



Tranche Report

Project Number: 44167-015
MFF Number: 0082
July 2021

Bangladesh: Flood and Riverbank Erosion Risk Management Investment Program (Tranche 2)

Distribution of this document is restricted until it has been approved by the Board of Directors. Following such approval, ADB will disclose the document to the public in accordance with ADB's Access to Information Policy.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 June 2021)

Currency unit	–	taka (Tk)
Tk1.00	=	\$0.011804
\$1.00	=	Tk84.71650

ABBREVIATIONS

ADB	–	Asian Development Bank
BWDB	–	Bangladesh Water Development Board
COVID-19	–	coronavirus disease
EIA	–	environmental impact assessment
EMP	–	environmental management plan
km	–	kilometer
MFF	–	multitranches financing facility

NOTE

In this report, "\$" refers to United States dollars.

Vice-President	Shixin Chen, Operations 1
Director General	Kenichi Yokoyama, South Asia Department (SARD)
Director	Mio Oka; Environment, Natural Resources and Agriculture Division (SAER); SARD
Team leader	Olivier Drieu, Senior Water Resources Specialist, SAER, SARD
Team members	Mikael Andersson; Financial Management Specialist; Portfolio, Results and Quality Control Unit; SARD Brando Angeles, Associate Environment Officer, SAER, SARD Angelique Dawn Badelles; Strategy and Policy Officer; Strategy, Policy and Business Process Division; Strategy, Policy and Partnerships Department Pamela Barrameda, Associate Operations Officer, SAER, SARD Cynthia Pancracia Ceniza, Senior Operations Assistant, SAER, SARD Orna Joyce, Social Development Specialist, SAER, SARD Marie L'Hostis, Water Resources Specialist, SAER, SARD Soma Misra; Procurement Specialist; Procurement Division 1; Procurement, Portfolio and Financial Management Department Douglas Perkins, Principal Counsel, Office of the General Counsel Sumit Pokhrel, Environment Specialist, SAER, SARD Md. Sohel Rana, Project Analyst, Bangladesh Resident Mission (BRM), SARD Nasheeba Selim, Senior Social Development Officer (Gender), BRM, SARD Pushkar Srivastava, Project Management Specialist, BRM, SARD
Peer reviewer	Rabindra Osti; Senior Water Resources Specialist; Environment, Natural Resources and Agriculture Division; East Asia Department

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
TRANCHE AT A GLANCE	
I. PROPOSAL	1
II. BACKGROUND	1
III. DUE DILIGENCE ON ENVIRONMENTAL IMPACT	2
IV. RECOMMENDATION	2

TRANCHE AT A GLANCE

1. Basic Data		Project Number: 44167-015	
Project Name	Flood and Riverbank Erosion Risk Management Investment Program - Tranche 2	Department/Division	SARD/SAER
Country Borrower	Bangladesh People's Republic of Bangladesh	Executing Agency	Bangladesh Water Development Board
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=44167-015-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=44167-015-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
<input checked="" type="checkbox"/>	Agriculture, natural resources and rural development	Rural flood protection	136.59
		Rural water policy, institutional and capacity development	20.41
		Total	157.00
3. Operational Priorities		Climate Change Information	
<input checked="" type="checkbox"/>	Addressing remaining poverty and reducing inequalities	GHG reductions (tons per annum)	0.000
<input checked="" type="checkbox"/>	Accelerating progress in gender equality	Climate Change impact on the Project	High
<input checked="" type="checkbox"/>	Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		
<input checked="" type="checkbox"/>	Promoting rural development and food security	ADB Financing	
<input checked="" type="checkbox"/>	Strengthening governance and institutional capacity	Adaptation (\$ million)	47.40
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
	SDG 1.5	Effective gender mainstreaming (EGM)	<input checked="" type="checkbox"/>
	SDG 5.5		
	SDG 6.b	Poverty Targeting	
	SDG 9.1	Geographic Targeting	<input checked="" type="checkbox"/>
	SDG 10.3		
	SDG 13.a		
4. Risk Categorization: Complex			
5. Safeguard Categorization Environment: A Involuntary Resettlement: A Indigenous Peoples: C			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		157.00	
Sovereign MFF-Tranche (Concessional Loan): Ordinary capital resources		157.00	
Cofinancing		17.89	
Government of the Netherlands - MFF-Tranche (Grant) (Full ADB Administration)		17.89	
Counterpart		37.91	
Government		37.91	
		Total	212.80
Currency of ADB Financing: US Dollar			
Date of Receipt by ADB of PFR: 7 March 2021		Tranche Number: 2	
7. Country Operations Business Plan			
CPS	https://www.adb.org/sites/default/files/institutional-document/198831/cps-ban-2016-2020.pdf		
COBP	https://www.adb.org/sites/default/files/institutional-document/632696/cobp-ban-2021-2023.pdf		

TRANCHE AT A GLANCE

8. Tranche Summary

The multitranche financing facility (MFF) to the People's Republic of Bangladesh for the Flood and Riverbank Erosion Risk Management Investment Program was approved in 2014 to improve the livelihoods in the project area along the Jamuna, Padma, and Ganges rivers in central Bangladesh. It will reduce flood and riverbank erosion risks in priority erosion reaches through structural and nonstructural interventions, and institutional and knowledge-based strengthening. It will implement three subprojects comprising climate-resilient flood embankments protecting critical riparian productive areas in central Bangladesh and capacity building initiatives. It will extend successful riverbank protection technologies of the ADB-financed Jamuna-Meghna River Erosion Mitigation Project to other areas, with necessary improvements.

At the government's request the originally envisaged Tranches 2 and 3 of the MFF will be combined into a single and final tranche (Tranche 2). Tranche 2 will be a continuation of the works carried out under Tranche 1 and will build upon the achievements of Tranche 1.

Impact: Livelihood in the project area improved.

Outcome: Flood and riverbank erosion risks in the subproject areas reduced.

Outputs: (i) Flood and riverbank erosion risk mitigation functioning at priority reaches improved, (ii) Institutional system for flood and riverbank erosion risk management strengthened, and (iii) Program management systems operational

Implementation Arrangements: Bangladesh Water Development Board will be the executing agency.

Project Readiness: The institutional strengthening and project management consultant who assisted the executing agency in implementing Tranche 1 will be engaged through the single source selection method for Tranche 2, ensuring a smooth and timely implementation of Tranche 2 from its onset.

9. Significant Developments in the MFF and Previous Tranches

The road map focuses on long-term stabilization of the main rivers, increasing climate resilience, and reducing disasters. Project 1 significantly contributed to progressing the road map by: (i) preparing a river stabilization approach approved by the Bangladesh Water Development Board (BWDB) aligned with the adaptive delta management approach of the Bangladesh Delta Plan 2100; (ii) assisting in setting up a river management specialized office in the BWDB; (iii) supporting the Department of Disaster Management with implementing community-based flood risk management activities; (iv) piloting new technologies and construction principles; and (v) expanding the knowledge base with systematic data collection and development of information and asset management systems. Project 1 used innovative and cost-effective approaches for riverbank erosion management and progressive knowledge development. Project 1 financed: (i) 18 kilometers (km) of riverbank erosion protection, and construction or renovation of 21 km of embankments; (ii) community-based flood risk management activities in 40 villages; and (iii) a pilot of new wave protection technology with jute along 4 km of embankment and riverbank slopes. The newly built infrastructure performed well after completion.

10. Milestones

Estimated Approval	Estimated Completion ^a
30 August 2021	26 June 2024

11. Linked Documents

	Required Document	Disclosure Date
MFF	Report and Recommendation of the President	
Weblink:	http://www.adb.org/projects/documents/flood-and-riverbank-erosion-risk-k-management-investment-program-rp	01-JUL-2014
Tranche	Draft Periodic Financing Request Report	
Weblink:	http://www.adb.org/Documents/LinkedDocs/?id=44167-015-DraftPFR	The Final PFR Report is disclosed upon approval
(i) Environment	EIA - Environmental Impact Assessment	
Weblink:	https://www.adb.org/projects/documents/ban-44167-015-eia	06-AUG-2020
	EIA - Environmental Impact Assessment	
	https://www.adb.org/projects/documents/ban-44167-015-eia-0	24-MAY-2021
	EARF - Environmental Assessment and Review Framework	
	https://www.adb.org/projects/documents/ban-44167-013-earf	08-JUN-2021
(ii) Involuntary resettlement	RF - Resettlement Framework	
Weblink:	https://www.adb.org/projects/documents/ban-44167-015-rf	24-MAY-2021
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ban-44167-015-rp	02-OCT-2020
	RP - Resettlement Plan	
	https://www.adb.org/projects/documents/ban-44167-015-rp-0	24-MAY-2021

^a For Tranches, this refers to the financial closing date.

I. PROPOSAL

1. Conversion of \$174,890,000 into a tranche to finance project 2 of the Flood and Riverbank Erosion Risk Management Investment Program in Bangladesh is proposed for Board consideration.¹

II. BACKGROUND

2. The investment program of the Asian Development Bank (ADB) will improve livelihoods in the project area along the Jamuna, Padma, and Ganges rivers in Bangladesh by reducing flood and riverbank erosion risks in priority erosion reaches through structural and nonstructural interventions, and institutional and knowledge-based strengthening. The investment program will implement three subprojects comprising climate-resilient flood embankments protecting critical productive riparian areas in central Bangladesh, as well as capacity building initiatives.

3. On 26 June 2014, the Board approved a multitranche financing facility (MFF) to Bangladesh of up to \$270.3 million equivalent to be implemented between July 2014 and June 2023. The MFF comprises the provision of regular and concessional ADB loans and administration of cofinancing to be provided by the Government of the Netherlands and other development partners.² Each of the two tranches of the MFF has the following outputs:

- (i) **Flood and riverbank erosion risk mitigation functioning at priority reaches improved.** The investment program will combine structural and nonstructural flood and riverbank erosion risk mitigation measures, including riverbank revetments, flood embankments, community capacity development, and livelihood enhancement for project-affected people.
- (ii) **Institutional system for flood and riverbank erosion risk management strengthened.** This output will improve the knowledge base and institutional capacity of the Bangladesh Water Development Board (BWDB) (the executing agency), and the Department of Disaster Management (an implementing agency) in sustainable asset and strategic management of the main rivers.
- (iii) **Program management systems operational.** This output will ensure the delivery of the investment program's outputs on time and within budget.

4. The tranche 2 project (project 2) is a continuation of the works carried out under project 1, and will continue the long-term stabilization of the main rivers beyond emergency responses to critical erosion. Project 2 will finance (i) 30 kilometers (km) of riverbank protection combined with nature-based solutions for channel closure, (ii) 40 km of riverbank protection adaptation works and 6 km of emergency works, (iii) 7.9 km of climate-resilient flood embankment, (iv) an offtake, and (v) two regulators with fish passes to improve drainage. Project 2 will also establish 160 community disaster management units and develop their capacity, and will strengthen 40 existing disaster units on disaster preparedness and emergency response with a focus on women's participation. The tranche 2 periodic financing request report summarizes the background to and status of the investment program. It also presents a summary of the project 2 activities, and a review of the due diligence, approval process, and recommendations.³

¹ Comprises a concessional loan of \$157.0 million from ADB's ordinary capital resources and a grant of \$17.89 million from the Government of the Netherlands to be fully administered by ADB. Innovations further developed under project 1, such as sustainable low-cost geotextile bag revetments set underwater with global positioning system, will be expanded under project 2 by combining them with dredging, bioengineering and nature-based solutions.

² ADB. 2014. [*Report and Recommendation of the President to the Board of Directors: Proposed Multitranche Financing Facility to the People's Republic of Bangladesh: Flood and Riverbank Erosion Risk Management Investment Program*](#). Manila. An extension of the MFF availability period to 26 June 2024 was approved on 16 April 2021.

³ Periodic Financing Request Report (accessible from the tranche at a glance).

III. DUE DILIGENCE ON ENVIRONMENTAL IMPACT

5. The proposed safeguard categorization for project 2 is *A* under ADB's Safeguard Policy Statement (2009). The draft environmental impact assessment (EIA) was disclosed on ADB's website on 6 August 2020, and the final EIA on 24 May 2021.⁴

6. The environmental category *A* classification is triggered as, without mitigation, project 2 interventions could have direct impacts on biodiversity habitat that are significant, long-lasting, and cumulative. The main works are confined to riverbanks outside protected areas. Significant potential negative impacts include (i) the reduction in width of a 15 km long channel whose outer riverbank is being severely eroded and of its inside wetland resulting from the reclamation of char land;⁵ and (ii) risks to wildlife habitat induced by altered flow patterns, reduced river and floodplain connectivity, and flood embankment construction. Key mitigation measures detailed in the environmental management plan (EMP) of the EIA include (i) establishing sanctuaries and buoys to reduce fishing pressures, (ii) constructing regulators with fish passes, (iii) increasing dry season flow in a distributary, and (iv) coronavirus disease (COVID-19) pandemic-related protocols. Other impacts, such as increased sediments, water contamination, air and noise pollution, and health- and safety-related concerns linked to construction activities, are local, temporary, and mitigable with best practice measures included in the EMP. The BWDB obtained an environmental clearance for the project from the Department of Environment in December 2020, and will submit semiannual environmental monitoring reports to ADB and engage an external monitoring expert.

7. Three rounds of stakeholder consultations were conducted between 2013 and 2017, with the most recent focused on project 2 interventions.⁶ Although COVID-19 restrictions prevented any more recent consultations,⁷ in late 2020, the population was consulted through questionnaires mainly aimed at providing updated information on the forthcoming interventions. Further, in May 2021, the BWDB distributed a brochure in Bangla to the population, outlining the project interventions as well as the resettlement process and entitlements. Stakeholders expressed strong support for the project. Consultation will continue during project implementation.

8. Project 1 was categorized *A* due to potential impacts on wetland habitats induced by reducing flooding areas, hydrological connectivity, and water quality deterioration. Implementation of the project 1 is *on track*. It complies with ADB's Safeguard Policy Statement environmental safeguard requirements, and no major issues arose during implementation. Mitigation and monitoring activities included (i) dredging timed to avoid impacts on aquatic species, (ii) waste management, (iii) health and safety measures, and (iv) maintaining documentation in compliance with the EMP. The BWDB showed adequate capability to manage the environmental safeguards.

IV. RECOMMENDATION

9. The President recommends that the Board authorize the conversion of \$174,890,000 into a tranche to finance project 2 of the Flood and Riverbank Erosion Risk Management Investment Program in Bangladesh.⁸

⁴ Environmental Impact Assessment (accessible from the tranche at a glance). The EIA disclosed on 6 August 2020 was updated in May 2021 to reflect reduction of the scope of the project agreed with the government in February 2021 to remove 40 km of flood embankment construction; there were no other substantive changes in the EIA disclosed on ADB's and the executing agency's websites on 24 May 2021.

⁵ The wetland currently in the river channel due to two decades of erosion of the riverbank will be restored under the project as char land; chars (accretions in a river) are valuable to the national economy as additional cultivable areas.

⁶ Consultations included the BWDB; the Departments of Environment, Agriculture, and Fisheries; local institutions; and public representatives, residents, squatters, tenants, erosion-affected people, farmers, fishers, and businesses.

⁷ The last round of consultation for social safeguards included information relevant to environmental matters.

⁸ See footnote 1.