

Bangladesh : Dhaka Sanitation Improvement

1. Project Information

Project ID:	P000240	Instrument ID:	L0240A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:170.00 US Dollar million <input type="checkbox"/> Guarantee	Co-financier(s):	World Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Dhaka Water Supply and Sewerage System (DWASA)		
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; Shonell Robinson, OSD - Financial Management Specialist; Sheikh Naveed Ahmed, OSD - Social Development Specialist; Gerardo Pio Parco, OSD - Environment Specialist		
Completed Site Visits by AIIB:	Apr, 2021 Virtual implementation support mission with GoB and WB. Dec, 2022 Physical mission by PTL and combined with virtual meetings by the task team May, 2022 Implementation support mission with GoB and WB. AIIB's social development specialist attended the mission in Dhaka on behalf of AIIB.		
Planned Site Visits by AIIB:	Mar, 2023 Physical mission with GOB and WB		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2022/05		

2. Project Summary and Objectives

Project objective is to increase access to safely-managed sanitation services in select areas of Dhaka City and to improve DWASA's efficiency for sanitation service delivery.

The project comprises the implementation of the first phase of the Dhaka Sewerage Master Plan, which was developed during the previous WB supported Dhaka Water Supply and Sanitation Project. The project entails comprehensive investments in sanitation infrastructure combining sewerage systems, wastewater treatment, and pilot measures for improved non-network sanitation. The project is expected to benefit about 1.5 million people, including about 50,000 people in low-income communities.

The project consists of 5 components:

Component 1. Institutional Support for Sanitation Service Delivery (Total cost US\$7.08 million; IDA US\$3.54 million; AIIB US\$3.54 million)

Component 2. Sewerage and Wastewater Treatment (Total cost US\$446.52 million ; IDA US\$154.3 million; AIIB US\$154.3 million; GoB US\$137.92 million)
 Component 3. Alternative Sanitation (Total cost US\$8.46 million; IDA US\$4.23 million; AIIB US\$4.23 million)
 Component 4. Project Implementation and Management Support (Total cost US\$20.94 million; IDA US\$7.93 million; AIIB US\$7.93 million; GoB US\$5.08 million)
 Component 5. Contingent Emergency Response (US\$0)

3. Key Dates

Approval:	Apr. 16, 2020	Signing:	Sep. 01, 2020
Effective:	Feb. 25, 2021	Restructured (if any):	
Orig. Closing:	Jul. 31, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	1.17	Cancellation (if any):	0.00
Disbursed:	1.17	Most recent disbursement (amount/date):	0.44/Jun. 02, 2022
Undisbursed:	168.83	Disbursement Ratio (%) ¹ :	0.69

5. Project Implementation Update

Project implementation has been significantly delayed. Despite being effective for 21 months, the disbursement rate stands at 0.7% with only USD1.17M disbursed. Based on the low disbursement rate, the delay in compliance with the dated legal covenants (see below), delays in the contract award, and remaining time to implement the project, the number of red flags of the project is increased from one to two. Below is the detailed description of the project's progress:

- The long procurement processing time (i.e. more than 6 months) for the internal government's approval processes through the DWASA (Dhaka Water Supply and Sewerage Authority), Line Ministry and CCGP (Cabinet Committee on Government Purchase) is leading to delays in awarding of contracts and project implementation. The next three months are critical, and all efforts need to be made for early processing of decisions on five key contracts packages (three works packages of #WD1, #WD2, and #WD3 and two service packages of #SD1 and #SD2) sent by the DWASA Board to LGD and CCGP so that the Project can begin implementing activities on the ground.
- The original component 3 (Alternative Sanitation) was designed to provide alternative sanitation services in the areas where sewers are not feasible and/or where there are tenurial barriers, such as in low-income communities in Dhaka. However, it has become apparent that in view of GoB's Institutional and Regulatory Framework (IRF, City Corporations, 2017), City Corporations are responsible to carry out fecal sludge management (FSM) in their cities. Thus, DWASA (project's implementing agency) is not in a position to undertake this component. DWASA is currently in the process of consultation with LGD on this matter, and there is a possibility that this component will be cancelled.
- Further, two legal project covenants remain only partially complied with. These include the development of the water and sewerage tariff framework within six months of project effectiveness, and the establishment of the dedicated sewerage organizational unit in the DWASA organogram within nine months of project effectiveness. Failing to comply with these legal covenants by

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

December 30, 2022, could trigger the application of the available remedies for non-compliance of legal covenants.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Institutional Support for Sanitation Services Delivery (USD7.08 million): Capacity enhancement to strengthen DWASA's capacity to manage sanitation services efficiently and increase citizens' engagement to connect to sanitation systems and technical assistance to support coordination in the sanitation sub-sector.	<p>(i) DWASA organogram: The current deputy MD for Research, Planning, and Development has been recruited who will be appointed as the deputy MD for the sewerage wing at DWASA under the new organogram. This will be followed by the recruitment of staff for the sewerage wing. The recruitment is expected to be initiated by December 30, 2022.</p> <p>(ii) Tariff Framework: DWASA is working on financial modelling exercises that were being carried out with the assistance of other donors. Further, DWASA would take forward the work on the roadmap for tariff rationalization. DWASA was to provide update on the compliance of the covenant on tariff framework by December 30, 2022.</p> <p>(iii) Road cutting activity for pipe-laying: DWASA to organize a consultation workshop by February 15, 2023, with the support of the Local Government Division, Dhaka City Corporation to raise awareness and find a modus operandi for the pipe laying activity which will involve temporary roads cutting.</p>	Capacity of the PMU to carry out ES work has been flagged. Engagement of ES Experts in the PMC is pending due to the lengthy procurement process of PMC contract.	The evaluation of the technical proposals was underway for the Technical Assistance on the implementation of the Communication and Stakeholders' Engagement Strategy. The combined evaluation report shall be submitted for bank review and no objection by December 30, 2022.

<p>Sewerage and Wastewater Treatment (USD446.52 million): Reconstruction of two trunk mains, construction of new secondary and tertiary network as well as construction of a Wastewater Treatment Plant.</p>	<p>No physical progress due to delay of procurement process of works packages under component 2.</p>	<p>The Environmental, Social, Resettlement Management Framework (ESRMF) and the Environmental and Social Impact Assessment (ESIA) need to be revised due to the change in the institutional arrangement from the disclosed ones and then reviewed and re-disclosed by both the World Bank and DWASA. In the current institutional arrangement an Environmental Officer will be assigned from the SECD (DWASA's 'Social, Environmental and Communication Division) on deputation to look after the E&S safeguards compliances of the project. No physical interventions can be implemented on the field before the disclosure of the revised documents.</p>	<p>#WD1- Reconstruction / Expansion and Operation of Pagla STP.: The WB No Objection (NO) was issued to the Combined Evaluation Report and draft contract on October 29, 2022. The DWASA Board cleared the package and sent it to LGD on November 23, 2022. Notification of Intention of Award is set for December 31, 2022.</p> <p>#WD2 and #WD3 Reconstruction of Eastern and Western Trunk Main : The Combined Evaluation Reports (CERs) and draft contracts for bids #WD2 and #WD3 were provided with NO in August 2022 by WB. The CERs are now undergoing internal clearance processes and the Notification of Intention of Award of Contracts for both packages is expected to be sent by December 31, 2022.</p> <p>#WD5 and #WD6 (Reconstruction /New Construction/Rehabilitation of Sewerage in zone A and B) are being re-tendered following the rejection of all proposals by the Procurement Evaluation Committee (PEC) on account of higher than estimated costs. These are now split into four smaller packages with a shorter execution period. WB has cleared the Request for Proposal for these on October 25, 2022.</p>
<p>Non-Network Sanitation (USD8.46 million): Testing and demonstration of</p>	<p>Restructuring of the Project to Remove this Component: During the last mission in May 2022, DWASA had</p>	<p>The PMU has not yet initiated the preparation of the ESIA of the non-networked site, as the respective component may require modification through project</p>	<p>Not yet started</p>

the feasibility of locally-adapted collection and treatment solutions.	pointed out that the Government of Bangladesh (GoB's) Institutional and Regulatory Framework (IRF, City Corporations, 2017) accorded primary responsibility to the City Corporations for fecal sludge management (FSM). Therefore, DWASA needs to formally communicate through a letter to the World Bank on the need to restructure the Project to cancel the component.	restructuring, for which discussion has not yet been completed. The decision of conducting ESIA will be adjusted as per the project design.	
Project Implementation and Management Support (USD20.94 million): Project management support to DWASA in implementing and monitoring all project-related activities.	Individual consultants to support the PMU have been fully recruited and on-board.	Engagement of consultants to assist the PMU in ES implementation is pending due to the lengthy procurement process of PMC contract.	<p>#SD1: Consulting firm for design-review and construction supervision. WB issued No Objection to the draft negotiated contract on April 20, 2022, however, the draft contract is still under government's internal review process. This is a critical contract. The construction of the works contracts cannot be commenced if the consultant for SD#1 is not selected and on board. It is expected that the Notification of Intention of Award of Contract is to be sent by December 30, 2022.</p> <p>#SD2: PMC. WB issued the NO to the Combined Evaluation Report and the draft negotiated contract on November 08, 2022. It is expected that the Notification of Intention of Award of Contract is to be sent by December 30, 2022.</p>
Contingent Emergency Response (USD0 million): A provisional zero amount	Standby component for potential reallocation due to national emergency	If this component is triggered, E&S safeguards need to comply with the WB policies.	Standby

component to allow for rapid reallocation of loan proceeds for emergency response			
---	--	--	--

Financial Management:

As per the WB led mission conducted in Oct-Nov 2022, the overall FM arrangements are deemed to be Moderately Satisfactory. The recruitment of the Project Financial Management Specialist has been completed but the full-time Accountants is yet to be deputed to the project. WB will conduct a training for the newly appointed FM staff at a mutually agreed time. Considering that disbursement commenced in October 2021, the project started submitting IUFRs for the reporting of expenditures and requesting of advances. IUFRs up to June 2022 quarter have been submitted and reviewed by the WB. The FY22 audit report under the Project will be due on Dec 31, 2022. DWASA will submit the Entity audited financial statement (of DWASA), incorporating project financing, as well as an audit report prepared by FAPAD on the project financial statement. The formation of the Project Audit Review Committee (PARC) has been completed. The committee has already met once to discuss audit observations. The Project will engage a private chartered accountant to conduct internal audit based on the agreed term of reference (ToR), which has been finalized. The project is expected to initiate Request for Expression of Interest (REoI) by December 30, 2022.

6. Status of the Grievance Redress Mechanism (GRM)

DWASA is in the process of establishing two GRMs, one of which will deal with grievances about any irregularities in applying the stipulations adopted in the ERSMF and other issues transpiring from the project activities. The second GRM will deal exclusively with grievances/complaints that may involve workers employed by the construction contractors and subcontractors/suppliers. The GRM will be established close to the inception of civil works.

7. Results Monitoring

Since the procurement of major works is pending, nothing to report for this reporting period.

Project Objective Indicators #1

People provided with access to safely-managed sanitation services

Year	Target	Actual	Comments, if any
Jan. 01, 2025	1.5 million	0	Baseline: 0

Project Objective Indicators #2

People provided with access to safely-managed sanitation services (females)

Year	Target	Actual	Comments, if any
Jan. 01, 2025	0.75 million	0	Baseline: 0

Project Objective Indicators #3

Operating Ratio for DWASA combined Operations (Water and Sewerage) maintained below 0.7 (Yes/No)

Year	Target	Actual	Comments, if any
Jan. 01, 2025	Yes	No	Baseline: No

Intermediate Result Indicators #1

DWASA sewerage GIS strengthened

Year	Target	Actual	Comments, if any
Jan. 01, 2025	Yes	No	Baseline: No

Intermediate Result Indicators #2

Sewerage Connection Strategy and Plan developed and implemented under DWASA's oversight according to plan

Year	Target	Actual	Comments, if any
Jan. 01, 2025	Yes	No	Baseline: No

Intermediate Result Indicators #3

Experienced STP operator contracted for a minimum of 3 years

Year	Target	Actual	Comments, if any
Jan. 01, 2025	Yes	No	Baseline: No

Intermediate Result Indicators #4

Length of Trunk Mains completed

Year	Target	Actual	Comments, if any
Jan. 01, 2025	18	0	Baseline: 0

Intermediate Result Indicators #5

Household sewer connections resulting from project interventions

Year	Target	Actual	Comments, if any
Jan. 01, 2025	50000	26000	Baseline: 26000

Intermediate Result Indicators #6

Volume of sewage collected from the Pagla catchment and flowing to Pagla STP

Year	Target	Actual	Comments, if any
Jan. 01, 2025	150	0	Baseline: 0

Intermediate Result Indicators #7

Quality of effluent discharge from the Pagla STP

Year	Target	Actual	Comments, if any
Jan. 01, 2025	70	0	Baseline: 0

Intermediate Result Indicators #8

People benefiting from safely - managed sanitation in Pagla Catchment

Year	Target	Actual	Comments, if any
Jul. 31, 2025	100,000	0	Baseline: 0

Intermediate Result Indicators #9

People in low- income settlements provided with sanitation services

Year	Target	Actual	Comments, if any
Jan. 01, 2025	50,000	0	Baseline: 0

Intermediate Result Indicators #10

DWASA maintaining a Grievance Redressal Mechanism Grievance

Year	Target	Actual	Comments, if any
Jan. 01, 2025	Yes	No	Baseline: No

Intermediate Result Indicators #11

Percentage of female DWASA employees provided with technical leadership and orientation trainings

Year	Target	Actual	Comments, if any
Jan. 01, 2025	60%	0	Baseline: 0

Intermediate Result Indicators #12

Percentage of beneficiary households that expressed satisfaction with service provision

Year	Target	Actual	Comments, if any
------	--------	--------	------------------

Jan. 01, 2025	50%	0	Baseline: 0
---------------	-----	---	-------------

Intermediate Result Indicators #13

Percentage of female -headed beneficiary households satisfied with services

Year	Target	Actual	Comments, if any
Jan. 01, 2025	50%	0	Baseline: 0

Intermediate Result Indicators #14

Percentage of complaints redressed within stipulated redressal period

Year	Target	Actual	Comments, if any
Jan. 01, 2025	70%	0	Baseline: 0

Intermediate Result Indicators #15

Percentage of female staff who achieve career progression through getting relevant placement after receiving technical, management, leadership and orientation training (percentage)

Year	Target	Actual	Comments, if any
Jan. 01, 2025	5%	0	Baseline: 0

Remarks:
