trust Fund under the Water Financing Partnership Facility: \$1,600,000</p> <p><b>Government:</b> \$23,100,000</p>

ADB = Asian Development Bank, BWDB = Bangladesh Water Development Board, DPHE = Department of Public Health Engineering, GAP = gender action plan, ICCDC = institutional capacity community development consultant, km = kilometer, LGED = Local Government Engineering Department, O&M = operation and maintenance, PIAC = project internal audit consultant, PIU = project implementation unit, PMSC = project management supervision consultant, PMU = project management unit, PRAP = poverty reduction action plan, Q = quarter.

<sup>a</sup> Designs consider climate projections for the year 2040.

<sup>b</sup> Includes the following: (i) markets, (ii) bus terminals, (iii) boat landings, and (iv) commercially important roads.

Sources: Asian Development Bank.

## APPENDIX 2: PROCUREMENT PLAN

**Project Name:** Coastal Towns Environmental Infrastructure Project

**Country:** Bangladesh

**Executing Agency:** Local Government Engineering Department

**Loan cum Grant Amount:** \$94.0 million

**Loan (Number):** TBN

**Date of First Procurement Plan:** 10 February 2014

**Date of this Procurement Plan:** April 2014

### A. Process Thresholds, Review and 18-Month Procurement Plan

#### 1. Project Procurement Thresholds

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works	
Method	Threshold
International Competitive Bidding (ICB) for Works	\$2,000,000 and above
ICB for Goods <sup>1</sup>	\$500,000 and above
National Competitive Bidding (NCB) for Works <sup>1</sup>	Beneath that stated for ICB, Works
NCB for Goods <sup>1</sup>	Beneath that stated for ICB, Goods
Shopping for Works	Up to \$100,000
Shopping for Goods	Up to \$100,000

#### 2. ADB Prior or Post Review

2. Except as ADB may otherwise agree, the following prior or post review requirements apply to the various procurement and consultant recruitment methods used for the project.

Procurement Method	Prior or Post	Comments
<b>Procurement of Goods and Works</b>		
ICB Works	Prior	
ICB Goods	Prior	
NCB Works	Prior	
NCB Goods	Prior	
Shopping for Works	Prior	
Shopping for Goods	Prior	
<b>Recruitment of Consulting Firms</b>		
QCBS, QBS	Prior	For consultancy costs more than \$200,000
Other selection methods: CQS, SSS	Prior	Up to consultancy costs \$200,000
<b>Recruitment of Individual Consultants</b>		
Individual Consultants	Prior	

CQS = consultants qualifications selection, ICB = international competitive bidding, NCB = national competitive bidding, QBS = quality-based selection, QCBS = quality- and cost-based selection, SSS= single source selection.

#### 3. Goods and Works Contracts Estimated to Cost More Than \$ 500,000

3. The following table lists goods and works contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
Construction of Disaster Shelters at <u>Amtali Pourashava</u>	0.96	NCB works	N	Q3/2014	
Construction of Drains and box culverts at <u>Amtali Pourashava</u>	0.55	NCB works	N	Q3/2014	
Construction of tube wells, overhead tanks, pipeline and other water supply related works, and sanitation at <u>Amtali Pourashava</u>	1.82	NCB works	N	Q3/2014	
Improvement of existing roads at <u>Amtali Pourashava</u>	1.38	NCB works	N	Q4/2014	Implementation of road works to be coordinated with drainage schemes & water pipelines
Construction of Disaster Shelters at <u>Galachipa Pourashava</u>	0.96	NCB works	N	Q3/2014	
Construction of tube wells, overhead tanks, pipeline and other water supply related works and sanitation at <u>Galachipa Pourashava</u>	1.96	NCB works	N	Q3/2014	
Construction of Drains and box culverts at <u>Galachipa Pourashava</u>	3.30	ICB works	N	Q3/2014	
Improvement of existing roads at <u>Galachipa Pourashava</u>	1.41	NCB works	N	Q4/2014	Implementation of road works to be coordinated with drainage schemes & water pipelines
Construction of Drains and box culverts etc at <u>Mathbaria Pourashava</u>	1.79	NCB works	N	Q3/2014	
Construction of water treatment plant, tubewells, overhead tanks, pipeline, service connections and other water supply related works and sanitation at <u>Mathbaria Pourashava</u>	5.06	ICB works	N	Q4/2014	
Improvement of existing roads and bridge at <u>Mathbaria Pourashava</u>	1.84	NCB works	N	Q4/2014	Implementation of road works to be coordinated with drainage schemes & water pipelines
Construction of Disaster Shelters at <u>Pirojpur Pourashava</u>	1.60	NCB works	N	Q3/2014	
Construction of RCC covered/open Drains and box culverts etc at <u>Pirojpur Pourashava</u>	3.76	ICB works	N	Q3/2014	
Improvement of existing roads and bridge at <u>Pirojpur Pourashava</u>	4.28	ICB works	N	Q4/2014	Implementation of road works to be coordinated with



General Description	Contract Value	Procurement Method	Prequalification of Bidders (y/n)	Advertisement Date (quarter/year)	Comments
					drainage schemes & water pipelines

ICB = international competitive bidding, NCB = national competitive bidding.

#### 4. Consulting Services Contracts Estimated to Cost More Than \$100,000

4. The following table lists consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Contract Value	Recruitment Method <sup>1</sup>	Advertisement Date (quarter/year)	International or National Assignment	Comments
Detailed design service (DDS) Consultants (PDA financed)	\$ 3.50m	QCBS (80:20)	Q4, 2012	International	CSRN issued in November 2012 under the PDA. International: 50pm National: 371pm
Project Management and Supervision Consultants (PMSC)	\$3.19m	QCBS (90:10)	Q1, 2014	International	International: 33pm National: 491pm
Institutional Capacity and Community Development Consultants (ICCDC)	\$3.23m	QBS (90:10)	Q1, 2014	International	International: 27pm National: 399pm
Project Internal Audit Consultant (PIAC)	\$0.273m	QCBS (90:10)	Q2, 2014	National	International: 0pm National: 42pm
<b>Total</b>	<b>\$10.19 m</b>				<b>1,413pm</b>

QCBS = quality- and cost-based selection; QBS = quality-based selection.

#### 5. Goods and Works Contracts Estimated to Cost Less than \$500,000 and Consulting Services Contracts Less than \$100,000

5. The following table groups smaller-value goods, works and consulting services contracts for which procurement activity is either ongoing or expected to commence within the next 18 months.

General Description	Value of Contracts (cumulative)	Number of Contracts	Procurement / Recruitment Method <sup>1</sup>	Advertisement Date (quarter/year)	Comments
Construction of BMGF sanitation works at Pirojpur Pourashava	0.30	1	NCB works	Q3/2014	
Construction of Disaster Shelters at Mathbaria Pourashava	0.32	1	NCB works	Q3/2014	
Drainage maintenance equipment	0.22	1	NCB goods	Q3/2014	
Roads maintenance equipment					
Solid waste collection equipment	0.01	1	Shopping goods	Q3/2014	
Desludging trucks for sanitation	0.49	1	NCB goods	Q3/2014	
Water supply equipment: service connections, bulk water meters	0.49	1	NCB goods	Q3/2014	
Water supply equipment: vehicles, motor cycles, gensets, etc.	0.46	1	NCB goods	Q3/2014	
Water supply equipment: Barisal DPHE laboratory, pourashava laboratories, mini water testing kits.	0.11	1	NCB goods	Q3/2014	
Geotechnical laboratory and related equipment for PMU and PIUs	0.39	1	NCB goods	Q3/2014	
Total for Goods	2.17	7			

<sup>1</sup> NCB = national competitive bidding

## B. Indicative List of Packages Required Under the Project

6. The following table provides an indicative list of all procurement (goods, works and consulting services) over the life of the project. Contracts financed by the Borrower and others should also be indicated, with an appropriate notation in the comments section.

General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Domestic Preference Applicable	Comments
Works	70.48	40	NCB/ICB	N	
Equipment	2.17	7	NCB/Shopping	N	
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Type of Proposal	Comments
Consulting	\$9.92m	3	QCBS/QBS	FTP	Detailed design consultants, supported by the project design advance (PDA) were mobilized in January 2014.
Services	\$0.273m	1	QCBS	BTP	

BTP = biodata technical proposal, FTP= full technical proposal, ICB = international competitive bidding, NCB = national competitive bidding, QBS = quality-based selection, QCBS = quality- and cost-based selection.

## **C. National Competitive Bidding<sup>1</sup>**

### **1. General**

7. The procedures to be followed for national competitive bidding shall be those set forth for the National Open Tendering Method in the Government's *Public Procurement Rules, 2008* (as updated and issued pursuant to the Bangladesh *Public Procurement Act, 2006*) with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

### **2. Advertising**

8. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

### **3. Anti-Corruption**

9. Definitions of corrupt, fraudulent, collusive and coercive practices shall reflect the latest ADB Board-approved Anti-Corruption Policy definitions of these terms and related additional provisions (such as conflict of interest, etc.).

### **4. Location of Bid Submission**

10. Submission of bids to 'primary' and 'secondary' locations, or 'multiple droppings' of bids, shall not be required or allowed. Advertisements and bidding documents shall specify only one location for delivery of bids.

### **5. Rejection of All Bids and Rebidding**

11. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

### **6. Member Country Restrictions**

12. Bidders must be nationals of member countries of ADB, and offered goods must be produced in member countries of ADB.

### **7. Lottery**

13. A lottery system shall not be used to determine a successful bidder, including for the purpose of resolving deadlocks.

### **8. Qualification Requirements**

14. A successful bidder must be determined by an assessment process that shall include the application of qualification requirements to all bids.

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<sup>1</sup> NCB Annex.

**9. Rejection of Bids**

15. A bid shall not be rejected on the grounds that its bid price is not within a percentage range above or below the contract estimate.

## APPENDIX 3: OUTLINE TERMS OF REFERENCE FOR CONSULTANTS<sup>1</sup>

### INSTITUTIONAL CAPACITY AND COMMUNITY DEVELOPMENT CONSULTANTS (ICCDC)

#### A. Objectives of the consulting services

1. The Government of Bangladesh (GOB) intends to procure the services of a reputable consultant firm ("the Consultant/ ICCDC") to provide institutional capacity building and community development services to support the Project Management Unit (PMU) in the Local Government Engineering Department (LGED) for the implementation of the Coastal Towns Environmental Infrastructure Project (CTEIP). The purpose of the PMU is to manage, coordinate and monitor project activities.

2. The ICCDC will mobilize teams for community-based climate adaptation and disaster preparedness, and awareness raising on the project, on behavioral change in water, sanitation and hygiene (WASH) activities, as well as awareness raising on the resettlement framework, entitlements of affected persons and perform activities to support implementation of the resettlement plan, as appropriate. Critical to local work is the role of community mobilizers, hired from each specific town to ensure maximize grassroots nature of this work. The teams will also help form water and sanitation user groups to ensure sustainability of community facilities provided under the project.

3. The Consultant should liaise closely with the Detailed Design Service (DDS) consultants engaged under the Project Design Advance (PDA) for CTEIP, and the Project Management and Supervision Consultant (PMSC) team

4. The Consultant will also work closely with the Urban Management Support Unit (UMSU) or urban wing of LGED to support the capacity development of pourashavas with regards to public service delivery improvements in infrastructure project implementation and good governance.

#### B. Scope of work

5. The scope of work is to provide institutional strengthening, community-based awareness and outreach activities.

6. The key tasks are:

1. Non-structural measures to reduce climate and disaster risk:
  - a. mainstream climate change into urban master plans and building codes of pourashavas;
  - b. mainstream climate change into LGED and DPHE engineering design standards (working with UMSU and PSU [Policy Support Unit] respectively);
  - c. improve water safety planning and groundwater monitoring; and
  - d. strengthen institutional mechanisms for disaster risk management and climate resilience in *pourashavas* (e.g., establish Disaster Management Standing Committees).
2. Municipal governance improvements:

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<sup>1</sup> Detailed TORs prepared separately. The TOR provided for PAM purpose is only outline.

- a. strengthen municipal finance systems to improve local revenue generation;
  - b. enhance citizen participation in planning and decision making; and
  - c. improve institutional arrangements for improved water supply service delivery.
3. Service delivery systems improvements
  - a. Capacity support to pourashava for improved service delivery (solid waste, sludge, drains, etc.).
  - b. Promote private sector participation (outsourcing) in fecal sludge management, and develop business and management models for fecal sludge management.
4. Public awareness, behavior change, and community mobilization
  - a. 3R (recycle-reuse-reduce) and WASH (water-sanitation-hygiene).
  - b. Livelihood training.
  - c. Disaster preparedness and climate change.
  - d. Community mobilization in poor areas for planning and O&M of water, sanitation, drainage.
7. Activities include:
  - Strengthening the organizational structure of the LGED urban wing.
  - Enhance the capacity of the LGED urban wing, particularly concerning climate change adaptation.
  - Establish training modules in key areas of capacity development in pourashavas.
  - Carry out pilot activities to improve pourashavas' capacity.
  - Enhance horizontal learning programs on the public service delivery of pourashavas.
  - Assist pourashavas for master plan preparation and implementation.
  - Assist pourashavas for the enforcement of the Building Construction Act and rules.
  - Develop and disseminate all information-based knowledge products on LGED website

### C. Consultants Input and Staffing Requirements

8. The outline personnel requirement is shown in **Table A3.1**.

**Table A3.1: Outline Personnel Requirements**

Position	Person-month	
	International	National
1. Urban Planning and Development Specialist / Team Leader	18.0	
2. Urban Planning and Development Specialist / Deputy Team Leader		60.0
3. Building Code Specialist		4.5
4. Water Safety Plan Specialist		6.0
6. Septage Management Specialist	3.0	4.5
7. Climate Change Adaptation/ Disaster Risk Management Specialist	6.0	12.0
8. Gender and Social Development Expert		12.0
9. Municipal Finance Specialist		20.0
10. Public Awareness/ Communication Expert (3R and WASH, behavioral change)		12.0

Position	Person-month	
	International	National
<i>Pourashava Support Teams</i> Community Mobilizers		268.0
<b><i>Sub-total</i></b>	<b>27.0</b>	<b>399.0</b>
<b>Total Consultant Inputs</b>	<b>426.0</b>	

## **PROJECT MANAGEMENT AND SUPERVISION CONSULTANTS (PMSC)**

### **A. Objectives of the consulting services**

1. The Government of Bangladesh (GOB) intends to procure the services of a reputable consultant ("the Consultant/ PMSC") to provide project management and supervision services to support the Project Management Unit (PMU) in the Local Government Engineering Department (LGED) for the implementation of the ADB-funded Coastal Towns Environmental Infrastructure Project (CTEIP). The purpose of the PMU is to manage, coordinate and monitor project activities.
2. The services will provide support to the LGED (as Executing Agency and Project Proponent) for project management and administration, construction supervision and quality control, municipal services operation and maintenance, monitoring and evaluations, and other activities as appropriate.
3. The Consultant should liaise closely with the Detailed Design Service (DDS) consultants engaged under the Project Design Advance (PDA) for CTEIP, and the ICCDC team.

### **B. Scope of work**

4. Provide project management and administration, construction supervision and quality control, municipal services operation and maintenance, monitoring and evaluations.
5. Key tasks are:
  - (i) Project management and administration;
  - (ii) Construction supervision and quality control;
  - (iii) O&M planning and support.
6. **Project management and administration:** The Consultant's tasks include, but are not limited, to:
  - (i) maintain a master schedule of all project activities and monitor performance against progress, identifying problem areas and working with PMU and implementing agencies to solve these problems,
  - (ii) assist the PMU in financial management of the project including oversight of project accounting, monitoring financial performance of the project and preparation of reports as necessary,
  - (iii) ensure compliance with quality and best practices of consultancy services and physical works carried out by contractors (this work would include design review and checking responsibilities),
  - (iv) advise on procurement related matters, including support for capacity training in implementing e-procurement,
  - (v) coordinate activities with other consultants or NGOs working for the EA to ensure optimal and effective utilization of resources,
  - (vi) review specific reports, with special regard to environmental and social development activities, and forward a copy to ADB,
  - (vii) ensure compliance with all relevant ADB policies and guidelines,
  - (viii) monitor compliance with loan covenants using the Project Performance Management System (PPMS),
  - (ix) prepare periodic reports, such as progress and audited financial reports, to PMU and ADB as required.



- (x) updating of safeguards reports in accordance with ADB's SPS based on detailed designs and simultaneously start the process of complying GOB safeguards requirements; submit updated safeguards reports to ADB for review and approval prior to contract award;
- (xi) assist with social safeguards/ resettlement implementation and compliance,
- (xii) supervise the implementation of safeguards mitigating measures required for the construction activities; review, monitor and evaluate the effectiveness of the implemented Contractor's environmental management plans (CEMP), and recommend necessary corrective actions.
- (xiii) assist the EA to organize a roadshow or business fair to promote the business opportunities offered by the project (e.g. use of cyclone shelters, side products from septage treatment plants, etc.).
- (xiv) Develop and disseminate all information-based knowledge products on LGED website.

7. The Consultant will assist the PMU with the design and implementation of a PPMS based on indicators included in the project loan agreement. These indicators and associated targets will be disseminated to the participating implementing units of the pourashavas and used to guide the preparation of implementation action plans, community awareness programs and financial improvement plans. The plans will include the development and operation of an information system to collect and analyze information required for inclusion in the PPMS. Baseline data should be available at the end of the first full year of project implementation and a complete set of indicator results for each subproject by the end of the second year.

8. **Construction supervision and quality control:** The Consultant's tasks include, but are not limited, to:

- (i) conduct overall quality control of works constructed under the project;
- (ii) assess payment requests from contractors, and advise on measures to be taken to achieve quality work in conformity to the contract specifications;
- (iii) examine and approve the contractor's facilities, to ensure that these facilities conform to the agreed contract documents;
- (iv) examine and approve the contractor's proposed work methods including but not limited to examining and approving occupational health and safety procedures;
- (v) assess the adequacy of materials, equipment and labor provided by the contractors, the contractor's methods of work, and rate of progress and (where required) recommend appropriate action to the pourashava authorities to expedite progress;
- (vi) examine and approve the contractor's plans defining the location of the crushing and aggregate processing plants and the like;
- (vii) examine and approve all implementation plans and working drawings prepared by the contractor;
- (viii) issue all necessary instructions to the contractor, and examine and control the work to ensure that these are carried out according to the contract documents;
- (ix) provide general guidance to the contractor as may be necessary to ensure that the works are carried out according to schedule and within the terms of contract;
- (x) ensure that the contractors have prepared the Contractor's environmental management plans (CEMP) prior to actual construction; supervise the implementation of environmental mitigating measures required for the construction activities;
- (xi) inspect all working areas and installations during the execution of the works;

- (xii) compute quantities of works and materials, which have been accepted and approved, and examine and certify contractor's payment requests;
- (xiii) report monthly on the progress of the works, the contractors' performance, quality of works, and the subproject's financial status and projections;
- (xiv) prepare monthly, quarterly, and semi-annual environmental monitoring reports; semi-annual environmental monitoring report to be submitted to ADB and the EA.
- (xv) ascertain and agree with the contractor all work measurements and review, and recommend payment claims and certify these to the pourashava authorities as being correct and within the terms of the contract;
- (xvi) record the results of measurements carried out for quantities to be paid for the provisional and final accounting, on forms normally used in Bangladesh;
- (xvii) advise the client on any environmental recommendations to overcome possible problems encountered;
- (xviii) review, monitor and evaluate the effectiveness of the implemented CEMPs, and recommend necessary corrective actions; assist the pourashava authorities in the implementation of the Grievance Redress Mechanism during construction;
- (xix) review the following contractor's documents and recommend appropriate action to the pourashava authorities, as necessary: periodic progress reports, quality-testing results, requests for variation, contractor's claims, and contractor's invoices;
- (xx) alert the pourashava authorities to any problems that arise in connection with the contractor and make recommendations for solving them;
- (xxi) assist the pourashava authorities in any dispute that may arise with the contractor and give a firm opinion on any claim the contractor may put forward, by drawing up a report which includes all the elements on which the judgment is based;
- (xxii) carry out an inspection upon completion of works and recommend on maintenance during defect liability period; and
- (xxiii) ensure that 'as-built' drawings are prepared for all works as construction progresses.

9. **O&M planning and support:** The Consultant's tasks include, but are not limited, to:

- (i) **Water supply operation, maintenance and installation supervision:** The Consultant will implement the most appropriate operation and maintenance strategies in order to make pourashava water supply systems safe and sustainable. The Consultant will provide theoretical classroom training and on the job training to relevant pourashava staff on important O&M topics to include, but are not limited to:
  - Review and study existing O&M capability in Pourashava;
  - Institutional development: objective, organizational, non-revenue water management;
  - Pump operation and maintenance: withdrawal and lowering of pumps in production wells, dismantling and assembly of submersible pumpsets, pump and well monitoring, well regeneration, etc.
  - SWTP (surface water treatment plant) operation & maintenance: coagulation, flocculation, sedimentation, filtration, sludge removal, backwash etc; preparation of specification of chemicals needs for water treatment and disinfection.
  - Water quality monitoring, disinfection;

- Production and distribution operation: standard and techniques of service connections, water meter specification, pipe joint, cleaning & disinfection of pipelines, understanding nonrevenue water (NRW) and loss reduction activity, pipe repair standards and procedures, basic supervision practices, etc.
- (ii) Training to relevant pourashava staff in the following topics (indicative):
  - Aquifer properties and groundwater flow: well hydraulics and well design, well drilling, well development, well testing, well regeneration, pump and motor.
  - Pipeline Installation: standard and technique.
  - Rehabilitation and system Improvement.
  - Non-revenue water (NRW).
  - Leak detection methodology.
  - Surface water treatment: coagulation, sedimentation, filtration, disinfection, backwash, dosing of alum and chlorine, turbidity testing.

10. **O&M of sanitation, drainage, cyclone shelters, roads:** The Consultant will implement the most appropriate operation and maintenance strategies in order to make pourashava municipal infrastructure safe and sustainable. The Consultant will provide theoretical classroom training and on the job training to relevant pourashava staff on important O&M topics.

### C. Consultants Input and Staffing Requirements

11. The breakdown of consultant inputs is as follows:

Name of Positions	Person-months	
	International	National
<i>Project Management and Administration Support</i>		
1. Project Management Specialist/ Team Leader	30.0	
2. Municipal Infrastructure Engineer/ Deputy Team Leader		62.0
3. Finance Management Specialist/ Economist	2.0	7.0
4. Information Technology/ Management Information System Specialist		5.0
5. Monitoring and Evaluation Expert		27.0
6. Environmental Safeguards Expert		18.0
7. Social Safeguards Expert (Resettlement)		18.0
<b>Subtotal Output 4</b>	<b>32.0</b>	<b>141.0</b>
<i>Infrastructure and O&amp;M Support</i>		
1. Quality Control Specialist	1.0	4.0
2. Construction Supervision Engineers (8 national persons)		336.0
3. Water Supply O&M Engineer		6.5
4. Electro-mechanical Engineer		7.5
<b>Subtotal Output 1</b>	<b>1.0</b>	<b>354.0</b>
<b>Total</b>	<b>33.0</b>	<b>491.0</b>
<b>Grand Total</b>	<b>524.0</b>	

## PROJECT INTERNAL AUDIT CONSULTANTS (PIAC)

### A. Objectives of the consulting services

1. The Government of Bangladesh (GOB) intends to procure the services of a reputable A-listed Chartered Accounting consultant firm (“the Consultant/ PIAC”) to provide independent and objective internal auditing and post-procurement review services carried out to international standards on an annual basis throughout the project period. The Consultant will support the Project Management Unit (PMU) in the Local Government Engineering Department (LGED) (as Executing Agency and Project Proponent) in accomplishing its project objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the project’s governance, risk management, and internal control for the implementation of the ADB-supported Coastal Towns Environmental Infrastructure Project (CTEIP). The PMU manages, coordinates and monitors project activities. Eight *pourashavas* (coastal towns) are the implementing agencies with separate project implementing units (PIUs). LGED already has an in-house Internal Audit unit. Only the Internal audit of the project activities will be outsourced to the consulting firm. The selected firm will collaborate with the Head of Internal Audit of LGED and report at least annually to LGED’s Internal Audit Cell (AC) who reports to the head of agency, the Chief Engineer. The firm will also submit the Internal Audit Plan to the AC. Copies of Internal audit reports in English shall be provided to the Development Partners.

2. **Internal audits.** The purpose of the annual internal audit is to supplement any internal auditing functions of the government and provide additional assurance to the financial statements and budget management reports presented, to analyze areas of fiduciary concerns and focus on reviewing selected risk-areas each year including areas identified by annual reports of the Office of the Comptroller and Auditor General (CAG) and annual post procurement reviews (a subset of the internal audit), and to strengthen the PMU’s financial management and procurement systems and processes by implementing concrete recommendations of internal audit. Any other areas related to project management, if found necessary, can be taken up in the internal audit as agreed in the audit plan. The internal audit is a continuous process in the form of third party monitoring and validation. The internal audit will provide concrete recommendations for improvement and value addition in the proposed risk areas subject for review. The internal audit activity will govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*.<sup>2</sup> This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

3. **Post-procurement reviews.** The purpose of the post-procurement review is to provide additional assurance that the procurement process has been implemented in accordance with agreed GOB and ADB approved procedures in a transparent manner. These will be carried out as part of the annual internal audits. Procurement under the program is carried out in accordance with ADB procedures for international competitive bidding (ICB) and consultant recruitment and the national competitive bidding (NCB) procedures according to the Public Procurement Act, 2006, and Public Procurement Rules (PPR), 2008 subject to the NCB Annex to the ADB Procurement Plan and subsequent amendments. Specifically, the purpose of the post-procurement review is to examine the procurement process that ensures:

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<sup>2</sup> As published by the International Internal Audit Standards Board (IIASB).

- (i) The procurement procedures outlined in the Public Procurement Rules/ ADB's Guidelines and Project Administration Manual (PAM) are followed;
- (ii) Economy and efficiency have been achieved in the procurement process consistent with transparency;
- (iii) No inappropriate departures from agreed procedures and no fraud/corruption/collusion/coercion have been evident;
- (iv) Assets specified in procurement records provided by the relevant implementing agencies exist on-site at their office locations;
- (v) Broadly validate that the assets are used for the purpose for which they were acquired.

## B. Scope of work

4. The services will provide support to the LGED to conduct professional internal auditing services and post-procurement audit checks. Two stages of fiduciary oversight are described in Table A3.2.

**Table A3.2: Internal Audit Arrangement**

<b>Stages</b>	<b>Activities and Responsible Agencies</b>
I. Annual internal audit	<ul style="list-style-type: none"> <li>(i) LGED and ADB agree on the internal auditor's plan; the plan may include a review of follow-up of annual audits of the previous year, as required.</li> <li>(ii) The consultant will conduct an internal audit in consultation with LGED.</li> <li>(ii) LGED shares the annual internal audit report with ADB.</li> <li>(iii) LGED and ADB discuss the audit report recommendations</li> <li>(iv) LGED and ADB agree on the action plan and timeframe for addressing each recommendation which will be recorded in an Aide Memoire to ADB mission or an official communication.</li> </ul>
II. Post-procurement audit check	<ul style="list-style-type: none"> <li>(i) The consultant conducts a post-procurement audit check of awarded contracts as a sub-set of the annual internal audit.</li> <li>(ii) Findings of the post-procurement audit check are included as a stand-alone section of the annual internal audit report</li> <li>(iii) Agreed audit report recommendations and action plan are recorded in an Aide Memoire to ADB mission or an official communication.</li> </ul>

### 1. Scope of Internal Audits

5. The annual internal project audits of the PMU and eight PIUs will be conducted each year during the project period with a focus on selected areas that will be decided by the agreed internal auditor's plan.<sup>3</sup> This plan is agreed between LGED and ADB in the form of an ADB mission Aide Memoire or official communication. The plan should be submitted to LGED and ADB, and agreed by end of fourth quarter of the preceding year. The internal audit should include, but not necessarily be limited, to an assessment of the financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of

<sup>3</sup> The auditor will be provided with full access to all the books and records, as well as physical access to the project facilities.

accounting, financial and operational controls, and any needs for revision; level of compliance with established policies, plans and procedures; reliability of accounting systems, data and financial reports; methods of remedying weak controls or creating them where there are none; verification of assets and liabilities; and integrity, controls, security and effectiveness of the operation of the computerized system. The internal audit should review relevant reports from CAG annual audit reports, Quarterly Project Reviews, ADB Aide Memoirs, and findings of Post Procurement Reviews, and in particular, concerns in recurring observations from these audits, which are both general and specific to the PMU and PIUs. Some possible areas of focus for the internal audit for the duration of CTEIP:

- (i) Review of financial management and payment processing using project funds (donor funds and GOB funds);
- (ii) Review of cashbooks, ledgers and PMU's financial management.
- (iii) Internal controls over payroll processing, HR management, project planning processes,
- (iv) Other issues arising from CAG annual audit reports.
- (v) Post review of large procurements (anything over \$1 million or subject to ICB)
- (vi) Monitoring and evaluating the effectiveness governance processes.
- (vii) Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by LGED, ADB, or other donors associated with the project.
- (viii) Evaluating specific operations at the request these parties, as appropriate.

## **2. Scope of Post-Procurement Reviews**

6. For each awarded contract package, the key elements of the post-procurement review will be to:

- (i) Verify compliance with the outlined procurement procedures as indicated in the latest version of the Public Procurement Rules, subject to the modifications in the NCB Annex. When judgment was exercised, the consultants must comment on whether it was exercised reasonably. The consultants will also identify contracts with deviations that warrant consideration for declaring misprocurement;
- (ii) Establish whether the documentation and record keeping systems which are in place are adequate for ensuring the post procurement review requirements; for example, whether records are systematically maintained and are acceptable. At locations, where a complete record of contracts is not being maintained, assist them in starting a system to meet this important requirement. Also identify general issues related to the procurement process and systems and provide recommendations for improvement.
- (iii) Verify whether goods and works exist at intended locations and are being used for the purposes for which they were acquired.

7. The post review in the field on a representative sample basis should cover a review of the following related documentation:

- (i) Procurement
  - Invitation of bids, advertising procedures and bidding period
  - Bidding documents and addenda
  - Sale of bidding documents, pre-bid meeting
  - Receipt and opening of bids

- Bid evaluation and recommendations for award of the contract
- Conclusion of contract
- Time taken for processing of the various procurement actions
- Material modifications to the contract during execution and the increase in the value of contract
- Letter of Credit
- Supplier's invoice and certificate of origin
- Shipping or import documents and inspection certificates
- Evidence of receipt of goods
- Recurrent costs record
- Authorization for payment
- Evidence of payment/bank statements, acknowledgement of payee
- Accounting records of approval, disbursement, and balance available
- ADB and GOB procurement plans in effect at the time of bidding
- Where goods have been returned, evidence that refunds have been made by suppliers and corresponding adjustments made in subsequent applications

(ii) Consulting Services

- Invitations for Expressions of Interest, advertising procedures, submission period
- Evaluation criteria and shortlisting
- Budget
- Issuance of RFP and terms of reference, evaluation criteria, addenda
- Pre submission meetings
- Receipt and opening of technical proposals, evaluation
- Opening of financial proposals and evaluation
- Contract negotiations and award
- Time taken for each activity
- Billing and payments
- Submission of reports

8. The documents shall be examined to ensure that each payment in the selected sample (including authorization for payment) is properly supported. Assets acquired under the contracts are to be inspected. This selection of assets for inspection shall be influenced by the following factors:

- (i) Level of comfort obtained during the review of contract [s];
- (ii) Nature of asset [s];
- (iii) Value of asset [s]; and
- (iv) Professional judgment.

9. Based on the findings, the consultants will verify with the PMU and PIUs to obtain their views and concurrence with respect to the areas that need improvements and agree on the approach and strategies to implement measures to improve the existing system. Consequently, the consultants will prepare a proposal for system improvement for each implementing agency.

10. The consultants will conduct comprehensive needs assessments of concerned staff in the PMU and PIUs and prepare a comprehensive proposal for capacity development including

training requirements for each staff or group of staff -- especially on the job training -- with clear guidelines and directives.

11. Distortions in the procurement process are frequently manifested in one or more of the situations listed below. If patterns are identified in a series of contracts which reflect any of the distortions, one or more of the contracts in the series should be selected for more detailed review in the review:

- (i) low participation of bidders and reduced competition;
- (ii) one or more bidders winning a disproportionate amount of contracts in a program over time;
- (iii) bid prices consistently over cost estimates and/or current market prices;
- (iv) significant number of changes from bid to contract award and to final completion; and
- (v) significant and recurring increases in the final contract price over the original bid price and/or the original contract price.

### C. Qualification Criteria, Consultants Input, and Staffing Requirements

12. The assignment will be undertaken by an A-rated chartered accounting firm (A-rated by Bangladesh Bank) who will employ adequate staff with appropriate professional qualifications and suitable experience with the International Federation of Accountants standards, in particular the International Internal Audit Board standards, and internal audit standards of the International Organization of Supreme Audit Institutions, and with experience in performing assessments of programs comparable in size and complexity to CTEIP.

13. In general, the auditors must fulfill the following criteria:

- (i) Impartial and independent of the control of the entity to be audited and of the person or entity appointing them. In particular, auditors must not be otherwise employed by; serve as directors of; or have family, financial, or close business relationships with the entity during the period covered by the audit.
- (ii) Well-established and reputable; use procedures and methods that conform to agreed international auditing standards (see above); and employ adequate numbers of staff with the required qualifications, experience, and competence.
- (iii) Be able to demonstrate experience in auditing accounts and financial statements for projects and entities comparable in type, nature, and complexity to the assignment to be undertaken.
- (iv) Propose (and assign) the audit work to personnel who have the necessary capabilities to complete it competently and on time.

14. Specific staffing qualifications are as follows:

- (i) **Financial Audit Specialist and Team Leader** (national, 12 person-months). The team leader nominated by the firm shall: (a) have eight years of professional experience in internal audits of projects or entities; (b) a graduate degree in a relevant discipline and a certified accountant; (c) be a member of a recognized accountancy professional body, preferably the Institute of Internal Auditors (IIA); (d) have demonstrated professional experience with the GOB's financial management system, procedures, and regulations applying to central government, district, and upazila (block) levels; (e) have demonstrated professional experience undertaking financial, compliance, and performance audits including design, management, and implementation of surveys; (f) have demonstrated professional team leadership experience, organizational,



communication, relational, and report writing skills; and (g) have an excellent command of the English language.

- (ii) **Financial Audit Experts** (2 national, 20 person-months total (10 PM each). The specialists shall (a) be certified accountants and (b) preferred 5 years of demonstrated professional relevant working experience, preferably in government-executed donor-funded projects, as accountants in Bangladesh. Demonstrated experience with financial management reviews in accordance with professional accountancy standards.
- (iii) **Procurement Specialist** (national, 10 person-months). The specialist shall: (a) have eight years of professional experience in procurement (b) have a graduate degree in engineering discipline; (c) be a member of a recognized professional engineering body in which he/she is qualified; (d) have demonstrated professional experience with the GOB's procurement systems, procedures, and regulations; (e) have demonstrated professional experience with the ADB or similar donor's procurement systems, procedures, and regulations; (f) preferably with experience undertaking procurement reviews; (g) demonstrated report writing skills with command of the English language.

15. The breakdown of consultant inputs is as follows:

Name of Positions	Person-months*
	<b>National</b>
1. Financial Audit Specialist/Team Leader	12
2. Financial Audit Expert (X2)	20
3. Procurement Specialist	10
<b>Total</b>	<b>36</b>

\*Note: inputs are intermittent

#### D. Reporting and Monitoring

16. The selected firm will collaborate with the Head of Internal Audit of LGED and report at least annually to LGED's Internal Audit Cell who reports to the head of agency, the Chief Engineer. The firm will also submit the Internal Audit Plan to the Internal Audit Cell. The annual internal audits will commence in 2015. Audit Plan should be submitted by xxxx. Submission of annual audit reports presenting outcomes from the above tasks including a summary of recommendations, actions for follow-up, timeframe for when they should be completed an indication of the responsible entity/unit is due by Q3 of same year. Internal audit results will be communicated to the LGED's management and responsible ADB project officer. ADB and LGED can assess the consultant's outputs in tandem with the government's internal audit results. The results of the annual internal audits would be discussed by the GOB and ADB each year. LGED's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) of the final audit report should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. The agreed actions can be either documented in an official correspondence or an Aide Memoire. The consultant will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

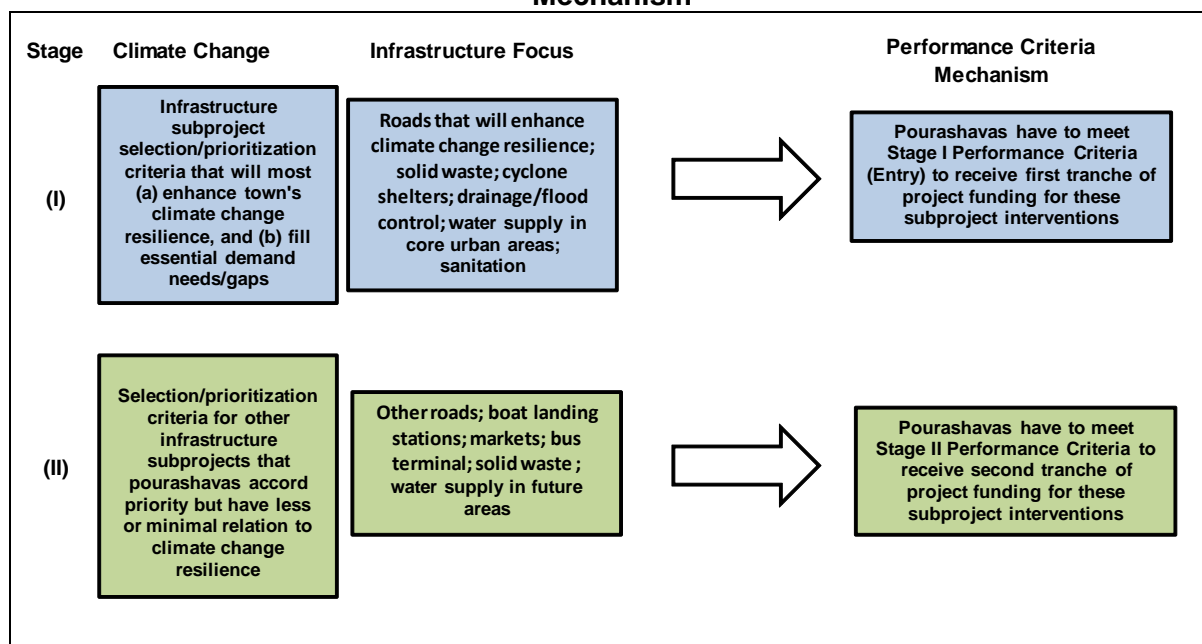
17. The following deliverables are expected:
- (i) Draft annual audit report (by Q2 of 20XX)
  - (ii) Final annual audit report (by Q3 of 20XX)

## APPENDIX 4: SUBPROJECT SELECTION CRITERIA

### A. Introduction

1. Subprojects under Coastal Towns Environmental Infrastructure Project (CTEIP) will be selected based on their contribution to building resilience (i.e., reducing exposure and sensitivity) to future climate change and natural disasters.
2. Resilience in this context is defined as the capacity of a town to reduce damages and quickly recover from future climate related or disaster events. This is achieved by reducing a town's exposure and sensitivity through investments in climate resilient infrastructure and building human capacity to adequately plan and respond.
3. Release of project funds to the *pourashavas* will be administered under a 2-stage process linked to demonstrated performance of agreed performance criteria (Appendix 5 of PAM), whereby the project *pourashavas* have to meet certain institutional capacity and governance criteria to receive funding. Infrastructure subprojects therefore need to be divided between Stage I funding and Stage II funding (Figure 1).

**Figure 1: Infrastructure Subproject Selection with Relation to Performance Criteria Mechanism**



4. Investments under Performance Criteria Stage I will include those infrastructure components considered critical for building climate change resilience such as: (i) water supply for existing core urban areas, (ii) sanitation, (iii) drainage and flood control, (iv) solid waste management, (v) cyclone shelters, and (vi) roads, bridges and culverts which will enhance climate change resilience through improved connectivity and access to emergency services in the event of disasters caused by natural hazards.
5. Investments under Performance Criteria Stage II will include: (i) water supply for future planned development areas; (ii) other priority roads, bridges, and culverts, (iii) boat landing stations, (iv) markets, (v) bus terminals, and (vi) solid waste management.

6. The criteria categories to be considered are:
  - (i) Technical criteria
  - (ii) Economic criteria (EIRR >12%)
  - (iii) Social criteria
  - (iv) Environmental criteria
  - (v) Financial and institutional criteria (for O&M)

## **B. Technical Criteria**

### **1. General**

- (i) The subproject will cover those services that are critical for basic human need but vulnerable due to climate change.
- (ii) The subproject which will help reducing damages through construction of protective infrastructure.
- (iii) The subproject will be aligned with Master Plan findings to the extent possible<sup>1</sup> and any subsequent changes thereafter, with priority given to strengthening and optimum utilization of the existing system.
- (iv) The subproject will be technically sound and preliminary design will have been prepared. The subproject will be designed and executed in accordance with relevant engineering standards.

## **C. Sector Specific**

### **1. Roads**

7. For Stage I investments, the selection of roads will consider the following considerations:
  - (i) Roads leading to existing and planned cyclone shelters, or any other establishment used as a shelter during disasters.
  - (ii) Roads used for key public safety and health care facilities for post-disaster response.
  - (iii) Roads which are critical for emergency evacuation during disaster.
  - (iv) Access roads for emergency services, and provision of post-disaster recovery and reconstruction goods (relief workers, food, medical supplies, etc.).
  - (v) Roads contributing to flood defences for vulnerable areas.
  - (vi) Roads that are frequently inundated due to floods.
  - (vii) Roads serving slum areas.
8. For Stage II investments, the selection of roads will consider the following considerations:
  - (i) Roads that pass through densely populated, commercial areas.
  - (ii) Roads leading to boat landing stations, bus terminals, public transport facilities.
  - (iii) Roads that connect to other main urban centers.
  - (iv) Roads that have existing drainage and culverts.

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<sup>1</sup> It should be noted that no consideration is given to climate change resilience in the Master Plans. Since climate change resilience is an overriding theme of CTEIP, subprojects which have a strong climate change resilience element but are not included in the Master Plan may be selected for CTEIP.

9. If the cost of the proposed subprojects exceeds the total budget available it is expected that the scope will be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.1).

## **2. Bridges**

10. Subprojects for bridges will usually include the repair, reconstruction, upgrading or relocation of existing bridges. If justified, new bridges can also be included. Considerations should be:

- (i) Bridges are part of the roads which are selected for Stage 1 investment and critical for emergency evacuation during disasters.
- (ii) Physical condition and type of existing bridge.
- (iii) Number of population that will be served by the proposed bridge.
- (iv) Type and quantity of vehicles that will be served by the proposed bridge.
- (v) Economic growth will be enhanced by the bridge.

11. If the cost of the proposed subprojects exceeds the total budget available it is expected that the scope will be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.2).

## **3. Cyclone Shelters**

12. Selection criteria:

- (i) The site for cyclone shelter should be in the area vulnerable to cyclone damage.
- (ii) The site should be located within or very close to the locality.
- (iii) The site must be prioritized in educational, institutional or commercially let compound where the concerned authority has no objection.
- (iv) The site should be selected in the area where significant numbers of population live.
- (v) The site has no or minimal land acquisition requirement.

13. If necessary, the scope can be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.3).

## **4. Boat Landing Stations (BLS)**

14. Selection criteria:

- (i) Existing landings are deficient;
- (ii) The embankment is generally suitable for a BLS and does not require substantial protection;
- (iii) The BLS will not encroach into existing shipping or boat lanes;
- (iv) The site has access to a main road;
- (v) For passenger BLSs, minibus access is possible;
- (vi) For cargo BLSs, truck access is possible.

15. If necessary, the scope can be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.4).

## **5. Markets**

16. Selection criteria:

- (i) The market has economical potential which earns significant revenue.
- (ii) The connectivity (road, river etc) is easy and sufficient.
- (iii) The site possesses sufficient land for providing sanitation facilities.
- (iv) Revenue will be increased after improvement.
- (v) The site has no or minimal land acquisition requirement.

17. If necessary, the scope can be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.5).

## **6. Bus /Truck Terminal**

Selection criteria:

- (i) The bus/truck terminal has economic potential which earns significant revenue.
- (ii) The site should have sufficient land for future development.
- (iii) The site must be far from core town area.
- (iv) Revenue will be increased after improvement/new construction.
- (v) Land for the terminal should have no dispute and no or minimal land acquisition requirement.

## **7. Solid Waste Landfill Sites**

Site selection criteria:

- (i) Locate at least 500 meters from any dwelling and at least 2 km distance from any urban area and, in locations where no urban expansion is expected in the next 20 years, so that people are not affected by odour or other nuisance from the site;
- (ii) Not cause any pollution to surface or ground water;
- (iii) Locate at least 500 meters from any water course and avoid areas which flood regularly.
- (iv) Locate landfills at sites where there is no risk of flooding or other hazards that might impair functioning of the site and present a risk of damage to the site or its environs;
- (v) Have a groundwater table at least 3 meters deep with the direction of drainage checked to ensure that leachate will not pollute the water table;
- (vi) Not be located in, or impact upon, environmentally sensitive areas, such as coastlines, wetlands or forests;
- (vii) Have suitable impervious soil such as clay;
- (viii) Be on non-agricultural land.
- (ix) The site should have no or minimal land acquisition requirement.
- (x) Have good quality road access to minimize vehicle wear and tear;
- (xi) Have sufficient cover material;
- (xii) No land ownership or acquisition problems;
- (xiii) Minimize haulage distance;
- (xiv) Have a potential for re-use.

18. If necessary, the scope can be prioritized based on the criteria outlined in “Key Design Parameters and prioritization criteria (Attachment, Table A4.6).

## **8. Drainage and Flood Control**

19. Drainage and flood control works will be under Stage I, and there will not be any Stage 2 subprojects, i.e. that do not contribute directly to climate-resilience. This is because all the drainage and flood control subprojects implemented under the Project will mitigate the effects of climate change in communities, and thus contribute to improving their climate resilience.

20. Eligible subprojects will comprise repair and upgrading or construction of the following drainage infrastructure which will help reduce damages from flooding and storm surge, provided it is or will be the responsibility of the pourashava only.<sup>2</sup>

- (i) Main drains
- (ii) Side drains
- (iii) Outfalls and associated structures, etc.
- (iv) Minor embankments<sup>3</sup>
- (v) Pumping stations, pumps and power back to meet emergency climate change adoption need.

21. As required, works to existing Main Drains and Side Drains will include one or more of:

- (i) cleaning, dredging, re-excavation, realignment, removing encroachments, channel widening,
- (ii) bed and/or embankment lining, raising wall or embankment levels, repairing or providing drain covers,
- (iii) reconstructing or constructing retaining structures, culverts, bridges,<sup>4</sup>
- (iv) improving outfalls and control structures,
- (v) repair or construction of maintenance access.

22. As appropriate, structures may be 'hard', i.e. concrete, steel, etc., or 'soft', i.e. flexible. The latter will mainly comprise earth-based structures, protected or reinforced by vegetation, geotextile, timber, etc.

23. No river training works will be included under the project.

24. Where appropriate subprojects may be implemented outside of polders, e.g. to serve slum communities settled on newly deposited land, etc. However, this infrastructure will not be protected against the effects of storms, and should not be prohibitively expensive to replace if and when they are lost because of a storm, erosion, etc.

25. If the cost of the proposed subprojects exceeds the total budget available it is expected that the scope will be prioritized based on the criteria outlined in "Key Design Parameters and prioritization criteria (Attachment, Table A4.7) to prioritize those that will result in the greatest benefits, especially with respect to their contribution to climate change resilience. All subprojects will be reviewed to ensure they will contribute effectively to mitigation of the effects of climate change.

<sup>2</sup> BWDB is responsible for other key flood defence infrastructure that is important for achieving the climate-resilient communities envisaged by the Project. These mainly comprise river embankments and associated structures, e.g. outfalls, flood etc.

<sup>3</sup> To subdivide existing catchments/polders - where feasible, the main objective being to reduce impacts in important areas by retention of floodwater and controlled discharge from areas where the impacts are less serious. ,

<sup>4</sup> Any culverts, bridges, etc., required as part of a road improvement subproject will be designed to meet the requirements of the drainage and flood control system but will be financed through road subproject.

**9. Water Supply**

- (i) Demand for new or improved piped water supply: Priority areas for Stage I would be:
  - Unserved (or underserved) core urban areas.
  - Slum areas.
  - Priority areas for Stage 2 would be economically important future urban development areas.
- (ii) Design considerations:
  - Water quality meets government drinking water quality standards.
  - 24-hour supply.
  - 100% metered household connections with volumetric tariff system established
  - Shared connections in slum areas as appropriate.
- (iii) Water source:
  - Groundwater is the preferred source if water quality meets Bangladesh drinking water standards, and there is sufficient abstraction potential.
  - Surface water source when the groundwater source is saline.
  - If surface water, river salinity throughout the year must be within the Bangladesh water quality limits.
- (iv) Climate change considerations:
  - Location of abstraction points.
  - Structural protection of facilities from future floods.
  - Locate WTP at sites where there is no risk of flooding or other hazards that might impair functioning of the plant or present a risk of damage to the plant or its environs;
  - Additional storage for supplying during any disaster/ crisis
  - Standalone power back up for treatment plants or pumping stations
- (v) Environmental/resettlement considerations
  - Avoid using water sources that may be polluted by upstream users;
  - Avoid water-use conflicts by not abstracting water that is used for other purposes (e.g. irrigation);
  - Locate pipelines within the right of way (ROW) of other linear structures (roads, irrigation canals) as far as possible, to reduce the acquisition of new land;
  - Ensure that pipeline routes do not require the acquisition of land from individuals in amounts that are a significant proportion of their total land holding (>10%).

**10. Sanitation**

- (i) Demand for sanitation facilities:
  - Public toilets in strategic locations such as bus terminals, recreation areas, commercial centers.
  - School toilets where nonexistent or existing facilities are inadequate/inappropriate.
  - Community latrines for slum/ low-income areas.

- (ii) Collection and treatment of septage:
  - Desludging equipment.
  - Septage treatment plant (land required, less than for solid waste landfill).
  - Biogas.
- (iii) Toilet design considerations
  - Toilets should be designed based on cultural acceptability, land availability (onsite versus offsite treatment), ground water level, O&M requiring less capacity and cost.
  - Community toilets should be designed with the active participation of communities in the assessment and planning.
  - Toilets should be designed as much as possible based on the availability of local materials. A link between the pourshava, producer, supplier and community should be developed
- (iv) Collection and treatment of septage:
  - Desludging equipment to be provided for pourshavas.
  - Septage treatment plant required. Where land not available, onsite system with high treatment efficiency (twin pits or improved septic tanks) should be implemented.
- (v) Climate change considerations
  - To avoid risk of flooding or other hazards, the plinth of the toilets should be kept more than 0.8 m from the ground level (GL).
  - To avoid contamination during flood the sludge tank should be placed, preferable above the GL
  - Onsite treatment of sludge will be provided with the toilets
- (vi) Environmental considerations
  - Ensure that the site selection for the septic tank or any other treatment method proposed is not close to water intake or water usage points, or areas prone to flooding or water logging;
  - Ensure no immediate downstream drinking water intakes.

#### **D. Economic Criteria**

26. The subproject should have an economic internal rate of return of at least 12% or it should be the least-cost technical option of providing the particular service.

#### **E. Social Criteria**

27. The subproject will, to the extent possible, not require land acquisition or resettlement (which includes the displacement of squatters or encroachers from the rights of way). The subprojects which entail involuntary resettlement will be avoided; and government land will be preferred for creating new infrastructure or laying pipes or drainage channels.

28. If land acquisition or involuntary resettlement is required for a subproject, a Resettlement Plan will be prepared and implemented in accordance with applicable laws and regulations of the State Government, ADB's Safeguard Policy and the agreed Resettlement Framework.



If any indigenous peoples/scheduled tribes are likely to be affected significantly by a subproject, an Indigenous People Development Plan will be prepared and implemented in accordance with the ADB's Safeguard Policy.

## F. Environmental Criteria

29. The subprojects will comply with environmental requirements specified in ADB's Safeguard Policy and those specified in Country's environmental regulations, including legislations and standards. The subprojects in or near environmentally sensitive locations, including sites with national or international designation for nature conservation, cultural heritage, or any such reason, will be avoided. Environmental assessment of individual subprojects will be carried out and mitigation measures identified during the assessment will be implemented in accordance with Environmental Assessment and Review Framework.

## G. Financial and Institutional Criteria

30. Subprojects must demonstrate financial and institutional sustainability; this will be demonstrated by a 5-year horizon plan. The plan must address O&M cost, sources of funds i.e, State support and user charges, O&M staffing needs and service level targets agreed with the urban local bodies.

**ATTACHMENT: PRIORITIZATION MATRIX**  
**Table A4.1: Scoring Matrix (Weight) for Prioritization of Selected Roads**

Criterion	Weight Max. score)	Indicator	Score Range
<b>Stage I (first)</b>			
1. Road connects existing and planned cyclone shelters directly (beside road), and other infrastructure used as shelters during disasters.	10	Yes No	10 5
2. Road connects key public safety and health care facilities for post-disaster response.	10	High Moderate Minimum	10 6 3
3. Road can be used for emergency services and provision of post-disaster recovery and reconstruction goods.	10	High Moderate Minimum	10 6 3
4. Road will contribute to flood defences for vulnerable area and slums.	10	High Moderate Minimum	10 6 3
5. Occurrence inundation occurs due to floods.	10	Once a year More than once a year	10 5
Total=	50		
<b>Stage II (second)</b>			
1. Road passes through (i) densely populated and/or (ii) commercial areas.	10	High (both) Moderate (single)	10 6
2. Road connects bus terminals, public transport facilities	10	High Moderate	10 6
3. Road connects to other main urban centers.	10	High Moderate	10 6
4. Roads that have existing drainage and culverts.	10	High Moderate	10 6
Total=	40		

**Table A4.2: Scoring Matrix (Weight) for Prioritization of Selected Bridges**

Criterion	Weight (Max. score)	Indicator	Score Range
1. Existing physical condition and type of bridge.	20	Damaged bridge Bridge for non-motorized vehicles. Foot-bridge with sleepers Wooden or bamboo bridge	20 15 10 5
2. Population that will be served by the proposed bridge.	10	High Significant	10 6
3. Possible numbers of vehicles that will use the bridge.	10	High Significant	10 6
4. Economic growth will be increased by the bridge.	10	High Significant	10 6
<b>Total =</b>	<b>50</b>		

Note: If the total score is greater than 25, the bridge subproject will be included in Stage I implementation.

**Table A4.3: Scoring Matrix (Weight) for Prioritization of Selected Cyclone Shelters**

Criterion	Weight (Max. score)	Indicator	Score Range
1. Distance of existing cyclone shelter from proposed cyclone shelter.	10	None /over 1 km Over 500 m Within 500 m	10 5 0
2. Substantial amount of people living outside the embankment will be served.	5	Yes No	5 0
3. Location of proposed cyclone shelter with respect of locality.	10	Within 250m Between 250m to 500m	10 6
4. Site has multipurpose use potential.	15	Yes No	15 0
5 Land acquisition	10	No Yes	10 0
<b>Total =</b>	<b>50</b>		

**Table A4.4: Scoring Matrix (Weight) for Prioritization of Selected Boat Landing Stations**

Criterion	Weight (Max. score)	Indicator	Score Range
1. Condition of proposed site for Boat Landing Station (BLS).	10	Existing site with damaged / no infrastructure New site.	10 5
2. Road connectivity with the proposed BLS.	10	High Moderate	10 5
3. The feature of the river for sustainability of the BLS.	10	Suitable Moderately so	10 5
4. The BLS will be used for passengers and /or goods.	10	Multipurpose. Single-purpose.	10 5
<b>Total =</b>	<b>40</b>		

**Table A4.5: Scoring Matrix (Weight) for Prioritization of Selected Markets**

Criterion	Weight (Max. score)	Indicator	Score Range
1. Condition of proposed site for Market.	10	Existing site with damaged / no infrastructure New site.	10 5
2. Road connectivity with the site.	10	Well connected Poor connected	10 5

Criterion	Weight (Max. score)	Indicator	Score Range
3. The site has sufficient land for providing sanitation facilities.	10	Yes No	10 0
4. The market will be used for multi-purpose business.	10	Multipurpose. Single-purpose.	10 5
5. Land acquisition	10	No Yes	10 5
<b>Total =</b>	<b>50</b>		

**Table A4.6: Scoring Matrix (Weight) for Selection of Solid Waste Landfill Sites**

Criterion – Proposed site is	Weight (Max. score)	Indicator	Score Range
1. located at least 500m from dwellings and water courses	15	Yes No	15 0
2. in an area that is not flooded regularly	10	Yes No, but can be protected by a bund No, and can't be protected	10 5 -10
3. has a water table depth greater than 2m below land surface	10	Yes No, but a double lining is possible No, as water table is too high	10 5 -10
4. has existing vehicle access	5	Yes No	5 0
5. has cover material is available	5	Yes No	5 0
6. not on agricultural land	5	Yes No	5 0
7. owned by government and land acquisition not required	10	Yes No	10 0
<b>Total =</b>	<b>60</b>	<b>Score of 40 to be selected</b>	

**Table A4.7: Screening Matrix for Drainage and Flood Control Subprojects**

No.	Criteria	Maximum weighted score	Impact, change, etc.	Score
1.	% of urban households (HHs) directly benefitting	20	>75% 50-75% 25-49% 5-25% <5%	20 15 10 5 0
2.	Financial benefits – reduction in scale & frequency of damage and repairs to physical assets, e.g. key services & infrastructure, properties, cultural & social assets, etc.	14	<75% 50-75% 25-49% 5-25% <5%	14 11 7 3 0
3.	Economic benefits – reduction in scale & frequency of economic and trading losses to individual livelihoods, commerce, businesses, agriculture, etc.	12	<75% 50-75% 25-49% 5-25% <5%	12 9 6 2 0
4.	Social benefits – reduction in scale & frequency of negative impacts on living practices/lifestyles, health, education, access to essential &, emergency services, socio-cultural facilities, poor, women & children, etc.	10	<75% 50-75% 25-49% 5-25% <5%	10 7 4 2 0
5.	Contribution to climate change resilience of pourashava	16	major, wide-scale significant moderate	16 12 8

No.	Criteria	Maximum weighted score	Impact, change, etc.	Score
			limited, localized none	3 0
6.	Per HH capital cost	6	< \$50 per HH \$50-\$100 > \$100 per HH	6 3 0
7.	O&M requirements: resources & skills, scale, frequency, cost, etc.	10	limited resources & skills, small-scale, infrequent, etc. moderate resources & skills, scale, frequency, etc. major resources & skills, large-scale, frequent, etc.	10 5 0
8.	Compatibility with Pourashava master plan/CDTA	3	compatible not compatible	3 0
9.	Scale & duration of resettlement required: loss of dwelling, business, land, temporary, permanent	9	>20 HHs, etc., or, if more, only temporarily affected 21-200 HHs, etc., or, if more, mostly temporarily affected >200 HHs, etc., permanently affected	9 4 0
<b>Maximum total score</b>		<b>100</b>		

## APPENDIX 5: PERFORMANCE CRITERIA

1. Instructions: Towns wishing to access Stage 1 and Stage 2 investments need to fulfill relevant performance criteria below. For Stage 1, a town must fulfill the criteria within 6 months of commencement of capacity building support.<sup>1</sup> For Stage 2, a town must fulfill the criteria within 1.5 years of the completion of Stage 1. A pourashava performance review committee will be formulated in LGD to assess compliance with the criteria. Towns will receive capacity support from consultants. A signed Partnership Agreement (Annex 1) submitted to the PMU is a pre-condition for entry to Stage 1.

### STAGE 1

	Activity	Performance Indicators	Capacity Support <sup>2</sup>	Score
<b>A. Strengthened Climate Change -Disaster Resilience</b>				
A.1	Establish Standing Committee (SC) for Disaster Management as per Section 3, Chapter 2, Article 55 of the Local Govt. (Pourashava) Act, 2009.	<ul style="list-style-type: none"> <li>• Submit copy of draft resolution by <i>pourashava</i> with list of members and TOR. The TOR to clarify role of SC and <i>pourashava</i> in disaster management, early warning systems, and emergency/evacuation planning.</li> <li>• Submit copy of draft public announcement</li> </ul>	Help <i>pourashava</i> in preparing resolution. Prepare the TOR of the committee and help organize first meeting and prepare and disclose minutes. Ensure active participation of women and poor targeting 33% representation during committee meetings.	1 point
<b>B. Strengthened Citizen Participation and Social Accountability</b>				
B.1	Establish Town-level Coordination Committee (TLCC) and Ward Level Coordination Committee (WLCC) as per Section 5, Chapter 2, Article 115 (1) and Section 2, Chapter 2, Article 14(2) of the Local Govt. (Pourashava) Act, 2009 respectively.	<ul style="list-style-type: none"> <li>• Submit copy of official notice establishing TLCC and WLCC with TORs</li> <li>• Submit copy of minutes prepared which were publicly disclosed.</li> </ul>	Help organize meetings and prepare and disclose minutes. Ensure TLCC and WLCCs are working as per their TORs. Ensure active participation of women and poor targeting 33% representation during committee meetings. .	1 point
B.2	Establish Grievance Redress Cell (GRC)	<ul style="list-style-type: none"> <li>• Submit copy of official notice establishing a grievance redress cell with membership and procedures.</li> <li>• Photo of complaint drop box in <i>pourashava</i> office</li> </ul>	Prepare the procedures of the GRC in consultation with <i>pourashava</i> , and help establish drop box. Provide TOR and guidance in effectively addressing grievances as per	1 point

<sup>1</sup> For Batch 1 towns, mobile support capacity teams were mobilized on 16 June 2016. Compliance with Stage 1 is required by 15 December 2016.

<sup>2</sup> Batch 1 towns receive support from mobile support teams under PPTA and can support Batch 2 towns if their work under Batch 1 is complete. Batch 2 towns will receive capacity support under the loan.

	Activity	Performance Indicators	Capacity Support <sup>2</sup>	Score
			procedures. Help <i>pourashava</i> notify public of GRC.	
B.3	Participatory Budget Process	<ul style="list-style-type: none"> <li>•Municipal budget discussed in TLCC meeting.</li> <li>• Submit copy of minutes prepared which were publicly disclosed</li> </ul>	Help organize first meeting and help prepare and disclose minutes. Ensure active participation of women and poor.	1 point
B.4	Poverty Reduction Action Plan (PRAP)	<ul style="list-style-type: none"> <li>•Initiate preparation of PRAP with budget requirement and source of fund</li> <li>• Submit report to PMU outlining activities taken to prepare and finalize PRAP.</li> </ul>	Prepare PRAP in consultative process including budget requirement and source of fund to be adopted by council and available to public. PRAP to be approved by <i>pourashava</i> Poverty-Gender Committee formed with assistance of consultants including TOR preparation.. Prepare and submit report to PMU.	1 point
B.5	Gender Action Plan (GAP)	<ul style="list-style-type: none"> <li>•Initiate preparation of GAP with budget requirement and source of fund</li> <li>• Submit report to PMU outlining activities taken to prepare and finalize GAP.</li> </ul>	Prepare GAP in consultative process including budget requirement and source of fund to be adopted by council and available to public. GAP to be approved by <i>pourashava</i> Poverty-Gender Committee formed with assistance of consultants including TOR preparation. Prepare and submit report to PMU.	1 point
<b>C. Improved Municipal Planning, Service Delivery, and O&amp;M</b>				
C.1	Establish a dedicated <i>pourashava</i> Water Supply and Sanitation Section (PWSSS) in Engineering Section	Submit copy of draft resolution from <i>pourashava</i> establishing a separate (stand-alone) PWSSS in the engineering section with clear organogram and TOR.	Help <i>pourashava</i> in preparing resolution. Assist and advise the <i>pourashava</i> in establishing the PWSSS in consultation with DPHE and LGD.	1 point

	Activity	Performance Indicators	Capacity Support <sup>2</sup>	Score
C.2	Annual O&M Plan	<ul style="list-style-type: none"> <li>Initiate preparation of Annual O&amp;M Plan with budget requirement and source of fund. O&amp;M plan to include a tariff reform plan.</li> <li>Submit report to PMU outlining activities taken to prepare and finalize O&amp;M Plan and tariff reform plan.</li> </ul>	Prepare O&M Plan including budget requirement and source of fund to be adopted by council and available to public. Prepare and submit report to PMU.	1 point
<b>D. Strengthened Municipal Financial Management</b>				
D.1	Computerization of financial accounts and billing	<ul style="list-style-type: none"> <li>Submit copy of resolution in <i>pourashava</i> to establish a computerized accounting system</li> <li>Submit assessment report of existing situation with action plan for achieving full computerization.</li> </ul>	Help pourashava adopt a resolution. Submit assessment report of existing situation, with TOR, budget, procurement requirements, and time-bound action plan for achieving full computerization.	1 point

## STAGE 2

	Activity	Performance Indicators	Capacity Support	Score
<b>A. Strengthened Climate Change -Disaster Resilience</b>				
A.1	Standing Committee (SC) for Disaster Management operating as per TOR.	<ul style="list-style-type: none"> <li>Submit copy of official resolution establishing the SC.</li> <li>Meets at least twice a year and functioning effectively as per TOR.</li> <li>Meetings publicly announced with active participation of women and poor.</li> <li>Minutes prepared and publicly disclosed.</li> <li>Submit copy of public announcement for meeting</li> <li>Submit copy of meeting minutes prepared which were publicly disclosed.</li> </ul>	Help SC organize meetings and prepare minutes.	1 point
<b>B. Strengthened Citizen Participation and Social Accountability</b>				
B.1	Town-level Coordination Committee (TLCC) and Ward Level Coordination Committee (WLCC) functioning effectively	<ul style="list-style-type: none"> <li>Meets at least quarterly and functioning effectively as per TOR.</li> <li>Meetings publicly announced with active participation of women and poor.</li> <li>Minutes prepared and publicly disclosed.</li> <li>Submit copy of public announcement for meeting</li> <li>Submit copy of meeting minutes prepared which were publicly disclosed.</li> </ul>	Help SC organize meetings and prepare minutes and circulate among the members.	1 point
B.2	Grievance Redress Cell (GRC) functioning effectively	<ul style="list-style-type: none"> <li>GRC receives and addresses complaints/grievances as per procedures</li> <li>Submit report to PMU</li> </ul>	Facilitate GRC in receiving and addressing complaints as per	1 point

	Activity	Performance Indicators	Capacity Support	Score
		summarizing complaints received, measures to resolve, and status of complaint. • Ensure activities of GRC are properly recorded and implemented.	procedures. Assist in preparing report.	
B.3	Participatory Budget Process functioning effectively	<ul style="list-style-type: none"> <li>• Ensure budget discussed in TLCC meeting</li> <li>• Minutes prepared and publicly disclosed.</li> <li>• Submit copy of public announcement for meeting</li> <li>• Submit copy of meeting minutes prepared which were publicly disclosed.</li> <li>• Ensure the decision of the TLCC meeting in respect of budget making are duly reflected/endorsed</li> </ul>	Assist in announcing the meeting.	1 point
B.4	Poverty Reduction Action Plan (PRAP)	• Submit copy of officially endorsed PRAP supported with budget and clear fund source identified.	Prepare PRAP including budget requirement and source of fund to be adopted by council and available to public.	1 point
B.5	Gender Action Plan (GAP)	• Submit copy of officially endorsed GAP supported with budget and clear fund source identified.	Prepare GAP including budget requirement and source of fund to be adopted by council and available to public.	1 point
<b>C. Improved Municipal Planning, Service Delivery, and O&amp;M</b>				
C.1	<i>Pourashava</i> Water Supply and Sanitation Section (PWSSS) functioning effectively	<ul style="list-style-type: none"> <li>• Submit copy of approved resolution establishing PWSSS</li> <li>• PWSSS fully staffed as per organogram. Submit list of names for each position.</li> <li>• Separate account for water supply established (ring fenced). Submit copy of account statement.</li> <li>• Tariff rate set to cover O&amp;M and debt service and adjusted for inflation. Submit copy of approved resolution declaring tariff.</li> <li>• Tariff collection at least 90%</li> </ul>	Assist and advise the <i>pourashava</i> in establishing the PWSSS in consultation with DPHE. Prepare TOR and avoid overlap with other engineering sections of <i>pourashava</i> . Support in filling vacancies. Provide capacity support to staff and in tariff setting.	1 point
C.2	Annual O&M Plan	Submit copy of Annual O&M Plan with clear O&M budget and fund source identified. The O&M plan to include a tariff reform plan.	Prepare O&M Plan including budget requirement and source of fund to be adopted by council and available to public.	1 point
<b>D. Strengthened Municipal Financial Management</b>				
D.1	Financial statements	• Submit copy of audited financial statements of <i>pourashava</i>	Help <i>pourashava</i> with audited	1 point



	Activity	Performance Indicators	Capacity Support	Score
			financial statements	
D.2	Computerization of financial accounts and billing	<ul style="list-style-type: none"> <li>• Computerized accounting and billing system established.</li> <li>• 100% invoices issued and computer-generated tax-billing reports generated and made public</li> <li>• Submit report summarizing actions taken.</li> </ul>	Help <i>pourashava</i> adopt resolution, prepare condition assessment report, procurement requirements. Help prepare report.	1 point
D.3	Property and tax assessment carried out regularly	<ul style="list-style-type: none"> <li>• Property and tax assessment carried out annually.</li> <li>• Submit official report to PMU outlining efforts and achievements made.</li> </ul>	Guide <i>pourashava</i> in conducting property assessments and prepare report.	1 point
D.4	Increased tax collection	<ul style="list-style-type: none"> <li>• Collection rate of at least 80%.</li> <li>• Submit official report to PMU</li> </ul>	Guide <i>pourashavas</i> improving tax collection and prepare report	1 point
D.5	Non-tax revenue source management	<ul style="list-style-type: none"> <li>• All non-tax revenue sources to be identified and taken into account and increase is at least equal to the official inflation rate</li> <li>• Submit official report.</li> </ul>	Guide <i>pourashavas</i> in improving non-tax revenue and prepare report	1 point
D.6	Settlement of outstanding bills, especially services to GOB	<ul style="list-style-type: none"> <li>• Outstanding service bills (3 months and over) especially GOB/service providers to be settled</li> <li>• Submit official report to PMU</li> </ul>	Guide <i>pourashavas</i> in improving non-paying bills and prepare report	1 point

## ANNEX 1: PARTNERSHIP AGREEMENT (to be translated into Bangla)

POURASHAVA \_\_\_\_\_

### PROJECT OVERVIEW.

The project will strengthen climate resilience and disaster preparedness in 8 vulnerable coastal *pourashavas* (secondary towns) of Bangladesh. The project takes a holistic and integrated approach to urban development and will (i) provide climate-resilient municipal infrastructure, and (ii) strengthen institutional capacity, local governance, and public awareness, for improved planning and service delivery considering climate change and disaster risks. Key infrastructure investments include (i) drainage, (ii) water supply, (iii) sanitation, (iv) cyclone shelters, and (v) other municipal infrastructure including emergency access roads and bridges, solid waste management, bus terminals, slum improvements, boat landings, and markets. The Local Government Engineering Department (LGED) will be the lead Executing Agency for the Project, and the Department of Public Health Engineering (DPHE) will be a co-Executing Agency for water supply and sanitation components.

The *impact* of the project will be improved social well being in coastal towns. The *outcome* of the project will be increased climate and disaster resiliency in coastal towns benefiting the poor and women.

**Phased investments.** Each *pourashava* is entitled to two stages of investments (Stage 1 and Stage 2). Stage 1 is priority investments based on the demand in each town to fill critical infrastructure gaps for building climate and disaster resilience. Stage 1 amounts are based on a screening process filtered through an agreed technical subproject selection criteria to ensure climate resilience and arrive at an appropriate investment level. Stage 2 amounts are based on population size (<25,000 = \$1.5 million, >25,000 = \$2.0 million). Each phase of investment is linked to demonstrated performance in governance improvement.

### PERFORMANCE BASED INVESTMENT

**Performance-based allocation.** Each stage of investment is linked to demonstrated good performance. Key areas of governance improvement are outlined in the performance criteria (Appendix 1) and include: (i) strengthening climate-disaster planning, (ii) strengthening citizen participation, (iii) improved municipal planning, service delivery, and O&M, and (iv) strengthened municipal financial management. A performance evaluation committee will be formulated in LGD to evaluate performance of *pourashavas*.

**Evaluation criteria and funding entitlement:** Each participating *pourashava* will be evaluated as follows:

#### Entry Criteria

This signed Partnership Agreement submitted to the PMU is a pre-condition for entry to Stage 1.

#### Stage 1

For Stage 1, a town must fulfill all the criteria (pass/fail) within 6 months of commencement of capacity building support.

**Stage 2**

For Stage 2, a town must fulfill the criteria within 1.5 years of the completion of Stage 1. Towns will receive capacity support from consultants.

- **Fully Satisfactory:** Should a PS 'fully' meet all the requirements of Stage-2 Performance Criteria (PC) having a total point of 14 marks (100%), it shall be considered '**Fully Satisfactory**'. In such case, further fund allocation to the entity (PS) shall be 100% of the investment ceiling of Stage-2 for PSs with a 'fully satisfactory' rating.
- **Satisfactory:** A PS shall be evaluated '**Satisfactory**' should it meet all minimum requirements of the Stage-2 Performance Criteria (PC) having between 10-13 marks. In such case, further fund entitlement for it in Stage-2 shall be 50% of the investment ceiling of the Stage-2 for PSs with a 'satisfactory' rating.
- **Unsatisfactory:** A PS shall be considered '**Unsatisfactory**', should it fail to meet below 10 points point out of 14. The additional entitlement in Stage-2 will be nil (no funds) for the PSs with an 'unsatisfactory' rating.

**OPERATION AND MAINTENANCE**

The *pourashava* commits to (i) raising sufficient funds for O&M, and (ii) filling the organogram with capable and qualified staff.

By signing this Partnership Agreement, the *pourashava* fully understands the conditions of investment under the project, and commits to governance improvement and operation and maintenance of facilities provided. Mayors are to seek approval of counselors within their town and attach the meeting minutes indicating approval.

The said agreement shall take place on \_\_\_\_\_.

For the *Pourashava* (PS)

Mr./Mrs. \_\_\_\_\_  
 Mayor, \_\_\_\_\_, PS  
 Date: \_\_\_\_\_

Witnesses

- 1.
- 2.
- 3.

APPENDIX 1: Performance Criteria (insert)

APPENDIX 2: Meeting minutes of counsel meeting (insert)

## APPENDIX 6: OUTLINE QUARTERLY PROGRESS REPORT FORMAT

### A. Introduction and Basic Data

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

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

- ☐ cumulative contract awards financed by the ADB loan, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- ☐ cumulative disbursements from the ADB loan, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- ☐ reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### C. Project Purpose

- ☐ 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;
- ☐ 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;
- ☐ an assessment of changes to the key assumptions and risks that affect attainment of the development objectives.

### D. Implementation Progress

- ☐ provide a brief summary assessment of progress or achievements in implementation since the last progress report;
- ☐ assessment of the progress of each project component, such as,
  - recruitment of consultants and their performance;
  - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- ☐ 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; and
- ☐ an assessment of outcome/output achievements versus targets.

### 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).

**F. Compliance with Safeguards and Covenants**

- ☐ review the borrower's compliance with policy loan covenants, and, where relevant, provide any reasons for any noncompliance or delay in compliance;
- ☐ provide a summary assessment of compliance with resettlement and environmental safeguards.

**G. Climate Change Adaptation**

- ☐ monitoring and reporting of PPCR related indicators at the output level
- ☐ lessons learned and information and knowledge sharing
- ☐ summary of key activities relating to climate change adaptation

**APPENDIXES**

1. LGED's latest monthly summary procurement and progress report
2. Summary Loan Covenant Review
3. Summary Safeguards Update (Resettlement and Environment)
4. Summary Gender Action Plan Progress (separate format available)
5. LGED's Semi-annual Environmental Monitoring Report (separate format available in EARF)
6. LGED's Semi-annual Resettlement Monitoring Report (separate format available in RF)

## APPENDIX 7: CONSULTATION AND PARTICIPATION PLAN

Outputs and Types of Participation	Target Stakeholders	Objectives	Responsibility
1. Project orientation workshops for: <ul style="list-style-type: none"> <li>Information Sharing</li> <li>Consultation</li> <li>Shared Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>LGED</li> <li>DPHE</li> <li>Pourashava representatives</li> <li>Consultants</li> <li>Contractors</li> </ul>	<ul style="list-style-type: none"> <li>Introduce the project, highlight its importance</li> <li>Highlight roles and responsibilities of different agencies and implementation arrangement</li> </ul>	PMU
2. Project orientation workshops as part of the community mobilization activities for: <ul style="list-style-type: none"> <li>Information Sharing</li> <li>Consultation</li> <li>Shared Responsibility</li> <li>Monitoring</li> </ul>	Minimum 50 community members, preferably household heads, targeting at least 50% women in each of the workshops	<ul style="list-style-type: none"> <li>Introduce the project, highlight its importance and benefits to the community</li> <li>Demonstrate the links between improved water supply, sanitation infrastructure and good health, women's empowerment, and environmental conservation</li> <li>Inform of the plans, design and management of infrastructure development for improved services</li> <li>Present social safeguards, land acquisition, resettlement/relocation plan and environmental safeguards plans including IEE/EIA and EMP</li> <li>Gather concerns and views related to water supply, sewerage and land acquisition, drainage, roads, cyclone shelters and waste management plan</li> <li>Solicit views, suggestions on plans, design, location, management of all infrastructure sub projects.</li> <li>Gather recommendations</li> </ul>	Project Consultants
3. Orientation workshops on social and gender issued for staff of pourshavas focusing on drainage, water supply, sanitation, solid waste management, climate change adaptation and road for: <ul style="list-style-type: none"> <li>Information Sharing</li> <li>Shared Responsibility</li> </ul>	Pourashava /project staff (targeting at least 50% women's representation as appropriate) and contractors	<ul style="list-style-type: none"> <li>Introduce the project, highlight its importance and benefits to the community</li> <li>Introduce gender and social inclusion concepts and share best practices</li> <li>Share best practices demonstrating women's roles and discuss the needs of women in relation to water supply, sewerage, transport, drainage and emergency infrastructure and services</li> <li>Demonstrate links between improved water supply, sewerage infrastructure, sanitation, and good health and hygiene</li> </ul>	Project Consultants

Outputs and Types of Participation	Target Stakeholders	Objectives	Responsibility
		<ul style="list-style-type: none"> <li>Solicit views/concerns and views related to roads, drainage, cyclone shelters, water supply, sewerage, solid waste management construction and land acquisition<sup>1</sup></li> <li>Solicit views on plans, design and location management of water supply, sewerage and solid waste</li> <li>Solicit views on plans, design and location management of other infrastructure including bus terminals, boat landings etc.</li> <li>Gather recommendations</li> </ul>	
Field level monitoring 4. Semi-annual monitoring meetings starting at time of loan effectiveness to project completion for community organizers and women's groups for: <ul style="list-style-type: none"> <li>Information Sharing</li> <li>Consultation</li> <li>Shared Responsibility</li> <li>Shared Decision-making</li> <li>Monitoring</li> </ul>	100 representatives (targeting 50% women) from the local community in subproject areas covered under road, drains, cyclone shelters, sanitation, , solid waste management and water supply interventions	<ul style="list-style-type: none"> <li>Surface issues and concerns during project implementation</li> <li>Discuss and recommend measures to mitigate/address the problems</li> <li>Monitor progress of project implementation</li> <li>Suggest way forward</li> </ul>	Project Consultants/Pourashava representatives
5. Project Management Quarterly monitoring for: <ul style="list-style-type: none"> <li>Information Sharing</li> <li>Shared Responsibility</li> <li>Shared Decision-making</li> <li>Control</li> </ul>	<ul style="list-style-type: none"> <li>Project Consultants</li> <li>Contractors</li> <li>State/District Administration</li> <li>PMU, PIU</li> </ul>	<ul style="list-style-type: none"> <li>Assess overall compliance with social and environment safeguards, and other plans such as GAP</li> <li>Discuss investment program implementation progress, including problems and means to mitigate them</li> <li>Review progress of investment program</li> <li>Discuss implementation challenges and means to mitigate them</li> <li>Review loan covenants and status of compliance</li> <li>Agree on next steps and suggested remedial measures to accelerate project implementation (if required)</li> </ul>	PMU
Coordination with other development partners and government agencies <ul style="list-style-type: none"> <li>Information Sharing</li> </ul>	<ul style="list-style-type: none"> <li>DPHE- Comprehensive Disaster Management Programme (CDMP)</li> </ul>	<ul style="list-style-type: none"> <li>Discuss investment program implementation progress to ensure synergies, sharing of best practices, and avoiding duplication.</li> </ul>	PMU and ADB missions

<sup>1</sup> Consultations with communities/affected persons are also included in the Resettlement Plans.

Outputs and Types of Participation	Target Stakeholders	Objectives	Responsibility
	<ul style="list-style-type: none"> <li>Local Consultative Groups (LCGs) for climate change and urban development</li> <li>Others as relevant.</li> </ul>	<ul style="list-style-type: none"> <li>Participate in LCGs for close coordination in both climate related and urban development activities.</li> </ul>	



## **APPENDIX 8: SAMPLE OUTLINE OF SEMI-ANNUAL SAFEGUARDS MONITORING REPORTS**

### **Sample Outline of Semi-Annual Social Safeguard Monitoring Report**

Following requirements of the ADB Safeguard Policy Statement (2009) and the *Operations Manual* section on safeguard policy (OM F1), borrowers/clients are required to establish and maintain procedures to monitor the status of implementation of safeguard plans and ensure progress is made toward the desired outcomes. For projects categorized as A or B in Involuntary Resettlement and/or Indigenous People, the Borrowers/clients are required to submit semiannual monitoring reports for ADB review. The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social safeguards impacts (IR and IP) and with the current status of project implementation phase.

This outline can be used for periodic monitoring report (semiannual) and RP/IPP completion report to start the civil works in the impacted areas. A safeguard monitoring report may include the following elements:

#### **A. Executive Summary**

This section provides a concise statement of project scope and impacts, key findings and recommended actions.

#### **B. Background of the Report and Project Description**

This section provides a general description of the project, including:

- Background/context of the monitoring report which includes the information on the project, project components, safeguards categorizations and general scope of the social safeguards impacts.
- Information on the implementation progress of the project activities, scope of monitoring report and requirements, reporting period, including frequency of submission and changes in project scope and adjusted safeguard measures, if applicable
- Summary table of identified impacts and the mitigation actions.

#### **C. Scope of Impacts**

This section outlines the detail of

- Scale and scopes of the project's safeguards impacts,
- Vulnerability status of the affected people/communities,
- Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final RP(s) /IPP(s).

#### **D. Compensation and Rehabilitation<sup>1</sup>**

This section describes the process and progress of the implementation of the safeguards plan and other required activities as determined in the plan. This includes:

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<sup>1</sup> Depending on the status of the final detail design during the submission of the report this activity might not yet started. Provide the information on the expected date the activity to be conducted instead.

- Payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons;
- Provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan.

Quantitative as well as qualitative results of the monitoring parameters, as agreed in the plan, should be provided.

## **E. Public participation and consultation**

This section describes public participation and consultations activities during the project implementation as agreed in the plan. This includes final consultations with APs during RP finalization after the completion of detail design; the numbers of activities conducted; issues raised during consultations and responses provided by the project team, implementing NGOs, project supervision consultants, contractors, etc.

## **F. Grievance Redress Mechanism (GRM)**

This section described the implementation of project GRM as design in the approved RP/IPP. This includes evaluations of its effectiveness, procedures, complaints receive, timeliness to resolve issues/ complaints and resources provided to solve the complaints. Special attentions should be given if there are complaints received from the affected people or communities.

## **G. Institutional Arrangement**

This section describes the actual implementation or any adjustment made to the institutional arrangement for managing the social safeguards issues in the projects. This includes the establishment of safeguards unit/ team and appointment of staff in the EA/IA; implementation of the GRM and its committee; supervision and coordination between institutions involved in the management and monitoring of safeguards issues, the roles of NGO and women's groups in the monitoring and implementation of the plan, if any.

## **H. Monitoring Results – Findings**

This section describes the summary and key findings of the monitoring activities. The results are compared against previously established benchmarks and compliance status (e.g., adequacy of IR compensation rates and timeliness of payments, adequacy and timeliness of IR rehabilitation measures including serviced housing sites, house reconstruction, livelihood support measures, and training; budget for implementing EMP, RP, or IPP, timeliness and adequacy of capacity building, etc.). It also compared against the objectives of safeguards or desired outcomes documented (e.g. IR impacts avoided or minimized; livelihood restored or enhanced; IP's identity, human right, livelihood systems and cultural uniqueness fully respected; IP not suffer adverse impacts, environmental impacts avoided or minimized, etc.). For FI projects this includes the effectiveness of the Environmental and Social Management System (ESMS) managed by the FI and its participating institutions<sup>2</sup>. If noncompliance or any major gaps identified, include the recommendation of corrective action plan.

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<sup>2</sup> Specific for the FI projects, external agency may be required to conduct an audit of the project ESMS.

## **I. Compliance Status**

This section will summarize the compliance status of the project activities with the loan covenants, ADB SPS (2009) on SR 2 and the approved final RP(s).

## **J. Follow up Actions, Recommendation and Disclosure**

This section describes recommendations and further actions or items to focus on for the remaining monitoring period. It also includes lesson learned for improvement for future safeguards monitoring activities. Disclosure dates of the monitoring report to the affected communities should also be included. A time-bound summary table for required actions should be included.

### **Appendix 1**

- i. List of Affected Persons and Entitlements
- ii. Summary of RP/IPP with entitlement matrix

### **Appendix 2**

- i. Copies of AP's certification of payment (signed by the APs)
- ii. Summary of minutes of meetings during public consultations
- iii. Summary of complaints received and solution status

### **Sample Outline of Semi-Annual Environmental Safeguard Monitoring Report**

#### **I. Introduction**

- Overall project description and objectives
- Description of subprojects
- Environmental category of the subprojects
- Details of site personnel and/or consultants responsible for environmental monitoring
- Overall project and subproject progress and status

No.	Subproject Name	Status of Subproject				List of Works	Progress of Works
		Design	Pre-Construction	Construction	Operational Phase		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

#### **II. Compliance status with National/ State/ Local statutory environmental requirements**

No.	Subproject Name	Statutory Environmental Requirements	Status of Compliance	Action Required

#### **III. Compliance status with environmental loan covenants**

No. (List schedule and paragraph number of Loan Agreement)	Covenant	Status of Compliance	Action Required

#### **IV. Compliance Status with the Environmental Management and Monitoring Plan**

- Provide the monitoring results as per the parameters outlined in the EMP. Append supporting documents where applicable, including Environmental Site Inspection Reports.
- There should be reporting on the following items which can be incorporated in the checklist of routine Environmental Site Inspection Report followed with a summary in the semi-annual report send to ADB. Visual assessment and review of relevant site documentation during routine site inspection needs to note and record the following:
  - What are the dust suppression techniques followed for site and if any dust was noted to escape the site boundaries;
  - If muddy water was escaping site boundaries or muddy tracks were seen on adjacent roads;
  - adequacy of type of erosion and sediment control measures installed on site, condition of erosion and sediment control measures including if these were intact following heavy rain;
  - Are their designated areas for concrete works, and refuelling;
  - Are their spill kits on site and if there are site procedure for handling emergencies;
  - Is there any chemical stored on site and what is the storage condition?

- Is there any dewatering activities if yes, where is the water being discharged;
- How are the stockpiles being managed;
- How is solid and liquid waste being handled on site;
- Review of the complaint management system;
- Checking if there are any activities being under taken out of working hours and how that is being managed.
- Is contractor complying with core labor standards (child labor equal pay for women, non-discriminatory hiring practices, etc.)

**Summary Monitoring Table**

<b>Impacts (List from IEE)</b>	<b>Mitigation Measures (List from IEE)</b>	<b>Parameters Monitored (As a minimum those identified in the IEE should be monitored)</b>	<b>Method of Monitoring</b>	<b>Location of Monitoring</b>	<b>Date of Monitoring Conducted</b>	<b>Name of Person Who Conducted the Monitoring</b>
<b>Design Phase</b>						
<b>Pre-Construction Phase</b>						
<b>Construction Phase</b>						
<b>Operational Phase</b>						

**Overall Compliance with EMP**

No.	Subproject Name	EMP Part of Contract Documents (Y/N)	EMP Being Implemented (Y/N)	Status of Implementation (Excellent/ Satisfactory/ Partially Satisfactory/ Below Satisfactory)	Action Proposed and Additional Measures Required

**V. Approach and Methodology for Environmental Monitoring of the Project**

- Brief description on the approach and methodology used for environmental monitoring of each subproject

**VI. Monitoring of Environmental Impacts on Project Surroundings(Ambient Air, Water Quality and Noise Levels)**

- Brief discussion on the basis for monitoring
- Indicate type and location of environmental parameters to be monitored
- Indicate the method of monitoring and equipment to be used
- Provide monitoring results and an analysis of results in relation to baseline data and statutory requirements

*As a minimum the results should be presented as per the tables below.*

**Air Quality Results**

Site No.	Date of Testing	Site Location	Parameters (Government Standards)		
			PM10 µg/m3	SO2 µg/m3	NO2 µg/m3

Site No.	Date of Testing	Site Location	Parameters (Monitoring Results)		
			PM10 µg/m3	SO2 µg/m3	NO2 µg/m3

**Water Quality Results**

Site No.	Date of Sampling	Site Location	Parameters (Government Standards)					
			pH	Conductivity µS/cm	BOD mg/L	TSS mg/L	TN mg/L	TP mg/L

Site No.	Date of Sampling	Site Location	Parameters (Monitoring Results)					
			pH	Conductivity µS/cm	BOD mg/L	TSS mg/L	TN mg/L	TP mg/L

**Noise Quality Results**

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Government Standard)	
			Day Time	Night Time

Site No.	Date of Testing	Site Location	LA <sub>eq</sub> (dBA) (Monitoring Results)	
			Day Time	Night Time

**VII. Summary of Key Issues and Remedial Actions**

- Summary of follow up time-bound actions to be taken within a set timeframe.

**APPENDIXES**

- Photos
- Summary of consultations
- Copies of environmental clearances and permits
- Sample of environmental site inspection report
- Other



## **APPENDIX 9: STATEMENT OF AUDIT NEEDS TEMPLATE<sup>1</sup>**

### **A. Background**

1. The ADB and the Government of Bangladesh (GOB) have entered into a Loan and Grant Agreement whereby, ADB shall provide \$94 million in aggregate for the purpose of financing Coastal Towns Environmental Infrastructure Project in Bangladesh. The GOB shall contribute \$ 23.1 million against this funding. This will be carried out through the Local Government Engineering Department, the Department of Public Health Engineering and each of the town pourshavas. Each shall maintain separate books of account which will be consolidated by the PMU with respect to this Project, including all items of expenditure financed out of the proceeds of the loan and grant agreement.

### **B. Project Development Objectives**

2. The Project is designed to increase climate and disaster resiliency in coastal towns in Bangladesh. The project outputs will be:

- (i) Output1: Improved Climate Resilient Municipal Infrastructure,
- (ii) Output 2: Strengthened Institutional Capacity, Governance and Awareness, and
- (iii) Output 3: Project Management and Administration Supported

### **C. Financial Reporting And Audit Requirements**

3. PMU at LGED will prepare Coastal Towns Environmental Infrastructure Project (CTEIP) consolidated financial statements, in accordance with the Bangladesh Government Accounting Standards and the Financial Administrative Regulations (FAR). This includes a set of consolidated financial statements for the eight pourshavas as well as LGED and DPHE on a cash basis [Option B: separate project financial statements for all eight pourshavas as well as LGED and DPHE]

4. The audit of the project financial statements shall be carried out by the Foreign-Aided Project Audit Directorate (FAPAD) within the Comptroller and Auditor General of Bangladesh (CAG) in accordance with the CAG's Audit Manual<sup>2</sup> as supplemented by this Statement of Audit needs. The auditor will review that the funds received from all sources and expenditures incurred during the reporting period are as per agreed terms and conditions. This will include all expenditure to the extent that it relates to the activities of the pourshavas and LGED and DPHE supporting this Project. This shall not be construed to refer to the financial statements of LGED/DPHE or any of the pourshavas as a whole.

5. LGED will submit to ADB audited project consolidated financial statements as of 30 June of each year, within 6 months of the end of the fiscal year in English. A complete set of audited project financial statements includes:

- (i) Audit Opinion on the Project consolidated Financial Statements

<sup>1</sup> This template has been prepared for Project Lending to government departments and ministries. Statement of Audit Needs for Programs, Additional Financing, MFF, RBLs, FI Loans, or State Owned Enterprises using the accrual basis of accounting will need to be further tailored

<sup>2</sup> Audit standards for CAG directorates are set out in an Audit Manual and are based on INTOSAI and Asian Organization of Supreme Audit Institutions standards

- (ii) Audit Opinion on Specific Donor Requirements<sup>3</sup>
- (iii) Consolidated Project Financial Statements and Statement of Budget vs. Actual along with complete notes to the financial statements including necessary break downs and details, summary of accounting policies and descriptive explanatory notes
- (iv) Management Letter – This may be separately submitted for each entity or on a consolidated basis (*see paragraph F below*)

6. To ensure the timely submission of audited project financial statements, LGED will formally request the CAG to include CTEIP project audits in their yearly work plan. The EA, Co-EA and each of the 8 IAs shall also ensure that progress against the Financial Reporting Table is monitored.<sup>4</sup> To support timely submission, unaudited project financial statements should be submitted to the CAG for audit within 3 months of the end of the fiscal year.

#### **D. Specific Audit Needs**

7. The audit would cover the entire Project, i.e. covering all sources and application of funds, including the ADB, co-financiers and the GOB. The Financing Arrangement as currently agreed with ADB, includes Direct Payments (DPs) by ADB to suppliers. The Project Director shall provide all pertinent information to the Auditors including preservation and use of resources procured and its reflection in the project accounts, so as to facilitate comprehensive audit coverage. The audits should be carried out annually from commencement of the Project. The audit for the first year should also cover transactions, which occurred from the commencement of the project, i.e. till the end of the fiscal year. In case the period is less than 6 months, GOB may agree with ADB to provide APFS from the commencement of the Project to the end of the subsequent fiscal year.

8. The auditor will provide assurance as to whether the project financial statements present a true and fair view of the receipts and expenditures, or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

9. In addition, ADB will also require a positive assurance from the auditors of compliance with provisions of the financing agreement with ADB, especially those relating to accounting and financial matters. An audit opinion shall be provided that will include verification that:

- (i) All funds, including counterpart funds, have been used in accordance with the conditions of the loan agreements, with due regard to economy and efficiency, and only for the purposes for which the funds were provided;
- (ii) The EA and IAs were in compliance as of [insert date] with all financial covenants of the loan agreement
- (iii) With respect to SOEs, (a) adequate supporting documentation has been maintained to support claims to the Asian Development Bank for reimbursement of expenditures incurred, and (b) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan Agreement
- (iv) The Imprest Account gives a true and fair view of the receipts collected and payments made during the year ended [insert date], and these receipts and

<sup>3</sup> This may be combined with (i) above or given separately

<sup>4</sup> Timetable given as Annexure to the PAM

payments support the Imprest Account Liquidation/ replenishments during the year

10. ADB may also require that the auditors should advise a calendar for discussion/review of audit observations (particularly any serious matters) through tripartite meetings and review meetings to facilitate executive follow-up on audit observations and recommendations. Moreover, ADB would need a review of actions taken on the recommendations presented in the previous audit report on the progress made.

## **E. Project Financial Statements (Pfs)**

11. Project Financial statements shall be prepared on a cash basis of accounting in accordance with relevant national accounting standards. These should include:

- (i) Sources and Consolidated Uses of Funds showing the funds received and expended from ADB and GOB for CTEIP, as well as imprest account balance for the current year, prior year and cumulative year to date.
- (ii) Statement of Budget vs. Actual showing expenditure for the current year and cumulative year to date
- (iii) Detailed notes to the financial statements including explanatory notes, breakdown of expenditure, reconciliation of reimbursements, Details of expenditure by Currency/Method of Funding/Output Component, Statement of Imprest Account, and Accounting Policies

12. Project Books of Account shall be maintained by the Project Management Unit (PMU)

13. Project Financial Statements shall provide sufficient level of detail to identify types of expenditures as identified in the allocation Table of the Grant and Loan Agreements; namely civil works, mechanical and equipment, land acquisition and resettlement, consulting services, training, recurrent costs, financial charges etc.

14. The project financial statements shall also provide sufficient level of detail to be able to identify expenditure relating to each of the 3 Outputs of the Project; namely, (i) Output1: Improved Climate Resilient Municipal Infrastructure, (ii) Output 2 – strengthened Institutional Capacity, Governance and Awareness and, (iii) Output 3: Project Management

15. Template financial statements shall be provided to the PMU during implementation to ensure maximum alignment with Cash Basis International Public Sector Accounting Standards as well as conformity with BAS. This is even more relevant since under ADB's revised Public Disclosure Policy 2011, Project Financial Statements shall be disclosed on ADB's website. Please note that any financial statement template is a working draft, which may require adjustment based on the actual activities of the Project as well as the Chart of Accounts in use. No template is provided for the Annexures to the Financial Statements, which should be prepared in accordance with the Government Accounting Standards.

## **F. Management Letter**

16. In addition to the audit report, ADB will require a separate management letter.

17. The management letter should specifically:

- (i) Give comments and observations on the notes to the accounts, accounting records, systems, and internal controls that were examined during the course of the audit;
- (ii) Identify specific deficiencies and areas of weakness in systems and internal controls and make recommendations for their improvement including [IA] response to the identified deficiencies;
- (iii) Communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the Project;
- (iv) Bring to GOB and ADB attention on any other matters that the auditor considers pertinent, and
- (v) Follow-up audit recommendations made in preceding years

18. Serious issues, which affect the auditor's opinion as to whether the financial statements give a true and fair view, should be referred to in the audit opinion. Management Letter should include only those issues which do not affect the fairness of the financial statements. FAPAD may wish to issue separate management letters for each entity audited under the project.

## **G. General**

19. Review missions and normal program supervision will monitor compliance with financial reporting and auditing requirements and will follow up with concerned parties, including the external auditor.

20. ADB has made GOB and each EA/IA aware of ADB's policy on delayed submission, and the requirements for satisfactory and acceptable quality of the audited financial statements<sup>5</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.

21. ADB retains the right to verify or have audited (i) the project, (ii) the validity of [IA]'s certification for each withdrawal application, and (iii) that ADB's financing is used in accordance with ADB's policies and procedures.

22. In case an external auditor needs to be commissioned for a supplementary audit, the auditor should be given access to all legal documents, correspondences, and any other information associated with the commission and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding with ADB and the Government, etc.

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<sup>5</sup> ADB Policy on delayed submission of audited project financial statements:

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

**H. Public Disclosure**

23. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011)<sup>6</sup>. After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 30 days upon date of their receipt by posting them on ADB's website. The Audit Management Letter and entity level financial statements will not be disclosed.

*Note: This is a statement of audit needs for ADB and does not in any way intend to limit the scope of the statutory audit.*

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