

PEOPLE'S REPUBLIC OF BANGLADESH

Coastal Climate Resilient Infrastructure Project (CCRIP)

Supervision report

Main report and appendices

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Abbreviations and acronyms

ADB	Asian Development Bank
ADP	Annual Development Plan
AIS	Agricultural Information Service
AWPB	Annual Work Plan and Budget
BC	Bitumen carpeted
BUET	Bangladesh University of Engineering and Technology
CBR	California bearing ratio
CC	Cement Concrete
DCP	Dynamic Cone Penetration
DPP	Development Project Proforma
DSC	Design and Supervision Consultancy
ERD	Economic Relations Division
FDD	Field Dry Density
FM	Finance Management
FMO	Field Monitoring Officer
GAP	Gender Action Plan
Ghat	A Bangla word of boat landing boat platform
GoB	Government of the People's Republic of Bangladesh
IFAD	International Fund for Agricultural Development
IGA	Income Generating Activities
ISG	Improved Sub-Grade
KfW	KfW Development Bank
Khas land	Government owned land
LCS	Labour Contracting Society
LGD	Local Government Division (of MoLGRD&C)
LGED	Local Government Engineering Department
M&E	Monitoring and Evaluation
MMC	Market Management Committee
MoLGRD&C	Ministry of Local Government, Rural Development and Cooperatives
MSC	Management Support Consultancy
PACE	Promoting Agricultural Commercialisation and Entreprises
PAM	Project Administration Manual
PD	Project Director
PDR	Project Design Report
PKSF	Palli Karma-Sahayak Foundation, Government established apex funding agency for MFIs/NGOs
PMO	Project Management Office
RCC	Reinforced cement concrete (e.g. road)
RIMS	Results and Impact Management System
RPO	Regional Project Office
RRI	Rural Radio Initiative
UE	Upazila Engineer
UFMS	Uniform Financial Management System
UISE	Upazila Infrastructure and Supervision Engineer
UNO	Upazila Nirbahi (Executive) Officer
UP	Union Parishad
Upazila / UZ	Sub-district
WA	Withdrawal Application
XEN	Executive Engineer (of LGED)

A. Introduction¹

1. The USD 150 million Coastal Climate-Resilient Infrastructure Project (CCRIP) is a parallel co-financing between ADB, KfW, IFAD and Government of Bangladesh. Since this is the first joint GoB and IFAD supervision mission, the mission focused only on the IFAD –funded activities. The project goal of CCRIP aims to improve the livelihoods (higher incomes and food security) of the poor households (women and men) in selected Upazilas of 12 south western coastal districts. CCRIP has 3 components, namely (i) Improved Road Connectivity, (ii) Improved Market Services, and (iii) Enhanced Climate Change Adaptation Capacity.

2. This first CCRIP joint supervision mission took place from the 27th April to 7th May 2015 with additional complementary meetings held up to 20 May 2015. The main objectives were to: (i) Assess the progress made in the implementation of the Programme since the start up held in June 2013, (ii) identify the actual and potential/emerging operational problems; and (iii) propose solutions, corrective measures or improvements to be done. The mission spent 5 of its effective 10 days in the field and visited 4 of the 12 District offices and 6 of the 33 Upazilas². The mission was able to visit representative samples of all the activities implemented by CCRIP and meet the main representatives of the target groups as well as of the local public and private partners. Meetings and consultations were held with PMO, and District offices in Barisal, Barguna, Pirojpur and Patuakhali levels, and discussions were held with the LCS and MMC members of the respective markets, as well as traders and locals in the surrounding areas, in addition to the Krishi Radio station in Amtali.

3. An initial debriefing was held on the 27th April 2015. A pre-wrap up was held 6th May 2015 with the Additional Secretary of ERD, and the wrap up was held on 7th May with the Secretary of the Local Government Division to discuss the mission's findings and recommendations. Meetings were held with the CPM and IFAD Finance Officer between 11 and 19 May 2015. The additional wrap-up meeting was held on 20th May 2015 to finalize what have been discussed. The IFAD Mission would like to express its gratitude to the Government of Bangladesh, the CCRIP Project Management Unit, project beneficiaries, district and upazilas representatives and all other project partners for their cooperation and support during the mission.

B. Overall assessment of project implementation

4. ***The Overall Implementation Progress is rated as satisfactory (5).*** CCRIP - a USD 39.5 million IFAD highly concessional loan and a USD 1 million IFAD grant – was approved by IFAD Executive Board in April 2013, declared effective in July 2013 with a closure date planned in June 2019. An additional USD 20 million HC Loan should be allocated by IFAD into this 5 years project as per mention in the CCRIP Project design report and minutes of loan financing negotiation.

5. After 21 months of implementation, CCRIP has been able to successfully manage all the activities related to the start-up and operationalisation of the project. Human resources, equipment, strategy and major procurement have been handled in a very satisfactory manner. As of today, for Component 1, field work is already on-going on 33 roads representing 148 km (27% of the 538 km total project objective). Most of this roads construction will be finalized by December 2015. For Component 2, on a total objective of 197, 128 contracts (65%) has been already signed with LCSs for market construction and improvement. 44 markets work (22%) have been finished and handed over to the Management Market Committee. All CCRIP objective markets are planned to be finalized and handed over by December 2016. For component 3, all the planned activities are already running which mainly include (i) the development of rural radio initiated with 4 private operators; broadcasting disaster, climate change and agriculture technical information to the target groups and (ii) the implementation of 3 research studies on (i) Climate Resilient Slope Protection, (ii) Prospects for Sustainable Waste Management on Market and (iii) Quality Test Protocols for Roads and Market Rehabilitation. The baseline and RIMS surveys have been successfully finalized. The targeting of the poorest households and the gender approach is highly relevant and effective. As of today, in terms of employment, CCRIP has already generated 182 675 person-day works paid which has provided an

¹ Mission composition: Mr Nicolas Syed, IFAD CPO and mission leader; Dr Shamsul Hoque, Infrastructure Specialist; Mr Khairul Islam, Value Chain Specialist; Mr Edilberto Angeles, FM Specialist; Ms Wanaporn Yangyuentham, M&E Specialist; and Ms Shameem Ara Sheuli, KM Specialist. Mr Hubert Boirard, IFAD Country Programme Manager for Bangladesh and Ms Virginia Cameroon IFAD Finance Officer held meetings with the CCRIP PMU to finalize the aide memoire and participate in the final wrap up.

² There were 32 upazilas at the design.

average income per beneficiary of USD 114 (8,892 BDT) for the 3,168 women and men supported. The CCRIP exit strategy is well defined and synergies with other IFAD financed programme has been elaborated in order to better link the beneficiaries with the rural finance system and the value chains actors.

6. As of today, the CCRIP disbursement level is of USD 7.18 million from the loan (19%) and 0.41 million from the grant (41%). The overall financial amount committed is USD 18.44 million (46.7 %) of the total IFAD loan and USD 0.66 million (66%) on the total IFAD grant. These outstanding results have been achieved in less than 2 years (21 months), during the starting period of the project which is generally the slowest period of the project life in terms of physical implementation and financial disbursement.

7. ***The Likelihood of achieving development objectives is rated satisfactory (5).*** The project goal of CCRIP is to achieve 'Improved livelihoods (higher incomes and food security) for poor households (women and men) in selected Upazilas of 12 coastal districts'. The development objective is to achieve "enhanced climate resilience of coastal road and market infrastructure and people in selected Upazilas of 12 project districts". It is too early to assess the outcomes of the project as of yet, nonetheless the mission has already observed some spill-over effects, with markets spurring more business and private investments in new shops and buildings. In this context, more focus needs to be put on generating long-term livelihood solutions for the beneficiaries, and therefore on the business management aspects of the markets.

C. Outputs and outcomes

8. ***The project performance in achieving the outputs and outcomes is rated satisfactory (5)***

9. ***Component 1: Improved Road Connectivity is rated as satisfactory (5).*** This component aims at achieving improved road connectivity for men and women in the project Upazilas to facilitate their access to markets and social services. Under this component ADB funds improvement of 130 KM Upazila Roads and IFAD funds the improvement of 538 KM of union and village roads and associated small bridges and culverts. Roads will comply with either climate resilient and/or climate adaptation standards. Roads that benefit the highest number of people connect project markets (see below) and other important markets and remote villages will receive high priority.

10. The Road Connectivity component has been slightly lagging behind in achieving the targets set out in the Annual Work Plan and Budget (AWPB) with an average progress of 8% as of March 2015. Nonetheless, there are approximately 148 km of roads and bridges (representing 33 roads) under construction (CCRIP total roads objective is 538 km) which are expected to be completed by December 2015, bringing the overall progress to 27%. Financial Progress for Component 1 is calculated at 9% as of March 2015. This situation is due to the global CCRIP implementation strategy which has privileged first the finalization of the Market improvement works before starting the roads works. All roads are included in the road inventory of LGED which are being updated every year.

11. Quality of road largely depends on a) proper compaction of all sub-surface to ensure uniform densified support condition; b) proper preparation of shoulder to ensure firm side confinement; c) proper compaction and slope protection measures (grass/shrub/toe-wall) to ensure stability of embankment structure and d) adequate drainage facilities to reduce impact of run-off water as well as water logging condition. The mission has assessed both the quality and quantity of the constructed LCS based roads and markets. Mission members observed mostly the IFAD funded sub-project sites i.e. Union and Village infrastructure development. Review of test records show that ingredient related tests were performed by the LCS/contractors with the assistance of field engineers but from the interview of LCS members it has revealed that they were trained on how add accurate quantities of water with respect to cement to maintain W/C ratio instead of slump test and Lab CBR/FDD test to check the degree of pavement layer compaction were conducted by the LGED laboratories. The project received test reports of some of those roads which showed that lab CBR /FDD tests were conducted parallel to DCP tests. LGED does not perform in-situ CBR tests at field level due to lack of equipment.

12. The mission noted that the number of sites per quality assurance engineers is high and they are therefore required to supervise and monitor 2 to 3 sites per day. Given the remoteness and scattered nature of the construction sites, it is extremely difficult to ensure a high level of quality control. This shortage of manpower and mobility should be addressed, and the recruitment of 12 Field Monitors

should also lighten the load of the Upazila Infrastructure Supervision Engineer (UISE). The project could look into recruiting and additional Structural Engineer for the PMO

13. In preparing improved sub-grade (ISG), the method of land filling and raising by directly poring on the embankment, disturbed the already prepared bed of the infrastructure significantly. Moreover, as there is no scope of compacting dredge fill materials layer by layer as has been specified in the PAM, the whole ISG layer poses settlement potential under service condition. Though the present practice of putting dredge fill material direct and in a single layer is a very cost effect method of preparing ISG layer, but considering the disturbance of prepared bed at sub-grade level and not in line with prescribed specification – it is recommended that if land is available, at first the dredge fill should be stacked in a suitable place then be placed layer by layer and as per specification each fill lift should be compacted at optimum moisture content. It should be bear in mind that this recommended method is the most scientific and engineering method for achieving a solid foundation which is one of the prerequisites for making long lasting or to some extent achieving perpetual pavement. Where there is no adequate land available at road sides, Project Management recommends placing the dredge fill over the sub-grade covered by polythene so that water does not penetrate and distort the sub-grade.

14. In terms of Road Maintenance, the Rural Road Maintenance Policy has been approved by the cabinet last year. The policy puts emphasis on reducing backlog road maintenance. The annual maintenance budget of LGED has been increasing over the years as such the backlog maintenance is being reduced. The GOB has kept provision for maintaining roads through CCRIP budget during the project period. After the end of the project, this road maintenance will be taken care of by LGED through its usual maintenance budget.

15. The baseline and monitoring survey in terms of traffic and travel cost has already been done through engaging a consulting firm namely Mitra & Associates. The base line data were collected with respect to traffic frequencies; movement of pedestrians; vehicle operating cost; average distance travelled, time spent and travel cost and land price adjacent to the roads. These base line data will be the basis of measuring impact of the investment after completion of those roads which were included in the base line survey.

16. **Component 2: Improved Market Services is rated as satisfactory (5).** This component will enhance the volume of farm and non-farm produce marketed in selected markets. It will improve physical markets (common shed, fish shed, open paved/raised area, women section, toilet bloc, internal drainage etc.), it will build commodity collection points, boat landing platforms (ghats), it will form and strengthen market management committees, and create employment for women in construction works. ADB is funding development of 88 Growth Centres and IFAD is funding for development of 197 special, medium and small markets. Overall physical progress estimated for market constructions is at 43.6% of the AWPB and at 17.4% of the overall component targets, as of March 2015. Considering the on-going construction works, the overall physical progress rate should jump to 55% by December 2015.

17. During field visit, at a few instances deviation of design features as have been proposed in PDR/PAM were observed. Namely, (i) No ramp and often step were provided to all type of sheds which was a PDR/PAM prescribed measure to enhance the shed accessibility; (ii) No extra flat bar bracings were provided on the roof-top along each row of nut-bolt connecting interface to strengthen roof sheets and thereby to minimize its blown away potential particularly during the storm; (iii) Constructed 1.5 mx1.5 m dustbin (garbage place) instead of suggested size 3 mx1.75 m and (iv) No 'Maintenance Checklist' was observed hanging in the sheds visited. As per PAM, for better operation and maintenance of the market and thereby to extend the life time of all structures, MMC should be given a checklist regarding all important daily and periodic maintenance activities (when to whitewash walls, painting of truss, clean roof, etc.). Especially on this last point, the mission recommends that LGED provide the MMC with a check-list for the regular maintenance of the market structures. This could be a pre-condition for receiving additional investment funds for additional infrastructures.

18. While the construction of markets is on track, more focus should be put on ensuring that the local communities and businesses can capitalize on these infrastructures. In fact, the objective of building the physical market infrastructure as well as connecting roads was two-pronged. First, building the physical market structures by LCS members to engage poor and destitute women and thereby enabling them to earn cash income which they can invest in IGAs; and second, enabling the surrounding farm and non-farm households to benefit from the improved infrastructure developed (markets and roads) and therefore better exploit growing high value cash crops and diversify their

cropping practices in order to increase their annual return. The project may establish linkages with local level DAE and NGOs to intensify demonstration of new and high value crops in the vicinity of market.

19. Most of those vulnerable women who received the profit were found to invest their money on homestead gardening, leasing agricultural land, starting petty businesses, buying livestock animals including poultry or expanding existing businesses. Under CCRIP, basic income generating training, specialized IGA, micro enterprise development and income development schemes have been included for LCS. So far only basic IGA training (one day) has been conducted. Hence, other than a very general approach, IGA specific training as well as overall financial management highlighting cash-flow management could not be organized. A two pronged strategy can be undertaken to address this limitation, where one option would be to find alternative or additional sources of funding to increase the number of activity specific IGA training along with financial management, and the second option being linking LCS groups to other livelihood based projects, such as the IFAD funded PACE. At present the Livelihood Specialist is exploring livelihood opportunities for the poor LCS besides providing IGA training to LCS members and he may be focal person for building linkage between CCRIP and PACE. As such, the input of the project Livelihood Specialist of ADB-KfW supported Management Support Consultancy may be supported from IFAD.

20. The MMC is constituted of eleven members, headed by UP Chairman, as the MMC President. The mission found that the MMC President is aware of his/her role and performing their role properly in the MMC, however not all the members are equally aware of the MMCs functions. MMCs have not yet established effective coordination with upazila administration for leasing markets through open tenders by best offer and yet to get their share (25%) of lease money. More training and workshops would be best means to make MMC proactive and market management function efficient and effective. The process to get the share (15% to 25%) of the lease money from the UNO office seems to be a cumbersome process. This money is supposed to be received by the MMC to operate the market. None of the MMCs have yet received the money from UNO and most of the members were found to have no knowledge on how to get this money. A more effective way could be for only a portion of the lease to be transferred, with the MMC retaining the share which they are supposed to receive, and thereby ensure the sustainability of the MMC. Furthermore, some markets were observed to be toll-free as the local elite person had paid the lease money which produce impediments to generate revenue for the government as well as MMC are not able to optimize their share portion. Policy Dialogue is to be initiated in this issue so that market could be a base of revenue generation and making market for better income, better employment and better livelihood. Since a part of the lease money goes to the MMC, lower the lease money is the lower the amount to MMC. The brighter side is that the people do not need to pay the tolls in the market while making transactions.

21. The mission observed that each area surrounding a physical market had some comparative advantages in growing some specific agricultural products (such as Mung bean in Patharghata in Barguna; vegetables in Uzirpur in Barisal, capture fish in BoroTengra bazaar in Barguna, Hogla (sea weed) in Post Office Haat in Barisal etc) which should be exploited to improve business opportunities. Some of these products are found seasonally such as Mung beans, watermelon, sunflower, peanuts, while others occur throughout the year. Those value chains in which the poor LCS are already involved need to be identified and strengthened further besides market facilitation. In fact, PACE has specific targets under its Component 2: Value Chain Development to increase the production of selected VC crops and also increase in number of poultry birds and livestock animals. Since, many of the LCS members already invested their profit and likely to invest further on leasing agricultural land, rearing poultry and livestock animals, the POs of the implementing Agency PKSF can tap this established group to leverage the outcome, and ensure the LCS inclusion in the VC.

22. In terms of employment in rural area, CCRIP has engaged 3168 number of LCS members, of which 80% are women. Employment generated so far is 182,675 person-days. The profit earned by 358 LCS members for 16 markets is amounting to TK. 6619105.00 (USD 86 000). On an average each member received TK. 18,489.00 (USD 240) as profit, which has provided them as start-up capital for most of the LCS members. CCRIP aims to improve the livelihoods of the poor households, particularly of the LCS women who been involved in construction work. They need to be organized, trained and to be supported to utilize the start-up capital for diversified livelihood interventions using value chain approach. As such, CCRIP should be linked with PACE project for smooth transition of their livelihood transformation.

23. **Component 3: Enhanced climate change adaptation capacity is rated as satisfactory (5).** Resources from IFAD under component 3 will be allocated to train about 5,000 LCS members on construction of village markets and RCC roads and social issues; and 197 MMC on - participation in development of village markets, - supervision of LCS works and - management of markets beyond project period. IFAD has also mobilized USD one million in grant to be placed under project management unit to carry out activities under two specific categories: (a) Innovation research and (b) the Rural Radio Initiative.

24. To carry out 3 research studies, three separate contracts have been signed between CCRIP and BUET in June 2014. such as i) Investigation of Climate Resilient Slope Protection, ii) Investigation of Prospects for Sustainable Waste Management on Market, iii) Investigation of Quality Test Protocols for Roads and Market Rehabilitation. The duration of contract is for three years.

25. Community radios, of which rural radios form a sub-category, are a fairly new institution in Bangladesh. They are regulated by a policy issued by the Ministry of Information and need to be officially licensed. Until today, 16 stations have been set up throughout the country. One of these stations is Krishi Radio, operating in Amtali Upazila under Barguna district. It has been established in collaboration of the United Nations Food and Agricultural Organization (FAO), the Ministry of Agriculture/the Agricultural Extension and Agricultural Information Service (AIS) and the Bangladesh NGOs Network for Radio and Communication (BNNRC). As a non-profit, non-political radio station, run by local volunteers who collect and share knowledge among many different types of people such as fishermen, farmers, women and students. Krishi Radio offers a wide range of programmes on agriculture, fishery, health, social awareness and local cultural issues in local language. Listeners contribute to the content of each programme. FAO-funding for this radio station came to an end in December 2012. LGED and AIS signed an Inter Agency Agreement on January 08, 2014 under the CCRIP.

26. During the first year of implementation, the Rural Radio Initiative was slow to start, but it has now started catching up with the planned activities. RRI-CCRIP has recruited all the national consultants and recruited three other volunteers. Currently 11 persons are working for Krishi Radio including five regular staffs of AIS. CDC consultants have been mobilized and they visited project area in last May for preparatory works. The names of the two programmes are 'Upakuler Kotha' (Tales of the Coastal Belt) and 'Dakshinanchaler Krishi' (Agriculture of the Southern belt). The design work will be started after the needs assessment (PRCA) and the stakeholder workshops will take place soon. Signing LoA with three other radio stations is on the process. The Second mission of CDC will take place in the last week of May, 2015. The mission recommends developing a separate M & E system for the RRI in order to ensure that accurate impact data is collected.

Agreed action	Responsibility	Agreed date
Undertake slump test before any concreting work and necessary arrangement for in-situ CBR/FDD test should be made (On pilot basis)	LGED	May 2015
The dredge fill should be stacked in a suitable place then be placed layer by layer and as per specification each fill lift should be compacted at optimum moisture content.	LGED/PMO	June 2015
Correct where possible, the embankment side adopting milder slope (at least 1:2.5) along with a berm (at least 1.5 ft) at the middle	LGED/PMO	December 2015

Improve the quality of IGA (more in depth and longer) training provided and/or link to other sources of IGA training.	PMO	June 2015
Expedite profit distributions to LCS	PMO	May 2015
Make linkages between PACE and CCRIP markets where VC development potential exists	PMO	December 2015
Explore possibility of MMC retaining 25% of lease value instead of being reimbursed (On pilot basis)	LGED and IFAD	December 2015
Develop a maintenance checklist for MMC	PMO	June 2015
Develop M&E plan for the RRI	AIS, CDC and PMO	June 2015

D. Project implementation progress

27. **The Quality of project management is rated as satisfactory (5).** LGED is the executing agency under the LGD of the MoLGRD&C. An appropriately staffed project management office (PMO), with a full-time Project Director who responds directly to the Chief Engineer, was established at LGED headquarters in Dhaka. The PMO established three Regional offices in Barisal, Madaripur and Khulna district offices, each headed by a Senior Assistant Engineer of LGED. The Executive Engineers at the district level coordinate and supervise all project components in close collaboration with Upazila Engineers at Upazila level. A project steering committee headed by the LGED secretary oversees the project. Besides, ADB & KfW supported Design and Supervision Consultancy (DSC) Team and Management Support Consultancy (MSC) are supporting the project with regard to Design, Supervision and management support. In addition, 5 IFAD Supported Individual Consultants, 33 Technical Assistance Staff at each IFAD supported Upazilas are providing consultancy support for the project. All staff planned for CCRIP including individual consultants from IFAD funding were recruited in time and started to work since November 2013. Due to the extensive geographical coverage, the project has identified the need for 12 M&E officers at district levels or Field Monitoring Officers (FMO), which were not included in the initial project design. Following consultations and approval from IFAD, the recruitment process is ongoing and expected to be finalized by June 2015. The FMOs will receive training from the PMO's M&E officer and the M&E assistant.

28. In addition the FMO, the project could look into the appointment of one account assistant for each district for the 9 other districts (where RPOs are not located) to be assigned solely for the CCRIP accounts. Furthermore, the UISE have all requested that their salaries be increased in line with the recent government directive, where the salaries of GoB officials will see up to 100% increases. The mission recommends that the project submit to IFAD a proposal with details on the additional costs which would be incurred for the recruitments and raises.

29. **The Performance of M&E system is rated as satisfactory (5).** The project has established an M&E unit at PMO level, with a fulltime M&E specialist and M&E assistant, in addition to the upcoming 12 FMOs. The project shows good practices of M&E with monthly data collection. Currently the PMO M&E unit sends a list of indicators to the Upazila Infrastructure Supervision Engineer (UISE) who collect the data from their respective upazilas on a monthly basis, and the data is consolidated at the PMO level and subsequently validated through the RPOs in order to minimize the risks of errors and inconsistencies. The PMO M&E officers regularly visit and support the RPOs. The first progress report was recently submitted to IFAD in April 2015. The mission clarified to PMO staff that in addition of the annual progress report, the project would be required to submit a quarterly progress report to IFAD in order to closely supervise and follow up actions. Furthermore, the project is advised to undertake a study on return of investment of LCS's profit and daily wage earned.

30. **Participatory Monitoring & Evaluation.** In view of the importance of feedback from the MMCs, LCS and the beneficiary communities, the mission suggested that the M&E system could also have a participatory aspect, which would help both the project on delivery side and the beneficiary communities on the receiving end. This could be done through MMC and/or LCS members for timely data collection and bottom-up feedback generation for effective project management as well as to enhance the sense of ownership. For example, it was found that the MMCs do not keep records of a number of traders and buyers, product price as well as the trade volume and value in their respective markets. The mission recommends that such records should be kept by the MMC from now on.

31. **Baseline data.** The RIMS Baseline Survey report was carried out in 2014, across 1,200 households over 20 districts. The data is complete and indicators are in line with the project logical framework. In addition, the project has simultaneously conducted comprehensive baseline surveys on i) rural community market ii) Labour Contracting Society (LCS), iii) traffic of market connecting roads and iv) climate resilience. These studies provide a good understanding of the situation at early stage of the project and will be useful for progress and outcome assessment during the implementation.

32. **RIMS Indicators.** Owing to the natures of infrastructure work which are lengthy and continuous process, the first RIMS report (First Level Results) was submitted to IFAD in early April 2015. It contains data relative to activities carried out in 2014. However, the activities funded by ADB were also included. The mission had discussions with the M&E officer to identify suitable indicators which are most relevant to the IFAD interventions (pls. see Appendix4: Physical progress measured against AWP&B, including RIMS indicators) and ensure that PMU M&E Officers are fully aware of the RIMS requirements and details.

33. **The coherence between the AWPB and implementation is rated moderately satisfactory (4).** AWPB 2014 was formulated considering implementation of all components simultaneously. However, the project encountered relatively more problems in building markets as such focusing on the difficult component i.e. 'market first -roads later approach' strategy was adopted. Nonetheless, the project looks on track to fulfill all, if not more, of the 2015 targets.

34. **The Gender focus is rated as highly satisfactory (6).** The project employs LCS strategies which enhance participation of pro-poor women in the development process, generate employment, increase income and enhance economic and social equality. LCS is the effective gender responsive approach that mainstreams and empowers women both in the household and at the work place. This approach allows them to earn income, learn new skills and consequently change their mind set on gender equality in terms of women capacity and profitability. The mission noticed that LCS members had high confidence to share their voices in the meetings. They were fully involved in plans and activities. Nevertheless, some LCS members did not have a clear understanding of profit earned from the construction works. In many cases, MMC members would sit together with them and calculated their profit in front of them. The project and MMCs should ensure that LCS members have a clear view on how their profit is calculated.

35. As of March 2015, 3168 LCS members were actively engaged in construction work, of which 2416 (about 77%) are women. Furthermore, a total of 3037 (73%) women and 1138 (27%) men LCS members received trainings on social issues, while 804 women (70.5%) and 336 men (29.5%) received trainings on IGA. The rules guiding LCS involvement, which are followed throughout LGED, state that the LCS president and secretary must be women. Furthermore, all of the market platforms (sheds or open platforms) include areas clearly outlined and dedicated to women traders. In addition there are plans to build 15 women sections or areas of markets which would host 8 to 10 shops, owned or managed exclusively by women, especially widows and other independent women. During the mission fields visits, a number of LCS members and women traders have requested the construction of women sections in their respective markets.

36. CCRIP has 203 staff and consultants, of which 24 (about 12%) are women. The women staffs include a gender specialist, who works on a part-time basis for a total of 30 months over the project period and the Deputy Project Director who acts as the Gender focal point. The specialist is responsible for ensuring adequate gender focus across the activities of the 3 donor agencies, and has developed a detailed GAP which is regularly updated and monitored to ensure its proper implementation. The GAP includes gender specific targets for the project as a whole and for each specific component.

37. **The Poverty focus is rated as highly satisfactory (6).** The targeted LCS members were found to belong to the extreme poor and vulnerable category. The husbands of these women are either dead or living with disability or sickness. Therefore, inclusion in the market infrastructure development gave these destitute women a constant flow of cash for a certain period of time and finally the profit received at the end of construction helped them plan to invest in suitable and appropriate IGAs. Though the LCS process life skill, yet most of them cannot read and write, as such, they need tailored training programme besides market facilitation.

38. **The Effectiveness of the Targeting approach is rated satisfactory (5).** The project employed workforce comes from LCS groups constituted by disadvantaged men and women often living below subsistence level. Thus, the project offers employment opportunities for destitute men

and women who would otherwise struggle to find work and adequate income sources. To be part of an LCS group one must fulfill the following criteria: to be unemployed, to be poor and living in the vicinity of the work site, to have physical labour as a main source of income, to have limited/no land possession and to be physically fit for construction works. The LCS approach has been tested and proven in past projects such as MIDPCR and SCBRMP, and has now been adopted across LGED implemented projects. Discussions with LCS members during the field visits have confirmed that they are in fact some of the most destitute people in their respective communities, thus validating the targeting methodology. It is important that LCS women reap the benefits of markets and utilize the available facilities both market and non-market days.

39. **Market Selection.** Although the CCRIP PDR lists a number of criteria for the market selection, such as location (proximity to villages, land availability, etc.), potential for women participation, willingness of local government and communities, amongst others³, it does not include any criteria which relates to clusters of crop production or business'. Nonetheless the mission observed that each area surrounding a physical market had some comparative advantage in growing some specific agricultural products (such as Mung bean in Pathorghata in Barguna; vegetables in Uzirpur in Barisal, capture fish in BoroTengra bazaar in Barguna, Hogla (sea weed) in Post Office Haat in Barisal etc). Furthermore, it was clear that some of these markets are very remote and lack good road communication. This resulted into less trade volume in those markets as well as high transaction costs (high transportation costs, more time, more wastage etc) to trade with those markets by outside larger markets, and that building the necessary market and communication infrastructure was warranted. In fact, requests for additional roads, bridges and ghats were recurrent during the visits. Besides, there is a need for inclusive infrastructure (e.g. canal excavation with ghats near the market places) which will permit farmers and smallholders to market their products.

40. **Innovation and learning is rated satisfactory (5).** The Project has been exploring ways on how to ensure sustainable livelihoods for the LCS women drawing lessons from other projects/programs by the International NGOs, Private sector in the region. Besides, potential livelihood opportunities are being explored including utilisation of under-utilised sheds at market place for processing of farm and non-farm products by the LCS women; identification of potential value chains where LCS could be gainfully involved e.g. Hogla, Medicinal plants, Betel leaves, Banana, straw processing etc.

41. The project is introducing rural radio initiative as a pilot initiative. Under this component, information related agriculture, disaster management, value chain, early warning, climate adaptation practice will be disseminated to the wider range of beneficiaries and get their feedback over the broadcasted programme through listener clubs. Lesson learnt from this piloting, the project will develop as sustainable communication strategy as an integral part of infrastructure development project in designing future projects.

42. The project has also adopted basic IGA training to utilise the earned profit by the LCS members for enhancing their livelihood. The project is in the process of further identifying specific IGAs, micro-enterprise development, inclusive value chains, market facilitation, agribusiness plan and finally linking with PACE project. In fact, the project has implemented an innovative strategy to incentivize the building and proper management of the market structures, by postponing the construction of roads until the markets are nearly completed. Considering the ground reality that market development is usually more time consuming and complex than road construction, mainly due to land issues that can lead to lengthy litigation proceedings, local communities tend to push for road construction first and are then often lose interest when it comes to other infrastructure works. It would seem that this strategy of putting the construction of the markets as a condition for the construction of the roads is a good innovation to be replicated.

43. The communication and knowledge sharing within the project is gaining momentum but still lacks an integrated communication plan to communicate externally. Staffs are regularly conducting meetings at district and regional level, attending trainings, taking part in exchange visits. During the supervision 33 UISE (Upazila Infrastructure Supervisor Engineer) including 14 from Khulna and Madaripur region joined in the field visits for hands-on experiences. When the mission members exchanged views with community people they were found more aware and familiar with the project activities. However, there is a need for exposure and visibility among wider public and media as part of knowledge management.

³ Refer to PDR Annex 5, Detailed Project Description, section II.3, II.4 and II.5

44. The project developed LCS operation manual and resettlement manuals and circulated those to stakeholders. The different stakeholders such as local government officials, public representatives, academicians, media personnel and other stakeholders were present in the Inception Workshops of the project, which were widely covered by the print and electronic media. Moreover, the foundation laying ceremonies, profit distribution and handing over ceremonies are attended by local Members of Parliament, Upazila Chairmen, Upazila Nirbahi Officers, local government representatives other stakeholders, which are also covered by media.

45. The project participated international Women's Day observance including exhibition and displayed information to project activities focusing women empowerment of the project. The signing ceremony of interagency agreement was published in IFAD Asia portal. Further, the Project Director's interview on the project activities and progress was broadcasted by the Krishi Radio to the listeners. Nevertheless, the project needs to develop website, newsletter, case study, brochure, leaflets, posters or video. For example, baseline studies have captured a lot of important demographic information which will definitely be an interest for policy makers, development partners, universities and research institutes, but the project has yet to plan how to disseminate this information. Nonetheless, the project is planning to develop a website with the financial support of ADB as a monitoring platform for all stakeholders, and a web designer will be recruited. The mission also suggested the project to utilize IFADAsia portal to promote and disseminate knowledge, lessons learnt and good practices to another projects and vice versa the project can learn from other IFAD projects.

46. **Climate and environment focus is rated as satisfactory (5).** As part of component 3, BUET has already launched 3 studies on (i) Investigation of Climate Resilient Slope Protection (ii) Investigation of Test Quality Protocol and (iii) Investigation of Prospects for Sustainable Waste Management on Market. Finally, exploring the use of solar panels to provide electricity to the market is highly recommended.

Agreed action	Responsibility	Agreed date
Ensure MMC regularly collects market information including volume and value of sales, number of traders, toll prices, etc (on pilot basis).	PMO and MMC	September 2015
An outcome study of completed markets and roads as well as LCS's return of investment will be carried out	PMO	September 2015
Explore possibility of solar panels to provide electricity to markets	PMO and RPO	December 2015
Appointment of one account assistant for each district for the 9 other districts (where RPO is not located) to be assigned solely for the CCRIP accounts.	PMO, XEN Districts	31 July 2015
Explore the possibility of increasing the UISE salaries	PMO and IFAD	When renewal of contracts
Developing a Communication and KM plan	PMO	December 2015

E. Fiduciary aspects

47. **The quality of the financial management is rated as moderately satisfactory (4).** The finance staffing at the PMO level is adequate with a project accountant and account assistant provided by the Government, an account assistant funded by IFAD and a part-time consultant Financial Management Specialist (FMS) funded by ADB. At the 3 Regional Offices (Khulna, Madaripur and Barisal) of the Project there is one account assistant deputed by the government that helps in the CCRIP accounts in the LGED district. For the other 9 districts, an accountant with one or two account assistants of the LGED maintain the accounts for CCRIP of three different donors (IFAD, ADB and KfW) and the accounts for several projects (in case of Pirojpur, 22 projects, Borguna, 18 projects and Patuakhali, 16 projects) and the GOB funds. Thus, in the districts, the quality, reliability and timeliness of accounting records are compromised. A Procurement Specialist consultant is responsible for the documentation requirements of the project procurement. The mission recommends the appointment of one account assistant for each district for the 9 other districts (where RPO is not located) to be assigned solely for the CCRIP accounts.

48. The part time FMS was recruited to support the project for six months from 14 Nov 2013 until 14 May 2014. The same Specialist was hired by ADB to support the project starting on 15 May 2014 for

a period six months until 15 November 2014. He was recruited again from 1 April 2015 funded by ADB for another six months. The mission agrees to proposal of the PMO that the FMS should be full time, to assist in the installation of a software and train the staff accordingly and to provide on the job guidance to accounting staff at the districts and oversight and monitoring of the financial management system and processes of the project.

49. The PDR and Financing Agreement provided the installation of a double entry, multi-lingual and multi- currency accounting software. The mission noted that the Project has started using the UFMS software developed by LGED. As already noted in the 2014 Financial Management Support mission and the observation of the SIS mission, the system does not meet the financial reporting requirements of the donors or ensure the reliability of accounting records and data, viz:

- The chart of accounts and entry point to the system should accommodate expenditure item also by component (only expenditure by category is being entered into the system).
- The budget should be integrated into the system to enable comparison of the actual performance with budget (quarterly, annual, and cumulative for the Project) and production of AWPB financial progress.
- The system should have security settings and different access levels for different user.
- The system should be installed in all the 12 districts, so accounting records and reports will not be done manually.
- As there are many users of the system of different projects, the system may slow down at certain point. Moreover if the main server crashes there is a risk of loss of data. The user should be able to use the system off line from the server and at the end of the day should be able to log in to the server and replicate the data with the server so that a parallel copy of the data remains in the server as well.
- The System should automatically restrict the user to make entries after cut-off for a particular month Any entry after the cut-off should be done only with the approval of the Project Director or Deputy Director.
- Currently the accounts department has to generate many statements in MS Excel for accounting and MIS purposes. Such information already stored in the system wherein detailed data have been fed in. The System should be able to import/ from and export data to MS Excel.
- Advance should be accounted including adjustments/liquidation with a adjustment to expenditure on journal voucher.
- Each donor should be treated as a separate identity and the following documents / statements / records should be generated and also printable, donor wise:

Base Documents

- (i) Debit / Credit Voucher
- (ii) Journal Vouchers

Ledgers and Books of Account

- (ii) Individual Ledger Account as per Chart of Accounts
- (iii) Cash Book for each Donor
- (iv) Trial Balance

Statement of Expenditure

- (i) Each Donor, by Category, by Component, to date and current period
- (ii) Monthly Expense Report – at District Offices and PMO

AWPB

- (i) By Donor, By component, sub-component of expenditure, current period and to date budget and expenditure
- (ii) Consolidated for the Project by component, current period and to date budget and expenditure

Other Registers

- (i) Fixed Assets Register
- (ii) Payroll Register

Contract Related Records

- (i) Contract Register
- (ii) Contract Payment Monitoring Form

GOB Funds and expenditure should be accounted donor wise

Financial Statements – Donor wise

50. The mission advised that the above requirements should be implemented on or before 31 August 2015, in accordance with the Financing Agreement (FA) and PDR, to meet the donor's requirements, and therefore recommended that the PMO install a specialised off the shelf accounting software adapted to donor projects, to produce the necessary accounting records and reports and ensure their quality, timeliness and reliability. All Finance and Project staff involved in the financial system at the PMO and the district office staff will have to be trained. The accounting records in the district are currently maintained manually. The mission advised to install the accounting and reporting system in all the districts.

51. In Barisal and Pirojpur districts transactions for April 2015 have not been posted to the Cash/Check Book register. In Burgona district, there is no advance register for advances for training and LCS. PMO has inputted advances for training and LCS as expenditure and included in the SOE. In Patuakhali, advance register for LCS is maintained, and not for training advances. Advances should be treated as advance at the time of payment and only on liquidation of advances with appropriate supporting documents will expenditure be recognize and included in the SOE. All districts have to adjust expenditure for the balance of advances for the LCS and trainings as of 30 April 2015 and reverse the expenditure accordingly in the SOE report. Bank reconciliation should be prepared and updated at the district. The PMO does the summary of bank reconciliation for all the district based on bank statement submitted and cash/check book register. Cash/Check register should be updated.

52. Formal Certificate of Work Completion (FCWC), Bill of Quantity (BOQ) and measurement book support all payments for the running bill of the private contractor. For LCS, only the final payment is supported with the Formal Certificate of Work. The progress payment to LCS is supported with BOQ, measurement book, and vouchers and invoices. Measurement book is updated for every work items. The districts submit to PMO monthly Progress report showing physical progress of the works. The mission advised to support the percentage of completion with work items completion in the measurement book.

53. The mission noted only one payment BDT 1.66 million (USD20,750), 12% of the contract amount for contract CCRIP/BARI/VR/2014/W-01 for road improvement, against 20% physical progress, after seven months have lapsed. The contract was signed on 30 September 2014 for 12 months with a contract amount of BDT137 million Lakh (USD172,257). Another contract CCRIP/BARI/VR/2014/W-02 with a contract amount of BDT 110 million Lakh (USD137,500) has no payment yet after 7 months have lapsed and no detailed certification of work. The progress report showed that this contract is 40% complete. The mission advised to do the certification of work and updated of measurement book monthly. Otherwise, delay in the construction could not be anticipated and corrective action initiated. Especially, rainy season is coming in May-June which will affect the roads construction.

54. In Barisal, the mission noted that LCS contracts payment is based on amount of expenditure as accounted in the payment vouchers of the LCS. The Formal Certification of Work is done only for the final payment. The mission advised to update the measurement book. The LCS has sub-contracted directly to a contractor the work package for roof steel trusses and sheets. The mission advised that national shopping or NCB could also be applied in case of work packages sub-contracted to obtain best quality materials at competitive market price. In Pirojpur, measurement book and supporting vouchers are kept in Upazila. The mission advised that all supporting documents for LCS payments should be kept by the LGED District, and photocopies of the documents could be maintained at the Upazila.

55. There is no system used for updating budget. AWPB is prepared manually, with delays occurring in preparing this report. The 2015 AWPB and APP have not been submitted to and approved yet by IFAD. The budget is not monitored on a regular basis by Finance. The risks could be over-spending or delays in implementation of certain activities. The 2015 AWPB was submitted to IFAD only in March 2015, instead in November 2014 (60 days prior to the start of the relevant year) as per general conditions of the FA. The financial and physical progress for 2015 was prepared as of 14 April 2015 for the mission. As of 31 March 2015 the Project has executed 17% of the 2015 AWPB for IFAD Loan of USD 7.73 million. Cumulative accomplishment from 2014 to 2015 was 24% of the cumulative budget of USD19.02 million. For the Grant budget, the execution rate was 16% for 2015 and 23% cumulative 2013 to 2015

56. The mission recommends integration of budget monitoring in the system and continued analysis of variances regularly so that corrective action could be initiated accordingly. The annual AWPB

should be submitted to IFAD in accordance with the FA general conditions, 60 days prior to the beginning of the relevant project year. Fixed Asset Ledger should include asset Identification number and should be tag in each asset item. Periodic physical count should be undertaken periodically and reconcile with fixed asset ledgers.

57. The status of actions taken by the project management on the report of the Financial Management support mission in 2014 is in part of the attachment. Most of the recommendations have been implemented except those noted in the preceding paragraphs.

58. **IFAD disbursement to the project designated accounts is rated as moderately satisfactory (4).** IFAD disbursed SDR 4.9 million (USD7.2 million) or 19% of the SDR 26.1 million (USD39 million) approved Loan allocation and SDR 273,607 (USD0.41 million) or 41% of the SDR 660,000 (USD1.0 million) approved allocation Grant allocation. The rate of the implementation or actual disbursements by the Project of the IFAD Loan proceeds is slow in the first and second year at 11% disbursement rate by the Project. Low disbursement rate was noted under Category 1 Civil Works at 10% only of the amount allocated. The disbursement is expected to increase with additional contracts awarded and completion of construction contracts this year. The mission noted several infrastructure contracts with LCS have been completed. Disbursement level for Category II Vehicles and Equipment of 48% will improve further upon procurement of office and field equipment with estimated value of USD 300,000. For Category III Studies, Trainings and Workshops, the project did well with 80% disbursement rate.

59. In light of the substantial rise in funding requirements, the PMO has requested 25 November 2014 an additional USD2.0 million to increase the Imprest Fund level to USD4.0 million considering the volume of activities and disbursements of the project. IFAD released on 1 April 2015 USD1.0 million bringing the Imprest Level to USD3.0 million. The PMO envisaged that the project construction activities will increase after the rainy season sometime from August 2015 and that additional funding will be required by that time to ease liquidity of the project. The mission has agreed for the PMO to request additional funding of about USD1.0 million by August 2015 making the Imprest Fund level to USD4.0 million. The next supervision mission in 2016 should assess whether to maintain the level of Imprest Fund to USD4.0 million or reduce it to an appropriate level considering the liquidity of the project.

60. WA was processed quarterly until October 2014. Starting November 2014, WA is being processed monthly. There were 11 WA processed by PMO for the Loan which included 3 WA for a USD1.0 million advance each WA and 5 for the Grant which included 2 WA for USD230,000 and one WA for direct payment to Consultant. These WAs were reviewed and the SOEs were tested on a sample basis and the following were noted: (i) As noted in Para 6, including advances to LCS and staff in the SOE rather than actual expenditures (based on invoices and receipts); (ii) Category of expenditure is not reliable as this is manually inserted to the UFMS by the PMO from the summary of cash/check register from the District where category of expenditure is not provided.

61. In addition to the mission recommendation in para 6, the Districts should prepare the SOE, signed by the Accountant and Executive Engineer with appropriate category and component of expenditure. FMS should include the SOE preparation in the conduct of training to the Districts account assistant. The Special Account reconciliation particularly WA11 was reviewed and the mission noted (i) item 7 for USD 11,562.87 where only bank commission charge and interest deposited to the government treasury of equivalent amount of USD8670 were accounted. The difference of USD 2,893 has to be identified in detail (ii) the USD7,394 advance refunded by LCS should be adjusted as deduction from the expenditure as earlier reported.

62. **The Counterpart Funds from the GOB is rated as satisfactory (5).** The Financing Agreement that the GOB will provide USD31.2 million as counterpart fund contribution to the Project which is a provision for the IFAD, ADB, KfW and the GOB. With reference to the PDR Annex 7A Table 6, GOB counterpart fund for the IFAD Loan and Grant is computed at USD7.01 million, of which USD0.45 million (or 6%) has been contributed as actual expenditure as of 1 April 2015. The Project has actually received USD4.12 million funds from the GOB as of April 2015 and spent USD 3.29 million.

63. **The compliance with loan and grant covenants of the Financing Agreement is rated as moderately satisfactory (4).** Appendix 6 provides the details of compliance to the Legal Covenants of the Financing Agreement. The mission noted non-compliance of: Schedule E-2 & E4 the installation of off the shelf stand alone multi lingual/currency accounting software (the Project instead

adopted the UFMS of the LGED), General Condition Section 7.08 (a) insurance for goods and buildings and Schedule 1-II-7-iii the AWPB and APP were submitted only this year (instead of 60 days prior to relevant year) and IFAD NOL has to be obtained.

64. **Compliance with procurement is rated as satisfactory (5).** The projects procurement is in general consistent with the approved procurement plan and the mission did not identify any major delays. The mission has however observed a discrepancy between the total budget allocation for the IFAD loan and grant against the approved Annual Procurement Plan (APP) for 2015 and recommends the reconciliation of the figures to ensure consistency. The mission reviewed procurement undertaken during the review period on a test basis identifying, the Project has ensured compliance with tender documents, quotations, evaluation reports, works order, agreements and other relevant documents; in accordance with the Public Procurement Rules and Regulation of the Government of Bangladesh. In general the project procurement has been undertaken in accordance with the principles of procurement as envisaged by IFAD Procurement Guidelines and consistent with the national laws and regulation governing procurement. The Project has consistently ensured compliance with IFAD's prior review requirements in accordance with the provisions of the Letter to Borrower.

65. **The quality and timeliness of Audit is rated moderately satisfactory (4).** The audit of CCRIP financial statements and related documents was conducted by the Foreign-Aided Projects Audit Directorate (FAPAD), the Supreme Audit Entity of GOB since all donor-financed programmes/projects are audited by FAPAD. The Audit report for the period July 2013 to June 2014 was submitted to IFAD on 12 January 2015. The mission advised to synchronize the audit to the calendar year of the project, Jan to Dec. The overall external audit recommendations were unqualified so far. However, there are few audit observations in Financial Year 2012-13 to 2013-14 as follows. PMO has replied against those observations and trying to resolve the observations. The summary of audit observation and it's status are presented below:

Financial Year	Audit Opinion	Status of Audit Observation		
		Observation Received	Settled	Under Process of Settlement
2012-13	Unqualified	1	1	0
2013-14	Unqualified	8	4	4

66. The mission emphasized the importance of four audit observations in the 2013-14 audit report that needs to be resolved: i) appointment of M & E Knowledge Management Officer and M & E Assistant not in the GOB DPP. The PMO will initiate action to adjust the DPP accordingly. ii) Excess road earthwork at Shariatpur contracted to LCS for 6052 meters as against 4320 meters provided in the DPP. Further, LCS members and signboard were not available at site at the time of visit of the auditors. The PMO will initiate action to regularize the DPP accordingly and investigate on the absence of LCS and signboard at the site. iii) Contract for BDT127,086 (USD1,629) to LCS for turfing and plantation of binna grass at Shariatpur, contract 2nd payment was made, but at time of audit inspection the actual accomplishment of works could not match the 2nd payment bill. The Executive Engineer explained that due to heavy rains the slopes suffered rain cut and turfing works were lost. The LCS will rectify the works before final payment is made and the PMO requested waiver of Audit observation. iv) LCS laborers in Khulna not trained yet but executed the contract, The Executive Engineer that the training was conducted at later date.

67. LGED Internal Audit team also completed internal audit for the CCRIP project conducted during 15 April 2015 to 19 April 2015 for the period of July 2014 to March 2015. The audit provided recommendations to improve the financial management including internal control system, procurement process, financial statements, bank reconciliation statement, asset management etc. The team also provided some observations, which is under settlement process. The mission advised the PMO to provide English language copy of internal audit reports to IFAD. The mission likewise completed a fiduciary risk assessment of the financial and administrative management of the project. The project has to install off the shelf accounting software complementary to UFMS or on stand-alone in order to provide timely and reliable financial records and reports. Finance staff has to be trained properly in the use of the accounting system. Budget, payments and physical progress of project activities requires regular monitoring

68. The main recommendations made by the mission for the fiduciary aspects of project implementation and management are listed in the table below:

Agreed action	Responsibility	Agreed date
1. Appointment of one account assistant for each district for the 9 other districts (where RPO is not located) to be assigned solely for the CCRIP accounts.	PMO, XEN Districts	30 June 2015
2. Appointment of FMS full time to fully train the staff on the accounting software, provide on the job guidance to accounting staff at the districts and oversight and monitoring of the financial management system and processes of the project. Monthly closing of accounts and production of summary financial reports	PMO	30 June 2015
3. Install an off the shelf accounting software at PMO and district level to produce the necessary accounting records and reports and ensure their quality, timeliness and reliability. Conduct training of accounts staff.	PMO	31 August 2015
4. Maintain register for all advances and effect adjustment of balance of advances and reflect the adjustments as reduction of expenditure in the SOE	PMO, XEN Districts	31 May 2015
5. Support the percentage of completion as reported in the periodic progress report with work items completion in the measurement book.	PMO, XEN Districts	31 May 2015
6. Update fixed assets register and provide identification number attached to each asset.	PMO, XEN Districts	31 May 2015, onwards
7. Assess the cash situation in June 2015, and as necessary request IFAD to increase the level of imprest fund to USD4.0 million by August 2015	PMO	30 July 2015
8. Correction of Special Account reconciliations as noted by the mission	PMO	31 June 2015
9. Correction of Annual Procurement Plan and submit to IFAD accordingly. Monitor execution of procurement plan monthly.	PMO	31 May 2015, onwards
10. Submit annual financial statements to FAPAD for audit within six weeks of fiscal year end	PMO	15 Aug 2015
11. Timely submission and completeness of FY 2014-15 audit report (including fixed assets, budget vs actuals, schedule of WAs)	PMO/FAPAD	10 December 2015
12. Submit copies of LGED internal audit reports to IFAD, in English	PMO	Henceforth

F. Sustainability

69. ***Institution building is rated as moderately satisfactory (4).*** The project hands over the markets to the MMCs and provides them with some capacity building training. However, it seems the training is not sufficient for the members to understand their roles and responsibilities and also the social and economic benefit they can gain. As observed, MMCs are key from both sustainability viewpoint and effective functioning of these markets. Therefore, MMCs need to be trained properly with a clear PLAN on how to run the market.

70. ***Empowerment is rated as highly satisfactory (6).*** Some LCS members, men and women, have already showed increased self-confidence as a result of becoming LCS members. They earn income that many of them were unable to generate before and are proud of being associated with LGED. In addition women specific sections within the market platforms, and women sections/shops have motivated them to have a more active role in the markets and in voicing their views on community decisions. However, invariably in all places visited by the mission, the poor LCS members repeatedly requested for more work.

71. ***The Quality of beneficiary participation is rated as highly satisfactory (6).*** The quality of the work provided by the LCS has been deemed highly satisfactory for the market structures observed. During field observation, no visible cracks or settlement on market civil works (platform, column, toilet blocks etc.) as well CC/RCC roads were observed, though for proper performance evaluation there is a need more span of time as at all the visited sites, infrastructures have just recently been completed or nearly being in completion stage.

72. ***The Responsiveness of service providers is rated as satisfactory (5).*** Contractors have been found very responsive and have all met the necessary specifications during construction.

73. ***The Exit Strategy is rated as satisfactory (5).*** The exit strategy outlined in the design outlines how the roads will be handed over to LGED/GOB and markets will be managed by MMCs, where the UP chairmen are ex-officio presidents. The limitations to this strategy include the low O&M budget for LGED, which have been addressed in the new LGED Maintenance policy, and the need from more business oriented MMCs. An incentive mechanism needs to be found to ensure that the MMC can adequately deal with the long-term sustainability of the markets. This could necessitate modifying the composition of the MMC which is now dictated by a GoB directive.

74. The Potential for scaling-up and replication is rated as highly satisfactory (6). Every site visit was accompanied by reasonable requests for small additional infrastructure investments. These range from extending some of the existing roads, building new connecting roads, ghats and women sections, offering good potential for further investments of this kind. In order to incentivise proper management of the existing roads and markets built or rehabilitated under CCRIP, a second round of investments should be offered to those markets that show most promise. LGED should be tasked in outlining a set of criteria to be fulfilled in order to be eligible for a second round of investments, and should also undertake feasibility studies for the new proposals. This can be done in the coming years, while the project finalizes the existing planned construction works. Furthermore, the mission observed how one of the IFAD funded roads was being extended by another LGED project, funded by JICA.

Agreed action	Responsibility	Agreed date
Begin identifying eligibility criteria for a second round of investments	PMO	June 2016
Provide further training to strengthen the business orientation of the MMC chairman	PMO and other partners (PKSF)	December 2015
Explore the possibility of modifying the MMC composition	PMO	July 2015

G. Other

75. The Physical and financial assets rating is as satisfactory (5). The Project Management reported 48 contracts with the Labour Contracting Societies (LCS) for the construction of market facilities (multi-purpose shed, fish shed, open paved/raised area, toilet block, internal road and drainage) have been completed. Interview with the LCS group disclosed that the wages and profits they received from the construction of the facilities were invested to income generating activities, purchase of physical assets and land acquisition. Some market facilities have already been turnover to the Market Management Committee and sellers have started using the facilities. The proper use of these facilities is expected to translate in increased sales and profits thus enabling the sellers and traders to acquire assets and invest in other income generating activities. These facilities will also benefit the household in terms of generating savings from buying goods, food products and commodities at competitive prices thus the savings could be invested to purchase assets

76. Food Security is rated as satisfactory (5). An increase in beneficiaries' income contributes to household expenditure, food consumption in particular. The LCS women who have been involved in construction work could secure substantial income for their food in family and some of them who have been involved in small business reported increased sales volume and expansion of their communities in their shops as reported in Pathargata (Badurtala market) by some LCS women.

77. Quality of natural asset improvement and climate resilience is rated moderately satisfactory (4). It is too early to assess the impact natural assets and climate resilience, nonetheless it can be said that adequate drainage structures are being provided considering added run-off as per future climate scenario; additional freeboard is considered in bridge design for future potential sea level rise; All pavements are being designed incorporating a full drainage layer into the pavement a either improved sub-grade or sub-based level; as a resilient pavement, full width RCC pavement is being provided at the vulnerable sections which are prone to periodic submergence and tidal surges

H. Conclusion

82. The outstanding results achieved in the first 21 months of the CCRIP life classify this project as a fully satisfactory project with a lot of up-scaling potential. Thanks to a very dedicated, professional and competent project management team, in less than 2 years, almost half of the total amount (47%) of the USD 39.5 million HC loan and of the USD 1 million IFAD grant (66%) has already been committed and is under implementation. CCRIP disbursement level is today of USD 7.18 million for the loan (19%) and of 0.41 million for the grant (41%). Concrete achievements have been observed in the field in terms of (i) infrastructure development, (ii) livelihood improvement for the poor rural households and (iii) increase of income. During this 21 months, the CCRIP sharp targeting system used has already allowed to generated employment for more than 180 000 equivalent person day, of which 77% have benefited poor women. More than USD 300 000 have been injected by CCRIP in the local economy.

84. With regards to the on-going strategy and pace of CCRIP implementation, it is expected that all infrastructures will be finalized in the next 2 years (markets in 2016, roads in 2017). The remaining last 2 years (2018 – 2019) will be fully dedicated to strengthen the local institutions created or supported, to consolidate and to increase the incomes of the target groups and organizations, to measure the outcomes and impacts of this intervention and finally to fine-tune, capitalize and better communicate on the CCRIP approach and exit strategy. The LCS women who have worked and received their profit need institution and marketing support including linking up with PACE project.

85. Starting this fiscal year, CCRIP will initiate a formal link and pilot with the PACE project (IFAD funded project on rural finance and value chain development which is implemented by PKSf) in order to provide long term market and finance opportunities to the 4,175 members already supported by CCRIP. Maintenance approaches of both, market and roads infrastructures will be officially shared and formalized at local and national levels in order to (i) guarantee the post project source of funding and (ii) be immediately implemented on all handing over infrastructures.

86. The three major recommendations to be implemented by CCRIP are (i) the operationalization of the accounting software by 30th August 2015, (ii) the increase of the special account (USD 1 million additional) and close monitoring of the treasury and (iii) the finalization of the PMU recruitment process (livelihood specialist, structural engineer and accountant assistants) with procurement of logistics.

87. The IFAD mission once again wishes to recognize the effort made by the PMU, LGED and the GoB to ensure this exceptional start-up of CCRIP. Based on the ongoing pace of the activities, IFAD will initiate in the coming months the process to top up CCRIP with the addition planned USD 20 million.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Bangladesh		Project ID	1647 [1100001647]	Loan/DSF/Grant FI No.	896
Project	Coastal Climate Resilient Infrastructure Project				Top-up Loan/DSF/Grant FI No.	
Date of Update	26-May-2015					
Supervising Inst.	IFAD/IFAD					
No. of Supervisions	1	No. of Implementation Support/Follow-up missions	0			
Last Supervision	April – May 2015	Last Implementation Support/Follow-up mission				

USD million Disb. rate %						
Approval	10-Apr-2013			Total financing	150.05	
Agreement	28-Jun-2013	Effectiveness lag	2.6	IFAD Total	40.51	
Entry into force	28-Jun-2013	PAR value	-----	IFAD loan	39.50	19
First disbursement	26-Nov-2013			DSF grant		
MTR		Last amendment		IFAD grant	1.01	41
Original completion	30-Jun-2019	Last audit	December 2014	Domestic Total	31.23	
Current completion	30-Jun-2019			National Govern	31.23	14
Current closing	31-Dec-2019			External Cofinancing Total	78.31	
No. of extensions	0			AsDB	50.00	13
				Germany/KfW	8.84	39

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management		4	1. Quality of project management		5
2. Acceptable disbursement rate		4	2. Performance of M&E		5
3. Counterpart funds		5	3. Coherence between AWPB & implementation		4
4. Compliance with financing covenants		4	4. Gender focus		6
5. Compliance with procurement		5	5. Poverty focus		6
6. Quality and timeliness of audits		4	6. Effectiveness of targeting approach		5
			7. Innovation and learning		5
			8. Climate and environment focus		5
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
Component 1: Improved Road Connectivity		5	1. Institution building (organizations, etc.)		4
Component 2: Improved Market Services		5	2. Empowerment		6
Component 3: Enhanced climate change adaptation capacity		5	3. Quality of beneficiary participation		6
			4. Responsiveness of service providers		5
			5. Exit strategy (readiness and quality)		5
			6. Potential for scaling up and replication		6

B.5 Justification of ratings

The outstanding results achieved in the first 21 months of the CCRIP life classify this project as a fully satisfactory project with a lot of up-scaling potential. Thanks to a very dedicated, professional and competent project management team, in less than 2 years, almost half of the total amount (47%) of the USD 39.5 million HC loan and of the USD 1 million IFAD grant (66%) has

already been committed and is under implementation

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets		5
C.2 Food security		5
C.3 Quality of natural asset improvement and climate resilience		4
C.4 Overall implementation progress (Sections B1 and B2)		5
Rationale for implementation progress rating		
C.5 Likelihood of achieving the development objectives (section B3 and B4)		5
Rationale for development objectives rating		
C.6 Risks <i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		
Fiduciary aspects	The risk for fiduciary aspects is rated medium mainly due to the lack of an accounting software. This issue is being solved, however, as the project is contracting an external firm to adapt and install TOMPRO, an off the shelf accounting software.	
Project implementation progress	With a peak disbursement period expected in August, the project may find itself with insufficient funds in the account to pay contractors. An increase of the SAFE account ceiling has therefore been requested.	
Outputs and outcomes	There have been some minor discrepancies between the physical construction and the initial designs, but this does not pose a major risk to the successful achievement of the outputs and outcomes.	
Sustainability	MMCs capacity to adequately manage the market is currently lacking, and this may hinder the long term sustainability of the markets. More trainings for MMC have therefore been planned, and linkages with VCD projects will be pursued.	

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
IGA trainings for LCS	There is not provision for IGA training for LCS under IFAD, but it has been found to be useful in the components of the other donors. IGA trainings have begun for IFAD component.	March 2015	Ongoing
Flow of funds	Project has recently requested USD 2 million increase in the initial advance, but only USD 1 million was approved. Project needs to carefully plan their annual flow of funds and WA submissions to ensure sufficient liquidity.	April 2015	Ongoing

Additional observations

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

Design Summary	Performance targets and indicators	Monitoring Mechanism & Information Sources	Assumptions
Project Goal Improved livelihoods (higher incomes and food security) for poor households (women and men) in selected Upazilas of 12 coastal districts	IFAD - by 2018 (from baseline): 20% increase of households reporting improvements in household asset ownership index (RIMS) 30% reduction in the prevalence of child malnutrition (RIMS) 60% increase in incomes in 50% of poor households from a range of farm, fishery and non-farm sources, disaggregated by sex	Bangladesh Bureau of Statistics Multiple Indicator Cluster Survey (MICS) of the RIMS surveys Impact surveys at baseline, mid-term and completion Qualitative assessment (PRA) with target HHHs in project Upazilas/Unions/Villages.	
Development objective Enhanced climate resilience of coastal road and market infrastructure and people in selected Upazilas of 12 project districts. [Project Target: Overall approximately 600,000 HHHs; 3.5 million people]	By 2018: 5 days of inundation of infrastructure reduced (baseline 20 days) 60% more beneficiaries reporting improved food security, by women/men (RIMS) 50% reduced loss of lives and assets during disaster	Independent evaluation of robustness and resilience of infrastructure design. CCRIP project assessment report after each monsoon season and natural disaster event. IFAD annual supervision report. PRA after each monsoon season and natural disaster event.	<ul style="list-style-type: none"> Climate change related impacts are within predicted level
COMPONENT 1: Improved Road Connectivity			
Outcome 1: Improved road connectivity for men and women living in project Upazilas to access markets and social services.	By 2018, IFAD (from baseline): 50% increase in average traffic volume per day on project roads 25% reduced transportation costs on project roads 50% reduced travel time	Traffic data surveys (volume and price) Transport worker and user surveys	<ul style="list-style-type: none"> Government sustains or increases funds for road and market maintenance. Investments in polder protections by other programmes and projects continue
OUTPUTS: Upazila, union and village roads upgraded to climate resilience standards Bridges and culverts built	By 2018, IFAD funded: 160 Km union road upgraded 341 Km village road completed or upgraded 2245 m length of bridges and culverts	Independent monitoring of construction of roads, bridges and culverts Site inspections Environmental assessment Project reports and MIS	<ul style="list-style-type: none"> No major delays due to price escalation of materials and labour Public procurement process remains adequate and adheres to ADB/IFAD requirements Sufficient availability of labour Roads properly maintained LGED remains committed to apply acquired knowledge

Design Summary	Performance targets and indicators	Monitoring Mechanism & Information Sources	Assumptions
COMPONENT 2: Improved market services			
Outcome 2: Enhanced marketing of farm and non-farm produce in project markets	By 2018, IFAD (from baseline): 20% additional income from construction of infrastructure 50% increase in the volume of goods marketed in village markets 25% increase of traders (disaggregated by sex)	Market surveys (at baseline, mid-term and completion)	<ul style="list-style-type: none"> Services of MAPP are reinforcing CCRIP interventions
OUTPUTS: Market infrastructure expanded and upgraded Women market sections built Boat landing (facilities) platforms (<i>ghats</i>) built Market Management Committees (MMC) established LCS formed, trained and employed	By 2018, IFAD: 197 community (village) markets of different categories 15 community markets with a women section 5 Community collection points built 38 new landing ghats built 5,000 poor women and men employed in construction of markets through LCS (IFAD)	Site inspections and surveys	<ul style="list-style-type: none"> Adequate functioning of MMCs Climate trends do not reduce on- and off-farm productivity, or quality ; production levels remain stable Public policy continues to allow procurement of works with the participation of LCS
COMPONENT 3: Enhanced Climate Adaptation Capacity			
Outcome 3: Rural communities and local authorities have knowledge and information on coping with volatile climate shocks and good agricultural practices as well as access to advisory services	People increase awareness and knowledge of climate change and agricultural development Better access to communication and knowledge dissemination Linkage people in communities	Surveys, Progress report, group discussion	<ul style="list-style-type: none"> Adequate functioning of rural radio stations including staff and volunteer
OUTPUTS: Rural Radio Initiative Baseline Monitoring, MTR Innovative Garbage Management Research Independent Construction Quality Monitoring Climate Resilient Slope Protection Research	By 2018 571,460 People accessing advisory services facilitated by project 25 listening clubs (100 members in each club) are formed and operational 1 Baseline study, 1 MTR outcome study, 3 Research studies on Garbage management, Construction quality monitoring report and Climate Resilient Slope Protection are carried out	Rural radio stations, workshop /training minutes and report Baseline and MTR Reports from rural radio station BUET's Research reports, surveys	<ul style="list-style-type: none"> Knowledge Management & communication plans are integrated into policies, programs and enforced of 4 rural radio stations.

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

Agreed action	Responsibility	Agreed date
Undertake slump test before any concreting work and necessary arrangement for in-situ CBR/FDD test should made (On pilot basis)	LGED	May-15
The dredge fill should be stacked in a suitable place then be placed layer by layer and as per specification each fill lift should be compacted at optimum moisture content.	LGED/PMO	Jun-15
Correct where possible, the embankment side adopting milder slope (at least 1:2.5) along with a berm (at least 1.5 ft) at the middle	LGED/PMO	Dec-15
Improve the quality of IGA (more in depth and longer) training provided and/or link to other sources of IGA training.	PMO	Jun-15
Expedite profit distributions to LCS	PMO	May-15
Make linkages between PACE and CCRIP markets where VC development potential exists	PMO	Dec-15
Explore possibility of MMC retaining 25% of lease value instead of being reimbursed (On pilot basis)	LGED and IFAD	Dec-15
Develop a maintenance checklist for MMC	PMO	Jun-15
Develop M&E plan for the RRI	AIS, CDC and PMO	Jun-15
Ensure MMC regularly collects market information including volume and value of sales, number of traders, toll prices, etc (on pilot basis).	PMO and MMC	Sep-15
An outcome study of completed markets and roads as well as LCS's return of investment will be carried out	PMO	Sep-15
Explore possibility of solar panels to provide electricity to markets	PMO and RPO	Dec-15
Appointment of one account assistant for each district for the 9 other districts (where RPO is not located) to be assigned solely for the CCRIP accounts.	PMO, XEN Districts	31-Jul-15
Explore the possibility of increasing the UISE salaries	PMO and IFAD	When renewal of contracts
Developing a Communication and KM plan	PMO	Dec-15
Appointment of one account assistant for each district for the 9 other districts (where RPO is not located) to be assigned solely for the CCRIP accounts.	PMO, XEN Districts	30-Jun-15
Appointment of FMS full time to fully train the staff on the accounting software, provide on the job guidance to accounting staff at the districts and oversight and monitoring of the financial management system and processes of the project. Monthly closing of accounts and production of summary financial reports	PMO	30-Jun-15
Install an off the shelf accounting software at PMO and district level to produce the necessary accounting records and reports and ensure their quality, timeliness and reliability. Conduct training of accounts staff.	PMO	31-Aug-15
Maintain register for all advances and effect adjustment of balance of advances and reflect the adjustments as reduction of expenditure in the SOE	PMO, XEN Districts	31-May-15
Support the percentage of completion as reported in the periodic progress report with work items completion in the measurement book.	PMO, XEN Districts	31-May-15
Update fixed assets register and provide identification number attached to each asset.	PMO, XEN Districts	31 May 2015, onwards
Assess the cash situation in June 2015, and as necessary request IFAD to increase the level of imprest fund to USD4.0 million by August 2015	PMO	30-Jul-15
Correction of Special Account reconciliations as noted by the mission	PMO	31 June 2015
Correction of Annual Procurement Plan and submit to IFAD accordingly. Monitor execution of procurement plan monthly.	PMO	31 May 2015,

Submit annual financial statements to FAPAD for audit within six weeks of fiscal year end	PMO	onwards	15-Aug-15
Timely submission and completeness of FY 2014-15 audit report (including fixed assets, budget vs actuals, schedule of WAs)	PMO/FAPAD		10-Dec-15
Submit copies of LGED internal audit reports to IFAD, in English	PMO	Henceforth	
Begin identifying eligibility criteria for a second round of investments	PMO		Jun-16
Provide further training to strengthen the business orientation of the MMC chairman	PMO and other partners (PKSF)		Dec-15
Explore the possibility of modifying the MMC composition	PMO		Jul-15

Appendix 4a: Physical progress measured against AWP&B,

Component/		P.Year (January-December 2014)			Cumulative (January 2013- December2014)	Total		Remarks
Sub-component or Output/ Indicator	Unit	AWP&B	Actual	%	Cumulative Actual	DPP Target	%	
Component 1								
Union roads upgraded to climate resilience scenario-B category	km	14	4.15	29.64	4.15	133	3.12	47.83 km are under construction
Union roads upgraded to climate resilience scenario-C category	km	4	0	0.00	0	32	0.00	13.67 km are under construction
Village roads upgraded to climate resilience (BC road)	km	48	2.5	5.21	2.5	298	0.84	74.34 km are under construction
Village roads upgraded to climate resilience (RCC Road)	km	14	0	0.00	0	70	0.00	5 km are under construction
Village roads upgraded to climate resilience (Block Road)	km	1	0	0.00	0	5	0.00	
Large Bridges on Union and Village roads are built to climate resilience standards.	m	110	0	0.00	0	110	0.00	
Bridges and Culverts on Union and Village roads are built to climate resilience standards.	m	460	0	0.00	0	2355	0.00	5 bridges comprising 137 meters are under construction
Component 2								
Improvement of Community markets (Special Markets).	Nos	1	0	0	0	4	0	4 under process of construction
Improvement of Community markets (Large Packages).	Nos	26	13	50.00	13	33	39.39	20 markets are under construction
Improvement of Community markets. (Small Packages)	Nos	64	31	48.44	31	160	19.38	58 markets are under construction

Improvement of women market sections.	Nos	5	0	0	0	15	0	8 women market sections are process of construction
Improvement of Landing Stages (Ghats).	Nos	3	0	0	0	38	0	4 ghats are under process of construction
Improvement of collection centres.	Nos	2	0	0	0	5	0	1 collection center is process of construction
Component 3								
Groups managing infrastructure formed/strengthened	Number	182	284.0	156%	284	441	64%	LCS groups
People trained in infrastructure management	Male	1,000.0	1,138.0	114%	1,138			Technical and social training for LCS
	Female	3,000.0	3,037.0	101%	3,037			
People trained in income generating activities	Male	300.0	336.0	112%	336			IGA training - vegetable gardening, livestock, fisheries
	Female	800.0	804.0	101%	804			
Rural radio initiatives: Listening club member	Nos	2500		0%		100	0%	25 clubs with 100 people in each club
3 BUET's Research studies Garbage Management Research, Independent Construction Quality Monitoring and Climate Resilient Slope Protection	Nos	3		0%		3	0%	Procurement of 3 Research studies under BUET was done 100% and the implementation work is going on
Baseline monitoring and MTR of rural radio initiatives	Nos	2		0%		2	0%	The baseline will be carried out in June 2015.

- i) DPP (Development project proposal prepared during appraisal which is approved by the Government of Bangladesh)
ii) Achievement is comparatively less in the initial year but from this year (2015) actual achievement will be much more than AWPB & DPP target

Appendix 4b: RIMS indicators

FIRST LEVEL RESULTS									
Results	Unit	Period ending:	Jan – Dec 2014			Cumulative			Remark
		AWP&B	Actual	% of AWPB		Appraisal	Actual	% of Appraisal	
Total Outreach									
People receiving project services	Male					2,743,800			
	Female					2,636,200			
Households receiving project services	Number					1,097,959			Average people in each HH is 4.9
Groups receiving project services	Number	182	284	156%			284		LCS groups
Component									
1. Improved Road Connectivity									
Roads constructed	KM	18	4.2	23%		165	4	3%	Union Road
Roads constructed	KM	63	2.5	4%		373	3	1%	Village Road
Other social infrastructure constructed/rehabilitated	Number	570	5.0	1%		2,465	5	0%	Bridges and culverts
2. Improved Market Services									
Marketing facilities constructed/rehabilitated	Number	1		0%		4		0%	Type 1 - special
Marketing facilities	Number	26	13.0	50%		33	13	39%	Type 2 -

3. Enhanced Climate Change Adaptation Capacity	constructed/rehabilitated Marketing facilities	Number	64	31.0	48%	160	31	19%	medium/large Type 3 - small
	constructed/rehabilitated Marketing facilities	Number	3		0%	38		0%	Ghat
	constructed/rehabilitated Storage facilities	Number	2		0%	5		0%	Collection center
	constructed/rehabilitated Marketing groups with women in leadership position	Number	5		0%	15		0%	Women market section
	Groups managing infrastructure formed/strengthened	Number	182	284.0	156%	441	284	64%	LCS groups
	People trained in infrastructure management	Male	1,000.0	1,138.0	114%		1,138		Technical and social training for LCS
		Female	3,000.0	3,037.0	101%		3,037		
	People trained in income generating activities	Male	300.0	336.0	112%		336		IGA training
		Female	800.0	804.0	101%		804		Rural radio
	People accessing advisory services facilitated by project	Male				316,580			
		Female				254,880			

Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

Table 5A: Financial performance by financier (As of 1st April 2015)

Financiers	Approved Allocation	Disbursements (USD '000)	Percent disbursed
	(USD '000)		
IFAD Loan 1/	39,000	7,187	19%
IFAD Grant	1,000	412	41%
Government 2/	7,008	41	6%
Total	47,008	8,050	17%

1/ Includes balance of IFAD Advance of SDR 2.02 million (USD3.0M)

2/ In Govt. total allocation for the project is USD 31.2 million

Table 5B: Financial performance by component (USD '000) (IFAD Loan as of 1st April 2015)

Component	BDT ('000)			USD ('000)		
	Allocation	Disb.	%	Allocation	Disb.	%
Improved Road Connectivity (Component-1)	3,913,340	155,030	4%	50,300	1,993	4%
Improved Market Service (Component-2)	544,600	214,073	39%	7,000	2,752	39%
Enhanced climate change adaptation capacity (Component-3)	108,920	35,389	32%	1,400	455	32%
Project Management	101,140	46,433	46%	1,300	597	46%
Total	4,668,000	450,925	10%	60,000	5,796	10%

1/ Excludes portion of advance not yet spent

Table 5C: IFAD loan disbursements (SDR, as at 1st April 2015)

Category	Category description	Original	Revised	Disbursement	W/A pending	Total Expenditure	Balance
		Allocation	Allocation				
I	CIVIL WORKS	22,300,000	-	2,329,057		2,329,057	19,970,943
II	VEHICLES AND EQUIPMENT	400,000	-	192,652		192,652	207,348
III	CONSULTING SERVICES	600,000	-	196,414		196,414	403,586
IV	STUDIES, TRAINING AND WORKSHOP	200,000	-	160,436		160,436	39,564
	UNALLOCATED	2,600,000	-	2,878,559		-	
	Advance					2,023,450	(2,023,450)
	Balance of IFAD Advance	26,100,000		4,902,009		4,902,009	21,197,991

IFAD Grant disbursements (SDR, as at 1st April 2015)

Category	Category description	Original	Revised	Disbursement	W/A pending	Total Expenditure	Balance
		Allocation	Allocation				
IV	STUDIES, TRAINING AND WORKSHOP	600,000	-	124,496		124,496	475,504
	UNALLOCATED	60,000	-				60,000
	Advances			149,111		149,111	(149,111)
	Balance of IFAD Advance	660,000		273,607		273,607	386,393

Appendix 6: Compliance with legal covenants: Status of implementation

Article/Section of Financing Agreement	Covenant	Status
Section B -6	There shall be two (2) designated accounts denominated in USD (collectively referred to as "Designated Accounts") opened in accordance with Section 4.04 (d) of the General Conditions by the Borrower/Recipient in a bank acceptable to the Fund, through which the Loan and Grant proceeds shall be channelled. The Borrower/Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.	One Designated Account for Loan and another for grant total two Designated Accounts under IFAD financing are opened as per financing Agreement.
Section B - 7	There shall be two (2) project accounts (the "Project Accounts") opened by the Lead Project Agency in a bank acceptable to the Fund to receive and hold financing transferred from the Designated Accounts. There shall be twelve (12) district project accounts (collectively referred to as the " District Project Accounts") in the Project Area as defined in paragraph 1 of Schedule 1 hereto, to receive and hold financing transferred from the Project Account. The Borrower/ Recipient shall inform the Fund of the officials authorized to operate the Project Account and the District Project Accounts.	One Project Accounts' for Loan and another for grant total two 'Project Accounts' are opened in Dhaka. Besides there are 12 'District Project Accounts' are opened in project implementing Units (PIUs) following financing Agreement.
Section B - 8	The Borrower/Recipient shall provide counterpart funds for the Project in the amount of Thirty one million and two hundred thousand United States Dollars (USD31,200,000), which shall finance inter alia Project-related staff salaries in the Lead Project Agency, operating cost of the Project and Project-related land acquisition and resettlement costs	Following DPP, GoB funds are utilizing for Project-related staff salaries, operating cost of the Project and for land acquisition as per agreement
Section E- 1	The following are designated as additional general conditions precedent to withdrawal: a) The Designated Accounts, the Project Accounts and District Project Accounts as referred to in Section B shall have been duly opened; b) The Project Director and other Key Project Personnel of the Project Management Office (the "PMO") and Regional Project Offices as referred to in paragraph 7 and 6 of Schedule 1 hereto shall have been duly recruited by the Lead Project Agency; and c) The Project financial management system shall have been operational	Complied
Section E- 2	The following is designated as an additional specific condition precedent to the Fund's first replenishment of the Loan Designated Account; The accounting software of the accounting system of the Project shall have been operational.	Not fully complied. The accounting software named UFMS is in operational before first replenishment of the Loan Designated Account. The software has to be modified to meet the requirements of the donor.
Section E-4	Procurement of a multilingual, double entry accounting system software, software and accounting training and system maintenance in the amount of approximately SDR4,000 shall be eligible expenditure for the purpose of this Agreement and retroactively financed by the loan.	Not Fully Complied. The aforesaid UFMS software is evolved by LGED. Therefore, there is no amount incurred in procuring the Accounting Software. Training provided to accounting staff in the district is basic computer operations of the UFMS. According to the Financial Management Specialist, one Distirct Gopalgonj has adopted the system.

Schedule 1 – II -7 - iii	The PMO shall prepare consolidated AWPB for the Project to be approved by the Fund, ADB and KfW. The AWPB together with Procurement Plan shall be submitted to the Fund 60 days before beginning of the relevant Project year (GC Section 7.01 (b) (ii))	Late Submission. The AWPB is being prepared every year. 2015 AWPB has been submitted to IFAD just this year, which has yet to approve the AW{B.
Schedule 1 – II – 7 - vii	The PMO shall submit consolidated annual financial statements to the Fund, ADB and KfW. Such consolidated statements shall be Audited by Foreign Aided Project Audit Directorate (FAPAD) and submitted to the Fund six (6) months after end of each Fiscal Year (GC Section 9.02). In addition to the annual external audit, an internal audit of the Project at the PMO level shall be executed by the internal auditor of the LGED for Project Year one, as well as the following years based on mutual agreement between the Borrower/Recipient and the Fund.	Consolidated financial statement is prepared by PMO which is audited by FAPAD annually. And the audit report is being submitted within 6 months after each fiscal year. In an addition Internal Audit section of LGED conducts internal audit the project.
Schedule 1-II- 7- viii	The PMO shall prepare all reports including financial reports for all activities. It shall prepare quarterly reports and annual reports to be presented to the Fund, ADB and KfW..	PMO prepares financial reports for all activities. MSC & DSC on behalf of PMO are jointly preparing quarterly reports and annual reports to be presented to the Fund, ADB and KfW.
Schedule 1-II- 11	For Monitoring and Evaluation, the PMO shall have a Monitoring Specialist and an assistant	Complied
Schedule 1-II- 14	The Fund, ADB and KfW shall carry out joint supervisions. Besides, the Fund/ADB/KfW annual supervision mission, an independent mid-term and final evaluation shall be conducted.	No joint supervision is carried out yet. But individual supervision was carried out by the development partners separately.
Schedule 1 – II -16	The PMO shall prepare the Project Administration Manual (the “PAM”) and shall forward it to the Fund for comments and approval.	Submitted to IFAD. Complied
GC Section 7.07	The Borrower/Recipient shall ensure that all facilities and civil works used in connection with the Project shall at all times be properly operated and maintained and that all necessary repairs of such facilities shall be made promptly as needed.	Complied
GC Section 7.08 (a)	The Borrower/Recipient or the Lead Project Agency shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practices.	Not Complied. Currently LGED is not practicing to insure against any goods and buildings. If LGED starts to insure, the Project will follow them.
GC Section 7.08 (b)	The Borrower/Recipient or the Lead Project Agency shall insure the goods imported for the Project which are financed by the Financing against hazards incident to the acquisition, transportation, and delivery thereof to the place of use or installation in accordance with sound commercial practice.	The project has no provision for importing goods from abroad. Therefore, the said section is not applicable for the project.

Appendix 7: Knowledge management: Learning and Innovation

Learning: What has worked particularly well in this project during this period? What have been the reasons for this?

- The project has adopted the strategy of putting an initial emphasis the construction of the markets as a condition for the construction of the roads in order to ensure full participation and cooperation in the market development component.
- The LCS approach is extremely successful in terms of Gender Empowerment and poverty focus, as the criteria for LCS membership favour the poor and destitute women

Learning: What has not worked so well? What have been the reasons?

- Not all the MMC members are equally aware of the Committee's functions, and the MMC composition is skewed towards bureaucrats rather than traders/private sector actors. Furthermore, the process to get the share (15% to 25%) of the lease money from the UNO office seems to be a cumbersome process.
- The one day IGA training provided to the *some* LCS members is clearly insufficient to ensure that they can invest their newly earned income in a productive way.

Innovation: Describe any interesting innovation noted during supervision

The following innovations have been noted:

- The markets first, roads second approach seems to be very successful, as shown by the implementation rates.
- The Rural Radio Initiative could prove to be an efficient way of disseminating information to remote rural farmers.
- Linking the markets built under this project with other value chain activities could provide the necessary impetus to transform these markets into local trading hubs.

Innovation: How might this be replicated by others, or up-scaled here?

- Mainstreaming the "markets first, roads second" approach in all LGED projects with LCS works.
 - Linking with other rural radio stations outside the project area.
 - Ensuring that other stakeholders (including implementing agencies and donors) are aware of the new markets built under CCRIP and promoting these areas as potential beneficiaries for Value chain development activities – initial links can be made with the IFAD funded VCD project (PACE) to kick-start these linkages.
-

Appendix 8: Mission Schedule

Mission Schedule

Date	Day	Upazila	District	Visiting Places
29/4/2015	Wednesday	Ujirpur Babuganj	Barisal	Gutia Bazar, Post office Hat & Market connecting Road
30/4/2015	Thursday	Zianagar	Perojpur	Lahouri Bazar , Chandipur Bazar & Market connecting Road
1/5/2015	Friday	Pathargata	Barguna	Badurtola Market, Boro Tangra Bazar & Market connecting Road
2/5/2015 (10.00-11.00)	Saturday	Amtoli,	Barguna,	Krishi Radio under Rural Radio Initiative
2/5/2015(11.30-13.00)	Saturday	Amtoli,	Barguna,	Tepura Bazar & Market connecting Road
2/5/2015(15.00-17.00)	Saturday	Patuakhali Sadar	Patuakhali	Pajakhali Bazar & Market connecting Road

Appendix 9: Audit Log

Sl. No.	FY	Audit Ref.	Para No.	Audit Observations	Total Amount per Observation (BDT)	Action taken by the project / PMU(Reply of Para wise)	Present status (Auditors Validation Result)	Total amount not settled/ outstanding (BDT)
1	2012-13	No. 428/FAPAD/S-1/ ADB-8258-BAN(SF)/ 2012-2013/702 Date: 02.03.2014	01	<p>Title: RPA and GOB payment proportionsnot maintain properly as per loan agreement</p> <p>It was seen from the contract agreement, Bills/vouchers and other relevant recordings that totaling Tk. 106,95,000.00 was paid to the M/S Progati Industries Ltd. Chittagong for supply of 4 no. Jeep vide PO issued against advice no.01 dt. 24-06-2013 memo no. LGED/PD/CCRIP/Vehicles/09/208 which an amount of Tk. 61,95,000 from operating account (RPA) STD 004001642 Janata Bank Ltd. Motijheel C/A, Dhaka and Tk. 45,00,000.00 from GOB vide bill no. 01/12-13 dated 13.06-2013. But the project authority did not maintain proportionate of payment as per loan agreement which was 77.3% of ADB and 22.7% of GOB for procurement of Vehicles and Equipment</p>	Tk. 106,95,000.00	The project had to pay the supplier in accordance with the budget allocation of ADP for 2012-13. However, the project maintained the designated proportion of ADB and GOB during final payment in 2013-14. Accordingly, Tk. 2,23,42,792.00 (77.30%) & Tk. 65,61,208.00 (22.70%) were paid from ADB and GoB sources respectively.	Vide Memo No. 428/FAPAD/S-1/ ADB -8258-BAN (SF)/ 2012-2013/1552 Date: 07.09.2014, the objection is waived by the FAPAD.	0
2	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	01	It seems that unite Price of desktop and laptop computer is excess than market rate. As for example unite rate of laptop computer of same model is Tk. 54,500.00 whereas the authority procured the same @ Tk.93,350.00. So, excess expenditure was incurred Tk. 38,850.00 per laptop computer i,e Tk. 1,94,250.00.	Tk. 1,94,250.00.	<p>In reply to the audit observation this is to state that the unit cost of desktop computer, laptop and printer were assessed by the PPTA consultants (Copy Enclosed,Annexure-1) and included the unit cost in cost table of the project and the same unit cost is reflected in the DPP(Copy Enclosed-2),which are as follows:</p> <p>Desktop Tk. 115,000; Laptop Tk. 160,000; Printer Tk. 30,000.00</p>	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, the objection is waived by the FAPAD.	0

3	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	02	VAT and Income tax amounting to Tk.2,18,89,408.00 not deposited into Govt. account by the project authority as per condition of contract.	Tk.2,18,89,408.00	Advance payment is not been considered as real expenditure in accounting principle and the VAT and IT should be deducted when real services are taken place. As such, the VAT& IT were not deducted against the advance payment. However, we deducted the VAT & IT while adjustments and payments were made against the actual incurred consulting services and deposited the same into the Govt. treasury	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, the audit objection is partially waived by the FAPAD.	0
4	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	03	Appointment of Individual consultants beyond the provision of DPP and payment made of Tk.12,84,500.00	Tk.12,84,500.00	Individual consultant's recruitment of Monitoring Evaluation & Knowledge Management Specialist (MEK) and Monitoring Assistant were considered during the loan negotiation between representatives of the GoB & IFAD. It was mutually agreed in the negotiation that the above two consultants would be recruited in the project for better monitoring and smooth operation of the Project. As the DPP of the Project was approved by GoB on 15/01/2013, i.e, before loan negotiation, these two positions could not be reflected in the DPP. Hence, to comply the agreement between GoB and IFAD, the MEK and Monitoring Assistant were recruited for smooth monitoring of the project. This obvious changes will be reflected while the DPP will be revised	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, FAPAD suggested the Project to submit the reply again.	Tk.12,84,500.00
5	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	04	Accrued Bank Interest amounting Tk. 10,90,125.00 not deposited into Govt. account.	Tk. 10,90,125.00	The amount has been deposited into Govt. head of account (excluding source Tax & Bank charge) as of June 2014	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, the objection is waived by the FAPAD.	0

6	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013- 2014/786 Date: 31.12.2014	05	Audited documents showed that contract was signed with Christian Commission for Development in Bangladesh (CCDB) on 22.12.2013 for the work "Preparation and implementation of resettlement plan (RP) for sub-projects under CCRIP." Contract amount is Tk. 3,71,54,124.00 for the work. Total 323 nos. sub-Project (197 nos. small sized, 100 nos. medium sized and 26 nos. Large sized sub-projects) were included with the contract. But no disclosure was found during audit. Under what basis of work the authority prepared the package of work is was not ascertained.	Tk. 3,71,54,124.00	The sub-projects as listed in the DPP are the basis of sub-projects to be studied by CCDB. The list of the sub-projects being studied by CCDB was submitted.	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, the objection is waived by the FAPAD.	0
7	2013-14	No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013- 2014/786 Date: 31.12.2014	06	It was observed that contract was signed with 8 nos. LCS group to implement earth work for improvement of Bhojswar-Mohishkhola road at Change 3028-6052 meter total 3024 meter. Contract amount of the works is Tk.62,55,709.00. As per DPP provision (page No.98) length of road for earth work from Change 4320-5820 meter i.e 1500 meter. So, excess work under the contracts of 1524 meter (3024-1500).	Tk.62,55,709.00.	The said road starts from Bhojswar Growth Center and ends at Naria-Bottala paved road adjacent to Moheshkhola bazar. The Mohishkhola Bazar and said market connecting road were undertaken for improvement in order to developing marketing facilities for the growers of agricultural commodities in the market hinterland areas. The length from starting point to Ch. 3028m is already improved by another LGED Project. The remaining portion of the road from Change 3028-6052 was undertaken for connecting the Mohishkhola Bazar with the adjoining road network. If we had undertaken the road improvement as per DPP, then 1497m length from Ch. 3028m to 4525m remained unusable for the growers of the market as such the whole project objective would not be achieved. For this reason, total earthen portion of the whole road was undertaken for improvement under CCRIP. The excess length would be incorporated while revising the DPP	Vide Memo No. 456/FAPAD/S-1/ ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, FAPAD suggested the Project to submit the reply again.	Tk.62,55,709.00

8	2013-14	No. 456/FAPAD/S-1/ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	07	Payment made to the LCS groups amounting to Tk.1,27,086.00 without execution of turfing and plantation of Binna grass.	Tk.1,27,086.00	The work was started in the month of April/2014. Before rainy season, some portions of the road including side slopes of different LCS groups were completed including turfing & Binna grass plantation. Part payments were made as running bill. However, due to heavy rains in the monsoon, those slopes were suffered rain cut as such those turfing works were lost. Afterwards, those turfing work were done as part of rectification works. The final payments would be made after completion of the whole works as per specification and drawing.	Vide Memo No. 456/FAPAD/S-1/ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, FAPAD suggested the Project to submit the reply again.	Tk.1,27,086.00
9	2013-14	No. 456/FAPAD/S-1/ADB, IFAD, KfW/CCRIP/2013-2014/786 Date: 31.12.2014	08	Two contracts were signed with two LCS groups for Improvement of Pankhali bazaar for Tk. 24.27 lakh (Package No. CCRIP/Khul/2014/CM/189/LCS-01, contract amount of Tk. 13.06 lakh and Package No. CCRIP/Khul/2014/CM/190/LCS-02, contract amount of Tk. 11.21 lakh). As per methodology of project, training to be conducted for LCS groups for understand the nature of work, responsibility, duty, financial operation and other matters. But contracts were signed and work on going by the LCS without training.	Tk. 24,27,000.00	The said trainings could not be completed in time due to non-availability of suitable venues near the site. Those pending trainings had been completed on 20/10/2014 & 21/10/2014 after availability of those venues. Training expenditure voucher, Photograph, Trainers & Trainees attendance sheet etc. are enclosed herewith .	Vide Memo No. 456/FAPAD/S-1/ADB, IFAD, KfW/CCRIP/2013-2014/1594 Date: 07.04.2015, the objection is waived by the FAPAD.	0

Financial Year	Audit Opinion	Status of Audit Observation			Remarks
		Observation Received	Settled	Under Process of Settlement	
2012-13	Unqualified	1	1	0	
2013-14	Unqualified	8	4	4	2 unsettled observations are related to IFAD funding.

Appendix 10: Fiduciary Risk Assessment

Project: Coastal Climate Resilient Infrastructure Project (CCRIP)

Self Assessment completed by: Project Financial Management Specialist Date: 1 May 2015

Topic	Yes	No	N/A	Review*	Remarks/ comments
1. Implementing entity					
1.1 What is the legal status/registration of the entity?					LGED is a GOB Agency
2. Funds flow					
2.1 The grant fund has a separate bank account, in USD for the fund transfer from IFAD and in Local currency for the project transactions	Yes				
3. Staffing					
3.1 What is the organizational structure of the accounting department? Attach an organization chart.					One Accountant, One Assistant Accountant and One Accounts Assistant are full time employed. And a part time Financial Management Specialist.
3.2 Is the project finance and accounts function staffed adequately?	Yes				
3.3 Is the finance and accounts staff adequately qualified and experienced?	Yes				
3.4 Indicate key positions not contracted yet, and the estimated date of appointment.			N/A		All the key positions are dully filled up.
3.5 Does the project have written position descriptions that clearly define duties, responsibilities, reporting lines and limits of authority for all officers, managers and staff?	Yes				
4. Accounting Policies and Procedures					
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Does the project use the entity accounting system?	Yes				The project is using UFMS software which generates reports as disbursement categories and sources of funds
Segregation of Duties					
4.2 Are the following functional responsibilities performed by different units or persons: (a) certification of budget availability for particular transaction; authorization to execute a transaction; (b) approving the payment; recording of the transaction; and (c) custody of assets involved in the transaction? Please indicate the position of the staff or officer	Yes				a) Budget is certified by PD. Accountant execute the transaction b) PD approves the payment c) The Accounts Assistants plays his role as custodian of assets
4.3 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes				Ordering by PD, Receiving by DPD, and Payment approving by PD

Topic	Yes	No	N/A	Review*	Remarks/ comments
4.4 Are bank reconciliations prepared by staff other than those who make or approve payments?	Yes				Accounts personnel prepares Bank Reconciliation statements and payment is approved by PD
Budgeting System					
4.5 Do the budgets lay down physical and financial targets?	Yes				
4.6 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?		No			Not regularly monitored, lacking in the system
4.7 Who is responsible for preparation and approval of budgets?					PD
Payments					
4.8 Do invoice processing procedures provide for:					
• Copies of purchase orders and receiving reports to be obtained directly from issuing departments?	Yes				
• Comparison of invoice quantities, prices, and terms, with those indicated on the purchase order and with records of goods actually received?	Yes				
• Comparison of invoice quantities with those indicated on the receiving reports?	Yes				
• Checking the accuracy of calculations?	Yes				
4.9 Are all invoices stamped PAID, dated, reviewed and approved, and clearly marked for account code assignment?	Yes				???
Policies And Procedures					
4.10 What is the basis of accounting (e.g., cash, accrual)?					Cash Basis
4.11 What accounting standards are followed?					IPSAS Cash Basis
4.12 Does the project have an adequate policies and procedures manual to guide activities and ensure staff accountability?	Yes				
Safeguard over Assets					
4.13 Is there a system of adequate safeguards to protect assets from fraud, waste, and abuse?	Yes				
4.14 Are there periodic physical inventories of fixed assets and stocks?	Yes				
4.15 Are assets sufficiently covered by insurance policies?		No			
Other					
4.16 Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	Yes				
5. Internal audit					
5.1 Is there an internal audit department in the entity?	Yes				
5.2 What are the qualifications and experience of audit department staff?					Senior Assistant Engineer, Audit & Accounts officer, Sociologist
5.3 To whom does the internal auditor report?					Chief Engineer, LGED
6. External audit					
6.1 Are the entity's financial statements audited regularly by an independent auditor? Who is the					FAPAD

Topic	Yes	No	N/A	Review*	Remarks/ comments
auditor?					
6.2 Are there any delays in audit of the entity? When are the audit reports issued?		NO			2012-2013 June 30 report issued 20 Mar 2014
6.3 Is the audit of the entity conducted according to the International Standards on Auditing?	Yes				
6.4 Have any major accountability issues been brought out in audit reports in the past three years?	Yes				Audit observations 2012-2013
6.5 Is the project subject to any kind of audit by an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?					FAPAD is the supreme audit institution who conducts audit
7. Reporting and monitoring					
7.1 Are financial statements prepared for the entity? If so, in accordance with which accounting standards?	Yes				IPSAS Cash Basis
7.2 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to be useful to management for decision making?					Annually
7.4 Are financial management reports used by management?	Yes				
7.5 Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes				
7.6 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?		No			prepared in excel
8. Information systems					
8.1 Is the financial management system computerized?	Yes				
8.2 Can the system produce the necessary project financial reports?					Some reports
8.3 Are staff adequately trained to maintain the system?	Yes				
8.4 Do the management organization and processing system provide safeguards of confidentiality, integrity and availability of the data?	Yes				

Annex 1: Fiduciary Risk Assessment – Data Sheet⁴.

Country: Banglades		Loan and Grant Number:	
Project Name: Climate Change Resilient Infrastructure Project (CCRIP)			
Executing Agency: Local Government Engineering Department (LGED)		CPM: Hubert Boirard	
Reviewing Finance Officer: Consultant Edilberto Angeles		Date of This Review: 2 May 2014	
Date of the last PSR prior to this rating:	FM rating in the last PSR:		Date of the previous FM supervision and rating: This is first FM Rating (4) Moderately Satisfactory

Topic	Rating H/M/L	Issues / Comments / Recommendations

⁴ Include relevant findings of project supervision and progress reports, field visits

1. Organization and Staffing			
a.	Adequacy of organizational structure to meet functional needs of the project	L	
b.	Availability of clear job description for key project positions, including fiduciary positions.	L	
c.	Adequacy of project financial management staff (numbers and skill) matching functional needs of project.	M	One Accountant, One Assistant Accountant and One Accounts Assistant are full time employed. And a part time Financial Management Specialist.
d.	Segregation/ independence of functions for accounting, payments, procurement.	L	
e.	Availability and adequacy of operating manuals and guidelines for staff	L	
2. Budgeting			
a.	Timely preparation and approval of project budget, issue of budget execution warrants.	L	
b.	Adequacy of Budget (including loan disbursement categories - schedule 1), including financing plan for all sources, both donors and Govt., both loans and grants.	L	
c.	Availability of detailed activity plans, procurement plans, cost estimates and assumptions to support budget requests.	L	
d.	Availability of physical progress indicators where applicable.	L	
3. Fund flows and Disbursements / Withdrawals			
a.	Timeliness of Funds disbursed by different sources, including counterpart (set benchmarks and test sample)	L	
b.	Efficiency of the funding channels. E.g. confirmation of funds reaching intended beneficiaries.	L	
c.	Management of project bank accounts other than Special Accounts, if any- reconciliations, idle funds	L	
d.	Banking arrangement and controls (reconciliation of bank statements with financial accounts)	L	
e.	Adequacy of controls and authorization process for use of funds (payments, transfers, Cash/Bank balance management).	L	
f.	Special Account(s)/Dedicated Account(s) Management, Disbursements		
	- size of the authorized allocation and adequacy thereof to ensure a smooth flow of funds to project accounts	M	The threshold of Advance needs to be increased.
	- Method and adequacy of disbursement used	M	On demand basis. The PIU estimates their financial need and send to PMO
	- Timely preparation and accuracy of Withdrawal Applications	L	Almost in every month
	- Status on expenditures withdrawn from Special Account but not yet claimed for replenishment, including age analysis	M	USD2,890 the three districts which included the payments in their reports have to provide the payment dates.
	- Regularity of Special Account(s) Monitoring and monthly reconciliations (assess the reconciliations)	L	
	- Disbursements profile - actual vs plans, systemic reasons for differences	M	Not regularly monitored
	- Recovery of SA balances by loan closure.		Not yet started

	- Adequacy of documentary support for SOE disbursements, reimbursements, direct payments and Special Commitments	M	Advances were recorded as expenditure and included in the SOE
	- Eligibility of expenditure under Legal Agreements	L	
4. Internal Controls - Expenditure, Assets, Liabilities			
a.	Adherence to Project Management manuals- clarity and adequacy of decision processes and sequence of events for control functions in project implementation.	L	
b.	Effectiveness and efficiency of internal controls for revenue/inflows management (review audit reports)	L	
c.	Commitment tracking and control including comparison against allocated amounts by loan disbursement category	L	
d.	Effectiveness and efficiency of IC for expenditures (full cycle from commitment, payment, receipt of good and services, approval of payments, classification, etc.) (also read SAI and other reports)	L	
e.	Effectiveness and efficiency of IC for assets/liabilities management and maintenance	L	
f.	Reliability of documentary evidence of outputs realized in project. Linkages between outputs realized and financial reports.	M	M & E Officer and Assistant recruited this year only
g.	Physical controls over cash, documents and records.	L	
h.	Timely payment to suppliers and consultants (benchmark and test sample)	L	
i.	Eligibility of expenditures for Bank funds with respect to PDR, Loan agreements	M	
j.	Legality/eligibility of advances from project funds	L	
k.	Compliance with Financing agreements – both loans and grants	M	
l.	Adequacy of record keeping for fixed assets and inventories	M	Need to provide asset identification number and put tags to fixed assets
5. Accounting Systems, Policies and Procedures			
a.	Adequacy of Accounting standards and practices (as designed/Agreed)	M	UFMS system has to be modified to meet donors requirements
b.	Recordkeeping (including documentation and filing/archiving)	M	
c.	Fixed Assets Records maintained and reconciled (sample and physical check)	M	
d.	Adequate documentation and controls for Information Systems, integration of all sub-systems	M	
e.	Adequacy of chart of accounts for project accounting purposes	M	Needs provision for component expenditure
f.	Timeliness of recording transactions, controls on erroneous recordings	M	Manual input of expenditure to the System for summary of cash/check book register
6. Reporting & Monitoring			
a.	Completeness, accuracy, usefulness, and timeliness	M	
b.	Interim FM reports (FMRs, PMRs as relevant) or progress reports - timely preparation, submission	M	
c.	Follow up of previous aid-memoirs, FMR/PMR or progress reports	L	
7. Internal Audit			
a.	Is project activity or implementing unit subject to internal audit?	L	

b.	Adequacy of internal audit organization - staff capacity	L	
c.	Adequacy of internal audit scope of work and quality of reports	L	
d.	Assessment of matters raised in audit reports	L	
8. External Audit			
a.	Scope of 2012-13 audit.	L	
b.	Audit report timeliness.	M	2012 -2013 report ending 30 June 2013 was provided to LGED on 4 March 2014
c.	Quality of audit.	M	No separate opinion for designated account and withdrawal application

**Project Fiduciary Risk Assessment at Supervision
 Risk Analysis Summary Table: Project #**

Implementing Agency :

	Risk Assessment H/M/L	Proposed Mitigation
Inherent Risk		N/A
Control Risks		
1. Organization and Staffing	L	
2. Budgeting	L	
3. Funds flow & Disbursement Arrangements	L	
4. Internal Controls	L	
5. Accounting Systems, Policies and Procedures	M	
6. Reporting and Monitoring	M	
7. Internal Audit	L	
8. External Audit	M	
Overall Project Fiduciary Risk	M	

**L – LOW RISK
 M- MEDIUM RISK
 H- HIGH RISK**

Appendix 11: Summary of implementation support provided by IFAD

#	Time	Purpose	Composition
1	4 th to 15 th May 2014	Financial Management Support Mission	Mr Kajal Chakraborty, IFAD Consultant and FM Specialist
2	27 th April to 9 th May	1 st Supervision Mission	Mr Nicolas Syed, IFAD CPO; Dr Shamsul Hoque, Infrastructure Specialist; Mr Khairul Islam, Value Chain Specialist; Mr Edilberto Angeles, FM Specialist; Ms Wanaporn Yangyuentham, M&E Specialist; and Ms Shameem Ara Sheuli, KM Specialist