

## Bangladesh : Bangladesh Municipal Water Supply and Sanitation Project

### 1. Project Information

Project ID:	P000068	Instrument ID:	L0068A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:100.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Department of Public Health Engineering, Bangladesh		
Project Team Leader:	Jana Halida Uno		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Liu Yang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Rui Xiang, OSD - Financial Management Specialist; Sheikh Naveed Ahmed, OSD - Social Development Specialist; Gerardo Pio Parco, OSD - Environment Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Oct, 2020 A mission was organized by IDA Bangladesh country office from October 11-15. AIIB was not invited but received the Aide Memoire. Apr, 2021 A virtual joint implementation support mission with the World bank was conducted in April 2021. Oct, 2021 Visit by a virtual joint implementation support mission with the World Bank May, 2022 Implementation support mission with GoB and WB. AIIB's social development specialist and AIIB's field-based consultant attended the mission in Bangladesh on behalf of AIIB. Dec, 2022 Physical mission		
Planned Site Visits by AIIB:	Jun, 2023 Physical mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2022/05		

### 2. Project Summary and Objectives

Project Objective is to increase access to improved water supply and sanitation services in selected pourashavas (municipalities) and strengthen the pourashavas' institutional capacities for delivering water and sanitation services. The project is to improve: (i) waters supply and sanitation systems to improve living conditions of about 600,000

people, and at least 150,000 people respectively in selected 30 municipalities; and (ii) water services and management skills of implementing agencies' staff, e.g. DPHE, and other public and private sector agencies".

### 3. Key Dates

Approval:	Jul. 11, 2019	Signing:	Dec. 11, 2019
Effective:	Mar. 05, 2020	Restructured (if any):	
Orig. Closing:	Dec. 31, 2024	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	34.88	Most recent disbursement (amount/date):	5.88/Nov. 14, 2022
Undisbursed:	65.12	Disbursement Ratio (%): <sup>1</sup> :	34.88

### 5. Project Implementation Update

Overall, the project is making reasonably satisfactory progress up to a mid-term period. Initial delays due to COVID-19 pandemic disruptions have resulted in some project activities to be behind schedule. The construction of piped water supply including bulk water production and treatment facilities, and distribution pipeline packages, continues to advance. The bulk-water production facilities have been completed in 10 municipalities, and implementation for bulk water supply in the remaining 20 municipalities is in full swing. The Sanitation Support Consultancy (SSC) has completed the baseline sanitation assessment for all 30 municipalities and completed the Citywide Sanitation Improvement Plans (SIP) for 2 municipalities. Land sites for Public Toilets have been identified in 10 municipalities and for another 20 municipalities, the Project will use innovative approaches by demand assessment-based siting and user-charges to mobilize land sites for Public Toilets. Drainage works have been awarded in all municipalities with cumulative physical progress of 28.27 percent and the financial progress of 22.3 percent. Some progresses are made in municipal capacity building initiatives, e.g. delivery of training programs on WSS municipal accounting package, introduce O&M cost-recovery tariff models, establishment of ring-fenced bank accounts, implementation of Gender Action Plan (GAP), drafting of model WSS by-laws, among the notable ones. Restructuring Plan: The mid-term review mission discussed several changes that need to be taken place in BMWSSP to adjust with the current stage of project. The changes will lead to the project restructuring that will be processed formally through ERD's request letters to WB and AIIB. The scope of changes that are proposed to be revised are following:

- Component 1: The original allocated amount will be reduced by US\$4.76 million (5%);
- Component 2: (i) Project finance of US\$13.64 million is no longer needed (14% reduction) for WS infrastructure due to underutilization; (ii) Total allocation of funds for this component including contingencies will be reduced by US\$16.53 million; (iii) The target for the number of people that can be provided with improved sanitation services will be revised down to 680,000 from 750,000; (iv) The intermediate indicator on the "number of municipalities with at least 60 percent improved toilets" will also be revised as "number of municipalities with at least 50 percent improved toilets". The target for this indicator remains the same; (v) The target for intermediate indicator on the "number of municipalities with public toilets being operated by private operators/Self Help Groups" is proposed to be revised to 20 from the original target of 30.
- Component 3: The original allocated amount will be increased by US\$8 million (8%) mainly due to the increase in the subsidy support to poor households and increase in drainage investments; and

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

- Component 4: The original allocated amount will be increased by US\$1.54 million (2%).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Sector Support and Capacity Strengthening of Department of Public Health Engineering and Pourashavas (USD10.69 million)	<p>(i) Several progresses are made in municipal capacity building initiatives, e.g. delivery of training programs on WSS municipal accounting package, introduction on O&amp;M cost recovery tariff models, establishment of ring-fenced bank accounts, implementation of Gender Action Plan (GAP), drafting of model WSS by-laws, among the notable ones. Some municipalities had also made budgetary allocations for implementation of the GAP that included activities and facilities such as gender segregated toilets and prayer room, vocational trainings for women, financial assistance to poor women, etc.</p> <p>(ii) The Water Supply Superintendent position, that was filled initially by LGD appointment in nearly all municipalities, now suffered from vacancy in 16 municipalities. It is critical to fill these positions to maintain the momentum of project activities in the municipalities.</p> <p>(iii) Strengthening DPHE's sector support roles in two activities will be undertaken in the next six months: (a) creation and operation</p>	<p>DPHE is to share a report on the practice (purchase, donation, etc.) for private and public lands being used for building water supply and sanitation facilities by January 30, 2023.</p> <p>The PMU has conducted three batches of face-to-face trainings on E&amp;S safeguards management and water quality techniques in November and December 2022 in 3 regions, covering 24 municipalities.</p>	<p>The technical evaluation for the Expressions of Interest (EoI) received for the national-level communication consultancy has been completed and the report was sent to the World Bank. It is expected that mobilization of the consultant will be completed by March 31, 2023.</p> <p>The PMU will invite EoIs for a firm consultancy contract to strengthen MIS, GIS, and water quality monitoring and surveillance capacity at DPHE by Mach 31, 2023.</p>

	<p>of a Municipal Support Unit (MSU) through an Office Order by the office of the Chief Engineer, DPHE; (b) strengthening of DPHE’s Management Information System (MIS), Geographic Information System (GIS) units, and water monitoring and surveillance systems through a consultancy contract.</p>		
<p>Component 2: Investment for Water Supply Infrastructure (USD54.68 million)</p>	<p>(i) The cumulative physical progress of construction for all 30 bulk-water production packages is 74.8 percent, while financial progress is lower at 59.8 percent. The bulk-water production facilities have been completed in 10 municipalities; and implementation for bulk water supply in the remaining 20 municipalities is reported to be in full swing. The PMU confirmed that another 10 bulk-water production packages (in 10 municipalities, or in a cumulative total of 20 municipalities) will be completed by June 30, 2023.</p> <p>(ii) The cumulative physical progress for the installation of distribution pipeline is 25.95 and the financial progress is 23.44 percent.</p> <p>(iii) Six municipalities have further completed 75 percent enrollment of customers – this is a pre-condition for the actual commissioning of the water supply systems. Water supply</p>	<p>The Municipality’s WSS unit to collect data on water quality standard parameters and share with Lenders through PMU.</p>	<p>All 30 bulk-water production packages have been procured with the contracts signed, including 10 completed and 20 under implementation.</p> <p>22 water supply distribution civil works packages in 22 municipalities have been awarded with the contracts signed, which are under implementation, and the bid submissions for the remaining 8 packages are being evaluated.</p>

	<p>distribution trials have also commenced in 3 municipalities. PMU will complete 75 percent enrollment of customers in a total of 14 municipalities over the next six months. The target date for the actual commissioning for the first batch of 9 water supply systems is June 30, 2023.</p> <p>(iv) To attract operators with incentives and capacities to provide O&amp;M services for the water supply systems, project will organize dissemination workshops at the regional level for potential local operators to apprise them of the nature of work and business prospects of operating the water supply systems by March 31, 2023.</p>		
<p>Component 3: Improving Sanitation and Drainage (USD30.67 million)</p>	<p>(i) The Sanitation Support Consultancy (SSC) has completed the baseline sanitation assessment for all 30 municipalities and completed the Citywide Sanitation Improvement Plans (SIP) for 2 municipalities. The PMU is expected to finalize 9 SIPs by March 31, 2023. Further, the PMU will finalize the business model for O&amp;M management based on implementation in 5 municipalities by March 31, 2023.</p> <p>(ii) The SSC has completed the physical verification for</p>	<p>The PMU has submitted an overall Environmental and Social Impact Assessment (ESIA) on the drainage, water distribution networks. However, the PMU is also expected to prepare and share site-specific ESIA and to incorporate the Environmental and Social Management Plan (ESMP) with the Bill of Quantities (BoQ) in the contractors' bidding documents. The contractors were advised to prepare the construction specific ESMP (C-ESMP) and submit to the PMU.</p> <p>The FSTP sites for 10 municipalities have been identified at varying distances from the city centers. Data on landownership, distances from the existing settlements, present uses, and how the lands would be made available</p>	<p>The Sanitation Support Consultant (SSC) has completed the preparation of technical design and cost estimates and invited tenders for 5 integrated Fecal Sludge Treatment Plants (FSTPs, with solid waste treatment) and Public Toilets, which will be completed by Jan. 31, 2023. The Invitation for Tenders for the 5 additional integrated FSTPs including Public Toilets will be issued by February 28, 2023.</p> <p>All drainage works have been awarded in all municipalities with the contracts signed, which are under implementation.</p>

	<p>provision of improved toilets for 178 low-income households in 14 municipalities. It was agreed that the SSC will complete the physical verification of a total of 500 households in 14 municipalities by April 30, 2023. Further, for households that do not have land available for a toilet/containment unit or those that do not possess secure tenure of the site that they reside on, the SSC was advised to hold discussions with the municipalities on allocating land to build offsite shared or community toilets with necessary O&amp;M management.</p> <p>(iii) Land sites for Public Toilets have been identified in 10 municipalities, with Invitation for Tenders (IFT) issued for 5 municipalities. For another 20 municipalities, the Project will use innovative approaches to mobilize land sites for Public Toilets. The PMU will finalize the strategy to engage women’s Self-Help Groups (WSHGs) for the O&amp;M of public toilets, including providing training and building their capacity, so that they can competitively bid for the management of public toilets.</p> <p>(iv) The SSC has completed the preparation of technical design and cost estimates and invited tenders for 5 integrated Fecal Sludge Treatment</p>	<p>for FSTP construction must also be compiled.</p> <p>DPHE is to share a report on the practice (purchase, donation, etc.) for private and public lands being used for building water supply and sanitation facilities by January 30, 2023.</p>	
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	<p>Plants (FSTPs, with solid waste treatment) and Public Toilets. The IFT for five additional integrated FSTPs including Public Toilets will be issued by February 28, 2023. (v) Drainage works have been awarded in all municipalities and are progressing at a slower pace than anticipated. The cumulative physical progress is 28.27 percent, and the financial progress is 22.3 percent. All drainage works are estimated to be completed by November 2023.</p>		
<p>Component 4: Project Implementation and Management Support (USD3.96 million)</p>	<p>(i) Due to disruptions and delays in project implementation caused by the COVID-19 pandemic, the number of institutional performance assessment rounds is curtailed to three. Assessments for Year 2 (Round 2) will be conducted in February 2023 for assessment of performance for the period July-December 2022; and Round 3 will be conducted in August 2023 for the performance period January-June 2023. The contract for the third-party national agency conducting this assessment will be modified accordingly by January 31, 2023. It was further agreed that the final assessment will be conducted in August 2024 for the period July 2023-June 2024 (with no grant</p>	<p>E&amp;S compliance confirmed: PMU has already prepared Environmental Management Plan; Resettlement and Social Management Framework and Small Ethnic Community Planning Framework. The PMU has conducted three batches of face-to-face trainings on E&amp;S safeguards management and water quality techniques in November and December 2022 in 3 regions, covering 24 municipalities</p> <p>The third-party Environmental Monitoring of the project is mentioned in the Environmental and Social Management Framework (ESMF). To be inline with that, the PMU agreed to incorporate the specific ES scope in the third-party project evaluation ToR.</p>	<p>The contract for the third-party national agency conducting this assessment will be modified accordingly by January 31, 2023. The PMU will invite EoIs for feasibility study on expanding a similar project in 30 additional municipalities by February 28, 2023.</p>

	<p>disbursements) as a part of the Impact Evaluation firm contract that will assess the impact of all the components under the project. To ensure that the municipalities appreciate the criticality of these performance assessments and the grants disbursed, a public awards ceremony was agreed to be conducted by DPHE by January 31, 2023.</p> <p>(ii) The PMU needs to immediately operationalize a project Monitoring &amp; Evaluation (M&amp;E) System and have the municipalities to report into. An Excel-based system will be implemented on a shared-drive as an interim measure and immediately populated. This will be used to generate monthly reports, a sample of which will be shared with WB and AIIB no later than January 31, 2023. The DPHE's MIS strengthening consultancy is expected to design a national MIS into which the current M&amp;E system will be migrated.</p>		
Component 5: Contingent Emergency Response (USD0 million, n/a)	N/A	N/A	N/A

**Financial Management:**

The quarterly Interim Unaudited Financial Reports (IUFR) were submitted in a timely manner and deemed to be acceptable to the Bank. The external audit report for FY2020-21 has also been timely submitted with a clear audit opinion issued on the financial statements of the project. Four out of the five audit observations remain pending resolution. The PMU agreed to take appropriate actions on the pending audit observations by January 31, 2023. The external audit report for FY21-22 was submitted in a timely manner and deemed to be acceptable by the Bank. The



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auditor is issued an unqualified (clean) opinion on the financial statements. Financial progress is a bit lagging behind the physical progress, mainly due to the payment of the signed contracts overdue. The PMU will submit a detailed calculation to explain the gaps and the possible timeline by January 31, 2023.

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**6. Status of the Grievance Redress Mechanism (GRM)**

The PMU has established two Grievance Redress Committees (GRC) in each of the 30 participating municipalities as outlined in the Resettlement and Social Management Framework (RSMF). Specifically, the GRCs will focus on project-affected persons and other stakeholders, and grievances of laborers who have been or will be engaged by the construction contractors. The PMU has shared the first bi-monthly GRM Report (July-August) with the latest Joint Mission of the World Bank and AIIB (7th-18th December 2022), however, it covers only one municipality.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

Some indicators are delayed in achieving its annual target due to the COVID19 pandemic disruptions. An intermediate indicator is progressing to reflect procurement and physical progress. Target values are set-up for achievement at project closure.

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**Remarks:**

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Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2018		2019		2020		2021		2022		2023		2024		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
People provided with access to improved water sources (gender disaggregated reporting)	Project	Number	2018	0	0														600,000		Annual			
People provided with improved sanitation services (gender disaggregated reporting)	Project	Number	2018	600,000	600,000														750,000		Annual			

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																		Frequency	Responsibility	Comments	
			Baseline		2018		2019		2020		2021		2022		2023		2024		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Number of pourashavas scoring 50% and above in Performance Assessment Scorecard	Project	Number	2018	0	0														30		Annual			
Number of pourashavas with operational water supply systems	Project	Number	2018	0	0														30		Annual			
Participating Pourashavas with at least 80% cost recovery on operations and maintenance	Project	Number	2018	0	0														24		Quarterly, year-3 onward			
Number of Pourashavas supplying at least 11 hours of water to customers	Project	Number	2018	0	0														20		Quarterly, year-3 onward			

Number of Pourashavas supply water of quality in compliance with Bangladesh standards	Project	Number	2018	0	0														30		Quarterly		
Number of Pourashavas with at least 60% improved toilets	Project	Number	2018	0	0														25		Annual		
Number of Pourashavas with operational service contracts for emptying septic tanks?	Project	Number	2018	0	0														15		Annual		
Number of Pourashavas that implement drainage improvements to manage storm water and waste water	Project	Number	2018	0	0														30		Annual		
Percentage of beneficiaries expressing satisfaction over service provision (gender disaggregated)	Project	%	2018	0	0														55		Annual		