



Investing in rural people

People's Republic of Bangladesh

Haor Infrastructure and Livelihood Improvement Project (HILIP)/Climate Adaptation and Livelihood Production (CALIP)

Annual Supervision Report

Main report and appendices

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Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
AW PB	Annual Work Plan and Budget
BUET	Bangladesh University of Engineering and Technology
BMD	Bangladesh Meteorological Department
BUG	Beel User Group
BWDB	Bangladesh Water Development Board
CALIP	Climate Adaptation and Livelihood Protection Project
CBRM	Community Resource-Based Management
CDF	Community Development Facilitators
CIG	Common Interest Group
DAE	Department of Agricultural Extension
DLS	Department of Livestock Services
DMEO	District Monitoring and Evaluation Officer
DMU	District management Unit
DOF	Department of Fishery
DPC	District Project Coordinator
DPD	Deputy Project Director
DPP	Development Project Proforma
FAPAD	Foreign Aided Projects Audit Department
FFWC	Flood Forecasting Warning Center
GAP	Gender Action Plan
GoB	Government of Bangladesh
HILIP	Haor Infrastructure and Livelihood Improvement Project
IFAD	International Fund for Agricultural Development
IWFM	Institute of Flood and Water Management
LCS	Labour Contracting Society
LGED	Local Government Engineering Department
MEK	M&E and Knowledge Management
MMC	Market Management Committee
MOL	Ministry of Land
MoU	Memorandum of Understanding
MTR	Mid-Term Review
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organisation
PACE	Promoting Agricultural Commercialization and Enterprises Project
PD	Project Director
PIM	Project Implementation Manual
PKSF	Palli Karma-Sahayak Foundation, Government established apex funding agency
PMU	Project Management Unit
PY	Project Year
RIMS	Results and Impact Management System
SCBRMP	Sunamganj Community Based Resource Management Project
SO	Social Organizer
STF	Spanish Trust Fund
ToR	Terms of Reference
UFMS	Uniform Financial Management System
UMU	Upazila Management Unit
UP	Union Parishad
UPC	Upazila Project Coordinator
XEN	Executive Engineer
WA	Withdrawal Application

A. Introduction¹

1. The Haor Infrastructure and Livelihood Improvement Project/Climate Adaptation and Livelihood Production (HILIP-CALIP) is funded by a total financing of USD 133 million, with a IFAD loan OF USD 55 million, an IFAD grant of USD 1 million, a Spanish Trust Fund (STF) loan of USD 30 million, an ASAP grant of USD 15 million, and an amount of USD 32 million equivalent by the Government of Bangladesh.

2. The Project's goal is to contribute to the reduction of poverty in the Haor Basin. The HILIP objective is to improve the living standards and reduce the vulnerability of the rural poor by promoting: (i) enhanced access to markets, livelihood opportunities and social services; (ii) enhanced village mobility, reduction in production losses and protection against extreme weather events; (iii) enhanced access to fishery resources and conservation of biodiversity; and (iv) enhanced production, diversification and marketing of crop and livestock products. The CALIP objective is to scale up a number of successful innovations piloted under IFAD's Sunamganj Community Resource Management Project (SCBRMP) and also to introduce a number of new innovations, which together, will help to construct a comprehensive response for building community and ecological resilience to climate change. The project investments and interventions were designed for a duration of eight years under five technical components, which are namely: (i) Communication Infrastructure, (ii) Community Infrastructure, (iii) Community Resources Management, (iv) Livelihood Protection and (v) Capacity and Knowledge for Building Resilience (CALIP) The HILIP/CALIP project is implemented by LGED. The Financing Agreement of HILIP was signed on July 2012 and CALIP entered into effectiveness on Sept. 2014. The project completion date is 30 Sept. 2020, and the financing closing date 31 March 2021.

3. The fifth IFAD direct supervision mission for the Project was conducted during 01 – 13 December 2016 in Bangladesh, five months after its MTR in May 2016. This mission focuses on: (i) assessing the project's progress towards achieving its objectives, (ii) following up MTR's recommendations, (iii) reviewing the project's performance in terms of effectiveness and efficiency, and (iv) generating lessons in order to make recommendations to enhance both impact and sustainability. The mission undertook field visits in the project districts of Kishoreganj, Netrokona and Sunamganj. Meetings and consultations were held with LGED, PMU, DMUs and UMUs, technical line agencies and stakeholders at national, district and Upzila levels, discussions with beneficiaries in the visited villages. A wrap-up meeting was conducted on 11 Dec. 2016 in Dhaka to highlight the mission's findings and recommendations; an aide-mémoire was presented as joint agreement of the two parties on assessment of past performance, and related actions and follow-ups for further project implementation.

B. Overall assessment of HILIP-CALIP implementation

4. ***The project's overall assessment of implementation is rated moderately satisfactory (4)*** in view of the observable signs of improved livelihoods of the target groups and recent implementation progress made since the MTR. At its fifth year of implementation, the HILIP-CALIP showed signs of implementation substance. Overall project financial progress as of end October 2016 achieved a total of USD 59.69 million, or 45% of the all-project allocation. Physical progress was estimated at an average of 51%. Progress varies among the five technical components, low and slow for technical components 3 of Community resource management and 4 of Livelihood protection, which recorded cumulated expenditures of 12% and 27% respectively as compared to the component allocations.

5. ***Likelihood of achieving development objectives is rated moderately satisfactory (4)*** in view of the improved living standards with better food and nutrition security, strengthened resilience to

¹ Mission composition: Ms. Paxina Chileshe, Climate and Environment Specialist, IFAD HQ, Ms. Wanaporn Yangyuentham, Gender, Targeting, M&E and KM Specialist, Mr. Shamsul Hoque, Infrastructure Specialist, Mr. Khairul Islam, Value Chain Specialist, Mr. Didarul Islam, Financial Management Specialist, and Mr Peter Situ, Team Leader. The mission would like to record its appreciation to the Government of Bangladesh, LGED and other related ministries and departments, PMU and DMUs, and beneficiaries met for their cooperation and hospitalities extended to the mission.

climate change with increasing number of community social and productive infrastructures completed, and more diverse and enhanced opportunities of income generation for the project target groups. The Project achieved 30% of its outreach target by reaching 107,214² direct beneficiaries of which 57% are female. Considering the post-midterm review timespan, the project should give priority to reaching more beneficiaries and achieve the outreach target by project completion.

C. Outputs and outcomes

6. **Components.** Implementation of technical components has showed the first indications of positive effects on livelihood improvement of the target population. The following paragraphs constitute an overview of the mission's assessment on the components and their key activities based on the PMU reports, field observations and consultations with related stakeholders and beneficiaries, especially regarding the output level. Expected outcomes are yet to be systematically assessed through surveys that are currently under the process of finalization. More details can be found in the annexed technical notes of the supervision report.

7. **Component 1: Communication infrastructure** *is rated satisfactory (5)* in view of the physical progress achieved with quality assured mostly. 65% of the project target were reached in Upazila and Union road construction, and further progress is anticipated during the remaining three quarters of the year (Nov, 2016 to Jun, 2017) as most of the contracts for the remaining works have already been awarded. In average the component implementation is on track in achieving the targets with an overall physical progress of approximately 53% as of Oct. 2016. However, achievement for bridges and culverts is lagging behind the target; this is largely due to construction of more submersible roads which do not require cross drainage structures as for embankment roads.

8. *Compliance with MTR recommendations.* The mission would like to commend the project management for its compliance with the MTR mission in making a plan for completing all the works within the project period and catching up with delays, with at least 35% of targets met per year. The mission noted that in the Haor area, constraints for rapid construction of work persist, as construction season (December-April) is very short due to the combined factors of submersible road infrastructures, due waiting period after receding of water, labour shortage at harvest time, and heavy traffic movements that obstruct the pace of work. Durable road infrastructure can only be built after 1 – 2 months of oversaturated subgrade (road bed) drying. The PMU followed up on the MTR recommendation on completing all the preparatory procedures and documentations early enough to allow starting the work right after monsoon and ward of major contracts were timely under the component.

9. *Implementation planning.* The progress of Bridge & Culvert, minor earthwork and boat landing platform is found to be not up to the level. It was explained that the targets of Bridge & Culvert, as set in the DPP, were made redundant by the construction of submersible roads and difficulties were reported in getting suitable boat landing sites. As those items could be merged with others such as additional road infrastructures, related needs should be revisited and incorporated in the future planning.

10. Observing the pace of works for the last four fiscal years, it is anticipated that the remaining works could be completed within the next one and half years, unless there is recurrence of event like flash food. Therefore, project management is recommended to update the target set out in AWPB including the merged activities and finalize actions to complete remaining of updated target works by December 2018.

11. *Difficulties* were reported in following up with the MTR recommendation in control of heavily loaded trucks due to the insufficient capacities and means of the related district administrations and community leaders. The mission reiterates that institutional initiatives should be made to address the access control issue as it is very vital not only for the sustainability of Haor transport infrastructures but also for other LGED's rural low-cost roads.

2 PMU data presented a total of 107,840. The mission made some adjustment after the wrap-up by deducting the double-counting between HILIP and CALIP

12. **Component 2: Community infrastructure** is rated moderately satisfactory (4) based on overall good quality of the completed constructions but low physical achievement of the current fiscal year. Only 17% (excluding market collection point) of the annual target during the current financial year was recorded, though further progress is anticipated during the remaining period. The current cumulative physical progress achieved 47% of the component total target. As of October 2016, the overall physical progress for community infrastructure development, particularly community road, village protection works and market development (85% of component work), achieved more than 56%, with the potential of 75% of fulfilment by June 2017.

13. *Possibility of merging some sub-projects.* So far only one market/community collection point (CCP) was completed basically due to difficulties in finding any suitable site for selection. In view of such difficulties, the mission recommends to merge this project with others that are more in demand, for example, with projects of village roads and village protection walls.

14. The pace of market protection works is very slow i.e. 27.0%, which needs to be expedited. Considering the difficulties associated with the availability of land for market protection works, community leader along with administrative efforts need to be engaged for speedy implementation of this sub-project. The need for CCP is declining as it is considered as informal market for small farmers/producers that is gradually replaced by formal market, this sub-project should be merged with others, such as community road, village protection and internal facilities.

15. *Overall good quality of constructions.* The mission sampled a number of construction sites during its field visits and overall assessment was made by critical observations on workmanship, existence of cracks/damage, smoothness of the finished market infrastructures. No visible cracks or settlement of market related civil works (platform, column, toilet blocks etc.) as well internal CC/RCC roads were observed. The mission is generally satisfied with the quality of work done by LCS groups.

16. Vetiver grasses have found to be grown nicely and rendering intended purposes. For better mound protection, it is recommended that Vetiver should be planted immediately after placing the CC blocks. It is also suggested that the land reclamation work need to be integrated with the mound protection work. Moreover, proper compaction of sub-surface fill materials needs to be ensured. Performance of edge confinement made of brick-wall has found to be better than that of concrete edge blocks. Edging with brick-wall has the potential to match with the varying depth at the shoulder margin. In village mound protection work, if there is stable toe-wall front apron land, stairs between toe-wall and apron should be provided to give comfortable access facilities to the villagers and a few ramps should be given in place of stairs to provide easy access for animals and carts.

17. **CALIP under component 2.** Steady progress is being made in the installation of the community infrastructure under CALIP with approximately 20% completed. During the field visits the beneficiaries attested to the improved access to basic services such as domestic water and sanitation as a result of the tube wells and latrines. The walkways provide more secure access to facilities and improved mobility for the elderly, school children and those requiring medical attention particularly during the monsoon period. The village protection ensures stability and security for the community livelihoods as well as reduces the costs of migration to temporary locations away from their land holdings.

18. Model villages and beel bank protection. These activities continue to lag behind with only two out of five model village sites identified (Kishoreganj and Habiganj). The planning at these sites is ongoing and works for common infrastructure are expected to commence soon. The already selected households will thereafter be able to construct their houses. The identification of Khas land for the model villages continues to be a challenge and the PMU's efforts to overcome this must be sustained. It is recommended that the prioritised Kishoreganj site, which has strong support from local leaders, serve as a demonstration for leaders from neighbouring districts to visit. The work must be well executed from site preparation, layout and installation of infrastructure as well as construction of housing by communities. The beel bank protection activities using vetiver grass and swamp trees have been initiated with identification of 15 beels, which are yet to be demarcated. These activities need to be well planned and expedited particularly as they have a short window in which they can be

undertaken. It is recommended that the vetiver and swamp trees be sourced from the nurseries established under HILIP/CALIP.

19. **Component 3: Community resource management** is rated satisfactory (5) in view of the improved access observed with the transferred beels and enhanced production and biodiversity. The component Up to end October 2016, the component recorded a cumulated financial achievement of 7% of its total allocation. Physical targets under the component were achieved at an average of 40%, mainly concentrated in BUG training, swamp tree plantation and excavation works.

20. *Beel transfer and BUG dynamics.* Nearly all the 300 BUGs identified under SCBRMP have completed the beel transfer, with MoUs signed between LGED and the Ministry of Lands and new beels were identified and included in the process of negotiation. Up to end October 2016, MoUs were signed for the transfer of 383 beels, or 77% of the project target of 500. MoUs for the remaining 117 beels were prepared and they were under the process of final review before signing. It is expected that the total target will be met by 30 June 2017. The beels were leased for a three-year term and all are renewable at maturity if sustainable management and production are observed. The PMU is working closely with LGED and the Ministry of Lands on a continued and renewable three-year lease term for all the beels after project completion.

21. Field visits found that management committees (MC) were established among visited BUGs, with fair representation of women and different categories of the poor. The MC members were aware of their respective roles and functions and they usually take a leading part in the BUG's activities related to production, marketing and maintenance. The BUG members make monthly contribution to form a common fund, with amounts varied from one group to another, ranging from 20 to 100TK. Those savings are usually put in a bank deposit account as an emergency fund for the group, enjoying some interest income. The mission found that some BUG members borrowed short-term loans from the banks at the market rate which may be high for them; while the collective fund is almost sitting idle in the bank account. The mission recommends that BUGs should undertake internal consultations to use part of this common fund for internal or revolving lending. Group bylaw should be modified to allow such practice.

22. *Institutionalization of BUG network.* The mission would like to commend the project for its proactivity in supporting the transformation of BUGs into production and marketing cooperatives. With the project support, 135 cooperatives formed by 278 BUGs were registered under the Department of Cooperative Development and the remaining are under the process of organizational transformation. The project should continue to support the institutionalization of the BUGs as part of the project exit strategy and ensure that the majority of BUGs will have been mainstreamed into the organizational form of cooperative before the project completion.

23. *Partnership with WorldFish.* WorldFish provides technical support to the project under component 3, primarily in the areas of fish catch and biodiversity monitoring, household enhancement activities and dissemination of research findings. The *Second Round Report of the HILIP on Fish Catch and Bio-diversity Monitoring*, released by HILIP-LGED/WorldFish in October 2016 indicates positive effects of the project interventions in fish catch and biodiversity. Production from beel fisheries in HILIP sites was increased by 32% from 2012-2013 to 2015-2016, while species of fish and prawn increased by 19% for the same periods. Income derived from fishing activities was found closely linked to the project interventions, such as eased mobility, access to water bodies, road and market, value chain development, and environmentally viable management and maintenance. Biodiversity at most water bodies showed higher species richness and the profusion of species appeared somehow higher in haor beel and river habitats. Sites of similar habitats in non-project sites had a lower biodiversity. These data suggest that the majority of HILIP sites showed considerably healthier biodiversity than water bodies outside project boundaries.

24. A second BUG livelihood assessment survey will be undertaken by the end of the first quarter in 2017 and its results will be used for a comparative analysis with the baseline done in 2015. Fundamental or behaviour changes should be drawn to reflect the achieved outcomes of project interventions.

25. *Mechanized excavation.* Beel excavation was reported slow and achieved hardly 4% of the physical targets, canal, new and old beels combined. There was consideration of mechanized excavation to help speed up the implementation by shortening the time required for the civil works. So far, the component generated 51,563 person-days of employment, or mainly from excavation work. The PMU estimated that 70% of the excavation work could be done mechanically and 30% by BUG members manually. While it is evident that mechanized excavation will speed up the implementation, its effect on reduced employments needs to be studied and shared with the BUG members. Analysis should be done on reduced employment wages and income generated with time gained for possible increased fish catch should be explained to the beneficiaries who should take part in the decision process for mechanized or manual excavation.

26. **Component 4 - Livelihood Protection** *is rated as moderately satisfactory (4).* The component interventions revolve primarily around three thematic areas, namely field crops and high-value horticulture, livestock and poultry, and pond fisheries. Upon completion of the first phase (ended in June 2016), the project has entered the second phase targeting 14 new Upazilas but within the same five districts it had been working since the inception.

27. Physical progress: Overall cumulative progress of the Component till October 2016 is 46% against 64% time elapsed. Among different activities, progress of paravets training under HILIP and all activities under CALIP was significantly low. The project must expedite these activities to keep pace with the timeline. As per annual target of 2015-16, the project has achieved 16% of physical progress of activities against 33% time elapsed. It is noted that due to extensive flooding period, field implementation period was reduced. Given this situation, the project has shown reasonably good progress so far. Many activities are yet to start in the current year.

28. *Adherence to last agreed actions.* The project made commendable efforts to comply with all the agreed actions made during the MTR in May 2016. While most agreed actions were executed, a few critical ones require further refinement. For example, the purpose of enlistment of 'successful products promoted and associated business models' was to replicate those in second phase. In response, the project only compiled a long list of products mainly based on their profitability. The critical element - 'associated business models' has not been captured. Linkage between farmers and local dealers, sound selection of farmers for demonstration, introduction of a new technology through appropriate channel etc. belong to the business models.

29. Another critical agreed action which needs further refinement is to develop socio-economic household typology or profile based on the available productive resources, annual income portfolio and vulnerability. Accordingly, the project would be in a better position of targeting in selecting beneficiary households.

30. *Positive effects observed on rural livelihoods:* The mission had the opportunity to observe a good cross-section of different livelihood activities under both HILIP and CALIP in different project locations. The activities include broiler poultry farm, duck rearing, sheep rearing, vegetables production, plant nurseries, mono-sex tilapia culture, off-farm activities (such as bamboo, jute etc.), tailoring, house wiring, vocational training among others. The project developed basic cash-flow management module that was included in the LCS training. Positive feedbacks were received from the LCS members reporting behaviour changes in their household's financial management.

31. *Strengthened linkage with value chain/support service market actors:* While there is still a strong foothold of the project staff among the beneficiaries, linkage with market actors has started showing lasting benefits. The project connected paravets with livestock farmers, local vegetables seed dealers, fish feed/medicine dealer, Day-Old-Chicks (DOC) and poultry feed/medicine dealers with corresponding farmers. Field findings indicated linkages built between project producer beneficiaries and correspondent private sector actors. The project also initiated discussions on partnership at company level and this should lead to increased field presence and sales team support of the involved companies in the project areas.

32. The mission went across a number of business models supported by the project, mainly through technical training. Results varied, the successful ones all beard the characteristic of market

adaptability. It is important that the project identifies the most likely adaptable business models or knowledge and skills and mobilize due resources to deliver the technical training to the potential entrepreneurs.

33. *Increasing the effectiveness of demonstration.* Demonstration is a strong tool to promote specific technology or idea which the project has adopted in all three thematic areas – crops, livestock and fishery. Lack of clear household profile seems to limit the potential of realizing demonstration benefit. For example, the mission visited a sheep rearing CIG in Itna in Kishorganj district. In the group, four female members were provided with one sheep each to demonstrate sheep rearing in the entire group of 25 members. After more than a year, each of the four members who received sheep was able to keep a herd size of average three animals while they managed to sell at least one to generate cash income. However, the purpose of the demonstration was also for the remaining 21 members to learn and adopt sheep rearing. As found, none of the 21 members started sheep rearing yet. The purpose and expected effects of such demonstration should be taken into consideration before granting any support, and the process should be carefully monitored.

34. *Understanding gender context.* The mission found good examples where women beneficiaries of the project were identified to have shown significant socio-economic progress. Again, defining household typology might have allowed the project to achieve further and in larger scale. In many occasions, women are included by the project in different CIGs but their roles and prospects being part of the CIGs are yet to be further defined. Several considerations could help the project identify and target appropriate livelihood means for the women. First, as found the overall cost of production for each cycle for such fish culture is significantly high and to contribute to that amount, the financial solvency of the women members has to be high also. Women with this kind of economic profile in rural Bangladesh (unlike LCS members who are very poor and work as day laborer) tend to get engaged in economic activities within homestead or adjacent places. The large ponds are in public areas where these women are not comfortable to work. Second, if household typology was developed, better suited livelihood means could have been identified for these women – perhaps off-farm activities which they can work within homestead.

35. **CALIP under Component 4.** The training activities have been gaining momentum reaching 14% of the targeted beneficiaries. A recent assessment by the project team illustrated that about half of the graduates from the technical vocational courses are earning monthly incomes of at least TK 5,000 from their skills. The one-day village forestry and pond fisheries training provided by the HILIP/CALIP project team members have higher demand.

36. *Vocational and Improved Products Training.* The residential vocational and improved products training courses, lasting 45 and 7-10 days respectively, are provided by Government institutions and private trainers; they seem to be facing some challenges in attracting the right participants and thus require a clear strategy in order to meet the set targets. The agreed criteria for the selection of the trainees do not seem to be adhered to by the UMUs and DMUs as the visits conducted during the mission illustrated. It is recommended that the current recruitment and screening processes be strengthened and publicity for the courses increased particularly in Unions where no participants have been recruited yet. Collaboration with local administration and leaders at Union and Upazila levels needs to be established through organising recruitment events to which the private training institutions can be invited to support the process. Successful graduates from the case studies prepared can also be invited to motivate other young people to participate in the training. In the advanced improved products courses it would be beneficial to separate the novices from those who have some experience with the products so training can address the differentiated needs of participants of different profiles and levels.

37. **Component 5 – Capacity and knowledge for building resilience is rated as satisfactory (5).** The component is fully supported by CALIP. The progress under this component has been hindered by the absence of procurement functions at the PMU. The capacity building activities already undertaken and ongoing collaboration among different partners in terms of knowledge sharing and information exchange have shown some benefits. However, immediate actions and concerted efforts

are required to make up for the delay in launching of the various studies and development of the FFEWS.

38. *Action Research Studies.* A key concern is that the studies with approved ToRs have been at EoI stage since May 2016. It will probably take another three months to finalise the RfPs and select firms to undertake the assignments. At least three studies will last for 18 months or more and the renewable energies scoping study requires an additional phase after the mapping exercise. Therefore, there is a real risk of the HILIP/CALIP not being able to use the results of these studies unless action is taken to expedite the procurement process and launch the studies.

39. In addition to installation of community infrastructure, CALIP will contribute to the body of knowledge on the performance of different models of village and slope protection through the systematic monitoring of the community infrastructure. It is recommended that a study be initiated as soon as possible to ensure that the monitoring is done over several seasons before the completion of HILIP/CALIP. A request need to be submitted to BUET to engage its services before March 2017.

40. *Flash Flood Early Warning System (FFEWS).* The FFEWS teams have been meeting regularly and sharing information and data, thus enhancing their collaboration. The model development is progressing, albeit at a slower pace than expected due to the lack high-speed and capacity IT equipment and the partners are making significant efforts to ensure timely delivery of results with the support of the project team. IWFM anticipates model development to be completed by 2017 and testing to follow for about a year including refining. IWM also envisages having an improved model by 2017 as FFWC requires two monsoon seasons for testing. The required testing, recalibration and refining mean there is no further room for delay in any of the activities. It is therefore recommended that the procurement of the fast computers for BMD and IWFM be expedited and clear timelines be established among the partners for the testing and refining of the models as well as dissemination channels.

41. *Policy Engagement.* The PMU can have more substantive focus on policy-related activities while waiting for the completion of studies and the FFEWS. Key areas include the engagement of LGED management to institutionalise use of vetiver and other vegetative means for slope protection, and identifying a clear role for CALIP in the establishment of the Environment and Climate Change Unit within the Department. Selection of partners for the policy processes and main stakeholders such as Government agencies is also required for pond fisheries expansion and development of adaptation pathways. The partners and agencies can be invited to collaborate or provide technical inputs during the studies. Preparation can also begin for national and international dialogue on the FFEWS.

Agreed action	Responsibility	Agreed date
Com. 1		
Make continuous efforts to complete construction works as much as possible before monsoon	PMU/DMU/UMU	As per construction progress
Prepare AWPBs to ensure the completion of remaining works within the next one and half years	PMU	December 2016
Raise the issue of controlling heavily loaded trucks on the project roads and other rural low-cost transport infrastructures to the concerned Ministry	PMU/LGED	Continuously
Take initiative to expedite construction of boat landing platform, if suitable site is not available merge it with road item	PMU	Immediately
Merge Bridge & Culvert with other items where applicable	PMU	Immediately
Com. 2		
Take initiative to merge CCP component with other highly demanding components	PMU	December 2016
Land reclamation work need to be integrated with the mound protection work	PMU	December 2016
In constructing road, promote brick-wall based edging in place of block edging	PMU	Continuously
If stable land is available, stairs should be provided between toe-wall and apron and a few ramps should be given in place of stairs.	PMU	Starting from January 2017 and continuously
Plant Vetiver grass immediately after placing CC blocks and monitor the system during the whole project periods	PMU	December 2016
Revise AWPB to allow annual achievement of at least 35% of project target in the following two years	PMU	December 2016
Complete identification of model village sites and expedite construction at prioritized one	PMU/DMU	31 March 2017
Demarcate identified beels and plant suitable vegetation for protection of banks	PMU/DMU/UMU	31 March 2017
Com. 3		
Agree on a continued and renewable three-year lease term for all the project-supported beels after project completion	LGED, Ministry of Lands, PMU	By 30 June 2017
Undertake consultations and modify by-laws accordingly to allow use part of the BUG common fund for internal or revolving lending	BUGs, PMU, DMUs and UMUs	By 31 March 2017
Continue to support the institutionalization of the and ensure that the majority of BUGs will have been mainstreamed into the organizational form of cooperative before the project completion	PMU, DMUs and UMUs	By project completion
Undertake the second BUG livelihood assessment survey and share the comparative results with stakeholders	WorldFish, PMU	By 31 March 2017
Undertake financial analysis of mechanized excavation on reduced employment wages and income generated with time gained for possible increased fish catch and share results with BUGs for informed decision making	PMU	By 28 Feb. 2017
Com. 4		
Refine and improve the current list of successful products and the associated business models	PMU/DMU/UMU	February 2017
Refine and improve household typology based on available productive resources, income portfolio and vulnerability to promote different subsectors/products that suit them most.	PMU/DMU/UMU	February 2017
Continue discussion with large private sector agri-input company to increase their field presence in targeted areas making an inclusive value chain development.	DMU/UMU	Continuously
Improve the recruitment and screening process for participants through closer collaboration with local leaders	PMU/DMU/UMU	Continuously
Improve publicity for the training through channels such as radio, television, print media and other relevant platforms	PMU/DMU/UMU	Continuously
Com. 5		
Expedite procurement process and launch studies	PMU	31 March 2017
Establish an agreement with BUET for performance study of slope and village protection infrastructure	PMU/BUET	28 February 2017
Finalize the procurement of fast computers and establish	PMU/FFEWS partners	28 February 2017

revised timelines for model testing		
Identify roles of key stakeholders on selected policy themes	PMU	31 March 2017

HILIP-CALIP implementation progress

42. **Quality of project management.** *is rated moderately satisfactory (4)* in view of a number of management actions taken to speed up implementation and strengthen institutional partnerships since the MTR.

43. The PSC held its annual meeting in August 2016 to endorse the AWPB 2016-2017 and it recommended the revision of DPP in order to better harmonize the budget allocations for future implementation. Two planning and review workshops were conducted to identify the implementation priorities within the current fiscal year. The PMU and DMUs improved their operational efficiency by speeding up the approval process for infrastructure projects. Meanwhile, Continued consultations were held with the Ministry of Lands, Department of Cooperative Development to help institutionalize the BUGs and ensure a sustainable exit strategy for the project beneficiaries.

44. *Strengthening PMU dynamics.* The PMU assumes the overall responsibility for operational management and coordination, primarily including no-exclusively financial management, M&E and knowledge management, and implementation coordination. The mission noticed the PMU's fluctuating functions in financial management and M&E, which would start to affect the implementation coordination efficiency if no immediate actions taken. For the sake of safeguarding the implementation efficiency, teamwork culture needs to be fostered and effective mechanism of internal communication and coordination to be introduced to strengthen team dynamics and performance. The mission recommends an external technical support to help reactivate the PMU team dynamics as soon as possible.

45. The PMU's 13 professional positions have been fully filled but a number of key staff contracts are close to their maturity, such as for the positions of PPIS, QCE, LTS, CRMS and MEK Specialist. While the PMU operates under the Project Director who may opt either for contract renewal or new recruitment, the mission reminds that the recruitment and removal of the PMU professional staff will be subject to the concurrence between IFAD and the Government (Financing Agreement, Schedule 1, II, paragraph 7, Project Management Unit). In any case, staff new recruitment or contract renewal should be undertaken without operational gap at PMU.

46. The mission observed that the M&E/KM position's functions have become vacant after the MTR and the recruitment of a new M&E/KM Officer can only be processed in April 2017. This idleness has already affected the project M&E and reporting, as the PMU struggled to provide consolidated data to the mission. The mission recommends temporary transfer of a M&E officer from a DMU to fulfill the functions at PMU without compromising the district-level M&E operability and efficiency.

47. *Reallocation.* The PMU submitted a reallocation proposal for the mission recommendation; it mainly intended to increase the allocations for the civil works categories 1A and 1B. The mission is of the view that categories of civil works 1A and 1B combined, the project disbursed less than 50% after MTR and there is no real need for reallocate additional funding now. Increased unit costs related to civil works can be reflected in the next AWPB if same quantitative targets maintained. The next supervision can assess the possible needs based on a better scale of physical progress achieved before recommending reallocation, or reduction of overall physical targets. Meanwhile, the mission observed that if the weak Euro trend persists, the STF funds risk running short in matching the IFAD financing in categories 1A and 1B of civil works. In this case processing the WA of civil works may become problematic. The Government should commit itself in filling possible matching gap by the STF by providing additional counterpart funding.

48. **Coherence Between AWPB and implementation** *is rated moderately unsatisfactory (3).* The AWPB 2016 – 2017 was prepared for a total equivalent to USD 26.6 million. Up to end October 2016, annual financial progress recorded a total of USD 1.4 million, or 5.29% of achievement only. Annual financial progress of all the technical components remains at a single digit level.

49. **Monitoring and Evaluation** is rated as *moderately unsatisfactory* (3). The absence of MEK Specialist at PMU since July 2016 has increased the workload for other supporting staff and compromised the quality of data reporting and timeliness of report submission. The mission recommended the project to assign a District Monitoring and Evaluation Officer (DMEO) to work at the PMU M&E unit and district office until the MEK Specialist position is recruited. Meanwhile, it is important that the project revisits its logframe-driven monitoring system to align itself with online database and reporting system. Support mission will be fielded in January 2017 in this regard.

50. **Reporting.** Periodic reports were submitted to IFAD and they focused on physical progress. Project outreach, cumulated and incremental financial achievements by component, by financier and by district are yet to be accurately updated to timely reflect the project performance. The project should shift the M&E focus from disbursement-driven recording and reporting towards balanced quantitative and qualitative analysis and studies that show achieved fundamental and behaviour changes leading to the expected outcomes and impacts. There is room for improvement of collaboration and information sharing between PMU staff to help regularly update related implementation results to be disseminated to the related stakeholders. Furthermore, an integrated mapping of project interventions should be done and used as effective planning and monitoring tool.

51. **Baseline and mid-term outcome survey and RIMS indicators.** HILIP's RIMS Baseline Survey was carried out in 2013. There is however a significant delay in carrying out HILIP midterm outcome survey and CALIP baseline study which were expected to be completed prior to the MTR mission. It is important that the project will closely supervise the preparation of both surveys to ensure quality of reporting as well as the inclusion of all verifiable indicators of the project logframe and RIMS indicators. HILIP and CALIP 2015 RIMS first level results submitted to IFAD early 2016. The mission recommends the project to update the HILIP RIMS second level indicators in accordance with IFAD RIMS standard guideline to be an input (along with logical framework, HILIP baseline study) for HILIP midterm outcome survey and CALIP baseline study, which should be completed by 31 March 2017.

52. **Gender focus** is rated as *satisfactory* (5). Generally, social and cultural environments in Haor area were not favorable for women development. However, the differentiated needs and priorities of rural women and men were identified and taken into account in the design, beneficiary participation was monitored on the basis of age-disaggregated data while applicable. The project has mainstreamed gender aspect through different grassroots institutions across project components. Gender strategy, gender training manual and Gender Action Plan (GAP) were developed. Gender awareness along with nutrition and health is included in training modules for LCS, BUG, CIG and innovation groups for business creation. In return, gender equality and women's empowerment enhanced project performance and development outcomes. The project has a potential for replication and scaling up gender-sensitive approach.

53. **Inclusive gender targeting and high participation of women.** Women actively participate in all activities and along the development process. Women make up above 40% of LCS members working for community infrastructure and canal excavation, 30% of leadership positions in Beel Management Committees, more than 50% of CIG for crop, livestock and fishery sectors and 100% of innovative groups for business creation. Demonstration of CIG in livestock showed the highest interest from women (80%) as compared to the other sectors (33% in crop and 37% in fishery), as small animals such as duck, chicken and sheep are commonly recognized as women's assets.

54. **Employment generation and diversified income opportunities.** The project has been creating short-term employment opportunities for LCS women in community infrastructure and beel excavation work. The project has also provided promising prospect for women to become self-employed through enrollment in CIG with demonstration support and/or farm and off-farm trainings. To date, HILIP-CALIP has generated more than 2.6 million person days of employment. Of this, at least half has been created to LCS beneficiaries under component 2 and 3.

55. **Positive effects on women's socio-economic empowerment.** The project has contributed to positive change of women position at household and community levels. Apart from access to basic infrastructures, the daily wages and profits received from the project help improve their household food security. Based on the discussion with LCS, at least 50% of daily wage (Tk.200-300) was spent

for food consumption and the remaining amount saved for medical, social and educational expenses. Women beneficiaries expressed their plan of investing part of their earning from construction work in productive activities such as animal rearing, fish culture, vegetable farming and shop set up.

56. Pattern of labour division was observed between men and women both at household and institution levels. For example, male members of BUG are responsible for beel management, harvesting whereas female members guard water body, feeding and sorting the fish once harvested. Similarly, LCS women assume minor earthworks, road alignment, mixing sand, water and concrete while men work on tasks that require more labour and technical skill. The profit distribution is equally distributed among BUG male and female members. A case study on Vegetable Cultivation in Sunamganj revealed that women's workload increased due to the involvement in vegetable gardening. But female beneficiaries were happy to have additional paid work.

57. *Mixed results of access to and control over productive and household assets.* Discussions with some female CIG members in Kishorganj and Netrokana revealed that the control over income and assets and household decision making mostly belong to men even when it comes to buying clothes. In contrast, female beneficiaries in Sunamganj showed higher level of confidence and confirmed sound ownership of any income earned from working as LCS. They also took a greater part in the household's financial decision making.

58. *Gender imbalance at project level and absence of gender focal point at PMU.* Out of 266 project staff and consultants, there are only 15 female staff (5.6%) due to the remoteness of project area. The absence of a Gender Advisor at PMU since August 2016 is a concern, and the project needs to complete the recruitment by January 2017. Meanwhile, concerned staff of all components are accountable for promoting and monitoring the gender development under their tasked activities.

59. **Poverty focus is rated as highly satisfactory (6).** Haor Basin is one of the poorest regions of Bangladesh. In general, socio-economic conditions in the project areas appear to be very poor regarding food insecurity with at least one hungry season a year. CALIP activities, in particular those relate to the Flash Flood Early Warning System (FFEWS) are highly relevant and accessible for the poor households that suffer from extensive annual flooding. All direct beneficiaries of the project (LCS, BUG and CIG members) belong to the category of the disadvantaged poor who live below the subsistence level, lacking adequate income and access to basic infrastructure, natural resources and services. The project has invested in improved livelihoods of the poor and it is expected that the HILIP midterm study will present the project's positive effects on reducing malnutrition and rural poverty.

60. **Effectiveness of targeting approach is rated as satisfactory (5).** The project has a thorough and effective targeting strategy based on needs and capacities of the rural poor and vulnerable people including smallholder farmers, small fishers, women and girls, indigenous community and small traders and intermediaries in local market. The project appraisal target aims at reaching 355,624 households under HILIP and CALIP by its completion; to date 107,840 direct households were recorded (30% of appraisal target or 47% and 22% of HILIP and CALIP outreach respectively).

61. **Knowledge Management, Innovation and Learning's performance is rated as moderately satisfactory (4).** The mission took note that the project continues to generate and demonstrate a number of sound agricultural technologies and innovations through demonstration and practical trainings. Due to the absence of a MEK specialist and a Gender Advisor, knowledge management was not maintained consistently and continuously. Many knowledge products (cases studies, strategies, bulletins, reports, etc.) were conducted but results are yet to be consolidated and disseminated through different platforms such as LGED HILIP website and IFADAsia.

62. **Climate and environment focus is rated as satisfactory (5).** The environmental management under the HILIP/CALIP is ensured through the training activities for the LCS members with regards to the infrastructure and also the CIG members with respect to crops, livestock and fisheries. The training provided to LCS for storage and disposal of materials improves the management of sites while their involvement in the works also improves the sustainability of the infrastructure as they are enabled to maintain better their communal assets. The purposeful design of infrastructure minimises the negative impact on the Haor ecology. The use of integrated pest management and organic

manure for the crop production also enhance the environmental management in the farmer fields. The climate resilience building through CALIP activities such as livelihood diversification and use of vegetative slope protection contribute to reducing the vulnerability of the target beneficiaries in a more environmentally sustainable manner.

63. **Partnership is rated as satisfactory (5)** in view of the close collaboration between LGED and the Ministry of Lands in implementing the beel transfer to the BUGs , and the effective partnership with *WorldFish* leading to enhanced productivity of the target groups and the continued monitoring of fish catch and biodiversity.

Agreed action	Responsibility	Agreed date
Provide external support to reactivate the PMU team dynamics and work efficiency	IFAD, LGED, PMU	January 2017
Staff recruitment or contract renewal should be undertaken without creating operational gap at PMU and change in professional personnel is subject to IFAD and government concurrence	PD	Consistently
Temporarily transfer a DMEO from a DMU to fulfill the M&E functions at PMU during the M&E officer's vacancy period, without compromising the district-level M&E operationality and efficiency.	PMU, DMU in question	By end Dec. 2016
Field support mission to strengthen the M&E system by setting up logframe monitoring system in Excel in preparation of online database and reporting.	IFAD, PMU and DMUs	January 2017
Reflect possible changes in civil works' unit costs in through the preparation and approval of AWPB	PMU and DMUs	For the next AWPB
Prepare request on reallocation for categories of civil works only once their expenditures reach 65% or more.	PMU	Once required progress rate reached
Commit to additional matching funds and revise DPP accordingly where required	GoB	By 31 June 2017
Revise the RIMS second level indicators and complete the shortlisting of the consulting firms for survey.	PMU and M&E unit	By end January 2017
Undertake the HILIP's Midterm Outcome study and CALIP's baseline study and submit reports to IFAD	PMU and the contracted service provider	By 31 March 2017
Mapping of project intervention	PMU	February 2017
Disseminate project learning and good practices on HILIP website and IFADAsia and Facebook group IFADASIA.	PMU and M&E unit	Immediately and on a regular basis

E. Fiduciary aspects

64. **Quality of financial management is rated moderately satisfactory (4)** in view of PMU's recent efforts in solving the chronic issue of missing financial data organized by component and by financier, and follow-ups on the majority of MTR recommendations regarding financial management.

65. **Accounting System.** The project is on the cash basis of accounting and uses a *manual*, where transactions are hand-written into cashbooks, general ledgers, and registers of bills, fixed assets, GoB, checks issued, advances and contracts.

66. The project has acquired and installed an accounting software (TOMPRO) that meets IFAD requirements and the software was also installed in the project district offices in connection with PMU. The mission noted with satisfaction that the project has completed the Excel worksheets in the prescribed TOMPRO format for allowing the automatic transfer of prior years' transactions into the system as recommended in MTR as well as completed the data incorporation of the entire transactions and contracts list in the software including PMU and all DMUs³. The mission also noted that the updation of data input in transaction details and contracts list are up-to-date and the monthly closing book balances were found to be matching with manual records. Only the PMU has completed the data incorporation of annual budgets for FY 2015-16 and 2016-17. However, it was recommended that the budgets to be incorporated since project start. DMUs have not yet started the data incorporation of

3 The mission has visited only three districts Netrokona, Kishoregonj and B.Barua and the project has confirmed for other two districts

budgets (segregated per DMU) in the TOMPRO. Neither PMU nor DMUs have incorporated the data for fixed asset management in the software. The mission reviewed the features of the software and based on such review and the consultation with the FMS and the trained DMUs FA, there are scopes of improved tailoring in the software for better data capture, data monitoring and financial reporting namely: (a) capture of all data for the purpose of Contract Payment Monitoring Form, (b) generation of correct Special Account Reconciliation Statement, and (c) generation of bank reconciliation with cheque number. The project management needs to engage the software vendor in this regard for further adjustments. The project is yet to complete the hiring process of accounting firm for implementation of action plan for the operationalization of TOMPRO, including verification of data entry and the implementation of the unused features (WA preparation, budget monitoring, bank reconciliations, and fixed assets management). Note that TOMPRO installation was done at the same time in CCRIDP where it works perfectly well. HILIP-CALIP PMU and DMUs need to speed up its system integration into the TOMPRO without any further delay.

67. **Staffing at project level.** The current staffing at PMU includes one Financial Management Specialist (FMS), one Accounts Officer (ACO) and two Finance Assistants. However, the mission noted that the Financial Management Specialist position at PMU is vacant from November 17, 2016 and recruitment of the FMS is under process. The mission recommends completing the hiring process of FMS as soon as possible as this positions urgently needed for the remainder of the program to ensure proper and efficient financial management and the mission also expects that the FMS will be on board by December 31, 2016.

68. **Financial management.** The mission noted that the project has introduced the DMU wise AWPB for monitoring its budget, manual contracts monitoring form and advance monitoring register. However there is no noticeable improvement in other areas of financial management system of the project are due mainly to: (1) the TOMPRO system is still not fully operational due to PMU delay, the project continues to rely heavily on financial data generated from its manual registers and Excel worksheets, which are by essence unreliable, (2) Delay in producing the justification and reimbursement of expenditures from DMU to PMU and PMU to IFAD, (3) Incomplete monthly reports as the DMUs returns do not include any funds reconciliation, cash forecast or schedule of advances outstanding, (4) Lack of proper information on unadjusted advances of implementing partners and improper monitoring on LCS advance and status of procurement plan execution, (5) Non-segregation of duties as the Accounts Officer records transactions and prepares the operational bank account reconciliation, (6) Poor record management on fixed assets and absence of physical inventory counting, and (7) A number of fiduciary recommendations issued during the last supervision mission are yet to be implemented.

69. **Internal controls.** Expenditure authorization processes at the PMU and DMUs were found to be satisfactory. However, in addition to the internal controls shortcomings induced by the use of a manual accounting system, the mission has noted the following:

- Absence of an effective financial, administrative and accounting procedures manual,
- Taxes challan were not collected from the treasury office and not preserved in the file,
- Incomplete monthly financial report from DMUs to the PMUs,
- Stale cheque exists in the bank reconciliation statement,
- The project staffs/consultants did not sign in the attendance register regularly, and
- Lack of segregation in the preparation and review of reconciliations.

70. **AWP execution and budgeting system.** The mission could not analyse AWPB execution in detail, as the FM unit couldn't provide the details report on budget-to-actual variance. The figures presented by the Finance Unit to the mission are different from cumulative progress report provided by QC consultant and both were not verifiable enough to be synchronized. The 2016-17 AWPB was submitted by the project on July 27, 2016, which was late. AWPB for FY 2016-17 was prepared DMU wise but yet to be monitored by each DMU effectively.

71. **Disbursement rate is rated as satisfactory (5).** The 57% current disbursement rate of HILIP is entirely made up of IFAD advances.

72. **Analysis of disbursement rate.** HILIP has now reached 53% of its total implementation period. Even though the overall disbursement rate appears to be acceptable, unjustified advances represent nearly 37% of total disbursements (overall disbursement rate drops to 36% when the IFAD advance is excluded). This relatively low rate reflects the time lag between advances issued (essentially to LCS, before the monsoon) on the one hand, and actual construction work (during the dry season) and justification of expenditures on the other hand. This results in a high risk of cash shortages, as new advances may only be issued by IFAD on the condition that the penultimate advance is fully justified. Consequently, the mission makes the following recommendations:

- The PMU should make a proposal for minimizing the size of the LCS advances and issuing them as close to the commencement of construction work as possible.

- IFAD should consider allowing the project to justify the initial advances to LCS based on the purchase of materials (rather than percentage of works completed).
- Justification WAs must be issued on a more frequent basis, preferably each month.

73. CALIP has reached 36% of its total implementation period. The 24% current disbursement rate is entirely made up of IFAD advances. The project records show cumulative disbursements at 30/11/16 of USD 953,160, for which WA was submitted to IFAD⁴. The amount has not yet been reimbursed due to non-fulfillment of penultimate advance. In order to reduce the delays in the justification of LCS advances, the project has decided to request that LCS submit a first bill upon purchase of construction materials (the 2nd advance, however, would only be released upon completion of 60% of actual construction work).

74. **Spanish Trust Fund Loan** totals in EURO 21.4 million (equivalent to USD 30 million & SDR 18 269 180) and the project records show overall cumulative disbursement (including advance) is SDR 13 425 763 and USD 18 465 417 till November 30, 2016, which is 73% against SDR but 62% against USD of total allocation. Differences in % disbursed SDR & USD are due to varied exchange rates (SDR vs. USD and EUR). The mission noted that the project has submitted the justification for SDR 8,104,435 (equivalent to USD 11,969,332), in which two categories (Category 1A Civil Works – Communication and Category 1B Civil works- Community) jointly (average) achieved 45%. According to the progress report provided by the project, cumulated financial progress achieved 52% under component 1 of Communication Infrastructure, 48% under component 2 of Community Infrastructure and 7% under component 3 of Community Resource Management.

75. **Ineligible expenditure.** There are two pending issues regarding ineligible expenditures: (1) Payment of honoraria to project staff (in addition to their salaries) for facilitation or support services during HILIP-CALIP training sessions, as well as for visits of demonstration sites (totaling BDT 308,000 equivalent to USD 3,929), and (2) a false participants list was used for CIG training in Sunamganj (BDT 239,000 equivalent to USD 3,048 declared ineligible).

76. **Withdrawal applications.** 12 WAs have been submitted to IFAD since the last mission, four of which were advance requests and two are pending for reimbursement. The mission reviewed justifications of the other six WAs, and verified the documentation related to statements of expenditure (SOE) items on a sample basis. The main findings include:

- Claimed disbursements from DMUs cannot be traced to the AWPB as it is not segregated by district for FY 2015-16, however the project has prepared the AWPB for FY 2016-17 per DMUs,
- Claims supported by photocopies rather than originals,
- Delay in justification of expenditures,
- Checkbook register was not properly signed and dated by recipients,
- Measurement book was not attached with the voucher for contractor's payment,
- Taxes/VAT challans were not in the file.

77. **Designated accounts (DA) reconciliations.** As highlighted in the previous MTR, the PMU is unable to properly reconcile the project's designated accounts: For HILIP, the funds from the 3 DAs (for the IFAD loan, IFAD grant and Spanish Trust Fund loan) are channelled through a unique operational account, which makes it impossible to reconcile each DA individually. The consolidated reconciliation (for the 3 DAs) at 30/11/16 prepared by the PMU at the mission's request shows an unexplained difference of USD 6 968 914, most likely representing outstanding advances to LCS, IPs, project staff (for training, demos, etc.) as well as other unclaimed disbursements. However, the current project accounting system (both at PMU and DMUs) does not generate reliable data that can readily provide justification for this difference. For CALIP, similarly, the DA reconciliation at 30/11/16 shows an unreconciled difference of USD 1 999 987. As the DA reconciliation is an essential control procedure, the mission recommends that (i) a consolidated reconciliation of the 3 DAs be completed each month, and (ii) the data reported by the DMUs be verified thoroughly and differences be investigated/cleared by the PMU

78. **Counterpart funds** performance is rated as *moderately satisfactory* (4). The GoB contributes to project costs through duties/taxes exemption, co-financing of infrastructure (50% of communication infrastructure and 10% of community infrastructure) and operating expenses (30%). Payments under GoB and donor financing are normally made and recorded simultaneously in the HILIP-CALIP accounts. According to the PMU records, cumulative expenditures funded by GoB as of 30 November 2016, total an amount equivalent to USD 12.89 million; the amount represents 40% of the GoB USD 32 million commitment (as per the Financing Agreement).

4 Data relating to the IFAD loan and grant and the ASAP grant were converted from USD to SDR using the rate of 0.6771, while data relating to the Spanish Trust Fund loan were converted from EUR to SDR using the rate of 0.8537 (averages since project start)

79. **Compliance with loan covenants** is rated as *moderately satisfactory (4)*. The PMU has complied with most of the financing agreements' covenants, except for the insurance of assets, accident/health insurance for project personnel, deliver the detailed financial statements of the operations, resources and expenditures related to the projects within four (4) months of the end of fiscal year and financial/administrative procedures manual, which is yet to be finalized. In addition, the mission has noted a delay submission of the 2016-17 AWPB and procurement plan to IFAD for no objection.

80. **Compliance with procurement** for the first half of fiscal year 2016 – 2017 is rated *moderately satisfactory (4)*. The mission took note that the project submitted the Annual Procurement Plan (APP) on July 27, 2016, which was two months late. The project has introduced a contract monitoring form that is being prepared manually as the TOMPRO software is not yet fully operationalized. A procurement consultant was recruited recently to support the PMU for consultancy services.

81. The HILIP/CALIP Independent Procurement Audit (the Audit) is currently in progress. To date it has audited more than 80% of all HILIP/CALIP goods procurements above \$20,000 and approximately 50% of all off-line (non-e-GP) procurements for works.

82. Provisionally, the Audit has found that, with the exception of some relatively minor process and contractual practices, procurements generally comply with regulatory and procedural requirements in relation to both goods and works, and internal procurement risks appear to be being mitigated.

83. With respect to the procurement of higher value goods the Audit did, however, note two procurements which included overseas training in the operation of technically unsophisticated items. This practice would seem to represent poor value-for-money. Furthermore, some personnel who attended the training seemed unlikely to be its end users. When including provision for training in procurements greater consideration should be given to its necessity and who is best to undertake such training. Relevance in selection of training beneficiaries and recipients of project support should form part of the internal control and be carefully monitored.

84. With respect to the procurement of works, the Audit noted that the bidder community regularly appears to obtain and use internal information to develop bids, with impunity. Furthermore, evidence of suspected bid suppression and bid rotation is visible from bidding patterns. In order to maintain the integrity and the reputation of the project, more should be done, beyond simply complying with process, to identify and appropriately deal with bidders who act in a dishonest or fraudulent manner. LGED and PMU should review the procurement procedures and introduce effective measures to halt insider trade and dishonest or fraudulent practices.

85. **Quality and timeliness of audits** is rated as *moderately satisfactory (4)*. The mission noted that the field works for FY2015-2016 auditing (year ended June 30, 2016) was completed recently and the final audit report will be submitted to IFAD on or before December 31, 2016. Following the audit of the fiscal year 2014-15 project accounts, the Foreign-Aided Project Audit Directorate (FAPAD) issued unqualified opinions on the financial statements, the designated accounts, and the SOE. The audit was rated as moderately satisfactory by IFAD, as some of the required statements were missing (DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets). These documents will have to be prepared by the PMU, and reviewed and included in the FAPAD report as part of the fiscal year 2015-16 audit. There were sixteen (16) audit observations in management letter for FY 2014-2015 which highlight major internal controls weaknesses (mostly relating to procurement, contract management/payments and long outstanding advances), non-compliance with government rules and technical supervision/monitoring of works at field level. The mission noted that 13 audit observations have been resolved, as confirmed in the letter issued by FAPAD and the project has agreed that appropriate measures will be taken to resolve the remaining unsettled audit issues by December 31, 2016.

86. As recommended in last MTR mission, recruitment of a private audit firm to perform the internal audit function is under process. The project has submitted the TOR of internal audit function to IFAD for no objection.

87. Following are summarized a series of operational measures that require immediate follow-ups, in complement with the recommendations in the table of agreed actions.

Regarding TOMPRO:

- Complete data validation by private accounting firm and ensure the full operationalization of TOMPRO,
- Provide input for finalization of procedures manual
- Incorporate the AWPB in the TOMPRO in all DMUs,
- Process WA by using TOMPRO,

- Incorporate the assets list in the TOMPRO at PMU and all DMUs and maintain physical inventory record,

Regarding regular and periodic operations:

- Submit a complete monthly financial report from DMU to PMU by 5th of the following month
- Monthly updation of schedule of outstanding advance with ageing and submit it with monthly financial reports from DMU to PMU
- Monthly updation of budget-to-actual comparison from TOMPRO at PMU and DMU level.
- Conduct thorough monthly verification of accounts and DMU financial returns and prepare monthly financial report
- Prepare 6-month cash forecast and update monthly,
- Prepare bank reconciliations for all accounts including DA (consolidated) reconciliation promptly after month-end and explain/justify all differences,
- Prepare a monthly justification WA

Agreed action	Responsibility	Agreed date
Contact with software vendor for customization of the software and upgrading/improving of features	FMS	31 Dec. 2016
Recruit a private firm to perform the Internal audit function and assist in implementation of action plan for internal control	FMS	15 Mar. 2017
Revise allocation of duties in Finance Unit and the new FMS will be on board	PD	31 Dec. 2016
Record all IPs transactions and liaise with component heads to ensure alignment of physical progress and financial execution	FMS	Continuously
Reimbursement of ineligible expenditure from audit and SOE review	GoB	Immediately
Contract insurance policy for staff and assets	Admin officer/PD	20 Dec. 2016
Review and include in 2015-16 audit report the DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets	FAPAD	31 Dec. 2016
Reconcile the contract registers with the progress reports and ensure all data is accurate and identify procurement of civil works undertaken through e-procurement.	PMU/DPMUs	31 Dec. 2016
Relevance in selection of training beneficiaries and recipients of project support should form part of the internal control and be carefully monitored.	PMU, DMUs, all implementing partners	Immediately and continuously
Review the procurement procedures and introduce effective measures to halt insider trade and dishonest or fraudulent practices	LGED and PMU	By 31 January 2017
Resolution of all pending audit issues	FMS	31 Dec. 2016

Sustainability

88. **Institution building is rated moderately satisfactory (5).** The HILIP-CALIP implementation relies on a close collaboration mechanism among a number of government technical agencies, and the strengthening of community-based and beneficiary-driven organizations. Involving the existing institutions and using them as entry point in project implementation enhance the likelihood of institutional sustainability. The project has proceeded to institutionalize the BUGs by strengthening their management committees and assisting in their official registration in the form of cooperatives. The Linkage between the CIGs with the private sector and the service providers also enabled the smallholders in their market access markets and micro-entrepreneur start-up and growth.

89. **Empowerment is rated as satisfactory (5).** The project continues to empower the poor and the women through a number of interventions, helping improve access to different grassroots institutions and leadership and entrepreneurship. The field visits collected good examples of the disadvantaged poor and women who expressed increased self-confidence as a result of becoming group members and engaging themselves in a series of IGAs. They earn income that many of them were unable to

generate before participating in the project activities and are proud of being associated with HILIP-CALIP.

90. **Responsiveness of service providers** *is rated moderately satisfactory (4)*. Despite the challenges of divers demands and geographic remoteness and disparities, *WorldFish*, paravets, DAE, DLS and DOF technical staff at district and Upazila levels achieved in supporting a more diversified income generation among the rural households in the Haor area. The improved livelihoods of the target population with better food and nutrition security can be seen as an indication of enhanced responsiveness. However, delays in procurement and in implementing civil works affected the service providers' responsiveness.

91. **Exit strategy** *is rated as satisfactory (5)*. LGED and Union Parishads take responsibility for maintenance for Union and Upazila roads and village roads respectively. Community members and individual households take responsibility for village protection works, Market Management Committees for the management and upkeep of rural markets. The BUGs proceed to register themselves as cooperatives and MoUs signed between LGED and Ministry of Lands ensure continued access of the BUGs to the water bodies through renewable and longer term leases even after the project completion. Private sector actors will take on the role for market linkages and sale of increased agriculture output from the project area, and other local service providers will provide a range of ancillary services required. The mission was able to witness the implementation efforts pursuing such exit strategy.

92. **Potential for scaling up and replication** *is rated as satisfactory (5)*. HILIP was built on the SCBRMP's lessons learned, and CALIP is further extending the HILIP's scope of intervention with a specific focus on the community and ecological resilience to climate change. The community infrastructure, livelihood protection and natural resources management are all being implemented and further strengthened by CALIP to build up resilience to climate change. In addition, the COSOP MTR report has identified a pipeline project that would replicate HILIP activities along river bank and river charareas.

G. Other

93. **Physical/financial assets** *is rated as moderately satisfactory (4)*. Community social and productive infrastructures built under components 1, 2 and 3 have started to contribute to improved access to resources, opportunities and services for the target group. Income generated either from wage employment or enhanced production and market consolidated the rural households' financial assets. Physical and financial assets are yet to be assessed systematically through Mid-term and RIMS surveys.

94. **Food security** *is rated as moderately satisfactory (4)*. Despite the lack of systematically analysed results by the mid-term and RIMS surveys, improved food and nutrition security was reported by the project and witnessed by the mission during its field visits. Increased income from diversified IGAs and continued access to water bodies helped secure the rural poor's food sufficiency and a more diversified and nutritive food structure

95. **Quality of natural asset improvement and climate resilience** *is rated as satisfactory (5)*. No major environment issue has been detected. CALIP aims to improve climate resilience and promote renewable technologies. However, its implementation has only recently started

H. Conclusion

96. At its fifth year of implementation, the HILIP-CALIP showed signs of improved sustainable livelihoods of the target population, with built and strengthened natural, physical, financial, social and human assets in the Haor area. The rural poor and particularly the women have started benefiting from improved food and nutrition security, improved access to resources and services and diversified income sources. Overall project financial progress as of end October 2016 achieved a total of USD 59.69 million, or 45% of the all-project allocation. Physical progress was estimated at an average of

51%. Achievement at output level varied among components, but primarily concentrated in communication and community infrastructures under components 1 and 2. Achievements at outcome level are yet to be systematically measured by mid-term and RIMS surveys. The Project achieved 30% of its outreach target by reaching over 107,000 direct beneficiaries of which 57% are female.

97. The mission noticed the need for further strengthening the project management's operational performance, especially in the areas of M&E and financial management.

98. In view of the above, the project's overall assessment of implementation is rated moderately satisfactory (4).

99. The mission recommends a series of measures that can be highlighted as follows:

- a) Reactivate the PMU team dynamics and maintain the stability of key functions without creating any operational gap,
- b) Restore the PMU functions of M&E and financial management to provide accurate data and information to assist the implementation decision making,
- c) Balance implementation between technical components and creating their interlinkage for better mutual leverage, and
- d) Complete the mid-term and RIMS surveys to systematically assess the project outcomes and impacts.

100. The mission concludes that at this vital moment of starting the post-MTR implementation, the HILIP-CALIP needs to apply vigorous measures to secure the management efficiency, stimulate and balance implementation progress, support implementation performance qualitatively and quantitatively in order to ensure the project efforts in achieving the expected goal and objectives.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Bangladesh	Project ID	1585 [1100001585]	Loan/DSF/Grant/ASAP FI No.	1000004078, 1000004080, 1000004082
Project	Haor Infrastructure and Livelihood Improvement Project - Climate Adapation and Livelihood Protection			Top-up Loan/DSF/Grant/ASAP FI No.	2000000252
Date of Update	26-Jan-2017				
Supervising Inst.	IFAD				
No. of Supervisions	5	No. of Implementation Support/Follow-up missions	3		
Last Supervision	13-Dec-2016	Last Implementation Support/Follow-up mission	10-Dec-2012		

					USD million	Disb. rate %
Approval	15-Sep-2011			Total financing	133.31	
Agreement	18-Jul-2012	Effectiveness lag	10.2	IFAD Total	71.14	
Entry into force	18-Jul-2012	PAR value	-----	IFAD loan	55.05	59
First disbursement	29-Nov-2012			DSF grant		
MTR	27-May-2016	Last amendment		IFAD grant	1.04	49
Original completion	30-Sep-2020	Last audit		ASAP grant	15.05	24
Current completion	30-Sep-2020			Domestic Total	32.42	
Current closing	31-Mar-2021			National Govern	32.42	8
No. of extensions	0			External Cofinancing Total	29.75	
				Spanish Fund	29.75	12

Project Performance Ratings

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

4. Livelihood Protection	4	4	4. Responsiveness of service providers	5	4
5. Capacity and knowledge for building resilience	5	5	5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

The project made good progress since the MTR and most implementation was centred in infrastructure work under components 1 and 2. Community resource management and livelihood protection under components 3 and 4 progressed, leading to indications of sustainable access to resources and services and diversified income generating opportunities. Capacity and knowledge for building resilience experienced some delays, mainly caused by reduced efficiency in procurement. A number of actions research studies were still under the process of preparation and the potential of policy engagement for CALIP is yet to be explored. The management took a number of actions to help improve its operational efficiency and this helped consolidated the project partnerships with the Ministry of Lands and the Department of Cooperative Development. Ongoing efforts continued to increase the mainstreaming of BUGS in to formally registered cooperatives and securing renewal lease of the waterbodies for the beel users. However, the vacancy of M&E officer can only be filled after the first quarter of 2017 and the accounting software of TOMPRO has not been validated to generate reliable financial reports.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	3	4
C.2 Food security	3	4
C.3 Quality of natural asset improvement and climate resilience	5	5
C.4 Overall implementation progress (Sections B1 and B2)	4	4

Rationale for implementation progress rating

Implementation progress started picking up in its momentum despite the shortened dry period in the Haor area for civil works. The project has been moving from disbursement-driven with focus on infrastructure to more balanced development, with better potential of building mutual leverage between technical components through effective interlinkage

C.5 Likelihood of achieving the development objectives (section B3 and B4)	5	4
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Rationale for development objectives rating

Improved livelihoods and better food and nutrition security were very observable among the visited beneficiaries. Community resilience to climate change has been strengthened with social and productive assets built. The project reached more than 107,000 direct beneficiaries of which 57% are female. This is 30% of the total target. The project needs to improve its outreach efficiency and outcome results are yet to be systematically measured through MTR and RIMS surveys that are still pending.

C. Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	The accounting system is yet to be computerized with the full implementation of TOMPRO to generate reliable and updated financial reports by category, by component and by financier.
Project implementation progress	The PMU team dynamics are to be further strengthened to help move from disbursement-driven implementation to result-based development. The functions of M&E need to be restored immediately and alternative measures should be undertaken before the vacancy of M&E officer position filled.
Outputs and outcomes	Infrastructures are on track but implementation of capacity building is lagging behind. Balanced progress and component interlinkage are required to help build due mutual leverage
Sustainability	No major risks at this stage

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Project management	Strengthen the PMU team work dynamics to optimize management and coordination functions with external support provided	January 17 and continuous	
Project management	Commit to additional matching funds and revise DPP accordingly where required	June 17	
Financial Management	Hire a private accounting firm to ensure quality entry of all required data and validate TEOMPRO to generate required reports	January 17	
M&E	Temporary transfer a M&E officer from a project district to assume M&E functions at PMU and fill the M&E officer vacancy ASAP	Jan 2017	
M&E	Field support mission to strengthen the M&E system by setting up logframe monitoring system in Excel in preparation of online database and reporting	Jan 2017	
Component Implementation	Plan civil works in accordance with prime implementation seasonality and procurement process to complete all the constructions within one and half years	AWPB 2017-2018	
	Speed up implementation of action research studies and incorporate CALIP support in policy engagement	march 2017	

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

Narrative Summary	Objectively Verifiable Indicators (OVI)	Data Sources	Achievement
A. PROJECT GOAL			
The Project Goal will be to contribute to the reduction of poverty in the Haor Basin.	<ul style="list-style-type: none"> ➤ 30% of the randomly sampled households with improvement in household asset ownership index. (RIMS) ➤ 20% reduction in the prevalence of child (under 5-year old) malnutrition by gender. (RIMS) 		
B. PROJECT OBJECTIVE			
The development objective of the project is to improve living standards and reduce the vulnerability of the poor. The project is expected to directly benefit 115,000 rural poor households.	<ul style="list-style-type: none"> ➤ 35,000 HHs increase their income by at least 30 % by participating in the project. ➤ About 8,000 HHs would report reduction in losses and damages from flood waters, wave action and disease. ➤ About 35% drop in experiencing two hungry seasons (RIMS) 		
C. COMPONENT OUTCOMES AND OUTPUTS			
COMPONENT 1: Communication Infrastructure			
Outcome 1: Enhanced access to markets, livelihood opportunities and social services.	<ul style="list-style-type: none"> ➤ Traffic volume for Upazila and Union roads increase by 80%. ➤ Increase in the volume of goods marketed by 50%. ➤ 40% of HHs reporting benefit from project roads (RIMS). ➤ 90% of the project-constructed roads maintain under good conditions (RIMS). 		
Output: Upazila and union roads constructed. Bridges and culverts on project roads built. Boat landing ghats constructed. Employment created for project construction works	<ul style="list-style-type: none"> ● 250 km of Upazila and Union roads completed; ● 1750 m of bridges and culverts constructed; ● 50 boat landing ghats built. ● 1.40 million labour employed for construction work 	Field report	<ul style="list-style-type: none"> • 164 • 1670 • 29 • 1.24mill.
COMPONENT 2: Community Infrastructure			
Outcome 2: Enhanced village mobility, increase in farm production and protection against extreme weather events.	<ul style="list-style-type: none"> ➤ Traffic volume for village roads increased by 100%. ➤ 90% of project-built markets well operational (RIMS). ➤ 100% of project-built markets with MMC 		

Narrative Summary	Objectively Verifiable Indicators (OVI)	Data Sources	Achievement
Output: Community roads, markets, protection works for villages and markets/informal market collection points constructed; Women and men employed for construction of project works (HILIP)Employment created for construction works (CALIP)	<ul style="list-style-type: none"> 350 km road completed; 78 villages protection works constructed; 78 markets developed; Protection works for 52 village markets done; Protection works for 90 informal market collection centres completed; 2.253 million women and men employed for project construction works (HILIP) 102780 daily labour employed (CALIP) 	Field report	<ul style="list-style-type: none"> 164 51 43 14 1 1.258mill. 0.0652mill.
COMPONENT 3: Community Resource Management			
Outcome 3: Enhanced access of the poor men and women to sustainable water bodies with increased production capacity and biodiversity.	<ul style="list-style-type: none"> Around 20,000 households with improved access to water sources (RIMS); 16,000 (about 80%) fishers increase their income by at least 50% from fish production; 80% of BUGs managed and operated well; Average fish catch per hectare increase. 		
Output: 500 Beel User Groups established of which 200 are new with a combined membership of 20,000. 200 Beels improved. 100 km of canals excavated.	<ul style="list-style-type: none"> 500 BUGs formed, of which 200 are new, with combined membership of 20,000 by gender; 200 beels improved; 100 km of canals excavated; 1,530 people trained, by gender. 	Field report	<ul style="list-style-type: none"> 344 13 27 122
COMPONENT 4: Livelihood Protection			
Outcome 4: Enhanced production, diversification and marketing of crop and livestock produce.	<ul style="list-style-type: none"> 20,000 HHs reporting production/yield increase by at least 30%; 60% of trainees adoption technologies recommended on cropping, by gender; 60% of trainees adoption technologies recommended on livestock, by gender. 		
Output: Employment and enterprise opportunities created; activities building awareness on social issues initiated; and demonstrations on crop/horticulture, livestock and fisheries implemented.	<ul style="list-style-type: none"> 960 employment & enterprise opportunities created; 256 activities initiated to build awareness on social issues; 3510 crop/horticulture demonstrations done; 3692 demonstrations on livestock carried out; 1092 fishery demonstrations concluded. 	Field report	<ul style="list-style-type: none"> 420 128 506 674 172
COMPONENT 5: Capacity and Knowledge for Building Resilience Livelihood Protection			
Outcome 5: Enhanced capacity and knowledge to contend with climate change impacts.	<ul style="list-style-type: none"> At least equal number of villages adopted CALIP tested low-cost village protection system (CALIP) No. of policy options identified to support of climate adaptation in the Haor area 	Report from partner institute	Report is yet to come from the partner institutes for October 2016.
Outputs: Weather and Flash Flood Forecasting operational Research findings of various technologies and systems are disseminated Policy briefs advocate research findings Climate sensitive policy dialogue leading to enhanced frameworks	CALIP No. of people reached by agro-meteorological weather forecast; No. of institutions reached by FFEWS 6 action research studies published ≥ 2 policy processes initiated on building community resilience		

Narrative Summary	Objectively Verifiable Indicators (OVI)	Data Sources	Achievement

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

Agreed action	Agreed date	Responsibility	Status
Com. 1			
Make continuous efforts to complete construction works as much as possible before monsoon	As per construction progress	PMU/DMU/UMU	
Prepare AWPBs to ensure the completion of remaining works within the next one and half years	December 2016	PMU	
Raise the issue of controlling heavily loaded trucks on the project roads and other rural low-cost transport infrastructures to the concerned Ministry	Continuously	PMU/LGED	
Take initiative to expedite construction of boat landing platform, if suitable site is not available merge it with road item	Immediately	PMU	
Merge Bridge & Culvert with other items where applicable	Immediately	PMU	
Com. 2			
Take initiative to merge CCP component with other highly demanding components	December 2016	PMU	
Land reclamation work need to be integrated with the mound protection work	December 2016	PMU	
In constructing road, promote brick-wall based edging in place of block edging	Continuously	PMU	
If stable land is available, stairs should be provided between toe-wall and apron and a few ramps should be given in place of stairs.	Starting from January 2017 and continuously	PMU	
Plant Vetiver grass immediately after placing CC blocks and monitor the system during the whole project periods	December 2016	PMU	
Revise AWPB to allow annual achievement of at least 35% of project target in the following two years	December 2016	PMU	
Complete identification of model village sites and expedite construction at prioritized one	31 March 2017	PMU/DMU	
Demarcate identified beels and plant suitable vegetation for protection of banks	31 March 2017	PMU/DMU/UMU	
Com. 3			
Agree on a continued and renewable three-year lease term for all the project-supported beels after project completion	By 30 June 2017	LGED, Ministry of Lands, PMU	
Undertake consultations and modify by-laws accordingly to allow use part of the BUG common fund for internal or revolving lending	By 31 March 2017	BUGs, PMU, DMUs and UMUs	
Continue to support the institutionalization of the and ensure that the majority of BUGs will have been mainstreamed into the organizational form of cooperative before the project completion	By project completion	PMU, DMUs and UMUs	
Undertake the second BUG livelihood assessment survey and share the comparative results with stakeholders	By 31 March 2017	WorldFish, PMU	
Undertake financial analysis of mechanized excavation on reduced employment wages and income generated with time gained for possible increased fish catch and share results with BUGs for informed decision making	By 28 Feb. 2017	PMU	

Agreed action	Agreed date	Responsibility	Status
Com. 4			
Refine and improve the current list of successful products and the associated business models	February 2017	PMU/DMU/UMU	
Refine and improve household typology based on available productive resources, income portfolio and vulnerability to promote different subsectors/products that suit them most.	February 2017	PMU/DMU/UMU	
Continue discussion with large private sector agri-input company to increase their field presence in targeted areas making an inclusive value chain development.	Continuously	DMU/UMU	
Improve the recruitment and screening process for participants through closer collaboration with local leaders	Continuously	PMU/DMU/UMU	
Improve publicity for the training through channels such as radio, television, print media and other relevant platforms	Continuously	PMU/DMU/UMU	
Com. 5			
Expedite procurement process and launch studies	31 March 2017	PMU	
Establish an agreement with BUET for performance study of slope and village protection infrastructure	28 February 2017	PMU/BUET	
Finalize the procurement of fast computers and establish revised timelines for model testing	28 February 2017	PMU/FFEWS partners	
Identify roles of key stakeholders on selected policy themes	31 March 2017	PMU	
Implementation progress and management			
Provide external support to reactivate the PMU team dynamics and work efficiency	January 2017	IFAD, LGED, PMU	
Staff recruitment or contract renewal should be undertaken without creating operational gap at PMU and change in professional personnel is subject to IFAD and government concurrence	Consistently	PD	
Temporarily transfer a DMEO from a DMU to fulfill the M&E functions at PMU during the M&E officer's vacancy period, without compromising the district-level M&E operationality and efficiency.	By end Dec. 2016	PMU, DMU in question	
Field support mission to strengthen the M&E system by setting up logframe monitoring system in Excel in preparation of online database and reporting.	January 2017	IFAD, PMU and DMUs	
Reflect possible changes in civil works' unit costs in through the preparation and approval of AWPB	For the next AWPB	PMU and DMUs	
Prepare request on reallocation for categories of civil works only once their expenditures reach 65% or more.	Once required progress rate reached	PMU	
Commit to additional matching funds and revise DPP accordingly where required	By 31 June 2017	GoB	

Revise the RIMS second level indicators and complete the shortlisting of the consulting firms for survey.	By end January 2017	PMU and M&E unit
Undertake the HILIP's Midterm Outcome study and CALIP's baseline study and submit reports to IFAD	By 31 March 2017	PMU and the contracted service provider
Mapping of project intervention	February 2017	PMU
Disseminate project learning and good practices on HILIP website and IFADAsia and Facebook group IFADASIA.	Immediately and on a regular basis	PMU and M&E unit

Financial management and fiduciary aspects

Contact with software vendor for customization of the software and upgrading/improving of features	31 Dec. 2016	FMS
Recruit a private firm to perform the Internal audit function and assist in implementation of action plan for internal control	15 Mar. 2017	FMS
Revise allocation of duties in Finance Unit and the new FMS will be on board	31 Dec. 2016	PD
Record all IPs transactions and liaise with component heads to ensure alignment of physical progress and financial execution	Continuously	FMS
Reimbursement of ineligible expenditure from audit and SOE review	Immediately	GoB
Contract insurance policy for staff and assets	20 Dec. 2016	Admin officer/PD
Review and include in 2015-16 audit report the DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets	31 Dec. 2016	FAPAD
Reconcile the contract registers with the progress reports and ensure all data is accurate and identify procurement of civil works undertaken through e-procurement.	31 Dec. 2016	PMU/DPMUs
Relevance in selection of training beneficiaries and recipients of project support should form part of the internal control and be carefully monitored.	Immediately and continuously	PMU, DMUs, all implementing partners
Review the procurement procedures and introduce effective measures to halt insider trade and dishonest or fraudulent practices	By 31 January 2017	LGED and PMU
Resolution of all pending audit issues	31 Dec. 2016	FMS

Appendix 4: Physical progress measured against AWP&B (as of October 2016)

Component-1: Communication Infrastructure (HILIP)								
SI No.	Output by component	Unit	Appraisal Target (Total DPP)	AWPB target (July 2016-June 2017)	Progress (July-Oct 2016)	%	Cumulative progress (July 2012- Oct. 2016)	%
1	Upazila Roads	km	100	20	1	5%	61	61%
2	Union Roads	km	150	30	10	33%	103	69%
3	Bridges & Culverts on UZR	m	700	20	0	0%	221	32%
4	Bridges & Culverts on UNR	m	1.050	93	0	0%	356	34%
5	Bridge & Culvert on CoR	m	1.600	148	39	26%	393	25%
6	Bridge & Culverts in Sunamganj	m	700	0	0	0%	700	100%
7	Boat Landing Ghats	no.	50	13	5	38%	29	58%
8	Minor earthwork/road alignment work undertaken	km	250	7	5	71%	5	2%
9	Training to contractors on PPR/construction quality	no.	40	10	0	0%	20	50%
10	Supervision & monitoring by IMC	no.	1.208	100	9	9%	552	46%

Component-2: Community Infrastructure (HILIP)

SI No.	Output by component	Unit	Appraisal Target (Total DPP)	AWPB target (July 2016-June 2017)	Progress (July-Oct 2016)	%	Cumulative progress (July 2012- Oct. 2016)	%
1	Community Road	km	350	80	1	1%	165	47%
2	Development of Village Market	no	78	25	10	40%	43	55%
3	Market Collection Center	no	90	4	0	0%	1	1%
4	Village Protection Works	no	78	23	7	30%	51	65%
5	Market Protection Works	no	52	10	1	10%	14	27%
6	Irrigation infrastructure	no	26	10	0	0%	0	0%
7	Minor Earthwork/Road alignment	km	403	75	0	0%	0	0%
8	Pilot Innovative Infrastructure	no.	15	0	0	0%	0	0%
9	Training Provided to LCS member	no	1970	200	14	7%	900	46%
10	Supervision & monitoring by IMC	no	1115	100	20	20%	601	54%
11	Exchange visit for Union Parishad	no	147	25	3	12%	55	37%

Component-2: Community Infrastructure (CALIP)

SI No.	Output by component	Unit	Appraisal target (Total DPP)	AWPB FY2016-17	Progress (July-Oct 16)	%	Cumulative progress (July 2012-Oct 2016)	%
1	Village Protection Infrastructure	no	224	114	26	23%	49	22%
2	Village Internal Service	no	168	60	52	87%	69	41%
3	Model Village developed	no	5	2	0	0%	0	0%
4	Beel bank protection	no.	50	18	0	0%	0	0%
5	Pilot Testing of Killa protection	no	20	6	1	17%	6	30%
6	Pilot Testing of Upazila/ Union road slope protection	km	50	14	1	7%	8	16%
7	Training provided to LCS	no	542	212	38	18%	173	32%
Remarks: Most of the construction sites under comp.1 & 2 were under water due to early flash flood and the works could not proceed as planned. The construction materials have been transported to the working sites. The construction works will be starting soon since flood water has started proceeding.								

Component-3: Community Resource Management (HILIP)								
SI No.	Output by component	Unit	Appraisal target (Total DPP)	AWPB FY2016-17	Progress (July-Oct 16)	%	Cumulative progress (July 2012-Oct 2016)	% against total target
1	Beel transferred for development	no.	500	NA	0	0%	383	77%
2	Beel developed (Excavation)	no.	305	58	0	0%	13	4%
3	Canal re-excavated	km	100	30	0	0%	27	27%
4	LCS group trained	no.	1.530	148	0	0%	122	8%

5	Swamp tree planted	no	213.500	30000	6000	20%	84.200	39%
6	Union brought under support services	no	168	15	15	100%	35	21%
7	BUG group formed	no.	500	344	0	0%	344	69%
8	BMC group trained	no.	100	NA	0	0%	35	35%
9	Internal audit of BUG	no	975	50	0	0%	0	0
10	Legal service assistance provided	no	20	5	2	40%	5	25%
11	Third party monitoring done	no	5	1	1	100%	3	60%
12	Dissemination workshop arranged	no	50	18	2	11%	9	18%
13	Promotional materials developed	no	8	1	0	0%	1	13%
Remarks: Beel and canal excavation/re-excavation were less than planned due to early flash flood. Other activities are ongoing.								

Component-4: Livelihood Protection (HILIP)								
SI No.	Output by component	Unit	Appraisal target (Total DPP)	AWPB FY2016-17	Progress (July-Oct 16)	%	Cumulative progress (July 2012-Oct 2016)	% against total target
CIG Group formation (8 years)								
1	CIG formation	Group	3780	875	450	51%	2340	62%
Demonstration								
1	Crop/horticulture	no.	924	140	44	31%	506	55
2	Poultry & Livestock	no.	1256	196	31	16%	674	54
3	Fisheries	no.	336	56	4	7%	172	51
Total		no.	2516	392	79	20%	1352	54

Demo based training (8 years)								
1	Crop/horticulture	Batch	924	140	47	5%	509	55%
2	Poultry & Livestock	Batch	1256	196	39	3%	791	63%
3	Fisheries	Batch	336	56	6	2%	174	52%
4	Other training	Batch	1586	238	14	1%	749	47%
5	Exchange visit	Batch	435	70	0	0%	225	52%

Other activities								
1	Cattle Vaccination & De-worming	no.	56000	7000	1000	14%	38137	68%
2	Artificial Insemination	no.	5600	700	0	0%	2900	52%
3	Innovative employment for business creation	Person	960	168	0	0%	420	44%
4	Activities to build awareness on social issues	Event	256	42	0	0%	128	50%
5	People awards for best practices	Person	546	113	0	0%	225	41%
6	Training on Para-vets	Person	840	210	0	0%	270	32%

Component -4: Training on Village Forestry (CALIP)								
Sl No.	Output by component	Unit	Appraisal target (Total DPP)	AWPB FY2016-17	Progress (July-Oct 16)	%	Cumulative progress (July 2012-Oct 2016)	% against total target
2	Bamboo production	Batch	1680	280	70	25%	309	18%

3	Murta production	Batch	1680	280	42	15%	231	14%
4	Hizol/Koroch production	Batch	252	42	8	19%	38	15%
4	Vetiver production	Batch	1680	280	24	9%	183	11%
6	Medicinal Plant production	Batch	420	42	3	7%	45	11%
7	TOT on village forestry	Batch	5	2	1	50%	3	60%

Component -4: Training on Pond Fisheries (CALIP)

Sl No.	Output by component	Unit	Appraisal target (Total DPP)	AWPB FY2016-17	Progress (July-Oct 16)	%	Cumulative progress (July 2012-Oct 2016)	% against total target
1	Pond fisheries farmers	Batch	252	56	3	5%	90	36%
2	Hatchery visit	Batch	126	28	2	7%	16	13%
3	Farm visit	Batch	126	28	3	11%	15	12%

Component -4: Training on Improved wood/Bamboo/cane sector (CALIP)

1	Wood products	Batch	42	5	0	0%	5	12%
2	Bamboo products	Batch	84	28	6	21%	23	27%
3	Cane products	Batch	70	5	0	0%	6	9%
4	Murta products	Batch	140	0	0	0%	0	0%
5	Clay/other products	Batch	84	56	10	18%	32	38%

Component -4: Vocational Training (CALIP)

1	Training on Diesel engine/pump repair	Batch	21	5	1	20%	3	14%
2	Training on motor cycle repair	Batch	21	5	1	20%	2	10%

3	Training on mobile phone/computer repair	Batch	21	5	1	20%	2	10%
4	Refrigerator repairing	Batch	30	5	1	20%	2	7%
5	House wiring/electrician	Batch	50	8	5	63%	10	20%
6	Plumbing	Batch	40	5	1	20%	2	5%
7	Welding	Batch	30	3	1	33%	3	10%
8	Tailoring	Batch	42	3	0	0%	4	10%
9	Mason/concrete	Batch	50	5	0	0	1	0
10	Carpenter	Batch	25	3	0	0	0	0
11	Tiles/mosaic	Batch	50	3	0	0	0	0
12	Cook	Batch	25	5	0	0	0	0
13	Other Training	Batch	145	2	1	50%	29	20%

Component -5: Capacity and Knowledge for Building Resilience (CALIP)

SI No.	Output by component	Unit	Total target	AWPB FY2016-17	Progress (July-Oct 2016)	%	Cumulative Progress up to Oct. 2016	% against total target
Action Research								
1	Climate change forecasting and participatory scenario development And Assessment of the agriculture & fisheries sector and exposure to climate risk	No.	1	1	0	0%	0 (Eol Evaluation under process)	0%
2	Analysis of the environment impacts of large scale expansion of pond fisheries and climate change affects	No.	1	1	0	0%	0 (Eol Evaluation under process)	0%

3	Value chain and ecological analysis on the commercialization of bamboo	No.	1	1	0	0%	0 (EoI Evaluation under process)	0%
4	Examining the dynamics of reforestation at landscape level and strengthening ecological resilience	No.	1	1	0	0%	0 (ToR has been sent to IFAD for NO)	0%
	Weather and Flash flood warning system							
5	Technical assistance to BMD by IWFM	No.	LS (5)	1	1	20%	1	20%
6	Fast computer system for BMD	No.	1	1	0	0%	Under process	0%
7	Develop rainfall dissemination system for Hoar	No.	LS (1)	LS (1)	continuing	10%	continuing	10%
FFEWS and capacity building and KM by IWFM								
8	Downscaling GFS forecasting in/c fast computer system and technical assistance to BMD by IWFM	No.	LS (5)	LS (1)	0	0%	0	0%
9	Develop FFEWS for haor region by IWFM	No.	LS (1)	LS (1)	continuing	15%	continuing	15%
10	Training and KM by IWFM	No.	LS (5)	LS (1)	1	20%	1	20%
FFEWS and capacity building for FFWC, BWDB								
11	Fast computer system for flood forecasting	No.	1	1	0	0%	0	0%

12	Performance evaluation of FFEWS models & management cost	No.	LS (3)	LS	0	0%	0	0%
13	Funds for development of FFEWS by IWM	No.	LS (5)	1	1	20%	1	20%

Dissemination system for FFEWS by CALIP

14	Develop dissemination system of FFEWS for communities and institutions	No.	LS (2)	LS	0	0%	0	0%
15	International training of weather and FFW	No.	LS (2)	LS	0	0%	0	0%
16	Monitoring the performance of village protection, model village, Upazila road slope protection etc.	No.	LS (2)	LS	0	0%	0 (ToR has been sent to IFAD for NO)	0%
17	Pro-poor adaption pathways framework	No.	LS (1)	LS	0	0%	0	0%
18	Policy Dialogue: Workshops, seminars & international symposiums	No.	10	LS	0	30%	3	30%

Component 6: Project Management (HILIIP)

SI No.	Output by component	Unit	Total target	AWPB FY2016-17	Progress (July-Oct 2016)	%	Cumulative Progress up to Oct. 2016	% against total target
Transport procured								
1	4WD jeeps procured	no.	3	1	0	0%	2	67%

2	Pickup procured	no.	10	0	0	0%	10	100%
3	Speed boat procured	no.	4	0	0	0%	4	100%
4	Country boat	no.	5	5	0	0%	0	0%
5	Motorcycles procured	no.	105	0	0	0%	105	100%
6	Bicycle	no.	100	0	0	0%	100	100%
Computer and Office Furniture								
1	PMU equipped with computer and furniture	no./office	1	0	0	0%	1	100%
2	DMU equipped with computers and furniture	no./office	5	0	0	0%	5	100%
3	UMU equipped with computers and furniture	no./office	14	0	0	0%	14	100%
Petrol Lubricant (HILIP)								
1	Motor Cycle (Resource Management)	no.	20	20	20	100%	20	100%
2	Motor Cycle (Livelihood)	no.	155	155	155	100%	155	100%
3	Vehicle 4-wheel drive	no	4	4	4	100%	4	100%
4	Pick-up	no	10	10	10	100%	10	100%
5	Motor Cycle	no	70	70	70	100%	70	100%
6	Speed boat procured	no	5	5	5	100%	5	100%
7	Country Boat	no	0	0	0	0	0	0%
Petrol Lubricant (CALIP)								
1	Motorcycle (Resource Management)	no.	20	20	20	100%	20	100%
2	Motorcycle (livelihood)	no.	155	155	155	100%	155	100%

3	Vehicles 4 WD Jeep (class-2)	no.	4	4	4	100%	4	100%
4	Pickup	no.	10	10	10	100%	10	100%
5	Motorcycle (New Office)	no.	70	70	70	100%	70	100%
6	Speed boat	no.	5	5	5	100%	5	100%
7	Country Boat	no.	0	0	0	0	0	0
Financial Management support								
1	Financial Management support	no.	1	1	1	100%	1	100%
MIS software support								
1	MIS software support	LS-2	1	1	1	100%	2	100%
Surveys and studies undertaken (HILIP)								
1	Baseline survey	no.	1	0	0	0%	1	100%
2	RIMS survey	no.	2	0	0	0%	1	50%
3	Gender mainstreaming study	no.	3	0	0	0%	0	0%
4	Mid-term impact assessment	no.	1	0	0	0%	0	0%
5	Project completion impact assessment	no.	1	0	0	0%	0	0%
6	Environment & other studies and surveys conducted	no.	1	0	0	0%	1	100%
Surveys and studies undertaken (HILIP)								
1	Village & Slope protection/ Assessment of Climate Change Impact on Gender	no.	1	0	0	0%	0	0%
2	Model village	no.	0	0	0	0%	0	0%

	development							
3	Value chain development/Market Analysis and Job Opportunity Study	no.	1	0	0	0%	0	0%
4	Integration & action research	no.	0	0	0	0%	0	0%
5	Project completion impact study conducted	no.	0	0	0	0%	0	0%
6	Baseline survey conducted	no.	1	0	0	0%	0	0%
7	Survey for project mapping conducted	no.	1	0	0	0%	0	0%

Appendix 5: Financial: Actual financial performance by financier; by com. and disbursements by cat.

Table 5A: Financial performance by financier, as of Nov. 25. 2016

Financier	Appraisal (USD' 000)	Disbursements* (USD' 000)	Percent disbursed**	Percent disbursed per IFAD SOF**
IFAD loan	55 000	24 469	44%	49%
IFAD grant	1 000	445	44%	49%
Spanish Trust Fund loan	30 000	18 465	62%	73%
ASAP Trust Fund grant	15 000	3 318	22%	24%
Government	32 000	12 994	41%	N/A
Total	133 000	59 691	45%	

* Disbursements (except Government) are per IFAD Historic Transaction reports (HTR), and include advances of funds

** Differences in % disbursed between Table 5A and Tables 5C are due to foreign exchange difference (SDR vs. USD and EUR).

Table 5B: Financial performance by financier by component (USD '000) (The table represents total fund received by the project against AWPB by components and by financier as of November 25, 2016) *1

Component	IFAD Loan			IFAD Grant			STF Loan			ASAP Grant			Government			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Communications Infrastructures	12000	5784	48%	-	-	-	12000	6484	57%	-	-	-	23000	10272	45%	47000	22540	48%
Community Infrastructure	16000	10443	65%	-	-	-	15000	11629	78%	8500	2054	24%	6000	1949	32%	45600	26075	57%
Community Resources management	6000	482	8%	1000	445	45%	3000	353	12%	-	-	-	1000	64	6%	11000	1344	12%
Livelihood Protection	3000	1574	52%	0	0	0	-	-		4300	335	8%	0	54		7300	1963	27%
Capacity and Knowledge for Building Resilience (CALIP)	-	-	-	-	0	0	-	-		1800	907	50%	0	9		1700	907	53%
Project Management	18000	6184	34%	0	-	-	-	-		400	22	6%	2000	646	32%	20400	6852	34%
Total	55000	24467	44%	1000	445	45%	30000	18466	62%	15000	3318	22%	32000	12994	41	133000	59681	45%

1. Amount presents total fund received by the project against AWPB by components and by financier as of November 25, 2016.

2. Data relating to the IFAD loan, IFAD grant and the ASAP grant were converted from BDT to USD using the average rate USD1 = BDT78.17, BDT77.97 and 77.93, while data relating to the Spanish Trust Fund loan were converted from BDT to EURO to USD using the average rate of EURO 1 = BDT 92.98 = USD73.74 (averages since project start)

Table 5C-1: IFAD-managed disbursements - HILIP (SDR, as at 25/11/16) - EUR/SDR average exchange rate: 0.8537

IFAD LOAN					
DESCRIPTION	CAT#	Allocated	Disbursed	%	Available balance
Civil works - Communication	1A	6 580 000	3 418 422	52%	3 161 578
Civil works - Community	1B	10 130 000	4 426 924	44%	5 703 076
Vehicles & equipment	2	560 000	713 117	127%	-153 117
TA, studies, training, workshops	3	3 940 000	1 323 585	34%	2 616 415
Salaries & allowances	4	8 270 000	2 354 098	28%	5 915 902
Operating expenses	5	1 520 000	350 217	23%	1 169 783
Unallocated		3 450 000	0	0%	3 450 000
Advanced to designated account		0	4 166 955	-	-4 166 955
TOTAL		34 450 000	16 753 317	49%	17 696 683
IFAD GRANT					
DESCRIPTION	CAT#	Allocated	Disbursed	%	Available balance
Civil works - Communication	1A	0	0	0%	0%
Civil works - Community	1B	0	0	0%	0%
Vehicles & equipment	2	0	0	0%	0%
TA, studies, training, workshops	3	630 000	168 372	27%	461 628
Salaries & allowances	4	0	0	0%	0%
Operating expenses	5	0	0	0%	0%
Unallocated		0	0	0%	0%
Advanced to designated account		0	137,796.17	0.00%	-137,796.17
TOTAL		630 000	306,167.91	49%	323,832.09
SPANISH TRUST FUND LOAN					
DESCRIPTION	CAT#	Allocated	Disbursed	%	Available balance
Civil works - Communication	1A	7 196 691	3 478 120	48%	3 718 571
Civil works - Community	1B	11 072 489	4 626 315	42%	6 446 174
Vehicles & equipment	2	0	0	0%	0
TA, studies, training, workshops	3	0	0	0%	0
Salaries & allowances	4	0	0	0%	0%
Operating expenses	5	0	0	0%	0%
Unallocated		0	0	0%	0%

Advanced to designated account		0	5 321 328	0.00%	-5 321 328
TOTAL		18 269 180	13 425 763	73%	4 843 417

Table 5C-2: ASAP grant disbursements - CALIP (SDR, as at 25/11/16)

DESCRIPTION	CAT #	Allocated	Disbursed	%	Available Balance
Civil works - Community	1B	4 700 000	389 853	8%	4 310 147
Technical Assistance, Studies, training & workshops	3	3 900 000	247 605	6%	3 652 395
Recurrent costs (Salaries & operating costs)	4	300 000	13 501	5%	286 499
Unallocated		1 000 000	0	0%	1 000 000
Advance to designated account		0	1 310 273	-	-1 310 273
Authorised Allocation		0	373 463	-	-373 463
Total		9 900 000	2 334 696	24%	7 565 304

Figure-1: Consolidated IFAD-managed disbursements, comparisons between original allocation and actual disbursement

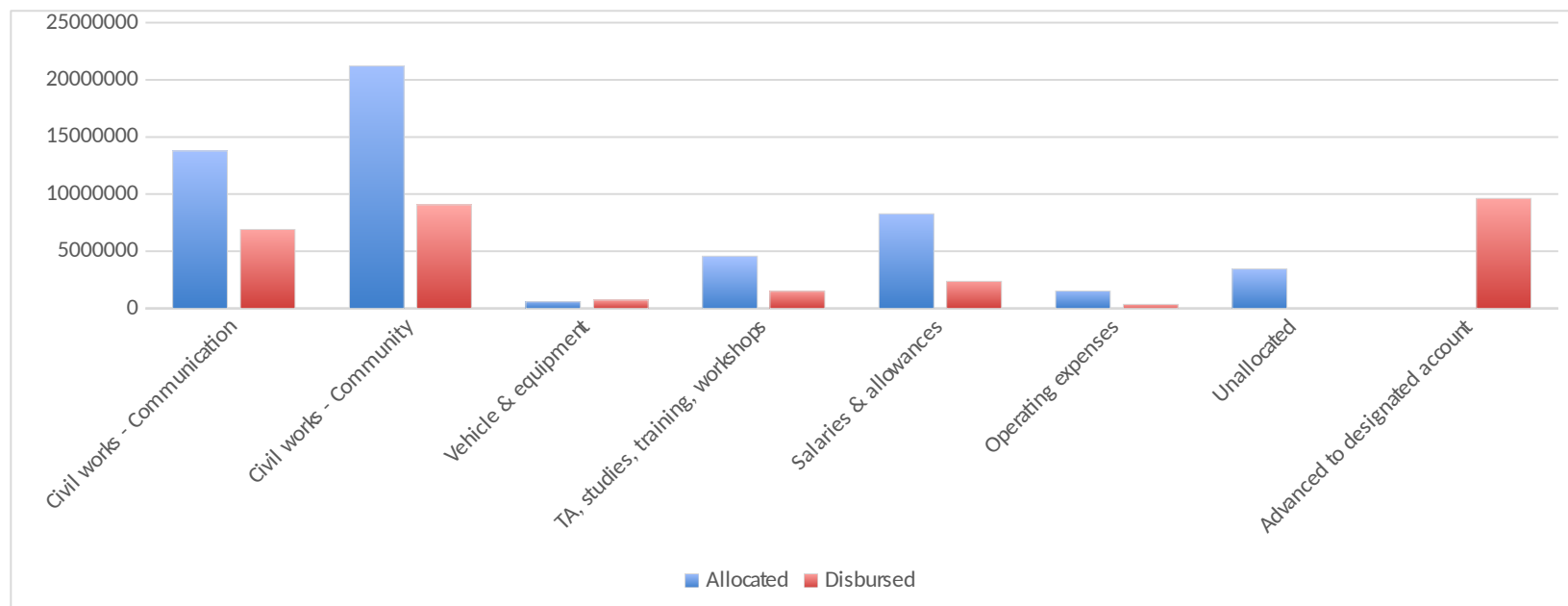
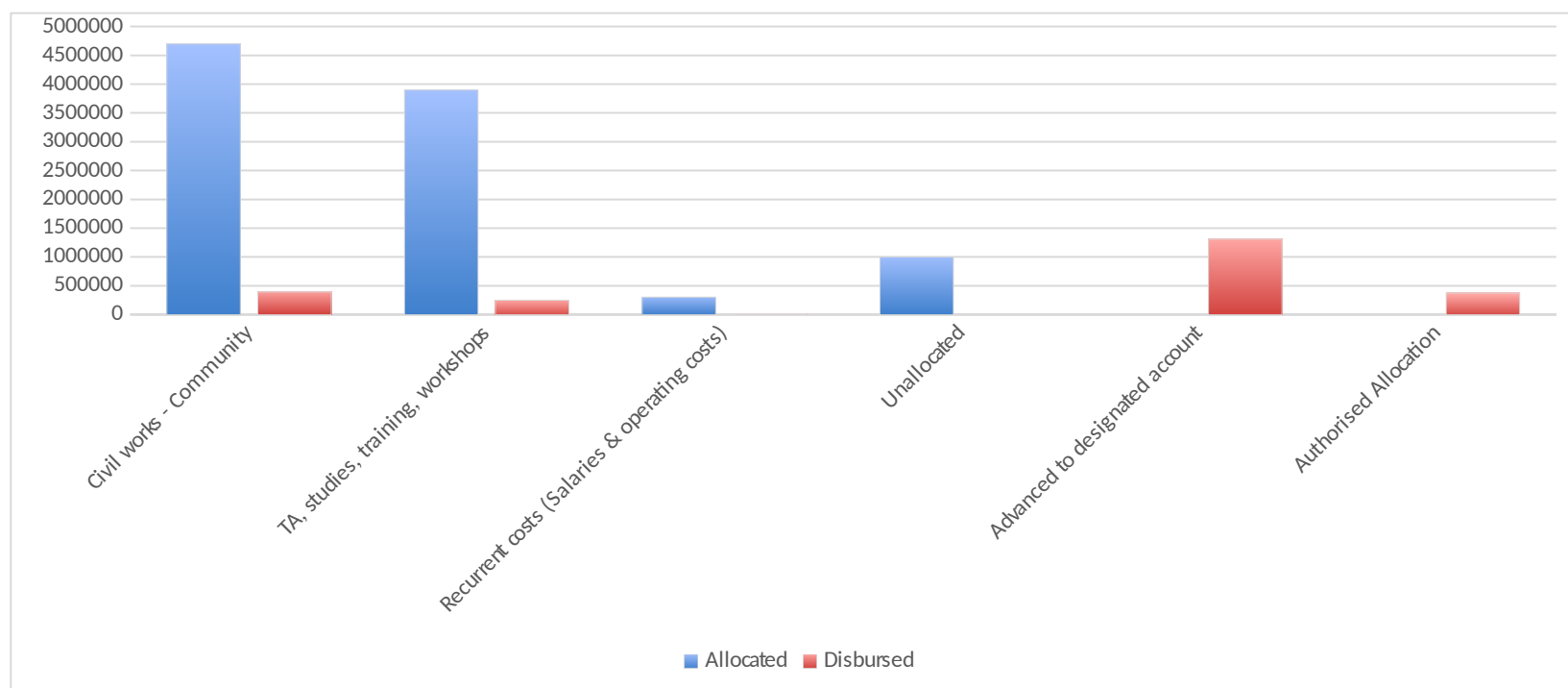


Figure 2: ASAP grant disbursements, comparisons between original allocation and actual disbursement



Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.8 Section B.3 CALIP	Borrower/Recipient to open four designated accounts in USD for the IFAD loan, IFAD grant, and ASAP grant, and in EUR for the Spanish Trust Fund (STF) loan		Complied	Accounts held at the Bangladesh Bank (central bank)
Section B.9 Section B.4 CALIP	Borrower/Recipient to open (i) 1 project account in BDT to receive and hold financing transferred from the 3 HILIP designated accounts, (ii) 1 project account in BDT to receive and hold financing transferred from the ASAP designated account and (iii) 10 district project accounts (2 in each of the 5 Haor districts in the project area)	Conditions precedent to withdrawal	Complied	Single project account held at Janata Bank, operated by the Project Director (as is the practice in Bangladesh Government)
Section B.5 CALIP GC Section 11.01	Exemption from duties and taxes for all goods, works and services financed from IFAD, STF or ASAP	Continuous	Complied	
Section B.10	Borrower/Recipient to provide counterpart financing in the amount of USD 32 million	Continuous	On-going	Counterpart financing in the form of tax exemption and co-financing of expenditure in categories 1, 2 and 5 (see aide-memoire)
Schedule 1 – II.14	Project Implementation Manual to be drafted and submitted to IFAD for approval	At start of project	Partially complied	Financial, administrative and accounting procedures manual drafted, still being finalized
GC Section 7.01(b)	AWPB to be submitted to the Fund, for its review and comments	30 April 2016	Complied (Lately submitted)	Fiscal year 2016-17 AWPB has been submitted on July 27, 2016
GC Section 7.08	Insurance of goods and buildings financed from the financing proceeds in a manner consistent with sound commercial practice	Throughout project life	Not complied	No insurance for project assets including vehicle
GC Section 7.11	Insurance of project personnel against health and accident risks	Throughout project life	Not complied	
GC Section 8.03(b)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower/Recipient and IFAD.	By 30/09/2016	Complied	MTR conducted from 12 to 27 May 2016
GC Section 9.02	Project financial statements (PFS) submitted to IFAD	31 October 2016	Complied	PFS submitted to FAPAD for annual audit
GC Section 9.03	Audit report submitted to IFAD	31 December 2016	Not yet due	Audit field works completed

Appendix 7: Knowledge management: Learning and Innovation

Learning

Due to the longstanding partnership with LGED, HILIP-CALIP has gained synergy from its expertise on rural infrastructure development and partnership of technical line department. A value addition is that the project has successfully responded to basic infrastructure needs with market-oriented facilitation and livelihood support for poor farmer households. Direct beneficiaries are mobilized into groups based on common interest and economic activities i.e. Labour Contracting Societies (LCS), Beel User Group (BUG), Common Interest Group (CIG). The project sustainability and livelihood improvement are observed in CIG as a result of empirical results (improved production, income and profitability) of new technology adoption. For instance, farmers converted fallow land into cultivated land on its own cost of 1510 acre. In some cases, extensions were spread to the whole villages and became duck village, broiler village and vegetable village by their own saving or loan from local NGOs. Last but not least, HILIP has passed the midterm stage of its implementation period, project outputs and impact are yet to be better consolidated and disseminated to all stakeholders and beyond.

Innovation:

A number of new agricultural technologies are developed under HILIP livelihood protection component. Some examples are as following:

1. *Crop and horticulture sector*: HYV & hybrid varieties of vegetable, vertical vegetable tower, mixed fruit gardening technique & plantation, use of balanced and mixed fertilizer as well as value chain linkage among farmers, dealer, buyer and line department (TA). The mission observed benefits of a vertical agriculture tower introduced to the project as a pilot by WorldFish. It can increase surface area, reduce time loss between crop seasons, reduced rates of salinity through irrigation, protect production from flooding and decrease water evaporation during drought.
2. *Poultry & livestock sector*: mass vaccination & de-worming and animal health treatment by paravets, sheep rearing in Haor area.
3. *Fisheries sector*: cage culture, monosex *Telapia* cultivation in rural pond and small indigenous species including Mola in polyculture system.

Furthermore, CALIP is scaling up a number of successful innovations piloted under IFAD's Sunamganj Community Resource Management Project (SCBRMP). The use of vetiver and other vegetative means for slope protection is widely recognized.



Investing in rural people

People's Republic of Bangladesh

Haor Infrastructure and Livelihood Improvement Project (HILIP)/Climate Adaptation and Livelihood Production (CALIP)

Technical Notes

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Compliance of agreed actions from last MTR mission

I. Technical Notes 1: Livelihood protection

1. **The project performance of Component 4:** Livelihood Protection is rated as moderately satisfactory (4). The objective of this component is to enhance production, diversification and marketing of crop and livestock products, by developing the capacity of smallholder producers to participate in selected market-based value chains as well as by establishing and supporting market-based institutions. The interventions revolve primarily around three thematic areas, namely field crops and high-value horticulture, livestock and poultry, and pond fisheries. Upon completion of the first phase (ended in June 2016), the project has entered the second phase targeting 14 new Upazilas but within the same five districts it had been working since the inception.
2. **Physical progress:** Overall cumulative progress of the Component till October 2016 is 46% against 64% time elapsed. Among different activities, progress of paravets training under HILIP and all activities under CALIP are significantly low. The project must expedite these activities to keep pace with the timeline. As per annual target of 2015-16, the project has achieved 16% of physical progress of activities against 33% time elapsed. Many activities are yet to start in the current year. It is noted that due to geographical disadvantage (project areas remain under water for more than six months every year), project gets limited time to implement different activities. Given this situation, the project has shown reasonably good progress so far. However, to meet the targets, both cumulative and year-wise, it must accelerate the activities.
3. **Adherence to last agreed actions:** The project made commendable efforts to comply with all the agreed actions made during the MTR in May 2016. While most agreed actions were appropriately executed, few critical ones require further refinement. For example, the purpose of enlistment of 'successful products promoted and associated business models' was to replicate those in second phase. In response, the project only compiled a long list products based on mainly profitability. The critical element - 'associated business models' has not been captured. Linkage between farmers and local dealers, selection of a certain type of farmer for demonstration, introduction of a new technology through appropriate channel etc. belong to business models.
4. Another critical agreed action which needs further refinement is to develop broad household typology based on their available productive resources, annual income portfolio and vulnerability. Accordingly, the project is likely to find it in a better position to target which type of household needs what kind of supports (crop, livestock or off-farm).
5. **Field observation of livelihood activities:** The mission had the opportunity to observe a good cross-section of different livelihood activities under both HILIP and CALIP in different project locations. The activities include broiler poultry farm, duck rearing, sheep rearing, vegetables production, plant nurseries, monosex tilapia culture, off-farm activities (such as bamboo, jute etc.), tailoring, house wiring, vocational training among others.
6. **Improved understanding on basic cash-flow management:** The project developed basic cash-flow management module and included in the training sessions for the LCS members. As feedback received, this has become an eye-opener for many LCS members to start thinking about making balance between income and expenditure. The project should continue this topic in the LCS training events with strong emphasis.
7. **Strengthened linkage with value chain/support service market actors:** While there is still a strong foothold of the project staff among the beneficiaries, linkage with market actors has started showing lasting benefits. The project connected paravets with livestock farmers, local vegetables seed dealers, fish feed/medicine dealer, Day-Old-Chicks (DOC) and poultry feed/medicine dealers with corresponding farmers. During the field mission, feedback from producers reveals that they are in touch with such private sector actors and vice versa beyond any direct involvement of project staff which is an excellent step towards the creation of sustainable service provision. At macro level, the project has started discussion at company level. This discussion should continue to encourage them to increase their field presence and sales team support in the project areas.
8. **Importance of identifying successful business models:** While it goes across any subsector or livelihood activity, one example may clarify this issue. The project provides skills training on

tailoring to women as one of its livelihood promotion activities. The mission interviewed one woman in Hossainpur, Sunamganj who received a skill building training in technical training centre arranged by the project. She used to do tailoring before this training but at a very micro level, for the neighbors or relatives on an irregular order basis and the earning was not significant at all. By attending the 45-days long training, she learned new designs and techniques. Following this and in parallel to working by orders of individuals, she explored the opportunity to prepare clothes for fashion shops in nearby town. Soon after, she started getting orders in scale and her life began to change. Now four other neighboring girls are working with and for her who she has been providing on-the-job training. In contrast, in a bamboo products making CIG, the efficacy of the training was found to be dubious. Most of the group members were already making bamboo products suitable for rural markets. The NGO provided them training to make advanced products targeting city markets which are fancy and mainly handicrafts. It is unlikely that the participants will get to learn those in a short training time with required quality and standards to compete.

9. **Importance of developing household typology:** As observed, every household has a primary occupation as their main income earning source. But their vulnerability depends on what and how much productive resources and skills they have and how the seasonality factor affects their livelihood. Once a year-round income portfolio (based on occupations) is developed, households can be classified into broad areas. This can help the project improve their targeting approach – which households need what kind of supports. For instance, in the bamboo making CIG group mentioned above, the households are already engaged in bamboo making and marketing and what is more important for them is to provide knowledge and skills on some other occupation which may help them reduce their vulnerability (by generating income) when the demand for bamboo products decreases in the market due to seasonality factor. For example, skills on livestock appear more appropriate for them instead of giving bamboo products training which they are already engaged in. However, there could be occasions where product improvement may lead to reach better market but this needs to be well analyzed and confirmed beforehand.
10. **Increasing the effectiveness of demonstration:** Demonstration is a strong tool to promote certain technology or idea which the project has adopted in all three thematic areas – crops, livestock and fishery. Lack of a clear idea of overall household typology seems to limit the potential of realizing demonstration benefit. For example, the mission visited a sheep rearing CIG in Itna in Kishorganj district. In the group, four female members were provided with one sheep each to demonstrate sheep rearing in the entire group of 25 members. After more than a year, each of the four members who received sheep has a herd size of average three animals while they managed to sell at least one additional to generate cash income. However, the purpose of the demonstration was also for the remaining 21 members to learn and adopt sheep rearing. As found, none of the 21 members started sheep rearing yet. The mission could not find and interview any of those 21 members. There could be two reasons for them not to start sheep rearing. First, either they had developed an expectation that they would receive the same support (the project has started revolving demonstration where each member would receive the demonstration fund, but there is a lead time and ultimately it indicates their inclination towards direct support). Second, sheep rearing may not be a priority occupation for other 21 members which the project could not detect due to the absence of a clear idea of household typology and accordingly wrong selection of CIG members.
11. In another case, the mission visited a plant nursery CIG group in Sunamganj. In the 25 members group, one person established a nursery as a demonstration farm. It is dubious whether other than the demonstrator can or will start this livelihood option for a number of reasons – a) the size of the local market to have many nursery business, b) availability of suitable land (high land is required), c) all male members' main occupation is agriculture, d) female members' (whose husbands' occupation is also mostly agriculture) mobility to take care of a nursery which are very likely to be established beyond the homestead areas. Defining household typology might have helped the project whether those 24 other members living in the same or nearby communities really needed demonstration on plant nursery or something else – perhaps on a specific crop (as all of them are agriculture farm households) which most of them cultivate but get a poor yield due to lack of knowledge.
12. **Understanding gender context:** The mission found good examples where women beneficiaries of the project were identified to have shown significant socio-economic progress. Again, defining household typology might have allowed the project to achieve further and in larger scale. In many

occasions, women are included by the project in different CIGs but their roles and prospects being part of the CIGs are not very clear. For example, in the polyculture with Monosex Tilapia CIG revolving demonstration in Kalmakanda, Netrokona there are women members. In the current five-member sub-group under the CIG, there are two women members. Their current role and future prospect with fish farming seems dubious. Almost all activities related to fish culture are taken care of by men. This became evident when the men members reap a higher profit for their involvement. Several considerations could help the project identify and target appropriate livelihood means for those women. First, as found the overall cost of production for each cycle for such fish culture is significantly high and to contribute to that amount, the financial solvency of the women members has to be high also. Women with this kind of economic profile in rural Bangladesh (unlike LCS members who are very poor and work as day laborer) tend to get engaged in economic activities within homestead or adjacent places. The large ponds are in public areas where these women are not comfortable to work. Second, if household typology was developed, better suited livelihood means could have been identified for these women – perhaps off-farm activities which they can work within homestead.

13. In another example, the project promotes broiler chicken rearing through CIGs. While one such CIG demonstration was visited, women members' engagement in the demonstration farm was found little. It was also revealed that there is no single case where a woman runs a broiler chicken farm by her own (however, backyard poultry rearing by women at homestead is common). However, it is common that women assist their husbands when the farm is within homestead area. Consequently, it raises question whether a woman CIG member of broiler chicken can take the knowledge forward unless her husband has a broiler farm. Besides, establishing a broiler farm also requires significant investment. Therefore, it is important to understand the gender context and accordingly devise CIG groups where women can not only take part but also can take the knowledge forward for implementation.
14. **The WorldFish concept note:** The concept note captured the need of promoting SIS (particularly Mola) and its appropriateness for the target group. It also indicates the high demand for such fish in the market. However, it lacks analysis of the root cause as to why the existing market system is not allowing or encouraging farmers to culture this species while there is such high demand for this. Though not explicitly mentioned, it may be assumed that the supply chain of Mola fries/spawns is not well-developed. The concept note needs to capture and analyze why this situation prevails and how the project intends to address this in a sustainable way and with what exit strategy.

Agreed action	Responsibility	Agreed date
1. Refine and improve the current list of successful products and the associated business models	PMU/DMU/UMU	February 2017
2. Refine and improve household typology based on available productive resources, income portfolio and vulnerability to promote different subsectors/products that suit them most.	PMU/DMU/UMU	February 2017
3. Continue discussion with large private sector agri-input company to increase their field presence in targeted areas making an inclusive value chain development.	DMU/UMU	Ongoing
4. Improve and finalize the WorldFish concept note	PMU	December 2016

I. Technical Notes 2: Climate adaptation and livelihoods protection

1. This Annex elaborates further on the main recommendations made under the CALIP activities in component 2, 4 and 5 which are financed by the Adaptation for Smallholder Agriculture Programme (ASAP). Component 5 is fully funded by ASAP.

Component 2 – Community Infrastructure

The Table below presents the progress of the various CALIP activities under this component.

Activities	Project Target	Unit	Approved to date (Oct)	Planned (2016-17)	Achieved (Annual)	Achieved (Annual) %	Achieved (Cum.)	Achieved (Cum.) %
Village Protection Infrastructure	224	no	99	114	26	23	49	22
Village Internal Service	168	no	134	60	52	87	69	41
Model Village development	5	no	1	2	0	0	0	0
Beel bank protection	50	no	0	20	0	0	0	0
Killa protection	20	no	11	6	1	17	6	30
Upazila/ Union road slope protection	50	km	23	14	1	7	8	16
Training of LCS	542	no		212	38	18	173	32

2. As evidenced from the cumulative achievements the main activities lagging behind are the model village development, beel bank protection and Upazila/Union road slope protection. The current approvals for the slope protection and the village protection infrastructure will result in a considerable increase in achievement if works can be completed over the next four/five months. Therefore the necessary monitoring and supervision should be done to ensure the DMU/UMU teams undertake these works within this stipulated timeframe. Particular attention also needs to be given to maintenance of completed sites. One of the sites visited during the mission illustrated some challenges in vetiver establishment at some points. Therefore it is worth reminding the DMU/UMU teams to also replace the vetiver in the slope protection works where required to avoid weak spots developing that will be prone to damage.

3. **Beel bank protection** requires further collaboration with component 3 that includes the beel identification and demarcation activities. A criteria for the selection of the beels to be protected can be established either considering the number of beel users that would benefit from the protection or the vulnerability of the banks to erosion. Alternatively the excavation of beels can also be used as a criteria to prioritise the protection as well as availability of swamp trees or vetiver for the works, which would link to the nurseries being established under Component 4. It will be beneficial to involve the communities in the beel bank protection for the sustainability of these activities.

4. **Model village development** requires a dual focus on identification of the remaining sites in Netrokona, Sunamganj and Brahmanbaria as well as completing works on at least the prioritised site in Kishoreganj. The land preparation on identified sites will be important ensuring additional height for land levelling above the peak flood levels and also drainage from an in built slope. Planning with local authorities and relevant agencies responsible for basic services is also essential and this should be initiated as soon as sites are selected. Selection of beneficiaries should be transparent and information provided to them on raising funds to construct their own houses as the project will only finance the communal infrastructure. Renewable energy sources will also be promoted in the model

villages, the scoping study under Component 5 can inform the selection of renewable energy technologies including the supply chain to ensure affordable options are available.

Component 4 – Livelihood Improvement

The table below illustrates the achievement so far for each of the courses. All the training is conducted in batches of 20.

Activities	Project target	Planned (2016-17)	Achieved to date (Oct)	% Achieved	Achieved (Cumulative)	% Achieved (Cumulative)
Village forestry	114,240	14880	2940	20	16180	14
Pond fishery	5,040	1120	60	5	1800	36
Advanced improved product training	7,560	1880	320	17	1320	16
Vocational training	11,004	1400	240	17	580	5
Total	137,844	19280	3560	18	19880	14

5. Village forestry. Most of the beneficiaries for this training are female (61%). The bamboo, koros/hizol and medicinal/fruit plant production is more popular than the murta and vetiver production. There could be various reasons for this including the lack of knowledge in the use of both the vetiver and the murta as well as perceived lack of their commercial value. Therefore before the figures can be reduced for the targeted beneficiaries under the murta and vetiver production activities, it is worth increasing the awareness raising among the communities and also demonstrating the use for communities to protect their landscapes, starting with their homesteads.

6. Pond fisheries. The beneficiaries from this training are predominantly male (61%) due to the fact that usually they own the land and ponds. Most of the training activities are scheduled to take place from February 2017. Therefore the concept note submitted by WorldFish to provide the training and also supplement with the mola production and nutrition training will need to be finalised and approved before end of January 2017. WorldFish will deliver the training for the remaining batches in collaboration with of the DMU/UMU teams. The supervision of these activities by the training coordinators and Fisheries SOs will be critical to ensure effective delivery. The Department of Fisheries personnel in each of the Districts must be invited to participate in the training sessions. This entails sharing the training schedule with the relevant officers in the Department as well as other stakeholders by the PMU/DMU/UMU teams. During the mission feedback was provided to WorldFish with suggestions to improve the concept note. The PMU will need to provide accurate figures on the remaining batches to be trained and also available budget resources for these activities.

7. Advanced improved products. The majority of the participants for these courses are female (71%). As recommended at the end of the last mission, additional courses will be provided and ToRs for confectionary, candle making, block batik, embroidery, packaging and pickle making have already been submitted IFAD for No Objection. Courses in Block batik, Fashion design (women), embroidery, candle making and packaging for seven days duration will hopefully be starting in Habiganj and Sunamganj in January 2017.

8. Though this training is targeted at community members that have some basic experience in working with the various materials, visits to training sessions during the supervision missions and discussions held with participants that have completed the courses show that novices are also selected for the training. In order to maximise the effectiveness of the training the novices can be separated from those with prior experience also as their target market for products once they have completed the training is likely to be different. The novices will perhaps not be able to make products of very high quality for the Dhaka market, after short course but can aim for the local markets while

more experienced participants are more likely to produce higher end products. It is recommended that the assessment done for the vocational training on income generation potential and actual incomes following completion of training also be undertaken for the advanced improved products.

9. One challenge expressed by those who have completed some of the courses such as jute products, is the need for capital to purchase machines this is also the case for those working with wood products who require tool kits. Some recommendations to provide starter kits and thus address these challenges are elaborated further below.

10. Vocational Training. Most of the courses being offered are male oriented and thus they make up the majority of the beneficiaries (77%). Currently the vocational training for women is still very limited with only tailoring being offered as the other courses such as cooking proved unpopular based on the recent assessment done by the PMU/DMUs. The PMU is once again encouraged to search for additional female oriented courses such as health care assistants in which the qualifications can be achieved within the envisaged 45 days' timeframe. The carpentry and mosaics courses also have low demand and based on the assessment undertaken, the PMU has proposed to drop this course and potentially introduce others with more job opportunities or alternatively increase targets for the more popular courses such as house wiring.

11. The recruitment of participants for the vocational training requires a clear strategy to improve both the targeting approach and reach. The current process involves the CDFs at UMU level and SOs (at UMU/DMU. The 50 SOs cover 28 Upazilas (10 crop, 10 livestock and 30 fisheries). The CDFs should be 176 each covering one union. However not all have been recruited post and some have not been trained. The training activities have Coordinators at DMU (3 covering 5 Districts). Given the large number of training activities under both CALIP and HILIP it is worth considering recruiting four additional SOs for both crops and livestock so that each SO is responsible for two Upazilas and can effectively supervise the CDFs. Unless some Upazila's are smaller and an SO can efficiently cover three. The existing system can be improved by motivating the CDFs further either through training and perhaps providing quarterly awards for the best performance. Transportation also appears to be a constraint for most of the CDFs and consideration should be given to assuring the mobility of the facilitators. The supervision also needs to be strengthened both by the SOs, Training Coordinators and the PMU. The agreed criteria for participants selection should be adhered to and a training schedule developed and shared with the relevant officers to enable them plan effectively and recruit the various batches in a more systematic manner. A training manual for the CDFs has been developed and training is planned for December 2016.

12. The local administration should play a central role in disseminating information regarding the training opportunities and securing the targeted participants. Events can be held at the district or Upazila level as part of the recruitment drive or events such as public meetings used to this effect. Successful graduates from each of the courses can be invited to motivate others to participate in the training courses. Folk songs, which have a popular cultural role, can also be developed with messages to publicise the training.

13. Currently the training is being provided by Government Institutions and ToRs have been submitted to IFAD for No Objection to enable Private Institutions to also provide this training. Inclusion of private institutions will increase the number of batches that can be trained each year. However, the standards of the private service providers particularly the trainers and courses provided will need to be acceptable and thus all institutions must have certification from relevant authorities. The performance of the institutions will also have to be periodically assessed perhaps annually to ensure they meet the necessary standards. A continuous follow-up through surveys will also be required for the graduates and assessment of employment opportunities including linkages to financing institutions to provide some start-up and expansion capital including business development skills or provision of starter kits by the project for those candidates that would qualify. The payment terms for these institutions will also need to be discussed and clearly articulated in the Contracts to be signed. Some

institutions may require some mobilisation amounts however based on the procurement rules appropriate measures should be put in place if any advances are required.

14. Start-up kits can be provided to graduates based on a set criteria that includes: successful completion of training course, monthly family income below BDT10,000, willingness of the participant to be self-employed and provide 50% of the cost for the kit. The two options proposed by the PMU can be utilised with CALIP covering 50% of the investment costs for the equipment and the participants providing the other 50% either from their own resources or from a loan provided by a Micro Finance Institution. The 50% cost from the participants can be deposited with a credible supplier and thereafter the project can pay the balance using an appropriate system and handover the equipment to the graduate in a ceremony as practiced.

15. Based on the assessment undertaken by the PMU the courses requiring a higher initial investment, which include improved Wood/ Bamboo/ Cane/Murta/Jute and other products and Vocational Training should be prioritised for providing start-up kits. The amount required if the start-up kits are provided to 50% of the targeted beneficiaries is BDT 18,405,000. These costs can be covered by the potential savings from the one day forestry training that is subsequently detailed. The PMU also undertook an assessment of the current costs of accommodation and transportation after receiving some complaints and suggestions from participants of the vocational training. The PMU recommended increasing the transportation, however this should not be done in a blanket format, only participants that require the higher amounts should be provided with these. Therefore if the participants reside a short distance from the training centre only BDT 500 should be provided to cover the transport costs. Any participants with higher costs will be provided with a maximum of BDT 1,000.

16. The PMU has proposed an increase of BDT102 per participant, which results in an additional cost BDT 91,800 per batch. As there are still 521 batches to be trained the total increase would be BDT 47,827,800 for the vocational training activities. Some savings have already been made under the vocational training totalling BDT 1,392,000 from the amounts not paid to Government Institutions for job placements. Savings have also been made on the one day forestry BDT 2, 721, 000 and pond fisheries training BDT 9 10,900, which is a total of BDT 5,023,900 in current savings. Additional potential savings can also be made on the one day forestry training of BDT 77, 182,100. These savings can contribute to covering the increment in the vocational trainings including the start-up kits and thus overall the activities would still be within budget. Though none of the students actually complained about the quality of the food in the discussions held during the mission, it is believed that improving the quality of food will encourage future students to register for the training. This would require the PMU to secure caterers that can provide better quality of food. It is recommended that the increases be approved by the PMU to improve the accommodation and quality of food for the participants as well as provide the start-up kits to participants that meet the agreed criteria.

Component 5 – Capacity and knowledge for building resilience

17. Action Research Studies, which are delayed require a clear revised procurement plan that will provide the timelines for their launching. This will have to be closely monitored by the PMU to ensure all the studies are launched by April. The main studies are:

- i. Analysis of the environment impacts of large scale expansion of pond fisheries and climate change affects
- ii. Climate change forecasting & participatory scenario development and Assessment of the agriculture & fisheries sectors, exposure to climate risk
- iii. Study on Value Chain and ecological analysis on the commercialization of bamboo
- iv. Renewable Energy Technologies and Household Energy Efficiency in Five Haor Districts

18. Additional ToRs have been submitted to obtain IFAD's No objection for (1) Examining the ecological dynamics of reforestation at landscape level for strengthening resilience and (2) Monitoring the performance of Village protection, model village, Upazila/union road slope protection. The baseline study for CALIP is also yet to be undertaken and this requires urgent action by the PMU. The baseline study has been prioritised and should be undertaken in the first quarter of 2017.

19. Flash Flood Early Warning System. The urgency of the procurement of fast computers for both BMD and IWFM cannot be over emphasised. In the FFEWS partners meeting held during the supervision mission, BMD informed the PMU they no longer require the storage capacity requested earlier as this will now be procured by an FAO funded project. Therefore BMD will revise the specifications and also formally inform the PMU of their requirements. IWFM has already provided the specifications. The fast computers need to be delivered by 31 March at the very latest.

20. Furthermore during the meeting held on 7th December 2016, both IWFM and BMD communicated to the PMU that they envisage some increases in their budgets due to recent salary increases by the Government and also the need for a documentation and training specialist for BMD. BMD had already submitted a revised budget with the annual report and workplan for 2016/17. The role of the documentation and training officer is well justified and thus in principle the additional budget should be covered by CALIP as well as the increase in the salary level for Research Assistants at IWFM. However, due to budgetary constraints these additional costs can only be covered if savings are identified in other areas within the budget lines of the FFEWS or component 5 so that overall all essential activities are undertaken.

21. The partners all provided an update of the progress they are making given the specified roles. Collaboration is being enhanced and both IWFM and IWM have made steady progress towards developing and refining the models for the FFEWS respectively. Both partners assured the meeting that they would have models for testing in 2017. IWFM intend to undertake calibration by 2018 for modelling to be completed by 2019, which will also allow dissemination. IWM anticipate completion of improvements at data collection stations by 2017 then be able to refine the model in 2018 as FFWC reiterated the need of at least two pre-monsoon periods for testing and refining the model. As part of the enhanced collaboration, danger levels have been developed for the flash flood, which are lower than the monsoon danger levels in the rivers. The partners reported that the WRF model testing is going smoothly and the additional steps will be to incorporate the runoff model and hydro dynamic model. Some data such as topography from the survey department still being awaited by IWFM. IWM is planning to launch the flash flood website hopefully by January 2017 for feedback. BMD confirmed Agromet data is being provided weekly and a special bulletin was developed for 2016 flash flood, which allowed forecasting to be provided seven days in advance. As a result of the advance warning in some areas 70% of crop was saved which resulted in less devastation in 2016 compared to 2010. BMD reiterated the need for a regular dissemination system, not only during the flash flood period.

22. The draft CALIP **Knowledge management strategy** was reviewed and comments provided. It is recommended that the revised strategy be merged with the HILIP strategy and a detailed plan including products, thematic policy activities and events with specified timelines, dissemination of study outputs and key partners included for ease of monitoring.

II. Technical Notes 3: Fiduciary aspects and financial management

A. Financial management assessment

Country: Bangladesh	Loan /Grant ID: IFAD Loan I-847-BD, Trust Loan E-3 BD, Grant I-C-847-BD, G-COFIN-ASP-847A-BD
Project Name: Haor Infrastructure and Livelihood Improvement Project(HILIP) and Climate Adaption and Livelihood Protection (CALIP)	
Executing Agency; LGED	CPM: Mr. Benoit THIERRY
Reviewing Finance Officer/FMS: Md. Didarul Islam	Date of this review: 20.11.16 to 13.12.2016

Topic		Risk Rating (H/M/L)	Issues / Comments / Recommendations
A. Inherent Risks			
B. Control Risks			
1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project.	L	Organization Structure of the Finance Function exists
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	Yes, clear job descriptions are available
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	M	Currently the FMS position is vacant from November 17, 2016.
d.	Availability and adequacy of operating manuals and guidelines for staff.	M	Draft version of the Project financial, administrative and accounting procedures manual exists which yet to be finalized.
e.	Existence of a performance based evaluation system in place and timely completion of performance evaluation for all staff.	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 evaluations for project employees are done in accordance with last mission recommendation.
f.	Adequacy of health insurance coverage for all staff (where applicable).	M	Not done from project

g.	Timely payment of social security fees (where applicable).	L	GOB staffs get provident fund benefits. Provident funds are deposited in government treasury against respective individual government employees' name.
h.	Staff adequately informed about IFAD's national and anti-corruption policy and relevant contact details.	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.	M	The 2016-17 AWPB was submitted by the project on July 27, 2016, which was three months late.
b.	AWPB in line with expenditure categories in Financing Agreement Schedule 2.	L	Yes
c.	Financing sources and implementing agencies for each category in the AWPB are identified.	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	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	Funds are disbursed by all financiers on time. Fund disbursed upon submission and review of the WA
b.	Timeliness of counterpart funds disbursed.	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	Yes
d.	Efficiency of the funding channels for credit lines. Timeliness and traceability of funds flows, if applicable.	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	Yes
	ii) Appropriateness of disbursement methods used	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. (refer to Appendix IV and complete, reflecting finding in rating).	L	Yes, documentary evidence adequate
	iv) Timely preparation and accuracy of Withdrawal Applications	M	Since MTR the WA has been preparing and found to be timely and accurate except a little bit delayed in few cases.
	v) Authorization of WA preparation.	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	No such case
	vii) Regularity of Special Account(s) monitoring and monthly reconciliations signed by the project manager. Review and assess the	L	Done. No issues observed.

	reconciliations		
	viii) Disbursement rate compared to the AWPB and whether satisfactory given the remaining implementation time. Provide comments as appropriate	L	Disbursement rate is satisfactory.
	ix) Recovery of SA balances by loan closure	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.	M	Lack of segregation in the preparation and review of bank reconciliations
b.	Clarity and adequacy of decision processes and sequence of events for control functions in project implementation reflected in the Financial Manual (or equivalent there-of).	L	Payment process is adequately documented in the files
c.	Adherence to Financial Manual.	M	Yes. But the Financial Manual yet to be finalized
d.	Effectiveness and efficiency of internal controls over inflows of funding sources other than IFAD.	L	Yes
e.	Adequacy of contract management (use of contracts register and monitoring form) and filing there-of.	L	Contract Registers are kept and regularly updated. Information required by the Contract Payment Monitoring Form (CPMF) are available in the manual system. However, the project is in the process of making entries in the C 11 form of the new software TOMPRO which captures the information in the manner and to the extent as required by IFAD prescribed CPMF.
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	Controls on payments for goods and services exist
g.	Documentary evidence to confirm delivery and acceptance of contracted goods, works or services.	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.	NA	No cash transaction takes place in the project.

i.	Adequacy of physical management of cash.	NA	Not Applicable.
j.	Timely payment to suppliers and consultants.	L	No issue arose in this respect. Payments are made on time.
k.	Eligibility of expenditures with respect to FinancingAgreements.	L	No issue rose in this respect.
l.	Legality/eligibility of advances from project funds and timely justification for use there-of.	M	Advances are paid to LCS only. No advances are paid to the contractors. Adjustment of LCS advances are normally done timely except some are delayed.
m.	Compliance with financial management covenants in the Financing Agreements and LTB.	M	Mostly complied with few exceptions noted
n.	Adequacy of up-to-date record keeping for fixed assets and inventories.	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?) Travel authorisations (incl. DSA paid to staff)	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	Motor Vehicles are insured.
q.	Workshops: i) Availability of list of participants ii) DSA paid to participants iii) Receipts for workshop expenditure	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	Adequate controls exist in this respect.
s.	Banking arrangement and controls (reconciliation of bank statements with financial accounts).	M	Bank Reconciliations are prepared on a regular basis across the project. However, an exception was noted in Bramonbaria district for not preparing the BRS regularly.
t.	Existence of a proper IT support unit in place.	L	There is no IT support unit dedicatedly for the project. However, LGED has its own IT support unit and assists the project if needed.

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	Cash basis of accounting is being followed
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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	The new accounting software TOMPRO is a double entry system. The project expects to generate the FS from this but this is yet to be effectively tested.
b.	Recordkeeping (including documentation and filing/archiving)	L	Adequate documentation exists in the district offices and PMU.
c.	Fixed assets register maintained and reconciled (sample and physical check).	M	Sample checked and found to be in order. Scope exists in the improvement of Fixed Assets Registers.
d.	Adequate documentation and controls for Information Systems, including documented accounting procedures, backup of financial records, integration of all sub-systems.	L	The MIS is currently maintained in MS Excel. The project plans to maintain this hereinafter in TOMPRO software. Back ups are taken in Flash Drives/ CDs/ Portable Hard Disks.
e.	Adequacy of chart of accounts for project accounting purposes	L	Appears to be adequate
f.	Timeliness of recording transactions, regularity of performance and approval of reconciliations, controls on erroneous recordings.	L	Yes
g.	Appropriate/ adequate accounting and reporting of counterpart funds contributions (incl. tax and tax exemptions) as well as beneficiary contributions.	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	Financial Statements do not disclose the accounting policies, DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets. Audited Financial Report for the year for 2014-15 were sent to IFAD, 4 days later than the time stipulated. As apparent the project received the PFS from FAPAD on that date (4.1.2016) and sent the same to IFAD on the same day.
b.	Interim FM reports and linkage to progress reports - timely preparation, submission to IFAD.	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	These are not disclosed in the PFS and from next year (FY 2015-16) this information should be supplemented along with the FAPAD format accounts.

d.	Follow up of previous aide-memoirs fiduciary recommendations. `	L	Most of the 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	No major exception noted
7.Internal Audit			
a.	Existence of Internal Audit arrangements.	M	<p>The office of Internal Audit Section of LGED carried out the internal audit of the project. The last audit of HILIP-CALIP was carried out in fiscal year 2012-13, and the report issued in January 2014, and the audit for FY 2015-16 is going on.</p> <p>The Internal Audit for FY 2015-16 is going on and it is expected that the report to be submitted by January 2017.</p> <p>The scope consisted of focusing only the review of contracts and expenditure. Based on that it was recommended in MTR the selection of a private audit firm to perform the internal audit function.</p> <p>No major findings were noticed</p>
b.	Adequacy of internal audit arrangements (organization - staff capacity).		
c.	Adequacy of internal audit scope of work and quality of reports.		
d.	Assessment of matters raised in audit reports.		

8. External Audit⁵			
a.	Adequacy of scope and ToR.	L	Audit is done by FAPAD and there is no scope for either the project management or IFAD to determine their TORs.
b.	Adherence to ToR.	L	NA, considering the above.
c.	Timeliness of audit report.	L	Was given on 4 th January 2016. FAPAD is not formally bound by a deadline within which they will issue the Audit Report.
d.	Quality of audit.	M	Moderately Satisfactory. Audited Financial Statements do not disclose the accounting policies, DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets.
e.	Implementation of audit recommendations/agreed action plan in place to address these.	M	Out of the 16 observations 13 have been settled and three yet to be settled.

B. Statement of Expenditure (SOE) Review Checklist

1. A key element of every mission is to check the validity of expenditures claimed under the SOE since the last supervision mission. The SOE review may result in findings such as i) inadequacy/unavailability of supporting documents, ii) ineligible expenditures, iii) misallocation of costs by category and iv) application of wrong percentages.

⁵ Refer to IFAD audit review.

2. The methodology and check-list outlined below serve as a **guidance**, and are designed to capture the most relevant actions to be undertaken and questions to be asked by the FMS when carrying out the review.

Methodology

- i) **Identify** and **select** a random sample of SOEs from each WA covering
 - a. all expenditure categories, with particular focus on the categories considered to be 'risky' and
 - b. at least **30%** of the total value of the items claimed under SOEs. This is deemed acceptable, irrespective of risk rating (as we have different levels of up-front controls already by risk rating) in that:
 - i. If errors are found then the % should be increased,
 - ii. Recurring expenditures can be test-checked: if one month's salary is checked in detail and is fine, then we do not need to check the other 11 months provided the monthly cost is fairly constant.
- ii) **Review** all the supporting documentation for the selected sample.
- iii) **Document** all the discrepancies and ineligible expenditures noticed during the review and discuss them with the project's financial manager.
- iv) Based on the review determine if the SOE thresholds are adequate and reflect the project risk?

Project: HILIP/CALIP, Bangladesh

<u>WA Selected for this purpose</u>	
WA	: 6
Amount Involved	: BDT 40.93 million
Total No of WA sent during the period Nos. are pending for reimbursement) May 2016 to November 2016:	: 12 (4 Nos. of which were advance requests and 2
Total Amount of WA	: BDT 399.94 million
Coverage	: 10.23

Checklist

	SOE Element	Comments
1.	Are the expenditures properly accounted for in the books and financial reports of the project, and can they be cross-referenced in the SOE to relevant documentation (e.g. 0vouchers)? Does presentation of information in the SOEs allow for ready access to the files for review and audit purposes?	Yes
2.	Are all the invoices stamped Paid?	Yes
3.	<p>(i) Review documentation supporting payments and for all cases described in (ii) through (iv) below, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a signed contract or confirmed purchase order – showing the specified amount that is due to be paid ✓ evidence of receipt, invoice or performance ✓ a bank guarantee for advance payment, as specified in the contract documents <ul style="list-style-type: none"> ✓ a bank guarantee for performance, as specified in the contract documents ✓ copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and ✓ evidence of payment/bank statements ✓ accounting records of approvals, disbursements, and balances available ✓ Procurement documents (bid documents, invitation, evaluation, award, add in a newspaper), if applicable. ✓ for recurrent costs (operation cost and PIU staff salaries), ensure existence of recurrent costs records <p>(ii) For payment of goods, in addition to (i) above, ensure existence of:</p> <ul style="list-style-type: none"> ✓ a supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices 	<p>Exists</p> <p>Exists</p> <p>No advance was given for CIVIL contracts except LCS and there is no provision of bank guarantee for LCS advance in contract document as per standard practice. However the advances to LCS are adequately recorded and documented.</p> <p>Exists</p> <p>Yes. IFAD no objection has been received wherever required</p> <p>Exists</p> <p>Exists</p> <p>Exists</p> <p>Exists</p>

	SOE Element	Comments
	<ul style="list-style-type: none"> ✓ bills of lading or similar documents; and shipping or import documents and inspection certificates , if applicable ✓ a certificate of delivery, as appropriate, to include condition of goods on delivery. <p>(iii) For payment of consultants' services and other services, in addition to (i) above, ensure the existence of:</p> <ul style="list-style-type: none"> ✓ the supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and ✓ a certificate of delivery, as appropriate, of satisfactory services. <p>(iv) For progress and retention payments of civil works, in addition to (i) above, ensure existence of :</p> <ul style="list-style-type: none"> ✓ a claim by the contractor, including a financial progress report, stating the work performed and the amount due; ✓ a certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and ✓ a copy of the contract payment monitoring form (Form C-11) signed in original by the certifying officer. <p>(v) Credit lines/equity:</p> <ul style="list-style-type: none"> ✓ review Subsidiary Agreement with the Project Party (i.e. Micro Finance Institutions, banks, equity companies etc.) ✓ review documentation evidencing proof of activities as described within the Subsidiary Agreement and/or any sub-agreement 	<p>Not applicable as no any imports.</p> <p>NA</p> <p>Exists</p> <p>Payments made based on producing of required deliverables.</p> <p>Exists</p> <p>Exists</p> <p>All information required by Contract Payment Monitoring Form is available but not in the manner and format as stipulated in CPMF and there is scope of improvement in this regard.</p> <p>NA</p> <p>NA</p>

	SOE Element	Comments
	review bank statement(s) recording funds flow	NA

4.	Question to address in review are:	
4.1	Is the documentation readily available?	Yes, except very minor issue i.e. VAT/Tax challan were not in the file but kept in the Govt. treasury office. In very few cases photocopy of MB were not kept in the file.
4.2	Does it indicate that the expenditure was approved by an authorized official?	Yes
4.3	Is it in original form?	Yes
4.4	Does it relate to the project concerned?	Yes
4.5	Are the computations correct and are there any errors or alterations?	Yes. No error or alterations was noted.
4.6	Are the type of costs charged appropriate for the category and have the disbursement percentages been used correctly?	Yes
4.7	Are there any duplicate invoices?	No
5.	Verify eligibility of expenditures. The review determines whether the expenditures are properly supported and are eligible for IFAD disbursement in accordance with legal agreements.	Yes

6.	Determine whether any payments were made in advance of receipt of good or delivery of services, and if so, is this consistent with contract provisions?	No such advances paid for goods and services.
7.	Payments exceeding defined SOE limits should be fully supported with related documentation.	Yes, fully documented.
8.	<p>Check for payments for items that are not procured in accordance with the legal agreements or signed contracts, such as:</p> <ul style="list-style-type: none"> ✓ Payments for items not specified in the Financing Agreement and the AWPB, including the procurement plan approved by IFAD; ✓ Payments made prior to credit signing or before the eligible date specified for retroactive financing; ✓ Commitments made before completion date (excluding winding up expenditures) and payments made for the expenditures incurred after closing date; 	<p>No such expenditure came to our notice</p> <p>NA</p> <p>NA</p>

Cheque Issue Registers to be maintained in all district offices.	Yes	
Fixed Assets Register to be maintained with appropriate information contained therein.	Yes	Some exception were noted on format of FA register
Old LCS Advances should be enquired into and necessary steps taken for liquidation of the same		
LCS Advance register to be updated	Yes	
Advance recognized as expenditure and claimed in SOE.	No	No such expenditure came to our notice
Advance of LCS adjusted without proper documentation	No	No such expenditure came to our notice
Inconsistent basis of advance adjustment	No	
Very late adjustment of Training Advance	No	
Data back up to be taken in removable hard disks and stored off site.	Yes	On weekly interval
IFAD to reimburse/ adjust the claim of USD 30		

A. Audit log

Audit log summary

SL No.	Financial Year	Audit observations as per audit reports						Observations settled		Outstanding observations								Remarks
		General		Advance		Total				General		Advance		DP		Total		
		Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	Para	Value (BDT)	
1	2012-13	5	15 265 965	1	2 985 694	6	18 251 659	6	18 251 659	-	-	-	-	-	-	-	-	No unresolved audit observations as per FAPAD's letters of confirmation
2	2013-14	7	3 038 043	2	10 885 711	9	13 923 754	9	13 923 754			-	-				-	
3	2014-15	10	16 641 991	6	26 744 918	16	43 386 909	13	41 773 080	3	1 613 829	-	-			3	1 613 829	
	Total	22	34 945 999	9	40 616 323	31	75 562 322	28	73 948 493	3	1 613 829	-	-	0	0	3		

Audit log detail

Para No.	OBSERVATION DETAILS - FISCAL YEAR 2014-2015	Amount (BDT)	Status	Name of office	FAPAD letter date
	PART-A				
1	Paid to contractor against a works contract even though the strength test report was unacceptable and useless	1 470 960	Fully settled	Brahmanbaria	13-Jun-2016
2	Works of RCC road construction completed without testing the concrete cylinder crushing strength of cement concrete	9 764 441	Fully settled	Brahmanbaria	13-Jun-2016
3	Paid to contractor without deducting the end-edging width from the measurement	1 372 617	Fully settled	Brahmanbaria	13-Jun-2016
4	Non-deduction of Income Tax & VAT from contractual staff payment	12 490 000	Fully settled	PMU Dhaka	13-Jun-2016
5	Payment made without execution of earth work	1 096 576	Fully settled	Kishorgonj	13-Jun-2016
6	Works done beyond specifications of drawing and design	550 324	Fully settled	Habigonj	13-Jun-2016
	PART-B				
7	Income Tax not deducted from construction bill	418 017	Outstanding	Brahmanbaria	Not yet settled
8	LCS works quality below standard due to improper supervision and monitoring	6 750 458	Fully Settled	Brahmanbaria	3-May-2016
9	Advance payment for travel not adjusted for a long period	336 150	Fully Settled	PMU dhaka	3-May-2016
10	Advance payment to LCS not adjusted for a long period	5 377 200	Fully Settled	Kishoregonj	3-May-2016
11	Advance payment to staff for training event not adjusted for a long period	256 000	Fully Settled	Kishoregonj	3-May-2016
12	Performance guarantee expired during contract period but not extended	697 000	Fully Settled	Sunamgonj	3-May-2016
13	Excess payment to contractor due to calculation error	68 154	Outstanding	Sunamgonj	Not yet settled
14	Bank interest not been deposited into GoB treasury account	2 122 851	Partially Settled	Brahmanbaria	Outstanding amount Tk. 1,127,658
15	Collusive practice in procurement process	340 161	Fully Settled	Sunamgonj	3-May-2016
16	Performance security not found	276 000	Fully Settled	Brahmanbaria	3-May-2016

III. Field Visit Schedule

Mission schedule

30-Nov-16	Wednesday	Arrival of the mission/internal debriefing
01-Dec-16	Thursday	PMU meeting and leaving for the field
02-Dec-16	Friday	Field visit
03-Dec-16	Saturday	Field visit
04-Dec-16	Sunday	Field visit
05-Dec-16	Monday	Field visit and return to Dhaka
06-Dec-16	Tuesday	AM writing
07-Dec-16	Wednesday	AM writing and submission to TL
08-Dec-16	Thursday	AM writing
09-Dec-16	Friday	AM writing and submission draft AM to PMU and CPM
10-Dec-16	Saturday	PMU Debriefing, submission to Ministry
11-Dec-16	Sunday	Wrap-up meeting
12-Dec-16	Monday	Submit Final Report
13-Dec-16	Tuesday	Departure of the mission

Detailed itinerary

Date & Day	Time	Activities	Responsibilities	Mode of Transport
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01/12/2016 Thursday	09:30-12:30 12:30-13:30 14:00 18:00	<ul style="list-style-type: none"> ➤ Briefing & Presentation on Project Activities at PMU, HILIP, LGED ➤ Lunch at LGED ➤ Mission leaves LGED for Kishoreganj ➤ Arrive Kishoreganj LGED Office & night halt 	Project Director, HILIP XEN & DPC, Kishoreganj	-
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02/12/2016 Friday	07:30 08:00	<ul style="list-style-type: none"> ➤ Breakfast at LGED Office, Kishoreganj ➤ Leave Kishoreganj for field visit 	Project Director, HILIP XEN, LGED and DPC, Kishoreganj	Project/ LGED Vehicle
	08:00-13:30	<p>Group 1: Field visit</p> <ul style="list-style-type: none"> ➤ Vegetable extension fields with cluster approach at Kristopur village, Chauganga, Itna ➤ Broiler farming and discussion with CIG members and members of Broiler farmers' association at Chauganga, Itna ➤ Visit and discussion with sheep rearing CIG members at Itna ➤ Visit Animal health care pharmacy, Artificial Insemination activity, dealer shop, house wiring, refrigerator trained participants and discussion with them ➤ Visit Bogadubi khal, oversee fishing and irrigation facilities in boro rice fields from excavated canal (via Speed Boat from Chauganga Bazar) ➤ Lunch at Kishoreganj ➤ Leave Kishoreganj for Netrokona ➤ Arrive Netrokona LGED office and night halt <p>Group 2: Field visit</p>		
	13:30-15:30 15:30 17:30	<ul style="list-style-type: none"> ➤ Hashanpur Village Protection (CALIP. Com. 2), Mithamoin ➤ Mohiser Kandi Village Internal Service (CALIP. Com. 2), Mithamoin 		
	08:00-13:30	<ul style="list-style-type: none"> ➤ Ghagra Bazar Development and Ghagra Bazar Protection (HILIP. Com.2), Mithamoin ➤ Lunch at Mithamoin ➤ Leave Mithamoin for Netrokona ➤ Arrive Netrokona LGED Office and night halt 		
	13:00-14:00 14:00 17:30			

03/12/2016 Saturday	07:30-08:00 08:00	<ul style="list-style-type: none"> ➤ Breakfast at LGED Office, Netrokona ➤ Leave Netrokona LGED Office for field visit 	XEN, LGED and DPC, Netrokona	Project/ LGED Vehicle
	08:00:14:30	<p>Group 1: Field visit</p> <ul style="list-style-type: none"> ➤ Extension of Duck farming by CIG & non-CIG members at Morolbari, Borkhapon, Kalmakanda ➤ Bamboo Plantation from branch cutting ➤ Oversee bamboo products for marketing at Borkhapon, Kalmakanda produced by trained participants of the project ➤ Broiler farm of trained CIG woman at Satra village, Kalmakanda ➤ Revolving demonstration of polyculture (2nd cycle) with Monosex Tilapia at Pogla, Kalmakanda ➤ Visit Meda beel, fish sanctuary, fish harvesting, sorting and marketing activities, Ranagaon, Borkhapon, Kalmakanda ➤ Working lunch at Pogla, Borkhapon ➤ Discussion with HILIP/CALIP trained participants – Para-vets, Tailoring, House wiring, input dealers at Polashati, Pogla, Kalmakanda ➤ Return to Netrokona 		
	13:00-14:00	<ul style="list-style-type: none"> ➤ LGED Office & night halt <p>Group 2: Field visit</p>		
	15:30 16:30	<ul style="list-style-type: none"> ➤ Slope Protection of Borkhapon-Gutura Bazar Road, Kalmakanda (CALIP. Com. 2) ➤ Borkhapon Bazar Development, Kalmakanda (HILIP. Com. 2) ➤ Borkhapon Village Internal Service, Kalmakanda.(CALIP. Com. 2) 		
	08:00:14:30	<ul style="list-style-type: none"> ➤ Working Lunch at Mohonganj LGED Office ➤ Magan Mallikpur Road, Mohanganj, Netrokona (Com.-1) ➤ Village Internal Service, Perir Char, Mohanganj, Netrokona (CALIP, Com. 2) ➤ Return to Netrokona LGED Office and night halt ➤ Breakfast at Netrokona ➤ Arrive Dharmapasha by road 		

04/12/2016 Sunday	10:30-16:30	Group 1: Field visit	XEN, LGED and DPC, Sunamganj	Project/ LGED Vehicle
		<ul style="list-style-type: none"> ➤ Visit a disabled woman tailoring beneficiary at Hossainpur, Sadar Upazila, Sunamganj ➤ Visit cabbage and cauliflower demonstration at Chalbon village, Biswambarpur ➤ Visit vocational training on house wiring at Sunamganj Technical School and College 		
	13:30-14:30	<ul style="list-style-type: none"> ➤ Lunch at Sunamganj ➤ Country bean demonstration (whole village program), at Gagli, Joykolosh, South Sunamganj ➤ Sweet gourd demo program at Gagli, joykolosh ➤ Visit Tedala-Hugulia Chatal beel and swamp tree plantation, Meeting with BUG, Uzanigaon, Joykalash, South Sunamganj. ➤ Visit to Guzuani beel. Beel management activities and fish drying process including value chain, Noagaon, Joykolosh, South Sunamganj. ➤ Visited plant nursery at Gazirgaon, Sunamganj ➤ Return to Sunamganj LGED Office and night halt 		
	17:30	Group 2: Field visit		
	08:30-13:00	<ul style="list-style-type: none"> ➤ Modergaon Laurergor Road, Taherpur ➤ Laurergor Market, Taherpur ➤ Lunch at Taherpur ➤ Village Internal Service of Brahmongaon Janata Bazar Village & profit distribution, Taherpur 		
	13:00-14:00	<ul style="list-style-type: none"> ➤ Dharun Village Protection, Taherpur 		
	14:00	<ul style="list-style-type: none"> ➤ Profit distribution of Thapna BUG, Thapna UP Off. 		
	20:00	<ul style="list-style-type: none"> ➤ Discussion with BUG on value chain of Gazaria beel, Lalpur, Sadar Sunamganj (If time permits) 		

05/12/2016 Monday	08:00-08:30 08:30-10:00 10:30 11:00 14:00 14:40	<ul style="list-style-type: none"> ➤ Breakfast at Sunamganj LGED Office ➤ Visit advance improved training on jute products at Shologhar, Sunamganj ➤ Return to Sunamganj LGED Office for luggage ➤ Leave Sunamganj for Sylhet Air Port ➤ Leave Sylhet Airport by Plane ➤ Arrive Dhaka by plane 	XEN, LGED and DPC, HILIP	Project/ LGED Vehicle/plane
06-08/12/2016 Tuesday-Thursday	-	➤ AM writing	Mission Leader & members	-
09/12/2016 Friday	By 12.00	➤ Draft AM submission to PMU, HILIP for PMU's review and comments	Mission Leader & members	-
10/12/2016 Saturday	11.00-13.00	➤ PMU Debriefing	Mission Leader & members	-
11/12/2016 Sunday	15.00	➤ Wrap-up meeting at the Ministry	Mission Leader & members	-
12/12/2016 Monday	-	➤ Govt. holiday	-	-
13/12/2016 Tuesday	-	➤ Submit Final Report, departure of the mission	-	-

IV. Compliance of agreed actions from last MTR mission (May 2016)

Component 1: Communication Infrastructure

Agreed action	Responsibility	Agreed date	Status
Take coordinated efforts to complete construction as much as possible before monsoon. Implementation period may be extended up to a reasonable part to following working season	PMU/DMU/UMU	As per actual construction progress	Action taken accordingly
Revise AWPB rationally and based on previous three years performance; plan in such a way that the remaining works could be completed within the next one and half years	PMU	June 2016	87% has already approved & 76% contracted and AWPB prepared accordingly
Take initiative to control of heavily loaded trucks on Haor submersible roads in collaboration with district administration, Upazila and union Parishad as well as by exploring the possibility of installing access control gate.	PMU/DMU/UMU	Immediately	There are regulatory bodies for Roads & High Ways and Inland Water Transport under BRTA & BIWTA, but no regulatory body for rural roads. PMU issued letter to districts to install control gate on 29.12.2015 and consultation with districts administration and LGI. But decision yet to be finalized due to beneficiaries objection.
Take initiative to expedite construction of boat landing platform	PMU	Immediately	28 nos. (56%) completed. 9 planned in FY2016-2017 and 13 for FY2017-18, Out of 50.
Merge Bridge & Culvert with other demanding item like construction of more roads	PMU	June 2016	Action Taken and it is projected in

			proposed reallocation.
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Component 2: Community Infrastructure (HILIP)

Agreed action	Responsibility	Agreed	Status
Take initiative to merge Bridges & culvert & CCP components with other highly demanding components	PMU	June 2016	Action Taken and it is projected in proposed reallocation.
RCC panel should be constructed without expansion gap and should be constructed following alternative panel casting arrangement and joints should be properly filled up with sealing compound	PMU	June 2016	Letter issued on June 08, 2016 to concerned districts and work is going on according to the recommendation.
Always provide 'patta' finishing aligning with the drainage direction and made with fine textured (not more than 2mm corrugation); alternatively bristle based surface finishing can be adopted.	PMU	June 2016	Action taken. Letter issued on June 08, 2016 to concerned districts.
Ensure proper treatment of culvert-abutment-base by awarding the culvert work along with 10m of slope protection work.	PMU	June 2016	Action Taken
For successful implementation of vetiver grass based bio-technological engineering measure which is very new to this country, arrange training program by involving relevant experts of the country particularly for giving training of trainee (ToT).	PMU	Immediately	3 nos. TOT done by BUET vetiver expert and remaining 2 will be conducted in December.
Before selecting the vetiver sapling for plantation; its species need to be verified by the relevant expert.	PMU	Immediately	Complying.
Nursery should be supplied with the specified sapling for propagation.	PMU	Immediately	Specified sampling has been supplied to the nursery for due propagation
In consideration of constructability as well as profitability of LCS group, review the proposed recommended slope protection measure using hexagonal blocks under CALIP.	PMU	June 2016	Reviewed and action taken in consultation with BUET
Revise AWPB rationally and planned in such a way that for the following two years at least 35% of project target is met per yr.	PMU	June 2016	Over all 65 % have already been taken and remaining 35% will be incorporate in next two years.
To expedite the beel bank protection activity matching with the short window of working period particularly in deep haor setting, as a piloting work the mechanized method of excavation can be explored	PMU	June 2016	Complying as (70% mechanized and 30% manual)

Component 3: Community Resource Management

Agreed action	Responsibility	Agreed date	Status
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Secure the transfer of the remaining 46 beel leases	PMU/DMU/UMU	June 2017	MOL has issued letters on 19.06.2016 (for 7) & 09.08.2016 (for 39) Beels to the Deputy Commissioners.
Ensure minimum of 3 year lease for future MoUs	PMU	June 2017	Letter issued to the Ministry of LGRD&C on 8 Nov 2016 for action and the matter was discussed in the IMPSC meeting.
Expedite khal and beel re-excavation works	DMU/UMU	Starting 2016-17 construction season	27 km khal excavated & 30 km taken in FY2016-2017 out of total 100 km. Re-excavation of 13 beels completed & 58 nos. taken in FY2016-17. Rest of the Khal & Beels will be taken in next year.
Expedite training of BMCs	DMU/UMU	Immediately	1050 BMC members trained & 750 will be trained in FY2016-2017 and remaining 1200 will be trained in FY2017-2018.

Component 4: Livelihood Protection

Agreed action	Responsibility	Agreed date	Status
Identify and enlist the successful products promoted and the associated business promotion models to replicate in phase 2	PMU/DMU/UMU	June 2016	Successful product identified in 1st phase and replicating in the 2nd phase.
Prepare household typology by year-round income portfolio to target households in a more comprehensive way to promote different subsectors/products that best suit them and address livelihood vulnerability, for phase 2	PMU/DMU/UMU	August 2016	❖ Sub-sector wise household typology prepared as per set Criteria. ❖ Developed year round income portfolio implementing in the year.
Collaborate with large private sector agri input	DMU/UMU	Start	❖ Dealer/ Retailer

company to extend their field presence in targeted areas through dealer/retailer network making an inclusive value chain development.		immediately	<p>already identified.</p> <ul style="list-style-type: none"> ❖ Dealer/ Buyer provided orientation training in district level. ❖ Linkage developed with producers. ❖ Planned to hold a workshop with large companies at LGED Hq.
Develop a gender strategy that reflects and responds to the context – sector specific supports may target only men or women or both but should be based on contextual evidences of success.	PMU/	July 2016	Gender strategy plan developed Field activities implementing % wise
Develop a business model to address the irrigation problem for field crop in suitable areas.	PMU/DMU/UMU	July 2016	<p>Single lifting already exists in the Haor area. Project developing the model considering field constrains:</p> <ol style="list-style-type: none"> 1. Shortage of surface water in dry season in some areas. 2. Ground water is costly. 3. Double lifting not profitable. 4. Payment irrigation cost in advance by poor CIG members.
Develop and include a basic household financial management session in all technical sessions for sustainable economic growth for them.	PMU	August 2016	Training session developed & included.
Include a basic cash-flow management session in the training curriculum for LCS members	PMU	August 2016	Training curriculum developed accordingly for LCS members and included.
Project to continue to monitor and provide technical support to aquaculture CIGs for three production cycles	PMU/DMU/UMU	Immediately	Technical support Provided by CRMC & SO (Fish).
Shift PMU oversight of fisheries activities in Component 4 to the Fisheries expert.	PMU	Immediately	Complied
WorldFish to develop a Concept Note for pond culture of small fish (Mola)	WorldFish	August 2016	Received and developed contact from World Fish & forwarded to IFAD for approval on 11.11.2016

Component 5: Capacity and Knowledge for Building Resilience

Agreed action	Responsibility	Agreed date	Status
Ensure closer collaboration between Components 2 (village protection infrastructure and beel bank protection), 3 (beel demarcation) and 4 (vetiver nurseries establishment) to maximize synergies in the benefits for targeted communities.	PMU	July 2016	Not fully completed. The mission observed collaboration gap among the component heads. This needs to be effectively addressed to ensure the benefits are maximized for the beneficiaries.
Develop a criteria for selection of participants that qualify for support to raise start-up capital or receive start-up kits	PMU/DMU/UMU	July 2016	Draft criteria have been developed. It has been incorporated in the proposed reallocation.
Identify trainers for the additional courses aimed at benefiting more women and establish training duration	PMU	October 2016	TORs for different categories of Advanced Improved Products Training (10 nos) and that of Vocational Training (7 nos) sent to IFAD for NO. on 14.11.2016
Develop the KM strategy and plan for the effective monitoring of infrastructure performance incorporating the mapping of sites.	PMU	November 2016	Draft KM strategy and plan has been developed. TOR for Monitoring of infrastructure performance has been sent to IFAD for NO on 17.11.2016
Identify resource person and conduct climate change and gender workshops including a knowledge product	PMU	May 2017	Will be done in agreed date after recruiting the Gender Advisor
Organize periodic training and experience sharing sessions for the CDFs	PMU/DMU	December 2016	Experiences have been shared through District Coordination Meeting by DMU and through Project Review & Planning Workshop at district level. CDF Training is Scheduled in December.
Ensure consistency in measuring and reporting of results and verify inputs from District teams	PMU 34	Ongoing	In the absence on the M&E officer it was difficult to establish whether the templates have

Component 6: Project Management

Agreed action	Responsibility	Agreed date	Status
Submit a proposal for budget reallocation and target revision as soon as possible, and submit for IFAD validation.	PMU	August 2016	Budget reallocation sent to IFAD.
Undertake a review and assessment of roles, responsibilities, work plans and work loads of each staff	PMU	June 2016	Complied.
Finalize recruitment of consulting firm for HILIP MTR outcome survey and CALIP baseline study	PMU/M&E unit	June 2016	Draft RFP and shortlists sent to IFAD on 17.11.2016
Share the first draft of HILIP MTR outcome survey and CALIP baseline study prior to their finalization	PMU/M&E unit	August 2016	These will be shared with IFAD before finalization.
Mapping of project interventions	PMU/M&E unit	Immediate	To be complied with the support from GIS unit of LGED
Improve M&E action plan (specific activities and timeframe)	PMU/M&E unit	Immediate	Done.
Revise the RIM 1st and 2nd level indicators	PMU/M&E unit	Immediate	Yet to be complied.
Conduct household Annual Outcome Survey as a practice	PMU/M&E unit	From 2017 and yearly	To be done from 2017.
Make short video presentation on key project performance and successful cases	PMU/M&E unit/Gender	September 2016	TOR prepared.
Regularly update IFADAsia to make project documents accessible on IFADAsia	PMU/M&E unit	Immediate	Not fully complied and to be continued on regular basis.
Organize workshop on gender-sensitive climate change and knowledge management	PMU/gender advisor/M&E unit	December 2016	To be started as soon as Gender Advisor will be on board.

Fiduciary Aspects

Preparation of an action plan on the operationalization of TOMPRO including the completion of the prior years' data Excel worksheets, the input of all current year transactions,	FMS	05/06/16	Partially done: completed the prior year data in excel worksheet by all DMU and PMU and incorporated the
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the thorough verification of data entry and the implementation of the unused features (WA preparation, budget monitoring, bank reconciliations, and fixed assets management).			same in TOMPRO. WA preparation, bank reconciliation and contract management features not yet operationalized.
Recruitment of a private accounting firm to assist the FMS in implementing TOMPRO action plan	PD	30/06/16	Ongoing
Instruction for DMU Finance Assistants to use the software on a daily basis and as their main accounting and financial management tool; evaluation of DMU FAs' workload to determine need to recruit additional finance staff or temporary assistance at DMU level	FMS	30/06/16	Done
Preparation of voucher (with analytical coding) and approval by FMS prior to inputting transactions in TOMPRO	FMS	Continuou s	Ongoing
Filing of accounting documents chronologically by voucher number (rather than by subject)	FMS/FA	Continuou s	Ongoing
Provision of input to IFAD FM consultant for finalization of the financial and administrative procedures manual	PD / FMS	31/05/16	Not done
Submission by DMUs of complete monthly financial returns to PMU, including detailed expenditure statement, complete supporting documentation, funds flow statement/reconciliation, bank reconciliation/statement/ledger, AWPB execution and analysis of variances, schedule of advances with ageing and cash forecast. Verification by PMU materialized by FA and FMS signature/date	DMU FAs FMS/FA	Continuou s	Partially done. Delay submission of monthly reports where some of required statements were not submitted by DMU to PMU
Monthly verification of accounts as prescribed in the procedures manual (including detailed verification of DMU financial returns)	PMU Finance Unit	Continuou s	Ongoing
Preparation of a complete monthly financial report including analyses of disbursement rates by expense category, AWPB execution, cash situation/forecast, uncleared advances, implementing partners' financial situation, procurement	FMS	Continuou s	Partially done. Most of the required statements were not prepared.

plan execution and any salient administrative matters			
Revision of allocation of duties in the PMU Finance Unit, using the procedures manual as a guide to revise finance staff TORs (objective is to rationalize the allocation of duties and ensure proper segregation of duties)	FMS	15/06/16	Not done
Revision of FMS TORs (with focus on supervising the PMU and DMUs finance staff, 'high-level' reviews, analytical tasks, and financial reporting) and extension of FMS contract until project completion	PD	15/10/16	Being done
Revision of finance staff salaries during the funds reallocation process (ensuring alignment with other IFAD-funded projects)	PD (IFAD)	01/07/16	Reassessment ongoing
AWPB: a. Acceleration of 2016-17 AWPB preparation, including full documentation of unit cost bases/assumptions b. Preparation of district-level AWPBs, the execution of which is to be monitored by the DPCs/FAs c. Input of AWPB in TOMPRO with funding source, category, component, activity code and district	PPIS FMS/FAs	15/06/16 15/07/16	Partially done, as the DMU has not yet given input of AWPB in TOMPRO.
Implement an efficient budget monitoring system at PMU and DMUs, with a monthly budget-to-actual statement generated from TOMPRO, and analyses of budget variances during a monthly budget review meeting chaired by the Project Director, with the participation of the FMS, M&E Officer and all component heads for the PMU and the DPC, FA and technical staff at DMU level	PD/FMS DPC/FA	Continuou s	Partially done, as the DMU has not yet given input of AWPB in TOMPRO.
Preparation of half-yearly cash forecasts with monthly updates, at PMU and DMU levels	FMS/DMU FAs	Continuou s	Not done/not yet initiated
Preparation of bank reconciliations for all accounts promptly after month-end, using TOMPRO; reallocation of duties to ensure reconciliations are not prepared by the accountant responsible for recording transactions	FMS / FAs	Continuou s	Partially done. Bank reconciliation is being done manually. Bank reconciliation preparer and bookkeeper are same person.
Implementation of a reliable monitoring	FMS	01/07/16	Done and

system for the payment, clearance and ageing of all advances; action to be taken on old outstanding advances (cancellation of contract or activity, refund of the advance, deduction from staff salary, etc.)			continuous
Recording of all IPs transactions (payment of advances and financial returns) in TOMPRO. Verification of financial returns submitted by IPs and liaison with component heads to ensure alignment of physical progress and financial execution	FMS	Continuous	Not Done
Forecast of expenditure by component and by fiscal year until project closure and proposal for reallocation of project funds by category for submission to IFAD	PD	Immediate	Ongoing
Withdrawal applications: a. Submission of complete documentation in support of claims by DMUs on a monthly basis to PMU b. Preparation of a monthly justification WA by PMU using TOMPRO and prompt submission to IFAD c. Indication of full description and payment/voucher reference for each individual expenditure claimed in the WAs d. Verification of each expenditure claimed against the bank statement to ensure actual disbursement (for PMU and DMUs) e. Filing of original supporting documents for expenditure made by the project	FMS	Continuous	Partially done
Decision on acceptability of honorarium paid to project staff (for participation in training and site visits) as eligible expenditure	IFAD	Immediate	Letter issued and waiting for next decision from IFAD
Reimbursement of any ineligible expenditure from audit and SOE review	GoB	Immediate	Should be reviewed again
Generation of contract registers from TOMPRO, showing individual LCS contracts (rather than grouping them in packages)	FMS/FAs	Continuous	To be done soon
Submission of contract registers on a monthly basis by DMUs to PMU and PMU to IFAD	FMS/FAs	Continuous	Done
Preparation of contract monitoring forms for each contract, including full contract amount, anticipated payment schedule and calculation of balance due after each payment. Submission of updated CMFs to	FAs (DMU and PMU)	Continuous	Done

PMU by DMUs each month (soft copies)			
Preparation of DA reconciliations for HILIP (consolidated) and CALIP on a monthly basis with explanation/justification of all differences	FMS	Continuou s	Partially done
Performance evaluation process: a. Modification of the evaluation form to include staff signature and room for staff comments. b. Half-yearly evaluation of all staff including consultants; c. Setting of objectives to all staff for each new fiscal year based on the staff TORs and the AWPB	PD	15/06/16 Continuou s 01/07 yearly	Done.
Contracting of group accident and health insurance policy for staff	FMS	01/07/16	Not done
Project assets: a. Contracting of insurance policy for all project assets including vehicles b. Management of assets using TOMPRO c. Physical inventory of assets as per procedures described in the manual at PMU and DMUs	FMS, FA and Admin Officer	01/07/16 01/08/16 30/06 yearly	a. Not done b. Not done c. Partially done
Daily backup of key files (particularly accounting data) on an external device, with offsite storage	FMS	Continuou s	Weekly back-up Ongoing.
Preparation by the PMU and inclusion in the 2015-16 audit report of the DA reconciliation, statement of WAs, budget-to-actual comparison, cumulative status of funds and statement of fixed assets	FMS FAPAD	31/12/16	Not yet due
Recruitment of a private audit firm to perform the internal audit function	PD/FMS	31/07/16	TOR prepared
Implementation of outstanding recommendations from the previous mission	FMS	ASAP	Ongoing

Procurement

Prepare and submit a detailed PP for 2016/2017 which facilitate revision, updates, monitoring and reporting	PMU/DPMU's	30 June 2016	Done
Reconcile the contract registers with the progress reports and ensure all data is accurate and identify procurement of civil works undertaken through e-procurement.	PMU/DPMU's	30 June 2016	Done

Independent Audit of all offline tenders for civil works and goods.	PMU/DPMU's/IFA D	31 Decembe r 2016	Ongoing
Identify and selects a procurement consultant (on retainer) to support the PMU for consultancy services	PMU	30 June 2016	Done
Revise the LTB's prior review requirement and threshold for procurement of civil works, good and consulting services	IFAD	30 June 2016	Done
Review and ensure performance guarantees are extended for all going and uncompleted contracts (civil works off-line tenders/bids) in case of time extensions or delays	PMU/IFAD	30 June 2016	Ongoing. Letter issued
Improve progress report monitoring of LCS contracts by each contracts rather than a cluster of contracts	PMU/DPMU's	30 June 2016	Done
Ensure all tenders files for offline tenders for civil works and goods are available and ready for the independent audit.	PMU/DPMU's	30 August 2016	Ongoing