

Government of the People's Republic of Bangladesh
Ministry of Water Resources
Bangladesh Water Development Board
Dhaka

Project Completion Report (PCR)

For

Secondary Towns Integrated Flood Protection (Phase-2)
Project –BWDB Part

September, 2013

Government of the People's Republic of Bangladesh
Ministry of Planning
Implementation Monitoring & Evaluation Division
PROJECT COMPLETION REPORT: IMED 04/2003 (Revised)

A. PROJECT DESCRIPTION:

- 01 Name of the Project : Secondary Towns Integrated Flood Protection (Phase-2) Project – BWDB Part
- 02 Administrative Ministry/Division : Ministry of Water Resources.

- 03 Executing Agency : Bangladesh Water Development Board

- 04 Location of the Project

Division	District	Upazila
1	2	3
Rajshahi	Rajshahi	Rajshahi City
Rangpur	Gaibandha	Gaibandha Town
Khulna	Kushtia	Kushtia Town
Dhaka	Jamalpur	Jamalpur Town
	Mymensingh	Mymensingh Town
	Munshiganj	Munshiganj Town
	Manikganj	Manikganj Town
Sylhet	Sunamganj	Sunamganj Town
Chittagong	Brahmanbaria	Brahmanbaria Town

- 05 Objective of the Project : The Project will promote economic growth and alleviate poverty in nine selected towns in Bangladesh namely, Kushtia, Rajshahi, Gaibandha, Jamalpur, Mymensingh, Manikganj, Munshiganj, Brahmanbaria and Sunamganj, providing a flood-free and secure living environment within the framework of integrated flood protection. The integrated approach, combining river protection works with drainage improvement and basic municipal services, is the basic requirement for the development of the urban areas in Bangladesh, which are prone to frequent river flooding, particularly in low lying area with poor drainage systems. The urban sector in Bangladesh remains a priority for the government because it presents a greater opportunity for both pro-poor economic growth as well as targeted poverty reduction particularly at the secondary town's level.

While the Project will benefit the entire urban community in the Project towns, some components of the Project will focus on upgrading the conditions of the poorest and most needy groups in the slum areas in particular. The Project will also promote active participation of women citizens in municipal management

and services as both beneficiaries and agents, through urban governance reforms and support to gender and development activities.

Thus the objectives of the proposed investment of the project can be conveniently summarized in two parts as follows:

(a) Broad Objectives :

To alleviate poverty and provide a flood-free and secured living environment in the nine selected towns.

(b) Development Objectives :

To implement the projects of the selected nine secondary towns comprising the following components:

- Component A – Flood Protection Works
- Component B – Urban Drainage System Improvement
- Component C – Urban Environmental Improvement
- Component D – Capacity Building & Implementation Assistance

Bangladesh Water Development Board (BWDB) will execute fully the Component A: Flood protection works, and be involved in part of Component B: Drainage System Improvement outside the Pourashava and part of Component D: Capacity building and implementation assistance for project management, detail design of the various investment components through Management, Design & Supervision (MDS) Consultants.

LGED through the City Corporation/Pourashavas will execute Component C fully and Part of Component B and part of Component D. This Component of works mainly include initiatives and works for improvement of drainage and environmental facilities under the control of Local Government Division. Drainage facilities include rehabilitation and cleaning of internal drains, new construction and remodeling drains, culverts, bridges to minimize internal flooding of low lying areas. Environmental improvement includes complementary sanitation, solid waste management and slum improvement.

After implementation of the project, the residents of the towns under this project will enjoy enhanced quality of life with flood-free and better environmental facilities and be able to participate in the long term and stable development activities.

06 Estimated Cost: (BWDB Part)

	(In Lakh Taka)	
	Original	2 nd Revised DPP
(a) Total	41279.730	51973.111
(b) Taka	9588.770	14652.354
(c) Foreign Currency	3045.710	2756.187
(d) Project Aid	31690.960	37320.760
(e) RPA	28645.250	34564.570
(f) Beneficiaries' Contribution	-	-

07 Date of Approval :

- (a) Original
(b) Latest Revised (2nd RDPP)

PCP	PP/RDPP
24.03.2003	28.04.2005
-	10.11.2012

08 Implementation Period

- (a) Original
(c) 2nd Revised
(c) Actual

Date of Commencement	Date of Completion
01-07-2004	30-06-2009
01-07-2004	30-06-2013
01-07-2004	30-06-2013

09 Financing Arrangement (Source-wise)

9.1 Status of Loan

a) Foreign Financing:

Source(s)	Currency as per Agreement	Amount in US\$ (Millions)	Nature (Loan/ Grant/ Supplier's/ Credit)	Date of Agreement	Date of Effectiveness	Date of Closing	
						Original	Revised
1	2	3	4	5	6	7	8
Asian Development Bank(ADB)	SDR(special drawing right)	43.054 for BWDB (out of total US\$ 74.014 million loan amount for both BWDB & LGED)	Loan	12-01-2005	11-06-2005	31-12-2009	30-06-2012
Organization of the Petroleum Exporting Countries(OPEC)	US\$	11.15 for BWDB (Out of total US\$ 15.00 million for both BWDB & LGED)	Loan	08-09-2005	08-09-2005	31-12-2009	31-12-2012

b) GOB

(In lakh Taka)

Total Amount	Loan	Grant	Cash Foreign Exchange
1	2	3	4
9588.770	-	9588.770	-

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9.2 Utilization of Project Aid (Source wise):

(In million)

Source(s)	Total Amount		Actual Expenditure		Unutilized Amount	
	In US\$	In Local Currency	In US\$	In Local Currency	In US\$	In Local Currency
1	2	3	4	5	6	7
Asian Development Bank (ADB)	43.054	Tk.2954.887	43.054	Tk.2954.962	43.054	Tk.2954.887
OPEC (Organization of the Petroleum Exporting Countries)	11.15	Tk.777.188	10.303	Tk.775.128	10.3403	Tk.775.203

9.3 Re-imbursable Project Aid (RPA) :

(In lakh Taka)

RPA Amount		Amount Spent	Amount Claimed	Amount Re-imbursed	Remarks
As per 2 nd Revised DPP	As per Agreement				
1	2	3	4	5	6
34564.570	34564.570	34544.710	34544.710	34544.710	

B. IMPLEMENTATION POSITION:**01. Implementation Period:**

Implementation Period as Per PP		Actual Implementation Period	Time over-run (% of original implementation period)	Remarks
Original	2 nd Revised DPP			
1	2	3	4	5
July, 2004 to June, 2009	July, 2004 to June, 2013	July, 2004 to June, 2013	44%	The Project implementation was delayed due to (i) delay in engagement of MDS Consultant by 20 months(ii) change in volume of works as necessitated under prevailing condition of flood protection and erosion protection. (iii) abnormal price hike of construction materials (iv) needs more time to solve different types of land acquisition problems. (v) change of design of some infrastructures due to hydrological & morphological changes and unavoidable field conditions.

02. Cost of the Project:

(In lakh Taka)

Description	Estimated Cost		Actual Expenditure	Cost over-run (% of original cost compared to 2 nd RDPP)	Remarks
	Original	2 nd Revised DPP			
1	2	3	4	5	6
Total	41279.730	51973.111	51387.280	25.70%	The Project cost increased mainly to increase in volume of works of some items as necessitated under prevailing condition of flood protection and erosion protection, abnormal price hike of construction materials, high increase of land price in some cities with respect to time increase in implementation of the project, acceptance of higher value bid price than the official estimate of some packages and the associated cost involved in the extension of project period by 30 months. In 2nd RDPP Project Aid in terms of dollar was same as in original PP, but by getting the dollar conversion benefit the amount of money had been increased in 2nd RDPP which also causes increase of project cost.
GOB	9588.770	14652.354	14086.380		
PA	31690.960	37320.760	37300.900		

03. Project Personnel:

Sanctioned strength as per 2 nd Revised DPP	Manpower employed during execution	Status of the existing manpower			Manpower Employed	
		Manpower requirement for O&M as per 2 nd Revised DPP	Existing manpower for O&M	Others		
1	2	3	4	5	Male	Female
Officer(s) 117	108	Not applicable	108	Not applicable	90%	10%
Staff(s) 162	162	Not applicable	290	Not applicable	75%	25%
Total: 279	270	-	-	-		

04. Training of Project Personnel (Foreign/Local) :

Field of training / study tour / workshop / seminar etc.		Provision as per 2 nd RDPP		Actual		Remarks
		Number of person	Man-months	Number of persons	Man-months	
1		2	3	4	5	6
01	International Training Course for STIFPP-II Project concerned officials in Australia on Flood Control.	13 Nos	0.333	13 Nos	0.333	The training was successfully completed in Brisbane, Sydney,,Australia by active participation of 10 BWDB officials, 1 officialfrom ministry of Water resources, 1 official from Planning commission and 1 official from IMED.
02	International Training Course on Urban Drainage & Solid Waste Management in Australia	10 Nos	0.400	10 Nos.	.400	The training was successfully completed in Brisbane, Sydney,,Australia by active participation of 05 LGED officials, 1 officialfrom ministry of LGERD, 1 official from ERD and 3 official from Pourashava.
03	International Workshop on Solid Waste Management in Ipoh, Malaysia.	4 Nos	0.267	4Nos	.267	The training was successfully completed in Ipoh, Malaysia by active participation of 4 officials from Pourashava.

5. Component-wise Progress (As per Approved 2nd RDPP):

Sl. No.	Items of Works (As per 2nd RDPP)	Unit	Target (as per 2nd RDPP)		Actual Progress		Reasons for deviation (±)
			Financial (Lakh Tk)	Physical (Quantity)	Financial (Lakh Tk)	Physical (Quantity)	
1	2	3	4	5	6	7	8
	Revenue Component						
	Supply and Services						
	Office Accomodation, Furniture						
01	Hiring of PMO & PIU office	Months	50.000	79	45730.000	79	
02	Decoration, fittings etc.	item	4.000	item	4.000	item	
03	Furnishing etc.	item	3.000	item	3.000	item	
04	Utilities	item	3.000	item	3.000	item	
05	Unforeseen	-	-				
	Consulting services						
06	Expatriate	mm	1063.063	67	1063.06		
07	Local	mm	1180.450	1498.85	1498.85		
	Implementation Assistance						
08	Training	item	115.000	item	115.000	item	
09	Support services for MDS Consultant	item	1143.018	item	1143.018	item	
10	Feasibility study for next Project	-	-		-	-	
11	Operating cost						
12	PMO	item	98.800	item	98.210	item	
13	PIU	item	158.760	item	158.760	item	
14	Interest Charge	LS	784.300	LS	784.300	LS	
	Repair, Maintenance and Rehabilitation						
	Component A: Flood Protection						
✓ 15	Rehabilitation of old embankment	km	817.060	35.480	817.060	35.48	
✓ 16	Groyne (rehab)/Syphon	No.	277.800	4	277.800	4	
✓ 17	Rehab. revt/flood wall	km	318.000	1.450	318.000	1.450	
18	Repair of regulators	No.	16.000	2	16.000	2	
19	O & M during construction	item	45.000	item	45.000	item	
	Component B: Drainage Improvement						
20	Drainage channel re-excavation	km	807.970	45.810	790.140	45.810	
	Grant and Assistance						
	Manpower						
	BWDB						
21	PMO						
22	PIU						
	Capital Component						
	Acquisition of Asset						
	Transport						

✓

23	4 WD Jeep	No	178.000	8		178.000	8		
24	Micro / minibus	No	11.950	1		11.950	1		
25	Motorcycle	No	9.520	9		9.520	9		
26	Equipment (fax, computer & photocopier)	item	40.000	item		40.000	item		
	Acquisition of Land								
27	LA for Flood Protection & Drainage Khal	ha	6131.730	35.98 0		6131.730	35.98		
28	Resettlement	hh	252.110	914		252.110	914		
	Construction and Works								
29	New embankment	km	1491.600	22.57 0		1491.60	22.570		
30	Metalling crest of embankment	km	435.090	11.55 0		435.090	11.550		
31	Revetment & Slope Revetment	km	30663.97 0	41.10 5		30169.200	41.105		
32	Groynes/ Spurs								
33	Flood wall	km	2032.620	2.780		2032.100	2.780		
34	Core wall								
35	New regulators/ bridges	No	3502.100	68		3457.74	68		
36	Custom duty an VAT	item	340.200	item		340.200	item		
37	Physical Contingency	item	-	-		-	-		
38	Price Contingency	item	-	-		-	-		
	Total:		51973.11 1			51387.280			

06. Information regarding Project Director(s):

Name & Designation with pay scale.	Full time	Part time	Responsible for more than one project	Date of		Remarks
				Joining	Transfer	
1	2	3	4	5	6	7
i) Md. Abdun Noor, Project Director (Superintending Engineer) (Tk.25,750-1000x8-33750) (Scale- 2009)	Yes	No	No	04-02-05	23-11-09(Service ended)	His service ended due to his normal retirement
ii) Md. Saidur Rahman, Project Director (Superintending Engineer) (Tk.25,750-1000x8-33750) (Scale- 2009)	Yes	No	No	23-11-09	-	He worked as PD at the end of the Project and till to date he holds the office of the PMO of completed project

07. Procurement of Transport (in Nos.):

Types of transport	Number as per Approved 2nd RDPP	Procured with date	Transferred to Transport Pool with date	Transferred to O&M with date	Condemned/ Damaged with date	Remarks
1	2	3	4	5	6	7
4 WD Jeep	8 Nos	31-12-2008	12-01-2009	-	-	The Jeeps & Microbus are in good condition and are being used in BWDB.
Microbus	1 No	31-12-2008	12-01-2009	-	-	
Motorcycles	9 Nos	30-04-2007	30-04-2007	-	-	Motor cycles are in good condition and are being used in BWDB.

08. Procurement of Goods, Works and Consultancy Services.

8.1 Goods & Works of the Project costing above Tk. 200.00 lakh and consultancy above Tk. 100.00 lakh.

Description of Procurement (goods/works/Consultancy) as per bid document	Tender/Bid/Proposal cost(in lakh Taka)		Tender/Bid/Proposal		Date of Completion of Works/Services and supply of goods	
	As per DPP	Contracted value	Invitation date	Contract Signing/L. C. opening date	As per contract	Actual
1	2	3	4	5	6	7
Goods:	18					
1. Desktop Computer-8 Nos			28-05-2006			
2. Laptop Computer-1 No			28-05-2006		30-06-2006	30-06-2006
3. Printer- 8 Nos			28-05-2006			
4. Photocopier-6 Nos			28-05-2006			
5. Fax Machine-6 Nos			28-05-2006			
Photocopiers-6 Nos	6	6.00	31-07-2009	30-09-2009	31-12-2009	31-10-2009
Plotter-1 No	3	3.00	31-07-2009	30-09-2009	31-12-2009	31-10-2009
Desktop Computer-7 Nos	4.8	4.80	31-07-2009	30-09-2009	31-12-2009	31-10-2009
Office Accommodation & Furniture						
Office Furnishing & Fittings	4	4.00	1/4/2007	15-04-2007	30-04-2007	30-04-2007
Office Decoration						
Office Decoration & fittings	3	3.00	31-07-2009	30-09-2009	31-12-2009	31-10-2009
TRANSPORT VEHICLES						
Jeep	189.95	189.95	3/1/2008	25-06-2008	31-12-2008	31-12-2008
Microbus						
Motor Cycle	9.52	9.52	15-05-2007	28-03-2007	30-04-2007	30-04-2007

Description of Procurement (goods/works/Consultancy) as per bid document	Tender/Bid/Proposal Cost (in crore Taka)		Tender/Bid/Proposal		T	
WORKS	As per PP	Contracted value	Invitation date	Contract signing/ L.C opening date	As per contract	Actual
1	2	3	4	5	6	7
KUSHTIA						
Rehabilitation of 3 Nos Groynes near Renwik, Thanapara and Mangalbaria.	261.64	260.80	09.03.08	04.05.08	15.09.08	25.07.08
Revetment Works from M 7972 to M 7622; near Mangalbaria.	411.10	411.00	01.08.08	07.01.09	05.08.09	02.08.09
Revetment Works from M 7622 to M 7222m ; near Mangalbaria.	472.62	471.92	01.08.08	07.01.09	03.08.09	06.08.09
Revetment Works from M 7222 to M. 6822 ; near Jugiar.	476.05	476.05	01.08.08	07.01.09	05.08.09	05.08.09
Revetment Works from M. 6822 to M 6548; near Jugiar.	339.04	338.93	01.08.08	12.01.09	03.08.09	03.08.09
Flood Embankment with slope Protection from M.10500 to M10950; near Thanapara.	500.02	508.14	10.11.09	30.06.10	30.04.11	15.06.12
Flood Embankment with slope Protection from M 10950 to M.11400; near Thanapara.	513.90	485.58	10.11.09	30.06.10	30.04.11	15.06.12
Flood Embankment with slope Protection from M.11400 to M 11800; near Kutipara.	470.72	385.98	10.11.09	30.06.10	30.04.11	15.06.12
Flood Embankment with slope Protection from M 11800 to M 12250; near Amlapara.	444.76	475.35	10.11.09	30.06.10	30.04.11	15.06.12
Flood Embankment with slope Protection from M 12250 to M.12700; near Borobazar.	427.66	328.98	10.11.09	24.06.10	30.04.11	15.06.12
Flood Embankment with slope Protection from M.12700 to M.13140; near Char Millpara.	452.35	291.01	10.11.09	30.06.10	30.04.11	15.06.12
New Regulators - 1V at M 10000, 2V at M 10513, 1V at M 10728 near Thanapara, 1 V at M 11244 near near Kutipara, 1V at M 11380 near Amlapara, 1V at M 11757 near Borobazar and 1V at M 12522 near Milpara., including engineer's facility; RCC = 600 m3 ; MS Bar = 70 tonnes	423.48	409.70	17.09.09	27.01.10	19.06.11	15.06.11
New Regulator 1V at M 13076 near Lalon Shah Mazar, Landing Ghat at Borobazar	352.28	370.55	03.10.10	08.12.10	15.05.11	15.06.12
RAJSHAHI						
New Revetment from M.13000 to M 13500 near Talaimari Shahid minar.	823.13	939.63	06.09.07	31.12.07	31.01.09	15.05.11
New Revetment from M 13500 to M.13900 ; near Talaimari BOP.	865.39	852.97	06.09.07	31.12.07	30.01.09	15.04.11
New Revetment from M.13900 to M.14300, near Kajla Graveyard & Eidghah.	867.59	863.03	06.09.07	17/01/08	02/02/09	04.03.09
New Revetment from M.14300 to M.14700; at Fultola & Char Kajla.	692.23	712.02	06.09.07	31/12/07	30/06/09	30/06/09
New Revetment from M 14700 to M.15150; near Dhorompur Mosque ghat & Zahaj ghat.	684.05	703.19	06.09.07	31/12/07	30/06/09	30/06/09
New Revetment from M 15150 to M.15600; near Satbaria Eidghah Ghat	690.44	627.02	06/09/07	12.01.09	30.06.09	30.06.09



New Revetment from M.15600 to M.16000; from Eidgah Ghat to Gurir Char.	622.70	577.37	29.07.08	12.01.09	30.06.10	15.06.12
New Revetment from M.16000 to M.16500; at Khojapur Balu Ghat.	688.81	623.22	29.07.08	12.01.09	30.06.10	15.06.12
New Revetment from M.16500 to M.17000; at Char Shampur - Shampur Balu Ghat.	757.03	680.22	29.07.08	12.01.09	30.06.10	15.06.12
Revetment Works M.17000 to M.17389; near Shampur Balu Ghat.	569.28	548.04	19.08.09	04.02.10	01.05.11	15.06.12
Revetment Works M.17389 to M.17878, near Shampur WT Plant.	682.13	663.35	19.08.09	08.02.10	01.05.11	15.06.12
Revetment Works M. 17878 to M.18267; at Shahapur Ghat.	542.85	528.57	19.08.09	04.02.10	27.04.11	15.06.12
Revetment Works M 18267 to M 18615; at Shahapur BOP.	487.21	466.21	19.08.09	04.02.10	25.04.11	15.06.12
Re-sectioning of Embankment Ch. 0.00-17200; at Berpara - Nabaganga, Bolonpur - Darghapara, Shamokhdum College - Talaimari BOP, Mizaner Moar - Shampur.	648.86	685.95	14.12.09	10.02.10	30.06.2011	15.06.12
Metalling of top of Embankment at Bolonpur-Keshobpur (M 6200 to M 10050), Kajla (M 11280 to M 14310) and near Shampur (M 16250 to M 17200).						
Flood Wall (C 10012 - 10117) at Dargapara.						
Excavation of Drainage channels of Satbaria Khal (Rajshahi University Rail gate - Folierbeel - Borgachi sluice gate), Fudkipara Khal (Darghapara sluice gate - Barnai river) and Kalpona Khal (Kalpona sluice - Nowhata sluice).	237.85	229.12	21.10.09	28.01.10	02.02.10	02.02.10
GAIBANDHA						
Repair of Revetment from M 2576 to M 2645, and from M 2729 to M2829 at Paschim Kumumai (U/S of Alai Regulator). New Revetment works from M 595 to M 635, M 2270 to M 2576, M 3255 to M 3480 at Purbo, Paschim Kumumai and Chakmamrozpur (U/S of Alai Regulator)	610.06	644.06	21.01.08	22.05.08	28.08.09	30.06.09
Revetment Works from M 1175 to M 1550, M 3425 to M 3605, M 3723 to M 4145 near Purbo Kumumai and baguria (D/S of Alai Regulator)	544.43	595.18	31.10.07	23.01.08	07.09.08	15.01.10
Revetment Works from M 5550 to M 5700, M 6950 to M 7150, M 7350 to M 7700, M 8700 to M 9000 near Chakmamrozpur, Narayanpur and Kholabari (U/S of Alai Regulator).	752.52	716.11	28.07.08	05.03.09	06.11.09	15.06.12
Revetment Works at M 11150 to M 11800 near Borogayeshpur (U/S of Alai Regulator).	568.82	534.39	28.07.08	05.03.09	07.03.10	30.10.10
Revetment Works from M 1085 to M 1175, M 2138 to M 2470, M 2570 to M 2670 near Purbo Kumumai and Dakshin Ghaghua (D/S of Alai Regulator).	470.43	441.76	31.08.09	27.02.10	27.01.11	15.06.12
Revetment Works from M 2670 to M 3120, M 3305 to M 3425, M 4085 to M 4145 near Dakshin Ghaghua and Baguria Gidari (D/S of Alai Regulator).	562.38	473.68	31.08.09	27.02.10	27.01.11	15.06.12

Repair of Revetment from M 00 to M 300 at Purbo kumumai near Old Ghagot (U/S of Alai Regulator). New Revetment Works from M 00 to M 400 at U/S from Pulbondiand on Alai River, M 00 to M 012 at Purbo Kumumai (D/S of Alai Regulator), M 00 to M 228 & M 300 to M 469.	649.95	647.03	31.08.09	27.02.10	27.01.11	15.06.12
New Regulators - 1V at Narayanpur and 2V at Barapurkani.	231.11	225.47	06.10.10	11.01.11	25.06.11	15.06.12
New Revetment						
Repair of Revetment						
Repair of Regulator						
JAMALPUR						
Revetment Works & Cross Dam Ch.00 to Ch.1100m (Pathalia to Civil Serzen House)	505.08	555.73	28.11.07	11/02/08	13.10.08	15.06.12
Cross Dam						
Revetment Works Ch.1100m to Ch.2200 (Civil Serzen House to Fouzdari Mor)	414.93	422.56	16/09/07	24/12/07	23/07/08	30.06.09
Revetment Works Ch.2200m to Ch.3300m (Fouzdari Mor to Kali ghat)	418.82	407.17	16/09/07	24/12/07	31/07/08	31.12.09
Revetment Works Ch.3300m to Ch.4400m (Kali ghat to Kumar para)	431.37	516.26	16/09/07	24/12/07	23/07/08	30.06.13
Revetment Works Ch.4400m to Ch.5650m (Kumar para to Sherpur Bridge)	788.81	847.61	02.08.08	17.01.09	29.04.10	15.06.12
New Regulator	445.32	441.04	01.10.09	02.03.10	31.03.11	20.06.13
ST-07, 2-V at Ch.3300m (Bangsha Khal)						
ST-08, 1-V at Ch.3792m (Chalapara)						
ST-09, 1-V at Ch.3972m (Chalapara)						
ST-14, 2-V at Ch.1030m (Goyabaria)						
New Regulator	410.07	394.40	08.11.09	26.05.10	31.05.11	15.06.12
ST-01A, 1-V at Ch.435m (Pathalia)						
ST-03, 1-V at Ch.1800m (Dewanpara)						
ST-10, 5-V at Ch.4823m (Bania Bazar)						
SDO at Ch. 885, 1100, 1120, 1396.						
New Regulators	230.50	256.54	08.11.09	16.05.10	31.05.11	15.06.12
ST-11, 2-V over Goba Khal						
SDO at Ch. 2252, 2404,2769, 3546, 4195, 4315						
MYMENSINGH						
Aqua Khal Ch.2342m to Ch.14600m (Fulbaria Road to Beltoli Mohori Bari)	200.79	133.03	07/02/08	05/03/08	06/08/08	30.06.09
Revetment Works Ch.0 to Ch.600m & Ch.0m to Ch.130m U/S. (Shomvugong Bridge to Patgudam, Char Islambag)	551.89	531.31	11/09/07	18/12/07	27/08/08	31.08.09
Drainage Outlets at Ch.210m						
Revetment Works Ch.600m to Ch.1200m (Patgudam, Char Islambag to Kalibari Gudara Ghat), Drainage Outlets at Ch.636m, Ch.1036m & Ch.1150m	563.77	517.48	11/09/07	18/12/07	27/08/08	30.06.09

Revetment Works Ch.1200m to Ch.1800m (Kalibari Gudara Ghat to Bipin Park)						
Drainage Outlets at Ch.1474m, & Ch.1652m;	500.64	470.06	11/09/07	18/12/07	27/08/08	30.06.11
Revetment Works Ch.4700m to Ch.5500m (Police Line to Katgola Bazar)	664.79	383.42	24.02.09	11.08.10	31.05.11	30.06.13
Drainage Outlets at Ch.4720m, Ch. 5000m & Ch.5350m.						
Revetment Works Ch.5500m to Ch.6300m (Katgola Bazar to Vetanari College)	664.50	467.37	26.05.10	11.08.10	31.05.11	30.06.13
Drainage Outlets at Ch.5800m, & Ch.5800m.						
Revetment Works Ch.6300m to Ch.7100m (Vetanari College to Khakdor Bazar)	645.10	414.23	26.05.10	11.08.10	31.05.11	30.06.13
Drainage Outlets at Ch.6350m						
Revetment Works Ch.7100m to Ch.7900m (Khakdor Bazar to BDR Camp)	671.04	615.61	26.05.10	11.08.10	31.05.11	15.12.11
Drainage Outlets at Ch.7500m, & Ch.7750m.						
Protective work, side drain etc (Kalibari RHD Road, Shomvuganj Bridge to Bipin Park)	304.46	321.47	18.05.09	18.10.09	18.06.10	15.12.10
Revetment Works Ch.7900m to Ch.8740m (BDR Camp to Khakdor Rail Line)	798.11	594.42	27.10.09	18.04.10	23.05.11	30.06.13
MANIKGANJ						
Revetment Works Ch. 5185m to Ch.5785 (Bautha Ghat)	487.94	459.46	09/09/07	30/12/07	01/09/08	17.07.08
Revetment Works Ch. 5785m to Ch.6485 (Boalia)	457.17	487.75	09/09/07	30/12/07	01/09/08	17.07.08
New Flood Embankment, Re-Sec. of Embankment & Revetment on Slope of Embkment. Ch. 00 to Ch.5735m (Tora Bridge to Boalia)	588.91	540.19	25/06/08	22/10/08	23.09.10	15.06.12
New Flood Embankment, Re-Sec. of Embankment & Revetment on Slope of Embkment. Ch. 6135m to Ch.13610m (Boalia to Dergram Bazar)	528.20	508.13	06.12.08	22/10/08	26.07.10	22.06.13
Flood Wall (Boalia & Dergram Bazar to Jaigir Bridge)	709.30	543.23	31.12.08	26.04.09	26.03.10	26.06.10
Revetment Works (Boro Sorondi)	606.34	519.42	04.11.09	14.12.10	30.06.11	15.06.12
New Regulators	544.06	606.66	30.09.09	15/12/09	30.05.11	15.06.12
ST-02, 4V at Ch.4505 (Bandutia - Southa Khal Regulator)						

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ST-03, 2V at Ch.7610 (Sonakandi Regulator)						
ST-05, 4V Regulator at Ch.8685 (Nalura Khal Regulator)						
Box/ Pipe sluices						
ST-04, 1V at Ch.8050 (Sonakandi Jamidar Bari Khal Regulator)	395.89	402.87	30.08.10	15.12.10	30.06.11	15.06.12
ST-06, 1V at Ch.10595m (Mokimpur Regulator)						
ST-07, Pipe Sluice ,1200mm Dia, at Ch.11425m (Char Matto)						
ST-08, Pipe Sluice ,1200mm Dia, at Ch.12460m (Mohespur)						
ST-09, 1V at Ch.13340m (Dergram)						
ST-09A, 3-V at Ch.13605m (Dergram bridge)						
MUNSHIGANJ						
Flood Wall with revetment near President Yasuddin Ahmed College (Ch.1370m to Ch.1755);	699.19	547.26	24.09.09	21.04.10	23.02.11	15.06.12
New Flood Embankment with revetment on slope & toe at Hatiokkigonj (Ch.1900m to Ch.2600m);	322.31	305.05	11.11.07	13.01.08	17.07.08	02.01.10
Flood Wall with bank revetment at Mirersorai (Ch.600m to Ch.794m);	776.80	672.53	20.01.09	24.09.09	30.01.11	15.06.12
Flood Wall with bank revetment at Nawagaon (Ch.794m to Ch.1007m)	823.56	651.67	20.01.09	01.10.09	04.02.11	15.06.12
Flood Wall with bank revetment at Nawagaon (Ch.1007m to Ch.1181m)	603.29	349.75	24.05.10	30.11.10	30.06.11	30.06.13
Flood Wall with bank revetment at Nawagaon (Ch.1181m to Ch.1370m)	610.71	344.09	24.05.10	30.11.10	30.06.11	30.06.13
Flood Wall with bank revetment at Ferry Ghat (Ch.00m to Ch. 600);	483.28	464.15	02.11.10	14.02.11	30.06.11	15.06.12
New Regulator at Bagbari C247(1V), Mirersharai C750(2V), Nawagaon C910 (1V), Nawagaon C1660(1V SDO), Hatlokkhiganj C2.295(1V), Ramjanbag C6625(1V) Dhalbari C14850(1V) and Champatali C15250(1V).	366.68	363.46	10.08.10	30.11.10	30.06.11	15.06.12

BRAHMANBARIA						
Embankment protection New/Rehab at Kawtali and Unchapara M.1175 to M 3572	406.19	390.49	28/12/07	10/03/08	30/07/08	31.05.09
Embankment Protection at Kawtali, Nayanpur, Chandankhli M 1010 to M 4285,	300.91	295.92	28/12/07	03/03/08	30/07/08	31.05.09
New Flood Embankment at Simrailkandi and Kawtali at RB of Titas River and Anderson Khal (M 20-400 & M 255 - 540)	238.09	271.74	15/09/08	24.12.08	12.06.10	15.06.12
Bank Revetment Work from Simrail Kandi to Townkhal (M 400 to M 1770 along Titas River and M 1350 to M 1390 & M 3600 to M 3633 along Anderson Khal.)	657.02	701.25	Nov '08	01.02.09	30.06.11	25.06.13
Bank Revetment Work at Police fari Khal to Moilarvita (Ch.2795m to Ch.3750m along Titas River and Ch. 1050m to Ch. 1078m along Anderson Khal);	435.26	476.80	23.12.08	01.02.09	30.06.10	15.06.12
Bank Revetment Work Ch.1770m to Ch. 2795. along Titas River and Ch. 1078m to Ch.1150m along Anderson Khal) .	467.78	421.30	Nov '08	01.02.09	30.06.11	25.06.13
New Regulator at (1)Merura Sachanghat khal (Ch 3315)(2V), (2)Police Fari Khal (Ch.2810)(2V), (3)Thana HQ (Ch.2230)(1V), (4)Agricultural Office(Ch.1350)(1V), (5)Kawtali (Ch. 490)(1V) & (6)Kawtali(Ch.720)(1V)	294.57	334.72	07.03.10	Oct '09	30.06.11	15.06.12
SUNAMGANJ						
Bank Protection at Weghkali point Ch.0 to Ch. 600m;	502.06	422.61	03/12/07	12/03/08	28.02.11	30.05.11
Re-sectioning & Rehabilitation of Embankment & New Bank Revetment at Weghkali point Ch 600m to Ch.900m & Ch. 900m to Ch.1200m;	478.91	352.22	16.08.08	18.03.09	31.12.09	15.06.11
Embankment from Food Godawn to Berapara Ch 2850m to Ch 3955m.	282.30	252.53	06.10.11	25.01.11	30.06.11	15.06.12

W

Description of Procurement (goods/works/Consultancy) as per bid document	Tender/Bid/Proposal cost(in lakh Taka)		Tender/Bid/Proposal		Date of Completion of Works/Services and supply of goods	
	As per DPP	Contracted value	Invitation date	Contract Signing/L.C . opening date	As per contract	Actual
1	2	3	4	5	6	7
Services:						
Consulting services:						
(i) Expatriate-67 man months	1063.063	1063.063	01-01-2005	02-11-2006	31-12-2009	31-12-2009
(ii) Local-1417.10 man months	1073.865	1073.865	01-01-2005	02-11-2006	31-12-2009	31-12-2009
(iii) Support Services	1095.227	1095.227	01-01-2005	02-11-2006	31-12-2009	31-12-2009
Training	115.000	115.000		18-07-2008	31-11-2008	31-12-2008
Consulting services:						
(i) Expatriate						
(ii) Local-81.75 man months	106.585	106.585	30-06-2011	07-09-2011	30-06-2012	30-06-2012

8.2 Use of Project Consultant(s) (Foreign/Local):

Name of the Field	Approved man month		Actual man month utilized	Remarks
	As per approved 2 nd RDPP	As per contract		
1	2	3	4	5
1. Management, Design & Supervision Consultant(MDS) a) Foreign b) Local	a) 67 mm b) 1498.85 mm	a) 67 mm b) 1498.85mm	a) 67 mm b) 1498.85mm	The Consultancy services were successfully completed with proper attention to management, Design and supervision of the Project.

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09. Construction/Erection/Installation Tools & Equipment:

Description of items	Quantity (as per approved 2 nd RDPP)	Quantity procured with date	Transferred to O&M with date	Disposed off as per rule with date	Balance	Remarks
1	2	3	4	5	6	7
Photocopier	6 Nos	6 Nos on 30-06-2006	4 Nos transferred to 4 district Towns on 30-06-2006		2 Nos	2 Nos are being used in STIFPP-2,BWDB
Photocopier	3 Nos	3 No on 29-06-2007	3 Nos transferred to 7 District towns on 29-06-2007		-	
Fax Machine	6 Nos	6 Nos on 30-06-2006	5 Nos transferred to 5 District Towns on 30-06-2006		1 No	1 no is being used in STIFPP-2,BWDB
Fax Machine	5 nos	5 Nos on 31-12-2009	5 Nos transferred to 5 District Towns on 31-12-2006		-	
Printer	8 Nos	8 Nos on 30-06-2006	6 Nos transferred to 6 District Towns on 30-06-2006		2 Nos	2 Nos are being used in STIFPP-2,BWDB
Plotter	1 No	1 No on 31-12-2009			1 No	1 No is kept in STIFPP-2,BWDB
Desktop Computer	8 Nos	8 Nos on 30-06-2006	5 Nos transferred to 5 District Towns on 30-06-2006		3 Nos	3 Nos are being used in STIFPP-2,BWDB
Desktop Computer	3 Nos	3 Nos on 29-06-2007	3 Nos transferred to 3 District towns on 29-06-2007		-	
Desktop Computer	7 Nos	7 Nos on 31-12-2009	6 Nos transferred to 6 district Towns on 31-12-2009		1 No	1No is being used in STIFPP-2,BWDB
1 No	Laptop Computer	1 no on 30-06-2006	1 No is transferred to the office of the design Circle-5, BWDB, Dhaka on 01-08-12		-	
1 No	Laptop Computer & printer	1 No on 31-12-2009	1 No is transferred to the office of the Director, Program, BWDB, Dhaka, BWDB, Dhaka on 13-02-13		-	

FINANCIAL AND PHYSICAL PROGRAMME :

C.

01. (a) Original and Revised Schedule as per approved 2nd Revised DPP:

(In Lakh Taka)

Financial Year	Financial provision & physical target as per original PP				Financial provision & physical target as per latest 2 nd Revised DPP			
	Total	Taka	P. A.	Physical %	Total	Taka	P. A.	Physical %
1	2	3	4	5	6	7	8	9
2004-2005	11.000	5.250	5.750	.02	0.000	0.000	0.000	1.5
2005-2006	2500.00	661.190	1838.810	6.05	28.810	2.470	26.340	3.40
2006-2007	18644.420	6130.850	12513.570	45.166	773.370	104.370	669.000	15.5
2007-2008	16038.060	2170.250	13867.810	38.852	7872.526	1337.055	6535.473	26.86
2008-2009	4086.250	621.230	3465.020	9.89	8018.245	1844.885	6173.360	23.80
2009-2010	0.000	0.000	0.000	-	11295.722	3916.274	7379.448	14.35
2010-2011	0.000	0.000	0.000	-	8840.920	1603.470	7237.450	11.42
2011-2012	0.000	0.000	0.000	-	12185.195	4343.830	7841.367	1.67
2012-2013	0.000	0.000	0.000	-	2958.324	1500	1458.319	1.5
Total:	41279.730	9588.770	31690.960	100.00	51973.111	14652.354	37320.757	100.00

01. (b) Revised ADP allocation and progress:

Financial Year	Revised allocation and target				Taka Released	Expenditure and physical progress			
	Total	Taka	P.A.	Physical %		Total	Taka	P.A.	Physical %
1	2	3	4	5	6	7	8	9	10
2004-2005	-	-	-						
2005-2006	60.00	60.00	0.00	1.5	60.00	28.810	2.470	26.340	.75
2006-2007	1310.00	210.00	1100.00	3.40	1310.00	773.370	104.370	669.000	2.5
2007-2008	9330.00	1730.00	7600.00	15.5	9330.00	7872.526	1337.055	6535.471	13.53
2008-2009	8200.00	2000.00	6200.00	32.76	8200.00	8018.245	1844.885	6173.360	32.70
2009-2010	12000.00	4000.00	8000.00	25.00	12000.00	11295.722	3916.274	7379.448	23.80
2010-2011	9200.00	1700.00	7500.00	14.35	9200.00	8840.920	1603.470	7237.450	14.30
2011-2012	13480.00	4500.00	8980.00	11.42	13480.00	12185.195	4343.830	7841.365	10.75
2012-2013	2457.00	1000.00	1457.00	1.67	2457.00	2372.492	934.026	1438.466	.92
Total:	56037.00	15200.00	40837.00	105.600	56037.00	51387.280	14086.380	37300.90	99.25

D. ACHIEVEMENT OF OBJECTIVE OF THE PROJECT

Objective as per 2 nd Revised DPP	Actual achievement	Reasons for shortfall, if any
The Project will promote economic growth and alleviate poverty in nine selected towns in Bangladesh namely, Kushtia, Rajshahi, Gaibandha, Jamalpur, Mymensingh, Manikganj, Munshiganj, Brahmanbaria and Sunamganj, providing a flood-free and secure living environment within the framework of integrated flood protection. The integrated approach, combining river protection works with drainage improvement and basic municipal services, is the basic requirement for the development of the urban areas in Bangladesh, which are prone to frequent river flooding, particularly in low lying area with poor drainage systems. The urban sector in Bangladesh remains in a priority for the government because it presents a greater opportunity for both pro-poor economic growth as well as targeted poverty reduction particularly at the secondary town's level. While the Project will benefit the entire urban community in the Project towns, some components of the Project will focus on upgrading the conditions of the poorest and most needy groups in the slum areas in particular. The Project will also promote active participation of women citizens in municipal management and services as both beneficiaries and agents, through urban governance reforms and support to gender and development activities. Thus the objectives of the proposed investment of the project can be conveniently summarized in two parts as follows: (c) Broad Objectives : To alleviate poverty and provide a flood-free and secured living environment in the nine selected towns. (d) Development Objectives : To implement the projects of the selected nine secondary towns comprising the following components: • Component A – Flood Protection Works • Component B – Urban Drainage System Improvement	The Project is anchored in the integrated approach that the flood protections & river erosion protection works are combined with the drainage and basic municipal services. The integrated approach, combining the flood protection & river erosion protection works with the drainage and basic municipal services, was assessed as appropriate for the urban areas of Bangladesh which is prone to frequent river flooding, particularly in low-lying areas with poor drainage systems. The Contract Completion Report of the Project concluded that the Project achieved benefits in respect of improvement of flood free secured living environment and poverty alleviation through economic growth by taking various flood protection measures and drainage improvements systems. The urban sector in Bangladesh remains in a priority for the government because it presents a greater opportunity for both pro-poor economic growth as well as targeted poverty reduction particularly at the secondary town's level. Under the separate DPP in the same Project LGED through the City Corporation/Pourashavas executed Component C fully and Part of Component B and part of Component D. This Component of works mainly include initiatives and works for improvement of drainage and environmental facilities under the control of Local Government Division. Drainage facilities include rehabilitation and cleaning of internal drains, new construction and remodeling drains, culverts, bridges to minimize internal flooding of low lying areas. Environmental improvement includes complementary sanitation, solid waste management and slum improvement. These components have been successfully implemented with positive impact on reduction of water logging and inundation and improvement of environmental conditions of the project area. Bangladesh Water Development Board (BWDB) executed fully the Component A: Flood protection works, and be involved in part of Component B: Drainage System Improvement outside the Pourashava and part of Component D: Capacity building and implementation assistance for project management, detail design of the various investment components through Management, Design & Supervision (MDS) Consultants. STIFPP-2 adopted several key approaches to promote equal participation of men and women as agents and beneficiaries in the project design and	

• Component C – Urban Environmental Improvement • Component D – Capacity Building & Implementation Assistance Bangladesh Water Development Board (BWDB) is executing fully the Component A: Flood protection works, and be involved in part of Component B: Drainage System Improvement outside the Pourashava and part of Component D: Capacity building and implementation assistance for project management, detail design of the various investment components through Management, Design & Supervision (MDS) Consultants. LGED through the City Corporation/Pourashavas is executing Component C fully and Part of Component B and part of Component D. This Component of works mainly include initiatives and works for improvement of drainage and environmental facilities under the control of Local Government Division. Drainage facilities include rehabilitation and cleaning of internal drains, new construction and remodeling drains, culverts, bridges to minimize internal flooding of low lying areas. Environmental improvement includes complementary sanitation, solid waste management and slum improvement. After implementation of the project, the residents of the towns under this project will enjoy enhanced quality of life with flood-free and better environmental facilities and be able to participate in the long term and stable development activities.	implementation process. An overall project gender action plan (GAP) was developed during the design phase to address gender issues under each project component. To achieve better gender equity results, town-specific Gender Action Plans (GAPs) were developed and those actions plans were followed effectively during the implementation of the civil construction works in nine towns. Gender-responsive strategies and training within the CDCs as well as strict enforcement of rules for contractors requiring minimum and equal wages were paid to both men and women laborers engaged under the project contributed towards providing fair working conditions and fair wages for the poor, particularly for women. Those also contributed to economic upliftment of poor women. After implementation of the project, the residents of the towns under this project are enjoying enhanced quality of life with flood-free and better environmental facilities and be able to participate in the long term and stable development activities.	
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E. BENEFIT ANALYSIS:

01. Annual Out-put:

Items of Out-put 1	Unit 2	Estimated quantity expected at full capacity 3	Actual quantity of out-put during the 1 st year of operation at full capacity (or during, real production for newly completed project) 4
Repair, Maintenance and Rehabilitation			
Component A: Flood Protection			
Rehabilitation of old embankment	Km.	35.480	35.480
Groyne (rehab)/Syphon	Nos	4	4
Rehab. revt/flood wall	Km.	1.450	1.450
Repair of regulators	Nos.	2	2
O & M during construction	item	-	-
Component B: Drainage Improvement			
Drainage channel re-excavation	Km.	45.810	45.810
Acquisition of Asset			
Transport			
4 WD Jeep	Nos.	8	8
Micro / minibus	Nos.	1	1
Motorcycle	Nos.	9	9
Equipment (fax, computer & photocopier)	item	item	item
Acquisition of Land			
LA for Flood Protection & Drainage Khal	ha	35.980	35.980
Resettlement	hh	914	914
Construction and Works			
New embankment	Km.	22.570	22.570
Metalling crest of embankment	Km.	11.550	11.550
Revetment & Slope Revetment	Km.	41.105	41.105
Groynes/ Spurs			
Flood wall	Km.	2.780	2.780
Core wall			
New regulators/ bridges	Nos.	68	68

02. Cost Benefit Ratio:

Item	Estimated	Actual
Benefit cost ratio of the Project (i) Financial (ii) Economic	(i) Financial:2.81: 1.00 (ii) Economic:3.24: 1.00	(i) Financial:2.81: 1.00 (ii) Economic:3.24: 1.00
Internal Rate of Return (i) Financial (ii) Economic	(i) Financial:29.21% (ii) Economic:32.24%	(i) Financial:29.21% (ii) Economic:32.24%

03 Please give reasons for shortfall, if any, between the estimated and actual benefit : Not Applicable

F. MONITORING AND AUDITING

01 Monitoring:

Name & designation of the inspecting official	Date of inspection	Identified Problems	Recommendations
1	2	3	4
(a) <u>Ministry /Agency:</u> Ministry of Water Resources(MoWR) & Bangladesh Water Development Board(BWDB)	During Execution of the project, high officials of the Ministry of Water Resources(MoWR) and Bangladesh Water Development Board(BWDB) , Project Director, other technical personnel of Project Management Office (PMO) supervised the project sites several times. Several Teams from Ministry /Agency /IMED/Planning Commission visited different schemes during implementation period and they did not find any major problems. Besides, the Project Management Office (PMO) of the Project monitored the implementation of the Project regularly. Monitoring formats were designed for monitoring the physical infrastructure works. Monthly and quarterly progress reports based on the formats issued by IMED were sent regularly to MoWR and Planning Commission.		
(b) <u>IMED:</u>	Not Available		
(C) <u>Others:</u>	Asian Development Bank fielded loan review missions throughout the entire project period. The Missions did not make any adverse comments, at any point of time, in their Aid-memoires.		

02. Auditing during and after Implementation:

2.1 Internal Audit:

Audit Period	Date of submission of Audit Report	Major findings/ Objections	Whether Objections Resolved or not
BWDB has its own Audit Directorate at Head office in Dhaka . The Project was audited by the BWDB Audit Directorate from time to time.			

2.2 External Audit by FAPAD

Auditing was performed by the office of the Accountant General of Bangladesh at the district level & HQ Level. Those are summarized below:

Audit Period	Date of submission of Audit Report	Major findings/ Objections	Whether Objections Resolved or not
1	2		4
2003-2004			
2004-2005			
2005-2006	13.02.2007	1. Progress of the Project is very poor though Tk.3452.80 lac was placed to PD's A/C by ADB (SFI) 2. Taka 19,324.00 was accrued as Bank Interest from GoB fund but not deposit into Govt. A/C (Non SFI)	Objection resolved Objection resolved
2006-2007	27.03.2008	1. Irregular agreement was made with the consultant. Tk .26,53,85833 lac (SFI) 2. Expenditure incurred beyond PP Provision.Tk.8,18,500-(SFI) 3. Unspent GOB money not deposited into govt. A/c Tk.20,63,000 (Non SFI)	Objection not resolved Objection not resolved Objection resolved
2007-2008	31.03.2009	1. VAT & IT less deducted from the contractors Bill.Tk.4,70,923 (SFI) 2. Unspent balance lakh was not ascertained due to non maintenance of separate bank A/C for the Project Tk.23.37 lakh (Non SFI) 3. payment made to the contractor as mobilization adv. without any evidence as per contract agreement. Tk.1,55,51,171.37 (Non SFI) 4. Revenue loss due to non deposition of sale proceeds of tender schedule and band interest into Govt. A/C. Tk.34,24,242 (Non SFI) 5. Contingency expenses whether deposited into Govt. A/C not documented Tk. 10,93,976.77 (Non SFI)	Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved
2008-2009	31.03.2010	1. Sale proceeds of tender schedule were to less deduction into the Govt. A/C. Tk.38,01,000 (SFI) 2. Govt. was deprived of revenue due to less deduction of VAT and IT.Tk.2,66,770.00 (Non SFI) 3. Accrued Bank interest was not deposited into govt. A/C. Tk.46,330 (Non SFI) 4. Adv. payment was made to DC for land acquisition but adjustment voucher was not available. Tk-No mention (Non SFI)	Objection not resolved part amount of Tk. 2022.00 resolved Objection not resolved Objection not resolved
2009-2010	31.03.2011	1. VAT & IT less deducted. Tk 2,40,200.78+5,33,782.00 (SFI) 2. Cheque issued in favour of DC without any estimate of land acquisition case. Tk.940.50 lac. (Non SFI) 3. Sale proceeds of tender schedule not deposited into	Objection resolved Objection not resolved Objection not resolved

		Govt A/C. Tk 18,50,000.00 (Non SFI) 4. Govt. deprived of revenue income as VAT due to non execution of insurance coverage. Tk. 2,22,834.00 (Non SFI) 5. Stock register not maintained and physical inventory not taken of CC blocks stock. Tk-. No mention. (Non SFI) 6. Expenditure incurred for excess supplying & manufacturing of non woven geo-textile bag. Tk- No mention. (Non SFI)	Objection resolved Objection resolved Objection resolved
2010-2011	02.08.2012	1. Auditable records and documents not produced to audit (SFI) 2. Double payment made to the contractor. (Non SFI) 3. Work awarded to the tenderer but tender documents not found during audit. (Non SFI) 4. Violation of Financial discipline due to non-adjustment. (Non SFI) 5. Acquired salvaged materials not accounted for. (Non SFI) 6. Revenue loss due to less/non deduction of VAT & IT from contractors bill (Non SFI) 7. Govt. deprive due to less deduction of VAT for execution of insurance coverage. (Non SFI) 8. Sale Proceeds of tender schedule not deposited into Govt. account. (Non SFI) 9. Accrued Bank interest not deposited into Govt. account (Non SFI) 10. Payment made to the contractor was not justified. (Non SFI) 11. Unspent balance of GOB fund not refunded to Govt. account (Non SFI) 12. Liquidated damages not imposed on contractors for delaying of work (Non SFI) 13. Insurance was not provided by the contractors as per condition of contract. (Non SFI) 14. Certified treasury challan against deposit of Income Tax and VAT to be obtained from DAO (Non SFI)	Objection resolved Objection resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved Objection resolved Objection not resolved Objection not resolved Objection not resolved Objection not resolved
2011-2012	31.03.2013	1. Additional cost of Tk.13,93,523.78 not recovered from the contractor for non-completion of work. (SFI) 2. Questionable expenditure amounting to Tk 16,70,760.00 for carried earth work (SFI) 3. Performance Guarantee not extended upto actual completion of work (Non SFI) 4. Liquidated damage not imposes on contractor for delaying of works. (Non SFI) 5. Expenditure incurred Tk. 31,38,104.40 for construction of new embankment but some portion were damaged. (Non SFI)	Objection not resolved Objection resolved Objection not resolved Objection not resolved Objection resolved
2012-2013		Not yet Audit	

G. DESCRIPTIVE REPORT

1. General Observations / Remarks on the Project on:

1.1 Background

Bangladesh has experienced rapid urbanization since independence. The urban base has expanded rapidly from 7.6% to 25% between 1970 and 2005. The rapid pace of urbanisation is going to continue in future. Rapid urbanization has created growing demand for urban infrastructure and services. The development of urban infrastructure has not kept pace with rapid urbanization, causing an acute shortage in urban infrastructure and services. Drainage tends to be underdeveloped and poorly maintained. There are not adequate roads to meet growing traffic volume. Rapid urbanization is largely attributed to migration from rural areas. Such migration is propelled by rural poverty, vulnerability to flood protection, river erosion, lack of employment and livelihood opportunities in rural areas, lure of urban areas, etc. Owing to resource constraints and lack of institutional capacity, *Pourashavas/Cities* are unable to provide necessary civic facilities and services. It is imperative to scale up civic amenities and infrastructural facilities in various categories of *Pourashavas/cities* to provide secure living environment and to grow economy.

The devastating floods of 1987 and 1988 was a reminder to all concerned, including policy makers and external development partners, that the threats of severe flooding could no longer be left unattended. In July 2004, a severe flood occurred in Bangladesh causing severe flood damage in many parts of the country. In some parts of the country, flood levels were similar and even higher than those experienced in the major floods of 1988 and 1998. The towns of Jamalpur, Mymensingh, Manikganj, Munshiganj, Brahmanbaria and Sunamganj were badly affected. The major floods of 1988, 1998 and 2004 underline the importance to Bangladesh of successfully implementing STIFPP. A strong consensus was formulated quickly for an immediate action in a concerted manner. A year later, the Government and the international community together formulated a comprehensive programme, called the Flood Action Plan (FAP), to develop a sustained solution to the dangers of annual flooding. The FAP comprised 26 activities for physical investments, technical studies and support activities. For urban flood protection, the FAP identified Dhaka and 15 district towns (*Khulna, Kurigram, Dinajpur, Panchagram, Habiganj, Moulavibazar, Rajshahi, Gaibandha, Kushtia, Mymensing, Jamalpur, Brahmanbaria, Sunamganj, Manikganj and Munshiganj*) to be supported by the Asian Development Bank (ADB). On its part, ADB provided two loans for urban flood protection to cover Dhaka and six of the fifteen district towns. The six towns under the Secondary Towns Integrated Flood Protection Project (Phase -1) are Khulna, Kurigram, Dinajpur, Panchagram, Habiganj and Moulavibazar. The projects have been completed and ADB's intervention proved to be very effective, as evident during another massive flooding in 1998. Moreover, the monitoring and evaluation reports confirmed that total beneficiaries exceeded the targets set during project appraisal. The respondents in both slum and non-slum areas cited significant direct benefits from reduced flood damage, including improved hygiene and a cleaner environment and more efficient solid waste collection. Substantial indirect benefits were also reported, including better housing, higher land values, increased daily incomes and reduction in illness and medical costs. The Project also provided significant employment opportunities in construction sector for the local poor. Based on the positive feedbacks, the Government and ADB agreed to complete the flood protection facilities for the remaining nine towns that were left out from the First Phase of the Project.

The past experience demonstrated that piecemeal efforts had been generally ineffective and, in some cases, inadvertently compounded environmental health hazards. Inadequate drainage resulted in polluted waters remaining stagnant in low-lying lands (often densely populated slum areas) for long periods. Uncoordinated collection and disposal of solid waste contributed to localized flooding due to clogged drains. In this backdrop, a clear and urgent need emerged to integrate flood protection works with other infrastructure and environment improvement measures in selected high priority nine secondary towns to maximize the impact in GDP growth. Accordingly, the Secondary Towns Integrated Flood Protection (Phase -2) Project (STIFPP -2) was designed anchored in an integrated approach where flood protection was combined with drainage, sanitation, solid waste management and slum improvement in one project.

1.2 Justification/Adequacy

In Bangladesh, the level of urbanization is growing very fast and the urban sector plays an important role in the economic development of the country. The contribution of the urban sector to the country's Gross Domestic Product (GDP) has increased while the contribution of the agricultural sector has declined over the years. At the time of preparation of the Project, over 40% of the country's GDP was

generated from the urban sector. The share of the agriculture sector has declined from about 60 percent in 1972-73 to only 17 percent in 2009. The contribution of the urban sector to the GDP has increased from a low of 25 percent in 1972/73 to over 50 percent in 2009. The role of the urban centers as the "engine house" of the country's growth is clearly recognized in the Government's latest Five-Year Development Plan documents. The Sixth Five Year Plan has mentioned that while urban dwellers constitute about 25 percent of the total population of the country, but their contribution to GDP is more than 50 percent. It asserts 'National economic growth is thus closely correlated with urbanization.

However, the growth potential of the urban sector in Bangladesh is severely constrained by frequent flood and persistent water-logging problems. There are more than 550 urban centers in Bangladesh. Of these, the number of Urban Local Bodies (ULBs) is more than 300 and ULBs are categorized as City Corporation, Special, A1, A2, B and C. Many of the urban centers and ULBs suffer from severe river erosion and destruction of physical infrastructure caused by frequent river flooding and water-logging. Flooding is a perennial problem in Bangladesh and the urban areas are more prone to economic and human losses due to their high population density and concentration of industrial and investment sites. While the Government wanted to address the problems of flooding and river erosion in urban areas as early as in the 1970s, no concerted major investments could be carried out due to resource constraints. As a result, urban centers, especially the secondary towns, remained neglected.

The devastating floods of 1987 and 1988 was a reminder to all concerned, including policy makers and external development partners, that the threats of severe flooding could no longer be left unattended. A strong consensus was formulated quickly for an immediate action in a concerted manner. A year later, the Government and the international community together formulated a comprehensive programme, called the Flood Action Plan (FAP), to develop a sustained solution to the dangers of annual flooding. The FAP comprised 26 activities for physical investments, technical studies and support activities. For urban flood protection, the FAP identified Dhaka and 15 district towns (*Khulna, Kurigram, Dinajpur, Panchagram, Habiganj, Moulavibazar, Rajshahi, Gaibandha, Kushtia, Mymensing, Jamalpur, Brahmanbaria, Sunamgonj, Manikgonj and Munshigonj*) to be supported by the Asian Development Bank (ADB). On its part, ADB provided two loans for urban flood protection to cover Dhaka and six of the fifteen district towns. The six towns under the Secondary Towns Integrated Flood Protection Project (Phase -1) are Khulna, Kurigram, Dinajpur, Panchagram, Habiganj and Moulavibazar. The Project was completed and ADB's intervention proved to be very effective, as evident during another massive flooding in 1998.

A striking feature of urbanization in Bangladesh is over concentration of urban population growth in few metropolitan cities. To help prevent this lop-sided pattern of urban growth and to facilitate balanced development of urban centers across the country, the need for sound urban development both for major cities and towns was long felt. The Sixth Five Year Plan (SFYP) has observed; "If urban population growth is arranged and distributed over space in cities and towns of different population sizes in a balanced manner, the process of urbanization can be managed in a better way.

In the above backdrop, the Project adopted an integrated approach where flood protection was combined with drainage, sanitation, solid waste management, slum development and governance improvement.

1.3 Objectives

The Project will promote economic growth and alleviate poverty in nine selected towns in Bangladesh namely, Kushtia, Rajshahi, Gaibandha, Jamalpur, Mymensingh, Manikganj, Munshiganj, Brahmanbaria and Sunamganj, providing a flood-free and secure living environment within the framework of integrated flood protection. The integrated approach, combining river protection works with drainage improvement and basic municipal services, is the basic requirement for the development of the urban areas in Bangladesh, which are prone to frequent river flooding, particularly in low lying area with poor drainage systems. The urban sector in Bangladesh remains in a priority for the government because it presents a greater opportunity for both pro-poor economic growth as well as targeted poverty reduction particularly at the secondary town's level.

While the Project will benefit the entire urban community in the Project towns, some components of the Project will focus on upgrading the conditions of the poorest and most needy groups in the slum areas in particular. The Project will also promote active participation of women citizens in municipal management and services as both beneficiaries and agents, through urban governance reforms and support to gender and development activities.

Thus the objectives of the proposed investment of the project can be conveniently summarized in two parts as follows:

(e) Broad Objectives :

To alleviate poverty and provide a flood-free and secured living environment in the nine selected towns.

(f) Development Objectives :

To implement the projects of the selected nine secondary towns comprising the following components:

- Component A – Flood Protection Works
- Component B – Urban Drainage System Improvement
- Component C – Urban Environmental Improvement
- Component D – Capacity Building & Implementation Assistance

Bangladesh Water Development Board (BWDB) will execute fully the Component A: Flood protection works, and be involved in part of Component B: Drainage System Improvement outside the Pourashava and part of Component D: Capacity building and implementation assistance for project management, detail design of the various investment components through Management, Design & Supervision (MDS) Consultants.

LGED through the City Corporation/Pourashavas will execute Component C fully and Part of Component B and part of Component D. This Component of works mainly include initiatives and works for improvement of drainage and environmental facilities under the control of Local Government Division. Drainage facilities include rehabilitation and cleaning of internal drains, new construction and remodeling drains, culverts, bridges to minimize internal flooding of low lying areas. Environmental improvement includes complementary sanitation, solid waste management and slum improvement.

After implementation of the project, the residents of the towns under this project will enjoy enhanced quality of life with flood-free and better environmental facilities and be able to participate in the long term and stable development activities.

1.4 Project Revision with Reasons

1.4.1 First Revision of the Project (BWDB Part):

The original Project of the BWDB part was approved at a total cost of Tk. 41279.730 lakh (GOB 9588.770 lakh + Project Aid Tk. 31690.960 lakh) . The implementation period of the original approved project was from 2004-2005 to 2008-2009.

PP with a Project duration of 60 months envisaged 3(three) complete working seasons for the total volume of works. This was pragmatic and due considerations were given in practical work scheduling to achieve the target. Due to loan closing date by 31 December, 2009, the Project termination date remained same, but due to delay in fielding MDS Consultants civil works started late by about 20 months resulting in project completion in 40 months. This was subsequently considered to be unattainable.

Besides these the change of land acquisition & resettlements quantities, the change of the volume of works as per changed hydrological & morphological situation in the field, change of design of some infrastructures were necessary to be included in proposed DPP. The Inter-Ministerial Project Steering Committee in its meeting held on 19 July 2007 decided, among others, to consider extension of time of implementation, allowing full three working seasons. The decision is pragmatic and this 1st revision of DPP had been taken in hand in compliance of the above decision of the IPSC Meeting.

Signing of Consultancy Contract by MDS Consultants on 2nd November, 2006 delayed the implementation by about one and half year and the Project Director opined in the 2nd Meeting of the IPSC that extension of MDS Consultants Contract was required. IPSC decided that a proposal be submitted by the project authority by December 2007 with a direction to inform ADB. The matter was discussed in the wrap-up meeting of ADB Loan review mission held on 14 Aug 2007 where the Mission on principle agreed to consider the time extension, but opined to settle the issue during the Mid-Term Review Mission scheduled to be held in early 2009.

ADB fielded its Mid Term Review Mission during 22 February – 12 March, 2009 where the extension of Loan period has been discussed and upon a request from GoB, ADB extended loan period up to 30 June, 2011 to complete all remaining works.



ADB Mid-term Review Mission was fielded between 22 February to 12 March 2009. Among other decisions, in the wrap-up The original Project of BWDB part was approved at a total cost of Tk. 41279.730 lakh (GOB Tk. 9588.770 lakh + PA Tk. 31690.960 lakh). The implementation period of the original approved project was from 2004-2005 to 2008-2009.

The two main reasons for revision of PP are to allow for the increased cost of the execution of the flood Protection Component works and to allow the adoption of a realistic time requirement for implementation.

Cost Increase: Cost increase has occurred due to (i) Increase in acquisition requirement of land and cost of land and resettlement; (ii) Change in volume of works as necessitated under prevailing condition of flood protection and erosion protection; (iii) Excessively enhancement of unit rates of work items; (iv) Additional services of MDS Consultants required for the proposed enhancement of duration of the project

Time Increase : Original meeting chaired by Secretary, Ministry of Water Resources, the followings were also included:

- (i) The RDPP of BWDB should be submitted immediately with a proposal of extension of the implementation period of the project for 02 (two) years more.
- (ii) A proposal for extension of MDS Consultants' proposal along with justification should be submitted to ADB and to be incorporated in the RDPP.

The next Loan Review Mission took place from 03 August to 18 August 2009 with wrap-up meeting held on 18 August 2009 in the Ministry of Water Resources. Ministry of Water Resources presided. Among others, decisions were taken as:

- (i) The RDPP should be submitted by BWDB for immediate approval by the Competent authority and
- (ii) BWDB will submit revised contract of MDS Consultants for approval of the Competent Authority.

Accordingly, the first revision of the Project was made. The first revision of the Project was needed to accommodate all the issues mentioned above and to extend the Project period by two year i.e. up to June 2011. The first revised DPP of BWDB part was approved by ECNEC on 04.05.10 at a total cost of Tk. 64116.018 lakh (GOB Tk. 27070.951 lakh + Project Aid Tk. 37045.067 lakh). The implementation period of the first revised Project was 2004-2005 to 2010 -2011 (extended time upto June, 2012 without cost increasing of 1st RDPP)

1.4.2 Second Revision of the Project (BWDB Part):

The 1st RDPP with increased cost TK. 64,116.018 Lakh had been approved by ECNEC on 04.05.10 incorporating the project completion date June 2011. The progress of work implementation was being continuously hindered due to non-availability of sufficient OPEC fund in timely manner. The assessment of physical progress as 80% against elapsed loan period of 91% during Loan Review Mission of ADB in December 2010 prompted the Mission to recommend submission of a formal proposal for a time extension by PMO in line with Tripartite Portfolio Review Mission (TPRM) in November, 2010 and again in March, 2011 with Justification for extension up to 30 June, 2012. The GoB has approved the time extension of the project up to June, 2012 without cost increase. GoB also formally requested ADB & OPEC for an extension of loan closing date upto 30 June, 2012 and 31 December, 2012 respectively which had been approved by the concerned Development Partners ADB and OPEC.

The scope of work has been reduced due to not getting concurrence on some packages from ADB, some packages has been deferred due to constraint of loan amount, problems related to land acquisition, lack of beneficiary interest about the prospect of full poldering as they preferring occasional flooding with silt laden waters and shortage of implementation time. Quoted bidding prices against a large number of packages are lower than the respective packages estimated cost which lead to reduce total implementation cost. The Hydrological and Geomorphological change and some unavoidable field conditions imply to alter the design of some packages which also lead to vary the scope of work. Only the drainage channel re-excavation work has been slightly increased as per actual field condition specially in Mymensingh.

These situations were discussed in the wrap up meeting held on 21 December, 2010 in the Ministry of Water Resources chaired by Secretary, Ministry of Water Resources and the decision was taken for extension of the project implementation period further 1(one) year without increasing the project cost taking all the present implementation situations into account. Additionally, ADB agreed to extend the project period for another one year up to June, 2012 at the Tripartite Portfolio Review Mission (TPRM) Meeting held in November, 2010. Accordingly the time extension has been approved by the GoB keeping the expenditure within 1st RDPP cost vide memo no 42.039.014.01.00.012.2010, Planning section-1, MoWR dated 25.05.11.

An Inter-ministerial Project Steering Committee Meeting (5th Meeting) was held on 16 January, 2012 to provide overall directives towards successful completion of all project related activities. Among others one important decision "Making necessary revision/re-appropriation, 2nd RDPP of STIFPP-II for BWDB portion is to be submitted by BWDB (Lead Agency) soon" was taken. In 2nd RDPP Verification meeting held in MoWR on 24.04.2012 chaired by the Senior Secretary, MoWR, it had been decided that reorganized 2nd RDPP with necessary correction including correction of some printing mistakes will be sent to MoWR urgently mentioning time extension period up to June, 2013.

Accordingly the 2nd RDPP had been prepared.. The second revised project of the BWDB Part was approved by Planning Commission on 10-12-12 at a total cost of Tk. 51973.111 lakh (GOB Tk.14652.354 lakh and Project Aid Tk.37320.760 lakh). The implementation period of the approved second revised Project was July 2004 to June, 2013.

2. Rationale of the Project in Respect of Concept, Design, Location and Timing.

Bangladesh is vulnerable to recurrent floods. Several secondary towns in Bangladesh are susceptible to river flooding, flash floods, and river erosion. Lack of flood protection and inadequate drainage cause water logging and overflow of sewer facilities, especially latrines, and cause widespread environmental degradation, and unhygienic living conditions, particularly in slums and squatter areas. The growth potential of the urban sector is also stifled by frequent flooding, with consequent damage to infrastructure, industrial sites, and businesses.

The project's baseline survey found that the incidence of poverty was 34% in the overall project area and as high as 40% in some towns. Households in hard-core poverty are concentrated in overcrowded slum and squatter areas. Persistent migration from rural areas is evident from shanty settlements mushrooming along river embankments and in low-lying areas. These areas and inhabitants are especially vulnerable to flooding and concomitant misery.

The major floods of 1988, 1998 and 2004 underline the importance to Bangladesh of successfully implementing STIFPP. A strong consensus was formulated quickly for an immediate action in a concerted manner. A year later, the Government and the international community together formulated a comprehensive programme, called the Flood Action Plan (FAP), to develop a sustained solution to the dangers of annual flooding. The FAP comprised 26 activities for physical investments, technical studies and support activities. For urban flood protection, the FAP identified Dhaka and 15 district towns (*Khulna, Kurigram, Dinajpur, Panchagram, Habiganj, Moulavibazar, Rajshahi, Gaibandha, Kushtia, Mymensing, Jamalpur, Brahmanbaria, Sunamgonj, Manikgonj and Munshigonj*) to be supported by the Asian Development Bank (ADB). On its part, ADB provided two loans for urban flood protection to cover Dhaka and six of the fifteen district towns. The six towns under the Secondary Towns Integrated Flood Protection Project (Phase -1) are Khulna, Kurigram, Dinajpur, Panchagram, Habiganj and Moulavibazar. The projects have been completed and ADB's intervention proved to be very effective, as evident during another massive flooding in 1998. Moreover, the monitoring and evaluation reports confirmed that total beneficiaries exceeded the targets set during project appraisal. The respondents in both slum and non-slum areas cited significant direct benefits from reduced flood damage, including improved hygiene and a cleaner environment and more efficient solid waste collection. Substantial indirect benefits were also reported, including better housing, higher land values, increased daily incomes and reduction in illness and medical costs. The Project also provided significant employment opportunities in construction sector for the local poor. Based on the positive feedbacks, the Government and ADB agreed to complete the flood protection facilities for the remaining nine towns that were left out from the First Phase of the Project.

The past experience demonstrated that piecemeal efforts had been generally ineffective and, in some cases, inadvertently compounded environmental health hazards. Inadequate drainage resulted in polluted waters remaining stagnant in low-lying lands (often densely populated slum areas) for long periods. Uncoordinated collection and disposal of solid waste contributed to localized flooding due to clogged drains. In this backdrop, a clear and urgent need emerged to integrate flood protection works with other infrastructure and environment improvement measures in selected high priority nine secondary towns to maximize the impact in GDP growth. Accordingly, the Secondary Towns Integrated Flood Protection (Phase -2) Project (STIFPP -2) was designed anchored in an integrated approach where flood protection was combined with drainage, sanitation, solid waste management and slum improvement in one project along with capacity building and governance improvement of the project municipalities.

The concept, design, location and timing of the Project were, therefore, based on objective conditions, needs and informed by the experiences of urban development project.

The Project comprised four components. These are: i) Component A: Flood Protection Works, ii) **Component B:** Drainage System Improvement, iii) **Component C:** Urban Environmental Improvement, and iv) **Component D:** Capacity Building and Implementation Assistance. The Component A was implemented BWDB, the Components B and C by LGED, and Component D by both BWDB and LGED. The Components are briefly presented below:

Component A: Flood Protection Works: It covered flood protection works for each of the selected towns. These works were either new or upgrading of existing facilities. Typically, flood protection works included earthen flood embankments, reinforced concrete floodwalls, drainage regulators and river training of bank protection works including groynes and revetments.

Component B: Drainage System Improvement: It included improvement of existing drainage works of the selected towns. The component also entailed construction of culverts and bridges required for drainage system.

Component C: Urban Environmental Improvement: This component consisted of improvement of solid waste management and sanitation for 8 towns and Slum improvement for 5 towns.

Component D: Capacity Building and Implementation Assistance: It included: (a) capacity building of Urban Local Bodies covering their institutional, organizational and financial aspects in order to improve their capability to provide effective municipal services. The main instrument for this is an action program entitled: 'Urban Governance Improvement Action Program' (UGIAP); (b) consultancy services (i) project management, detailed designs of various investment components for each project town, and construction supervision and quality control of the works (ii) support to urban governance improvement under UGIAP and (iii) assistance to implement slum improvement activities under the Component C.

Bangladesh Water Development Board (BWDB) will executed fully the Component A: Flood protection works, and be involved in part of Component B: Drainage System Improvement outside the Pourashava and part of Component D: Capacity building and implementation assistance for project management, detail design of the various investment components through Management, Design & Supervision (MDS) Consultants.

LGED through the City Corporation/Pourashavas executed Component C fully and Part of Component B and part of Component D. This Component of works mainly include initiatives and works for improvement of drainage and environmental facilities under the control of Local Government Division. Drainage facilities include rehabilitation and cleaning of internal drains, new construction and remodeling drains, culverts, bridges to minimize internal flooding of low lying areas. Environmental improvement includes complementary sanitation, solid waste management and slum improvement.

3. Brief Description on Planning and Financing of the Project and its Applicability.

In the backdrop of continued rapid urbanization, recurrence of flood and its huge adverse impact on concerned secondary towns and the ever-increasing demand for basic urban physical infrastructure and services and the constraints faced by the Pourashavas in terms of resources and capacity, the need for an appropriate urban development project was urgently felt. Building on the experiences of the implemented projects, the quest for the new project during the process of identification pointed to the need for undertaking a project with a changed implementation approach and an expanded scope. Instead of limiting the project to some common urban physical infrastructure development, it was considered essential to expand the scope of the Project and to adopt an integrated approach where flood protection was combined with drainage, sanitation, solid waste management and slum development. It was also decided to formulate the new project under sector loan approach in lieu of pre-determined targets.

From the perspective of planning, STIFPP (Phase 2) subsumes several important features: (i) it took due note of the experiences of earlier projects, (ii) it expanded the scope of the project to combine flood protection with drainage, sanitation, solid waste management and slum development to reduce vulnerability and damage of susceptible secondary towns to flood, (iii) it included the Urban Governance Improvement Action Program (UGIAP) that proved to have worked well in improving governance and management of Pourashavas/city (iv) it added a new modus operandi by including participation of two major agencies in project implementation and (v) it included gender aspect and poverty reduction program. The planning and design of the Project were, therefore, very much in line with the objective conditions and pressing needs of the Pourashavas/city and development objectives of the Government.

As per the approved 2nd RDPP, of the total project cost of Tk. 51973.111 lakh, ADB financed Tk. 29548.875 lakh as loan, Tk. 7771.880 lakh by OPEC as loan and the remaining Tk. 14652.354 lakh had been financed by GOB as grant.

Project Identification:

A Technical Assistance to conduct detail feasibility study was launched by ADB in 2003 under the TA No. 4000-BAN in which an ADB Project Preparatory Technical Assistance (PPTA) Consultant Team studied the feasibility of the Project. The PPTA Team submitted its Final Report which included the feasibility study for provision of flood protection, drainage improvement and environmental works in nine selected secondary towns. The Report sets out the findings during the whole period of the PPTA. A Project was recommended for implementation. The Project was developed by the Consultant in close collaboration the BWDB, LGED, the ADB, the officials and people of the nine towns.

While the Consultant has placed a great amount of importance on the engineering and technical aspects of the Project, it had also incorporated all necessary social, socio-economic, gender, environmental, municipal, financial and economic aspects and issues into the project preparation. There were many positive outcomes of the Study including:

- The preparation of technically feasible solutions for flood protection, drainage and environmental works
- The successful preparation of preliminary land acquisition and resettlement plans
- The environmental assessment of the proposed works which concluded that full environmental impact assessments were not necessary
- The preparation of programs for social development and poverty reduction
- The progress made in exploring O & M issues, especially financial concerns
- The results of economic analysis which showed that the two main economic indices economic rate of return and the poverty impact ratio were both satisfactory

Following the completion of project formulation by the TA Consultant, ADB fielded a Loan Fact Finding Mission from 15th May to 30th June, 2004 headed by Mr. Hun Kim, Principal Urban Economist of ADB. Based on the findings and recommendations of the Feasibility Study, Fact Finding Mission and discussions at various levels with the concerned representatives of the Government, Pourashavas/city and ADB, it was finally decided to implement the Project.

Project Preparation:

Appraisal	ADB fielded a Loan Fact Finding Mission from 15 th May to 30 th June, 2004 headed by Mr. Hun Kim, Principal Urban Economist of ADB.
Credit Negotiation	Loan Negotiation for the Project was held in Manila on 25-26 October 2002.
Credit Agreement	The Loan Agreement with the Asian Development Bank was signed on 12 January, 2005. The Loan Agreement with OPEC was signed on 08 September, 2005.
Credit Effectiveness	The date of ADB Loan effectiveness is 30-06-2012. The date of OPEC Loan effectiveness is 31-12-2012.
Loan Disbursement	The total loan disbursement was \$ 53.357 million.
Loan Conditionality's	Loan Conditionality's of ADB & OPEC are attached herewith in Annex-A

4. Analysis of the Post-Implementation situation and result of the project:

4.1 Whether the beneficiaries of the project have clear knowledge about the Target/Objective of the project

The beneficiaries of the project have clear knowledge about the Target/Objective of the project. At the pre feasibility and feasibility stage of the project the various discussion & talks had been held regarding the aims & objectives of the project among different stake holders. For every city/town there was a project coordination committee comprising different stakeholders headed by the respective city/town Mayor to monitor the progress, create awareness & clear idea about the benefit & uses of the different components of project. The project Pourashavas/City Corporation carried out public dissemination activities throughout the project period.

4.2 Program for use of created facilities of the Project

Under this project of BWDB part through the construction of Flood Embankment, Resectioning of Embankment, Road Metalling, Bank & slope Revetment, Flood Wall, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross das, Construction of Regulators, Re-excavation of drainage channel provided a flood free & secured living environment in the towns/city. Re-excavation of drainage channel produced significant beneficial effects in terms of redressing the water logging problem. It can logically be anticipated that improved drainage would reduce the problem of urban flooding. Moreover, there is reduction in the incidence of some common diseases, especially water-borne diseases. Flood protection works such as Bank & slope Revetment, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross dam reduced the river bank erosion and loss of property.

Using the above mentioned facilities the town/city dwellers may take various socio-economic and income generating activities in the project area. Each town/city authority is required to prepare detail program for utilizing the created facilities. The created facilities are currently under use.

4.3 O & M program of the Project.

Funds available for maintenance are often less than optimal. It is therefore very important to make the best use of available funds and to ensure that budget requests are well supported with appropriate justifications. The GoB should therefore ensure that future maintenance funding would be satisfactory.

The BWDB receives funding from the central government under the annual development programme (ADP) for the O&M of the infrastructure projects built during the last three decades. Many of the BWDB projects cannot be traced now and many do not function properly because of poor maintenance and in some cases a total lack of maintenance. Over the years many development partners have assisted BWDB in rehabilitating a large number of projects, but then project O&M could be successfully funded from this source. The financial strength of the Pourashavas at this moment is still not sound enough to

partly support maintenance of the flood protection facilities. The matter may be looked into and a measure be adopted for optimum funding of O&M., had these project been properly maintained at the time their later rehabilitation would probably not been required. Over the last two decades BWDB has been receiving on average of only about 25% of the estimated total requirement for O&M and hence BWDB has not responded to all maintenance needs.

The government has to increase the allocation for O&M to a great extent or involve the beneficiaries in contribution directly to O&M funding. However, in this case the main beneficiaries of the project are the people in the project towns and the National Water Policy does not permit BWDB to impose any kind of surcharge, levy or fee for flood protection and drainage projects. If the Pourashava citizens, who are the main beneficiaries of the project could bear a part of O&M cost,

The existing Implementation Units of BWDB in nine towns will carry out the operation and maintenance of the infrastructure and facilities built under the Project with the financial assistance from the Government.

4.4 Impact of the project

4.4.1 Direct

The Project improved/developed urban physical infrastructures such as Flood Protection Works, Drainage system improvement works etc. to achieve the objectives (i)flood & erosion protection for secure living(ii)drainage system improvement, solid waste management and slum improvement for hygienic living condition and(ii)income generation activities and employment of the poor people in the project physical works as means of promoting economic growth and alleviating poverty. After the completion of the project the following indicators shows that the Project has a positive direct effect on the environment.

- | | |
|---------------------------------------|--|
| • water borne diseases | - indicator of hygienic living |
| • flood inundation & loss of property | - Indicator of secure living |
| • labour employment | - Indicator of income generation promoting economic growth & poverty alleviation |

Under this project of BWDB part through the construction of Flood Embankment, Resectioning of Embankment, Road Metalling, Bank & slope Revetment, Flood Wall, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross das, Construction of Regulators, Re-excavation of drainage channel provided a flood free & secured living environment in the towns/city. Re-excavation of drainage channel produced significant beneficial effects in terms of redressing the water logging problem. It can logically be anticipated that improved drainage would reduce the problem of urban flooding. Moreover, there is reduction in the incidence of some common diseases, especially water-borne diseases. Flood protection works such as Bank & slope Revetment, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross dam reduced the river bank erosion and loss of property.

The price of homestead land & Agricultural land have been increased due to having flood free and secure living environment.

4.4.2 Indirect

Indirect employment had been generated, both for male and female, from construction/improvement of Embankments, Regulators, C.C. Blocks, Re-section of Embankments etc during the implementation of the Project. Different types of income generating activities have been created developed in the Project area.

4.5 Transfer of Technology and Institutional Building through the project

The Project "Secondary Towns Integrated Flood Protection (Phase-2) Project – BWDB Part" is service oriented for the benefit of the people. BWDB's officials and staffs will operate & maintain the major components of different flood protection infrastructures. Some portion of easy operation & maintenance activities of some hydraulic infrastructures like embankment & regulators will be done the different types of water management groups under the guidance of BWDB.

4.6 Employment generation through the project.

851367 men and 300613 women labour were employed in the implementation of different types works such as Flood Embankment, Resectioning of Embankment, Road Metalling, Bank & slope Revetment, Flood Wall, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross das, Construction of Regulators, Re-excavation of drainage channel of different packages during the project period. The future O & M activities of the completed projects will also create further provision of employment for men & women. Employment of women will be given priority in O & M work of Embankment.

4.7 Possibility of self –employment

The project has provided flood free secure living environment and improved road communication, which have increased economic and commercial activities in the project area. Flood free secured living environment & improved road infrastructure have created possibilities for self-employment. Through implementation Poverty Reduction Action Program (PRAP) by LGED under a separate DPP of the same project, the Project has directly created self-employment for men and women.

4.8 Possibility of women-employment opportunity

It had been attempted in STIFPP-II Project aiming to achieve a long term change of relative position of the women in society in addition to short term improvement of condition for both men and women. It was envisaged that pragmatic gender equity in implementation and maintenance program of the project would be attempted to bring to the women, the disadvantaged groups of the society (i) Job opportunity, (ii) poverty reduction, (iii) preservation of rights and (iv) empowerment. The above mentioned attempts had been followed in STIFPP II completed projects. A clause was introduced in the Tender Documents flood control & drainage improvement works requiring participation of women Labour with equal wages for equal work. In the future O & M activities of the completed project specially in O & M of embankment will generate employment opportunities for the women labour.

The implementation of the Poverty Reduction Action Program (PRAP) directly generated self-employment for men & women. Over and above, construction/improvement of urban physical infrastructure like roads, bridges, culverts and drains created direct employment for labourers – both male and female. The maintenance of these infrastructures would

4.9 Women's participation in development

STIFPP-2 adopted several key approaches to promote equal participation of men and women as agents and beneficiaries in the project design and implementation process. These approaches aimed to reduce poverty and gender disparities by creating equal opportunities for employment and income generation for poor urban men and women and by enhancing poor urban women's participation and leadership in community development. An overall project gender action plan (GAP) was developed during the design phase to address gender issues under each project component.

STIFPP-II with massive programme of civil construction in Flood Protection Works, Urban Drainage Improvement Works and Works of Urban Environmental improvement created extensive job opportunity for men & women in nine towns under the Project. It was envisaged that pragmatic gender equity in implementation and maintenance program of the project would be attempted to bring to the women, the disadvantaged groups of the society (i) Job opportunity, (ii) poverty reduction, (iii) preservation of rights and (iv) empowerment.

Gender Equity has been attempted in STIFPP-II Project aiming to achieve a long term change of

relative position of the women in society in addition to short term improvement of condition for both men and women.

Civil construction works under the three physical components were made labour intensive to offer job opportunity for both men & women. A clause was introduced in the Tender Documents flood control & drainage improvement works requiring participation of women Labour with equal wages for equal work. A report of Gender Equity was prepared and circulated to clients for implementation.

A Gender Action Plan was developed and also sent to BWDB Division offices of all Nine Towns and to all Pourashavas under STIFPP-II. So that gender equity is established in STIFPP-II works. The action plan envisaged.

- ensure right compensation package to affected female persons and re-settle them in case of need
- ensure sizable (at least 25%) participation by women in construction activities and ensure equal wage for equal work for women.
- maintain constructed embankments, roads and other physical works by group of poor women taken from disadvantaged class of society and create income generation opportunities through engaging them in the social plantation activities
- promote understanding of women about interrelationship between environment, sanitation, health & hygienic, solid waste management etc.
- create increased facilities for the women to participate in vocational jobs to enhance their earnings.

During execution of civil construction works, more than 25% of women labour were engaged & during re-settlement works, right compensation package was ensured to affected female entitled persons in particular. Other activities in Gender Action Plan is as implemented during construction of the project.

Gender-responsive strategies and training within the BWDB as well as men and women laborers engaged under the project contributed towards providing fair working conditions strict enforcement of rules for contractors requiring minimum and equal wages to be paid to both and fair wages for the poor, particularly for women. Those also contributed to economic upliftment of poor women.

The Project's above-mentioned key approaches were instrumental in achieving significant gender equity results and ensuring women's participation in development.

4.10 Probable Impact on Socio- Economic activity

The flood free secured living environment and Improved infrastructure facilities created under this Project will facilitate future expansion of economic and social activities in the project area.

4.11 Impact on environment:

The Project improved/developed urban physical infrastructures such as Flood Protection Works, Drainage system improvement works etc. to achieve the objectives (i)flood & erosion protection for secure living(ii) improvement for hygienic living condition and(ii)income generation activities and employment of the poor people in the project physical works as means of promoting economic growth and alleviating poverty. After the completion of the project flood inundation, water logging, river erosion, water borne disease have been reduced significantly which shows that the Project has a positive effect on the environment.

4.12 Sustainability of the Project

The sustainability of the project depends on the effective operation & maintenance of different infrastructures of the project and the realization of the effectiveness, benefit & uses of the project by the people. Sound technical knowledge based officials & staffs have also a major role for the sustainability of the project who should monitor and look after the whole project components regularly round the year. The town authority and different stakeholders in the project area should give appropriate attention for the sustainability of the project.

4.13 Contribution to poverty alleviation/reduction:

STIFPP-2 was instrumental in reducing vulnerability of the poor in all the project towns. It contributed to a safer, flood free living environment for the poor throughout the year. The provision of construction works such as Flood Embankment, Resectioning of Embankment, Road Metalling, Bank & slope Revetment, Flood Wall, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross das, Regulators, Re-excavation of drainage channel enabled the poorer groups of men and women to benefit directly from the employment created in construction. The future O & M activities of the completed projects will also create further provision of employment for men & women. The flood free secured living environment and Improved infrastructure facilities under this Project will create income generating activities for the poor under the developed socio economic condition.

4.14 Opinion of the public representatives, local elite, local administration, religious leaders, women's representatives etc.:

Mayor and Ward Councilors of Paurasavas/City corporation, members of civil society, local administration and representatives of poor groups in Town Level Coordination Committee have reported that a flood free secured living environment has been created in the towns of the project. The Socio-economic conditions of the project towns have been improved after completion of the Project. Opinions of various categories of stakeholders have reinforced the recommendation for more comprehensive water development project incorporating the concept of Integrated water Resources Management Project. They have given the emphasis on O & M activities of the completed project which need sufficient money to be borne by BWDB. They also opined that this type of Integrated Flood Protections Project may be taken in other flood prone & environment polluted towns in Bangladesh.

4.15 Contribution of Micro-credit programs and Comments on overlapping with any NGO activities:

No instance of overlapping with NGO activities was reported.

5. Problems encountered during Implementation (with duration & steps taken to remove those) :

5.1	Project Management:	Well managed
5.2	Project Director:	Managed the Project efficiently
5.3	Land Acquisition:	Delays have been caused for a number of reasons, including the cumbersome nature of the LA process, increase in land values, changes in alignments required during detail design and increase the extent of land required.
5.4	Procurement	Many tenders have been received at very low prices, in some cases 40% below the Engineers Estimate. While these have been accepted by Government as they appear to conform with PPR 2008, ADB was not prepared to approve them and re-bidding has been necessary. Some very high bids have also been received which were also rejected.
5.5	Consultancy	20 months delay in MDS(Management, Design & Supervision) Consultant appointment due to long complicated approval process.
5.6	Contractor	About 50% of the Contracts required Extensions of Time, usually as Contractors have underestimated the difficulties involved and hence have been unable to undertake the work at the required rate.
5.7	Manpower	No Problem was encountered
5.8	Law & Order	No mentionable problem was faced

5.9	Natural calamity:	During implementation, the project faced floods in 2004 and 2007 causing damages to some of the existing infrastructures or to be built under the project. Those infrastructures were rehabilitated or newly built as per revised design through incorporation of those works in the Project.
5.10	Project financing, allocation and release:	One of the Project financing Partner OPEC disburses fund irregularly & insufficiently for which the contractors suffered from getting the bill for their completed works and this would discourage the contractors to complete the works in time. Ultimately this situation had hampered the progress of the overall progress of the Project.
5.11	Design formulation/approval:	The project is reasonably well designed. With the help of the MDS Consultant and applying participatory approach of the concerned stakeholders the scope of the works were finalized.
5.12	Project aid disbursement and reimbursement:	One of the Project financing Partner OPEC disbursed & reimbursed fund irregularly & insufficiently for which the contractors suffered from getting the bill for their completed works and this would discourage the contractors to complete the works in time. Ultimately this situation had hampered the progress of the overall progress.
5.13	Mission of the development partners:	Missions of the development partner reviewed the progress of the project at different stages of the Project. The Project received positive ratings in Missions' evaluation.
5.14	Time & Cost Over-run:	44% time had been increased compared to the original project duration to complete the Project. The time over-run was mainly due to 20 months delay in appointment of MDS Consultant, irregular & insufficient fund disbursement by OPEC and the change of scope of works as per changed field condition. The cost had been increased by 26% compared to original project cost due to (i) Increase in acquisition requirement of land and cost of land and resettlement; (ii) Change in volume of works as necessitated under prevailing condition of flood protection and erosion protection; (iii) Excessively enhancement of unit rates of work items; (iv) Additional services of MDS Consultants required for the proposed enhancement of duration of the project.
5.15	Project Supervision/Inspection:	Satisfactory
5.16	Delay in Decision:	No mentionable delay
5.17	Transport:	No Problem faced
5.18	Training:	No Problem faced
5.19	Approval:	No Problem faced.
5.20	Others:	Not applicable

6. Remarks and Recommendations of the Project Director:

The project was completed successfully. During implementation of the Project, excellent cooperation has been received from both the GOB organizations like Ministry of Water Resources, Planning Commission, IMED, Finance Division, Project Town/City Authority, the Asian Development Bank . One of the Project financier OPEC disbursed & reimbursed fund irregularly and insufficiently but lastly at the end of the extended project period it disbursed full fund. Important lessons learned and experiences gained from the Project include:

Flooding is a recurrent problem and the urban areas are more prone to economic and human losses owing to their high population density and concentrations of industrial and investment activities. For towns which are prone to frequent floods and river erosion, a combined approach encompassing flood protection and drainage works is directly appropriate for sustainable urban development. In the project design drainage system improvement, sanitation, and solid waste management works were integrated with flood protection works to establish better environmental conditions and more hygienic living conditions for the town/city dwellers , including the poor.

The objectives relating to reducing vulnerability to flooding & water logging, improvement of environmental conditions, poverty alleviation through the employment of poor women in construction works, promoting Gender & development of the Towns were relevant.

The design of the Project was conceptually sound; its wider scope was underpinned by objective conditions and imperatives of urban development. Particularly, the expansion of the scope of the Project to include environmental and poverty reduction dimensions is clearly judicious and timely.

The Project created mechanism and promoted citizen participation through formation of Town Level Coordination Committee (TLCC) which includes the councilors, the civil society members headed by Mayor . Such Committee creates avenues and public space for participation of various stakeholders.

It is worth-noting that the implementation of water Management & Development projects has followed a progressively positive pattern, expanding their scope in a logically constructive manner. STIFPP-2 also constitutes a coherent part of this pattern. The lessons and configuration of the components of the Project would help improve design of future Water Management & Development projects.

The design, approach and contents of the Project are appropriate and positively poised for flood free & environmental development in the towns/city and are very much in line with the Water resources Management & Development strategies of the Sixth Five Year Plan.

Date: 30-09-2013


Signature and seal of the Project Director

(Md. Saidur Rahman)
Project Director
Secondary Towns Integrated Flood
Protection Project, Phase-2
BWDB, Dhaka

7. Remarks/Comments of Agency Head

The Project "Secondary Towns Integrated Flood Protection (Phase-2) Project – BWDB Part" has appropriately and successfully combined flood protection and drainage improvement works prompted by the pressing needs of such towns which are prone to recurrent floods, river erosion and water logging. The Project has adopted an integrated approach that combined flood protection works with the drainage and basic municipal services. An integrated approach is necessary to address the problems of urban development of such areas.

Under this project of BWDB part through the construction of Flood Embankment, Resectioning of Embankment, Road Metalling, Bank & slope Revetment, Flood Wall, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross das, Construction of Regulators, Re-excavation of drainage channel provided a flood free & secured living environment in the towns/city. Re-excavation of drainage channel produced significant beneficial effects in terms of redressing the water logging problem. It can logically be anticipated that improved drainage would reduce the problem of urban flooding. Moreover, there is reduction in the incidence of some common diseases, especially water-borne diseases. Flood protection works such as Bank & slope Revetment, Repair of Groynes/Spurs/Syphon, Rehabilitation of revetment/cross dam reduced the river bank erosion and loss of property. Using the above mentioned facilities the town/city dwellers may take various socio-economic and income generating activities in the project area.

The emphasis on urban infrastructure improvement along with environmental improvement, reduction of vulnerability of concerned urban areas to flood and water logging and poverty reduction efforts is entirely appropriate for sustainable urban development. Taking the main theme of the Project integrated flood protection approach, future Water resources development & Management Project combining with basic municipal services & environmental development may be undertaken in other flood prone towns in Bangladesh.

Date:



Signature and Seal

MD. AZIZUL HAQUE
Director General
BWDB, Dhaka.

8. Remarks/Comments of the officer in-charge of the Ministry/Division:

The Project "Secondary Towns Integrated Flood Protection (Phase-2) Project – BWDB Part" has promoted the economic growth and alleviate poverty in nine selected towns in Bangladesh namely, Kushtia, Rajshahi, Gaibandha, Jamalpur, Mymensingh, Manikganj, Munshiganj, Brahmanbaria and Sunamganj, providing a flood-free and secure living environment within the framework of integrated flood protection. The integrated approach, combining river protection works with drainage improvement and basic municipal services, was the basic requirement for the development of the urban areas in Bangladesh, which were prone to frequent river flooding, particularly in low lying area with poor drainage systems. The urban sector in Bangladesh remains in a priority for the government because it presents a greater opportunity for both pro-poor economic growth as well as targeted poverty reduction particularly at the secondary town's level.

As the Project benefited the entire urban community in the Project towns including the poorest and most needy groups, this type of Project may be recommended in other flood affected & environmental degrading towns of Bangladesh.

Date:

Signature and Seal

LOAN NUMBER 2117-BAN (SI

LOAN AGREEMENT
(Special Operations)

(Secondary Towns Integrated Flood Protection (Phase 2) Project)

between

THE PEOPLE'S REPUBLIC OF BANGLADESH

and

ASIAN DEVELOPMENT BANK

DATED 12 January 2005

LAS:BAN 26427

LOAN AGREEMENT (Special Operations)

LOAN AGREEMENT dated 12 January 2005 between the People's Republic of Bangladesh (the "Borrower") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) the Borrower has applied to ADB for a loan for the purposes of the Project described in Schedule 1 to this Loan Agreement;

(B) the Borrower has also applied to the Organization of Petroleum Exporting Countries Fund for International Development (hereinafter called OPEC Fund) for a loan of fifteen million dollars (\$15,000,000) (hereinafter called the OPEC Fund Loan) to jointly co-finance civil works under the Project;

(C) by a Project Agreement of even date herewith between the Bangladesh Water Development Board (hereinafter called BWDB) and ADB, BWDB has agreed to undertake certain obligations towards ADB as set forth in the said Project Agreement; and

(D) ADB has agreed to make a loan to the Borrower from ADB's Special Funds resources upon the terms and conditions hereinafter set forth.

NOW THEREFORE the parties agree as follows:

ARTICLE I

Loan Regulations; Definitions

Section 1.01. All provisions of the Special Operations Loan Regulations of ADB, dated 1 May 2004 (the "Loan Regulations"), are hereby made applicable to this Loan Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. The definitions set forth in the Loan Regulations are applicable to this Loan Agreement unless the context requires otherwise. In addition, the following terms have the following meanings:

(a) "BWDB" means the Bangladesh Water Development Board established and operating under the Bangladesh Water and Power Development Boards Order 1972 (P.O. No. 59 of 1972) as amended from time and time, or any successor thereto acceptable to ADB;

(b) "BWDB PIU" means Project Implementation Unit for components A and B (i) of the Project, established in accordance with paragraph 9 of Schedule 6 to this Loan Agreement;

(c) "GAP" means Gender Action Plan, agreed between the Borrower and ADB, as set out in supplementary appendix C to the Report and Recommendations to the President for the Secondary Towns Integrated Flood Protection Project (Phase 2) described in Schedule 1 of this Loan Agreement (hereinafter called Project RRP);

(d) "IPSC" means the Inter-ministerial Project Steering Committee, established in accordance with paragraph 2 of Schedule 6 to this Loan Agreement;

(e) "LGED" means the Local Government Engineering Department within the Borrower's Ministry of Local Government, Rural Development and Cooperatives, or any successor thereto acceptable to ADB;

(f) "MLGRDC" means the Borrower's Ministry of Local Government, Rural Development and Cooperatives, or any successor thereto acceptable to ADB;

(g) "MOWR" means the Borrower's Ministry of Water Resources, or any successor thereto acceptable to ADB;

(h) "Municipal PIU" means Project Implementation Unit for Components B(ii), B(iii), B(iv) and C of the Project, established in accordance with paragraph 10 of Schedule 6 to this Loan Agreement;

(i) "NGO" means a non-government organization;

(j) "PMO" means a Project Management Office established in accordance with paragraph 3 of Schedule 6 to this Loan Agreement;

(k) "PMT" means Project Management Team, established in accordance with paragraph 5 of Schedule 6 to this Loan Agreement;

(l) "Pourashava" means urban municipality;

(m) "PRAP" means Poverty Reduction Action Plan, as agreed between the Borrower and ADB;

(n) "Project Executing Agency" for the purposes of, and within the meaning of the Loan Regulations means the following which are responsible for carrying out their respective components of the Project:

BWDB for components A, B(i), D(i), D(iii) and D(v)

LGED for components B(ii), B(iii), B(iv), C, D(ii) and D(iv)

(o) "Project facilities" means the facilities and services provided under the Project;

(p) "Project Resettlement Plan" means the resettlement plan agreed upon between the Borrower and ADB and set out in supplementary appendix B to the Project RRP;

(q) "Project Towns" means the secondary towns covered by the Project and includes Kushtia, Manikganj, Munshiganj, Gaibandha, Jamalpur, Brahmanbaria, Mymensingh, Sunamganj and RCC;

(r) "RCC" means Rajshahi City Corporation, one of the Project Towns;

(s) "TPCC" means Town-level Project Coordination Committee, established in accordance with paragraphs 6 to 8 of Schedule 6 to this Loan Agreement;

(t) "UMSU" means the Urban Management Support Unit in LGED established under the ADB-funded Loan 1947 (SF) between the Borrower and ADB, for the Urban Governance and Infrastructure Improvement (Sector) Project, dated 3 February 2003; and

(t) "UGIAP" means Urban Governance Improvement Action Program.

ARTICLE II

The Loan

Section 2.01. ADB agrees to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to fifty-four million three hundred twenty-one thousand Special Drawing Rights (SDR 54,321,000).

Section 2.02. (a) The Borrower shall pay to ADB an interest charge at the rate of one percent (1%) per annum during the grace period, and one and one-half percent (1.5%) per annum thereafter, on the amount of the Loan withdrawn from the Loan Account and outstanding from time to time.

(b) The term "grace period" as used in paragraph (a) of this Section means the period prior to payment of the first principal amount of the Loan on the payment date in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

Section 2.03. The interest charge and any other charge on the Loan shall be payable semiannually on 1 March and 1 September in each year.

Section 2.04. The Borrower shall repay the principal amount of the Loan withdrawn from the Loan Account in accordance with the amortization schedule set forth in Schedule 2 to this Loan Agreement.

ARTICLE III

Use of Proceeds of the Loan

Section 3.01. The Borrower shall make portions of the proceeds of the Loan available to BWDB through budgetary allocation upon terms and conditions acceptable to ADB.

Section 3.02. The Borrower shall cause the proceeds of the Loan to be applied to the financing of expenditures on the Project in accordance with the provisions of this Loan Agreement and the Project Agreement between BWDB and ADB of even date herewith.

Section 3.03. The goods and services and other items of expenditure to be financed out of the proceeds of the Loan and the allocation of amounts of the Loan among different categories of such goods and services and other items of expenditure shall be in accordance with the provisions of Schedule 3 to this Loan Agreement, as such Schedule may be amended from time to time by agreement between the Borrower and ADB.

Section 3.04. Except as ADB may otherwise agree, all goods and services to be financed out of the proceeds of the Loan shall be procured in accordance with the provisions of Schedule 4 and Schedule 5 to this Loan Agreement.

Section 3.05. Withdrawals from the Loan Account in respect of goods and services shall be made only on account of expenditures relating to

- (a) goods which are produced in and supplied from and services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- (b) goods and services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

Section 3.06. The closing date for withdrawals from the Loan Account for the purposes of Section 8.03 of the Loan Regulations shall be 31 December 2009 or such other date as may from time to time be agreed between the Borrower and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Project and operation of the Project facilities, the Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to this Loan Agreement.

Section 4.02. (a) The Borrower shall (i) maintain, or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than nine months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

(b) The Borrower shall enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the Project and its financial affairs related to the Project from time to time with the Borrower's auditors, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB, provided that any such discussion shall be conducted only in the presence of an authorized officer of the Borrower unless the Borrower shall otherwise agree.

Section 4.03. Without limiting the generality of Section 6.05(a) of the Loan Regulations, the Borrower shall furnish, or cause to be furnished, to ADB quarterly reports on the carrying out of the Project and on the operation and management of the Project facilities.

Section 4.04. The Borrower shall enable ADB's representatives to inspect the Project, the goods financed out of the proceeds of the Loan, and any relevant records and documents.

ARTICLE V

Suspension; Cancellation; Acceleration of Maturity

Section 5.01. The following is specified as an additional event for suspension of the right of the Borrower to make withdrawals from the Loan Account for the purposes of Section 8.01(m) of the Loan Regulations: the OPEC Fund Loan shall have become liable for suspension or cancellation or shall have become repayable prior to its agreed maturity date.

Section 5.02. The following is specified as an additional event for acceleration of maturity for the purposes of Section 8.07(d) of the Loan Regulations: the event specified in Section 5.01 shall have occurred.

ARTICLE VI

Effectiveness

Section 6.01. The following are specified as additional conditions to the effectiveness of this Loan Agreement for the purposes of Section 9.01(f) of the Loan Regulations:

(a) the Borrower shall have approved the Project Proformas, consistent with the ADB Report and Recommendations of the President for this Project and with this Loan Agreement;

(b) the PMOs shall have been established in accordance with paragraph 3 of Schedule 6 to this Loan Agreement and all staff shall have been nominated;

(c) UMSU shall have submitted a detailed program for UGIAP implementation in each of the Project Towns for ADB's review and approval; and

(d) LGED shall have developed a Solid Waste Management Plan and a Sanitation Management Plan for the Project.

Section 6.02. A date ninety (90) days after the date of this Loan Agreement is specified for the effectiveness of the Loan Agreement for the purposes of Section 9.04 of the Loan Regulations.

ARTICLE VII

Miscellaneous

Section 7.01. The Secretary of the Economic Relations Division of the Borrower is designated as representative of the Borrower for the purposes of Section 11.02 of the Loan Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Borrower

Economic Relations Division
Ministry of Finance
Government of the People's Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

Cable Address:

BAHISAMPAD

DHAKA

Telex Number:

642226 SETU BJ

Facsimile Number:

(880-2) 811- 3088

For ADB

Asian Development Bank
P.O. Box 789
0980 Manila, Philippines

Cable Address:

ASIANBANK
MANILA

Telex Numbers:

29066 ADB PH (RCA)
42205 ADB PM (ITT)
63587 ADB PN (ETPI)

Facsimile Numbers:

(632) 636-2444
(632) 636-2301

IN WITNESS WHEREOF the parties hereto, acting through the representatives thereunto duly authorized, have caused this Loan Agreement to be signed by their respective names and to be delivered at the principal office of ADB, as of the day and year first above written.

PEOPLE'S REPUBLIC OF BANGLADESH

By M. Munir-Uz-Zaman
M. MUNIR-UZ-ZAMAN
Authorized Representative

ASIAN DEVELOPMENT BANK

By J. B. Eichenberger
JOSEPH B. EICHENBERGER
Vice-President (Operations 2)



The OPEC Fund for International Development

LOAN NO. 1038P

SECONDARY TOWNS INTEGRATED FLOOD PROTECTION PROJECT

LOAN AGREEMENT

BETWEEN

THE GOVERNMENT OF THE
PEOPLE'S REPUBLIC OF BANGLADESH

AND

THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT

DATED

SEPTEMBER 8, 2005

The OPEC Fund for International Development

AGREEMENT dated September 8, 2005, between the Government of the People's Republic of Bangladesh (hereinafter called the Borrower) and the OPEC Fund for International Development (hereinafter called the Fund).

Whereas OPEC Member States, being conscious of the need for solidarity among all developing countries and aware of the importance of financial cooperation between them and other developing countries, have established the Fund to provide financial support to the latter countries on concessional terms, in addition to the existing bilateral and multilateral channels through which OPEC Member States extend financial assistance to other developing countries;

And whereas the Borrower has requested assistance from the Fund in the financing of the Project described in Schedule 1 to this Agreement;

And whereas the Borrower has inter alia also requested the Asian Development Bank (AsDB) to assist in the financing of the Project by extending a loan thereto;

And whereas the Governing Board of the Fund has approved the extension of a loan to the Borrower in the amount of Fifteen Million US Dollars (US\$ 15,000,000) upon the terms and conditions set forth hereinafter, and has further approved that the AsDB be entrusted with the task of the administration of the loan provided under this Agreement;

Now, therefore, the parties hereto hereby agree as follows:

The OPEC Fund for International Development

Article 1 DEFINITIONS

1.01 Wherever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

(a) "Fund" means the OPEC Fund for International Development established by the Member States of the Organization of the Petroleum Exporting Countries (OPEC) by virtue of the Agreement signed in Paris on January 28, 1976, as amended.

(b) "Fund Management" means the Director-General of the Fund or his authorized representative.

(c) "Loan Administrator" means the AsDB or such other agency as the Borrower and the Fund Management may agree upon.

(d) "Loan" means the loan provided by virtue of this Agreement.

(e) "Dollar" or the sign "\$" means the currency of the United States of America.

(f) "Project" means the project for which the Loan is granted as described in Schedule 1 to this Agreement and as the description thereof may be amended from time to time by agreement between the Borrower and the Fund Management.

(g) "Goods" means equipment, supplies and services required for the Project. Reference to the cost of goods shall be deemed to include also the cost of importing such goods in the territories of the Borrower.

(h) "Executing Agency" means the Bangladesh Water Development Board as well as the Local Government Engineering Department of the Ministry of Water Resources and the Ministry of Local Government, Rural Development and Cooperative, respectively, of the Borrower or such other agency as may hereafter be agreed upon between the Borrower and the Fund Management.

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(i) "Closing Date" means the date, as provided in Section 2.10 of this Agreement, on which the Borrower's right to make withdrawals from the Loan shall terminate.

(j) "Effective Date" means the date, as provided in Section 7.01 of this Agreement, on which this Agreement shall come into force and effect.

* * *

Article 2 THE LOAN

2.01 A loan in the amount of Fifteen Million Dollars (\$ 15,000,000) is hereby extended by the Fund to the Borrower on the terms and conditions set forth in this Agreement.

2.02 The Borrower shall pay interest at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding from time to time.

2.03 The Borrower shall pay from time to time a service charge at the rate of one per cent (1%) per annum on the principal amount of the Loan withdrawn and outstanding, to meet the expenses of administering the Loan.

2.04 Interest and service charges shall be paid in Dollars semi-annually on March 15 and September 15 in each year into an account of the Fund designated for this purpose by the Fund Management.

2.05 After this Agreement has been declared effective pursuant to Section 7.01, and unless the Borrower and the Fund shall otherwise agree, the proceeds of the Loan may be withdrawn from time to time to meet expenditures made after March 15, 2005, or to be made on later dates in respect of the reasonable cost of goods required for the Project which are to be financed out of the Loan proceeds as outlined in Schedule 2 to this Agreement and in the amendments of such a Schedule duly approved by the Fund Management.

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2.06 Except as the Fund Management shall otherwise agree, withdrawals from the Loan may be made in the currencies in which the expenditures referred to in Section 2.05 have been paid or are payable. In case payment shall be requested in a currency other than Dollars, such payment shall be effected on the basis of the actual Dollar cost incurred by the Fund in meeting the request. The Fund Management shall act in the purchase of currencies as the Borrower's agent. Withdrawals in respect of expenditures in the currency of the Borrower, if any, shall be made in Dollars according to the official rate of exchange at the time of withdrawal, and in the absence of such a rate, according to a reasonable rate as the Fund Management shall, from time to time, decide upon.

2.07 Applications for withdrawal shall be prepared in two original conformed copies in compliance with "The OPEC Fund for International Development Disbursement Procedures" as approved in May 1983, a copy of which has been furnished to the Borrower. A copy of each such withdrawal application shall thereafter be submitted to the Fund and the Loan Administrator by the representative of the Borrower designated in, or in accordance with, Section 8.02. Every application so submitted shall be accompanied with such documents and other evidence sufficient in form and substance to satisfy the Fund and the Loan Administrator that the Borrower is entitled to withdraw from the Loan the amount applied for and that the amount to be withdrawn will be used exclusively for the purposes specified in this Agreement.

2.08 The Borrower shall repay the principal of the Loan in Dollars, or in any other freely convertible currency acceptable to the Fund Management in an amount equivalent to the Dollar amount due, according to the market exchange rate prevailing at the time and place of repayment. Repayment shall be effected in thirty equal semi-annual instalments commencing on September 15, 2010, after a grace period running up to that date, and thereafter in accordance with the Amortization Schedule to this Agreement. Each instalment shall be in the amount of Five Hundred Thousand Dollars (\$ 500,000) and each such instalment shall be transferred on the date of repayment to the Fund's Account as requested by the Fund Management.

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2.09 (a) The Borrower undertakes to ensure that no other external debt shall have priority over this Loan in the allocation, realization or distribution of foreign exchange held under the control or for the benefit of the Borrower. To that end, if any lien shall be created on any public assets (as defined in Section 2.09(c)), as security for any external debt, which will or might result in a priority for the benefit of the creditor of the external debt in the allocation, realization or distribution of foreign exchange, the lien shall, ipso facto and at no cost to the Fund, equally and ratably secure the principal of, and the charges on, the Loan, and the Borrower, in creating or permitting the creation of such lien, shall make express provision to that effect; provided, however, that if for any constitutional or other legal reason that provision cannot be made with respect to any lien created on assets of any of its political or administrative subdivisions, the Borrower shall promptly and at no cost to the Fund secure the principal of, and the charges on, the Loan by an equivalent lien on other public assets satisfactory to the Fund.

(b) The foregoing undertaking shall not apply to:

(i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of that property; and

(ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) As used in this Section, the term "public assets" means assets of the Borrower, or of any political or administrative subdivision thereof or of any entity owned or controlled by, or operating for the account or benefit of, the Borrower or any such subdivision, including gold and other foreign exchange assets held by any institution performing the functions of a central bank or exchange stabilization fund, or similar functions, for the Borrower.

2.10 The Borrower's right to make withdrawals from the loan proceeds shall terminate on December 31, 2009, or such later date as shall be established by the Fund Management. The Fund Management shall promptly inform the Borrower of such later date.

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Article 3

EXECUTION OF THE PROJECT

3.01 The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound administrative, financial and engineering practices, and shall provide, promptly as needed, the funds, facilities, services and other resources, in addition to the proceeds of the Loan, required for the purpose.

3.02 The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project are conducted and coordinated in accordance with sound administrative policies and procedures.

3.03 (a) The Borrower undertakes to insure, or make adequate provision for the insurance of, the imported goods to be financed out of the Loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely useable by the Borrower to replace or repair such goods.

(b) Except as the Fund shall otherwise agree, all the goods and services financed out of the proceeds of the Loan shall be used exclusively for the Project.

(c) The procurement of goods under this Agreement shall generally be in conformity with the provisions of the "Procurement Guidelines under Loans Extended by the OPEC Fund" as approved on November 2, 1982, a copy of which has been furnished to the Borrower, or in conformity with such other procedures, as may be acceptable to the Fund Management, including the procurement guidelines or other instruments of like effect issued by the Loan Administrator.

3.04 (a) The Borrower shall furnish to the Fund and the Loan Administrator, promptly upon their preparation, the plans, specifications, contract documents and construction and procurement schedules for the Project and any material modifications thereof or additions thereto, in such detail as the Fund or the Loan Administrator shall reasonably request.

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(b) The Borrower:

(i) shall maintain records and procedures adequate to record and monitor the progress of the Project (including its cost and the benefits to be derived from it), to identify the goods and services financed out of the proceeds of the Loan, and to disclose their use in the Project;

(ii) shall enable the representatives of the Fund and the Loan Administrator to visit the facilities and construction sites included in the Project and to examine the goods and works financed out of the proceeds of the Loan and any relevant records and documents; and

(iii) shall, at regular intervals, furnish to the Fund and the Loan Administrator all such information as the Fund or the Loan Administrator shall reasonably request concerning the Project, its cost and, where appropriate, the benefits to be derived from it, the expenditures of the proceeds of the Loan and the goods, works and services financed out of such proceeds as well as a quarterly report on the progress in the implementation of the Project.

(c) Promptly after completion of the Project, but in any event not later than six months after the Closing Date, or such later date as may be agreed for this purpose after consultation between the Borrower, the Loan Administrator and the Fund, the Borrower shall prepare and furnish to the Fund and the Loan Administrator a report, of such scope and in such detail as the Fund Management shall reasonably request, on the execution and initial operation of the Project, its cost and the benefits derived and to be derived from it, the performance by the Borrower and the Fund of their respective obligations under this Agreement and the accomplishment of the purposes of the Loan.

3.05 The Borrower shall maintain or cause to be maintained records adequate to reflect in accordance with consistently maintained accounting practices, the operations, resources and expenditures, in respect of the Project, of the departments or agencies of the Borrower responsible for carrying out of the Project and any part thereof and shall make such records available to both the Fund and the Loan Administrator upon request of either party.

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3.06 In so far as is consistent with this Agreement, the Borrower shall abide vis-à-vis the Fund by all such conditions related to the execution and administration of the Project as the Borrower accepts in its loan agreement signed or to be signed with AsDB for the partial financing of the Project, references to AsDB in such agreement being deemed for the purposes of this clause to be references to the Fund.

3.07 Subject as provided in Section 3.06, the Borrower shall consult the Fund before agreeing with AsDB on amendments of the conditions related to the execution or administration of the Project. No such amendments shall be deemed to be incorporated in this Agreement without the prior approval of the Fund.

3.08 In full recognition of the role of the Loan Administrator in the supervision of the implementation of the Project, including the review and approval of the Project contracts and the approval of procurements and of withdrawal applications, the Borrower shall cooperate fully with the Loan Administrator to ensure that the purposes of the Loan will be accomplished. In the context of the foregoing, the Borrower shall, from time to time:

(a) exchange views with the Fund and the Loan Administrator with regard to the progress of the Project, the benefits derived therefrom and the performance of the Borrower's obligations under this Agreement, as well as other matters relating to the purposes of the Loan;

(b) promptly inform the Fund and the Loan Administrator of any condition which interferes with, or threatens to interfere with, the progress of the Project or the performance by the Borrower of its obligations under this Agreement.

3.09 All references to the Borrower in this Article shall, mutatis mutandis, be construed as including references to the Executing Agency.

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Article 4 EXEMPTIONS

4.01 All taxes, levies or duties levied by, or in the territory of, the Borrower on or in connection with the execution, delivery or registration of this Agreement and any supplementary agreement between the parties shall be borne by the Borrower.

4.02 The principal of, the interest and the service charges on, the Loan shall be paid without deduction for, and free from, any charges and restrictions of any kind imposed by or in the territory of the Borrower.

4.03 All Fund documents, records, correspondence and similar material shall be considered as confidential by the Borrower, unless otherwise agreed by the Fund.

4.04 The Fund and its assets shall not be subject to any measures of expropriation, nationalization, sequestration, custody or seizure in the territory of the Borrower.

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Article 5 ACCELERATION OF MATURITY; SUSPENSION AND CANCELLATION

5.01 If any of the following events shall occur and shall continue for the period specified below, then at any subsequent time during the continuance of any such event, the Fund Management may by notice to the Borrower declare the principal of the Loan then outstanding to be due and payable immediately together with the interest and service charges thereon and in that case the principal, together with the interest and all charges, shall become due and payable immediately:

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(a) A default shall occur and continue for a period of thirty days in the payment of any instalment of the principal or the interest or of the service charges under this Agreement or under any other agreement by virtue of which the Borrower has or shall have received a loan from the Fund;

(b) A default shall occur in the performance of any other obligation on the part of the Borrower under this Agreement or under the Project Agreement, if any, and such default shall continue for a period of sixty days after notice thereof shall have been given by the Fund to the Borrower.

5.02 The Borrower may by notice to the Fund cancel any amount of the Loan which the Borrower shall not have withdrawn prior to the giving of such notice. The Fund may by notice to the Borrower suspend or terminate the Borrower's right to make withdrawals from the loan if any of the events mentioned in Section 5.01(a) and (b) shall occur or if the Borrower's right to make withdrawals under the AsDB loan referred to in the Preamble to this Agreement shall have been suspended or cancelled or if any other extraordinary situation shall have arisen which shall make it improbable for the Project to be successfully carried out or for the Borrower to be able to perform its obligations under this Agreement.

5.03 Notwithstanding the acceleration of maturity of the Loan pursuant to Section 5.01 or its suspension or cancellation pursuant to Section 5.02, all the provisions of this Agreement shall continue in full force and effect except as specifically provided in this Article.

5.04 Unless otherwise agreed upon between the Borrower and the Fund Management, any cancellation shall be applied pro rata to the several maturities of the principal amount of the Loan which shall mature after the date of such cancellation.

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Article 6

ENFORCEABILITY, TERMINATION OF FUND, ARBITRATION

6.01 The rights and obligations of the Parties to this Agreement shall be valid and enforceable in accordance with their terms notwithstanding any local law to the contrary. No party to this Agreement shall be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

6.02 The Fund Management shall promptly inform the Borrower whenever any decision is taken for the dissolution of the Fund in accordance with the Agreement Establishing the Fund. In the event of such dissolution, this Loan Agreement shall remain in force and the Fund Management shall advise the Borrower of any substitute arrangements for the repayment of the Loan as may be devised by the appropriate authority of the Fund on such occasion.

6.03 The Parties to this Agreement shall endeavour to settle amicably all disputes or differences between them, arising out of this Agreement or in connection therewith. If the dispute or difference cannot be amicably settled, it shall be submitted to arbitration by the Arbitral Tribunal as hereinafter provided:

(a) Arbitration proceedings may be instituted by the Borrower against the Fund or vice versa. In all cases, arbitration proceedings shall be instituted by a notice given by the complainant party to the respondent party.

(b) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one by the claimant party, a second by the respondent party and the third (hereinafter called the Umpire) by agreement of the two arbitrators. If within thirty days after notice of the institution of arbitration proceedings the respondent party fails to appoint an arbitrator, such arbitrator shall be appointed by the President of the International Court of Justice upon the request of the party instituting the proceedings. If the two arbitrators fail to agree on the Umpire within sixty days after the date of the appointment of the second arbitrator, such Umpire shall be appointed by the President of the International Court of Justice.

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- (c) The Arbitral Tribunal shall convene at the time and place fixed by the Umpire. Thereafter, it shall determine where and when it shall sit. The Arbitral Tribunal shall determine all questions of procedure and questions relating to its competence.
- (d) All decisions of the Arbitral Tribunal shall be reached by majority vote. The award of the Tribunal, which may be rendered even if one party defaults, shall be final and binding on both parties to the arbitration proceedings.
- (e) Service of any notice or process in connection with any proceedings under this Section or in connection with any proceedings to enforce any award rendered pursuant to this Section shall be made in the manner provided in Section 8.01.
- (f) The Arbitral Tribunal shall decide on the manner in which the cost of arbitration shall be borne by either or both parties to the dispute.

* * *

Article 7

EFFECTIVE DATE; TERMINATION OF THIS AGREEMENT

7.01 This Agreement shall become effective on the date upon which the Fund dispatches to the Borrower notice of its acceptance of the evidence required by Sections 7.02 and 7.03.

7.02 The Borrower shall furnish the Fund with satisfactory evidence that:

- (a) the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized and ratified according to the constitutional requirements of the Borrower; and
- (b) the loan agreement in respect of the AsDB loan referred to in the Preamble to this Agreement has been declared effective or will be declared effective concurrently with this Agreement.

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7.03 In keeping with Section 7.02, the Borrower shall also furnish the Fund with a certificate issued by the Ministry of Law, Justice and Parliamentary Affairs showing that this Agreement has been duly authorized and ratified by the Borrower and constitutes a valid and binding obligation of the Borrower in accordance with its terms.

7.04 If this Agreement shall not have come into force and effect by December 31, 2005, this Agreement and all obligations of the parties hereunder shall terminate, unless the Fund, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section.

7.05 When the entire principal amount of the Loan shall have been repaid and the interest and all charges which shall have accrued on the Loan shall have been paid, this Agreement and all obligations of the parties thereunder shall forthwith terminate.

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Article 8

NOTICE; REPRESENTATION, MODIFICATION

8.01 Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Such notice or request shall be deemed to have been duly given or made when it has been delivered by hand, mail or telefax to the party to which it is required to be given or made, at the party's address specified below or at any other address as the party shall have specified in writing to the party giving the notice or making the request.

8.02 Any action required or permitted to be taken, and any documents required or permitted to be executed under this Agreement on behalf of the Borrower shall be taken or executed by the Minister of Finance of the Borrower or another officer authorized by him in writing.

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8.03 Any modification of the provisions of this Agreement may be agreed to on behalf of the Borrower by written instrument executed by the representative of the Borrower designated by, or pursuant to, Section 8.02; provided that in the opinion of such representative the modification is reasonable in the circumstances and will not substantially increase the obligations of the Borrower under this Agreement.

8.04 Any document delivered pursuant to this Agreement shall be in the English language. Documents in any other language shall be accompanied by an English translation thereof certified as being an approved translation and such approved translation shall be conclusive between the parties hereto.

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IN WITNESS whereof the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed and delivered at Vienna in two copies in the English language, each considered an original and both to the same and one effect as of the day and year first above written.

FOR AND ON BEHALF OF THE BORROWER:

100
08/9/05

Name: Mr. Md. Ismail Zabinullah
Secretary, Economic Relations Division

Address: Economic Relations Division
Ministry of Finance
Sher-e-Bangla Nagar
Dhaka 1207
People's Republic of Bangladesh

Telefax: (880) 2 8113088

FOR AND ON BEHALF OF THE OPEC FUND FOR
INTERNATIONAL DEVELOPMENT:

[Signature]

Name: H.E. Jamal Nasser Lootah
Chairman of the Governing Board



Address: The OPEC Fund for International Development
P.O. Box 995
A-1011 Vienna
Austria

Telefax: (43 1) 5139238

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