

Peoples Republic of Bangladesh

Coastal Climate Resilient Infrastructure Project (CCRIP)

Mid Term Review

Main report and appendices

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Asia and the Pacific Division
Programme Management Department

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Fiscal Year

1 July to 30 June

Currency and Equivalents

Currency Unit	=	Bangladesh Taka (BDT)
July 2017 USD 1.00	=	BDT 81.00

Units and Conversions

1 lakh (lak)	=	100,000 BDT
1 crore (cr.)	=	10,000,000 BDT
1 acre	=	0.407 ha
1 decimal	=	0.01 acre

Abbreviations and acronyms

ADB	Asian Development Bank
AA	Assistant Accountant
AE	Assistant Engineer
BC	Bitumen carpeted
BDT	Bangladesh Taka
BRS	Bank Reconciliation Statements
BUET	Bangladesh University of Engineering and Technology
CCP	Community Collection Point
CRCD	Climate Resilient Community Development Project
CDSP	Char Development and Settlement Project
Char	Newly accreted land
DA	District Accountant
EIRR	Economic Internal Rate of Return
FAR	Fixed Assets Register
FMO	Field Monitoring Officer
FMS	Financial Management Specialist
GDP	Gross Domestic Product
Ghat	A Bangla word of boat landing boat platform
GoB	Government of Bangladesh
Haat	A Bangladesh word for a rural market or bazaar, which assembles everyday with small number of buyers/sellers but meets twice a week in a large-scale where buyers/sellers from wider areas converge to do business
HILIP	Hoar Infrastructure and Livelihood Improvement Project
IFAD	International Fund for Agricultural Development
IGA	Income generating activitie
IAS	Internal Audit Section
KM	Knowledge Management
KUET	Khulna University of Engineering and Technology
LCS	Labour Contracting Society
LGD	Local Government Division (of MLGRD&C)
LGED	Local Government Engineering Department
M&E	Monitoring and Evaluation
MIDPCR	Market Infrastructure Development Project in Charland Regions (IFAD)
MLGRD&C	Ministry of Local Government Rural Development and Cooperatives
MMC	Market Management Committee
MOF	Ministry of Finance
MTR	Mid-Term Review
NATP	National Agricultural Technology Project (World Bank – IFAD)
PCR	Project Completion Review
PD	Project Director
PAM	Project Administration Manual
PKSF	Palli Karma-Sahayak Foundation, Government established apex funding agency for MFIs/NGOs
PMO	Project Management Office
PSC	Project Steering Committee
RCC	Reinforced cement concrete (e.g. road)
RIMS	Results and Impact Management System
SAE	Sub-Assistant Engineer
SOE	Summary of Expenditure
SIMES	Monitoring and Evaluation System
TA	Technical Assistance
UE	Upazila Engineer
UNO	Upazila Nirbahi (Executive) Officer
UP	Union Parishad
Upazila	Sub-district
WFP	United Nations World Food Programme
XEN	Executive Engineer (of LGED)

A. Introduction

1. A Mid-Term Review (MTR) mission of the Coastal Climate Resilient Infrastructure Project (CCRIP) was conducted in Bangladesh between July 15-29, 2017 to review the implementation of project progress to identify constraints, challenges and opportunities arising since the project became operational in July 2013.¹ Based on the Mission findings, the MTR Mission supports the CCRIP Programme Team fund reallocation proposal for the final 2.5 years of the project implementation.
2. The CCRIP runs from July 2013 to June 2019 with a total investment of USD 150 million, and is co-funded by IFAD, ADB, KfW and GoB. IFAD provided a USD 39.5 million highly concessional loan and a USD 1 million grant as approved by IFAD Executive Board in April 2013. CCRIP's goal is to improve the livelihoods of poor households (women and men) through increased incomes and food security. CCRIP is being implemented in 33 upazilas (towns) of 12 south-western districts (Satkhira, Khulna, Bagerhat, Gopalganj, Madaripur, Shariatpur, Pirojpur, Jhalkati, Barisal, Bhola, Borguna, and Patuakhali) and has three components: i) Improved Road Connectivity; ii) Improved Market Services; and iii) Enhanced Climate Change Adaptation Capacity.
3. The MTR had seven overarching tasks: i) assess implementation progress to date, comparing achievements with objectives found in the programme appraisal report and the Annual Work Programme and Budget (AWPBs); ii) verify progress of 2015 and 2016 Supervision Mission recommendations; iii) review implementation progress of components, assessing actual/ potential problems and constraints affecting output and outcome achievements; iv) review programme fiduciary performance, including compliance with loan agreement covenants and government regulation; v) review appropriateness of project implementation modalities (e.g., staffing, MIS, audit, financial management etc.); vi) review complementarity of ADB- and KfW-funded activities, drawing lessons on co-founder alignment; and vii) propose solutions, corrective measures, or improvements to maximize programme performance, including potential component/ activity restructuring.
4. After initial meetings with the Project Management Office (PMO) of the Local Government Engineering Department (LGED), where the 2017 Progress Report was presented, Mission members, accompanied by PMO officials, visited project activities in 13 upazilas in Bagerhat, Bhola, Barisal, Gopalganj, Madaripur, and Satkhira districts (July 17-22). Details of the Mission programme can be found in Appendix 10. The Mission discussed its findings at a wrap-up meeting held on July 27, 2017 chaired by Mr. A.S.M. Mahabubul Alam, Director General, Local Government Division. A pre-wrap up meeting was held with the PMO on July 26, 2017; the PMO and the Mission agree with the findings and recommendations.
5. The Mission would like to thank Mr. A. K. M. Luthfur Rahman, Project Director, PMO staff members, particularly Md. Jahangir Hussain and Md. Shahjahan Miah, Executive Engineers, and their staff members in project districts, project beneficiaries/ local stakeholders; and Mr. Munibur Rahman, Additional Chief Engineer, Barisal Division of LGED, for joining the Mission during site visits in Barisal.
6. This MTR Report has five sections: i) Project context; ii) Project implementation progress; iii) Fiduciary aspects; v) Sustainability; v) Lessons learned; and vi) Conclusion.

B. Project context and objective

7. Bangladesh is seriously affected by climate change. Severe flooding and cyclones during the monsoon season regularly cause widespread destruction of crops, land, roads, houses, and other assets, resulting in concomitant negative impacts on rural livelihoods. These events are predicted to increase in severity and frequency. In addition to adverse climate change, the livelihood development potential of rural producers, especially poor households, and small producers, has chronically suffered

¹ Mission composition: Marc de Sousa-Shields, Team leader and Rural Development, Md. Abdul Ghani, Engineer, Christa Ketting, Associate Technical Specialist, Rural Markets and Enterprises – PTA, Anura Herath, Economist/COSTAB Ed Angeles, FM specialist, Saiful Islam, ME & Policy specialist, and Philipp Baumgartner, Programme Officer, IFAD.

from poor road and market infrastructure, limiting access to larger markets, increasing the cost of production and transportation, and lowering product prices due to physical remoteness. Poor households and small producers are also constrained by limited access to demand-driven financial services, especially seasonal agricultural credit and loan for microenterprises, and good technology, inputs, knowledge, and support services, such as veterinarian services.

8. Previously, these constraints were being addressed at a comparatively small scale by the Market Infrastructure Development Project in Charland Regions (MIDPCR) focusing on rural infrastructure development. The CCRIP is scaling the successful rural road development efforts of the MIDPCR project (mainly Union and village roads), boat landing platforms (ghats) and community (village) markets. The experiences of MIDPCR demonstrates that paved roads and physical markets improvements benefit poor household income through higher farm prices, increased wages, enhanced agri-business and trade investments, better access to higher quality inputs, support services, credit and reduced cost of production and transport. Access to child education and primary health also improves due to better transport facilities, especially during wet season. CCRIP is supported by the PACE programme which was designed to scale up and complement the value chain and financial services development. CCRIP and PACE are both implemented by specialized agencies: Local Government Engineering Department and Palli Karma-Sahayak Foundation (PKSF – a government apex foundation for microfinance and NGOs) for rural finance and value chain development respectively.

9. The 33 districts targeted by CCRIP are among the least developed in the country, and are highly vulnerable to natural disasters such as tidal surges, cyclones, and floods. Specific upazilas have been selected based on seven indicators related to poverty, vulnerability, remoteness and quality and scale of infrastructure. The programme targets populations in market and project road catchment areas small and marginal farmers, small traders and micro-entrepreneurs, landless people, and poor women. An estimated 3.5 million people are expected to benefit from the project, including: 5,000 people directly contracted by Labour Contracting Societies (LCS), of which at least 80% are very poor women, with priority given to women-headed households). Another 162,400 traders in project markets, 52,600 transport owners, and 235,000 households living in the areas of influence of roads/ markets are also expected to benefit. Expected outcomes include the availability of all-weather communications, increased sales, reduced cost of transportation, higher farm prices, future investments opportunities in agri-business and trading, and improved quality of agricultural inputs and support services. Improved road access is also expected to increased private investments and service provision in project areas.

10. CCRIP supports the Bangladeshi national strategy for rural development, infrastructure improvement, and socio-economic development which seeks to “increase economic opportunities for the rural poor through participatory improvement of sustainable rural infrastructure, social and gender development and improved local governance in the project area by targeting poor areas.” The project area of Dhaka, Barisal, and Khulna Divisions covers 12 Districts totalling 35,571 square kilometres, or approximately 25% of the country, and is home to 24.2 million people, or 18 per cent of the overall national population. The 12 Districts have been selected as they are characterised by high poverty levels and the poor road and market infrastructure.

Overall assessment of project implementation

11. The overall CCRIP implementation progress is rated *satisfactory (5)*. Substantial progress (cumulative and annual) has been made in all programme components since inception. Progress is expected to continue during the current financial year and until the end of the project period, as almost all programmed road and market construction has been completed, and or tendered/ in progress. Under Component 1: Improved Road Connectivity, the project has completed 79,46km and 169,43km of Union and Village roads respectively, achieving 55% of overall road construction, with another 37.39km and 69.2km of Union and Village roads at different stage of construction. Financial and physical progress for this component against awarded contract value is 67% and 75% respectively.

The CCRIP team initially encouraged market construction by delaying highly desired road construction; road construction has begun to catch up.² Under Component 2: Improved Market Services, the CCRIP has completed 139 markets, with another 39 under construction, for 94.7% of the Development Project Proforma (DPP). The project has completed 15 boat landing platforms (ghats), with six under construction, and 19 more to be built. Five women market sections (WMS) have been completed, with five more under construction. All markets infrastructures (market sheds, women market sections, earthworks in embankment, access roads, and toilets and ghats) have been constructed by Labour Contracting Societies. Financial and physical progress for this component against awarded contract value are 73% and 84% respectively. Under Component 3, the Rural Radio Initiative (RRI) is on-going and the Bangladesh University of Engineering and Technology (BUET) has made good progress in three research sub-projects.

12. The IFAD loan and grant disbursement rate to June 30, 2017 was 61.8% (USD 35.08 million including the initial deposit) and 73.8% (USD 0.68 million including the initial deposit), respectively. The overall disbursement rate was 62.06%.

13. The CCRIP has generated 418,485 person-days of work for LCS members, who have received Bangladeshi Taka (BDT) 40,754,000.00 in distributed profits in addition to wages.³ Project outcome studies found markets and road construction to have generated new wholesale and retail trading, private sector investments in and around markets, and increased motorized traffic along Union and Village roads. Through trainings, LCS members have learned construction and some income generating skills, and Market Management Committees (MMCs) have improved management capacities and operating transparency. Notable knowledge management (KM) products have been produced and disseminated via the Rural Radio Initiative, CCRIP website, conferences, and workshops. CCRIP continues to build on the initial success of vetiver grass as road slope protection, and has investigated biogas digesters as a possible means to improved market waste management.

14. The availability of project aid, including IFAD funding, has been reduced due to devaluation of the SDR and the US dollar with respect to the Bangladeshi Taka (BDT). The decrease in available funds has been supplemented by the Government of Bangladesh (GoB) through a revision of the DPP in May 2017. As per the revised DPP, 165km of Union roads, 368km of Village roads, 185 markets, 14 women market section and 40 Ghats are now planned to be built.

15. The project has complied with almost all recommendations of 2015 and 2016 Supervision Missions and is on track to complete most designed activities by project end despite some challenges, constraints, and opportunities for expanding project achievements (are discussed in detail below)

16. **Proposed budget reallocation:** To address these issues and a modest budget gap caused by an appreciating Bangladeshi Taka (BDT), a modest budget reallocation has been proposed by the project. The Mission was provided a proposed reallocation of IFAD Allocated Funds between Category of Expenditure considering funds available in Category III Consulting Services and Unallocated Fund and the anticipated funds requirements of the Project until completion on 31 December 2019.

17. The Proposed reallocation for IFAD Loan 1, IFAD Loan 2 are acceptable with a large portion of available funds (SDR4.2 million or USD5.8 million) shifted to Category 1 Civil Works bringing the new budget for Category 1 from total of SDR34.8 million to SDR39 million for the two IFAD loans (see tables below). The Mission advised the PMO to support the proposed new total budget amount for Category 1 Civil Works, with the already awarded contracts for roads, bridges, markets, ghats, women market sections plus any projection of addition infrastructures in these areas. The Design Report of CCRIP provides 631 km road length, 2,455 bridges, 197 village markets, 5 collection point, 38 ghats,

² Road construction is typically favored over other types of infrastructure. By delaying road construction, the programme was able to implement market construction more rapidly than might otherwise been the case.

³ LCS members receive a daily wage, paid weekly or fortnightly. They also receive a bonus or profit from their work at the end of construction. The profit is a type of forced savings which provides LCS members a modest amount of cash they would otherwise have had difficulty amassing on their own. LCS members are encouraged to invest the money in productive activities. See ¶ 43 for details.

88 growth centres. However, the availability of project aid including IFAD funding has been reduced substantially due to devaluation of SDR and US Dollar currency with respect to Bangladeshi Taka, as such the shortage of the fund is supplemented by the GoB fund through revision of DPP in May 2017. The revised target of civil works is 165 Km for Union road, 368 km for Village road, 185 number of market, 14 number of women market section and 40 number of Ghats. The Mission recommends the building of 3 to 5 more women's market sections depending on the availability of land in constructed markets. The reallocation of IFAD grants may be approved for additional cost of extension of the RRI programme up to June 2018, conducting mid-term outcome and end line surveys, overseas training, and video documentation. The Category IV Studies, Training, and Workshop where funds are likewise additionally allocated have been supported with details. The final proposed reallocation with supporting details will have to be submitted to IFAD for agreement and approval.⁴

Tables on suggested re-allocation ⁴

Reallocation Summary	
Total Available for Reallocation	4,193,000.00
Total Reallocation	4,453,000.00
Total	(260,000.00)

Proposed Reallocation for IFAD 1st loan (L-I-896-BD)			
Category	IFAD 1st Loan (SDR)	Proposed Reallocation (SDR)	Remarks
I. Civil Works	22,300,000.00	24,821,000.00	2,521,000.00
II. Vehicles & Equipment	400,000.00	287,000.00	(113,000.00)
III. Consulting Services	600,000.00	540,000.00	(60,000.00)
IV. Studies, Training and Workshop	200,000.00	452,000.00	252,000.00
Unallocated	2,600,000.00	-	
TOTAL	26,100,000.00	26,100,000.00	

Proposed Reallocation for IFAD Additional Loan No. 2000001457			
Category	IFAD 1st Loan (SDR)	Proposed Reallocation (SDR)	Remarks
I. Civil Works	12,500,000.00	14,180,000.00	1,680,000.00
II. Vehicles & Equipment			-
III. Consulting Services	260,000.00	-	
IV. Studies, Training and Workshop		-	-
V. Operating Cost	70,000.00	70,000.00	-
Unallocated			

⁴ Figures are provisional and will be finalized based on revised LGED costing schedule in line with revision of cost table.

	1,420,000.00	-	
TOTAL	14,250,000.00	14,250,000.00	-

Component 1: Improved Road Connectivity

18. Performance of the Road Connectivity component is rated *satisfactory (5)*. Mission members visited 19 sites and found road quality within and adjacent to markets, villages, and unions to be generally good, with only a few minor quality issues. The project completed 248.89 km of Union and Village roads, with an additional 108.5 km under construction, and 197.60 km is planned for 2018. The average cumulative physical progress to June 30, 2017 is 55%. The project has completed 74m of a planned 135m of large bridges on Union and Village roads, and 2191m of small bridges and culverts on Union and Village roads, of a planned 3,165m. Of the remaining 61m large bridges on Union and Village roads, 21m is under construction, with the remaining 40m to be completed in 2018. Of the remaining 973m of Union and Village road bridges and culverts, 450m is under construction, and 523m will be constructed in 2018.

19. The project component has completed 55% of all roads, with the cumulative progress of road construction against DPP target as follows: B-category Union roads - 56.14%; C-category Union roads - 43.94%; BC Village roads - 55.18%; and Reinforced Cement Concrete (RCC) Village roads - 61.42%. The project is expected to complete the remaining 45% of roads within the project period.

20. **Road design and construction:** LGED has institutionalized design, implementation and supervision of construction works for all components of the project. The Design Unit at programme headquarters consider specific requirements of each project in its specifications. In the case of the CCRIP, there is infrastructure “check-list for climate resilience features” for roads, bridges, culverts, drains, shoulders, side slopes, markets, growth centres and cyclone shelters. Compliance with environmental requirements is verified by upazila and Executive Engineers prior to making payments to the contractor. Similarly, the LGED has institutionalized construction supervision procedures. The Upazila Infrastructure Supervision Engineer is responsible for supervision, quality control and measurement of all works executed by Labour Contracting Societies, and keeps records in the site Order Book. The Upazila Engineer is responsible for supervision, quality control, and measurement of all works executed by contractors and LCSs. District level LGED staff cooperate closely with Upazila staff and the CCRIP Senior Assistant Engineers with regards to supervision, and quality control to ensure implementation is in line with LGED standards and guidelines. In addition, the PMO and consultants supervise and monitor the implementation of all activities. The MTR concluded that infrastructure guidelines and procedures for design and construction supervision and quality control are appropriate and are auditable.

21. **Road climate change resilience:** The CCRIP has integrated climate resilience designs projected out 20 years, including increase monsoon rainfall, rising sea levels, designed roads, cyclone shelters, markets, bridges, and culverts, accordingly. The levels of roads, bridges, culverts, and markets are raised by 0.8 metres from the highest flood level (HFL) if the project road is not protected by embankments (within polders). Roads within polders are designed to 0.6 meter above FHL. The project “check-list for compliance of climate resilience” ensures contractors, Upazila and Executive Engineers are aware of and held responsible to meeting climate resilience design features.

22. **Vetiver planting along road sides:** Planting of vetiver grass for road slope protection is a pioneering CCRIP innovation. Field trials along the road slopes have been conducted in 13 sites in nine of the 12 districts where CCRIP operates. The programme has found that except in some saline affected upazilas, vetiver grass has been growing well, helping to reduce slope erosion. Where soil has a higher saline content, the grass can require two to three re-plantings before full coverage is achieved. CCRIP funded research by the Bangladesh University of Engineering and Technology (BUET) offers advanced planting knowledge, including variety selection, timing of planting, use of

organic fertilizers, geo-jut for plant growth/ protection, and proper watering. Identifying suitable local varieties of vetiver grass which grow naturally in the saline prone coastal areas is recommended

23. **Road construction quality:** The Mission confirmed that tests for quality assurance are conducted in the laboratories of BUET, Khulna University of Engineering and Technology (KUET) and LGED and reviewed by supervision consultants and field engineers. Field engineers were advised to ensure the quality outlook of infrastructures.

24. The Mission concurs with the 2016 Supervision Mission that heavily loaded trucks could damage newly constructed village and union roads due to their limited breadth, reducing road durability while increasing maintenances costs. Road shoulders and side slopes are often less than design requirements, due primarily to non-availability of land and existence of ponds, ditches, and canals on one or both sides of the road.

25. These issues will require review by the PMO. The Mission wishes to underscore the critical importance of road quality to sustainably expand local market activities and related livelihood opportunities for poor households. Moreover, the Mission requests that LGED/ GoB consider designing future village/ union roads to include anticipated economic growth and vehicles type use (e.g., larger shoulders, reduced side slope. For the remainder of the project, the Mission recommends that where possible, and in critical cases (e.g., approaches to bridges etc.), adequate land be acquired to accommodate wider roads prior to floating construction tenders.

26. **Ghats:** As most markets are located on/ or near a canal or river, ghats often provide a dual function as both a transportation hub and as a space for wholesale/ retail market activities. The project added to additional ghats to the planned 38 to be constructed, the Mission recommends additional ghats be built (number and location pending).

27. **Outcomes:** Improved Road Connectivity will achieve desired physical outputs and provide demonstrated notable contributions to CCRIP development objectives, such as improved communications in project areas, increased movement of traders, producers, buyers (retail and wholesale), and increased volumes of trade (value and diversity). Direct and indirect beneficiaries enjoy improved communication networks and lower travel costs, which, linked to new markets, improve target beneficiary incomes, food security, and asset development through expanding livelihood opportunities. There remains substantial demand for road construction in project upazilas, however, and increased value chain and or income generating activity (IGA) is required to maximize beneficiary outcomes.

Agreed action	Responsibility	Agreed date
Where possible and in critical cases (e.g., approaches to bridges etc.), adequate land be acquired to accommodate wider roads prior to floating construction tenders.	PMU/LGED	Adopt and continue
Increase construction of ghats (beyond the additional 2 ghats) while preparing reallocation of funds.	PMU	September 2017

Component 2: Improved market services

28. Programme implementation for Component 2 is rated *satisfactory (5)* due to progress and quality of construction, LCS model implementation and related member outcomes, and the continued strengthening of MMCs. The expected outcome of this component is the 'Enhanced marketing of farm and non-farm produce in project markets. Project design included the construction of: i) 197 markets; ii) 15 women sections; iii) 38 ghats (boat landing platforms); iv) 5 Commodity Collection Centres (CCCs); and, 5000 LCS members contracted. Due to lower funding availability (due to devaluation of SDR and US dollar with respect to BDT) revised market output objectives include: i) 185 markets; ii) 14 women market section; and iii) 40 ghats. The five planned CCCs were cancelled due to the lack of available land.

29. Local markets were proposed to support the development of local agricultural value chains which are constrained by inadequate access to inputs, including finance, and sub-optimal market and

storage facilities. Moreover, underdeveloped transportation and marketing infrastructure in the project area also limits local agricultural production and sales, with much production being sold immediately after harvest at sub-optimal prices. The absence of sustainable and profitable agricultural services in remote villages was also affecting value chain development. Development of more dynamic markets would attract more buyers and sellers, leading to improved supply of inputs, other needed production services, as well as increasing access to other public and private goods and services (e.g., finance, health, education etc.).

30. Upazilas included in the project were selected through an initial selection process, which included: i) percent of population below poverty line; ii) agricultural labour rate; iii) vulnerability to tidal surge, storm, floods, and river erosion; iv) remoteness; v) percentage of paved road vs. total road; vi) road density by population; and vii) percentage of undeveloped markets. Once initially selected, each upazila was further assessed for: i) vulnerability to river erosion; ii) availability of Khas land (government owned); iii) local stakeholder buy in; and iv) agreement with the Upazila Nirbahi (Executive) Officer to share lease amount. A set of secondary selection criteria was also applied, including: i) potential for women to participate; ii) stakeholder willingness to share development costs; and, iii) stakeholder willingness to reserve space for temporary sellers. In addition to these criteria and based on local need, three types of markets were designed to meet the needs of specific upazilas. (See table below) Additionally, public bathrooms and waste bins were constructed, and in some markets, a ghat was also provided.

	Markets types identified at project design	Proposed upgrading
<u>Type I: Special market:</u>	Markets that needs unique infrastructure such as large ghat and fish shed to upgrade the market.	One or two unique sheds. The project selects a limited number of special markets in the project area.
<u>Type II: Medium markets</u>	Several (3-5) markets are considered 'medium markets' with often more than 100 permanent shops, several hundred temporary sellers assemble for two haat-days every week, often with a cattle market. Large markets act as assembly markets, serving 10 to 20 villages, where farmers bring commodities on haat-days and wholesale buyers (called bepari – from the same or other upazilas/ districts)) come to buy agricultural commodities to 'export' to other districts.	Subject to availability of land, a medium market under CCRIP can have: a) a fish shed; b) a multi-purpose shed; c) an open raised platform; d) internal paved roads; e) internal drainage and garbage collection pit; f) toilet block; g) women section (6-8 shops); h) a ghat - if on river/ canal bank; and i) paved truck parking area. The project selects one medium market in upazilas with good wholesaler buyer potential.
<u>Type III: Small markets</u>	Smaller rural markets may have 5-50 small shops, may or may not have haat-days, and serve 3 to 5 villages. Smaller volumes of commodities are transacted in these markets but have potential to grow to become bigger markets.	Subject to availability of land, a small market can receive: a) one to two multi-purpose sheds; b) open platform; c) toilet block; d) internal road and drainage; and e) ghat and or truck parking space. The project selects 5-8 smaller village markets that serve 3-5 villages, connect to large markets
<u>Community collection points</u>	The community collection points are not formal markets – often on the sides of roads, rivers/canal banks etc. – where farmers call buyers with vehicles to collect fish, vegetables, and other commodities. This allows farmers to harvest and sell daily without going to markets or wait for haat-days. Although these places are important and convenient, there is no infrastructure such as shed, truck or boat-ghat to store, load, or unload commodities.	Subject to the needs, a community collection point may receive: a) ghat, if next to a river/ canal; b) paved truck parking space for three trucks; and c) a raised platform or simply paved space with or without shed. The project would select a few well-situated community collection points, already used by the communities.

31. **Overall physical progress:** As of July 21, 2017, physical progress under Component 2 is: 139 markets completed and handed over to MMCs; 39 markets under construction; 15 ghats completed; six ghats under construction with 19 ghats to be constructed; five women market sections completed and handed over to MMCs and with tenants installed, with five more under construction, and four to begin construction soon. Khas, or government land, was used for most markets, augmented in some cases by donated private land. Due to the unavailability of land, the project could not construct 12

planned markets. The planned Commodity Collection Centres (CCCs) also could not be constructed for lack of Khas and donated private land. For the same reasons, the project was often unable to construct truck ghats near and or access roads to markets as recommended by the 2016 Supervision Mission. Two additional ghats were, constructed to provide greater market access, lifting the total number of ghats from a planned 38 to 40. The project planted trees along 7.20 km of side roads replacing trees removed in road construction, and planted shade trees around market places (as per 2016 Supervision Mission recommendation). Toilet facilities have been constructed in all markets, and waste bins built in medium-sized markets. Individual markets developed their own bin and toilet management processes. Good practice toilet facilities management include supervised daily cleaning. Some markets lock toilet facilities and give keys to local merchants to the possible exclusion of market users. Waste management is assigned to the leaseholder, but is typically managed by the local trader associations. Market facilities were generally clean, though dustbins were unused, and there was no evidence of sustainable market waste management. BUET is currently undertaking a study on biodegradable market waste management (to be completed in December 2017).

32. Market construction: All markets and Women's Market Sections (WMS) have been constructed by LCS formed of locally recruited poor women. LCS are formed after an open call for proposals around market sites. Some 200 to 300 people per site expressed interest in LCS participation. LCS selection of 25 "core" and 5 "reserve" members were made by upazila and LGED representatives who conduct short interviews with the women. During the interviews, candidate poverty status, age, and ability to participate in construction were assessed. Some sites pre-screened candidates and selected LCS members by lottery. Once selected, members are trained in basic construction, including site safety. At mid-term, the project had contracted 5,249 LCS members (of a target of 5,000). Some 79% of the LCS members are female, 21% male. They receive about BDT125 per day in wages (daily wage varies depending on sites, timing, and seasons of the year). Generally, LCS members earn more while working on roads compared to market.⁵ Additionally, LCS members receive a profit share when construction has been finalized (this can also vary but is approximately the equivalent of BDT 75 per day). By mid-term, 418,485-person workdays have been created among all LCS members and BDT 61,464,000.00 in wages paid out.

33. Market construction times varied by LCS, some finishing in as little as eight months, others taking up to two years, depending on the nature of local groups, but particularly, access to higher paying employment (e.g., during harvest season). Market construction was of good design, generally meeting LGED specifications. The Mission noted some challenges around market drainage systems, with some need to address drain at junction points where drainage congestion could result. Other drainage issues included inappropriate location of drain outlet locations. These challenges resulted from tight building spaces, insufficiently large building sites and/or unanticipated drainage needs. In at least the case of two markets visited by the Mission, the MMC had already addressed the drainage issues using their 25% share of lease fees.

34. Women's market sections: The project planned to construct 15 WMS, of which five have been completed, five are under construction, and four are planned. Before construction of the WMSs, the project verified land available, and if local women entrepreneurs were interested in setting up shop (in one planned WMS land for the market became unavailable and construction was cancelled). The Mission visited two WMSs completed over two years ago, one which was about to be handed over to entrepreneurs. The completed sections had thriving enterprises included a pharmacy, bakery, beauty salon, a handicraft shop, tea & sweets shop. Shop locations were given through drawing lots. The programme renamed the WMS from Women's' Market Corner, to "bring" WMSs into the market centre (although actual location varies).

35. Market governance and management: A circular issued by Local Government Division (LGD) requires local markets be managed by 11-member MMC (three from Union Parishad including UP Chairman as Chairperson, two from the upazila administration and six market users, including at least

⁵ LCS are used in other projects. LCS's do not work on road construction in CCRIP. LCS road construction wages in non-CCRIP projects were found higher than CCRIP market construction wages.

one representative from trader association as Secretary of the MMC). The MMC is responsible for periodic market maintenance, pre/ post-monsoon building maintenance, connecting pathways, and drainage systems etc.

36. Additionally, and as per the LGD circular, markets are let to a leaseholder in a transparent manner. Market leases are awarded to leaseholders selected by the upazila through competitive bid, and lease fees are paid to the upazila. Of the lease payment, 41% goes to a market development account; 25% goes to the MMC for market maintenance; and, the remaining 34% goes to the upazila for overhead. The leaseholder collects fees from market traders. The leaseholder is responsible for day-to-day market management (e.g., cleaning and waste management).

37. CCRIP provides MMC market management training. Some 359 MMCs, market users and stakeholder trainings have taken place, some of which have included traders' association representatives. During training, MMC roles and responsibilities are explained, as are hygiene, dispute settlement, and maintenance issues. All MMCs interviewed by the Mission had participated in the trainings. Training content was appropriate and well-delivered, with MMC members at 19 sites visited uniformly recalling basic training content.

38. MMCs and their local stakeholders have prepared market master plans with the support of the project via planning workshops. Some 169 workshops have been provided, involving market users, trader associations, leaseholders, and MMCs who discuss and prioritize markets expansion activities, additional access roads, maintenance, cleaning, drainage, and land actions/issues. Plans are to be executed by MMCs and leaseholders before the end of the project.

Outcomes

39. **Market development:** Market sheds constructed by the project serve as retail and wholesale outlets transforming markets in local business hubs. In some markets visited, there was notable increases in permanent shops around market sheds, of temporary traders during haat and non-haat days (major market days), retail, and wholesale agricultural products (volume and diversity), private investments around markets, and the availability of consumer goods and agricultural inputs. Other outcomes noted by the Mission and found in the CCRIP market outcome study,⁶ include: i) increased profitability of traders; ii) decreased transaction costs to buyer/trader; iii) increased producer farm gate prices; and iv) smaller producers could sell surplus crops, and other producers and traders sell commodity crops (e.g., jute, peanuts, betel nut), staple crops (e.g., rice), as well as livestock, poultry, and fish.

40. According to a CCRIP market outcome study of a sample of markets, the number of permanent shops around markets increased by 75%; floating or temporary shops increased by 46%; commodity trade (all goods) increased over 60%; and the number of market customers by over 1,000.⁷ Following the 2016 Supervision Mission recommendation, the project undertook a market lease value study (sample of 24 markets in 12 districts). The study found the lowest lease value at BDT1,400 and the highest BDT5,650,110. The lease amounts found by the study tended to be lower than market value. While it is difficult to estimate exact market lease values (as fees vary by type and volume of goods traded in markets), the growing number of traders and volume of goods traded in most markets has not triggered corresponding lease values increases. Average markets annual turnover increased from BDT 199,998 to BDT320,018 (or by 61%), while the average lease value increased by only 31%. The study also recognized that because of higher trading volumes and low lease rates, the 25% maintenance to be paid to the MMC, may be low, and unlikely to cover market maintenance and improvement costs.

41. In some markets, permanent shops have been constructed in closed sheds, which, while increasing lease income to the MMC, the development may lead to higher income traders benefiting over lower income beneficiaries. Permanent shops may not, as a result, meet programme target beneficiary needs or maximize local market development potential (e.g., decreased wholesaling

⁶ See: "Outcome survey on community markets", June 2016 by CCRIP

⁷ See: "Outcome survey on community markets", June 2016 by CCRIP

function). Also, few LCS members, who are among the poorest project stakeholders, sell in markets once constructed. Over 80% of women in MTR focus groups (N=100+) stated they would like to sell in the new markets. Similarly, market site selection seems to have different outcome/ impact effects. Many of the markets found in smaller, more isolated areas appear to have comparatively greater effects to direct programme beneficiaries and fewer to indirect beneficiaries. Markets in larger centres, by contrast, have great benefits for indirect beneficiaries, whereas targeted direct beneficiaries are fewer in proportion. This is particularly thought to be the case where truck stands, wholesale activities, linkages to ghats are constructed in markets. The benefits to beneficiaries in all market types were clearly noted in the CCRIP market outcome study,⁸ and the relationships noted here should be assessed in the mid-term programme RIMs survey (e.g., correlating outcomes by stakeholder type and market community size).

42. **LCSs:** The Mission found LCS members uniformly recalled/ applied acquired safety and construction skills. No severe construction injuries were reported, though minor accidents occurred and were treated by supervisors using on site first aid kits. As a result, the LCS member accident insurance, organized by the programme as per a 2016 Supervision Mission recommendation, was not used.

43. The LCS income generation activity (IGA) training proposed by the programme and approved by IFAD, was offered 179 times. The one-day training provided guidance to members on how to select the most appropriate IGA, and capacity building on popular IGA activities (e.g., chicken rearing, vegetable growing, cattle raising, etc.). Training was given just prior to the profit share award at the end of construction by local livelihood specialists. While LCS members state that they are satisfied with the training, the Mission finds that increasing the length of the training and by adding additional subjects, its development impact could be amplified. The training had both value chain and minimal enterprise management training. While most IGAs selected by members were farm-related, some members purchased enterprise assets such as sewing machines or chose to set up small shops. A small number interviewed by the Mission (estimated 10-15%), purchased non-income generating assets such as home improvement or consumer items. In a limited number of cases, members would combine profits with savings and/ or loans from family, friends, or financial institutions to purchase larger assets or to lease/ buy land.

44. The MTR updated Economic and Financial Analysis for the CCRIP found that the use of women in the construction of markets provided a similar internal rate of return on investment as using a more traditional approach using contractors. When including the income generating effects of LCS members investing their profits at the end of construction, the IRR for LCS constructed markets is better than contractors.

Table One: Financial analysis of markets with and without LCS profitability

Model description	IRR	NPV (BDT MN)
1. Financial viability of the market model with LCS modality, excluding IGA profit	17.2%	2.4
2. Financial viability of the market model assuming contractor undertaking construction	17.7%	2.6
3. Financial viability of the market model with LCS modality, including IGA profit	18.4%	3.1
4. Incremental profitability of the market with IGA profit (row 3 -2)	0.7%	0.5

45. **Market management:** Although the circular governing MMCs and their management provides clear and generally good practice direction, the MTR found variations in approaches to market governance and management implementation and potential weaknesses. For example, the Union Prashad leader is responsible for a large number of markets (in some cases as many as 11); there is no minimum leasing fee, and no transparent internal audit of market management. Further, allocation

⁸ See: "Outcome survey on community markets", June 2016 by CCRIP

of market space can vary from very informal to entirely informal; lease fee collection is similarly variable (time and amount); facilities management (e.g., cleaning and toilet facilities) are uneven; and sustainable waste management remains a challenge. While MMC management of these issues varies by market site, performance/ progress is notable in many markets. In most markets visited, the local trader associations took daily cleaning, waste management, small maintenance, and security responsibilities (as per leaseholder requirements in the circular). Some trader associations charge fees to market users to pay for services, resulting in some cases double charging (e.g., fees to the leaseholders and to trader associations).

46. While the markets visited by the Mission were found to be in generally good order (76 out of the 85 market survey respondents were satisfied with market maintenance), there were signs of wear and tear requiring maintenance, some obvious waste management issues, and some cleaning challenges, likely the result of poor supervision or lack of incentive (e.g., proper fees). Toilet facilities are meant to be publicly available. Each MMC developed its own toilet management processes. In some, the local mosque or another third party manages the facilities. In most cases, the facilities are open to the public, although in one market visited there were some 40 keys given to local merchants who would provide access to users. While there were no reported issues related to this decision, the Mission noted the possibility of user exclusion, particularly for temporary market traders.

47. Market leaseholder selection processes were not uniformly clear. In some operating markets visited by the MTR team, there were no leaseholders in place. In these cases, the MMC collected the market fees (see ¶ 36). As per the GoB circular, leasing fees should be displayed in the markets. In the markets visited by the MTR, the fees structures had yet to be displayed in a permanent manner (e.g., on removable plastic signs). This kind of transparency is critical as the GoB circular requires markets charge traders daily, as was the case in some markets visited. MMC fee levies in other markets, however, varied. Some apply a daily leasing rate, while some other charge by type of produce sold. Other markets only charge traders in the sheds with roofs, some do this and charge for open spaces as well. One MMC rents a few permanent shops around the market sheds and they charge trucks leaving the market as well.

48. MMCs play a role in the allocation of traders' space in the market sheds. Allocation practices include "first come, first served", tenor seniority, lottery, and in some cases, spaces were allocated to men and women on an ability to pay basis. Reported allocation and fee disputes were few, and the MMCs noted they usually have enough places available outside of the markets for all potential traders.

49. The GoB circular also requires MMCs receive 25% of leasehold fees for market maintenance. Prior to the 2016 Supervision Mission, few MMCs had applied for this fee. Working on the recommendation of that Mission, at the time of the MTR, all 19 markets visited had applied to the upazila Administration for its 25% fee. Only 4 MMCs had received the funds to date, all of which had used funds for market maintenance (e.g. drainage). The remaining MMCs felt confident they would receive the 25% fee shortly.

50. Where the Mission could meet female MMC members, it found few held executive positions, and, in focus groups, few actively participated in group discussion. One female representative of a newly established MMC, specifically raised the issue that she has a "sub-ordinate" position on the committee. Of the 19 MMCs met, only three had the requisite two female members instead of one, (which is the prescription of the GoB).

51. The 2016 Supervision Mission suggested the MMC have two members of the local trader's association. The 2017 Mission supports this suggestion. And while reform of the governing circular was not contemplated as a part of project design, if done in concert with stakeholder input, modest changes could yield practical and rapid improvement to market management. To consolidate and enhance learnings made to date on good market management, the Mission recommends refresher MMC management trainings before the end of the project. Additional market development training

could be also considered (e.g., market expansion, value chain development such as local produce or cattle markets, etc.).

Agreed action	Responsibility	Agreed date
Refresher trainings on MMC management to be provided annually until the end of the project, including market development training.	PMU	Continue
Continued policy dialogue MMC legislation until end of programme.	PMU/LGED	Continue
Explore opportunities to expand the content of IGA training to assist LCS with creating income generating activities.	PMU	November 2017

Component 3: Enhanced climate change adaptation capacity

52. The overall rating of Component 3 is *satisfactory (5)* due to good livelihoods training for LCS, progress of researches by BUET, and the popularity of the Rural Radio Initiative.

53. **Livelihood opportunities, value chain development and PACE project:** CCRIP infrastructure development has had notable impact in each local economy where it has invested, creating diverse and numerous livelihood opportunities specific to each location and to each “package” of infrastructure investments. Some opportunities relate *inter alia* to expanded sales of local produce (e.g., locally grown vegetables, fish, and poultry etc.), to improved wholesaling activities, or to product diversification. And while each market will develop differently, infrastructure is delivering economic sustainable livelihood opportunities to both direct (LCS member) and indirect (other poor and non-poor household) beneficiaries.

54. The generation of livelihood opportunities through infrastructure development was the principle objective of CCRIP, and achievements are notable. Whether beneficiaries can take advantage of opportunities was not considered in design. IGA training was introduced for LSC members to help them invest their profits in IGAs. As noted, training was consistently imparted its modest IGA development objectives, including select basic value chain training.

55. The need for training was identified in the 2016 Supervision Mission, and there was an expectation that the PACE programme (implemented by PKSF and partner organizations – POs) could provide value chain support to CCRIP beneficiaries. PACE has value chain activities in three CCRIP districts and partner organizations (POs) active in three others. The CCRIP livelihood specialist has identified major value chains in CCRIP areas including *inter alia* medicinal plants, Hogla mats, mung bean and cattle, etc. as promising value chains in CCRIP project areas where PACE also works. In the absence of purposeful targeting of CCRIP communities, few, if any, LCS members have been beneficiaries of PACE. CCRIP and PACE have discussed possible collaborations with no on-the-ground results yet. Given the time and budget constraints to both programmes, it is unlikely that substantial PACE intervention in CCRIP areas is possible. The Mission recommends that CCRIP identify and map product growth trends in a sample of localities (as per the CCRIP Market Outcome study) on its GIS system to identify markets with product growth stimulated by infrastructure development, in, or near PACE project areas. PACE could provide targeted value chain support to pilot communities, leveraging already growing product markets.

56. **Access to finance:** Micro finance services are readily available in most project areas, and many, if not the majority of LCS members, are accessing loans, savings, fund transfer, and other pro-poor services. Beyond this, many LCS members have used profits to leverage funds from families, friends, and financial institutions to increase their IGA investments (e.g., from TK 15,000 to TK 30,000). This allows for the purchase of additional IGA assets (e.g., livestock, trade goods, or small assets such as sewing machines, rickshaws, etc.) with correspondingly higher income generating potential. While the Mission could not quantify increase investment volumes, focus group interviews suggest additional capital was 7% to 10% of aggregate programme LCS profit distribution. CCRIP should include leveraged capital variable in the upcoming RIMs mid-term survey.

57. **Innovation research by BUET:** Progress in this sub-component is rated *satisfactory* (5). Three separate contracts were signed between CCRIP and BUET in June 2014 to carry out three small research programmes: i) *Investigation of Climate Resilient Slope Protection*: The 36-month research programme includes field trials of vetiver grass applications for slope protection in all twelve programme districts. Field trials and soil sample analysis were conducted at nine sites in eight districts by the Geotechnical Engineering Laboratory of the Civil Engineering department of BUET and grass performances was found to be “excellent” at Barisal sites, “very good” at Terrokhada, Khulna sites, “good” at the Shariatpur site, and “poor” at Satkhira sites. The study found grass growth to be inhibited in the saline zone. An installation guideline has been developed for planting vetiver in different soil conditions; ii) *Investigation of Prospects for Sustainable Waste Management (SWM) in Markets*: Following a survey of markets with sizeable and regular solid organic waste, the programme selected the Tekerha Shangardipar Market of Rajoir upazila and Matborer Char Market of Shibchar upazila, Madariur District, for site testing of anaerobic biogas digesters. Digesters have been designed and a plastic tank manufacturer has been contracted. Mechanical shredders will be used to mix material wastes. The MMCs will collect and transport wastes to a designated landfill site for separation and use in digesters, landfilling non-organic matter. Sites for installation have been chosen and plants will be operational in selected markets by the end of 2017; iii) *Investigation of Quality Test Protocols for Roads and Market Rehabilitation*: objectives are to test sustainable road rehabilitation in coastal regions, including: quality control of field compaction using portable equipment; making durable reinforced cement concrete (RCC) in market rehabilitation and construction of bridges and culverts; construction of bridge approach roads; and provision of LGED engineers training on USCS and AASHTO soil identification, material tests and field tests for quality control using destructive and non-destructive equipment. Sample collection, local concrete making practice questionnaires, and improved sub-grade material identification research has been conducted in several coastal districts. Trial concrete mixes have been tested and guidelines for climate resilient road embankment construction and concrete mixes for coastal areas have been prepared. LGED engineers will train local contractors and labourers to make climate resilient roads and RCC.

58. **Rural radio initiative:** The RRI is managed in collaboration with the Agriculture Information Service (AIS). The entirely volunteer team at Upakuler Katha’ - Voice of Coastal People - has produced and broadcast 272 episodes since March 2016 on four radio stations - *Krishi Radio, Radio Lokobetar, Radio Nalta and Radio Sundarban* (in Koyra Upazil, Khulna district; Kaligonj Upazila and Satkhira Sadar Upazila, Satkhira district; and Amtoli Upazila, Barguna district). Including rebroadcasts, the programme has had 1,088 hours of cumulative air time. Programmes are interactive, reaching out to CCRIP beneficiaries and other local stakeholders, on a range of climate safety, agriculture, and other rural focused themes.

59. The volunteer staff has had technical assistance from the University of Philippines at Los Baños, including capacity building for producers, station managers, and some CCRIP staff members. The show has 100 Listeners Club with about 25 persons per club, and has distributed 250 radios. RI popularity, measured through listener website-hits, emails, Facebook comments, SMS, mobile phone calls, and live phone-in calls is an estimated 500,000, down from the initial estimate of 3 million. Listenership could not be confirmed by the Mission, though the new estimate appears more realistic. Despite its popularity and a young, enthusiastic team, the current level of programming is unlikely to be sustainable in the absence of external support. The GoB recently allowed public rural radio stations to accept commercial and limited GoB advertisement for ‘social programs’, yet the RRI indicated no current plans for sourcing future advertising revenue, donor, or government funding.

Agreed actions	Responsibility	Agreed date
Identify and map on GIS system product growth trends in a small sample of localities to identify markets with product growth stimulated by infrastructure development in or near PACE project areas. Pilot PACE value chain support.	PMU/ PACE	December 2017 (begin pilot)
CCRIP to consider putting a LCS member leveraged capital variable in the upcoming mid-term survey.	PMU	August 2017

Extend RRI no-cost extension and provide technical support for drawing up a funding plan.	PMU/AIS	June 2018
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C. Project implementation progress

Quality of project management

60. The performance of project management is rated *satisfactory* (5). The Project Management Office (PMO), established by LGED, is responsible for the oversight of the implementation of the project in 12 project districts. Three regional offices were established in Khulna, Barisal and Madaripur districts to manage project operations in the 12 districts. The XENs and upazila Engineers are implementing the project activities with the support from project staff members.

61. The key staff positions in the PMO are in place. Project activities in all components are being implemented effectively. The programme enjoys capable and well-respected leadership in several areas of implementation, particularly the Programme Director (PD), whose has a “hands-on” engaging approach and a strong, realistic understanding of programme outcome potential, especially as related to LCS and local stakeholders.

62. One of the agreed human resource/programme management actions in the 2015 Supervision Mission was for the recruitment of Accounts Assistants (AA) in the nine districts dedicated to CCRIP (where the regional offices are not located). This has not been implemented to date. Rather, the Field Monitoring Officers (FMO) help CCRIP financial management in districts, including use of the TOMPRO accounting system. Review of some posted accounts in TOMPRO show a few errors in activity codes. The PMO Financial Management Specialist (FMS) and Finance Assistant (FA) have provided trainings to the FMOs as well as LGED District Accountants (DA) and Accounts Assistants (AA). The District Accountants and Accounts Assistants process and record financial transactions manually in line with GoB practice and could not fully operate the TOMPRO accounting system as per trainings provided by the PMO. The FMOs are update accounting entries in the TOMPRO from the manually prepared cash book. The PMO spends substantial time and effort reviewing the TOMPRO posted accounts from the districts.

Coherence between AWPB & implementation

63. Coherence between the AWPB and implementation is rated *satisfactory* (5). The project has provided the overall cumulative financial progress in terms of the implementation of activities by components as well as by expense category against approved allocations. (See Appendix 5) The project monitors the progress of implementation against the AWPB in the Standard IFAD Monitoring and Evaluation System (SIMES). The Mission advises that the progress of AWPB at the disbursement level be monitored. As of 30 June 2017, the project has disbursed 58% of the 2017 budget.

Performance of M&E

64. The performance of M&E system is rated as *satisfactory* (5). The programmes M&E system tracks programme performance measuring both programme outputs and outcomes. To ensure physical, financial, process and impact monitoring and evaluation, the project has established a bottom-up, decentralized M&E system with experienced M&E staff at each geographic management level (upazila and District levels). Data is collected by LCS supervisors, community organizers, and Upazila Infrastructure Supervision Engineer (UISE) at upazila/union parishad/ village level. Collection is monitored and validated by district level FMOs and sent to the monitoring, evaluation, and knowledge specialist at the PMO for preparation of quarterly, half-yearly, and annual progress reports. The project's MIS and M&E framework is consistent with IFAD guidelines/ procedure, and allows for the collection/ analysis of disaggregated data including beneficiary/ stakeholder sex, geography, farm size, and income strata. The programme reports having collected annual outcome monitoring surveys to gather for Logical Framework goal and purpose level indicator data (report pending). Additional

surveys collect road traffic frequency, market turnover, and accessibility of beneficiary to markets, enabling assessment of the relationship between inputs and results.

65. The M&E has made efforts to comply the 2016 Supervision Mission report recommendations, but all actions are not yet complete. An overall mapping of project interventions is complete with good results, including mapping of project interventions at upazila and district level. The 2016 Supervision Mission also recommended recruiting a third party to conduct a mid-term survey, identifying RIMS 2nd level outcome indicators and draft the TOR for the survey. The M&E unit drafted a TOR and submitted it to IFAD, but this is yet to be finalised. The M&E unit has not, as a result, recruited a consulting firm for the survey. Similarly, they have yet to identify the RIMS 2nd level outcome indicators, critical to monitoring programme outcome progress. The M&E unit has conducted several studies, including: an opinion survey of market participants on physical facilities developed by the project; studies on Union and Village road and markets construction impacts on the beneficiary well-being; an assessment of the leasing modalities and leasing for community markets was undertaken, as were case studies on select value chains. The M&E Unit informed the Mission that the outcome study on roads was carried out and will be finalized shortly. A comprehensive third annual progress report was presented and submitted to MTR team members on July 16, 2017.

66. To date, the M&E unit conducted outcome studies which have shown notable, positive project poverty alleviation. Most of these studies have, however, limited sample sizes and/ or focus on qualitative information, making findings indicative rather than representative. The upcoming mid-term RIMS survey, along with the solid Baseline Survey, will more rigorously capture target beneficiary well-being improvements. The mid-term survey will include relevant RIMS outcome indicators including RIMS 2nd Level Results. The RIMS reports (First Level Results) were submitted to IFAD, as well as updated in SIMES annually. It should be noted that the survey methodology and questions were fine-tuned as a part of the MTR and that they work will be conducted shortly.

67. Overall, the M&E Unit reporting procedure of physical, financial, process and impact progress presents timely data, although the programme could improve the quality of data and data collection procedures (e.g. sample size, sampling procedure, disaggregated analysis, etc.). For the remainder of the project, the M&E unit should continue to go beyond project output data to support measuring the project's development goal achievements. Additionally, more data could be added to the GIS mapping system (e.g., beneficiary level or market/ product growth trends). Finally, CCRIP has an opportunity to document stories from the field for all its interventions (e.g., road, market, shelter and LCS). Special emphasis should be put on sharing experiences within LGED, between IFAD projects, both in Bangladesh and internationally, as well as within the GoB.

Gender focus

68. The Gender focus is rated as *highly satisfactory (6)* as the construction of markets through the LCS model is an effective modality to target project activities towards disadvantaged women. (See ¶ 32 for construction details) Project design includes a 70% threshold for women participation. With 79% of the LCS members being women, the project achieved this target.

69. Although construction is heavy work, women who participated in the groups were happy to be provided with the LCS opportunity. Men joining LCSs were tasked with carrying heavy equipment. Women were trained and uniformly recalled construction and material quality testing training. Additionally, the lead LCS women (LCS Presidents and Secretaries), also learned to liaise with LGED supervising engineers, as well as local contractors (e.g., welders, sheet metal roofers, plumbers, electricians etc.). In the case of WMS, women were even more intensely involved in market construction as the buildings were more complex than simple market sheds. Training and experience led many women to employment on other construction projects (e.g., family members, local buildings etc.). The project innovated by enforcing contractors insurance policies in cases of injury, specifically benefiting employed women and poor workers.

70. Project design included LCS income generating activity (IGA) training which was to be delivered by PKSF but was ultimately organized by the CCRIP M&E unit. Since then, 179 one-day IGA trainings have been given, providing guidance on income generating activities such as chicken rearing, vegetable growing and cattle fattening. Training is offered just prior to the LCS member profit share to help LCS members select productive investments. A June 2016, LCS outcome study of 144 members, found 28% of wages and profits were invested in productive activities, (with 34% and 38% invested in consumption and other assets, (e.g. houses, land, and furniture respectively).⁹ Most IGAs selected by members were farm-related, some members purchased enterprise assets such as sewing machines. The MTR Mission found that many women would combine (leverage) profits with savings and/ or loans from family, friends, or financial institutions to increase productive investments.

71. Project design assumed few social or cultural restrictions for women to participate in LCSs and or trade at markets once constructed. The MTR found in the 19 markets visited an over representation of Hindu over Muslim women (an estimated 50% of LCS membership). Though the MTR observations are not representative, it observes that there may be some barriers to fuller participation of certain social/ cultural groups. Similarly, the CCRIP LCS outcome study found that women face barriers to market participation, and that only 12% of market users are women. Interviews with PMU explained that in some cases cultural factors impede females from LCS and market participation.

72. The MTR found that the programme could (in some localities) respond flexibly to some barriers to female participation, particularly household responsibilities (e.g., child care and daily housekeeping work). LCS hours were typically 08:00 to 16:00 which some groups shortened to 08:00-15:00 to better met their household needs. One LCS paid a group member to look after members' children, instead of participating in construction.

73. To address/ increase female market participation, the project design planned the construction of 15 Women Market Sections (WMS – five completed, five under construction, four planned, one cancelled for lack of land). Prior to construction, the project verified land availability and if women entrepreneurs are present in the community. Women entrepreneurs were selected to form WMS construction LCSs. This gave women wages and profits for investment in their businesses and to ensure poor women received the benefits of the WMS. WMS visited had thriving variety of enterprises (e.g., pharmacies, bakeries, beauty salons, handicraft shops, tea & sweets shops) and had attracted health clinics. Women report feeling secure in the WMS. Given the success of WMS, the Mission and the PD discussed the possibility of constructing 3 to 5 more during the project, funding permitting.

74. **Women in programme management:** In 2017, 27 of 245 of project staff are women (11%), down from 26 of 218 staff (12%) in 2016. Key positions held by women included the programme deputy director and gender specialist. The programme gender specialist (part-time, paid by ADB) follows up with contract providers (under the ADB component) to assure CCRIP achieves gender targets and responds to LCSs gender-related complaints. There are a small number of women engineers at the local level.

75. The Mission recommends increasing LCS IGA training in future programmes, and to pilot a household methodologies approach to such training in the CCRIP. The aim of this training is to further enhance programme outcomes (economic and social, short, and long term) for women, assess potential for replication and scaling up.

Poverty focus

76. The poverty focus is rated as *satisfactory (5)*. The market and road targeting approach included poverty and geographical targeting mechanisms (remote and poor areas), and poverty was an important LCS member selection criteria. Additionally, market sheds constructed by the projects were designed to be accessible to smaller traders and primary producers without permanent market spaces. Within the design objectives the project innovated in pro-poor manners, e.g. by introducing

⁹ See: "Report on LCS return on investment", June 2016 by CCRIP.

extended livelihood support to LCS members and increased training of MCCs to sustain poverty focus in the medium term. The absence of outcome level data restrained from rating highly satisfactory.

Effectiveness of targeting approach

77. Effectiveness of targeting is rated as *satisfactory (5)*. There are several indicators that the programme has a strong targeting approach. Many LCS members included women with a handicapped partner, were widows, divorced, or engaged in unstable income generating activities. Markets visited by the Mission were in remote areas, often only accessible only by boat. There were few development partners noticeably active many programme areas. Market sheds attracted smaller traders without fixed stands/ shops, many of whom once sold on the street. Many producers were selling small amounts of surplus product they were once unable to sell for lack of a market. Finally, data from the CCRIP *Report on LCS's Return on Investment*, while not representative, indicates that LCS members are from among the poorest members of communities. The Mission validated this finding during brief focus groups with over 100 LCS members. It should be noted, that in some markets, fixed market stands were built in market sheds. If this is a trend, it should be addressed as it could affect poverty targeting objectives of the project as poorer traders might be excluded from markets.

Innovation and learning

78. Innovation and learning is rated as *satisfactory (5)*. The project has instigated several innovations with the potential for replication and scaling-up. The major innovations of the project include: i) introduction of climate resilient design, which included raising of road embankments higher than conventional design, providing adequate drainage structures in roads and markets, bio-engineering method of slope protection, more clear cover in the concrete works, raising the level of the markets and plinths; ii) employing LCSs in small construction in isolated locations under LGED supervision, which has proven to efficiently produce quality market infrastructure while improving the livelihoods of highly vulnerable households; iii) policy dialogue encouraging payment of the MMC 25% leases share for market maintenance; iv) including women LCSs who build WMS and become shop owners once completed; and, v) use of *vetiver* grass for Village road slope stabilization and erosion control.

Knowledge management

79. Knowledge management (KM) is rated as *satisfactory (5)*. For donors, GoB, and other policy/ academic/ agency stakeholders, the project employs CCRIP knowledge generation and dissemination tools, including inter alia: studies, surveys, and focus group discussions. These include the BUET studies (see ¶ 58); a paper focused on LCS and poverty alleviation presented at the Effect of Climate Change on Food Security and Human Health at an international seminar in Dhaka; active participation in the IFAD/ Asia website; and publication of 10 case studies and six baseline reports. As a part of its KM and communication strategy, the project began publishing a newsletter to disseminate project related information to the GoB and funding agencies. The CCRIP website provides good information (e.g., on project outputs, outcomes, publication, training, and contact) but has not uploaded all available knowledge products (and some that have been remain difficult to download). This should be addressed as soon as possible. Two important CCRIP studies include the *Report on LCS's Return on Investment* and *Report on Outcome Survey on Community Markets*, both of which include quantitative data on poverty level outcomes resulting from infrastructure developments.¹⁰ The former showed notable, if modest, income, asset, and food security gains by LCS members. The latter, found substantial and dynamic market change related to number of shops, turnover, increased number of buyers and sellers, and improved land prices around the market.¹¹

¹⁰ In the case of the LCS study, the 2014 and 2015 samples were not representative and the time between samples limited the strength of observed outcomes.

¹¹ The survey sample was limited and observations are indicative, not statistically representative.

80. Local stakeholder KM activities include workshops and trainings, which involve MMC and LCS members and local government, traders' associations, and other market/ road beneficiaries. The RRI disseminates substantial programme related knowledge on various rural themes (see ¶ 59 - 60) and national and local media has given coverage on programme activities.

81. A programme knowledge management strategy and communication plan was developed to document lessons learned, best practices, and policy briefs to aid policy/ LGED, other GoB stakeholders, and donors in the development of rural infrastructure policy and programme management projects/ innovations. Other themes being developed by the strategy include the communication of programme performance, policy meetings/ developments, organizing a national workshop, and preparation of data for SIMES. Based on programme innovations observed by this Mission, new knowledge themes could be developed, including: i) MMC market development guidance (i.e., beyond basic infrastructure management; ii) experiences/ stories encouraging increased community participation in market development through local organizations, mosques, schools, traders' associations; and, iii) tapping the experience of local engineers working with LCSs and MMCs for enhancing LGED community engagement capacity.

Links with other programmes

82. Functionally, CCRIP operated as one programme with three distinct sub-components one each for IFAD, (union and village roads/bridges, small markets), ADB (upazila roads/bridges, Growth Centres/ Large Village Markets (LVM)), ADB (Union roads/ bridges), and KfW (cyclone shelters and knowledge management). There was limited programme implementation overlap. The components shared the PMO which provided modest programme and financial management savings, as well as supervision economies of scale and efficiencies. Some savings to IFAD were achieved through KfW and ADB funded consultants, though these were also modest. When infrastructure projects were linked, as in the case of an ADB District road and bridge leading to an IFAD market project at Taltali Hat, Upazila, Sarankhola, District, Bagerhat, there was notable market development potential (e.g., for local wild fish value chains, more diverse and potentially lower cost agricultural inputs, etc.). The CCRIP project GIS provides detailed component infrastructure mapping showing areas of IFAD, ADB and KfW infrastructure projects proximities. Developing the programme GIS system for site selection, prior to site selection, could have maximized component overlap: a lesson for future programmes.

Proposed fund reallocation

83. The Mission has been provided with proposed reallocation of IFAD Allocated Funds between Category of Expenditure considering funds available in Category III Consulting Services and Unallocated Fund and the anticipated funds requirements of the Project until completion on 31 December 2019.

84. The Proposed reallocation for IFAD Loan 1, IFAD Loan 2 are acceptable with a large portion of available funds (SDR4.2 million or USD5.8 million) shifted to Category 1 Civil Works bringing the new budget for Category 1 from total of SDR34.8 million to SDR39 million for the two IFAD loans. The Mission advised the PMO to support the proposed new total budget amount for Category 1 Civil Works, with the already awarded contracts for roads, bridges, markets, ghats, women market sections plus any projection of addition infrastructures in these areas. The Design Report of CCRIP provides 631 km road length, 2,455 bridges, 197 village markets, five collection point, 38 ghats, 88 growth centres. However, the availability of project aid, including IFAD funding, has been reduced substantially due to the devaluation of SDR and US Dollar currency, with respect to Bangladeshi Taka, as such the shortage of the fund is supplemented by the GoB fund through revision of DPP in May 2017. The revised target of civil works is 165 Km for Union road, 368 km for Village road, 185 number of market, 14 number of women market section and 40 number of Ghats. The Mission recommends the building of three to five more women's market sections depending on the availability of land in constructed markets. The reallocation of IFAD grants may be approved for additional cost of extension of the RRI programme up to June 2018, conducting mid-term outcome and end line

surveys, overseas training, video documentation, and. The Category IV Studies, Training, and Workshop where funds are likewise additionally allocated have been supported with details. The final proposed reallocation with supporting details will have to be submitted to IFAD for agreement and approval.¹²

Agreed action	Responsibility	Agreed date
Document lessons and best practices of MMC market development guidance beyond initial infrastructure investments; document programme experiences/stories encouraging increased community participation in market development through local organizations, Mosques, schools, traders' associations; and, iii) tap the experience of local engineers working with LCS and MMC for supporting LGED community engagement capacity.	PMU/M&E Unit	April 2018
Ensure all relevant publications and information is loaded on CCRIP website in an easily accessible format.	PMU/M&E Unit	Ongoing
Recruit an independent consulting firm through competitive bidding process to conduct a comprehensive mid-term outcome survey (including RIMS indicators) based on the detailed TOR.	PMO/M&E unit	December 2017
Conduct an internal outcome study (using mixed methods-qualitative and quantitative) of LCS/IGA training as well as the RRI.	PMO/M&E unit	Immediate
Pilot proposed household empowering approaches from newly designed IFAD project (PROVATi / Climate Resilient Community Development Project) with few LCS groups and finance under remaining TA grant. Carefully document lessons.	PMO	November 2017 (start pilot date)
Once the midterm survey complete, map survey household data in project GIS system.	PMO/M&E unit	After mid-term survey
Submit to IFAD for approval the Proposed Reallocation of Funds between category of expenditure with full justification and supporting details.	PD	31 August 2017

D. Fiduciary aspects

85. **Financial Management** is rated as *satisfactory (5)* but requires improvements in certain areas. The project has installed a computerized accounting system TOMPRO for maintenance of project accounts and producing accounting reports for the Government and the Donors. A Financial Management Specialist (FMS) provides oversight and supervision of financial management of the Project. He is assisted by GOB Accountant and one Assistant Accountant (AA) funded by IFAD.

86. The Mission noted that some of the agreed actions in 2015 and 2016 Supervision Missions have yet to be completed particularly recruitment of Accounts Assistant in the districts dedicated to CCRIP. The LGED DAs and AAs could not fully operate the TOMPRO system. The Field Monitoring Officers (FMOs) assist in the inputting of data to the TOMPRO. While a fixed assets inventory tagging will have to be updated, the internal control and documentation of financial and procurement transactions are generally adequate with some actions required as noted in the following paragraphs.

87. In each of the district offices, the District Accountant (DA) oversees the financial management for LGED projects and operations including the CCRIP finance and accounts. AAs assist the DA, as deputed by the GoB. The DAs and AAs manually record financial transactions in the cash book in Bangla as required by GoB. The Field Monitoring Officers (FMO), updates inputs of financial data from the manually prepared cash book. In Satkhira District, the FMO does not operate the TOMPRO. The AA of another project assist in the operation of the TOMPRO in Satkhira. The review by the Mission of a few sample of entries in the system showed errors especially the activity codes and closer attention is required. The PMO rigorously reviews the TOMPRO accounts from the district submissions.

¹² Figures are provisional and will be finalized based on revised LGED costing schedule in line with revision of cost table.

88. Considering there are only two and half years remaining in project implementation (including project closing), the Mission recommends the PMO provide rigorous training immediately to existing LGED District Accountants and Accounts Assistants for the processing of CCRIP financial transactions and production of financial the reports (in TOMPRO). The PMO FMS should assess DA and AA capacity to operate TOMPRO at the district level before the end of 2017. If a DA and/ or AA is unable to operate TOMPRO as assessed by the PMU FMS, then the PMO should proceed with the recruitment of capable AA to do the financial accounts and produce reports in TOMPRO. The staff costs of AAs recruited could be funded by IFAD and considered in the reallocation of fund by category of expenditure.

89. The recording of project accounts is modified cash basis. The project, however, maintains an advance register for LCS and other implementing partners and institutions. The internal controls in the areas of funds receipts, transfers, and disbursements are in place, and found to be adequate. Certifications and approvals at the PMO and districts, as reviewed by the Mission were in order. The monitoring controls and documentation of payments for civil works were generally satisfactory with the certification of works and payments recorded in the measurement book and signed by upazila and LGED district engineers and Executive Engineer (XEN). The Mission noted that some contracts have expired or are near expiration, are in the process of extension/ must be extended, including the corresponding performance security.

90. Bank Reconciliation Statements (BRS) and vouchers are prepared manually at the PMO and all the districts. The Mission noted that some Districts could prepare the BRS in the TOMPRO system. The Mission advised to produce and print BRS and vouchers from TOMPRO. The PMO FMS needs to include District finance staff training in the of the preparation and printing of vouchers, inputs to AWPB, both budgets and actual expenditures, advances, contract, and fixed asset registers.

91. The Mission advised the PMU to deposit interest earned on bank deposits to the government treasury of BDT 2.2 million (USD26,830) aggregated from across the project.

92. The Project monitored the overall cumulative financial progress in terms of the implementation of activities by components as well as by expense category against approved allocations. It likewise monitors the progress of implementation against the AWPB in the Standard IFAD Monitoring and Evaluation System (SIMES). The Mission advised the programme to monitor the financial progress of each budget line and activity codes from the disbursement level. As of 30 June 2017, the project has disbursed 58% of the 2017 budget.

Table Two - AWPB by Component and Grant (IFAD funded activities)

Components	In USD ('000)		
	AWPB-2017	Actual Jan to June 2017	% achievement
IFAD Loan (1 and 2)			
Improved Road Connectivity	12,064	7,679	64%
Improved Market Services	1,695	475	28%
Enhanced Climate Adaptation Capacity	155	47	30%
Project Management	768	248	32%
Total	14,682	8,449	58%
IFAD Grant			
Enhanced Climate Adaptation Capacity	251	152	61%
Overall Total	14,933	8,601	58%

93. The Mission also reviewed the books and records in the Matoula and Bakshiganj Upazilas and found them satisfactory. The Project Upazila Engineer assists the (LCS) in the maintenance of appropriate records and preparation of necessary simple financial reports for submission to the

project district offices, together with invoices and receipts to liquidate LCS advances. While advance registers are maintained in the LGED districts for LCS advances, the Mission advised the programme to include a summary of outstanding advances showing the dates and balances of the advances in the monthly submission of financial reports to the PMO.

94. **Project financial statements (PFS)** are prepared annually for audit. As agreed in the 2016 Supervision Mission, the PFS must be supplemented with additional information necessary for disclosures, as per IFAD requirements including for example: information on category and component costs (for the year and accumulated to year end), budgeted costs and variation analysis with associated explanations, cumulative amount by category of expenditure and balance sheet. This will be put into effect in the 2016-17 financial statements (currently being prepared).

95. **Withdrawal Applications (WA):** The project has made 33 withdrawal applications (WA) against the IFAD 1st loan approved allocation for total amount of USD 31.32 million, including the initial deposit transfer (as the imprest fund level) of USD4.0 million; WAs against the IFAD 2nd Loan totalled USD3.75 million inclusive of USD2.0 million initial deposit as imprest fund level and three WAs against the IFAD Grant inclusive of USD230,000 initial deposit as revolving fund. The Mission examined the calculations and the documentation with respect to WAs and found these to be satisfactory: i) arithmetical accuracy of the Special Account Reconciliations with references to SOEs produced from TOMPRO, Bank statements and outstanding advances; ii) application of correct rate of exchange as automatically generated from TOMPRO; and, iii) with appropriate supporting documents.

96. The Mission noted the over-expenditure under Category IV – Studies and Training in the first loan which IFAD withheld further release. The project must submit a schedule for the reallocation of funds between category expenditures to IFAD. The Mission noted that IFAD agreed in an email from May 2015 to the PD that the salaries of Upazila Infrastructure Supervision Engineers (UISE), Field Monitoring Officers (FMO), Monitoring Assistant (MA) and AA in the PMO could be charged to Category 1 (Civil Works) as under Category 3 (Consultants), insufficient funds were allocated to cover these costs. To be consistent with the charging of costs, the costs of the AAs that will be recruited for the districts will also be charged to Category 1.

97. The Mission noted the USD30,941.13 WA submission on December 11, 2014 under category 4 of the IFAD Grant WA was not replenished nor adjusted. The Mission advised the PMO to follow up with IFAD this pending amount.

98. The Mission compared the records of the project and IFAD and found that the balance of advance per IFAD records under the grant is SDR213,821.53, as of July 2017, while the actual total amount of advances received by the Project was SDR149,111.32. This also affected the amount recorded by IFAD for the Category 4. The Mission advised the PMO to inform IFAD concerning the reconciliation of the amount of advance recorded.

99. The project started preparing Smart Submission of Expense (SOE) consistent with the provision in the IFAD disbursement handbook of June 2017. The Mission advised the PMO to complete the column for the reference to the related AWPB and budget line with appropriate codes.

100. **Internal Audit:** The Internal Audit Section (IAS) of LGED carried out periodic internal audits of the project. The last report for June 15 to 21, 2016 was written in Bangla and will be translated in English and provided to IFAD. There is current internal audit ongoing during the MTR. The project has requested the IAS to submit the report in English.

101. **Administrative management:** The project's fixed assets register (FAR) has been maintained but the information on user name and asset identification number must be updated and provided as tag numbers attached to the assets. Physical inventory of assets conducted at the end of the year should be documented and kept on file. Vehicles log books are maintained as a basis of issuing fuel, as well as to schedule periodic maintenance and occasional repairs of the vehicles.

102. Currently, the District Offices back up TOMPRO data on flash drives. The Mission recommends that back up of all computer data be made weekly, and in external hard drives and/ or CDs, and

stored in safe locations. The Project has an IT expert funded by ADB whose responsibility is the maintenance of the project's computers, including the back up of files. From time to time, the IT expert must provide support in the districts.

103. **Disbursement:** IFAD disbursements to the project is rated as *satisfactory (5)*. IFAD has transferred a total amount of USD31.23 million as of 30 June 2017, including USD4.0 million as initial deposit or 85.12% of the approved USD36.7 million IFAD 1st Loan; USD3.85 million inclusive of USD2.0 million advance, or 19.24% of the approved USD20 million IFAD 2nd additional loan; and USD0.68 million inclusive of USD0.23 million advance or 73.8% of USD0.93 million IFAD grant. Overall, IFAD has released a total of USD35.76 million or 62.06 % of the total IFAD allocation of USD 57.62 million.

104. Of the funds transferred by IFAD to the Project, the amount disbursed in terms of expenditure was USD30.53 million or 52.3% of the approved allocation. Component expenditures were: 47.3% for Component 1, 81.6% for Component 2; 73.5% for Component 3 and 106% for Component 4. See Appendix 5 for details

105. **Counterpart fund:** The implementation performance of this activity is rated as *satisfactory (5)*. As of June 30, 2017, the actual amount spent of the GoB contribution was USD14.58 million or 47% of the USD31.2 million approved allocations. See Appendix 5 for details.

106. **Compliance with loan covenants:** The implementation performance of this activity is rated as *satisfactory (5)*. The Project has complied in general with the loan covenants, except for the audited report of 2015-2016 and the AWPB for 2017, which were submitted to IFAD at later dates, on January 3, 2017 rather than before December 31, 2016 for Audit report and 4 January 2017 for the AWPB instead of October 31, 2016 for the AWPB (Schedule 1, Section II Para 7 (vii) and Section 7.01 respectively, of the General Conditions of the Loan Covenant). The project did not submit draft financial statements to IFAD as required by Section 9.02 of the General Conditions. Insurance of key staff has not been secured, despite it being a requirement of Section 7.11 of the General Conditions. See Appendix 6 for details.

107. **Procurement:** The implementation performance of this activity is rated as *satisfactory (5)*. The project adhered to the Procurement Act 2006 and Procurement Rules 2008 of GoB, consistent with IFAD Procurement guidelines. The procurement process and documentation including the e-procurement for works of the project were found to be generally satisfactory. Some contract timing extensions are in process, or need to be extended, which should likewise include the corresponding performance security. The project has obtained the necessary IFAD prior approvals wherever the costs exceeded the threshold amount as spelled out in the Letter to Borrower, although the actual dates of the procurement process have not been inputted with the procurement plan. Nevertheless, the Mission noted most of the project procurements have been completed.

108. The procedures for the procurement of works, namely the preparation of tender documents, evaluation, and the approval of the evaluation committee were checked on a test basis from the records maintained in the PMO and in the District Offices, and found them in order. There was no procurement where international competitive bid (ICB) methods of procurement had been used for the IFAD funds. The procurement of goods and equipment, where RFQ or LCS methods have been used, were also found to be in order. The contract register and contract payment monitoring form were found to be updated.

109. **Audit:** The implementation performance of the audit is rated as *satisfactory (5)*. The audit of the 2015-2016 financial statements was carried out in accordance with International Standards of Auditing, and the audit opinion was unqualified. The audit report submitted to IFAD on January 3, 2017 has been reviewed by IFAD FMS and found to be satisfactory.

110. The audit report for 2015-2016 showed three observations: (two ineligible expenditures on works and another item on salary not provided in the DPP; with total value equivalent to USD180,397) which the Project has yet to provide the necessary documents to IFAD to accept these items as eligible expenditures. The Mission advises the project provide IFAD with IFAD confirmation of

acceptance. The project maintains a detailed audit log (See Appendix 8) that provides the status of actions taken for audit observations.

E. Sustainability

111. **Institutional sustainability.** Institutional sustainability is *satisfactory (5)*. The project design ensures sustainable institutions and infrastructure developments, to the extent possible. Roads, ghats, bridges, and culverts will be maintained by the LGED with GoB funds. LCS groups are constituted for a one-off involvement in construction, and their project profits provide modest and likely sustainable livelihood improvements. MMCs are vital to maintaining and extending project outcomes and impacts and they have received modest capacity building for market management. The 2017 Mission concurs with the 2016 Supervision Mission, however advises that further best practice MMC management training is required (e.g., management transparency, accessing and investing its 25% lease share), as well as training for market development (e.g., through engaging community stakeholders, funding initiatives, value chain developments etc.). The Mission advises that lessons learned wrap-up workshops be held to provide and share local development capacity building experiences for local engineers.

112. **Social sustainability (Empowerment)** is rated as *satisfactory (5)*. It is uncommon that women participate in income generating activities in rural markets. The project contributed to female participation in (off-farm) activities through construction of the WMS for female entrepreneurs, and by offering dedicated women's market sections. Women traders appreciated these interventions and stated they felt more secure working in the designated areas. Moreover, the LCS model provided beneficiaries with short-term employment, generating additional household income. Skills learned during construction allowed some women the opportunity to work for other infrastructure projects, or small residential and local commercial construction. The Mission noted that LCS members were eager to participate in public discourse and seemed secure and knowledgeable about their occupations and opinions. This was not the case for all women, and some were not allowed to participate in LCS due to family obligations. The Mission recommends piloting IGA training expanded to include those women unable to work at paid labour in public places.

113. The CCRIP project market outcome study found only 2.5% of in market traders were women, while LCS focus group feedback during this mission found over 50% of LCS female works would want to trade in the market. Also, in smaller and/ or more isolated communities, improved market development may cause some social dislocation and or conflict (e.g., among local interest groups). Strong site selection and stakeholder preparedness will help assuage/ avoid the potential for this. Broader community stakeholder site development workshops could be considered for future projects. There was some anecdotal evidence that not all women continued to stay engaged, and lack of evidence on more long-term empowerment refrained from higher classification.

114. **Economic and financial sustainability.** There are clear and notable indications that infrastructure investment is having, or will have substantial, positive impacts on local micro economic dynamics, and creating new livelihood opportunities for direct and indirect CCRIP target beneficiaries. CCRIP is not, as noted, designed to maximize the extent to which beneficiaries can take advantage of these opportunities. The addition of LCS IGA training had modest and positive impacts on beneficiary economic behaviour. Most programme benefits in the long run will, however, accrue to indirect beneficiaries, particularly those with more substantial economic means at their disposal for investing in growing/ changing markets. This is indicated via notable local investment in and around market places including *inter alia* shops etc., expansion of local crops and livestock, demand for high yielding varieties, and investments in transportation and wholesaling facilities. These developments will benefit all target beneficiaries to various degrees through access to more products and services, and the increase in the number of livelihood opportunities through employment and market development.

115. The Mission found the financial viability of a sample of eight completed and one nearly completed market(s) to have incremental benefits above design estimates. The main financial contributors are an increased number of traders (from 64% to 80%) and sale volumes (from 33% to 200%). Prices increases of commodities during last three years, in nominal terms, are negligible (prices in real terms, deflated by the GDP deflator, are used in the EFA). Many of the roads the Mission visited are still under construction; others have been used for only a short period. The Mission selected one village road (East Trali UZR-Kashibati GPS Road, Kaligonj Upazila, Satkhira District) as

a sample to estimate road benefits. The table below summarises the positive financial benefits. These benefits were aggregated to estimate the total market and road benefits of the project. The other models that the MTR analysed include several IGA activities, agriculture and fisheries. The financial viability of markets, roads and IGAs was indicated by the Financial Internal Rate of Return (FIRR) and the Financial Net Present Value (NPV). The following table summarises the results of the financial viability assessment. The results indicate that the benefits of the revised investments outweigh the cost of them (See Working Paper 6 for details).

Table Three: Financial Model Results (*IFAD funded activities*)

Model	Financial IRR	Financial NPV (BDT MN)
Union roads (Type B&C)	33%	1,255
Village roads (Type BC & RCC, Block Road)	26%	2,839
Market (Type 1,2 & 3)	15%	210
IGA: Dairy (2-cow model, same year calving)	21%	17
IGA: Fishing and selling fish	>50%	4
IGA: Expanding Garment Sewing	109%	17
IGA: Rickshaw hiring	>50%	230
Total Project (IFAD funded activities)	23%	4,030

116. The financial prices of both investments and benefits that were subjected to the Financial Analyses were adjusted to reflect the cost and benefits of the revised IFAD investments to the Bangladesh economy. The economic analysis, carried out using the adjusted prices, yields an EIRR of 31% and the economic net present value of BDT 8,909 million for a period of 20 years under a discount rate of 10% in the base case. These two indicators confirm that the project is economically worthy of receiving revised IFAD loan and grant financial resources. Scenario testing of a 10% and 20% drop in the benefit stream, and one-year delay in realising estimated benefits were undertaken and found that the revised investment of the CCIRP is adequately robust to withstand possible reductions in the benefits and still yielding economically profitable results (See Working Paper 6 for details).

117. **Technical sustainability.** The performance in technical sustainability is *satisfactory (5)*. The technical designs of roads, bridges, market including women section, road slope protection have been as per engineering codes and reflect Southern Bangladesh context.

118. **Environmental sustainability** is *satisfactory (5)*. There are no substantial negative environmental impacts expected because of programme activities (e.g., road/culvert drainage congestion, excess soil erosion etc.). This is partially ensured by the Project Steering Committee (PSC) decision to build more bridges than culverts. As per design, roads, markets, and cyclone shelters have drainage, road slope, and related soil erosion protections designed to withstand climate conditions (e.g., wind, waves, rainfall, storm surge etc.) anticipated over the next 20 years. Additionally, vetiver grass planting for road-slope protection over concrete blocks/ palisades are proving an effective environmental friendly innovation. There remain some drainage design issues, and market garbage disposal has yet to be adequately managed. Market refuge dustbins are too small and often far from the market place. In any event, there is no waste management system in most locations, so rubbish, organic and inorganic is usually dumped in a locally acceptable site or, in some cases, burned. It is expected the *Investigation of Prospects for Sustainable Solid Waste Management in Markets* study by BUET will provide insights for resolving local waste management issues. It is noted that in some locations, demand for local wild fish and shrimp harvesting could dramatically increase.

119. **Replicability and Scaling up** is rated *satisfactory (5)*. The potential for the replicability of this project is high, as the need and demand for all aspects of infrastructure provided by the programme is substantial in current project areas, as well as other districts throughout the country. This is particularly true for smaller projects, as most donors are reportedly more interested in larger construction projects. LGED is ideally suited for these types of small infrastructure projects, particularly given its accumulated experience managing LCS market construction and decentralized

implementation capacity. LGED is also well-placed to further development CCRIP type outcomes through strategic site selection and infrastructure packages, as well as with well-timed, modestly more extensive MMC (management) and LCS (IGA) trainings. It would be desirable to document replication by other donors and/or national government.

120. **Exit strategy** is rated as *satisfactory (5)*. The programme exit strategy was built into the project design. The LGED will take responsibility for roads via its budget and the MMCs will continue to manage markets with funding provided from their 25% share of leases. Some KM products will continue to be made available via IFAD, BUET, KfW and ADB, however, some will be lost if the current, and notably rich MMC, LCS and LGED experiences are not recorded. The RRI will not be sustainable without a plan for funding.

121. **Other**

122. **Beneficiaries:** The project target is 1,097,959 direct beneficiaries. The estimated number of direct beneficiaries from the 139 completed markets is 401,400. These numbers are expected to grow with the completion of all markets.

123. **Physical and financial assets.** It is too early to assess the impact of the project on the increase in physical and financial assets. However, an estimated 80% of LCS member interviewed by the Mission had bought new assets with their profit share (e.g., livestock, consumer durables, land). The CCRIP report on LCS outcomes, found beneficiary assets to have increased 35%. Improved skills and experience increased LCS member labour capital.

124. **Food security:** Although the project did not undertake any activities related to food security, roads constructed by the project allow for better connectivity, increasing food availability/ diversity in remote areas. Stakeholders reported to the Mission that the number of input suppliers increased around CCRIP markets, validating to a degree indications of increased volumes goods and traders found in the CCRIP Report on Outcome Survey on Community Markets. Both indicators suggest an increased availability of produce in the programme areas. Finally, the CCRIP Report on LCS's Return on Investment also support improved incomes leading to greater food security. Yet, not reliable data on outcomes was available during the mission.

125. **Increase in incomes:** The project directly contributed to the increased incomes of vulnerable men and women who join LCS. The CCRIP Report on LCS's Return on Investment findings indicate at the least, a medium-term boost to household income of 18%. The LCS profit share provided by the project allowed for investments in income generating assets such as livestock (e.g. goats, chickens, and cows) or other assets such as leased land, or enterprise development. Over 56% of those surveyed by the report reported being now "better off" or "somewhat better" financially. The midterm RIMS survey will provide further, more representative evidence to income improvements.

126. **Health:** With the construction of toilets, waste bins, and through strengthening the MMCs, the project contributes to hygienic market places. Pharmacies and other medical services are often offered at or near the markets (one set up shop in a WMS). Better road connectivity, makes access to medical services faster and potentially less costly.

127. **Policy:** The programme has encouraged the application of the MMC lease fee (25%) and should, as per the 2016 Supervision Mission, encourage a policy of planting vetiver grass for road slope protection.

Action	Responsibility	Date
Lessons learned wrap up workshops be held to provide and share local development capacity building experiences for local engineers.	PMU	November 2018
Pilot IGA training expanded to include those women unable to work at paid labour in public places.	PMU	October 2017
To enrich the accuracy of the impacts of roads and markets that would be assessed during the Project Completion Review (PCR), the project M&E system should systematically collect the prices and volumes of selected goods of a sample of strategic markets triangulated with project assisted roads, together with a small control sample.	Project M&E Staff	December 2017

F. Lessons Learned

128. Roads

1. Vetiver grass works well for road slope protection, however, there potential other local varieties of grass which occur naturally in the saline prone coastal areas.

129. Markets

1. Availability of khat land and buy-in of stakeholders are fundamental for construction of the markets and is a critical market development selection criterion.
2. The geographic and economic context of location affects market development impact. CCRIP design had an appropriate list of selection criteria, leading to an appropriate selection of sites. Understanding the differential impact of different types of sites (e.g., in small communities, isolated communities) may offer insights to future site selection.
3. Ghats are not only used a boat landing platform, but also as small market trading/ collection points.
4. Markets can fulfil retail and wholesale functions, although wholesaling requires more land (e.g., in markets, truck standing spaces, access roads, etc.) and specific project interventions to maximize impact.
5. The LCS wages and profit share provide benefits in a way like household poverty reduction graduations schemes. Integration into enterprise and or value chain support activities at the end of construction would provide a low-cost graduation sustainable pathway from poverty. Application of a household approach and organized access to finance (via community based savings and loans/ microfinance institutions) would also be an appropriate as a part of the graduation package.
6. A small number of LCS women leveraged profits with savings and/ or loans from family, friends, or financial institutions to purchase larger assets or to lease/ buy land.
7. LCS constructed market provide a positive IRR which when including IGA investments, is higher than markets constructed by contractors.
8. Tapping the experience of local engineers working with LCSs and MMCs could enhance LGED community engagement capacity and provide insights for other programmes involving technical professionals working with/ training up unskilled workers.

130. Gender

1. Supporting and encouraging project flexibility at the LCS and local level can enhance gender outcomes (e.g. shortening of working hours, organizing LCS member child care, etc.).
2. Allocating shops to female entrepreneurs prior to construction of WMS was an effective means of project ownership;

3. Extended household training could address broader gender empowerment issues, improve household economies, and enhance LCS outcome sustainability.

131. **M&E**

1. Local LGED engineers play an important role in the construction of the projects and final amount of the project share; and
2. Undertaking Outcome research during first part of programme is helpful as a guide for assessing programme effectiveness and relevance (assuming sufficient sample for indicative results).

132. **Fiduciary**

1. The TOMPRO—decentralized accounting/ information management system of CCRIP works well for IFAD funded projects in Bangladesh. System enhancements are possible on a range of accounting and management activities; however, further training of district Accountants is required to maximize system performance.
2. Procurement performance of CCRIP was satisfactory, consistent with GoB procedures and IFAD Procurement guidelines, and is suitable for future IFAD funded projects.

G. Conclusions

133. The project has made good physical progress in all three components during the first half of implementation, from 2015-2017. The PMU has performed well and enjoys strong leadership both at the PD level, but also within the various teams (finance, livelihood, and M&), making progress possible in terms of the quality and quantity of outputs. The project is on track to achieve its revised objectives.

134. Programme management is generally strong, although some adjustments for AWPB and procurement monitoring and reporting are required. The financial management system has improved due to the application of TOMPRO accounting software; human resource challenges continue to hinder some aspects of system use and the programme also needs to further streamline its financial management system.

135. The project infrastructure has integrated two notable climate resilient features including building for predicted water surge levels twenty years into the future and the use of vetiver grasses. The project has also notably improved local market dynamics both for direct and indirect beneficiaries, and will continue to be instrumental in connecting remote and climate vulnerable villages to the broader economy. This will improve the income and well-being of thousands of households in the economically disadvantaged upazilas of the south-western part of the country.

136. There are several lessons learned related to *maximizing the opportunities* created by infrastructure development, particularly as it relates to leveraging the household income wage stability and the potential of IGAs. Expanding IGA support directly or via associated programmes such as PACE and the planned Climate Resilient Community Development Project programme would enhance long term sustainability of outcomes and local economic development supporting rural low-income households. Along with completing construction in a timely fashion, LCS constructed markets seem to have a competitive if not better IRR than markets built more conventionally by contractors. The project should continue to focus on enhancing MMC management capacity as they are the key stakeholder for supporting project outcome sustainability. The programme should also continue to develop and disseminate research findings and experiences within GoB, the LGED and beyond.

137. Finally, the Mission finds that the proposed funds reallocation is sound in principle and that the project should submit to IFAD for approval a Proposed Reallocation of Funds between category of expenditure with full justification and supporting details.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Bangladesh			Project ID	1647 [1100001647]	Loan/DSF/Grant/ASAP FI No.	2000000059, 2000000060
Project	Coastal Climate Resilient Infrastructure Project					Top-up Loan/DSF/Grant/ASAP FI No.	2000001457
Date of Update	19-Oct-2017						
Supervising Inst.	IFAD						
No. of Supervisions	2	No. of Implementation Support/Follow-up missions	0				
Last Supervision	01-Aug-2016	Last Implementation Support/Follow-up mission					

					USD million	Disb. rate %
Approval	10-Apr-2013			Total financing	150.05	
Agreement	28-Jun-2013	Effectiveness lag	2.6	IFAD Total	60.01	
Entry into force	28-Jun-2013	PAR value	-----	IFAD loan	59.00	65
First disbursement	26-Nov-2013			DSF grant		
MTR	03-Aug-2017	Last amendment		IFAD grant	1.01	71
Original completion	30-Jun-2019	Last audit	18-Jan-2017	ASAP grant	0.00	0
Current completion	30-Jun-2019			Domestic Total	31.23	
Current closing	31-Dec-2019			National Govern	31.23	31
No. of extensions	0			External Cofinancing Total	58.81	
				AsDB	20.00	39
				AsDB	20.00	36
				Germany/KfW	8.84	68
				SCF - WB	29.97	0

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	5
2. Acceptable disbursement rate	5	5	2. Performance of M&E	5	5
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	5	5
4. Compliance with financing covenants	5	5	4. Gender focus	6	6
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	5	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	5	5
			8. Climate and environment focus	5	5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Improved Road Connectivity	5	5	1. Institution building (organizations, etc.)	5	5
2. Improved Market Services	5	5	2. Empowerment	5	5

3. : Enhanced climate change adaptation capacity	5	5	3. Quality of beneficiary participation	6	6
			4. Responsiveness of service providers	5	5
			5. Exit strategy (readiness and quality)	5	5
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5
C.2 Food security	4	4
C.3 Quality of natural asset improvement and climate resilience	5	5
C.4 Overall implementation progress (Sections B1 and B2)	5	5
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	5	5
Rationale for development objectives rating		
C.6 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		

Fiduciary aspects	Financial Management has been rated satisfactory but would require improvement in some areas, such as capacity building of finance staff to operate the TOMPRO accounting system, update of fixed assets inventory tagging, monitoring of budgets at the disbursement level, printing of vouchers, Bank Reconciliation Statement, AWPB budget and actual, fixed asset and contract register in the TOMPRO system and submission to IFAD of request for reallocation of funds between category of expenditure to meet funds requirements for each category up to project completion.
Project implementation progress	Accelerated implementation during the next two years is expected. The project will request for IFAD's approval of reallocation of funds between category of expenditures to meet projected disbursements until project completion.
Outputs and outcomes	First, unavailability of land has been mentioned as a constraint for market and road construction by the project. There is the risk that the khas land that is awarded to the project has a suboptimal location in the markets or effect on road connectivity (e.g. when khas land doesn't allow the traffic to flow smoothly). Second, there is the risk that permanent shops are constructed in the market sheds. This could negatively affect the number of products traded in the markets as well as the pro-poor focus of the markets when the space available for daily traders decreases. Third, there is the risk that without regular updates on a climate resilience, beneficiaries lose the habit to apply their knowledge on climate resilient practices.
Sustainability	MMCs capacity to adequately manage the markets is currently lacking, and this may hinder the long-term sustainability of the markets. Strengthening MMCs has been planned. There is the risk that reactive and inadequate maintenance of the rural/village roads threatens road connectivity, physical access to rural markets and enhanced marketing in the markets.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Additional observations			

Appendix 2: Updated logical framework: Progress against objectives, outcomes, and outputs

(*) indicates targets up-date by MTR mission in consultation with project team and based on up-dated cost-schedule and re-costing.

Name	Base-line	MTR	MTR rev. (*)	End Target	Source	Frequency	Responsibility
Outreach: [Project Target: Overall approximately 600,000 HHs; 3.5 million people]	<ul style="list-style-type: none"> No of HHs reached by services promoted and supported by the project. 			600.000	MTR and end-line survey. Project ME data	Year 4, year 6	PMU
Goal: Improved livelihoods (higher incomes and food security) for poor households (women and men) in selected Upazilas of 12 coastal districts	<ul style="list-style-type: none"> % of households reporting improvements in household asset ownership index (RIMS) % reduction in the prevalence of child malnutrition (RIMS) % increase in incomes in 50% of poor HH from a range of farm, fishery and non-farm sources by sex 			20% 30% 60%	Multiple Indicator Cluster Survey (MICS) of the RIMS surveys Impact surveys at baseline, mid-term and completion Qualitative assessment (PRA) with target HHs in project Upazilas/ Unions/Villages.	Three (baseline, Midterm and end of Project)	PMU
Development Objective: Enhanced climate resilience of coastal road and market infrastructure and people in selected Upazilas of 12 project districts.	<ul style="list-style-type: none"> Number of days of inundation of infrastructure reduced % increase of beneficiaries reporting improved food security, by women/men (RIMS) Percentage reduction in loss of lives and assets during disaster 	20		<5 60% 50%	Independent evaluation of robustness and resilience of infrastr. design. CCRIP project assessment report after each monsoon season and natural disaster event. IFAD annual supervision report. PRA after each monsoon season and natural disaster event.	Annually	PMU A: Climate change related impacts are within predicted level

Outcomes/ Components: Outcome 1: Improved road connectivity for men and women living in project Upazilas to access markets and social services.	<ul style="list-style-type: none">▪ % increase in increase in average traffic volume per day on project roads▪ % reduction in transportation costs on project roads▪ % reduction in travel time			50%	Traffic data surveys (volume and price)	Year 4, Year 6	PMU	A: Government sustains or increases funds for road and market maintenance. A: Investments in polder protections by other programmes and projects continue
				25%	Transport worker and user surveys			
				50%				
Outputs: 1.1 Upazila, union and village roads upgraded to climate resilience standards	<ul style="list-style-type: none">▪ Kilometres of union road upgraded▪ Kilometres of village road completed or upgraded	79.46	187 ^(*)	160	Independent monitoring of construction of roads, bridges and culverts Site inspections Environmental assessment Project reports and MIS	Annually	PMU	A: No major delays due to price escalation of materials and labour A: Public procurement process remains adequate and adheres to ADB/IFAD requirements A: Sufficient availability of labour A: Roads properly maintained A: LGED remains committed to apply acquired knowledge
		169.43	368 ^(*)	341				
1.2 Bridges and culverts built	<ul style="list-style-type: none">▪ Meters of bridges and culverts	1501	3300 ^(*)	2245		Annually	PMU,	A: Services of MAPP are reinforcing CCRIP interventions
Outcome 2: Enhanced marketing of farm and non-farm produce in project markets	<ul style="list-style-type: none">▪ Percentage of additional income from construction of infrastructure▪ Percentage increase in the volume of goods marketed in village markets▪ Percentage increase of traders (disaggregated by sex)			20%	Market surveys (at baseline, mid-term and completion)	Annually	PMU	A: Services of MAPP are reinforcing CCRIP interventions
				50%				
				25%				
Outputs: 2.1 Market infrastructure expanded and upgraded	<ul style="list-style-type: none">▪ Number of community (village) markets of different categories	139		197	Site inspections and surveys	Baseline, mid-term	PMU	A: Adequate functioning of MMCs A: Climate trends do not reduce on- and off-farm productivity, or quality ; production levels remain stable A: Public policy continues to allow procurement of works with the participation of LCS
2.2 Women market sections built	<ul style="list-style-type: none">▪ Number of community markets with a women section	5	14 ^(*)	15	Site inspections and surveys	Every quarter	PMU	
2.3 Boat landing (facilities) platforms (<i>ghats</i>) built	<ul style="list-style-type: none">▪ Number of new landing ghats built	15	40 ^(*)	38	Site inspections and surveys	Annually	DDM, developer of model	
2.4 Market Management Committees (MMC) established	<ul style="list-style-type: none">▪ Number of Community collection points built	0	0 ^(*)	5	Site inspections and surveys	Annually	PMU	
2.5 LCS formed, trained and employed	<ul style="list-style-type: none">▪ Number of poor women and men employed in construction of markets through LCS	2886	5000	5000	Site inspections and surveys			

Outcome 3: Rural communities and local authorities are able to cope with volatile climate events and meet their basic needs during climatic shocks	<ul style="list-style-type: none"> Climate resilient rural infrastructure management plan is operational Percentage of population using shelters during natural disasters [Target: -- %] 				Qualitative surveys: Focus group discussions and key informant interviews after completion of shelters Post-climate shock surveys, PRA on effectiveness of response, management of shelters	A: Local Government maintains emergency and recovery plans
Outputs: 3.1 Village authorities develop and LGED approve climate resilient rural infrastructure management plan	<ul style="list-style-type: none"> Year of LGED approved plan 			2015	LGED reports, workshop minutes Project reports	A: Management & maintenance plans are integrated into policies and enforced
3.2 LGED pilots sustainable road maintenance plan	<ul style="list-style-type: none"> Sustainable road maintenance plan 		1 ^(*)		Site inspections and surveys	
3.3 Climate disaster shelters built/improved	<ul style="list-style-type: none"> Number of multipurpose cyclones built/extended Number of existing cyclone shelters improved Number of cyclone shelter access tracks upgraded Number of <i>killas</i> constructed 	10	10	10		
		12	15	15		
		20	15	15		
		1	5	5		
3.4 LGED and local Government are trained on climate-proofing of rural infrastructure	<ul style="list-style-type: none"> Number of training units on climate proofing infrastructure Percentage of female participant 	100	100	100		
		15%	15%	15%		
3.5 Knowledge management framework for climate change developed	<ul style="list-style-type: none"> Number of knowledge products published Number of rural radio programs developed 	5	>4	>4		
				>3		
3.6 Innovations on garbage management tested	<ul style="list-style-type: none"> 		1 ^(*)			
3.7 KM effective	<ul style="list-style-type: none"> 		1 ^(*)			

Appendix 3: Summary of key actions to be taken within agreed timeframes

Component 1 - Improved Road Connectivity		
Agreed action	Responsibility	Agreed date
Where possible and in critical cases (e.g., approaches to bridges etc.), adequate land be acquired to accommodate wider roads prior to floating construction tenders.	PMU/LGED	Adopt and continue
Increase construction of ghats while preparing reallocation of funds.	PMU	September 2017
Component 2: Improved Market Services		
Agreed action	Responsibility	Agreed date
Refresher trainings on MMC management to be provided every year until the end of the project, including market development training.	PMU	Continue
Continued policy dialogue MMC legislation until the end of the year.	PMU/LGED	Continue
Explore opportunities to expand the content of IGA training to assist LCS with creating income generating activities.	PMU	November 2017
Component 3: Enhanced climate change adaptation capacity		
Agreed actions	Responsibility	Agreed date
Identify and map on GIS system product growth trends in a small sample of localities to identify markets with product growth stimulated by infrastructure development in or near PACE project areas. Pilot PACE value chain support.	PMU/ PACE	December 2017 (begin pilot)
CCRIP to consider putting a LCS member leveraged capital variable in the upcoming mid-term survey.	PMU	August 2017
Extend RRI no-cost extension and provide technical support for drawing up a funding plan.	PMU/AIS	June 2018
Project implementation progress		
Agreed action	Responsibility	Agreed date
Document lessons and best practices of MMC market development guidance beyond initial infrastructure investments; document programme experiences/ stories encouraging increased community participation in market development through local organizations, Mosques, schools, traders' associations; and, iii) tap the experience of local engineers working with LCS and MMC for supporting LGED community engagement capacity.	PMU/M&E Unit	April 2018
Ensure all relevant publications and information is loaded on CCRIP website in an easily accessible format.	PMU/M&E Unit	Ongoing
Recruit an independent consulting firm through competitive bidding process to conduct a comprehensive mid-term outcome survey (including RIMS indicators) based on the detailed TOR.	PMO/M&E unit	December 2017
Conduct an internal outcome study (using mixed methods-qualitative and quantitative) of LCS/IGA training as well as the RRI.	PMO/M&E unit	Immediate
The mission recommends the building of 3 to 5 more women's market sections depending on the availability of land in constructed markets.	PMO/M&E unit	March 2019

Pilot proposed household empowering approaches from newly designed IFAD project (PROVATI / CRCD) with few LCS groups and finance under remaining TA grant. Carefully document lessons.	PMO	November 2017 (start pilot date)
Once the midterm survey complete, map survey household data in project GIS system.	PMO/M&E unit	After mid-term survey
Submit to IFAD for approval the Proposed Reallocation of Funds between category of expenditure with full justification and supporting details.	PD	31 October 2017
Fiduciary aspects		
Agreed Action	Responsibility	Agreed Date
Immediate training of District Accounts and Accounts Assistants and assess their capability to operate TOMPRO. IF any of the AA is not able to operate the TOMPRO, PMO must recruit competent AA accordingly.	PD/ FMS	2017 December 2017
Monitor AWPB from the time disbursement is in process.	FMS/Procurement Specialist and district accountants/AAs	Immediate at processing of payment and quarterly preparation of budget against actual financial progress
Deposit accumulated Interest on Bank Deposits to Government Treasury.	PD/ Concerned XENs	31 August 2017
Sustainability		
Action	Responsibility	Date
Lessons learned wrap up workshops be held to provide and share local development capacity building experiences for local engineers.	PMU	November 2018
Pilot IGA training expanded to include those women unable to work at paid labour in public places.	PMU	October 2017
To enrich the accuracy of the impacts of roads and markets that would be assessed during the Project Completion Review (PCR), the project M&E system should systematically collect the prices and volumes of selected goods of a sample of strategic markets triangulated with project assisted roads, together with a small control sample.	Project M&E Staff	December 2017

Summary of key actions to be taken within agreed timeframes from 2016 - Supervision Mission

Component 1 - Improved Road Connectivity			
Agreed Action	Responsibility	Agreed date	Completion status
Prepare construction manual/guidelines that include design of various types of road and market and good practices of construction to ensure quality, adherence to design and timely completion, uniformity across the project areas. Circulate the manual/guidelines among field engineers at district and Papilla level. Use the manual for training of engineers, construction supervisors and LCS members (wherever applicable). Share the manual with contractors.	PMU/LGED	December 2016	Completed in June 2017
Revise AWPB to plan for remaining works to complete them within the project period.	PMU	August 2016	Completed in November 2017
Conduct an internal study on various types of vehicles that ply on union/village roads and impact on longevity of roads. Initiate policy dialogue with the government on union/village road designs based on the findings.	PMU	March 2017	Study initiated and ongoing.
Design project road intersections with appropriate signs, markings, raised zebra crossing cum speed breaker (hump of 8 feet width).	PMU	Adopt and continue	Completed in September 2016.
Component 2: Improved Market Services			
Agreed action	Responsibility	Agreed Date	Completion status
Add truck-stand, ghat, additional drainage, brick soling within the markets as per demand/need. Revise per unit cost of ghat as per need. However, the project must adhere to the overall limit of each sub-component.	PMU/LGED	Continue	Continuing
Reallocate surplus funds from CCCs and ghats to do additional works within the selected/completed and new markets.	PMU	Divert or continue	Continuing
Pay compensation money to all affected families as soon as possible as per Project/GoB policies.	PMU/LGED	August 2016	Paid in June 2017
Revise AWPB for Component 2 to complete all works within the project period.	PMU	August 2016	Revised in Nov. 2016
Prepare a plan for implementing additional works (drainage, access pathways, brick soling of the market area, road linking ghat, ghat etc) to address infrastructural gaps in respect of markets.	PMU	Continue	Continuing as per need
Undertake policy dialogue with the government to reconstitute the MMCs with higher representation from the Trader's Association.	PMU	Continue	Under review by Ministry
Prepare a plan for regular maintenance and management in collaboration with MMCs. Costs to be shared by the leaseholder and Traders' Association. Traders' Association will have implementation responsibility. CCRIP to supervise implementation during the first two years.	PMU	Continue	Completed in June 2017
Undertake a study on market leasing, rational for determination of base lease value, and use of lease money for market development and maintenance.	PMU	March 17	Completed in June 2017
Plant trees in market peripheries and other locations within the markets, especially in markets where trees have been cut to construct sheds and other infrastructure	PMU, LCS and contractors	Continue	Plantation is going on in market area
Develop accident/injury insurance policies for	PMU	March 17	Supported for group

LCSs members. Buy appropriate insurance policy.			insurance
Train LCS members on safety procedures to be maintained in construction works. Dedicate one session on safety issues. Investigate causes of accidents and injuries and provide appropriate safety gears to LCS members.	PMU	Soonest	Provided training safety and safety gears.
Component 3: Enhanced climate change adaptation capacity			
Agreed action	Responsibility	Agreed Date	Completion status
Design and offer customized hands on training on IGAs to address critical issues of each type of IGAs such as poultry and livestock management, pond fisheries, and horticulture.	PMU/LGED	Sept 2016	Completed
Budget line items of each of three BUET research projects should be reallocated as per need for timely completion of works.	PMU and BUET	August 2016	Completed
Project management and M&E			
	Responsibility	Agreed date	Completion status
Recruit an independent consulting firm through competitive bidding process to conduct a midterm outcome survey. Select RIMS 2 nd level outcome indicators and submit to IFAD for review.	PMO/M&E unit	October 2016	
Share the first draft of MTR outcome survey with IFAD prior to its finalization.	PMO/M&E unit	March 2017	
Consolidate the overall project intervention mapping	PMO/M&E unit	Immediate	
Knowledge Management			
	Responsibility	Agreed date	Completion status
Improve the CCIRP website by hosting all relevant project information and documents.	PMU/M&E Unit	September 2016	
Document lessons and best practices from construction, research findings from BUET research, market management and lease value, application of vetiver grass in slope protection. Conduct workshops involving policy makers, and establish working groups to prepare policy briefs to feed into the policy making domain.	PMU/M&E Unit	Continue	
Fiduciary			
	Responsibility	Agreed date	Completion status
Project Management to apply to IFAD for increase in the Initial Application amount to USD 6 million.	PD/ FMS	31 st August, 2016	
PFS to be supplemented with additional necessary disclosures as per IFAD requirements	FMS	For the Financial Statements for the year ended 30 th June 2016 and annually thereafter.	
Accumulated Interest on Bank Deposits to be deposited to Government Treasury	PD/ Concerned XENs	30 th September, 2016	
WA needs to be prepared as per the latest requirement of IFAD.	FMS	From WA 24 and on a regular basis thereafter.	
Project Management to seek support from TOMPRO Vendor to facilitate accurate data capture and improved financial reporting. The project management to inform IFAD on successful deliberation with the Vendor in this regard.	PD/ FMS	30 th September, 2016	
Comprehensive training to be given for all concerned (including the hitherto untrained District Accountants and AA s of Khulna and Madaripur, on a mandatory basis).	FMS	On a continuous basis, as per training needs assessed.	
Bank Reconciliation Statement to be prepared monthly as a mandatory practice across the project	District Accountants	Monthly	
Stale cheque in Barisal district office to be reversed	XEN/ Accountant - Barisal	31 st August, 2016	

Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Component/ Sub-component or Output/Indicator	Unit	P.Year (January-17-June-2017)			Cumulative (January2013- June 2017)	Total		Remarks
		AWP&B	Actual	%	Cumulative Actual	DPP Target	%	
Component1								
Union roads upgraded to climate resilience scenario- B category	km	51.00	15.00	29.41	59.46	94.69	62.79	27.60 km are under construction. Cumulative physical & financial progress is 77.41% & 67.34%
Union roads upgraded to climate resilience scenario- C category	km	22.00	0.00	0.00	20.00	29.79	67.14	9.79 km are under construction. Cumulative physical & financial progress is 65.21% & 54.62%
Village roads upgraded to climate resilience (BC road)	km	60.00	20.00	33.33	157.03	224.32	70.00	29.36 km are under construction. Cumulative physical & financial progress is 74.35% & 63.89%
Village roads upgraded to climate resilience (RCC Road)	km	35.00	10.00	28.57	12.40	52.24	23.74	39.84 km are under construction. Cumulative physical & financial progress is 55.63% & 45.21%
Village roads upgraded to climate resilience (Block Road)	km	0.00	0.00	0.00	0.00	5.00	0.00	No Block road is taken for development
Large Bridges on Union and Village roads are built to climate resilience standards.	m	35.00	0.00	0.00	60.00	135.00	44.44	75 m are under construction. Cumulative physical & financial progress is 66.36% & 54.63%
Bridges and Culverts on Union and Village roads are built to climate resilience standards.	m	1200	362.01	30.17	1441.84	2004.24	71.94	425.62m bridges are under construction. Cumulative physical & financial progress is 68.52% & 60.21%

Component 2

Improvement of Community markets (Special Markets).	Nos	3	0	0	0	4	0	4 number of special markets are under construction. Cumulative physical progress is 70%.
Improvement of Community markets (Large Packages).	Nos	3	3	100	33	33	100	All markets are completed

Improvement of Community markets. (Small Packages)	Nos	54	30	55.56	106	148	71.62	39 number of small markets are under construction. Cumulative physical and financial progress is 85.22% & 80.00%
Improvement of Women Market Sections(WMS)	Nos	11	4	9.09	5	14	35.71	5 number of women market section are under construction. Cumulative physical and financial progress is 75% & 70%
Improvement of Landing Stages (ghats)	Nos	7	15	57.14	15	40	37.50	6 number of ghats are under construction. Cumulative physical and financial progress is 84% & 74%
Improvement of Collection Centres	Nos	2	0	0	0	5	0	No collection centre is undertaken because of non-availability of land

Component 3

Component/		P.Year (January-17-June-2017)			Cumulative (January 2013 - June 2017)	Total		Remarks
Sub-component or Output/Indicator	Unit	AWP&B	Actual	%	Cumulative Actual	DPP Target	%	
Groups managing infrastructure formed/strengthened	Number	10	10.00	100%	400	390	103%	LCS groups
People trained in infrastructure management	Male	50	25	50%	1750	1000	180%	Technical and social training for LCS
	Female	350	175	50%	4383	4000	109.57%	
People trained in income generating activities	Male	50	25	50%	480	400	120%	IGA training - vegetable gardening, livestock, fisheries
	Female	350	175	50%	1906	1500	127.06%	
Rural radio initiatives: Listening club member	Nos	2500	2500	100%	2500	2500	100%	100 clubs with 25 people in each Club. No more clubs are formed.
BUET's Research studies Garbage Management, Independent Construction Quality Protocol and Monitoring and climate Resilient	Nos	3	3	100%	3	3	100%	Implementation is going on. (Same as before)
Baseline monitoring and MTR of rural radio initiative	Nos	2	1	50%	1	2	50%	Baseline study has already been done. No more study was undertaken

Appendix 5: Financial management and fiduciary aspects

Table 5A: Financial performance by financier (as per 30th June 2017)

Figures in USD'000

Financiers	Approved Amount 1/	Approved Amount 2/	Disbursed	Percent disbursed
IFAD Loan 896	39,500	36,697	31,237	85.12
IFAD Additional Loan 1457	19,500	20,036	3,855	19.24
IFAD Grant 1445	1,000	928	685	73.82
ADB Loan 8258	20,000	20,000	12,896	64.48
ADB Loan 2913	20,000	20,000	12,487	62.43
ADB Grant '0310	10,000	10,000	6,252	62.52
KFW Grant	8,800	8,800	8,257	93.83
Government 3/	31,200	31,200	14,583	46.74
Total	150,000	147,660	90,135	60.09

1/For IFAD Funds Original Exchange Rate SDR1 = USD1.51

2/ For IFAD Funds Average Exchange Rate based on IFAD Historical Records
SDR1 = USD1.406

3/ Government additional committed USD10.0 million is not included in the approved amount

Peoples Republic of Bangladesh
Climate Change Resilient Infrastructure Project
Mid-term report - Mission dates: 15 – 28 July 2017
Appendix 5: Financial management and fiduciary aspects

Table 5 B : Financial performance by component up to 30th June, 2017																					
Component	IFAD LOAN			IFAD ADDITIONAL LOAN			IFAD GRANT			GOVERNMENT			ADB			KfW			Total		
	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%	Allocation (USD'000)	Actual Disbursement (USD'000)	%
Comp 1 -Improved Road Connectivity	31,122	21,430	68.86	17,980	1,856	10.32	0	0	-	18,000	6,510	36.17	28,600	10,750	37.59	0	-		95,701	40,546	42.37
Comp 2- Improved Market services	4,366	4,694	107.50	1,541	133	8.62	0	0	-	3,500	2,381	68.04	9,200	5,278	57.37	7,200	5,670	78.75	25,807	18,157	70.35
Comp 3-Enhanced Climate change adoption capacity	185.8	428	230.20	102.74	0	-	928	456	49.17	1,800	57	3.15	800	102	12.77	300	215	71.51	4,116	1,257	30.54
Project Management	1,023	1,532	149.74	413	0	-		0	-	6,500	5,077	78.11	10,700	6,073	56.76	1,300	763	58.72	19,936	13,445	67.44
Interest during implementation										1,400	-		700						2,100	0	
Sub-total Expenditure	36,697	28,083	76.53	20,036	1,989	9.93	928	456	49.17	31,200	14,025	44.95	50,000	22,204	44.41	8,800	6,648	75.55	147,661	73,405	49.71
Balance of Advances		3,154			1866			229			558			9431			1609			16,847	
Total	36,697	31,237	85.12	20,036	3,855	19.24	928	685	73.82	31,200	14,583	46.74	50,000	31,635	63.27	8,800	8,257	93.83	147,661	90,252	61.12
Exchange Rate Used USD1=BDT82.00																					
Exchange Rate Used USD1=BDT1.406																					

Table5C: 1st Loan: disbursements (in SDR - up to 30th June 2017)

Category	Category description	Allocation	Disbursement	W/A Pending	Balance	%
075018	Initial Advance		2,736,244		-2,736,244	-
122444	Civil Works	22,300,000	18,623,285	-	3,676,715	83.51
122445	Vehicles and Equipment	400,000	197,652	-	202,348	49.41
122446	Consulting Services	600,000	392,620	-	207,380	65.44
122447	Studies Training and Workshop	200,000	265,316	-	-65,316	132.66
122448	Unallocated	2,600,000		-	2,600,000	-
Total		26,100,000	22,215,117	0	3,884,883	85.12

Exchange Rate Used for WA Pending SDR1 = USD1.406

Table 5D: 2nd Add'l Loan: Disbursements (in SDR - up to 30th June 2017)

Category	Category description	Allocation	Disbursement	W/A Pending	Balance	%
075018	Initial Advance		1,476,680		-1,476,680	-
122444	Civil Works	12,500,000	1,265,691	-	11,234,309	10.13
122446	Consulting Services	260,000		-	260,000	-
	Operating Costs	70,000		-	70,000	-
122448	Unallocated	1,420,000		-	1,420,000	-
Total		14,250,000	2,742,371		11,507,629	19.24

Table 5E: Grant disbursements (in SDR - up to 30th June 2017)

Category	Category description	Original Allocation	Disbursement	W/A Pending	Balance	%
55019	Initial Advance	-	149,111		-149,111	
122450	Studies Training and Workshop	600,000	317,841	19,986	262,172	56.30
	Unallocated	60,000		-	60,000	
Total		660,000	466,952	19,986	173,061	73.78

Appendix 6: Compliance with legal covenants: Status of implementation

Article/ Section of Financing Agreement	Covenant	Status	Remarks
Section B -6	There shall be two (2) designated accounts denominated in USD (collectively referred to as "Designated Accounts") opened in accordance with Section 4.04 (d) of the General Conditions by the Borrower/Recipient in a bank acceptable to the Fund, through which the Loan and Grant proceeds shall be channelled. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.	Complied.	
Section B - 7	There shall be two (2) project accounts (the "Project Accounts") opened by the Lead Project Agency in a bank acceptable to the Fund to receive and hold financing transferred from the Designated Accounts. There shall be twelve (12) district project accounts (collectively referred to as the "District Project Accounts") in the Project Area as defined in paragraph 1 of Schedule 1 hereto, to receive and hold financing transferred from the Project Account. The Borrower/ Recipient shall inform the Fund of the officials authorized to operate the Project Account and the District Project Accounts.	Complied.	
Section B - 8	The Borrower/Recipient shall provide counterpart funds for the Project in the amount of Thirty-one million and two hundred thousand United States Dollars (USD31,200,000), which shall finance inter alia Project-related staff salaries in the Lead Project Agency, operating cost of the Project and Project-related land acquisition and resettlement costs	Being complied on a continuous basis.	
Section E- 1	The following are designated as additional general conditions precedent to withdrawal: a) The Designated Accounts, the Project Accounts, and District Project Accounts as referred to in Section B shall have been duly opened; b) The Project Director and other Key Project Personnel of the Project Management Office (the "PMO") and Regional Project Offices as referred to in paragraph 7 and 6 of Schedule 1 hereto shall have been duly recruited by the Lead Project Agency; and c) The Project financial management system shall have been operational	Complied	
Schedule 1- II- 7- viii	The PMO shall prepare all reports including financial reports for all activities. It shall prepare quarterly reports and annual reports to be presented to the Fund, ADB and KfW..	Complied	

Article/ Section of Financing Agreement	Covenant	Status	Remarks
Schedule 1-II-11	For Monitoring and Evaluation, the PMO shall have a Monitoring Specialist and an assistant	Complied	
Schedule 1- II-14	The Fund, ADB and KfW shall carry out joint supervisions. Besides, the Fund/ADB/KfW annual supervision mission, an independent mid-term and final evaluation shall be conducted.	complied	Individual supervision missions are carried out by each financier.
Schedule 1 – II-16	The PMO shall prepare the Project Administration Manual (the “PAM”) and shall forward it to the Fund for comments and approval.	Complied	
GC Section 7.07	The Borrower/Recipient shall ensure that all facilities and civil works used in connection with the Project shall at all times be properly operated and maintained and that all necessary repairs of such facilities shall be made promptly as needed.	Complied	
GC Section 7.08 (a)	The Borrower/Recipient or the Lead Project Agency shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practices.	Complied	The project has no building in its ownership, hence this part not applicable
GC Section 7.08 (b)	The Borrower/Recipient or the Lead Project Agency shall insure the goods imported for the Project which are financed by the Financing against hazards incident to the acquisition, transportation, and delivery thereof to the place of use or installation in accordance with sound commercial practice.	Not Applicable	The project has no provision for importing goods from aboard.
GC Section 7.11	The Borrower/Recipient or the Lead Project Agency shall insure key project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is applicable.	Not complied	

Appendix 7: List of Documents to file on APR xdesk

Working Paper 1: CCRIP Component 1 – Improved Road Connectivity

Working Paper 2: CCRIP Component 2 - Market Development and Market Management.

Working Paper 3: CRIPP Gender Analysis

Working Paper 4: CCRIP Monitoring and Evaluation

Working Paper 5: CCRIP Financial Management and Fiduciary Aspects

Working Paper 6: Working Paper 6: CCRIP Economic and Financial Analysis MTR Update

	Audit Observations as per Audit Report		Audit Observations Settled		Audit Observations Outstanding		Details of Unsettled Observation	Actions taken for Unsettled Observation
	No.	Value	No.	Value	No.	Value		
		(BDT)		(BDT)		(BDT)		
2012-13	1	-	1	-	-	-		
2013-14	8	24,391,119	6	23,106,619	2	1,284,500	Appointment of Individual Consultant and contract for earth work of Union Road beyond DPP	DPP has been revised recently to include these items and broadsheet reply dated 25/7/2017 has been provided to FAPAD
2014-15	6	10,661,980	4	4,297,908	2	6,364,072	Loss of BDT5,694,091 for salvage materials; Appointment of Field Monitoring Officers beyond DPP	BDT 2.8 million has been recovered from the contractor and deposited to GOB account. Other documents to support actual value has been provided to FAPAD to confirm acceptance of action taken and waive the balance of observation; for the FMOs, DPP has been revised recently to include this provision
2015-16	3	14,206,419	-	-	3	14,206,419		Documents being gathered for submission to FAPAD
Total:	18	49,259,518	11	27,404,527	7	21,854,991		

Appendix 9: Fiduciary risk assessment

Financial Management Assessment at Supervision – Guidance Questionnaire^{13/14}

Country: Bangladesh	Loan: 896 Grant No: 1445
Project Name: CCRIP	
Executing Agency; LGED	CPM: Mr. Benoit Thierry
Reviewing Finance Officer/FMS: Edilberto Angeles	Date of this review: 17 July to 23 July 2017

	July 2016 Assessment	July 2017 Assessment	
Topic	Risk Rating (H/M/L)	Risk Rating (H/M/L)	Issues / Comments / Recommendations
A. B. Inherent Risks			
C. D. Control Risks			
1. Organization and Staffing			
a. Adequacy of organizational structure to meet functional needs of the project.	L	M	Organization Structure of the Finance Function exists. However, the maintenance of TOMPRO accounting system is undertaken by Field Monitoring Officers instead of Accounts Assistants (AA). AAs maintain the accounts manually.
b. Availability of clear job description for key project positions, including fiduciary positions.	L	L	Yes, clear job descriptions are available
c. Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	L	M	Needs to train all the AAs and assess their capability to operate TOMPRO, otherwise the PMO should hire competent AAs at the district level to process CCRIP accounts in TOMPRO.
d. Availability and adequacy of operating manuals and guidelines for staff.	L	L	Project Administrative Manual exists which have sections on (a) Financial Management and Procurement (b) Disbursement (c) Procurement Management and (d) Financial Management Arrangement.

¹³ This questionnaire should be used as guidance for and in support of the Summary Project Fiduciary Risk Assessment at Supervision. It is to be completed during the Mission.

¹⁴ Include relevant findings of project supervision and progress reports, field visits, and audit report findings.

e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	L	L	The project has two types of employees, one from the regular government rolls and the rest being project staff engaged on contractual basis. Performance Evaluation of government employees are done in accordance with government rules. Performance evaluation for project employees is restricted to UISE staff only.
f.	Adequacy of health insurance coverage for all staff (where applicable).	M	M	Not done from project
g.	Timely payment of social security fees (where applicable).	M	M	GOB staffs get provident fund benefits. Provident funds are deposited in government treasury against respective individual government employees' name. Project staff are not entitled to such benefits.
h.	Staff adequately informed about IFAD's national and anti-corruption policy and relevant contact details.	L	L	Senior staff are aware of this and such knowledge have been disseminated down the line.
2. Budgeting				
a.	Timely preparation and approval of AWPB.	L	M	AWPB 2017 was submitted to IFAD only in January 2017.
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	L	Yes
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	L	L	Yes
d.	Linkage between AWPB and Procurement plan are identified (for cost estimate and activities). Check assumptions to support cost estimates. Test check high value items.	L	L	Done. Our review on test basis yielded no issue in this regard.
3. Fund flows and Disbursements / Withdrawals				
a.	Timeliness of funds disbursed by different sources (and co-financiers funding if applicable).	L	L	Funds are disbursed by all financiers on time.
b.	Timeliness of counterpart funds disbursed.	L	L	These are disbursed on time and there is no issue in this regard.
c.	Efficiency of the funding channels. Timeliness and traceability of funds flows.	L	L	Yes
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	NA	NA	No such case.
e.	Special Account(s)/Dedicated Account(s) Management, Disbursements.			
i)	Adequacy of the authorized allocation to ensure a smooth flow of funds	L	L	Yes.

	ii) Appropriateness of disbursement methods used	L	L	Mostly reimbursements, direct payments have been used in very few cases.
	iii) Adequacy of documentary support for SOE disbursements, reimbursements, direct payments, and Special Commitments and complete, reflecting finding in rating).	L	L	Yes, documentary evidence adequate.
	iv) Timely preparation and accuracy of Withdrawal Applications	L	L	WA found to be timely and have been checked by the PMO for the accuracy against the SOEs.
	v) Authorization of WA preparation.	L	L	Appropriately authorized. Done by the PD.
	vi) Status on expenditures withdrawn from Special Account but not yet claimed for replenishment (old cases to be noted)	L	M	One case for USD30,941.13 under category 4 under grant dated 11 December 2014 was not replenished nor adjusted. The PMO will follow up with IFAD. Another case, for USD13,691.04 under Category 4 under 1 st loan particularly training, was not replenished as this category has been overspent beyond the 130% limit. The PMO is now doing the reallocation of allocation by category to accommodate this expenditure as well as future training expenditure in the category 4.
	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the reconciliations	L	L	The advance under the grant per IFAD records SDR213,821.53 while actual total advances received by the project is SDR149,111.32. This affected also the amount recorded by IFAD for the Category 4. The mission advised the FMS to inform IFAD for reconciliation of the amount of advance recorded.
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	L	L	The mission noted that the actual expenditure against budget is updated using SIMES; However, the budget needs to be monitored from the disbursement level. The Finance was advised accordingly.
	ix) Recovery of SA balances by loan closure	NA	NA	Not Applicable at this stage.
4. Internal Controls				
a.	Segregation of duties - are the following functional responsibilities performed by different units or persons: (i) authorization of a transaction (ii) execution of a transaction (iii) recording of the transaction; and (iv) custody of assets involved in the transaction.	L	L	Yes
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project	L	L	Payment process is adequately documented in the

	implementation reflected in the Financial Manual (or equivalent there-of).			files.
c.	Adherence to Financial Manual.	L	L	Adherence to the relevant financial and procurement section of the Administrative Manual is adhered to.
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	L	Internal control exists for funds received from ADB and KfW, the other two financiers of the project.
e.	Adequacy of contract management (use of contracts registers and monitoring form) and filing there-of.	L	L	Contract Registers are kept and regularly updated. All information required by the Contract Payment Monitoring Form (CPMF) are available in TOMPRO.
f.	Effectiveness and efficiency of internal controls over expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.)	L	L	Controls on payments for goods and services exist.
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	L	L	Yes, documentary evidence available.
h.	Physical controls over cash, documents, and records. Adequacy of filing systems. Is the petty cash subject to monthly reconciliation as well as surprise checks; custody of cash box and control of keys.	L	L	No cash transaction takes place in the project.
i.	Adequacy of physical management of cash.	L	L	Not Applicable.
j.	Timely payment to suppliers and consultants.	L	L	No issue arose in this respect. Payments are made on time.
k.	Eligibility of expenditures with respect to Financing Agreements.	L	L	2015-2016 audit reports provided some observations which need resolutions by the PMO with FAFAD.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	L	L	Advances are paid to LCS only. No advances are paid to the contractors. Adjustment of LCS advances are normally done timely.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	L	L	Mostly complied.
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	L	L	Scope of improvement of Fixed Assets register exist in a few locations.
o.	Adequacy of controls concerning project assets including: i) Vehicle and other assets management (are assets property tagged, is a physical inventory count done on a regular basis?) ii) Fuel management (do drivers maintain a log book?) iii) Travel authorisations (incl. DSA paid to staff)	M	M	Physical verification needs to be done at least once in a year. Yes, log books exist. Authorization process exists and is found to be adequate.

p.	Adequacy of vehicles and assets insurance.	L	L	Motor Vehicles are insured.
q.	Workshops: i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	L	L	Relevant documentary evidences exist.
r.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management) / and other operational accounts – non-special account.	L	L	Adequate controls exist in this respect.
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	L	L	Bank Reconciliations are prepared on a regular basis across the project
t.	Existence of a proper IT support unit in place.	L	L	One IT support staff from MSC Consultants (ADB sponsored component) gives support on an overall basis to the project.
5. Accounting				
a.	Basis of accounting (cash, accrual) and whether accounting standards are in line with IFAD's requirements (e.g. IFRS/IPSAS/IPSAS cash).	L	L	Modified Cash basis of accounting is being followed.
b.	Adequacy and reliability of accounting system, (is double entry accounting used, specify software used, is budget data entered into the accounting system, can the accounting system produce regular automated financial reports?).	M	M	The new accounting software TOMPRO is a double entry system. The PMO will provided training at the district level for monitoring of budgets in TOMPRO.
b.	Recordkeeping (including documentation and filing/archiving)	L	M	Adequate documentation exists in the district offices and PMU. However, this is done manually at the district offices and financial data inputted separately in TOMPRO. This must change where financial transactions including voucher preparation must be process in TOMPRO.
c.	Fixed assets register maintained and reconciled (sample and physical check).	M	M	Sample checked and found to be in order. Scope exists in the improvement of Fixed Assets Registers such as provision for asset identification number and annual physical check.

d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	L	M	The MIS is currently maintained in TOMPRO software. However, processing of financial transactions should likewise be done in TOMPRO in addition to the manual entries in the cash register as required by the GOB> Back-ups are made on Flash Drives/ CDs/ Portable Hard Disks. Back up in flash drives are taken in district offices which should be discontinued and back-ups should only be taken in CDs or removable hard disks.
e.	Adequacy of chart of accounts for project accounting purposes	L	L	Adequate
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	L	L	These aspects are well controlled.
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	L	L	Records in respect of Government Counterpart Contribution are maintained properly. Beneficiaries' contribution is not a part of the total project finance of the project.

6. Financial Reporting & Monitoring

a.	Completeness, accuracy, usefulness, and timeliness of financial reports.	M	M	Financial Statements do not disclose the accounting policies, the information on AWPB vs actuals, balance sheet and cumulative status of funds by category. Audited Financial Report for the year for 2015-2016 were sent 3 January 2017.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	M	M	No interim financial reports are sent to IFAD, only annual Financial Statements are sent
c.	Preparation of reports showing actual vs budget income/expenditure and AWPB execution rate.	M	M	These are not disclosed in the PFS and this information should be supplemented along with the FAPAD format accounts.
d.	Follow up of previous aide-memoirs fiduciary recommendations.	L	M	Mostly all recommendations have been implemented and the balance recommendations are being worked on.

e.	Reasonable alignment between disbursement rate of recurrent versus investment cost categories.	L	L	Overspent in Category IV Training. PMO will propose for Reallocation by Category of Expenditure.
7. Internal Audit				
a.	Existence of Internal Audit arrangements.			.
b.	Adequacy of internal audit arrangements (organization - staff capacity).	L	L	<p>The office of Internal Audit Section of LGED carried out the internal audit of the project for the period July 2013 to March 2015 and issued a report on 21st April 2015, being the first internal audit of the project.</p> <p>The Internal Audit for the period April 2015 to June 2016 have been completed but the report will have to translated in English.</p> <p>The scope consisted of review of internal controls, the safeguard and control over assets and the review of books and records and financial statements.</p> <p>The books and records were reported to be in order and in the opinion of the internal auditors the financial statements presented a true and fair view.</p> <p>The internal controls were reported to be satisfactory. The comments of the management against findings were incorporated in the internal audit report. No major findings were noticed</p>
c.	Adequacy of internal audit scope of work and quality of reports.			
d.	Assessment of matters raised in audit reports.			
8. External Audit¹⁵				
a.	Adequacy of scope and ToR.	L	L	Audit is done by FAPAD in line with the TOR
b.	Adherence to ToR.	L	L	
b.	Timeliness of audit report.	L	L	Was given on 3 January 2017. FAPAD is not formally bound by a deadline within which they will issue the Audit Report
c.	Quality of audit.	L	L	Satisfactory, as reviewed by IFAD FMD
d.	Implementation of audit recommendations/agreed	L	L	The original 19 audit

¹⁵ Refer to IFAD audit review.

	action plan in place to address these.			observations were reduced to 3 during the exit meeting which are not being settled with FAPAD.
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Summary of Project Fiduciary Risk Assessment at Supervision¹⁶

	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk		N/A
Control Risks		
1. Organization and Staffing	M	
2. Budgeting	M	
3. Funds flow & Disbursement Arrangements	L	
4. Internal Controls	L	
5. Accounting	L	
6. Financial Reporting and Monitoring	M	The agreed actions as indicated in the Aide Memoire
7. Internal Audit	L	
8. External Audit	L	
Overall Project Fiduciary Risk	L	The PMO must comply with the agreed actions in the Financial Management Section to maintain this rating.
H=High, M=Medium, L= Low		
Comments: Actions as proposed to be taken by the Project Management immediately		

¹⁶ This is a summary of the findings documented in the 'Project Supervision Financial Management Assessment –

Appendix 10: MTR Mission schedule

CCRIP MTR Mission Schedule – July 15 to 28, 2017 (in Dhaka)

Date & Time	Activity	Location
Saturday July 15, 2017	Mission Assembles	Dhaka
Sunday July 16, 2017		
09:00AM – 09:45AM	Meeting with WFP	IDB Bhaban, Dhaka
11:00AM – 12:30PM	CPMT Meeting	ERD
01:00PM – 01:30PM	Lunch	LGED
02:00PM – 03:00PM	Meeting with PMU; Presentation of reallocation proposal and discussion of team responsibility	LGED
03:30PM – 04:30PM	Meeting with the Chief Engineer and other senior officials of LGED	LGED
Monday July 17, 2017		
11:00AM – 12:PM	Meeting with KfW	KfW Office
03:00PM	Depart for airport	
05:00PM	Flight: Dhaka to Jessore	
06:00PM – 08:00PM	Jessore to Khulna	Check into Hotel City Inn
Tuesday July 18, 2017 to Saturday July 22, 2017	Project site visits and meeting with beneficiaries	Field
Sunday July 23, 2017- Tuesday July 25, 2017	Other meetings and AM writing	Dhaka
Wednesday July 26, 2017	Discussion of AM and debriefing with PMU and LGED	Dhaka
Thursday July 27, 2017	Wrap up at the line ministry	Dhaka
Friday July 28, 2017	Mission departs	
Monday July 31, 2017	Submission of contribution to team leader	
Saturday August 5, 2017	Submission of final MTR report to IFAD	

Revised IFAD MTR Mission Field Visit Schedule -2017

Duration: 17 July to 22 July 2017

Coastal Climate Resilient Infrastructure Project

Date	Time (GMT+6)	Purpose
16.7.17	Sunday	CPMT meeting on 16th morning at ERD for CRCD
17.7.17 Monday		
	Afternoon	Travel to Jessore by Air
		Travel to Hotel City Inn, Khulna
18.07.17 Tuesday	7.00-10.00	Travel to Moutala Market, Upazila: Kaliganj; District: Satkhira
	10.00-11.00	Visit Moutala Market, Upazila:Kaliganj; District: Satkhira
	11.00-11.15	Travelling to Tarail Market
	11.15-12.00	Visiting Tarail Market and Access road Improvement
	12.00-12.30	Travel from Tarail Market to Nalta
	12.30-13.00	Lunch and Prayer at Nalta Radio Office
	13.00-14.00	Visiting Nalta Radio Station and ADB funded Nalta Market

	14.00-14.30	Travelling from Nalta Market to Shymnagar Munshigonj Market
	14.30-15.30	Visiting Munshigonj Market
	15.30-16.00	Travelling from Munshigonj to Gumontali Market, Upazila: Shyamnagar; District: Satkhira
	16.00-17.00	Visiting Gumantoli Market, Upazila: Shyamnagar; District: Satkhira
	17.00-20.00	Back to Hotel City Inn, Khulna
19.07.17 Wednesday	7.00-9.30	Travelling from Khulna Hotel to Chutukhar Hat, Sarankhola, Dist: Bagerhat
	9.30-10.30	Visiting Chatukhar Hat, Sarankhola, Dist: Bagerhat
	10.30-11.00	Travelling from Chatukhar Hat to Taltali Market, Upazila: Sarankhola, Dist: Bagerhat
	11.00-12.00	Visiting Taltali Hat, Upazila: Sarankhola, Dist: Bagerhat
	12.00-12.30	Travelling from Taltali Market to Morrelgonj Upazilla HQ
	12.30-13.00	Meeting with Upazilla Officials at Morrelgonj UPZ. HQ
	13.00-13.30	Lunch at UPZ HQ Morrelgonj
	13.30-14.15	Travelling from Morrelgonj HQ to Jiudhara Market
	14.15-15.15	Visiting Jiudhara Market, Upazila: Sarankhola, Dist: Bagerhat
	15.15-18.30	Travelling from Jiudhara Market to Khulna City Inn Hotel via ADB funded Abduller More Road at Terokhada Upazilla, Khulna district
20.07.17 Thursday	7.00-10.00	Travelling from Khulna to Lakondi Bazar, Upazila: Rajoir, Dist: Madraipur
	10.00-11.00	Visiting Lakondi Bazar, Upazila: Rajoir, Dist: Madraipur
	11.00-11.45	Travelling from Lakondi Bazar to Bairagir Bazar, Upazila: Rajoir, Dist: Madaripur
	11.45-12.45	Visiting the Bairagir Bazar and road development work; Upazila: Rajoir; District: Madaripur
	12.45-13.15	Lunch at Bairagir Bazar
	13.15-14.00	Travelling from Bairagir Bazar to WAPDA Market, Upazilla: Kotalipara, District: Gopalganj
	14.00-15.00	Visiting WAPDA Market, Upazila: Kotalipara, Dist: Gopalganj District
	15.00-15.20	Travelling from WAPDA Market to Suagram Market, Upazilla: Kotalipara, Dist: Gopalganj
	15.20-16.20	Visiting Suagram Market, Upazila: Kotalipara, Dist: Gopalganj
	16.20-19.00	Travelling from Suagram to Hotel Grand Park, Barisal HQ via ADB funded Paisar Hat

		Night halt at Grand Park Hotel
21.07.17 Friday	7.00-8.00	Travelling from Barisal to Bhola by Speed boat and arrival at Veduria ghat
	8.00-10.30	Travelling from Veduria Ghat to Bangla Bazar, Upazilla: Charfession, Dist: Bhola
	10.30-11.30	Visiting Bangla Bazar, Upazila: Charfession, Dist: Bhola
	11.30-12.30	Back to Charfession Upazilla HQ and Meeting with UPZ Officials
	12.30-13.00	Lunch at Charfession Upazilla HQ.
	13.00-13.45	Travelling from Charfession to Janata Bazar, Upazila: Lalmohan, Dist: Bhola
	13.45-14.45	Visiting Janata Bazar, Upazila: Lalmohon, Dist: Bhola
	14.45-15.30	Travelling from Janata Bazar to Manikerhat, Upazila: Borhanuddin, Dist: Bhola via ADB funded Road (Kortar Hat road)
	15.30-16.15	Visiting Mainkarhat, Upazila: Burhanuddin, Dist: Bhola
	16.15-17.15	Travelling from Manikarhat to Veduria Ghat
	17.15-18.00	Travelling from Veduria to Barisal by Speedboat
22.07.17		Night halt at Grand Park Hotel
Saturday		
	7.30 to 9.30	Travelling from Barisal to Awarhat, Upazila: Banaripara, Dist: Barisal
	9.30 -10.30	Visiting Awarhat, Upazila: Banaripara, Dist: Barisal
	10.30-11.00	Travelling from Awarhat to Padmabunia Bazar
	11.00-12.00	Visiting Padmabunia Bazar, Upazila: Banaripara, Dist: Barisal
	12.00-13.00	Travelling from Padmabunia to Banaripara Upazilla HQ, Upazila: Banaripara, Dist: Barisal
	13.00-14.00	Meeting with Upazilla Officials and Lunch at UPZ HQ.
	14.00-15.00	Travelling from Banaripara UPZ HQ to Post Office Bazar, Upazilla: Babuganj, Dist: Barisal
	15.00-16.00	Visiting Post Office Bazar, Upazila: Babuganj, Dist: Barisal
		Night halt at Grand Park Hotel, Barisal
23.07.17 Sunday	7.00- 7.30	Checking out and arrival at the Barisal Airport
	8.30	Departure for Dhaka by Bangladesh Airlines

Working Paper 1: CCRIP Component 1 – Improved Road Connectivity *(with some notes on Market and Ghat construction quality)*

Implementation status of Improved Road Connectivity and Improved Market Services components of the project are satisfactory and the project is expected to complete construction of all the planned infrastructures within project period.

Improved Road Connectivity

The mission was informed that 37.39 km of union and 79.2 km of village roads are at different stages of construction. Project management informed MTR mission about full achievement of DPP/RDPP provision and will require additional supports for this component, which will be completed within project period. Summary of observations of mission based on field visits in 19 sites are provided below.

Road Construction

Mission members visited 19 sites and observed that quality of roads (within and adjacent to markets, village, and union) is reasonably good. In few places, outlook of construction was uneven but test results for a site, conducted in KUET, was reviewed, and found satisfactory/ acceptable. The mission confirmed that tests for quality assurance are conducted in the laboratories of Bangladesh University of Engineering and Technology (BUET), Khulna University of Engineering and Technology (KUET) and LGED and reviewed by supervision consultants and field engineers. Field engineers were advised to ensure quality outlook of infrastructures.

Road shoulders and side slopes are less than agreed design requirement in most places. It was noted that this is due to non-availability of required land and constructing roads within allocated budget. These issues will require review by the project management. It was agreed that adequate lands to be possessed where possible for accommodating designed cross section of roads prior to floating tender for construction.

Landing stages (ghats): In the project area majority of people travel by boats. Construction of roads and improvement of markets have further increased their travelling to and from the markets. Requirement of additional number of ghats was claim to management in the sites visited by mission members. Project management has constructed 68% of ghats against DPP provision and is considering construction of additional number of ghats to facilitate easy access to markets. The claims are considered genuine and project management included more number of ghats in proposed reallocation of funds for remaining period of the project. The MTR mission suggested to increase construction of number of ghats from DPP provision and to complete during remaining project period.

Improved Market Services

Project management informed MTR mission about full achievement of DPP provision and remaining markets with relevant infrastructures will be completed within project period.

Market infrastructure: All infrastructures in the market constructed earlier, with share of lease value and under CCRIP funding should be coordinated by MMC and field engineers so that all sections have similar finishing. Drains constructed in most of the markets need improvement especially at junction points to avoid drainage congestion. Project management was advised to direct field engineers to follow appropriate drainage design criteria while constructing drains in markets and road sides.

Quality of constructed infrastructures: The mission was pleased to note that LGED has institutionalized design, implementation and supervision of construction works irrespective of project type. However, the design unit at headquarter consider specific requirements of projects. In case of CCRIP, there is “Check-list for climate resilience features” for infrastructures planned for implementation such as roads, bridges, culverts, drains, shoulders, side slopes, markets, growth centers and cyclone shelters. Compliance to environmental requirement is also essential and to be verified by Upazila and Executive Engineers prior to make payment to the contractor.

Success Story of LCSs

The LCSs are very active in implementation of their assigned jobs in CCRIP. With limited training offered by the project, LCSs earned confidence of the project management, field engineers and the society in delivering quality output in constructing infrastructures in markets and peripheries, and assigned earthworks. Field engineers reported that quality of earthworks carried out by LCS for village and union roads are better than those constructed by contractors. This is professional success for LCS members.

LCS members were destitute persons (mostly women) in the society and prior to their involvement in LCS were forced to do odd jobs including serving as domestic aides in neighbouring houses for very modest salaries. Some of the LCS members were interviewed by the MTR mission members and were informed that prior to their involvement with the project, they were unable to get two meals in a day regularly, and even had to starve sometime with all other family members including their children. The situation has changed after getting involved in project works as LCS member. With their earning as daily fees for working days and receiving share of profit after completion of contractual work with MMCs, they can ensure regular meals for them and their family members. Majority of LCS members invested profit money they received in IGAs related to agricultural activities.

In case of Rosi Boro, who worked as a LCS member in Suagram Bazar (MMC) in Upazila Kotalipara of district Gopalganj, she received wages of Taka 23,215 and profit of Taka 11,100 and took possession of a shop in Women's Section of the market. She earns Taka 600 to 700 per day and is maintaining good life. She is a school graduate and completed Secondary School Certificate (SSC) before becoming LCS member. After completion of LCS work, she completed Diploma in Homeopathy and Nursing Training. The LCS program helped her to become a respected member of the society.

Lessons learned: The LCS model implementing in CCRIP and supported by IFAD earlier completed projects is considered very effective in poverty reduction in remote areas of Bangladesh. Modest earnings by LCS members working in market and road construction provided them opportunities to support their families and to explore opportunities for investment in IGAs. Most of the LCS members were destitute women and used to work as domestic helpers. Profit money, received by LCS members were invested in activities liked by them to continue earning in future. They also send their children in schools, which were very uncommon before they were involved in LCS. Project personnel and affiliated NGOs provided training information to develop capacity of the LCSW members, which has become their valuable social capital. It has been mention above that one of the LCS members became homeopath and treating patients in local market (women section). In case of a previous completed IFAD supported LGED project (MIDPCR), one destitute woman became LCS member, invested part of fees and profits received in IGAs. Subsequently she changed her social status and became Union Council (UP) member, which is a prestigious status in the lowest level of local government. Therefore, it can be concluded that LCS model practiced in earlier projects and implementing in CCRIP may be suggested to adopt by GOB for poverty reduction program.

The project follows institutionalized procedure of construction supervision. Upazila Infrastructure Supervision Engineer is responsible for supervision, quality control and measurement of all works executed by LCS and keeps record in the site order book. The Upazila Engineer is responsible for supervision, quality control and measurement of all works executed by contractors and LCSs. District level LGED staffs cooperate closely with Upazila level staff and Senior Assistant Engineers (CCRIP) with regards to supervision, quality control, and measurements of works to ensure implementation in line with LGED standards and guidelines. In addition, PMO and consultants under the leadership of the Project Director supervise and monitor implementation of all the activities and ensure quality of works.

The mission was informed that construction guidelines for infrastructures are well considered during construction and are verified by project implementation personnel and supervision consultants. Field engineers are fully aware of the steps to follow for quality construction following the steps to ensure completion of infrastructures as per design. Supervision is provided by a senior engineers.

Infrastructures constructed and resilience to climate change: The project has special features for climate resilience and considered requirements in designing infrastructures to face consequences of climate changes after 20 years from the present situation. Therefore, the project is implementing infrastructures considering increase of monsoon rainfall and sea level rise scenarios for the next 20 years and accordingly designed roads, cyclone shelters, markets, bridges and culverts. Following climate resilient features, levels of roads, bridges, culverts, and markets are raised by 0.8 meter from the highest flood level (FHL) if the project is not protected by embankments (within polders). If the project is within polders, then the infrastructures are designed with 0.6 meter above FHL. The project has prepared “Check-list for compliance of climate resilience features for road works and for growth centers, markets and cyclone shelters. It has been made mandatory to certify by Contractors, Upazila and Executive Engineers that the climate resilience features have been fully complied at the work site. The mission found the project is committed to build climate change resilient infrastructures.

The project has improved connectivity to cyclone shelters constructed so far and repaired under CCRIP or constructed earlier by LGED. Mission visited some cyclone shelters and observed that connecting roads are in better position and the shelters are used as schools and community centers. There are separate toilets for male and female and water supply facilities are existing.

Plantation along road sides and market periphery: Achievements of the vetiver grass plantation program alongside slopes of roads and in market periphery are encouraging, but needs further improvement to complete planned activities agreed in DPP. Plantation of vetiver and other grasses in side slopes of roads have been initiated in several places and will be extended in all the sites. However, the side slopes are inadequate in most places. It was mentioned in the Aide Memoire of 2016 Supervision that advantages of using vetiver for earth retention and slope stabilization will be analyzed, which made substantial progress. Further progress is expected during the coming months and conclusive finding may be available for review by the forthcoming supervision mission.

Outputs and Outcomes: Improved Road Connectivity and Improved Market Services components of the project will achieve desired physical outputs. These components have already demonstrated contributions to development objectives, such as communication improvement in the project area and increase in movement of people. Improved communication network and marketing facilities are facilitating income generating activities, agricultural production of poor people especially through LCS approach and subsequently to livelihood improvement.

Working Paper 2: CCRIP Component 2 - Market Development and Market Management

This working paper on markets, market management and value chains describes the progress and results of component 2 of CCRIP. Every subtheme starts with a reflection on the project's rationale and activities included at project design, it continues with a summary of the findings up to midterm review and concludes with lessons learned and recommendations

Markets

Project design.

The project design report presents the following rationale to include a component on market construction in the project. Namely, it concludes that poor road and market infrastructure limits access to larger markets, increases cost of production because of higher input and transportation costs, and lowers prices due to remoteness. To improve the livelihoods in the project area, the project proposes to construct:

- (i) roads who connect markets to main roads and thus facilitate the distribution of locally produced good to new markets;
- (ii) markets with adequate facilities for exposing and storing goods to boost sales and consequently production;
- (iii) collection points enabling a decrease in production losses and transportation costs for farmers and facilitate linkages with buyers; and
- (iv) storage facilities enabling farmers and producers to store part of their production waiting for higher market prices and enabling them to change their distribution pattern and to increase their production.

Project activities are rolled out in 32 upazilas in 12 districts. During the final project design, the upazilas to be included in the project were selected through an extensive selection process. Namely, they were selected based on the following criteria: 1) percent of population below poverty line, 2) agricultural labour rate, 3) vulnerability to tidal surge, storm, floods, and river erosion, 4) remoteness, 5) percentage of paved road vs. total road, 6) road density by population, and 7) percentage of undeveloped markets. In these upazilas there are on average 30 markets located (smallest number was 9 markets and highest number 92 markets) and the demand for upgrading the markets in the upazilas was quite high. Final selection was based on a set of basic selection criteria (vulnerability to river erosion, availability of Khas land, buy-in of market stakeholders, agreement with UNO to share lease amount) and secondary criteria (potential for women to participate, stakeholders' willingness to share a part of the development costs & stakeholders willingness to reserve a part of all sections for temporary sellers). The final IFAD design mission validated the sides to expedite implementation. Table 1¹⁷ includes the type of markets identified at project design and proposed intervention for each type of market. Project design observed that garbage sheds are often to small and waste management facilities are not adequate. They therefore propose to construct them on the markets.

Table 1: CCRIP Markets Types

	Markets types identified at project design	Proposed upgrading
<u>Type I:</u> <u>Special</u> <u>market:</u>	Market that needs unique infrastructure such as large ghat and fish shed in order to upgrade the market.	One or two unique infrastructure and infrastructure commonly allocated for a large market; The project selects a few special markets in the whole project area.

¹⁷ Source: Annex 5 CCRIP project design document pp. 36-37.

<u>Type II: Medium markets</u>	Several (3-5) markets are locally considered 'large markets' with often more than 100 permanent shops, several hundred small temporary sellers assemble during two haat-days every week to do business; and organize cattle market. Large markets act as assembly markets, which serve 10 to 20 villages, where farmers bring their commodities on haat-days and outside (from the same or other Upazilas or districts) buyers (called bepari) come to buy agricultural commodities to 'export' to other districts.	Subject to availability of land, a large market under CCRIP can receive the following package of infrastructure: a) A fish shed; b) multi-purpose shed; c) an open raised platform; d) internal paved roads; e) internal drainage and garbage collection pit; f) toilet block; g) women section (6-8 shops); h) a ghat, if at the bank of river/canal; and i) paved truck parking area. The project selects one large market in each Upazila, which is strategically located
<u>Type III: Small markets</u>	Smaller rural markets may have 5-50 small shops, may or may not have haat-days, and serve small population of 2-5 villages. Smaller volumes of commodities are transacted in these markets but have potential to grow to bigger markets, if developed.	Subject to availability of land, a small market under CCRIP can receive the following package of infrastructure: a) one to two multi-purpose sheds; b) open platform; c) toilet block; d) internal road and drainage; e) ghat and or truck parking space. The project selects 5-8 smaller village markets that serve 3-5 villages, connect to large markets
<u>Community collection points</u>	The community collection points are not formal markets but informal places - often on the sides of road, bank of rivers/canal etc., where farmers call the buyers with vehicles to collect fish, vegetables and other commodities. This allows the farmers to harvest and sell every day and need not to go to markets or wait for haat-days. Although these places are important and convenient business places but there is no infrastructure such as shed, truck or boat-ghat to convenient keep, load or unload commodities.	Subject to the needs, a community collection point may receive the following infrastructure: a) ghat, if next to a river/canal; b) paved truck parking space for three trucks; and c) a raised platform or simply paved space with or without shed. The project selects a few conveniently located community collection points, which are already used by the local communities.

Project design reports that value chain development in the project area is constrained by inadequate access to inputs, access to finance and suboptimal market and storage facilities. Moreover, underdeveloped transportation and marketing infrastructure in the project area limits the increase in local agricultural production and sales. Consequently, production is sold directly after harvest for suboptimal prices. Also, absence of sustainable and profitable agricultural services in remote villages thus affect value chain development.

Progress and field observations.

Table 2: Project progress per year

	2015	2016	2017 (midterm)
<u>197 community markets</u>	0	112	139
<u>15 women's sections</u>	0	1	5
<u>38 ghats built</u>	0	1	15
<u>5 Community collection</u>	0	0	0

Table 2 provides information on the progress of market construction. In 2015, the first supervision mission was concluded. This mission noted that the construction of the markets was on track yet provides some technical recommendations on market construction. The 2016 supervision mission did not have any significant technical recommendations and emphasised fine-tuning the proposed interventions in the markets so they better serve the needs of market users. The 2016 mission notes -

which is also observed by the MTR mission, that project- interventions are mostly serving retail traders whilst the markets also fulfil a wholesale function. For that reason, the 2016 recommended to include the construction of truck stands as a project activity. Unfortunately, due to the unavailability of land the project was not able to follow up on this recommendation.

Project infrastructure is constructed on “khas” land which is government owned land in the rural areas. In some cases, this was topped-up with donated land. Unavailability of khas land restrains the project to execute all the project activities included in design like the construction of community collection points. Land acquisition is not possible under the current design and during the MTR wrap-up meeting the LGED secretary underlined that the organization will not be able to commit to land acquisition. This is firstly because khas land is unavailable. Secondly, LGED suggested land acquisition would inflate land prices and could unleash claims around –khas- land. In some cases, the project had to chop trees to construct the markets. CCRIP replanted 7.2 KM of trees to make up for these losses.

Ghats, or boat landing platforms, are examples of specialised infrastructure constructed by the project. With the project area being a large delta area, and the fact that there is more than 1000 miles of water along the 12 southern coastal areas a considerable amount of goods is transported over water.¹⁸ Some of the retailers interviewed by the mission stated that they purchased their goods from floating markets and ghats therefore increasing accessibility of markets. Moreover, the mission also observed that ghats are sometimes used as informal collection points for boat traders.

The project contributed to female participation in (off-farm) activities through construction of the Women Market Sections (WMS) for female entrepreneurs and by offering dedicated women’s sections in the sheds. Before the construction of the WMSs, the project verified if land was available and whether women entrepreneurs are present in the region. Subsequently, the final shop traders were selected and formed an LCS to construct the section. The rationale behind this is that they can use their profit share to invest in their own business. Moreover, the PMU made this decision to avoid that the shops were taken over by local elites or the husbands of the entrepreneurs. The sections in the markets had thriving enterprises included a pharmacy, bakery, beauty salon, a handicraft shop, tea & sweets shop. Women traders appreciated these interventions and stated they felt more secure working in the designated areas.

As mentioned earlier, project design noticed that some market places are polluted and not well maintained. The project therefore constructed waste bins in the market places. Although the mission noted that most of the markets are relatively clean, sustainable and long-term waste management remains an issue. Namely, after waste has been collected at the market places by sweepers, often it will be dumped in (nearby) yards or rivers. For that reason, a study is conducted by the Bangladeshi university BUET to identify sustainable waste management modalities in the markets. Recycling and reuse are two options mentioned in the study. Separating biodegradable and non-biodegradable waste is another option mentioned to create amongst other bio-gas.

Toilet facilities have been constructed in all markets and individual markets developed their own bin and toilet management processes. A good practice on toilet facilities management include when a designated person is tasked with cleaning the facilities and receives a small amount in return. In some other cases, the local mosque used the facilities. Less recommendable is when toilets facilities are locked keys are given to local merchants. This excludes other market users from using the toilets. The fact that many markets are connected to water was the most appreciated intervention by market users surveyed in the opinion study. This is an unintended outcome of the project. Namely, with the construction of toilets, the markets also installed tube wells. Before the project started, there was on average one tube well available at the market which is not enough to serve an entire market. On top of that, most of the tube wells are often found to be out of order. With the installation of tube wells, water supply increased in most of the markets.

The pictures below show how the market development took place over the last couple of years. The footage is of the Postoffice bazar, which was visited by the mission on Saturday 22 July 2017 just after the weekly livestock hat day finished. Wednesday was the second hat day of the market. The

¹⁸ See: opinion survey of market participants on physical facilities developed by the project.

market is in the Babuganj upazila of the Barisal district. It consists out of a retail, wholesale and livestock session and handed over to the Market Management Committee in 2015. The current MMC was in place for 1 year and market lease value was BDT 650.000. According to the MMCs, 70% of the traders in the market were local smallholders while 30% were permanent traders. The leaseholder collects a fee on hat days while the traders' association do so on the other days.

The first picture shows the market in 2013, before the construction of the market took place. Over the following years, 2014-15 the project sheds are being constructed. It is clearly seen that additional private infrastructure is constructed the surroundings of the markets 2016-2017. Stakeholders interviewed by the mission supported this visual finding and state that additional private investments took place around the market over the last couple of years.

2013&2014



2015&2016



2017



Although it is difficult to conclude that the market expansion as noted above can be directly attributed to project interventions the mission typifies CCRIP markets are small rural growth centres. The mission noted the following “symptoms” supporting this typology. First the number of costumers, traders and goods traded in the markets increased. According to an (unrepresentative) CCRIP outcome study of markets, the number of permanent shops increased with 74.45%, floating/ temporary shops increased 45.71%, commodity trade increased 60% and number of customers increased an average of 1000 persons.¹⁹ Second, lease value of markets increased with 61% following a study on lease modalities²⁰. Third, the mission noted an increase in the number of input providers active in the markets. Fourth, local traders stated that their transaction costs decreased as produce is available near the markets. Finally, private investments like private truck stands or factories near the markets increased.

Site selection seems key in order to achieve the development goal of the project. Following the 2010 World bank/WFP poverty maps, the project districts are indeed among the poorest of the country.²¹ Moreover, the Upazila’s and markets are aligned with the requirements of project design. The mission found many markets to be remote and difficult to reach. They are often not in the vicinity of larger cities, and could generally be considered as small markets with around 10-50 stalls. In this sense, IFAD funds activities that target community markets opposed to growth centers or large rural markets which are upgraded by the ADB funded interventions. The latter are significantly bigger and its impact might not reach remote rural communities.

Open and closed sheds are among the interventions financed by the project. They are used by various types of traders/ smallholders and can accomodate around 15 people per shed. Traders in open sheds can bring leaves or cloth to protect them from the sun. According to the June 2017 opinion survey, traders make permanent store constructions in some markets while in others are only used by daily traders. The mission observed a similar situation. MMCs decide at their own discretion whether and to what extent they allowed for permanent constructions in the sheds. Interviews with traders clarified that they pay a higher leasing fee to the leaseholder. After project completion, the number of permanent constructions in markets might increase. This could have the following two consequences. First, the number of traders being able to sell their goods in one shed decreases as permanent stores take up more space. Second, markets might be taken over by the less poor traders with regular sales and established supply chains who are able to pay a higher leasing fee. However,

¹⁹ See: “Outcome survey on community markets”, June 2016 by CCRIP

²⁰ See: “Assessment of leasing modalities and lease values for the growth centers/large rural markets and community markets”, June 2017 by CCRIP.

²¹ See: “Poverty maps of Bangladesh”, 2010 by the Worldbank and World Food Programme:
<http://documents.worldbank.org/curated/en/916761468211763695/pdf/904870WP0WB0Po00Box385319B00PUBLIC0.pdf>

addressing this issue might be problematic as market management is a responsibility of to the MMCs/ leaseholders and cannot be directly and constantly influenced by the project or LGED.

Furthermore, the June 2017 CCRIP opinion survey also observed that in some cases the market infrastructure was not yet fully utilized. Anecdotal reasons provided for this include: 1) some sales persons believe that shifting from one place to another affects their sales; 2) lack of initiative of the MMCs to initiate reallocation; and, 3) the believe that some sheds are not located in the center of the markets.

Usually, upgraded market also fulfil a wholesale function. Multiple times a week trucks visit the markets to collect goods and transport them to bigger cities like Dhaka. Increased accessibility and further development of this wholesale function of markets could amplify the impact on poverty as it allows smallholders to sell surplus produce. The project was not able to find land to construct commodity collection centres and truck stands in most markets (as recommended by the 2016 supervision). One possible reason for this might be that private land close roads is considered to be too valuable by local stakeholders. Consequently, they are therefore not willing to hand over land to the project for the construction of public goods.

Project design concludes that value chains are not optimally developed due constrained access to finance, access to inputs, access to storage facilities and accessibility. The mission noted that financial services are readily available in the project area and beneficiaries mentioned that the number of input suppliers increased. Through the constructions of roads, markets are more accessible. With the absence of land to cultivate certain commodities, like fruits and vegetables in the project area, some value chains are still relatively long. However, this issue is outside of the scope of the project.

There was an expectation that the PACE programme (implemented by PKSf and partner organizations - POs) could provide value chain support to CCRIP beneficiaries. PACE has value chain activities in three CCRIP districts and POs active in three others. A livelihood specialist has identified major value chains in CCRIP areas including inter alia medicinal plants, Hogla mats, mung bean and cattle etc. as promising value chains in CCRIP project areas where PACE also works. In the absence of purposeful targeting of CCRIP communities, few, if any, LCS members have been beneficiaries of PACE. CCRIP and PACE have discussed possible collaborations with no on the ground results yet. Given the time and budget constraints to both programmes, it is unlikely that substantial PACE intervention in CCRIP areas is possible. The mission recommends that CCRIP identify and map product growth trends in a sample of localities (as per CCRIP the Market Outcome study) on its GIS system to identify markets with product growth stimulated by infrastructure development in or near PACE project areas. PACE could provide targeted value chain support to pilot communities, leveraging already growing product markets.

Good practices and lessons learned

Overall progress towards project implementation under Component 2 is rated as satisfactory. The following good practices and lessons learned can serve the remaining implementation period or follow-up projects.

- Availability of khat land and buy in of stakeholders are fundamental for construction of the markets. It should be one of the main selection criteria for the selection of market locations.
- Tube wells in the markets increase the availability of water in the markets which is appreciated by market users.
- Following a study on market utilization, it has been found that not all market sheds are put into operation immediately. The project therefore needs to follow up with training so MMCs will execute this task.
- The geographical location of the market affects its development impact. Sites should therefore be carefully selected against project/development criteria. CCRIP project design

presents an elaborate list of selection criteria and the mission found that these criteria led to an appropriate selection of sides.

- Allocations of shops to female entrepreneurs should before construction of the WMS take place. By forming them in an LCS, the project provides them with start-up capital to develop or further expand their own business.
- Ghats are not only used as boat landing platforms but also as small collection points.
- Markets often fulfil both a retail as well as a wholesale function. Although wholesale trade could have a positive impact on the wellbeing of smallholders, the project was not able to execute certain activities related to the development of these wholesale functions due to the unavailability of land.

Market Management Committees

Project design and progress towards implementation

Establishing well-functioning Market Management Committees (MMCs) is one of the outputs of the project under component 2. As per GOB rules each rural market should have a 11-member MMC headed by Chairman of respective Union Parishad (UP). Other members include a representative of shop owners, local UP member, female UP member, representative of land administration department (*Tahsildar*), and representatives from temporary traders, rickshaw pullers etc. MMCs are supposed to ensure security of buyers and sellers and cleanliness of the markets, and do routine maintenance.

Project design acknowledges that most of the MMCs currently active in the markets are not entirely fulfilling their roles and functions. This observation is based on previous experiences in IFAD's MIDPCR project. For that reason, the design document includes training courses for MMC members to help them participate in market development process and strengthen their institutional capacity so that they perform well beyond the project period. Special attention in these trainings should be given to receiving 25% of the annual market lease funds from the Upazila and use that for routine maintenance and future development. The project design also states that MMCs should be trained on how to oversight LCSs.

Progress and field observations.

After completion of the market places, market management committees were established and trained. In each of the markets visited by the MTR mission, a market management committee was present. At midterm review, 270 MMC trainings took place during which, MMC roles and responsibilities are explained, as well as hygiene, dispute settlement and maintenance issues. All MMCs interviewed by the mission had participated in the trainings. Training content was appropriate and well-delivered, with MMC members at 19 sites uniformly recalling basic training content. To consolidate and enhance learnings, the MTR mission recommends refresher management trainings to be provided before the end of the project. Additional market development training could be also considered (e.g., market expansion, value chain development such as local produce or cattle markets, etc.).

MMCs and their local stakeholders have prepared market master plans with the support of the project via planning workshops. Some 169 workshops have been provided, involving market users, traders' associations, leaseholders, and MMCs who discuss and prioritize markets expansion activities, additional access roads, maintenance, cleaning, drainage, and land actions/issues. Plans are to be executed by MMCs and leaseholders before the end of the project.

All MMCs visited by the mission consisted of 11 members in line with the GoB circular on market management. With the chair of the MMC also being the Upazila chairman, the mission found that some chairmen were managing up to 11 markets. Unavailability of time and attention of the chairmen to spent on the different markets could compromise its leadership role. Also, the mission found that in some committees, female members didn't have as much voice as their male counterparts. A female representative of a newly established MMC, specifically raised that she has a subordinate position in

the committee. Moreover, only in a few cases, the committee had 2 female members instead of 1 (which is the prescription of the GoB).

Although regulations governing MMCs have clear provisions, the MTR mission just as other supervisions missions, found variation in implementation approach. With regards to leasing fees for example, the mission found that some MMCs apply a daily leasing rate whilst others charge based on produce and type of produce sold. The latter is in line with the GoB circular and preferred modality according to the mission. Also, some leaseholders only charge the traders in the sheds, whilst others also charge traders in other open spaces and permanent traders. One MMCs mentioned that it rents out a couple of permanent shops around the sheds to thirds parties and that they charged trucks which are leaving the markets.

Market leases are paid by the leaseholder to the Upazila. 41% of the lease is going to market development account; 25% goes to the MMC for market maintenance and the remaining 34% goes to the Upazila for overheads. Unfortunately, the study executed on leasing modalities finds that in most cases only a few persons (median: 2) tried to become the leaseholders. This raises the question whether the process was executed fairly given the fact that the market value increased significantly. In most cases, leaseholder were local traders that had been active on the market for many years. Two markets visited by the project did not yet have a leaseholder and in these cases the MMC collected the tolls themselves. As per the GoB circular, leasing fees should be displayed in the markets. In the markets visited by the project, the fees were communicated through maps that could be stored at the end of the day. By displaying the fees on a permanent basis to market users, by painting them for example on a billboard, it might ensure MMCs will be held accountable to follow the GoB circular.

A study on lease amounts, as recommended by the 2016 supervision mission shows that the tended value is lower than market value. While it is difficult to estimate the exact market lease values (as fees should vary by type and volume of goods traded in markets), the growing number of traders and volume of goods traded in most markets has not triggered corresponding lease values increases. Average markets annual turnover increased from BDT 199,998 to BDT 320,018 (or by 61%), while the average lease value increased by only BDT265 to BDT 346 (31%). The lease study found the lowest lease value at BDT 1,400 and the highest BDT 5,650,110. The 25% maintenance fee may be low in some cases, and unlikely to cover market maintenance and improvement costs.

Toilet facilities have been constructed in all markets and individual markets developed their own bin and toilet management processes. In some cases, the local mosque managed the toilets. Good practices toilet facilities management include supervised daily cleaning. Some markets lock toilets facilities and give keys to local merchants to the possible exclusion of market users. 80% of the traders think that the toilet facilities of the project are “much better” than the facilities that were previously present. Toilet facilities are appreciated second best by market users.

The GoB circular on market management states that the leaseholder is responsible for maintaining and cleaning the markets. The mission found that this regulation was not respected consistently and that traders’ association took up responsibilities assigned to the leaseholder by law. For example, in some cases, the leaseholder only paid for the sweepers on hat days and the traders association paid for them on non-hat days. In other cases, the traders’ associations covered all the costs. Also, local traders themselves sometimes paid the sweepers who in most cases also collect garbage. However, in the opinion survey on market facilities executed by the project concludes that 57% of the traders think that markets are somewhat cleaner and 41% of the traders think they are much cleaner after project interventions.

Traders *de facto* pay twice for market services in cases where trader associations charge fees to traders for services that should be executed by leaseholders. In order to circumvent this, the 2016 Supervision Mission suggests to increase the number of traders association representatives in the MMC by two. Leasing fees could them be shared between the leaseholder and the association to stop duplicating fees.

In all 19 markets visited by the mission, the MMC had applied to the Upazila Administration for its 25% maintenance fee. Only 4 MMCs visited by the mission had received the funds, all of which had

used funds for market maintenance (e.g. drainage). Other MMCs were confident they would receive the 25% fee shortly. This is a significant advance since the 2016 Supervision Mission, when only 2 MMCs had made maintenance applications. Moreover, 76 respondents out of the 85 respondents in the market survey are satisfied with the status of maintenance.

As mentioned earlier, in some markets, MMCs only allow for daily traders whilst in others they prefer permanent traders. MMCs play a role in the allocation of seats in the sheds. Practices by the MMC include allocation on first comes first served basis and allocation based on seniority in the market. In one of the MMCs, the different members could select 2 traders for a spot in the market. In multiple occasions, allocation of seats in sheds was mentioned as a source of conflict. Yet, MMCs mentioned that they usually have enough places available outside of the markets for all potential traders.

Market management is a responsibility of market management committees as per a GoB circular. There seem to be some fundamental weaknesses in this law, which could constrain long term market management. These weaknesses include, the union leader presiding over multiple markets which makes sound management difficult, the fact that there is no minimum threshold for the leasing fee and the fact that checks and balances seem absent. The mission is especially concerned whether the circular can guarantee sustainable management around the allocation of spots, sustainable waste management, lease fee collection, the management of toilet facilities since clear provisions on these topics are sometimes absent or not executed properly. Unfortunately, the reform of this circular was not included as a project intervention. Yet, the mission concludes that significant progress towards application for and receiving of leasing fees shows that progress has been made in market management. The mission encourages the project to continue dialogue with stakeholders to advance sustainable good practice market management.

Good practices and lessons learned

As mentioned earlier, overall progress towards project implementation under Component 2 is rated as satisfactory. The mission questions whether the circular is able mainly raises concerns on is not able to address long-term maintenance needs and assure equal access to market adequately. Yet, the mission noted that the project made significant efforts to address problems around market management.

- Continued project follow-up had a positive impact on the application for leasing fees.
- If leasing fees are displayed at the market on a permanent basis, this could increase the accountability of MMCs to follow the lease fees as prescribed by the GoB circular.
- Trainings and refresher trainings are important to follow up with the market management.
- Policy dialogue to address problems around the GoB circular on market management. Topics of this policy dialogue could include; allocation of seats/spaces, leasing fee collection and checks and balances.

Working Paper 3: CRIPP Gender Analysis

Project design

Project design present the following observations on female empowerment in the project. First, poor women come to the market for both buying and selling purposes. They have no social or cultural restriction to visit markets and sell goods at markets. Second, some females become head of the household after they have been abandoned or their husband passes away or becomes disabled. Female headed households are responsible to generate income in order look after the children and some cases their parents and in laws. Third, women have little participation in decision-making processes as their economic contribution is rarely recognized by their family and as well as the society. Women are responsible to carry out the household activities including cooking, firewood collection, and water collection

To address gender issues and social empowerment, the project attempts to help women engage in economic opportunities and enhance their capacity and economic and social mobility. The following activities are included in the project to assist them achieving the development goals which has a specific target for women. Firstly, women can be employed as LCS members who construct markets and receive wage/ profit shares. Second, LCS members can receive training on construction of markets enabling them to work in construction after their participation in a LCS group. Third, a project could construct Women Market Sections (WMS) to increase female participation in markets.

Progress and field observations

Markets were constructed following a Labour Contracting Society (LCS) model. A LCS is a group of 25 women who get recruited by the project to construct infrastructure. In CCRIP, both road maintenance as well as market construction was executed by LCS. LGED has been working with the LCS model since the early 1990s. Market construction by LCS is piloted in IFAD's MIDPCR region and after satisfactory results also included in CCRIP.

At mid-term, the project had contracted 5,249 LCS members, 249 over its target of 5,000). Some 79% of the LCS members are female, 21% male. They receive around BDT125 per day in wages (daily wage varies depending on sites, timing, and seasons of the year). Generally, LCS earn more while working on roads compared to markets since road works have a longer contract tenor. Additionally, members receive a profit share when construction has been finalized. At mid-term, 418,485 person-days have been created among all LCS members and BDT 61,464,000.00 in wages paid out. These numbers have been summarized in Table 1.

Table 1: LCS participation and pay outs.

Completed Activities	Unit (No. /km)	LCS Involved			Man-days Created	Wage Received	Profit Received	Total
		M	F	Total				
Market	121	393	2269	2662	238975	298.71	350.62	649.33
Earth work of Market connecting road	22 km	102	92	194	42900	102.8	50.34	153.14
Women Market Section	5	0	30	30	2500	32.5	6.58	39.08
Total		495	2391	2886	284375	434.01	407.54	841.55

LCS receive a contract for the construction of market sheds. Before construction begins, LCS members are informed on the setup of the LCS intervention. They are advised to pay a base salary during construction to receive the remaining amount as a profit share after construction. The roof of

the shed is contracted out by the LCS to a local welder. Local LGED engineers oversee the construction works and their sound follow-up is key to execute the project properly. One or two group members liaise with these engineers on behalf of the project and therefore usually work more days than other group members.

LCS are formed after an open call for proposals around market sites. Some 200 to 300 people per site expressed interest in LCS participation. LCS selection of 25 *core* and 5 *reserve* members is made by Upazila and LGED representatives who conduct short interviews with the potential candidates. During the interviews, candidate poverty status, age, and ability to participate in construction were assessed. In some locations, final selection from a pool of pre-screened candidates were made by lottery.

Table 2 presents the days worked, gender, former occupation, and household situation of one of the focus groups interviewed by the mission. The sample as well as many other interactions of the mission with LCS workers confirms that the project applied the targeting criteria adequately.

Table 2: sample of LCS composition.

Days worked	Gender	Former occupation	Household situation
66	Female	Net maker	Husband disabled, 2 sons
48	Female	Domestic help	Husband deceased . 4 children
65	Female	LCS worker	Husband unemployed
99	Female	LCS worker	Divorced, 3 children
111	Female	Weaver	Disabled husband
55	Female	Housewife	Husband deceased
39	Female	LCS worker	Salary husband not sufficient
65	Female	LCS worker	Husband unemployed
82	Male	Student	Unmarried
77	Male	Van driver	Housewife with 2 children
6	Male	Fast-food salesmen	Housewife with 2 children

After selected, LCS group members is trained on basic construction, including site safety. The mission found that LCS members uniformly recalled/ applied acquired safety and construction skills. The 2016 supervision mission reported some incidents, but at midterm no severe construction injuries were reported. Minor accidents that occurred were treated by supervisors using on site first aid kits. One of the reasons for the decrease in accidents is that in 2016 more markets were under constructed then in 2017. Following a recommendation by the 2016 supervision, LCS member were insured against accidents in the work place. No claims on this policy have been made so far.

Although project design mentioned that LCS should receive IGA training, this was never included as an activity by the project. Therefore, the project proposed to offer IGA training to LCS members which was subsequently approved by IFAD. Over the last years, 179 IGA trainings have been offered. This one-day training provides guidance on practical income generating activities like chicken rearing, vegetable growing and cattle fattening. The IGA training is offered just prior to the profit share award to amplify project impacts. In June 2016, the project presented a study (n=144) on the outcomes of project activities to LCS members.²² With regards to IGA training, the study recommends bearing in mind the socio-economic context of the construction, as well as skills and knowledge of LCS members. According to the study, successful IGA activities are those that require little capital and are not labour intensive. Having taken notion of this, the mission recommends expanding IGA training by including a household approach allowing it to address social empowerment issues and sustain the outcomes of the project.

²² See: "Report on LCS return on investment", June 2016 by CCRIP.

The study also presents where wages and profit shares are spent on. 28.2% of this amount is invested in productive investments, 34.19% was spent on consumption and 37.61% are long term investments/non-productive assets (e.g. houses, land & furniture). The mission found that for the latter, members would combine profits with savings and/ or loans from family, friends, or financial institutions. Although most IGAs selected by members were farm-related, some members purchased enterprise assets such as sewing machines.

Given that construction work is an intense occupation, concerns arise whether LCS can coop with the physical workload. The mission asked LCS members their opinion on the workload. They responded that they could cooperate with it as male LCS member usually carried the heavy material. To address potential problems around carrying materials, the CCRIP gender specialist suggests that LGED looks into possibilities to reduce the weight of concrete sacks so that they can be easier carried by women.

During the period that women are contracted by LCSs, female members are not discharged from their other household activities. In most cases, the LCS worked from 09:00-16:00 although some LCS groups decided to work from 09:00-15:00. The mission considers that shorter working hours facilitate the combination of household tasks and LCS work. Also, some LCS had to do overtime to finish their works which was not remunerated. Likewise, LCS workers are also not discharged from taking care of their children. In one group where multiple members were not able find alternative solutions for this, they appointed 1 group member to look after all the children of the LCS group.

Although project design concludes that women have no social or cultural restrictions to visit markets and sell goods at markets the mission found that both male traders as well as male buyers are the predominant actors present in the markets. The LCS outcome study confirms this and state that 12% of market users is women. Interviews with PMU staff explained that in some cases, cultural factors impedes females from market participation or to join LCS groups. The mission found that on average 50% of the LCS women are Hindu and the other 50% is Muslim. Given that only 10% of the population is Hindu, it could be that Muslim women do not enjoy support to join LCS groups by their communities. Unfortunately, the project is not able to substantially address these deeply rooted cultural factors through its empowerment activities.

To increase women participation in the markets, the project plans to construct 15 WMS, of which 5 have been completed, 5 are under construction, and 4 are planned. The project will not be able to construct 1 planned WMS due to unavailability of land. The project contributed to female participation in (off-farm) activities through construction of the Women Market Sections (WMS) for female entrepreneurs and by offering dedicated women's sections in the sheds. Before the construction of the WMSs, the project verified if land was available and whether women entrepreneurs are present in the region. Subsequently, the final shop traders were selected and formed an LCS to construct the section. The rationale behind this is that they can use their profit share to invest in their own practice. Moreover, the PMU made this decision to avoid that the shops were taken over by local elites or husbands of entrepreneurs. The sections in the markets had thriving enterprises included a pharmacy, bakery, beauty salon, a handicraft shop, tea & sweets shop. Women traders appreciated these interventions and stated they felt more secure working in the designated areas.

As prescribed in project design, the project wrote a gender action plan that has been reviewed by the mission. Both IFAD as well as ADB targets are included in the gender action plan. The mission concludes that the action plan includes all the gender related targets and reports on process towards it. CCRIP also hired a gender specialist who is paid by ADB. Although she currently works part time, she participated in the field work and provided insight on her activities. The gender specialist said she mainly follows up with contract providers (under the ADB component) to assure that they obtain their gender targets. She also steps in when LCSs present gender related complaints.

Some 27 out of 245 (11%) of project staff are women which is a minor decrease compared to last year when 26 out of 218 staff (12%) was women. Key positions covered by female candidates is the position of deputy director and gender specialist.

Good practices and lessons learned.

The Gender focus is rated as *highly satisfactory* (6) since construction of markets through the LCS model is an effective modality to target project activities towards disadvantaged women. The target of 70% for women participation has been met, and the project presented a sound approach for the construction and allocation of the WMS. The following good practices and lessons learned could be taken over in upcoming projects:

- Multiple minor recommendations (e.g. shortening of working hours, allowing one LCS member to look after the children) could be incorporated in the LCS training. This could facilitate combining LCS and household work for female members.
- Local LGED engineers play an important role in the construction of the projects.
- Allocations of shops to female entrepreneurs should come before construction of the WMS. By forming them in an LCS, the project provides women with start-up capital to develop or further expand their own business.
- An extended household empowering training could address issues around empowerment and allow that outcomes of the LCS groups are sustained.

Working Paper 4: CCRIP Monitoring and Evaluation

Introduction

During CCRP project design, a comprehensive monitoring and evaluation (M&E) system at project management office (PMO) level was proposed for generating information and provide LGED and IFAD with evidence of results and impact against logframe indicators and IFAD's Results and Impact Management System (RIMS). This working paper examines the M&E system successes and challenges in ensuring smooth capture, documentation and sharing of project data, information, and messages arising from project implementation and relationships with various actors. The working paper draws information from the Project Design Report (PDR), supervision report, field observation during midterm evaluation and reviewing the documents produced and reported by M&E unit of CCRIP. It focuses on issues of M&E process including activity, process, outcome and impact monitoring; project logical framework; data collection, storage, analysis, accessibility, reporting quality and reliability of evidence.

M&E system

Monitoring and evaluation (M&E) is a process to track the performance measured by outputs, outcomes of the project. To ensure physical, financial, process and impact monitoring and evaluation, the CCRIP project has established a bottom-up and decentralized M&E system with experienced M&E staff at each geographic management level. Data is collected by LCS supervisors, community organizers, and Upazila Infrastructure Supervision Engineer (UISE) at Upazila/ Union Parishad/ village level. Collection is monitored and validated by district level field monitoring officers (FMO) and sent to the monitoring, evaluation, and knowledge (MEK) specialist at PMO for preparation of quarterly, half-yearly and annual progress reports. The project's MIS and M&E framework, which is consistent with IFAD guidelines/ procedures, allows for the collection/ analysis of disaggregated data including data for gender, geography, farm size, and income strata. Figure 1 shows the information flow from field to the project management office, LGED and IFAD. It shows that information pass through different channels as well as directly from field to the M&E unit at PMO level.

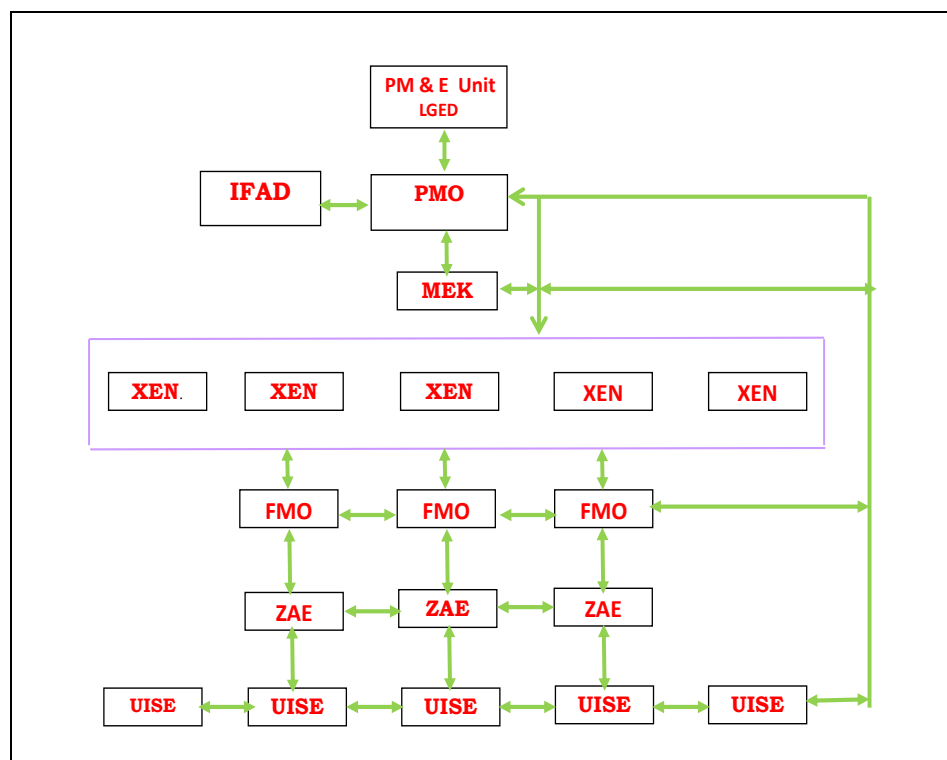


Figure 1: M&E information flow
Progress of Monitoring and Evaluation Activities

The CCRIP M&E section has significantly increased its rate of conducting and reporting studies (including the baseline studies upon which impact estimates are based); studies conducted so far are:

1. Result and Impact Management System (RIMS);
2. Study on Community Markets;
3. Study on LCS Members;
4. Study on Female Shop owner(FSO);
5. Study on Market Connecting Roads;
6. Study on Beneficiary Households;
7. Study on Climate Resilience;
8. Study on Rural Radio Initiative(RRI);
9. Baseline Study on Upazila Roads, Growth Center Markets and Cyclone Shelter;
10. Outcome Study on Community Markets;
11. Outcome Study on LCS's Return on Profit Investment;
12. Outcome Study on Paved Road and Markets of quality of lives of people;
13. Impression of Market users on Development of Markets;
14. Assessment of Leasing Modalities and Lease Value of Growth Centers and Rural Markets;
and
15. Brief annotated bibliography of the document produced by CCRIP M&E unit.

This section gives a descriptive and evaluative paragraph of each report prepared by M&E section which will inform the reader of the relevance, accuracy, and quality of the reports.

i) Result and Impact Management System (RIMS) and Baseline Survey (RBLs)-2014: Final Report for Baseline Part

Baseline Survey report was carried out in 2014 based on survey of 1,200 households over 20 districts. Comprehensive data collection was focused on sample household's socio-economic information, existing farming, livestock, and fisheries practice including types of crop grown, yield, production cost and return. Moreover, the survey also collects information on access to market, information, credit, health care facilities and status of home gardening practice by the sample household. Furthermore, the study also presents gender related information including women employment, empowerment status, other gender related information, and exposure and experience with floods.

ii) Final Report for Baseline Traffic Survey-2014

Baseline Traffic report was based on the survey of: volume of traffic in the road; vehicle Operating Costs (VOC); costs of using different modes of transport; travel time required per km of road by different modes of transport; and land price at the adjacent point of market at the market connecting road was carried out enumerating, and collecting information about, transports plying along the 20 union roads specified as representative sample of the roads to be improved by CCRIP in the project area.

iii) Result and Impact Management System (RIMS) and Baseline Survey (RBLs)-2014: Final Report for RIMS Part

Baseline RIMS report was carried out in 2014 based on survey of 1,200 households randomly from within one kilometre either side of the Union road in twenty Upazilas. The survey was implemented using the methodology and tools of the Result and Impact Management System (RIMS) developed by International Fund for Agricultural Development (IFAD). Baseline RIMS survey covers the household profile including age, sex, education of the member of the sample households, housing conditions, access to drinking water, sanitation, and cooking fuel. The survey also collects information assets including land and non-land assets such as agricultural assets, and livestock assets. It also contains information on household's food security status, income, expenditures, diet quality and nutritional status of under 5 children in the sample households.

iv) Draft Final Report for Rural Community Markets Survey

The market survey was carried out, collecting data over a sample of 20 rural community markets, each connected to a sample road covered with the sample for the baseline traffic survey. The objectives of the baseline market survey were to assess the volume of turnover in the growth centre/ rural community markets and number of traders in the market by gender.

v) Final Report for Baseline Labour Contracting Society (LCS) Survey

Based on survey of 80 female LCS members from 20 markets, the report presents the baseline socio-economic profile of the LCS members. Socio-economic profile includes information on household compositions; position of LCS member within the family as well as in the community; land ownership pattern among the LCS families; status of women headed household; asset possession; level of income; housing status; ownership of livestock; food security and mobility.

vi) Final Report for Qualitative Survey on Climate Resilience

One of the major goals of the Coastal Climate Resilient Infrastructure Project (CCRIP) is to improve the upazila, union and village roads to climate resilience standards and to construct bridges and culverts to withstand extreme climatic events. To assess the existing standard, a survey was carried out collecting data through a total 20 FGD sessions-one session for each of the sampled 20 union roads. Specifically, this study assesses the number of days the roads are partially or completely inundated during monsoon and percentage of population using shelters during natural disasters.

vii) Baseline Study on Female Shop Owner of WMS

The report is based on baseline survey of 5 female shop owners (FSOs) in the market developed by CCRIP project. The major objective was to acquire baseline socio-economic scenarios and establish a business profile of FSOs. Specifically, the report describes a broad range of parameters including age, marital status, main occupation, literacy, ownership of land, sources of income, nature of trading in WMS, trading time, sales & profit, receipt of loan, use of loan money, constraints in running business etc.

viii) Baseline study on rural radio initiative

Based on a sample of 1200 respondent and 12 radio staff members the baseline survey gather information on the general patterns of radio listening, plus specific data on listener reactions to Rural Radio Initiative. The survey was conducted in four locations in 3 districts. The report specifically presents information on the status of the community radio stations in terms of program and technical capacity, capacity and skills of staff and audience perception; the audience perception of the radio stations and content demands in terms of content expectations, listenership habits and frequency, and perception of the audience/communities of the community radio as a platform to express opinions and enable dialogue with the government over development policies; gather information on the patterns of radio listening, plus specific data on listener reactions to Community Radio programs; and listeners' perceptions of the media in relation to quality of content and diversity of products.

ix) Report on baseline survey on UZR, GCM/LRM and cyclone shelter

This report is composed of several studies including baseline survey on road, market, cyclone shelter and beneficiary households in the ADB part of CCRIP project areas. This baseline report is solely on the ADB part of the CCRIP project. Objectives of this report are same with the pervious IFAD part of CCRIP project baseline reports. Firstly, the report presents the road traffic status, travel cost, travels time, number of market connected by the road and carrying capacity of different vehicle operated in the selected ADB funded 8 Upazila roads of CCRIP project from eight districts. Secondly, the report presents a baseline study on 16 markets selected for development under ADB component in CCRIP project areas. Based on field observation and questionnaire survey with visitors, traders and other personnel on weekly hat and non-hat day this section presents information on: (i) locational spread, (ii) size of the market in terms of sellers, buyers and turn over; (iii) revenue; (iv) physical facilities; and (v) commodities traded, land prices. Thirdly, the report presents baseline survey findings on existing four cyclone shelters. Objectives of this section of the report were to identify gaps, challenges and limitation of existing cyclone shelter, capacity, facilities, status of women and children during shelter and what about access roads. Fourthly, this report contained baseline information on climate Resiliency in CCRIP Infrastructures. Specific objectives of this section were to determine the existing level, extent, duration, and effects of flood events on pre-developed selected infrastructures (Market,

Roads and Cyclone Shelters). Finally, this report presents baseline survey on beneficiary households close to roads and markets. Baseline beneficiary report was based on survey of 900 households randomly from within one kilometre both side of the sample roads and two kilometres around the sample markets in 12 districts. The objectives were to ascertain baseline information on the existing level of socio-economic condition of the beneficiaries.

These studies provide a good understanding of the situation at early stage of the project and will be useful for progress and outcome assessment during the implementation.

x) Outcome Study on Paved Road and Markets on wellbeing and quality of life of people living within catchment areas of Markets and Union/Village Roads under CCRIP, LGED

To examine the impact of the newly constructed paved rural roads on changes in the social benefits such as quality of life in terms of access to health care, education, financial institutions and other public utilities, the study collects information from 120 sample households living near the catchment areas of market connecting and union roads. In addition, 12 FGD and several key informants interview supplements and validate the survey information. The results suggest that the program has an overall positive impact on various indicators at individual and community level, including improve accessibility to basic goods and services (health & education facilities), adoption of new technology, in-migration in families, increased adjacent land values, expansion of business, setting up of non-farm activities, creation of employment opportunities, increased consumption, and income of people. Findings of this study justify the investment goals though there are number of limitations of this findings including design of the study, sample size, indicators for measuring welfare etc.

xi) Report on LCS's return on investment

To examine the LCSs return on investment, this study collect information from 144 sample LCS members before (2014) getting the LCS wage, profit and IGA training as well as afterwards (2016). The study area consists of the 24 markets located in 12 project districts. The purpose of the survey was to assess the changes in the lives of ultra-poor households brought about by LCS activity by comparing to their status before the programme (baseline) and the end of the programme. The short-term impacts of LCS involvement have clearly indicated positive impacts on the standard of living of LCS members although the time span of one year is too short a period to evaluate the total impact of the project. Some LCS members invested a portion of wage and profit in sustainable income generating activities including small eateries, livestock, homestead and cultivable land, trading, and improved their houses. Thus, this is a proof of concept adopted by LGED since long time for construction work in rural areas.

xii) Opinion Survey Report of Market Participants on Physical Facilities Developed by the Project

A sample survey of 468 traders (shop keepers, temporary traders, and producers) including men and women covering 18 markets developed at the first phase of CCRIP project to gather opinions of the users about the development impacts of market. Specifically, the opinion reflects the development impact of market facilities on volume of turnover, number of visitors in the market and role of MMC to the market and general users. Findings revealed that after the completion of market improvement works, there has been a significant increase in the number of traders (up 44% on hat days and 33% on other days), value of sales per trader increases by 32%, and overall market turnover has increased by about 75%. Overall, the market users positively appreciate the improved physical conditions in the markets including water supply (and toilets), and the wide range of social and environmental benefits that accrue from market development.

xiii) Report on outcome survey on community markets

A sample survey of 340 market users (MMC members, shop keepers, temporary traders, and producers) covering 24 markets were carried out before and after market development to gather information on volume of trade, market-related expenses, and opinions about market improvements. Particularly the study aims to find out the physical changes that took place in the markets and see how well the developed infrastructures and other facilities are being utilized; record the changes that have followed in the volume of traded goods, number of buyers and sellers, collection of revenues, tolls etc, and evaluate the impact of market development along with training of MMCs.

xiv) Assessment of the leasing modalities and leasing value for the growth center/ large rural market/community markets

The study assessed the lease procedure of Hat-Bazars (Local Govt. Markets), to identify the strengths, weaknesses, opportunities, and threats of Hat-Bazar, and to analyze the Hat-Bazar management under Upazila Parishad, specifically to assess ways to augment management income and increase efficiency and market use. A total of 288 persons were interviewed from 24 market areas in addition to field observation, key informant interviews and focus group discussions were also conducted. The interviewees comprised of cross-section of people including: public representatives, government officials, business persons, MMC, lessees, and farmers. Specifically, the study reviewed the Haat profile (e.g. day, time, number of stalls, *pucca* and open stalls, drinking water, toilets and other infrastructure); it also reviewed market management systems, the range of products and services sold in the haat, annual market turnover; method of toll collection, toll rate (averaged over three years), amount of toll collected from each hat/, lease bidding procedures, status 25% fee sharing, and of fee for maintenance. Other aspects assessed include: role of UMMC, role of MMC, activity of Ijaradar and cleanliness status. Findings of the study suggest most of the rules and regulations are dysfunctional, and project interventions positively affect almost all RIMs indicators with unconfirmed long term sustainability.

xv) Labour Contracting Societies (LCS) – Case Studies

This study is based on ten successful case studies on women who were engaged in LCS work. Case study report revealed that for duration of 4-5 months of contract work with LGED, LCS members were clearly better off than before. Most of the LCS members could utilize their profit money effectively for their sustainable well-being by performing income-generating activities. This study documents only successful cases of LCS women whose life improved notably after they started to work on market or road development. It would have been good if the study also presented unsuccessful cases offering ideas as to why members were successful or not. That could add value to further furnishing the LCS design of the CCRIP project as well as other similar projects.

Assessment of documents/report prepared by M&E unit

The M&E unit conducted studies gives a positive impression about the project interventions. Most of these studies are, however, based on limited sample size and mostly focus on qualitative information. Moreover, most try to fulfil the logframe level indicators (which is expected), but it is very difficult to generalize as sample sizes are limited and sampling methodology, in some cases, were not as rigorous as they might have been. Data collection and reporting procedures (e.g. sample size, sampling methods, etc.) of the logframe level indicators are not clear. Given these observations, the M&E unit should focus on development objectives of the project given the fact CCRIP has completed more than half of its project life. This makes the mid-line impact survey vitally important as it will measure programme outcomes and impact to date, and provide a rigorous mid-line impact assessment as the basis for making strategic suggestions for future activities. As there is a RIMS Baseline Survey and comprehensive baseline surveys carried out in 2014, a well-designed midterm survey (including 2nd level RIMS outcome indicators) will be useful to capture changes in beneficiary lives, and measure project outcome indicators. Currently, the CCRIP M&E system focuses more on hardware component of the project and less on the impact of people's involvement in such components. The M&E system can incorporate this aspect through monitoring of outputs and impact (RIMS second third levels), as well sustainability-related indicators.

Brief outline of activity for the remaining period

i) Follow-up studies

Under CCRIP, several interventions have been implemented. To be able to capture information on whether there is a link between interventions and impacts, case studies can be documented especially on a selected sample that will be selected at this mid-term point and consistently followed throughout the remaining period of implementation.

ii) Impact studies and reports

The immediate activity for the project to embark on is the mid-line impact survey which was supposed to be done before the MTR. The study will further inform implementation in the remaining project period, and serve as a starting point for the end-line impact studies. Preparations for the end-line studies (impact and project completion) and reports should be started early to ensure that the same delay scenario as for the planned mid-line impact survey does not occur.

iii) Learning Methods and exchange visits

To diffuse the results from the CCRIP project, the project should develop a plan of facilitating and promoting learning routes to successful cases across the project areas and even in other similar project implemented by LGED and other departments.

iv) Documentation of best practices, experiences and stories from the project

In the remaining period, special emphasis should be placed on the documentation of stories from the field for all the interventions including road, market, shelter and LCS.

Working Paper 5: CCRIP Financial Management and Fiduciary Aspects²³

Financial Management is rated as *satisfactory* (5) but would require improvements in certain areas. The Project has installed a computerized accounting system TOMPRO for maintenance of Project accounts and producing accounting reports for the Government and the Donors. A Financial Management Specialist (FMS) provides oversight and supervision of financial management of the Project. He is assisted by GOB Accountant, and one Assistant Accountant funded by IFAD.

The mission noted that some of the agreed actions in 2015 and 2016 supervision missions have yet to be completed particularly recruitment of Accounts Assistant in the districts dedicated to CCRIP. The LGED DAs and AAs could not fully operate the TOMPRO system. The Field Monitoring Officers (FMOs) assist in the inputs to the TOMPRO system. The fixed assets inventory tagging will have to be updated. Internal control and documentation of financial and procurement transactions are generally adequate with some actions required as noted in the succeeding paragraphs.

In each of the district offices, the DA oversees the financial management for LGED projects and operations including the CCRIP finance and accounts. AAs assist the DA, as deputed by the GoB. The DAs and AAs manually record financial transactions in the cash book in Bangla as required by GoB. The Field Monitoring Officers (FMO), updates inputs of financial data from the manually prepared cash book. In Satkhira District, the FMO does not operate the TOMPRO. The AA of another project assist in the operation of the TOMPRO in Satkhira. The review by the mission of a few sample of entries in the system showed some errors especially the activity codes and closer attention is required. The PMO reviews rigorously the TOMPRO accounts from the district submissions.

Considering two and half years more of project implementation (including the crucial process of closing the accounts within six months up to 31 December 2019 after project completion on 30 June 2019), the mission recommends strongly for the PMO to provide rigid training immediately to the existing LGED District Accountants and Accounts Assistants to process CCRIP financial transactions and produce the reports accordingly in the TOMPRO system. The PMU FMS will assess their capability in operating TOMPRO within this year. If the DA and/or AA in the district is not able to operate TOMPRO as assessed by the PMU FMS, then the PMO will proceed with the recruitment of capable AA in the said district to do the financial accounts and produce reports in TOMPRO. The staff costs of AAs recruited could be funded from IFAD and considered in the reallocation of fund by category of expenditure.

The recording of Project accounts is modified cash basis. The Project however maintains advance register for LCS and other implementing partners and institutions. The internal controls in the areas of funds receipts, transfers and disbursements are in place and found to be satisfactory and adequate. Certifications and approvals at the PMO and districts as reviewed by the mission were in order. The monitoring controls and documentation of payments for civil works were generally satisfactory with the certification of works and payments recorded in the measurement book and signed by Upazila and LGED district engineers and Executive Engineer (XEN). The mission noted that some contracts have expired or nearing expiration and are in the process of extension or must be extended, including the corresponding performance security.

Bank Reconciliation Statements (BRS) and vouchers are prepared manually at the PMO and all the districts. The mission noted that some Districts could prepare the BRS in the TOMPRO system. The mission advised to produce and print BRS and vouchers from TOMPRO. The PMO FMS need to include in the training of the Districts finance staff the preparation and printing of vouchers, inputs to AWPB both budgets and actual expenditures, advances, contract, and fixed asset registers.

The mission advised the PMU to deposit interest earned on bank deposits to the government treasury of BDT 2.2 million (USD26,830) aggregated from across the project.

²³ This working paper was submitted with Appendices 5, 6, 9 and 10 included, which have been integrated in the Appendices.

The Project monitored the overall cumulative financial progress in terms of the implementation of activities by components as well as by expense category against approved allocations. It likewise monitors the progress of implementation against the AWPB in the Standard IFAD Monitoring and Evaluation System (SIMES). The mission advised to monitor the financial progress of each budget line and activity codes from the disbursement level. As of 30 June 2017, the Project has disbursed 58% of the 2017 budget.

Components	In USD ('000)		
	AWPB-2017	Actual Jan to June 2017	% achievement
IFAD Loan (1 and 2)			
Improved Road Connectivity	12,064	7,679	64%
Improved Market Services	1,695	475	28%
Enhanced Climate Adaptation Capacity	155	47	30%
Project Management	768	248	32%
Total	14,682	8,449	58%
IFAD Grant			
Enhanced Climate Adaptation Capacity	251	152	61%
Overall Total	14,933	8,601	58%

The mission reviewed also the books and records in the Matoula and Bakshiganj Upazilas and found them satisfactorily. The Project Upazila Engineer assists the Local Contracting Society (LC) to maintain appropriate records and prepare necessary simple financial report for submission to the Project district offices together with invoices and receipts to liquidate LCS advances. While advance registers are maintained in the LGED districts for LCS advances, the mission advised to include in the monthly submission of financial reports to the PMO, including a summary of outstanding advances showing the dates and balances of the advances.

Detailed findings of the mission for selected financial transactions in the PMO and district offices were as follows:

PMO:

- Most of the disbursements of the PMO are salaries of consultants and staff both in the PMO and in the districts.
- Voucher no P190116 27 September 2016 final settlement of Training Advance BDT78,883.00 (USD986). The original advance of BDT190,000 (USD2,375) was paid in January 2016 and charged to Category IV. The advance has not been claimed in the WA and SOE until payment of the final bill in September 2016. The PMO monitor the advance transaction every month until final the settlement. The venue was made in LGED HQ which billed the Project at BDT8,000 per day for 8 days.
- Voucher no. AD273 of gross amount BDT1.62 million (USD20,250) represented salaries of staff which are remitted to individual staff bank account.
- Voucher no. AD10 dated 10 January 2017 for BDT 900,000 (USD11,150) covering payment under Inter-Agency Agreement between the Ministry of Agriculture (Agriculture Information Service and LGED for BDT2.33 million (USD29,125) for implementation of Rural Radio Initiative) under a sole source procurement.

Khulna: Review of TOMPRO system installed in the District

- From October 2016 (All accounts ADB, IFAD and Government are inputted in TOMPRO)
- Voucher 1006084 BDT848,435 (USD10,605) 2nd bill description in TOMPRO Improvement of Upazila Road Government account 703101, Activity code C10501, Category IL 1(IFAD Loan) Security Deposit BDT58, 378 (USD730) C10501, Category IL 1 (deposited to another bank account under XEN).

- c) Voucher 1006086 BDT25725 (USD322) Non claimable advance for IGA training posted Government Code 4840; Activity C30107 (Training for IGA) IL 4
- d) Voucher 1006087 BDT31500 (USD394) Non claimable advance for Training (Market User and Stakeholders Training) Government Code 4840; Activity C30107 refer to Training on Gender and social inclusion in disaster risk red (should be different code since this is not IGA, the proper code C30511 Market Users and Stakeholders Meeting). The Account Assistant should be able to provide the correct Activity Code based on AWPB and Category Code on the voucher as well as on manual cash book so correct entry is posted in the TOMPRO. The posting of Procurement Commitment or Committed Contract already provide the Government code, Activity code and Category Code. However, at the posting level of the voucher, these codes are manually posted. These should have been automatic at the voucher posting level. However, the system has been set up this way.
- e) Voucher 1006088 BDT4175 (USD52) for training adjustment Non claimable advance Activity 30604 Marketing Training (Should be C301510 Marketing Management Workshop)
- f) Voucher 1970078 BDT324424 (USD4,055) for final bill LCS market Government Code 7016, Activity C20104 Category 1 the last voucher posted and bank reconciliation prepared, accounts closed at the end of the month. No further entries could be made.

Khulna: Review of Vouchers and Procurement Documents

- a) 10 October 2016 Voucher 1006088 Training for IGA Training advance for BDT25,725 (USD322) for 26 October 2016 training payable to Upazila Engineer properly supported.
- b) 1 May 2017 Voucher Training Final payment IFAD BDT6,809 (USD85) and GOB BDT1,766 (USD22) properly supported with expenditure invoices and receipts
- c) 19 January 2017 Voucher 1006096 Payment for Village Road BDT1,552,349 (USD19,404) Contract Amount BDT8,996,411 (USD112,455) under e-procurement; Bank Guarantee BDT449,820.57 (USD5,622) valid 12 March 2018.
- d) 21 March 2017 Voucher 1006100 Payment for Market LCS BDT315,500 (USD3,943) Contract Amount BDT1,726, 821 (USD21,585) dated 10 January 2016, date completed: 24 Jan 2017); 1st payment BDT850,000 (USD10,625). Final payment BDT379,706 (USD4,746) (net of taxes). Properly liquidated with supporting documents.
- e) 20 March 2017 Voucher 1970056 Payment for Roads BDT700,000 (USD8,750) Contract Amount BDT11,681,017.49 (USD146,013) dated 9 September 2015 under e procurement: Bank Performance Guarantee BDT1,168,101.75 (USD14,601) valid 24 August 2017. As of 9 May 2017 cumulative payments BDT5,021,274 (USD62,765). Contract expiry date and the bank performance guarantee needs to be extended.
- f) 2 March 2017 Voucher 1970054 Payment for Market LCS BDT683,856 (USD8,548). Contract Amount BDT1,367,712 (USD17,096) to be completed 19 February 2018 properly supported with receipts and invoices.

Review of LCS documents:

- a) Package no. CM255 Moakhali Bazar LCS 01 Contract Amount BDT 1,234,829 (USD15,435) dated 27 August 2015 Date Completed: 23 June 2016: Maintains Materials Register books, Machine Rental Tools Register; Wages register; Attendance Sheet register; Resolution Book for LCS meetings on the works; Bank Book Total Expenditure BDT 1,103,860 (USD13,798) Total Measurement Book amount BDT1,233,485 (USD15,418); Profit BDT129,625 (USD370). Properly supported with receipts and invoices.
- b) Package no. CM256 Moakhali Bazar LCS 02 Contract Amount BDT1,222,757 (USD15,284) dated 27 August 2015 Date Completed: 23 June 2016: same sets of records: Total Expenditure BDT1093310 Total Measurement Book amount BDT1,222,757 (USD15,284) Profit BDT129,447 (USD1,618). Properly supported with receipts and invoices.

Bargehat: Review of TOMPRO operations

- a) Weekly, the FMO posts entries from the manual cash book of the CCRIP maintained by the LGED Account Assistant (AA). Around 22 external funded projects are managed by the District Accountant as assisted by two AAs.
- b) Bank Reconciliation Statement (BRS) updated in the TOMPRO as of 30 June 2017. Bank balance BDT1,692,393, reconciled with book balance BDT 746,607. The BRS is also manually prepared and printed. All accounts of the Project ADB, IFAD and GOB are inputted in the TOMPRO.
- c) 1st entry made by FMO, 13 July 2016 Voucher 7391 for 2nd payment BDT1,665,350. for Upazila road improvement Category 1 and Activity code C10501. Found in order. There is a need for some more briefing for retrieving transaction.
- d) 12 July 2016 Voucher 7895 for Training for MMC BDT89,742 properly posted C30510 (Marketing Management Workshop)
- e) 17 July 2016 Voucher 8848 for LCS Advance was posted as expenditure for BDT23,753 Activity C20105 Category 1. This was however monitored at the PMO level so as not to be included in the SOE yet.
- f) 17 November 2016 Voucher 11786 cash transfer BDT3,190,000 was posted in the Bank account and Cash in Transit Accounts
- g) 27 December 2016 Voucher 0115 for Bank charges BDT 12,000 no category code posted
- h) 19 June 2017 Voucher 9853 (1) for Advance Training of LCS BDT69,000 Market Management Workshop (no activity code provided. Charge to Advance Government code 930431 Different entry as in another district where expense is recognize as non-claimable advance, so expense is debited.

Bargehat: Review of vouchers and procurement documents:

- a) 31 January 2017 Voucher 7475 for Payments for Union Road BDT6,520,680 (Contract amount BDT50,515,462.73 dated 5 Jan 2016, completion date 11 July 2017) with NOL from IFAD Bank Guarantee BDT5,056,600 expired 17 March 2017, Contract time extension and bank guarantee amendment under process. Total payments BDT21,212,000.
- b) 15 January 2017 Voucher 7469 for Payments for Union Road BDT3,705,750 (Contract amount BDT24,943,866 dated 29 December 2015 completion date 4 January 2017, amended BDT24,907,345 dated 9 March 2017 revised completion date 17 March 2017) e procurement Performance Security in the form of Payment Order BDT1309553 expiry date 20 December 2020 with NOL from IFAD
- c) 26 February 2017 Voucher 7477 for payment of union road BDT2,144,884 (contract amount BDT21,715,205.93 dated 6 January 2016, completion date 30 June 2017). Amendment to BDT21,704,712 under process for approval of PD. Final bill under process. Bank guarantee for BDT1,085,760.30 expiry dated amended to 2 October 2017. But need to be extended to 30 June 2018 prior final payment. With NOL from IFAD
- d) 7 May 2017 Voucher for payment of Ghat BDT 290,559 (Contract Amount BDT 1,493,294 dated 19 October 2015 completion date 25 April 2016, by Open Tender with three bidders) Bank guarantee in the form of Payment Order BDT150,000. Total payments BDT1,442,809
- e) 4 April 2017 Voucher 7495 payment for market LCS BDT25,940 (Contract Amount BDT1,338,489 dated 23 November 2015) Total payments BDT1,337,924 including profit distributed. Completed 22 November 2016.
- f) 19 June 2017 Voucher 9853 (1) Advance for Market Management Workshop BDT23,000 still outstanding.

Satkhira: Review of vouchers:

- a) September 2016 Voucher 1008735 payment for roads BDT1,512,339 documents are in order
- b) 30 November 2016 Payment to Basu Tradet BDT3,408,440 (Contract amount BDT20,263,702) with performance guaranty and works progress provided in the measurement book as checked and certified by the Upazila Engineer, District Engineer and Executive Engineer. Also covered with IFAD NOL.

- c) November 2016 final payment for LCS contract with amount of BDT100,058, with work certificate, detailed list of expenditure with supporting documents and distribution of wages and profits.

The mission together with PMO FMS met with all the accountants, AAs and FMOs of the districts on 24 July 2017 and provided briefing and training on the TOMPRO system. The mission likewise test check some selected transactions of the districts including accounting records, viz:

Bhola

December 2016 Voucher 291216 LCS BDT258030 (Contract amount BDT1,193,254 completion date 19 December 2016) Contract has been revised to 31 August 2017. The cash book and advance register are in order.

Madaripur

03 January 2017 Voucher 614302 LCS BDT355,603 (Contract amount BDT1,226,330 dated 20 Mar 2016) 2nd installment, LCS Advance register should provide one register per LCS rather than chronological record of advance.

Gopalganj

23 February 2017 Voucher 230217 Roads W-12 BDT4,395,280 (Contract amount BDT21,188,188.91 completion 12 September 2017) maintain cash book and cash advance register under e-procurement summary; with IFAD NOL

Barguna

8 May 2017 Vouocher IFAD0805 for Bridge construction BDT6,227,167 (Contract Amount BDT22,928,799 dated 1 March 2016 with performance security BDT5,424,953 time extension on going, performance security for extension as well, e procurement. With IFAD NOL

Barisal

2 November 2016 Voucher 41/16-17 Roads BDT2,200,000 (Contract Amount BDT14,075,061.84) completion date 7 March 2017 extended 20 May 2017, time extension 7 August 2017 awaiting PD approval; performance security for extension as advised to the Bank. Total payment BDT9,316,509. Balance of the contract: BDT4,758,552 (physical works completed, bill pending receipt of approval of time extension) with IFAD NOL.

Pirojpur

9 May 2017 Voucher V#419 Roads W-08 BDT5,164,522 (Contract amount BDT22,772,511 completion 25 October 2017 e procurement performance security BDT1,138,625 valid 27 September 2017 (needs to be extended until contract completion) with IFAD NOL

Patuakhali

18 Jan 2017 Voucher 19/16-17 Roads BDT4,168,281 (Contract amount BDT17,729,746 completion 13 June 2017) open tender extended to 30 September 2017 by LGED XEN; with IFAD NOL Performance Payment Orders in favor of XEN BDT450,000 and BDT410,000

Jhalakati

28 June 2017 payment Bridge BDT6,000,000 (Contract amount BDT15,770,355 completion date 1 May 2017) extended 30 July 2017, Bank Guaranty 1,577,500 12 October 2017 work will be completed by 30 July 2017, with IFAD NOL

Shariatpur

Records: Bank reconciliation as of 30 June 2017 has been verified as reconciled in the cash book

Project Financial Statements (PFS) are prepared annually for audit. As agreed in the last 2016 Supervision Mission, the PFS must be supplemented with additional necessary disclosures as per IFAD requirements, such as information on category and component costs (for the year and accumulated to year end), budgeted costs and variation analysis with associated explanations,

cumulative amount by category of expenditure and balance sheet. This will be put into effect in the 2016-17 financial statements.

Withdrawal Applications (WA): The project has made 33 withdrawal applications (WA) against the IFAD 1st loan approved allocation for total amount of USD 31.32 million including the initial deposit transfer (as the imprest fund level) of USD4.0 million; WAs against the IFAD 2nd Loan for total amount of USD3.75 million inclusive of USD2.0 million initial deposit as imprest fund level and 3 WAs against the IFAD Grant inclusive of USD230,000 initial deposit as revolving fund. The mission examined the calculations and the documentation with respect to WAs and found these to be satisfactory (a) arithmetical accuracy of the Special Account Reconciliations with references to SOEs produced from TOMPRO, Bank statements and outstanding advances (b) application of correct rate of exchange as automatically generated from TOMPRO and (c) with appropriate supporting documents.

The mission noted the over expenditure under Category IV – Studies and Training in the first loan which IFAD withhold further release. The project must submit a schedule of reallocation of funds between category of expenditure to IFAD. The mission noted that IFAD agreed in an email from May 2015 to the PD that the salaries of Upazila Infrastructure Supervision Engineers (UISE), Field Monitoring Officers (FMO), Monitoring Assistant (MA) and AA in the PMO could be charged to Category 1 (Civil Works) under Category 3 (Consultants) is not enough to cover these costs. To be consistent with the charging of costs, the costs of the AAs that will be recruited for the districts will also be charged to Category 1.

The mission noted USD30,941.13 WA submission on 11 December 2014 under category 4 of the IFAD Grant WA was not replenished nor adjusted. The mission advised the PMO to follow up with IFAD this pending amount.

The mission compared the records of the Project and IFAD and found that the balance of advance per IFAD records under the grant is SDR213,821.53 as of July 2017 while actual total amount of advances received by the Project was SDR149,111.32. This affected also the amount recorded by IFAD for the Category 4. The mission advised the PMO to inform IFAD for reconciliation of the amount of advance recorded.

The project started preparing Smart SOEs in line with the provision in IFAD disbursement handbook of June 2017. The mission advised the PMO to complete the column for the reference to the related AWPB and budget line with appropriate codes.

Internal Audit: The Internal Audit Section (IAS) of LGED carried out periodic audit of the Project. The last report for 15 to 21, June 2016 was written in Bangla and will be translated in English and provided to IFAD. There is now an ongoing internal audit. The Project has requested the IAS to submit the report in English.

Administrative Management: Fixed Assets Registers (FAR) has been maintained but the information on user name and asset identification number must be updated and provided as tag numbers attached to the assets. Physical inventory of assets conducted at the end of the year should be documented and kept in file. Vehicles log books are maintained as a basis of issuing fuel and periodic maintenance and occasional repairs of the vehicles.

Currently, the district offices back up TOMPRO data on flash drives. The mission recommends that back up of all data should be made weekly on computers, and in external hard drives and/or CD, and stored in safe locations. The Project has an IT expert funded by ADB whose responsibility is the maintenance of the programme computers, including the back up of files. From time to time the IT must provide support in the districts.

Disbursement: IFAD disbursements to the project is rated as *satisfactory* (5). IFAD has transferred a total amount of USD31.23 million as of 30 June 2017 including USD4.0 million as initial deposit or 85.12% of the approved USD36.7 million IFAD 1st Loan; USD3.85 million inclusive of USD2.0 million advance, or 19.24% of the approved USD20 million IFAD 2nd additional loan; and USD0.68 million inclusive of USD0.23 million advance or 73.8% of USD0.93 million IFAD grant. Overall, IFAD has released a total of USD35.76 million or 62.06 % of the total IFAD allocation of USD 57.62 million.

Of the funds transferred by IFAD to the Project, the amount disbursed in terms of expenditure was USD30.53 million or 52.3% of approved allocation. Component expenditures were: 47.3% for Component 1, 81.6% for Component 2; 73.5% for Component 3 and 106% for Component 4. See Appendix 5 for details

Counterpart fund: The implementation performance of this activity is rated as *satisfactory* (5). As of June 30, 2017, the actual amount spent of the GoB contribution was USD14.58 million or 47% of the USD31.2 million approved allocation. See Appendix 5 for details.

Compliance with loan covenants: The implementation performance of this activity is rated as *satisfactory* (5). The Project has complied in general with the loan covenants except that the audited report of 2015-2016 and the AWPB for 2017 which were submitted to IFAD at later dates on 3 January 2017 rather before 31 December 2016 for Audit report and 4 January 2017 for the AWPB instead of 31 October 2016 for the AWPB (Schedule 1, Section II Para 7(vii) and Section 7.01 respectively, of the General Conditions of the loan covenant). The project does not submit draft financial statements to IFAD required by Section 9.02 of the General Conditions. Insurance of key staff has not been made from the project which is a requirement of Section 7.11 of the General Conditions. See Appendix 6 for details.

Procurement: The implementation performance of this activity is rated as *satisfactory* (5). The Project adhered to the Procurement Act 2006 and Procurement Rules 2008 of GoB consistent with IFAD Procurement guidelines. The procurement process and documentation including the e-procurement for works of the Project were found to be generally satisfactory. Some contracts' time extension is in process or need to be extended which should, likewise include the corresponding performance security. The project has obtained the necessary prior approvals of IFAD wherever the costs exceeded the threshold amount as spelt out in the Letter to Borrower. The actual dates of the procurement process have not been inputted with the procurement plan. Although, the mission noted most of the project procurements have been completed.

The procedures for procurement of works, namely the preparation of tender documents, evaluation, and the approval of the evaluation committee were checked on a test basis from the records maintained in the PMO and in the district offices and found them in order. There was no procurement where ICB methods of procurement has been used for the IFAD funds. For procurement of goods and equipment, where RFQ or LCS methods have been used, these were also found to be in order. The contract register and contract payment monitoring form were found to be updated.

Audit: The implementation performance of the audit is rated as *satisfactory* (5). The audit of the 2015-2016 financial statements was carried out in accordance with International Standards of Auditing, and the audit opinion was unqualified. The audit report submitted to IFAD on 3 January 2017 has been reviewed by IFAD FMS and found to be satisfactory.

The audit report for 2015-2016 showed three observations (2 items ineligible expenditures on works and another item on salary not provided in the DPP with total value equivalent to USD180,397) which the Project has yet to provide the necessary documents to FAPAD to accept these items as eligible expenditures. The mission advises the project provide IFAD with FAPAD confirmation of acceptance. The project maintains a detailed audit log (See Appendix 8) that provide status of actions taken for audit observations.

Lessons Learnt (Financial Management and Procurement)

138. TOMPRO was successfully installed in CCRIP project. The CCRIP PMU finance system provides rigorous checking and validation of data inputted as inputted in the system at the District Offices by the Field Monitoring Officers (FMOs).

139. Together the CCRIP and the TOMPRO system is a showcase for the other IFAD funded projects in Bangladesh. Some enhancements with the system are possible, however, including preparation of schedule of advances with aging, producing SOE with complete information reference to AWPB budget lines, printing of voucher, producing sources and application of funds by financier,

inputs of budgets and actual expenditures in the AWPB and maintenance of fixed asset register. This will require rigorous training of district Accountants.

140. The implementation performance on procurement activities of the current IFAD funded projects including CCRIP being implemented by LGED (particularly under the Electronic Government Procurement or EGP) was satisfactory and in line with GoB Procurement Act 2006 and Procurement Rules 2008 and is consistent with IFAD Procurement guidelines. Developed, monitored, and administered by Central Procurement Technical Unit (CPTU) under the Planning Commission, the EGP. The mission notes that procurement for work in process or completed were supported with appropriate documents (i.e., bid opening and evaluation, performance security and prior No Objection from IFAD for procurements falling above the threshold amounts). The e-procurement will be adopted likewise by future IFAD funded projects.

Agreed Action	Responsibility	Agreed Date
Immediate training of District Accounts and Accounts Assistants and assess their capability to operate TOMPRO. IF any of the AA is not able to operate the TOMPRO, PMO must recruit competent AA accordingly.	PD/ FMS	2017 December 2017
Monitor AWPB from the time disbursement is in process.	FMS/Procurement Specialist and district accountants/AAs	Immediate at processing of payment and quarterly preparation of budget against actual financial progress
Deposit accumulated Interest on Bank Deposits to Government Treasury.	PD/ Concerned XENs	31 August 2017

Working Paper 6: CCRIP Economic and Financial Analysis MTR Update

1. Introduction

141. This Working Paper (WP) has two parts: first one presents the revised cost structure of CCRIP at the mid-term review (MTR), derived using the COSTAB programme; and the second part presents the revised economic and financial assessment (EFA) of CCRIP at MTR with the revised cost structure.

2. Revised cost of CCRIP

142. Some of the key assumptions that were used at the design in deriving the cost structure of CCRIP have changed since the beginning of the project. As requested by the project management, the MTR mission revised the cost structure of CCRIP using a revised set of assumptions. The revisions apply only for the costs that are financed by IFAD Loan 1 and 2. The cost of the activities that are financed by ADB and KfW remained the same in the revised cost structure.

2.1 Main Assumptions - MTR

2.1.1 Physical and Price Contingencies -

143. IFAD finances mostly civil construction work. For accommodating possible delays 10% physical contingencies have been applied at the design stage and the current revision maintains the same rate for the work that is implemented in 2017. Price contingencies at 7.5% have been applied at the design on all items for the entire project period. However, according to the recent information sources (<https://tradingeconomics.com/bangladesh/inflation-cpi>) the inflation rate has averaged 5% over the project life, and thus the revision uses 5%. As in the case of physical contingencies, price contingency is also assumed only for the work that will be implemented in 2017. All unit costs are estimated in Bangladesh Taka (BDT).

2.1.2 Exchange Rates

144. The exchange rate for deriving the cost at the design stage has been set at BDT 82 to one US \$, the rate prevailing at the time of the design and increasing rates thereafter. At the MTR, the project has disbursed 62% of IFAD loan and grant resources. The design formulation has assumed increasing exchange rates which has not been the case in Bangladesh. The exchange rate was revised at the MTR to take the prevailing rates. Table One below shows the rates assumed. Table Two shows the rates that were used at the design for the purpose of comparison. It is noted that the exchange rates that were assumed and used during the design have not been realised. Instead of assumed depreciation of BDT against US \$, BDT has appreciated is shown in the table. The impact of this change in exchange rates on the cost structure has been corrected using the prevailing exchange rates for the project investments that are financed by IFAD financial resources. The investments financed by ADB and KfW have not been subject to a similar revision in this exercise.

2.1.3 Taxes and Duties

The same rates of taxes and duties that were applied at the design stage remained unchanged. The rates vary from 10% to 15%. No tax was paid by IFAD loans and this remains unchanged at the MTR revision.

2.1.4 Project Life

145. The Project life was six years, started in 2013 and expected to be completed in June 2019 and closed in December 2019. No extension of the project period is foreseen. However, some expenditure on staff training was requested to be spent during the closing time, but before December 2019. The revision therefore used the project life of seven years till the end of 2019.

Table One

Bangladesh Coastal Climate Resilient Infrastructure Project Inflation and Exchange Rates: At MTR										
	Up to Negotiation	Up to Project Start	2013	2014	2015	2016	2017	2018	2019	
Inflation (in %'s) /a										
All										
Annual rates										
Local	0.0	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
Foreign	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Compounded rates										
Local	0.0	0.0	2.5	7.6	13.0	18.7	24.6	30.8	37.4	
Foreign	0.0	0.0	0.2	0.5	0.8	1.1	1.4	1.7	2.0	
None										
Annual rates										
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Compounded rates										
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Exchange rates (Local/Foreign) /b										
All										
Rates actually used	82.0	82.0	82.0	82.0	82.0	82.0	81.0	80.0	79.0	
Constant purchasing parity rates	82.0	82.0	83.9	87.9	92.0	96.3	100.8	105.5	110.5	
% deviation	0.0	0.0	-2.3	-6.7	-10.8	-14.8	-19.6	-24.2	-28.5	
None										
Rates actually used	82.0	82.0	82.0	82.0	82.0	82.0	81.0	80.0	79.0	
Constant purchasing parity rates	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	
% deviation	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	-2.4	-3.7	

/a Yearly values are within Each Project Year

/b Yearly values are at Project Year Midpoints

Table Two

Bangladesh Coastal Climate Resilient Infrastructure Project Inflation and Exchange Rates: At the Design									
	Up to Negotiation	Up to Project Start	2013	2014	2015	2016	2017	2018	
Inflation (in %'s) /a									
All									
Annual rates									
Local	0.0	0.0	7.5	7.5	7.5	7.5	7.5	7.5	
Foreign	0.0	0.0	0.3	0.5	0.5	0.5	0.5	0.5	
Compounded rates									
Local	0.0	0.0	3.8	11.5	19.9	28.9	38.6	48.9	
Foreign	0.0	0.0	0.2	0.6	1.1	1.6	2.1	2.6	
None									
Annual rates									
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Compounded rates									
Local	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Exchange rates (Local/Foreign) /b									
All									
Rates actually used	82.0	82.0	84.9	91.0	97.3	104.1	111.3	119.1	
Constant purchasing parity rates	82.0	82.0	84.9	91.0	97.3	104.1	111.3	119.1	
% deviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
None									
Rates actually used	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	
Constant purchasing parity rates	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0	
% deviation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

2.1.5 Targets for Civil Structures and Unit costs

146. Unit costs together with physical units of activities have been identified at the design for most items and these are included in domestic currency unit (BDT). In certain instances, lump sum allocations have been computed so as to give flexibility in procurement or for the implementation of such activity/ task. The main purpose of the revision of the cost structure at MTR was to revise the targets and unit costs on the basis of actual costs. Table Three presents the additional targets of civil structures that were included into the cost structure and the revisions to the unit cost of the structures. The unit cost of the salaries of the project management staff and few other items in the project management component have also been revised. Table present such changes as well and as such captures in summary the main changes included into the cost structure of CCRIP at the MTR.
147. The revision to the COSTAB has taken into account the reallocation proposal that the MTR mission has reviewed and approved. In addition to the changes appearing in Table , other changes include providing loan resources to finance reimbursable payment to a team of consultants and training.

Table Three: Revisions of activity targets and unit costs at the MTR

Activity	Units	Design target (KM)	Revised targets (KM)	Design unit cost (BDT)	Revised unit cost (BDT)
Roads:					
Union Roads BC type 'B'	Km	128	94.69	9,000,000	6,112,961
Union Roads BC type 'C'	Km	32	39.88	10,500,000	9,693,455
Village Roads BC	Km	271	218.47	6,000,000	4,930,144
Village Roads RCC	Km	65	69.94	7,300,000	6,766,114
Block Roads	Km	5	0	4,800,000	4,800,000
Culverts and Small Bridges	Meters	2,345	2,139.23	300,000	456,784
Markets:					
Type 1: Special Markets	Nb	4	4	7,200,000	5,666,000
Type 2: Large Package	Nb	33	33	3,500,000	3,261,091
Type 3: Small package	Nb	160	148	2,500,000	2,398,388
Collection Centers	Nb	5		1,200,000	1,200,000
Women's Market Sections	Nb	15	16	900,000	1,247,429
Landing Stages (Ghats)	Nb	38	40	1,100,000	1,828,400
Project Staff Salaries (revised cost exclude tax and reimbursable for comparison):					
Market planner	months	42	42	60,000	64,000
Financial management specialist	months	6	6	109,333	121,275
GIS Specialist	months	60	60	50,000	60,000
Hydrologist	months	66	66	70,000	55,000
Accounts assistant	months	66	66	25,000	30,000
MEK Specialist	months	62	62		112,500
Livelihood Specialist	months	36	36		150,000
Monitoring Assistant	months	62	62		30,000
Field Monitoring Officers	months	43	43		60,638
Infrastructure supervision engineers	months	1920	1920	30,000	3,5000
Double-cab Pick-up	Nb	1	1	2,932,000	4,852,600
Motorcycle	Nb	2	2	165,600	136,000

2.2 Revised Project Costs

148. Out of the total project costs at the design, IFAD provided US \$ 59 million for CCRIP. The IFAD financing consisted of two loans, the first providing US \$ 39.5 million and the second providing US \$ 19.5 million, and a Grant of US \$ one million. The MTR mission revised the activities financed by the two IFAD loans. Table Four presents the summary of the financing plan. The IFAD financing has decreased to US \$ 56.9 owing to the appreciation of the BDT against the US \$ and SDR currencies.

Table Four: Financing Plan – Revised at MTR

Financing Plan	Bangladesh Coastal Climate Resilient Infrastructure Project							
	(US\$ Million)				(BDT Million)			
	Foreign	Local	Total	Percent	Foreign	Local	Total	Percent
ADB	3.0	19.3	22.2	14.4	241.6	1,576.8	1,818.5	14.4
SCF Loan	3.3	18.6	21.9	14.2	271.7	1,522.8	1,794.5	14.3
SCF Grant	3.1	7.7	10.8	7.0	254.5	630.5	885.0	7.0
IFAD First Loan	4.1	32.1	36.2	23.5	337.5	2,618.6	2,956.1	23.5
IFAD Second Loan	2.2	17.6	19.7	12.8	175.3	1,427.2	1,602.5	12.7
IFAD Grant	0.1	0.9	1.0	0.7	8.2	74.0	82.2	0.7
KfW	1.1	8.6	9.7	6.3	92.1	704.3	796.4	6.3
The Government	2.2	30.4	32.5	21.1	175.5	2,476.2	2,651.7	21.1
Total	19.0	135.1	154.1	100.0	1,556.5	11,030.4	12,586.9	100.0

Note: The MTR revisions of the cost structure includes only the IFAD Loan and Grant resources. Changes to the cost structure of the ADB and KfW resources are a result of the revisions of the foreign exchange rates in accordance with the current exchange rate at the MTR.

2.3 Project Costs by Project Component and Expenditure Accounts – MTR Revisions

149. Table Five shows the total cost of main components and sub-components, and the cost of the expenditure accounts. The detail cost tables that are financed by ADB and KfW are also presented for the completeness of the cost structure although they were not revised at the MTR stage. The MTR reallocation proposal included activities for the IFAD Grant of US \$ 1 million. This cost table do not specify the activities but keep the grant amount at US \$ 1 million for the project to use for the activities that would be identified. The key summary tables are presented below and the revised mother COSTAB and all the summary and detailed cost tables are presented in the attached excel sheets.

Table Five: Components project cost summary

Coastal Climate Resilient Infrastructure Project Components Project Cost Summary	(BDT Million)					(US\$ Million)				
				%	% Total				%	% Total
	Local	Foreign	Total	Exchange	Base	Local	Foreign	Total	Exchange	Base
A. Improved Road Connectivity										
1. Upgraded Upazila Roads	2,314.1	257.1	2,571.2	10	23	28.2	3.1	31.4	10	23
2. Upgraded Union and Village Roads	3,978.2	442.0	4,420.3	10	40	48.5	5.4	53.9	10	40
Subtotal	6,292.3	699.1	6,991.4	10	64	76.7	8.5	85.3	10	64
B. Improved Market Services										
1. Upgraded Growth Centers and Large Markets	748.6	83.2	831.8	10	8	9.1	1.0	10.1	10	8
2. Upgraded Community Markets	538.2	59.8	598.0	10	5	6.6	0.7	7.3	10	5
Subtotal	1,286.7	143.0	1,429.7	10	13	15.7	1.7	17.4	10	13
C. Enhanced Climate Change Adaptation Capacity										
1. Enhanced Capacity and Knowledge Management	193.2	21.5	214.7	10	2	2.4	0.3	2.6	10	2
2. Upgraded Climate Disaster Shelters	582.9	64.8	647.7	10	6	7.1	0.8	7.9	10	6
Subtotal	776.2	86.2	862.4	10	8	9.5	1.1	10.5	10	8
D. Project Management	1,316.6	373.4	1,690.0	22	15	16.1	4.6	20.6	22	15
Total BASELINE COSTS	9,671.7	1,301.8	10,973.5	12	100	117.9	15.9	133.8	12	100
Physical Contingencies	515.2	55.7	570.9	10	5	6.3	0.7	7.0	10	5
Price Contingencies	843.4	2.1	845.6	-	8	10.8	0.1	10.9	1	8
Total PROJECT COSTS	11,030.4	1,359.7	12,390.1	11	113	135.1	16.6	151.7	11	113
Interest During Implementation	-	196.8	196.8	100	2	-	2.4	2.4	100	2
Total Costs to be Financed	11,030.4	1,556.5	12,586.9	12	115	135.1	19.0	154.1	12	115

Coastal Climate Resilient Infrastructure Project										
Expenditure Accounts Project Cost Summary										
(BDT Million)						(US\$ Million)				
	Local	Foreign	Total	% Foreign Exchange	% Total Base Costs	Local	Foreign	Total	% Foreign Exchange	% Total Base Costs
I. Investment Costs										
A. Civil Works										
Upazila Roads	2,229.3	247.7	2,477.0	10	23	27.2	3.0	30.2	10	23
Union, Village and Block Roads	3,790.1	421.1	4,211.2	10	38	46.2	5.1	51.4	10	38
Growth Centers and Large Markets	720.0	80.0	800.0	10	7	8.8	1.0	9.8	10	7
Village Markets and Collection Points	458.0	50.9	508.8	10	5	5.6	0.6	6.2	10	5
Landing Stages (Ghats)	67.2	7.5	74.7	10	1	0.8	0.1	0.9	10	1
Climate Disaster Shelters	568.1	63.1	631.3	10	6	6.9	0.8	7.7	10	6
Subtotal	7,832.7	870.3	8,703.0	10	79	95.5	10.6	106.1	10	79
B. Vehicles & Equipment										
Vehicles	36.1	67.1	103.2	65	1	0.4	0.8	1.3	65	1
Field Equipment	46.9	31.3	78.2	40	1	0.6	0.4	1.0	40	1
Office Equipment	12.2	8.1	20.4	40	-	0.1	0.1	0.2	40	-
Subtotal	95.2	106.5	201.8	53	2	1.2	1.3	2.5	53	2
C. Consulting Services										
International	-	246.6	246.6	100	2	-	3.0	3.0	100	2
National	529.9	-	529.9	-	5	6.5	-	6.5	-	5
Support Staff	153.5	-	153.5	-	1	1.9	-	1.9	-	1
Equipment, Surveys and Operating Expenses	95.6	10.6	106.3	10	1	1.2	0.1	1.3	10	1
Subtotal	779.0	257.2	1,036.2	25	9	9.5	3.1	12.6	25	9
D. Training, Workshop, Studies	279.5	31.1	310.5	10	3	3.4	0.4	3.8	10	3
E. Land Acquisition	220.5	-	220.5	-	2	2.7	-	2.7	-	2
F. LGED Staff and Operating Costs	-	-	-	-	-	-	-	-	-	-
Total Investment Costs	9,206.9	1,265.0	10,472.0	12	95	112.3	15.4	127.7	12	95
II. Recurrent Costs										
A. Infrastructure Maintenance										
Roads	272.9	30.3	303.2	10	3	3.3	0.4	3.7	10	3
Markets	43.0	4.8	47.8	10	-	0.5	0.1	0.6	10	-
Climate Disaster Shelters	14.8	1.6	16.4	10	-	0.2	0.0	0.2	10	-
Subtotal	330.7	36.7	367.4	10	3	4.0	0.4	4.5	10	3
B. Salaries and allowances	115.8	-	115.8	-	1	1.4	-	1.4	-	1
C. Vehicles operation and maintenance	18.3	-	18.3	-	-	0.2	-	0.2	-	-
Total Recurrent Costs	464.8	36.7	501.6	7	5	5.7	0.4	6.1	7	5
Total BASELINE COSTS	9,671.7	1,301.8	10,973.5	12	100	117.9	15.9	133.8	12	100
Physical Contingencies	515.2	55.7	570.9	10	5	6.3	0.7	7.0	10	5
Price Contingencies	843.4	2.1	845.6	-	8	10.8	0.1	10.9	1	8
Total PROJECT COSTS	11,030.4	1,359.7	12,390.1	11	113	135.1	16.6	151.7	11	113
Interest During Implementation	-	196.8	196.8	100	2	-	2.4	2.4	100	2
Total Costs to be Financed	11,030.4	1,556.5	12,586.9	12	115	135.1	19.0	154.1	12	115

Summary Tables – Components by Financiers

Coastal Climate Resilient Infrastructure Project (BDT Million)																					
Components by Financiers																					
	ADB		SCF Loan		SCF Grant		IFAD First Loan		IFAD Second Loan		IFAD Grant		KfW		The Government		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Improved Road Connectivity																					
1. Upgraded Upazila Roads	1,381.6	43.2	1,230.1	38.4	-	-	-	-	-	-	-	-	-	-	588.9	18.4	3,200.7	25.4	284.5	2,436.0	480.1
2. Upgraded Union and Village Roads	-	-	-	-	-	-	2,446.4	52.5	1,422.6	30.5	-	-	-	-	790.2	17.0	4,659.2	37.0	451.3	3,719.1	488.9
Subtotal	1,381.6	17.6	1,230.1	15.7	-	-	2,446.4	31.1	1,422.6	18.1	-	-	-	-	1,379.1	17.5	7,859.9	62.4	735.9	6,155.1	969.0
B. Improved Market Services																					
1. Upgraded Growth Centers and Large Markets	381.3	38.3	430.0	43.2	-	-	-	-	-	-	-	-	-	-	185.0	18.6	996.3	7.9	92.0	754.9	149.5
2. Upgraded Community Markets	-	-	-	-	-	-	371.3	59.5	173.2	27.8	-	-	-	-	79.6	12.8	624.2	5.0	60.8	500.0	63.4
Subtotal	381.3	23.5	430.0	26.5	-	-	371.3	22.9	173.2	10.7	-	-	-	-	264.7	16.3	1,620.5	12.9	152.8	1,254.9	212.8
C. Enhanced Climate Change Adaptation Capacity																					
1. Enhanced Capacity and Knowledge Management	-	-	-	-	73.8	31.7	28.9	12.4	-	-	82.2	35.3	23.5	10.1	24.2	10.4	232.6	1.8	22.2	187.8	22.6
2. Upgraded Climate Disaster Shelters	-	-	-	-	-	-	-	-	-	-	-	-	653.9	82.7	137.2	17.3	791.1	6.3	71.7	600.7	118.7
Subtotal	-	-	-	-	73.8	7.2	28.9	2.8	-	-	82.2	8.0	677.4	66.2	161.4	15.8	1,023.6	8.1	93.9	788.5	141.2
D. Project Management	-	-	128.3	6.8	811.2	43.0	109.5	5.8	6.7	0.4	-	-	119.0	6.3	711.4	37.7	1,886.0	15.0	377.2	1,294.5	214.4
Total PROJECT COSTS	1,762.9	14.2	1,788.4	14.4	885.0	7.1	2,956.1	23.9	1,602.5	12.9	82.2	0.7	796.4	6.4	2,516.6	20.3	12,390.1	98.4	1,359.7	9,493.0	1,537.4
Interest During Implementation	55.5	28.2	6.1	3.1	-	-	-	-	-	-	-	-	-	-	135.1	68.7	196.8	1.6	-	-	-
Total Disbursement	1,818.5	14.4	1,794.5	14.3	885.0	7.0	2,956.1	23.5	1,602.5	12.7	82.2	0.7	796.4	6.3	2,651.7	21.1	12,586.9	100.0	1,359.7	9,493.0	1,537.4

Bangladesh Coastal Climate Resilient Infrastructure Project (US\$ Million)																					
Components by Financiers																					
	ADB		SCF Loan		SCF Grant		IFAD First Loan		IFAD Second Loan		IFAD Grant		KfW		The Government		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
A. Improved Road Connectivity																					
1. Upgraded Upazila Roads	16.9	43.1	15.0	38.4	-	-	-	-	-	-	-	-	-	-	7.2	18.5	39.1	25.4	3.5	29.8	5.9
2. Upgraded Union and Village Roads	-	-	-	-	-	-	29.9	52.4	17.5	30.6	-	-	-	-	9.7	17.0	57.2	37.1	5.5	45.6	6.0
Subtotal	16.9	17.5	15.0	15.6	-	-	29.9	31.1	17.5	18.2	-	-	-	-	17.0	17.6	96.3	62.5	9.0	75.4	11.9
B. Improved Market Services																					
1. Upgraded Growth Centers and Large Markets	4.7	38.3	5.2	43.1	-	-	-	-	-	-	-	-	-	-	2.3	18.6	12.2	7.9	1.1	9.2	1.8
2. Upgraded Community Markets	-	-	-	-	-	-	4.5	59.3	2.1	27.9	-	-	-	-	1.0	12.8	7.6	5.0	0.7	6.1	0.8
Subtotal	4.7	23.5	5.2	26.5	-	-	4.5	22.9	2.1	10.8	-	-	-	-	3.2	16.4	19.8	12.8	1.9	15.3	2.6
C. Enhanced Climate Change Adaptation Capacity																					
1. Enhanced Capacity and Knowledge Management	-	-	-	-	0.9	31.7	0.4	12.4	-	-	1.0	35.4	0.3	10.1	0.3	10.4	2.8	1.8	0.3	2.3	0.3
2. Upgraded Climate Disaster Shelters	-	-	-	-	-	-	-	-	-	-	-	-	8.0	82.6	1.7	17.4	9.7	6.3	0.9	7.3	1.4
Subtotal	-	-	-	-	0.9	7.2	0.4	2.8	-	-	1.0	8.0	8.3	66.2	2.0	15.8	12.5	8.1	1.1	9.6	1.7
D. Project Management	-	-	1.6	6.8	9.9	43.0	1.4	5.9	0.1	0.4	-	-	1.5	6.3	8.7	37.7	23.1	15.0	4.6	15.9	2.6
Total PROJECT COSTS	21.5	14.2	21.8	14.4	10.8	7.1	36.2	23.8	19.7	13.0	1.0	0.7	9.7	6.4	30.9	20.4	151.7	98.4	16.6	116.2	18.8
Interest During Implementation	0.7	28.2	0.1	3.1	-	-	-	-	-	-	-	-	-	-	1.7	68.7	2.4	1.6	-	-	-
Total Disbursement	22.2	14.4	21.9	14.2	10.8	7.0	36.2	23.5	19.7	12.8	1.0	0.7	9.7	6.3	32.5	21.1	154.1	100.0	16.6	116.2	18.8

Note: The MTR revision includes only IFAD financing resources

Summary Tables – Expenditure Categories

Expenditure Accounts by Financiers		(BDT Million)																				Local (Excl. Taxes)	Duties & Taxes
		ADB		SCF Loan		SCF Grant		IFAD First Loan		IFAD Second Loan		IFAD Grant		KfW		The Government		Total					
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	For. Exch.			
I. Investment Costs																							
A. Civil Works																							
Upazila Roads		1,381.6	45.0	1,230.1	40.0	-	-	-	-	-	-	-	-	-	-	460.9	15.0	3,072.6	24.4	274.2	2,337.5	460.9	
Union, Village and Block Roads		-	-	-	-	-	-	2,446.4	55.9	1,422.6	32.5	-	-	-	-	508.6	11.6	4,377.6	34.8	428.3	3,502.7	446.6	
Growth Centers and Large Markets		381.3	39.9	430.0	45.1	-	-	-	-	-	-	-	-	-	-	143.2	15.0	954.5	7.6	88.5	722.8	143.2	
Village Markets and Collection Points		-	-	-	-	-	-	359.7	69.4	106.9	20.6	-	-	-	-	51.8	10.0	518.4	4.1	51.8	414.8	51.8	
Landing Stages (Ghats)		-	-	-	-	-	-	11.6	13.4	66.4	76.6	-	-	-	-	8.7	10.0	86.6	0.7	7.4	70.5	8.7	
Climate Disaster Shelters		-	-	-	-	-	-	-	-	-	-	-	-	653.9	85.0	115.4	15.0	769.3	6.1	69.9	584.0	115.4	
Subtotal		1,762.9	18.0	1,660.1	17.0	-	-	2,817.8	28.8	1,595.8	16.3	-	-	653.9	6.7	1,288.5	13.2	9,779.0	77.7	920.1	7,632.4	1,226.6	
B. Vehicles & Equipment																							
Vehicles		-	-	69.2	66.7	-	-	8.6	8.3	-	-	-	-	-	-	25.9	25.0	103.7	0.8	67.2	10.6	25.9	
Field Equipment		-	-	45.5	54.8	-	-	21.0	25.2	-	-	-	-	-	-	16.6	20.0	83.2	0.7	32.9	33.6	16.6	
Office Equipment		-	-	13.6	62.6	-	-	3.8	17.4	-	-	-	-	-	-	4.3	20.0	21.7	0.2	8.6	8.8	4.3	
Subtotal		-	-	128.3	61.5	-	-	33.4	16.0	-	-	-	-	-	-	46.9	22.5	208.5	1.7	108.6	53.0	46.9	
C. Consulting Services																							
International		-	-	-	-	229.6	92.7	-	-	-	-	-	-	18.1	7.3	0.0	-	247.8	2.0	247.8	-	-	
National		-	-	-	-	286.9	49.0	50.5	8.6	-	-	-	-	74.5	12.7	173.5	29.6	585.4	4.7	-	498.7	86.7	
Support Staff		-	-	-	-	138.7	78.4	-	-	-	-	-	-	11.7	6.6	26.5	15.0	176.9	1.4	-	150.4	26.5	
Equipment, Surveys and Operating Expenses		-	-	-	-	91.1	77.2	-	-	-	-	-	-	9.2	7.8	17.7	15.0	118.0	0.9	10.7	89.6	17.7	
Subtotal		-	-	-	-	746.4	66.2	50.5	4.5	-	-	-	-	113.5	10.1	217.7	19.3	1,128.1	9.0	258.4	738.7	130.9	
D. Training, Workshop, Studies		-	-	-	-	138.6	40.9	54.5	16.1	-	-	82.2	24.2	29.0	8.5	34.7	10.2	338.9	2.7	32.1	272.2	34.7	
E. Land Acquisition		-	-	-	-	-	-	-	-	-	-	-	-	-	-	280.0	100.0	280.0	2.2	-	280.0	-	
F. LGED Staff and Operating Costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Investment Costs		1,762.9	15.0	1,788.4	15.2	885.0	7.5	2,956.1	25.2	1,595.8	13.6	82.2	0.7	796.4	6.8	1,867.8	15.9	11,734.6	93.2	1,319.3	8,976.3	1,439.1	
II. Recurrent Costs																							
A. Infrastructure Maintenance																							
Roads		-	-	-	-	-	-	-	-	-	-	-	-	-	-	409.6	100.0	409.6	3.3	33.3	314.9	61.4	
Markets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	63.0	100.0	63.0	0.5	5.3	48.2	9.4	
Climate Disaster Shelters		-	-	-	-	-	-	-	-	-	-	-	-	-	-	21.8	100.0	21.8	0.2	1.8	16.7	3.3	
Subtotal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	494.4	100.0	494.4	3.9	40.4	379.8	74.2	
B. Salaries and allowances		-	-	-	-	-	-	-	-	6.7	4.8	-	-	-	-	132.3	95.2	138.9	1.1	-	118.1	20.8	
C. Vehicles operation and maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	22.1	100.0	22.1	0.2	-	18.8	3.3	
Total Recurrent Costs		-	-	-	-	-	-	-	-	6.7	1.0	-	-	-	-	648.8	99.0	655.4	5.2	40.4	516.7	98.3	
Total PROJECT COSTS		1,762.9	14.2	1,788.4	14.4	885.0	7.1	2,956.1	23.9	1,602.5	12.9	82.2	0.7	796.4	6.4	2,516.6	20.3	12,390.1	98.4	1,359.7	9,493.0	1,537.4	
Interest During Implementation		55.5	28.2	6.1	3.1	-	-	-	-	-	-	-	-	-	-	135.1	68.7	196.8	1.6	-	-	-	
Total Disbursement		1,818.5	14.4	1,794.5	14.3	885.0	7.0	2,956.1	23.5	1,602.5	12.7	82.2	0.7	796.4	6.3	2,651.7	21.1	12,586.9	100.0	1,359.7	9,493.0	1,537.4	

Peoples Republic of Bangladesh
Climate Change Resilient Infrastructure Project
Mid-term report - Mission dates: 15 – 28 July 2017
Working Papers

Coastal Climate Resilient Infrastructure Project Expenditure Accounts by Financiers																					
(US\$ Million)																					
		ADB		SCF Loan		SCF Grant		IFAD First Loan		IFAD Second Loan		IFAD Grant		KfW		The Government		Total		For.	Local
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	(Excl. Taxes)
Duties & Taxes																					
I. Investment Costs																					
A. Civil Works																					
Upazila Roads		16.9	45.0	15.0	40.0	-	-	-	-	-	-	-	-	-	-	5.6	15.0	37.5	24.4	3.3	28.6
Union, Village and Block Roads		-	-	-	-	-	-	29.9	55.8	17.5	32.6	-	-	-	-	6.2	11.6	53.7	34.8	5.3	43.0
Growth Centers and Large Markets		4.7	39.9	5.2	45.0	-	-	-	-	-	-	-	-	-	-	1.7	15.0	11.6	7.6	1.1	8.8
Village Markets and Collection Points		-	-	-	-	-	-	4.4	69.3	1.3	20.7	-	-	-	-	0.6	10.0	6.3	4.1	0.6	5.1
Landing Stages (Ghats)		-	-	-	-	-	-	0.1	13.2	0.8	76.8	-	-	-	-	0.1	10.0	1.1	0.7	0.1	0.9
Climate Disaster Shelters		-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	10.0	9.4	6.1	0.9	7.1
Subtotal		21.5	18.0	20.3	16.9	-	-	34.5	28.8	19.6	16.4	-	-	8.0	85.0	1.4	15.0	119.7	77.6	11.3	93.4
B. Vehicles & Equipment																					
Vehicles		-	-	0.8	66.7	-	-	0.1	8.3	-	-	-	-	-	-	0.3	25.0	1.3	0.8	0.8	0.1
Field Equipment		-	-	0.6	54.8	-	-	0.3	25.2	-	-	-	-	-	-	0.2	20.0	1.0	0.7	0.4	0.4
Office Equipment		-	-	0.2	62.6	-	-	0.0	17.4	-	-	-	-	-	-	0.1	20.0	0.3	0.2	0.1	0.1
Subtotal		-	-	1.6	61.5	-	-	0.4	16.0	-	-	-	-	-	-	0.6	22.5	2.5	1.7	1.3	0.6
C. Consulting Services																					
International		-	-	-	-	2.8	92.7	-	-	-	-	-	-	0.2	7.3	-	-	3.0	2.0	3.0	-
National		-	-	-	-	3.5	48.9	0.6	8.7	-	-	-	-	0.9	12.7	2.1	29.7	7.2	4.7	-	6.1
Support Staff		-	-	-	-	1.7	78.4	-	-	-	-	-	-	0.1	6.6	0.3	15.0	2.2	1.4	-	1.8
Equipment, Surveys and Operating Expenses		-	-	-	-	1.1	77.2	-	-	-	-	-	-	0.1	7.8	0.2	15.0	1.4	0.9	0.1	1.1
Subtotal		-	-	-	-	9.1	66.1	0.6	4.5	-	-	-	-	1.4	10.0	2.7	19.3	13.8	9.0	3.2	9.1
D. Training, Workshop, Studies		-	-	-	-	1.7	40.9	0.7	16.2	-	-	1.0	24.2	0.4	8.5	0.4	10.2	4.1	2.7	0.4	3.3
E. Land Acquisition		-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.4	100.0	3.4	2.2	-	3.4
F. LGED Staff and Operating Costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Investment Costs		21.5	15.0	21.8	15.2	10.8	7.5	36.2	25.2	19.6	13.7	1.0	0.7	9.7	6.8	22.9	15.9	143.6	93.2	16.1	109.9
II. Recurrent Costs																					
A. Infrastructure Maintenance																					
Roads		-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.1	100.0	5.1	3.3	0.4	3.9
Markets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	100.0	0.8	0.5	0.1	0.6
Climate Disaster Shelters		-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	100.0	0.3	0.2	0.0	0.2
Subtotal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.1	100.0	6.1	4.0	0.5	4.7
B. Salaries and allowances		-	-	-	-	-	-	-	0.1	4.9	-	-	-	-	-	1.6	95.1	1.7	1.1	-	1.4
C. Vehicles operation and maintenance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.3	100.0	0.3	0.2	-	0.2
Total Recurrent Costs		-	-	-	-	-	-	-	0.1	1.0	-	-	-	-	-	8.0	99.0	8.1	5.3	0.5	6.4
Total PROJECT COSTS		21.5	14.2	21.8	14.4	10.8	7.1	36.2	23.8	19.7	13.0	1.0	0.7	9.7	6.4	30.9	20.4	151.7	98.4	16.6	116.2
Interest During Implementation		0.7	28.2	0.1	3.1	-	-	-	-	-	-	-	-	-	-	1.7	68.7	2.4	1.6	-	-
Total Disbursement		22.2	14.4	21.9	14.2	10.8	7.0	36.2	23.5	19.7	12.8	1.0	0.7	9.7	6.3	32.5	21.1	154.1	100.0	16.6	116.2

3. Revised economic and financial analysis

150. The MTR mission revised the Economic and Financial Analysis (EFA) of IFAD financed activities of CCRIP on the basis of two main determining factors of the project viability. First is the new unit cost and the revised targets of the civil structures namely road and markets IFAD is financing, and second, is the assessment of the benefits of roads and markets on the basis of the MTR observations and information collected. The EFA of the CCRIP design was based on the total cost of the project including ADB, KfW, IFAD and the government funding, and the benefits accruing to all the interventions of the project. *The revision however focused only on the costs and benefits of the IFAD funded activities of the project.* This section presents the assumptions of the revision, EFA models and the results of the EFA. Table Six shows the sub-components that were included in the EFA of the design and the revised EFA together with their share of the project cost. The activities funded by KfW was not included in the EFA of the design neither in the revised EFA. Thus, the design EFA captured 92% of the project cost. The revised EFA captured 62% of the revised project cost. For the convenience of the analysis and also for the difficulty of dividing the actual project management cost by financier, the revised EFA took into account the full revised cost of the project management component.

Table Six: Sub-components captured by EFA at the design and at MTR

Project Components / Sub-components	Financier	% project cost - design	Inclusion / Exclusion to the EFA	
			At Design	At MTR
A. Improved Road Connectivity:				
1. Upgraded Upazila Roads	ADB	22.5%	Included	Not included
2. Upgraded Union and Village Roads	IFAD	43.9%	Included	Included
B. Improved Market Services:				
1. Upgraded Growth Centers and Large Markets	ADB	6.8%	Included	Not included
2. Upgraded Community Markets	IFAD	5.2%	Included	Included
3. Landing stages (Gath)	IFAD	0.6%	Not included	Not included
C. Enhanced Climate Change Adaptation Capacity				
1. Enhanced Capacity and Knowledge Management	KfW	1.6%	Not included	Not included
2. Upgraded Climate Disaster Shelters	KfW	5.5%	Not included	Not included
Project management cost	ADB/KfW/IFAD	13.3%	Included	Included
% of project cost captured by the EFAs			92%	62%

151. The benefit structure that was used by the design EFA and its counterpart at the MTR revision is summarised in Table Seven.

Table Seven: Approach to assess benefits of CCRIP activities at the design and at MTR

Project Components / Sub-components	Type of estimated benefits	
	At Design	At MTR
1. Upgraded Upazila Roads	Vehicle operating cost (VOC) saving benefits of all types of vehicles – forecasted values	Not included
2. Upgraded Union and Village Roads	VOC benefits of cargo – forecasted values	VOC benefits of vehicles – updates of design values for motor cycles, auto rickshaw, pick-up van, trucks, hand cart with a limited sample, and agricultural benefits as a result of roads
1. Upgraded Growth Centers and Large Markets	Quality improvement of traded goods, increased scale of trade volume - forecasted vales	Not included
2. Upgraded Community Markets	Expansion of trade - forecasted vales	Expanded trade volume – based on a sample of 8 markets, IGA benefits of Labour Contracting Societies' investments
1. Enhanced Capacity and Knowledge Management	Benefits have not been assessed	Not included
2. Upgraded Climate Disaster Shelters	Benefits have not been assessed	Not included

3.1 Project Costs

152. The IFAD financing part of the project cost was revised at the MTR with a view to adjusting the physical targets that could be realistically implemented during the post-MTR project period, and to assigning realistic unit costs to the IFAD funded activities. As shown in Figures One and Two, the revision has shifted the cost curves notably towards the post-MTR period of the project. It is expected that the benefit also would be shifted accordingly. The revised EFA captures such shifts.

Figure One – Design Project Costs Estimates

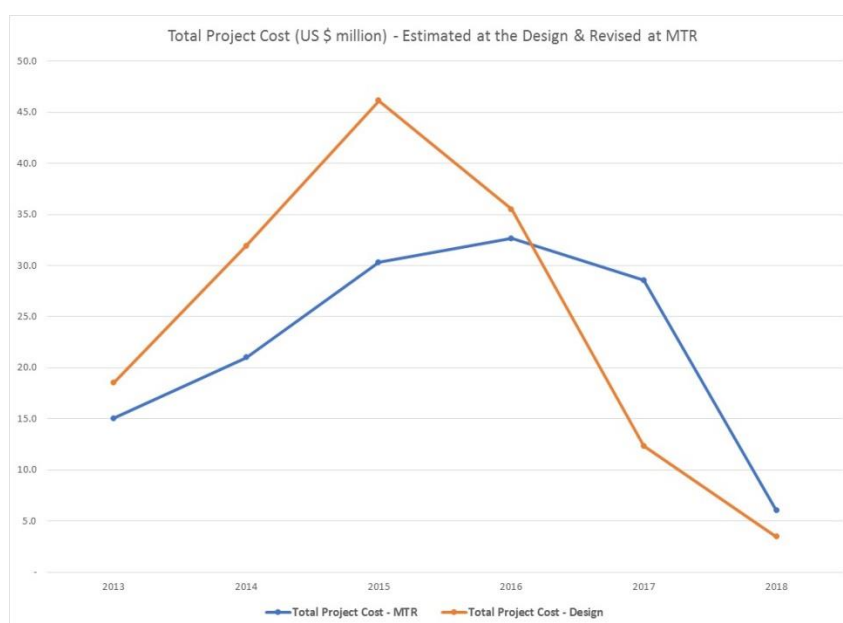
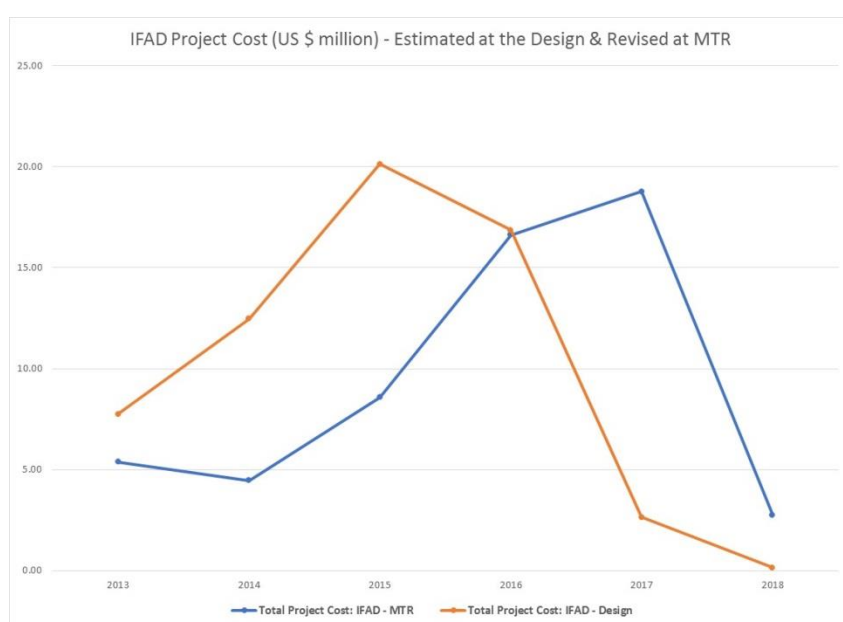


Figure Two – MTR Cost Estimates



3.2 Revised project targets

153. The MTR estimated benefits of IFAD financed roads and markets. The targets identified at the design and the targets revised at the MTR are presented in Table . The project has reduced the targets of both roads and markets in order to accommodate the increased unit costs of construction. The EFA used the MTR targets and revised unit costs to derive benefits of the project.

Table Seven: Design targets and revised targets at MTR of roads and markets

Structures	Units		2013	2014	2015	2016	2017	2018	Total
Roads - Design	km		52	109	198	142	0	0	501
Roads - MTR	km		35	35	69	120	131	11	401
Markets - Design	nb		42	63	63	44	0	0	217
Markets - MTR	nb		34	38	74	25	29	2	201

3.3 The Analysis

154. **The Purpose** of the financial and economic analysis of the project at MTR is to: (i) evaluate the financial viability of the rehabilitated rural roads and rural markets on the basis of the observed benefits as against the forecasted benefits that were used for the EFA at the design; and (ii) demonstrate the financial and economic viability of the proposed changes to the targets of the civil structures and the unit costs. The EFA also analysed the extended benefits of markets that were constructed using the labour contracting societies (LCS).
155. **Data collected** during the MTR field visits were used to estimate the benefits of both roads, markets and other income generating activities. The benefit estimation adopted a similar approach that was used in the EFA of the design. The MTR used a modest sample of 8 markets and two dozen traders in these markets, and associated roads for data collection. A focus group discussion method was used to collect data. Traders and other vendors who transport goods to the visited markets provided data to derive road benefits such as savings on vehicle operation cost, cost of transport etc. The crop and fish producers, and the members of LCS who were present at the markets provided information about crops and fish production, as well as income generating activities. The MTR mission data were validated CCRIP Market Outcome Study conducted by the project in 2016. When it was difficult to collect hard data, particularly related to roads, the estimates that were used in the EFA of the design were revised using percentage changes of the estimates as mentioned by the relevant respondents. The MTR mission consulted the project staff to further verify the reliability of the collected data.

3.4 Assumptions of the Financial Analysis

156. The financial analysis at the MTR was based on the following general assumptions:
- (a) All benefits were estimated using 2017 prices. The project beneficiaries started receiving benefits from 2014 and will continue after project completion in 2018. Benefits realised before 2017 were converted to 2017 prices using the Gross Domestic Price (GDP) deflators as shown below

Table Eight – GDP Deflated

Year	2013	2014	2015	2016	2017
Deflator	7.1750	5.6688	5.8728	6.7278	5.26

(Source: <http://data.worldbank.org/indicator/NY.GDP.DEFL.KD.ZG?locations=BD>). The national

GDP deflator was used since the MTR mission could not access the provincial GDP. The project costs that were incurred before 2017 were also converted to 2017 prices using the same deflator.

- (b) Paddy (local varieties and high yielding varieties of Boro and Aman), tomatoes and okra were used as agricultural products to estimate agricultural benefits. The design

EFA has used the same crops. The MTR revised the crop budgets with MTR data. Excel files of EFA presents the detailed crop budgets.

- (c) For all activities which used labour, a financial rural daily wage rate of BDT 250 per person-day was assumed. The wages paid to the members of LCS was BDT 125 per person-day and that allowed force savings of the income for each member. There is no difference in the wage for men and women. The same wage rate was used to value household family labour because of the availability of wage labour opportunities in the project areas. In the transformation process of financial value to economic value, the opportunity cost of labour is computed using the conversion ratio of 75% taking into account the imperfections in the rural labour market.
- (d) With increased input deliveries using improved roads in the production areas and market linkages through improved markets, the crop and fish producers are capable of achieving the production levels that are assumed in this analysis. In most cases, production levels in the market and road catchment areas are 3-5% higher than the level estimated at the design stage.
- (e) Conservative rates were assumed for the growth of business in the markets and benefits from roads which are spelled out under specific assumptions in the individual models.

4. Financial Models and Results

- 157. The overall financial analysis of the project at the MTR stage was an aggregation of nine different financial models: (i) market models based on 8 rural markets; (ii) transport owner's model based on nosimon, 3-wheeler autos and small vans; (iii) rickshaw owners model; (iv) farm model based on paddy and two vegetables; (v) village road benefit model; (vi) union road benefit model; (vii) dairy cow model; (viii) fishery model; and (ix) women IGA model. The excel sheets provide all the details of these models and the financial viability of each model. The following sections summarise the assumptions and the results of each of the model.
- 158. Empirical evidence provides the theoretical basis for the pro-poor benefits of rural markets and rural roads, i.e. providing marketing and road facilities in rural areas would disproportionately help poor people to reduce poverty. The evidence for rural Bangladesh is provided in: Shahidur R. Khandker (World Bank), Zaid Bakht (Bangladesh Institute of Development Studies) and Gayatri B. Koolwal (National Economic Research Associates); 2006: *"The Poverty Impact of Rural Roads: Evidence from Bangladesh"*; World Bank Policy Research Working Paper 3875. This study showed road improvements positively affect households three ways: (i) reduced transportation costs as well as input and output prices; (ii) increased labor supply, as well as farm and non-farm production; and (iii) enhanced household outcomes such as earnings, consumption, and schooling. The MTR analysis uses this empirical underpinning, mainly points (i) and (ii), to estimate the benefits of civil constructions that are supported by CCRIP.

4.1 Market model

- 159. The MTR mission visited 8 markets and collected data to estimates the financial viability of each of these markets. These markets are Mautala Bazar and Tarali Bazar in Kaligonj Upazila in Satkhira district; Munshigonj Bazar and Gumantoly Bazar in Shyamnagar Upazila in Satkhira district; Bangla Bazar in Charafassion Upazila; Chutukhar Hut, Taltoli Bazar and Jewdhara Bazar in Bagerhat district. The cost of the market model consists of (i) actual construction cost of each market obtained from project database; (ii) 20% of the construction cost to be invested in every 5-year interval to undertake major repairs, based on expert advice; (iii) construction supervision cost of the LGED engineers (50% of their monthly salary for the duration of the construction) based on project records; and (iv) lease toll paid by the traders to the lessor per day collected during the visits, out of which about 25% is used for daily maintenance of the market.
- 160. The benefit estimation of the markets used the following assumptions and characteristics of the markets, which are based on the discussions with traders during the visits and verified by the findings of the project-conducted outcome study of the markets.

- (a) Market transactions on a non-hatt day is about 20% of that on a hatt day in terms of value. Number of Hatt days varies from 2 to 4 per week. Some markets have only hatt days;
- (b) The average value of lease toll is BDT 38 per shop per day. Some traders have paid about BDT 3 as the toll before project improvements;
- (c) There are three types of shops in each market: pacca shops (all completed), semi-pacca shops (not paved floor) and temporary shops. The numbers of these in a market vary. It is assumed that semi-pacca shops have about 50% of sale in terms of value and temporary shops have about 10% in comparison to pacca shop which is 100%.
- (d) Lean season (monsoon time) has 40% sale value in comparison to peak season.
- (e) It is assumed that the constructed markets will operate for a period of 20 years.

161. The internal rate of return (IRR) for a period of 20 years and the net present value (NPV) with a 12% discount rate (DR) for 20 years period indicated the financial viability of the markets. The design EFA has used 12% as the DR. This rate is still justified based on the Scheduled Bank Weighted Average Interest Rate of Bangladesh, which varies from 12.23% in February 2015 to 9.66% in June 2017.²⁴ The MTR financial assessment uses 12% as the DR, taking into account the cost of capital of IFAD loan (US \$) and the large volume of investments which took place in to 2016. Table summarises the results.

Table Nine: Financial viability of the markets of the MTR sample

Market	Type of trading	Construction cost (BDT mn)	Number of shops	Total incremental sale (BDT/month)	IRR (20 yrs)	NPV (BDT mn; 12% DR, 20 years)
Mautala Bazar	Whole sale + retail	2.43	263	617,244	41%	7.68
Tarali Bazar	Retail	6.09	106	315,022	17%	2.37
Munshigonj Bazar	Whole sale + retail	3.59	324	854,773	28%	9.01
Gumantoly Bazar	Retail	1.92	103	261,640	16%	0.85
Bangla Bazar	Retail	2.39	90	369,600	27%	3.79
Chutukhar Hut	Whole sale + retail	2.48	161	496,533	27%	5.24
Taltoli Bazar	Retail	2.51	60	193,333	15%	0.68
Jewdhara Bazar	Whole sale + retail	2.34	260	792,960	24%	6.92

162. It is noted that the markets which have wholesale trading are more profitable having a higher IRR. The incremental sale presented in the table has taken into account the seasonality variation and sale volumes in hatt and non-hatt days. The average incremental benefits of these 8 markets was used in the project level financial analysis.

4.2 Transport owner's model

163. The Transportation owners benefits are brought about by reducing travel time, reduction of cost of transporting passengers and goods, increase in number of passengers, reduction in repair frequency and reduction in cost of fuel, all are largely attributing to road improvement. The Figure Three below compares the estimates used in the design EFA and the changes made to those estimates at the MTR on the basis of the information gathered at the MTR.

Figure Three – Transportation Owners Benefit Assumptions	
Parameters: At the Design (changes from the without project situation)	Parameters: At the MTR and the values used for the MTR EFA (in parenthesis)
Tempo, motorized vehicle	Represent motorized vehicle (Trucks, Pick-ups, Nosimon, Van)
8km average market to village distance	4-5km average market to village distance
25% reduction in travel time per km (in minutes)	20% reduction in travel time per km: (4 km / min)
30% reduction of price / passenger	5% reduction of price / passenger: (5 BDT/passenger)
30% reduction in Price per goods / km	5% reduction in Price per goods (compensated for quality): (BDT 19/40 kg)
70% increase in number of passenger transported daily	100% increase in number of passenger transported daily: (10/day)
35% increase in quantity of goods transported daily	80% increase in quantity of goods transported daily: (72 x 45 kg/day)

²⁴ See: Debt Management Department, Central Bank of Bangladesh - <https://www.bb.org.bd/econddata/intrate.php>

30% less in number of days / reparation break	18% less in number of days / reparation break / lean season: (71 days/Yr)
10% reduction in Cost of fuel per day	15% reduction in Cost of fuel per day: (BDT 75,021/Yr)
Upazilla tax - increased	Upazilla tax – same: (BDT 1200 / Yr)

164. While excel sheets presents the details of the analysis, the transport owner's model generates BDT 416,440 gross revenue per year per owner. This is equal to the net incremental benefits of BDT 184,894 per year in comparison to without project scenario. This incremental benefit is used as one of the benefits of the village road model. It as assumed that there are 20 of such transport owners using the rehabilitated village road that was modeled.

4.3 Rickshaw owners model

165. Same methodology and a similar set of assumptions were used to analyse the financial viability of the rickshaw owners brought about by improved roads. The box below compares the estimates used in the design EFA and the changes made to those estimates at the MTR on the basis of the information gathered at the MTR.
166. The excel sheets presents the details of the analysis. This model generates BDT 225,060 gross revenue per year per owner. This is equal to the net incremental benefits of BDT 87,260 per year in comparison to without project scenario. This incremental benefit is used as one of the benefits of the village road model. It as assumed that there are 8 of such rickshaws using the rehabilitated village road of 4-5 km that was modeled.

Figure Four – Rickshaw Owners Benefit Assumptions	
Parameters: At the Design (changes from the without project situation)	Parameters: At the MTR and the values used for the MTR EFA (in parenthesis)
Sample road length: 4-5 km	Sample road length: 4-5 km
30% reduction of price / passenger	0% reduction of price / passenger: (BDT 4/person/km)
30% reduction in Price per goods	No reduction in Price per goods: (BDT 14/40 kg/km)
70% increase in number of passenger transported daily	50% increase in number of passenger transported daily: (8 per day)
35% increase in quantity of goods transported daily	50% increase in quantity of goods transported daily: (45 x 40 kg / day)
30% less in number of days / reparation break	30% less in number of days / reparation break / lean season: (4 days)

4.4 Farm model

167. Agriculture is the main economic activity of the project area. A farm model with two crops, namely paddy and okra representing vegetable was developed to assess the incremental profitability attributable to road and market development. The design EFA has developed a similar model and the MTR mission has revised the benefits of the model based on data it collected. The specific assumptions used in deriving the benefits are: (i) the improved roads connects farms with district and Upazila roads whereby farms are open to more demand; (ii) increased volume of goods transported and reduced transportation cost are beneficial to the farmers; (iii) about 150 farms of about one acre rice and one acre vegetable are covered in a catchment area of one km of road (the design estimation was 200 farms per km); (iv) owing to better input supply and availability of improved varieties, there is a 5% and 10% increase in yield in paddy and vegetable respectively; and (v) mostly transported farm produces are paddy and vegetables in the project area. The farm model consisting 150 farmers per km of road catchment area generate an incremental net benefit of BDT 1,050,750 per year. This is also used as the village road benefits in the road model.

4.5 Village road benefit model

168. The MTR mission selected East Trali UZR-Kashibati GPS Road, Kaligonj Upazila, Satkhira District to estimate the financial benefits of a typical village road. The length of the road is 2.3 km and the actual construction cost of BDT 16.9 million, obtained from the project records. That was used as the investment cost. In addition, a 5% of the construction cost is included to the

cost flow as maintenance cost per year which also covers major repairs that are required in every 5-year intervals. The benefits include (i) agricultural benefits that were estimated in the farm model were up-scaled for 2.3 km road; (ii) transport owners' benefits derived in that model were multiplied for 20 owners; and (iii) similarly 8 rickshaw owners' benefits. All benefits were estimated on incremental basis. The benefits were gradually increased from 50% in the first two years of road development to 100% thereafter. The costs and the benefits were estimated for 20 years which yield 23% IRR and BDT 12.2 million NPV at 12% DR for 20-year period. These benefits were aggregated to estimate the total road benefits of the project.

4.6 Union road benefit model

169. The MTR mission collected limited amount of information about the benefits brought about by union roads. The collected information on trends of traffic increase, and reduction on vehicle operating cost (VOC), however was adequate to validate the assumptions taken at the design to derive the "with-project" scenario. The MTR mission focused on the union road, Rakudia Palli Biddut Sub Centre (RHD), Baherchar Bazar, to estimate the benefits. Length of the road is 4.6 km and the construction cost of the road was BDT 13.2 million. Additionally, an annual maintenance cost of 5% of the construction cost was included. Two types of benefits were estimated: the transport owners' (TP) incremental benefits and the savings on vehicle operating cost (VOC). The benefits estimated in the TP owner's model was up-scaled to 4.6 km as the benefit that is attributed to the union road. The assumptions used to compute the incremental VOC are the following:

- (a) Savings in VOC is based on the annual average daily traffic load. The traffic count per km basis has been estimated during the design for the WOP and WP scenarios. The MTR mission revised the WP scenario using its information. The determining factors of the traffic load are the road length; number of market days per week (2 hant days and 5 non-hant days); number of market operation days in the peak season (185/year) and in the lean season (170/year); 95% of the saving in VOC that was estimated at the design was assumed to be the reality at the MTR (this is because of the damages that some roads have experienced due to increased traffic, which increases the VOC); and 105% of the vehicle kilometres that was estimated at the design was assumed to be the reality at the MTR (increased because of the higher volume of goods and passenger transport).
- (b) The type of vehicles considered for the estimation include motor cycles, auto rickshaws, pick-up van, truck/tractors, and some non-motorised vehicles.

170. The details of the analysis are presented in the excel sheets. The analysis yields 29% IRR and BDT 12 million NPV at 12% DR for 20-year period. These benefits were aggregated to estimate the total road benefits of the project.

4.7 Dairy cow model

171. As the MTR mission noted, managing dairy cows is the most popular IGA. The study on "LCS, Return on Investment" conducted by the project substantiated this observation. The MTR mission therefore derives a financial model of 2-cow farm. The LCS members would invest in 2-cow farm model using their profit from the contract labour. On the basis of the discussions that the mission had with existing dairy farmers the following assumption were used: the scale of operation would be 2-cows, purchased in two batches, using LCS profits; on average, a cow takes about 6 months for the first calving; the calving interval is 18-months; the lactation days would be 200 per year; cows would be fed on grasses and coconut oil cake; and Artificial Insemination (AI) is practiced in some cases. The cost of a pregnant cow would be about BDT 20,000. Only the hired labour that is used for dairy operation was valued at the market wage rate. Wage income of the family labour units that was used for dairy is assumed as the "without project" benefit. For this reason, family labour is not valued as a cost (benefit and the cost of family labour cancels each other in this particular case). The details of the analysis are presented in the excel sheets. The analysis yields 18% IRR and BDT 6,866 NPV at 12% DR for 10-year period. The model generates BDT 417 as return to labour, almost twice the wage rate

and a monthly incremental income of BDT 695 per farm. These incremental benefits were aggregated to estimate the total IGA benefits of the project.

4.8 Fishery model

172. Fishery is a thriving trade and a large number of men, with help of women, are involved in fish farming in fresh water and fishing. Focus group discussions held with the fishermen in the markets found fish sales are increasing with the improvements of both roads and markets. The MTR mission found that the assumptions used in the EFA at the design are still valid except the production would be 10% higher than the volume assumed at the design. The model details are presented in the excel sheet. The net income of the fishery model is BDT 13,495 per year and the incremental income (WP-WOP) is BDT 2,795 per year. The incremental income was aggregated to estimate the total project benefits.

4.9 Women IGA model

173. Another popular non-agriculture IGA among the LCS members is garment sewing. This model estimates the incremental benefit of expanding garment making by women, mainly LCS members. Typical model has an investment cost of BDT 7,400 on a sewing machine and other required tools. LCS profit has been invested on the capital items to expand the garment business. The incremental annual income is BDT 7,332. This was used to estimate the project benefits.

4.10 Financial Viability of LCS Modality in Market Construction

174. The project has agreed to use Labour Contracting Societies to implement few infrastructure-works. These include Hat Bazar basic infrastructure, market sheds, women market sections, earthwork in embankments, and block roads. The work mostly consists of unskilled and semi-skilled labour. Mostly women are employed. On average, LCS groups have 18-20 members (80% women on average). During the time of work, the labourers are paid a daily wage of BDT 125 (7-8-hour work per day). Once the Upazila Engineer approves the final bill of the contract, the profit (total contract value – actual expenditure) is distributed among the members of the LCS. This profit is invested in IGAs. The MTR mission undertook a comparative financial viability assessment of market construction modalities, one model being the LCS modality and the other model represent a contractor model. The purpose of this analysis is to test the hypothesis in financial terms that the LCS modality is a viable option for undertaking civil construction work. The following assumptions were used in the combined analysis:
- (a) Tarali Bazar in Kaligonj Upazila in Satkhira district was used as a sample for this combined analysis. The MTR mission noted that LCS members of this market has already obtained their profits and some have invested in IGAs. The typical IGA, that were used for the analysis was 2-cow dairy model and garment making model. Both are popular among the LCS members.
 - (b) Cost and the benefit flows of the Tarali market that was analysed previously (Table Nine presented results) have been used for the combined analysis with one adjustment. The adjustment is made to derive proxy model in which it assumed that a contractor constructs the market. The adjustment is in the cost of supervision. Upazila Infrastructure Supervision Engineers (UISE) assist in formation of LCS groups, provide them with all required implementation support and training, assist in procurement and quality checking etc. Upazila Engineers (UE) are responsible for the supervision and quality control. This supervision process has a cost. Part of this cost has to be incurred even if the construction is implemented by a contractor. As the LGED Engineers mentioned with their general experience, the supervision cost is about 50% more in the LCS modality in comparisons to the contractor modality. Eight market models used BDT 0.24 million as the cost of supervision in the LCS model. It is assumed that the contractor model would have BDT 0.12 as the cost of supervision or 50% of the LCS model.
 - (c) The total construction cost of the market is the same for both models which is BDT 6.092 million.

(d) Twenty LCS members were employed for constructing this market in two groups. The profits amounted to 12% of the construction cost.

(e) Two-cow dairy model and expansion of garment sewing model are the typical IGAs considered for the model.

175. Table Ten presents the results. Estimation of the NPV is based on 20-year period and a 12% discount rate. The analysis reveals that the LCS modality for constructing rural markets has higher financial benefits to the community.

Table Ten: Financial analysis of markets with and without LCS profitability

Model description	IRR	NPV (BDT mn)
1. Financial viability of the market model with LCS modality, excluding IGA profit	17.2%	2.4
2. Financial viability of the market model assuming contractor undertaking construction	17.7%	2.6
3. Financial viability of the market model with LCS modality, including IGA profit	18.4%	3.1
4. Incremental profitability of the market with IGA profit (row 3 -2)	0.7%	0.5

4.11 Financial Viability of the Project

176. Table Eleven summarizes financial models using targets of IFAD funded activities. Table presented the structure of the analysis. The costs and benefits of various activities have been realised in different years starting from 2013. These were converted into 2017 prices for the financial analysis. Table presents the results of the financial analyses. The results show that the revised investments with new targets and their unit costs of the IFAD funded civil activities are contributing to generate financially viable benefits in the project areas. The benefits outweigh the costs in all models.

Table Eleven: Different models and the all IFAD funded activities

Model	Financial IRR	NPV (BDT mn)
Union roads (Type B&C)	33%	1,255
Village roads (Type BC & RCC, Block Road)	26%	2,839
Market (Type 1,2 & 3)	15%	210
IGA: Dairy (2-cow model, same year calving)	21%	17
IGA: Fishing and selling fish	>50%	4
IGA: Expanding Garment Sewing	109%	17
IGA: Rickshaw hiring	>50%	230
Total Project (IFAD funded activities)	23%	4,030

5. Economic analysis and the results

177. The purpose of the economic analysis is to assess whether the revised investments with IFAD financing are economically viable in terms of generating benefits to the Bangladesh economy. The economic analysis is carried out after making appropriate adjustments to the financial benefits and costs. The adjustments include:

- I. A standard conversion factor (SCF) of 0.93, as in the case of design, is applied to both locally traded and non-traded items including the project supported roads and markets for adjusting financial prices to economic prices in order to accommodate any possible market distortions. The opportunity cost or the shadow wage rate of the un-skilled labour is assumed at 75% of the market rate of BDT 250 per day. There is no difference in the shadow wage rate of male and female labour. These rates were used at the design and the MTR does not have a reason to use different rates.

- II. The analysis used the economic project investment costs of mainly civil structures and project management, which are generated by the COSTAB. These are net of duties, taxes and price contingencies, but inclusive of physical contingencies.
 - III. The economic or social discount rate of 12% was used for the Economic Analysis in the design. However, as mentioned in the financial analysis, this rate reflects the financial interest rates in the country. A research paper by Muaz Jalil recommends a social discount rate between 9-11% to be used for long term projects. In line with that, a 10% economic discount rate was used in this analysis.²⁵
 - IV. Economic value of all internationally traded goods and farm products have been estimated at 1.09% of their market value in line with the design assumption.
 - V. The analysis includes only direct and attributable benefits contributed by the roads and markets.
 - VI. Large volumes of rice produced in the project areas and fertilisers are nationally and internationally traded. Therefore, an Import Parity Price (IPP) for rice and fertiliser was used in the economic analysis of the design. The same formulation was used to derive the parity prices with the adjustment of the exchange rates from BDT 82 to 80 for 1 US \$. The computation of the parity prices is presented in the excel sheet of the EFA.
178. **Results:** The details of the analysis are presented in EFA excel sheets. The economic analysis yields an EIRR of 31% and the economic net present value of BDT 8,909 million for a period of 20 years under a discount rate of 10% in the base case. These two indicators confirm that the project is economically worthy of receiving revised IFAD loan and grant financial resources.
179. **Sensitivity analyses:** It is warranted that the economic analysis examines the impact of changes to the benefits on the economic viability of the revised investments at the MTR. It is foreseen that there will hardly be any changes to the economic cost flow of the project during the next two years (2017 and 2018). However, it is likely that the benefit stream will experience variations. Therefore, the economic analysis looked at the impact of 10% and 20% drop in the benefit stream, and one-year delay in realising the estimated benefits as three scenarios for the sensitivity analysis. Table Twelve presents the results. All three scenarios yield viable results indicating that the revised investment of the CCIRP is adequately robust to withstand possible reductions in the benefits and still yielding economically profitable results.

Table Twelve: Results of the sensitivity analysis

Case of sensitivity	EIRR	NPV (BDT million)
Base Case	31%	8,909
Benefits declined by 10%	28%	7,322
Benefits declined by 20%	25%	5,735
One-year delay in realizing benefits	25%	7,009

²⁵ See Muaz Jalil, Mohammad, Approaches to Measuring Social Discount Rate: A Bangladesh Perspective (up-loaded in 2017, electronic copy available at: <http://ssrn.com/abstract=1921987>).