

Project Implementation Monitoring Report (#8)

Reporting Period From 2023/10 To 2024/03

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	Lead Co-financier (s):	World Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:			
Project Team Leader:	Ronald Muana		
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; Victoriano Macasaquit, OSD - Social Development Specialist; David Rollinson, OSD - Environment Specialist; Ronald Muana, Team Member; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Apr, 2021 Virtual implementation support mission with GoB and WB. May, 2022 Implementation support mission with GoB and WB. AIIB's social development specialist attended the mission in Dhaka on behalf of AIIB. Dec, 2022 Physical mission by PTL and combined with virtual meetings by the task team May, 2023 Mid-term Review mission with GoB and WB/AIIB. AIIB's water and sanitation specialist attended the mission in Dhaka on behalf of AIIB. Oct, 2023 Implementation support mission. AIIB's water and sanitation specialist physically attended the mission in Dhaka. Apr, 2024 Implementation support mission. AIIB PTL physically attended the mission in Dhaka.		
Planned Site Visits by AIIB:	Sep, 2024 Physical mission		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2023/09		

2. Project Summary and Objectives

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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:		Cancellation (if any):	0.00
Disbursed:	14.31	Latest disbursement (amount/date):	4.59/Jan. 29, 2024
Undisbursed:	155.69	Disbursement Ratio (%) ¹ :	8.42

5. Project Implementation Update

The PMO has successfully awarded the last four major sewer network packages. As all pending works contracts have been signed and the project budget has been fully committed, the project is targeted to reach 20% disbursement by June 2024.

Two legal covenant issues flagged in the previous mission (i.e., finalization of the DWASA organogram and submission of the Tariff Adjustment Framework) are complied with and resolved.

The construction of the 200 MLD Pagla STP is expected to accelerate as foundation designs are being finalized. There is an issue regarding new effluent water standards by the Government of Bangladesh that have different limits as set out in the tender documents. The PMO is working on clarifying the matter with environmental regulators so that the schedule of the process design will not be impacted. The critical path of the project is the sewer network, and in particular, securing the road construction permits for the 22-kilometer of sewer lines, which will go through both busy avenues and narrow

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.

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community roads. It has been discussed that some of the segments will have to be constructed via microtunneling and/or directional drilling (as opposed to open-cut) to minimize traffic impacts. The contractors, as supervised by the PMO, have prepared the necessary traffic management plans. Permit applications will be formally submitted upon the completion of the detailed engineering design targeted by Q3 2024. The PMO is working on a memorandum of agreement with the Dhaka North City Corporation and Dhaka South City Corporation to facilitate timely road construction permit approvals. The Project was delayed by approximately 24 months, mainly due to the COVID-19 pandemic, which delayed the project signing and effectiveness, followed by delays in key consultancy and civil works contracts. The PMO has requested an extension of the project closing date by at least 22 months to complete all the contracts. After satisfying project progress requirements (ie award of all pending contracts), the World Bank has proceeded with the approval of their loan restructuring. The AIIB Project Team has likewise started preparing the necessary documentation for loan restructuring.

The prospective restructuring will include the extension of the loan closing date from July 31, 2025, to April 30, 2027, ii) cancellation of component 3 because the activity will be carried out by other agencies, and iii) updating of PDO indicator on "People provided with access to safely managed sanitation services" from 1.5 million people to 1.4 million, and iv) reorganization of the project budget allocation both due to the cancellation of component 3.

Safeguards. The PMU has made considerable progress on key environmental and social (E&S) issues since the last reporting period. In line with the principle of adaptive management, the Environmental, Social, and Resettlement Management Framework (ESRMF) and Environmental and Social Impact Assessment (ESIA) have been revised reflecting changes in E&S staffing. The Resettlement Consultancy contract was signed on October 25, 2023. The consulting contracts for communication and stakeholder engagement are on board and have achieved progress on planning and rebranding activities as scheduled. The project team noted how communication strategy is leveraged to create awareness about the project's impacts and mitigation measures, support grievance redress mechanisms, and build overall community support for the project. The GRM note for managing community and stakeholder complaints has been finalized.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: 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	Major consultancies including the Project Management Consultant (PMC), Design review and construction supervision are on-board and functional. Progress reports are prepared on time.	Consultants for SD1 have hired and mobilized E&S Specialists. Submission of safeguards requirements for each contract are in various stages but overall satisfactory.	Completed

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coordination in the sanitation sub-sector.			
Component 2: 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>The detailed design for works for WD1, WD2, and WD3 are at the final stage. Site preparation and temporary facilities are on-going. The remaining four packages for Eastern Sewer Network and Western Sewer Network contracts have been signed and preparing for full mobilization</p> <p>The contractors started procurement of key goods for the three first contracts and this is expected to boost project disbursement.</p>	Contractors for WD1, WD2, and WD3 have hired and mobilized E&S Specialists. Contractors for WD5A, WD5B, WD6A, and, WD6B preparing for full mobilization while awaiting release of advance payment.	<p>Completed.</p> <p>WD1- contract was signed on May 16, 2023.</p> <p>WD2 - contract was signed on January 17, 2023</p> <p>WD3 - contract was signed on March 2, 2023</p> <p>WD5A - contract was signed on Feb 15, 2024</p> <p>WD5B - contract was signed on Feb 4, 2024</p> <p>WD6A - contract was signed on Jan 11, 2024</p> <p>WD6B - contract was signed on Dec 24, 2023</p>
Component 3: Non-Network Sanitation (USD8.46 million): Testing and demonstration of the feasibility of locally-adapted collection and treatment solutions.	DWASA and the WB-AIIB project team agreed to cancel this component under this project. The activities will be implemented by a different government agency.	N/A, for cancellation	N/A, for cancellation
Component 4: Project Implementation and Management Support (USD20.94 million): Project management support to DWASA in implementing and monitoring all project-related activities.	The Project Management Unit (PMU) is operational with a full-time Project Director (PD) and two deputy PDs. In addition, considering the vast scope, technical complexity, and scale of the project's investments, and the necessity of periodic reporting, a Design-Review and Supervision Consultant (DR&SC) has been recruited and is on	E&S Consultant staff mobilized, periodic E&S report submitted	<p>Partially Completed</p> <p>SD1: Consultancy Services for Design Review and Construction Supervision - Contract signed on January 15, 2023</p> <p>SD2: Consultancy Services for Project Management Consultant - Contract signed February 13, 2023.</p> <p>SD10: Technical Assistance for Implementation of Communication and Stakeholder's Engagement Strategy - Contract signed February 15, 2024</p>

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	board. Further, a PMC to assist the PMU with institutional support, capacity building, and project management, including periodic reporting (quarterly and semi-annually), has been recruited and is now on board. The team noted improvement in the project reporting with the support of the PMC.		SD7: Consultancy Services for Preparation of Resettlement Action Plan. - Contract signed SD6: Consultancy Services for Audit Firm - Ongoing procurement
Component 5: Contingent Emergency Response (USD0 million): A provisional zero amount component to allow for rapid reallocation of loan proceeds for emergency response	N/A Standby component for potential reallocation in case of national emergency	N/A Standby component for potential reallocation in case of national emergency	N/A Standby component for potential reallocation in case of national emergency

Financial Management:

Staffing: Financial Management staffing is an identified issue. Despite the agreement during the previous mission to have one Accounts Officer and one Accountant, both full-time to be deputed from DWASA, only a part-time accountant has been assigned to support the FMS. The team also suggested to consider taking advantage of the resources available with the PMC (SD2). With the award of procurement contracts and mobilization of advances to the contractors, it is imperative that full FM staffing is on board for maintaining propriety in financial transactions, book-keeping, accounting, controls, segregation of duties, efficient management of fund flow, etc.

Financial Reporting: The project has been submitting IUFRs on time. WB and AIIB have received and reviewed the IUFR for the October-December 2023 quarter.

External Audit: The FY23 audit report, submitted by the Foreign Aided Project Audit Directorate (FAPAD), was received and reviewed by WB.

Disbursement Projection: The disbursement presently stands at 8.42% of the total credit amount. An updated disbursement projection is being prepared by the PMO for submission by May 2024 and is expected to reflect the prospective loan closing date extension.

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6. Status of the Grievance Redress Mechanism (GRM)

Grievance Redress Mechanism (GRM) is established and in place.

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

While all major civil works contracts have been awarded, all are in the initial detailed design phase. No actual results to be reported.

Remarks:

Results monitoring indicate the original targets. It will be updated upon approval of the proposed restructuring which will push the project end date to 2027.

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		2025		2026		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual					
1. People provided with access to safely-managed sanitation services	Project	Number	2020	0																	2026	1.5 million		Quarterly, Year 3 Onwards	PMU. Administrative Data from DWASA and Private Operator	
1.1 People provided with access to safely-managed sanitation services - Female	Project	Number	2020	0																	2026	0.75 million		Quarterly, Year 3 Onwards	PMU. Administrative Data from DWASA and Private Operator	
2. Operating Ratio for DWASA combined Operations (Water and Sewerage) maintained below 0.7 (Yes/No)	Project	Yes/No	2020	No																	2026	Yes		Once a year, from Year 2	PMU. Revenue and cost numbers from the accounting database maintained within DWASA's accounts division.	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		2025		2026		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual					
DWASA sewerage GIS strengthened	Project	Yes/No	2020	No																	2026	Yes		Once a year, starting Year 2	PMU. Data from the DWASA GIS/Mapping unit.	
Sewerage Connection Strategy and Plan developed and implemented under DWASA's oversight according to plan	Project	Yes/No	2020	No																	2026	Yes		Once, in Year 2.	Third-Party Agency. Household survey on Project Information conducted by third-party communication agency.	

Experienced STP operator contracted for a minimum of 3 years	Project	Yes/No	2020	No															2026	Yes	Once in Year 3	PMU. Administrative and procurement data collected and maintained by DWASA.
Length of Trunk Mains completed	Project	KM	2020	0															2026	18	Quarterly, Year 2 Onwards.	PMU. The constructed length will be measured by the contractor and provided as a part of regular progress reports.
Household sewer connections resulting from project interventions	Project	Number	2020	26,000															2026	50,000	Quarterly, from Year 3.	PMU. Household connection database maintained within the billing collection system.
Volume of sewage collected from the Pagla catchment and flowing to Pagla STP	Project	Million liters/day	2020	0															2026	150	Quarterly, from Year 2.	Operational data collected and maintained by the DBO contractor at the Pagla STP and verified by DWASA.
Quality of effluent discharge from the Pagla STP	Project	%	2020	0															2026	70	Quarterly, from Year 2.	PMU. Operational data (SCADA and third-party water samples from inflow and outflow) collected by the DBO contractor and verified by DWASA.
People benefitting from safely-managed sanitation in Pagla Catchment	Project	Number	2020	0															2026	100,000	Quarterly, Year 3 Onwards.	PMU. Household connection database maintained within the billing collection system and record of septage collected and deposited at the Pagla STP.

People in low-income settlements provided with sanitation services	Project	Number	2020	0																	2026	50,000	Quarterly, Year 2 Onwards.	PMU. Database maintained within the billing collection system and record of septage collected and deposited at the Pagla STP.
DWASA maintaining a Grievance Redressal Mechanism	Project	Yes/No	2020	No																	2026	Yes	Quarterly, Year 2 Onwards.	PMU. GRM database maintained at DWASA.
Percentage of female DWASA employees provided with technical, leadership and orientation trainings	Project	Number	2020	0																	2026	60%	Once a year, starting in Year 2.	PMU. Post-training will be administered by the PMC under the supervision of the PMU.
Percentage of beneficiary households that expressed satisfaction with service provision	Project	%	2020	0																	2026	50	Once a Year.	Third Party Agency. Sample household surveys conducted by Third Party agency.
Percentage of female-headed beneficiary households satisfied with services	Project	%	2020	0																	2026	50	Once a Year.	Third Party Agency. Sample household surveys conducted by Third Party agency.
Percentage of complaints redressed within stipulated redressal period	Project	%	2020	0																	2026	70	Quarterly, Year 2 Onwards.	PMU. GRM database maintained at DWASA.
Percentage of female staff who achieve career progression through getting relevant placement after receiving technical, management, leadership and	Project	%	2020	0																	2026	5	Once a year, starting Year 2.	PMU. Data from DWASA annual report.

orientation training (percentage)																							
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