

Document of  
The World Bank

FOR OFFICIAL USE ONLY

Report No: 63091-BD

RESTRUCTURING PAPER  
ON A  
PROPOSED RESTRUCTURING  
FOR A  
WATER MANAGEMENT IMPROVEMENT PROJECT  
TO THE  
PEOPLE'S REPUBLIC OF BANGLADESH

July 1, 2011

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

## ABBREVIATIONS AND ACRONYMS

BWDB	Bangladesh Water Development Board
FCDI	Flood Control and Drainage Infrastructure
EIA	Environmental Impact Assessment
EMF	Environmental Management Framework
EMP	Environmental Management Plan
FDR	Flood Damage Rehabilitation
GON	Government of the Netherlands
IDA	International Development Association
INT	Integrity Vice Presidency
O&M	Operations and Maintenance
PAD	Project Appraisal Document
PCU	Project Coordinating Unit
PDO	Project Development Objective
PSM	Participatory Scheme Management
RAP	Resettlement Action Plan
R&I	Rehabilitation and Improvement works
RPF	Resettlement Policy Framework
WARPO	Water Resources Planning Organization (GOB)
WMIP	Water Management Improvement Project
WMO	Water Management Organization

Regional Vice President:	Isabel M. Guerrero
Country Director:	Ellen Goldstein
Sector Manager / Director:	Simeon K. Ehui
Task Team Leader:	Winston Yu

**BANGLADESH  
WATER MANAGEMENT IMPROVEMENT PROJECT**

**CONTENTS**

	Page
<b>A. SUMMARY .....</b>	<b>4</b>
<b>B. PROJECT STATUS .....</b>	<b>4</b>
<b>C. PROPOSED CHANGES .....</b>	<b>4</b>
<b>D. APPRAISAL SUMMARY .....</b>	<b>5</b>
<b>ANNEX 1: RESULTS FRAMEWORK AND MONITORING.....</b>	<b>6</b>
<b>ANNEX 2: REALLOCATION OF PROCEEDS.....</b>	<b>8</b>



## RESTRUCTURING DATA SHEET

<b>1. Basic Information</b>	
Project ID & Name	P040712: Water Management Improvement Project
Country	Bangladesh
Task Team Leader	Winston Yu
Sector Manager/Director	Simeon Kacou Ehui
Country Director	Ellen A. Goldstein
Original Board Approval Date	09/18/2007
Original Closing Date:	06/30/2015
Current Closing Date	06/30/2015
Proposed Closing Date [if applicable]	
EA Category	B-Partial Assessment
Revised EA Category	B-Partial Assessment-Partial Assessment
EA Completion Date	01/31/2004
Revised EA Completion Date	

<b>2. Revised Financing Plan (US\$ million)</b>		
Source	Original	Revised
BORR	10.04	1.00
COMM	4.40	0.00
IDA	102.26	102.26
NETH	20.00	20.00
<b>Total</b>	<b>136.70</b>	<b>123.26</b>

<b>3. Borrower</b>		
Organization	Department	Location
The People's Republic of Bangladesh		Bangladesh

<b>4. Implementing Agency</b>		
Organization	Department	Location
Bangladesh Water Development Board, Ministry of Water Resources (MOWR)	Bangladesh Water Development Board (BWDB)	Bangladesh

<b>5. Disbursement Estimates (US\$ million)</b>		
<b>Actual amount disbursed as of 07/01/2011 19.02</b>		
Fiscal Year	Annual	Cumulative
2011	0.00	19.02
2012	25.00	44.02
2013	21.00	65.02
2014	21.00	86.02
2015	16.24	102.26
	<b>Total</b>	<b>102.26</b>

<b>6. Policy Exceptions and Safeguard Policies</b>	
Does the restructured project require any exceptions to Bank policies?	N
Does the restructured project trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	Y

<b>Safeguard Policy</b>	<b>Last Rating</b>	<b>Proposed</b>
Environmental Assessment (OD 4.01)	X	X
Natural Habitats (OP 4.04)		
Forestry (OP 4.36)		
Pest Management (OP 4.09)	X	X
Physical Cultural Resources (OP 4.11)		
Indigenous Peoples (OD 4.20)		
Involuntary Resettlement (OP 4.12)	X	X
Safety of Dams (OP 4.37)		
Projects in International Waters (OP 7.50)	X	X
Projects in Disputed Areas (OP 7.60)		

<b>7a. Project Development Objectives/Outcomes</b>
<b>Original/Current Project Development Objectives/Outcomes</b>
The primary Project Development Objective (PDO) is to improve national water resources management by involving the local communities to play an expanded role in all stages of the participatory scheme cycle management. The secondary objective is to enhance institutional performance of the Country's principal water institutions, particularly BWDB and WARPO. This is expected to result in reduced vulnerability and enhanced livelihood opportunities for the beneficiaries, and will also create a favorable environment for improved water resources management.

<b>7b. Revised Project Development Objectives/Outcomes [if applicable]</b>
The primary Project Development Objective (PDO) is to improve water resources management by improving infrastructure and institutions through rehabilitating damaged water infrastructure, piloting the role of local communities and enhancing the institutional performance of the Country's principal water institutions, particularly BWDB and WARPO.

# WATER MANAGEMENT IMPROVEMENT PROJECT

## RESTRUCTURING PAPER

### A. SUMMARY

This Restructuring seeks the approval of the Executive Directors to introduce the following proposed changes to the Water Management Improvement Project. The proposed changes for the Bangladesh Water Management Improvement Project (WMIP) include a revised project development objective (PDO) and reallocation of funds across project components. These changes are proposed to more accurately reflect the shift in project focus toward Flood Damage Rehabilitation (FDR) works that supported emergency repairs to the Bangladesh Water Development Board (BWDB) schemes damaged by the 2007 floods and the 2009 *Cyclone Aila*. Moreover, given the lack of sector experience with the participatory aspects of the project, these have been scaled-back accordingly to reflect the current operating environment since the time of project appraisal. Finally, given the current unavailability of the grant funds from the Government of Netherlands (GoN), a reallocation is made to cover earmarked categories with the Credit in the interim to minimize reimbursement delays.

### B. PROJECT STATUS

The Water Management Improvement Project (WMIP) is currently a problem project. Overall implementation of the project has been significantly delayed in the almost four years following the World Bank Board approval in September 2007. Progress with the three original components (excluding the FDR works) has been minimal. Poor and slow implementation performance is due to a number of major factors. First, mobilization of various support consultancies under the project was substantially delayed. In particular, the contract for the main implementation support consultancy (focused on Components 1 and 2) was finalized only in early 2010. Second, in the absence of this technical support and given the lack of sector experience with participatory scheme management (PSM), the original scheme numbers adopting these approaches (200 geographically spread throughout the country) are overly ambitious given the current operating environment. Though the original project appraisal document highlights the importance of participatory approaches, the experience with PSM throughout Bangladesh and within the water sector is limited to only a few donor-supported programs. Moreover, the BWDB has not fully operationalized the supporting guidelines on PSM amongst its staff. Third, the project shifted its focus toward emergency repairs to damaged BWDB flood control and drainage infrastructure (FCDI) schemes following the unforeseen floods of 2007. A fourth component for FDR works was added to the WMIP and about US\$32 million re-allocated (from Components 1 and 2) to this activity. Moreover, about US\$8.0 million equivalent was cancelled from the IDA Credit to support emergency repairs to non-embankment infrastructure (e.g. roads, schools). An additional re-allocation was also made to the FDR component after the 2009 Cyclone (*Aila*) (US\$6.4 million). These reallocations at the time were deemed a priority for the Government of Bangladesh given the emergency nature of these works.

Managing procurement under this project has been a challenge. To minimize the procurement risks identified at appraisal of the project, several mitigating actions were taken. First, an international procurement panel was put in place to assist the Borrower in bid evaluation, awarding of contracts, and overall contract management. To date, the experience with this has been very positive. Second, third-party supervision consultants were mobilized to enhance construction supervision and contract management on behalf of the Borrower. This also has greatly enhanced the transparency and accountability in the procurement and implementation of contracts. The project faced procurement risks during implementation when coercive practices were identified in a number of works contract packages. A set of countermeasures were developed in consultation with the Integrity Vice Presidency (INT). Implementation of these has drastically improved the client's performance in the most recent procurement of works.

The Borrower prepared an Environmental Management Framework (EMF) in the original project to identify (i) the environmental impacts; (ii) take mitigation and compensation measures; and (iii) conduct regular monitoring. The Center for Environmental and Geographic Information Services (CEGIS) is working as the consultant to the Borrower to provide an environmental audit and screening of schemes under the project. At present, CEGIS has conducted environmental screenings for 333 schemes and prioritized 133 of these for implementation. CEGIS has also developed an Environmental Impact Assessment (EIA) report template which includes an Environmental Management Plan (EMP) for each scheme which would be used for obtaining environmental clearance from the Department of Environment (DOE) for each batch of works. No EMPs have yet to be completed for Component 1 and 2 schemes which have yet to be finalized. Emergency Flood Damage Rehabilitation (FDR) schemes were selected on the basis of having no major environmental and social issues. In the proposed restructuring, since the types and nature of rehabilitation works for Components 1 and 2 and the Flood Damage Rehabilitation Works (FDR) remain the same (all improvements to existing water infrastructure and so land acquisition is not likely), the environment issues are unchanged and the original EMF will still be operationally valid.

Moreover, the Resettlement Policy Framework (RPF) remains unaffected and operationally valid. According to the RPF, social impact assessment and screening of rehabilitation works (Components 1 and 2 and FDR) will be designed and conducted to assess project impacts including benefits and adverse impacts (e.g. land acquisition or displacement of people). If any such adverse impacts are identified, the Borrower will conduct a Social Impact Assessment and a Resettlement Action Plan (RAP) scaled to the magnitude and extent of impacts. This will include surveys of affected people, establishment of the replacement/market value for the affected lands/property and disturbances and livelihood impacts (permanent and temporary), following the RPF, which will be consulted and reconciled with the Water Management Organizations (WMOs). BWDB will prepare the RAPs where relevant, including the scope of land acquisition and resettlement and details of impacts and mitigation measures including budget and implementation arrangements. The design approach is supposed to be such that land acquisition and displacement of people are avoided or minimized. A number of participatory rapid appraisals (PRAs) have been completed so far for components 1 & 2 which provide preliminary information on social aspects as part of the initial screening for potential schemes. Since land acquisition or any major adverse impacts have been

avoided for FDF works, no resettlement action plans (RAPs) were prepared or implemented. Due diligence will be taken on social safeguards for all schemes under civil works construction as per the RPF. For Components 1 and 2, social impact assessments will be furthered during feasibility study, design and planning. If social safeguards compliance issues are identified, mitigation measures will be put in place through preparing and implementing RAPs for work packages. Because the types of works included in the restructuring are unchanged (i.e. rehabilitation of existing FCD/FCDI schemes) the RPF remains unaffected and operationally valid.

The FDR component has progressed quite well. Progress to date has been substantial with the completion of repairs to about 175 km of embankments, almost 7 km of river protection, many water regulation structures. This has directly benefited about 58,000 ha of productive land that otherwise would be vulnerable to subsequent floods. Because of this success, further support to rehabilitation of additional infrastructure damaged during flooding is proposed. To improve the implementation progress of the remaining components the following is undertaken: i) a reduction in scheme numbers for Components 1 and 2 to allow for a more realistic, focused and pilot-based approach to participatory scheme management (PSM); ii) a simplified and stream-lined approach to the PSM process to build upon the successful Dutch-funded Integrated Planning for Sustainable Water Management (IPSWAM) project; iii); and usage of un-allocated amounts towards newly identified critical demands including piloting various innovative hydrologic monitoring technologies and supporting the computerization and information technology development of the Bangladesh Water Development Board (BWDB). These changes will improve implementation and disbursements under the project.

Of the total revised IDA credit, the amount disbursed to date is about US\$17 million representing about 17% of the allocated credit. The initial slow disbursement is primarily due to the delays in the mobilization of the key consultancies. With all of these consultancies fully on board now, disbursements are expected to increase substantially. Yearly estimated disbursements over the remaining life of the project are US\$25 million (2012), US\$21 million (2013), US\$21 million (2014), and US\$15 million (2015). Finally, some expenditure categories are entirely financed by an accompanying Government of Netherlands (GoN) grant. Due to unavailability of these funds (because of budgetary issues), timely reimbursements have been problematic. Financing changes (described below) are proposed to address this issue. In summary, these agreed actions with the strong performance of the FDR component will improve the overall implementation progress and support the project in achieving its objectives.

### **C. PROPOSED CHANGES**

- Project's Development Objectives:

The original PDO is:

*“...to improve national water resources management by involving local communities to play an expanded role in all stages of the participatory scheme cycle management (PSM), from planning and design to operations and management. The secondary objective is to*

*enhance institutional performance of the Country's principal water institutions, particularly BWDB and WARPO."*

Given the shift of focus to emergency rehabilitation works during the initial implementation years and the agreed plan of action to take participatory scheme management on a pilot-scale basis, the PDO will be changed to the following:

*"...to improve water resources management by improving infrastructure and institutions through rehabilitating damaged water infrastructure, piloting the role of local communities and enhancing the institutional performance of the Country's principal water institutions, particularly BWDB and WARPO."*

- Incremental Cost Definition:

Under the project, "Incremental Operating Costs" are originally defined to mean "(i) the costs of office utilities, supplies (including fuel and maintenance costs), stationeries and salaries and allowances of additional staff employed by BWDB, exclusively for purposes of the Project, bank charges, and advertising expenses; and (ii) the costs of office utilities, supplies (including fuel and maintenance costs), and stationeries incurred by WARPO, exclusively for the implementation of the Project, bank charges, and advertising expenses." Given additional requirements from the WARPO, this definition is to be modified to allow for salaries and allowances of additional staff for WARPO for activities related to WMIP. That is, the revised definition should be:

*"(i) the costs of office utilities, supplies (including fuel and maintenance costs), stationeries and salaries and allowances of additional staff employed by BWDB, exclusively for purposes of the Project, bank charges, and advertising expenses; and (ii) the costs of office utilities, supplies (including fuel and maintenance costs), and stationeries **and salaries and allowances of additional staff employed by WARPO**, exclusively for the implementation of the Project, bank charges, and advertising expenses."*

- Results/Indicators

To better align the new PDO and the changes proposed with the results framework, various indicators are modified and simplified accordingly (refer to Annex 1). For instance, with a more balanced PDO that reflects the three major sub-objectives (i.e. infrastructure, community participation in scheme management, and institutions), only three primary indicators are required to track these. The associated baselines are being collected as schemes are identified. However, information regarding the damages and losses from the 2007 floods are provided to illustrate the magnitudes of these damages and losses. Given the reduced scale of Components 1 and 2 and the re-focus on the community mobilization aspects, these intermediate results indicators are simplified. In particular, the indicators are re-oriented towards a focus on achieving agreements (on roles and responsibilities) signed between the BWDB and the water management organizations instead of the completion of works. It is these agreements that are critical

to fulfilling the objectives of the participatory scheme management process. A intermediate result indicator is added for the flood damage rehabilitation works.

- Components

The original project appraisal document highlights the world-wide view of the importance of participatory approaches in the water sector. However, successful approaches to such decentralized reforms require both commitments from nascent local community institutions and traditional government departments. Since many of these local institutions (e.g. water management organizations) are relatively new and the BWDB has not fully operationalized the supporting guidelines on PSM amongst its own staff, a full-scale implementation program is not realistic. This is evidenced by the experience with PSM throughout Bangladesh which is limited to only a few donor-supported programs. Thus, fewer schemes will be taken up under components 1 and 2 to allow for greater focus on the participatory and community mobilization aspects of system management transfer and the involvement of communities in operations and maintenance (O&M) management. This will also allow for more robust designs (e.g. build-back better concepts) in the civil works. Component 1 is reduced to cover an initial 32 schemes for rehabilitation and Component 2 is reduced to cover an initial 35 schemes with routine O&M. Component 1 will also include the provision of civil works for the construction of training centers to support the PSM process and water management organization (WMO) mobilization. These changes will more closely align with the revised PDO.

- Procurement:

**Change in Prior Review Threshold:** Given that the project team has begun to develop an improved capacity for procurement, the following revision in prior review threshold has been agreed to by the Project. This revision will be coupled with a number of safeguard measures to minimize the risks in procurement oversight: (i) implementation of additional oversight from the BWDB head quarter with semi-annual submission of status reports to the Bank; (ii) continued assistance from the procurement panel in such oversight; (iii) ensuring that each procuring entity at the district level has at least one official having 3-weeks training on public procurement.

<b>Expenditure Category</b>	<b>Original Threshold for Prior Review</b>	<b>Revised Threshold for Prior Review</b>	<b>Original Threshold for ICB</b>	<b>Revised Threshold for ICB</b>
<b>Goods</b>	USD 100,000 (and 1 <sup>st</sup> contract regardless of value)	<b>USD 600,000</b>	USD 300,000	<b>USD 600,000</b>
<b>Works</b>	USD 500,000 (and 1 <sup>st</sup> contract regardless of value)	<b>USD 2,000,000</b>	USD 2,000,000	<b>USD 2,000,000</b>

<b>Services (Firms)</b>	USD 100,000	<b>USD 200,000</b>	-	-
<b>Services (Individuals)</b>	USD 50,000	<b>USD 100,000</b>	-	-

A revised procurement plan (reflecting these and programmatic changes) will be submitted by the Borrower by July 2011.

**Additional Safeguard Measures for Rehabilitation Works Contracts:** During 2010 several allegations of physical intimidation during bid submission under the FDR component was forwarded to the Integrity Vice Presidency (INT), and INT in consultation with the Bank team recommended a number of additional safeguard measures. The client implemented these measures with very positive outcome in procurement performance, and hence will continue to use these measures in all remaining rehabilitation works contracts: (i) encourage pre-bid meeting for rehabilitation works packages; (ii) during the pre-bid meeting, bidders are made aware of the option to submit bids on any day before the bid submission deadline; (iii) during the pre-bid meeting, bidders are alerted on the consequences of corrupt or coercive practices; (iv) bids are received in Dhaka at a single location; (v) safe custody of the bids received before deadline date is ensured; (vi) enhanced security measures including police protection in the bid receiving office and the surrounding areas; (vi) presence of one representative from the project office and another from Design & Supervision Consultant each to submit an independent review report on the bid opening; and (vii) electronic bidding will be implemented in all rehabilitation works packages as soon as the system is made fully operational in BWDB.

- Scheme Selection Criteria:

To simplify and rationalize the PSM process for components 1 and 2, several of the selection criteria are to be relaxed. This includes: (1) the 2-3% of the rehabilitation and improvement works (R&I) costs to be contributed by the WMO is waived for component 1; (2) the WMOs will take responsibility for regular routine maintenance and may contribute in-kind (e.g. labor) for component 1 and 2; and (3) the requirement that no more than 10% of the schemes in component 1 should exceed Tk 12,000 /ha is relaxed to allow for higher unit costs that incorporate more robust designs and materials (e.g. stones) to ensure quality of works and long-term sustainability. The average R&I cost for component 1 is increased also for medium and large schemes to Tk. 10,000 per ha and 9,000 per ha respectively. The average O&M cost for component 2 is increased to Tk. 4000 per ha for both medium and large schemes.

- Financing:

**Reallocation across components:** A simplified approach to the PSM process is now planned. Fewer schemes will be taken up under components 1 and 2 to allow for greater focus on the participatory and community mobilization aspects of system management transfer and the involvement of communities in operations and maintenance (O&M) management. Component 1 is reduced (from 102) to cover an initial 32 schemes for

rehabilitation and component 2 is reduced (from 98) to cover an initial 35 schemes with routine O&M. The cost of component 1 and 2 supporting consultancies will be scaled back. The training allocation is also significantly reduced following a re-assessment of the training needs over the remaining life of the project. These savings are reallocated to undertake newly identified demands including (a) more requirements for FDR works (b) pilot innovative hydrologic monitoring equipment, (c) revising the National Water Plan (d) information technologies to modernize the business processing of the BWDB and (e) a retroactive increase in the IDA financing percentages. These reallocations are reflected in the revised Schedule 1 (Annex 2 of this restructuring paper).

***Community contributions:*** Water management organizations (WMOs) will no longer be required to make financial contributions. In-kind contributions (e.g. labor, materials) will be sufficient to indicate community commitment to the participatory scheme management approach and operations and maintenance aspects of the project. This better reflects the current operating environment.

***Government of Netherlands grant:*** Given the uncertainty with the availability of the remaining GoN funds (approximately \$17.7 million) due to recent budgetary constraints within the GoN, these amounts will be assigned to the unallocated categories until clarity from the GoN is received. As an interim measure to ensure that expenditures across all categories are covered and that reimbursement delays are avoided, a reallocation of IDA credit amounts is made to categories that were previously not financed by the Credit. This is shown in the attached revised Schedule 1 (Annex 2). The retroactive increase in IDA financing percentage is February 1, 2010.

***Revised financing percentages:*** 100% financing will be provided by the IDA credit. This increase in the financing percentage will require an approximate \$25 million from the Credit. This retroactive increase, to take effect from February 1, 2010, will be financed from the savings from the reduction in component 1 and 2 and other savings described above. Incremental operating costs will remain at 70% IDA and 30% from the GoB. The financial impact of about \$25 million as a result of retroactive increase in IDA financing percentage has already been reflected in the revised allocation in Annex 2.

***Special account ceiling:*** The present ‘Authorized Allocation’ of Tk. 250,000,000 in the Special Account for BWDB is inadequate to cover the projected cash flow requirements. These increased disbursements are in large part due to the increase in contracts under the flood damage rehabilitation component. The BWDB Special Account “Authorized Allocation” is increased to Tk. 500,000,000.

#### **D. APPRAISAL SUMMARY**

The proposed changes in this restructuring will not substantially alter the original Appraisal Summary that is in the Project Appraisal Document (PAD). For instance, the project is designed as a framework-type project whereby specific schemes are identified and selected during project implementation. The economic and financial analysis in the PAD is based on only four “sample schemes”. Thus, the proposed changes in scheme numbers do not impact the economic and financial analysis presented. Moreover, since the types of rehabilitation works (all improvements to existing water infrastructure) are

unchanged, the technical analysis remains the same. The various social and environment issues are unchanged as they are independent from the scheme numbers. The existing resettlement policy framework and environment and social management framework remain operationally relevant. Though the participatory scheme management process is simplified, the guiding principles are still followed. Moreover, there is sufficient evidence that the original appraisal for the potential for community engagement is the same. Exceptions to Bank policy are unchanged.

**Risks:** The primary “high” risks highlighted in the original appraisal summary are those related to procurement and financial management. These are unchanged by the proposed restructuring. To mitigate these risks, several measures were incorporated in the original project design. First, an international procurement panel was put in place to assist the Borrower in bid evaluation, awarding of contracts, and overall contract management. To date, the experience with this has been very positive. Second, third-party supervision consultants were mobilized to enhance construction supervision and contract management on behalf of the Borrower. This also has greatly enhanced the transparency and accountability in the procurement and implementation of contracts. During implementation, a number of additional procurement measures were suggested and implemented: (i) encourage pre-bid meeting for rehabilitation works packages; (ii) during the pre-bid meeting, bidders are made aware of the option to submit bids on any day before the bid submission deadline; (iii) during the pre-bid meeting, bidders are alerted on the consequences of corrupt or coercive practices; (iv) bids are received in Dhaka at a single location; (v) safe custody of the bids received before deadline date is ensured; (vi) enhanced security measures including police protection in the bid receiving office and the surrounding areas; (vi) presence of one representative from the project office and another from Design & Supervision Consultant each to submit an independent review report on the bid opening; and (vii) electronic bidding will be implemented in all rehabilitation works packages as soon as the system is made fully operational in BWDB. This has had positive outcomes.

The financial management (FM) arrangements of the project have not been implemented completely as agreed during the initial appraisal. The Internal Audit Directorate (IAD) within the BWDB is not conducting the internal audit of the project and reconciliation between project accounts and the central accounts of BWDB is not being done. Therefore the internal control environment for the project remains weak and the FM risk is substantial. To strengthen the financial management arrangements, it has been agreed with the Borrower that the IAD will produce annual audit plans and submit internal audit reports effective 1 July 2011. The lack of human resources within the IAD remains a concern and is a risk to the implementation of this action plan by the Borrower. Project resources could be used to support this. It has also been agreed that the System Management Unit of Director Accounts of BWDB will send a monthly statement of expenditure from the system which shows the expenditures by the Regional Accounting Centers (RACs) for the project. The Project FM unit will start the reconciliation of their accounts with the central accounts from quarter IFR ended June 2011.

**ANNEX 1:**  
**Results Framework and Monitoring**  
**BANGLADESH: WATER MANAGEMENT IMPROVEMENT PROJECT**

<b>Project Development Objective (PDO):</b> To improve national water resources management by involving and expanding the role of local communities in all stages of the participatory scheme cycle management, from planning and design to operations and management.											
<b>Revised Project Development Objective:</b> To improve water resources management by improving infrastructure and institutions through rehabilitating damaged water infrastructure, piloting the role of local communities and enhancing the institutional performance of the Country's principal institutions, particularly BWDB and WARPO.											
PDO Level Results Indicators	Core	D=Dropped C=Continue N=New R=Revised	Unit of Measure	Baseline	Cumulative Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection
					2011-12	2012-13	2013-14	2014-15			
<b>Indicator One:</b> A reduction in the level of damage to property and assets that is to the satisfaction of the communities in 60% of completed project schemes		C	Value of damage in Taka	Being collected as part of scheme inventory preparation <sup>1</sup>			Less than baseline in 60% of completed project schemes	Less than baseline in 60% of completed project schemes	End of year, second mid-term and end of Project	Baseline source – CEGIS Source of monitoring data – CEGIS	Data collection by CEGIS; Consolidation by M&E Consultant
<b>Indicator Two:</b> About 60% reduction in crop area damaged by floods/cyclones in 60% of project schemes starting 2014-15		C	Hectare	Preliminary baseline data being collected as part of scheme inventory <sup>2</sup>			60% lesser than baseline in crop area in 60% of completed project schemes	60% lesser than baseline in crop area in 60% of completed project schemes	End of year, second mid-term and end of Project	Baseline source – CEGIS Source of monitoring data – CEGIS	Data collection by CEGIS; Consolidation by M&E Consultant
<b>Indicator Three:</b> An increase in agricultural production that is to the satisfaction of the communities in 60%		D									

<sup>1</sup> The World Bank estimated that the total asset damages and output losses from the 2007 flood were approximately Tk 78 billion and affected over 16,000 sq. km. Almost half of this estimate is asset damages. This included over 1 million homes partly or fully damaged (at an estimated economic damage of Tk 5 billion) and over Tk 5 billion in damaged flood control and drainage irrigation works.

<sup>2</sup> The World Bank estimated that the damaged crops from the 2007 flood covered about 147,000 ha (partial) and 164,000 ha (full). This resulted in over 1 million tons of rice losses. The assessed economic losses due to this agriculture disruption were Tk 44 billion.

of project schemes											
<b>Indicator Four:</b> About 60% of completed project schemes have WMOs functioning in accordance with their roles and responsibilities agreed upon in the management plan		C	% of completed project schemes	To be collected by M&E Consultant			WMOs in 50% of completed project schemes	WMOs in 60% of completed project schemes	End of year, second mid-term and end of Project	Focus group discussions	M&E Consultant
<b>Intermediate Result (Component One):</b> Improved water resources management capacity of the local communities to participate actively in the planning and management of flood control, irrigation and drainage schemes.											
<b>Revised Intermediate Result (Component One):</b> Same											
<i>Intermediate Result indicator One:</i> Successful completion of rehabilitation and improvements in 100% of targeted project schemes		C	% of targeted project schemes	Not applicable			60% of targeted project schemes completed	100% of targeted project schemes completed	Quarterly	Package S-1 Consultant progress reports	Data collection by Package S-1 Consultant; Data validation and consolidation by M&E Consultant
<i>Intermediate Result indicator Two:</i> Scheme O&M satisfactorily completed as per management plan with WMO contribution in x% of project schemes		D									
<i>Intermediate Result indicator Three:</i> Signed agreement between BWDB and WMOs completed in 100% of project schemes		R	% of completed project schemes	Not applicable			50% of project schemes completed	50% of project schemes completed	Quarterly	Package S-1 Consultant progress reports	Data collection by Package S-1 Consultant; Data validation and consolidation by M&E Consultant
<b>Intermediate Result (Component Two):</b> Improved culture and practice of O&M planning and execution within BWDB and improved capacity of the local communities to participate actively in operations and maintenance of flood control, drainage and irrigation schemes											
<b>Revised Intermediate Result (Component Two):</b> Same											
<i>Intermediate Result</i>		C	% of completed project schemes	Compliance to need-based			100% of project	100% of project	Annually	Baseline data from and	Data collection and

<i>indicator One:</i> Timely completion of need-based O&M assessment and allocation of BWDB's O&M budget for 100% of completed project schemes				O&M assessment and allocation of BWDB's O&M budget			schemes completed	schemes completed		monitoring data Director for Programs or Chief, Monitoring, BWDB	consolidation by M&E Consultant
<i>Intermediate Result indicator Two:</i> Scheme O&M satisfactorily completed as per management plan with WMO contribution in x% of projects		D									
<i>Intermediate Result indicator Two:</i> Compliance to participatory monitoring system in 100% of completed project schemes		R	% of WMOs in completed project schemes	WMO compliance to participatory monitoring system			80% of WMOs in completed project schemes	80% of WMOs in completed project schemes	Quarterly	Package S-1 Consultant progress reports	Data collection by Package S-1 Consultant; Data validation and consolidation by M&E Consultant
<b>Intermediate Result (Component Three):</b> (a) BWDB provides responsive, effective and efficient services to its clients for water resources management; and (b) WARPO provides responsive, effective and efficient support to Government policy and macro-level water resources planning.											
<b>Revised Intermediate Result (Component Three):</b> Same											
<i>Intermediate Result indicator One:</i> BWDB's institutional reform plan completed by June 2011 and approved by December 2011		R		Not applicable	Institutional reform plan completed and approved				Quarterly	BWDB Consultant progress reports	Data collection by BWDB Consultant; Data validation and consolidation by M&E Consultant
<i>Intermediate Result indicator Two:</i> Following BWDB's approved institutional reform plan, new staffing plan completed and approved by June		R		Not applicable	New staffing plan completed and approved				Quarterly	BWDB Consultant progress reports	Data collection by BWDB Consultant; Data validation and consolidation by M&E Consultant

2012											
<i>Intermediate Result indicator Three:</i> BWDB's interim Human Resources Development (HRD) plan prepared by March 2005 and implementation commenced by September 2005		D									
<i>Intermediate Result indicator Four:</i> Following (1) and (2), HRD plan completed by December 2011		C		Not applicable	HRD plan completed				Quarterly	BWDB Consultant progress reports	Data collection by BWDB Consultant; Data validation and consolidation by M&E Consultant
<i>Intermediate Result indicator Five:</i> x% of WMOs satisfied with the services provided by BWDB		D									
<i>Intermediate Result indicator Six:</i> x% of BWDB project staff trained in the PSM approach		D									
<i>Intermediate Result indicator Seven:</i> x% increase in computer literate staff in BWDB		D									
<i>Intermediate Result indicator Eight:</i> WARPO's institutional reform plan completed by June 2011 and approved by December 2011		C		Not applicable	Institutional reform plan completed and approved				Quarterly	WARPO Consultant progress reports	Data collection by WARPO Consultant; Data validation and consolidation by M&E Consultant
<i>Intermediate Result</i>		C	% completion	Status of			50%	100%	Quarterly		

<i>indicator Nine:</i> Updated NWRD database with enhanced data layers completed and disseminated				database			completion	completion			
<i>Intermediate Result indicator Ten:</i> x% of professional staff trained in various subjects related to integrated water resources management		D									
<b>Intermediate Result (Component Four):</b> Improved water resources infrastructure in areas in need of emergency rehabilitation											
<b>Revised Intermediate Result (Component Four):</b> Same											
<i>Intermediate Result Indicator One:</i> Successful completion of rehabilitation and improvement in 100% of target		N	% of target	Not applicable	60% of target	100% of target			Quarterly	FDR Consultant progress reports	Data collection by FDR Consultant; Data validation and consolidation by M&E Consultant

**ANNEX 2:  
Reallocation of Proceeds**

*BANGLADESH — WATER MANAGEMENT IMPROVEMENT PROJECT  
P040712 (IDA43590/TF94800)*

1. Proceeds for *Bangladesh, Water Management IMPROVEMENT PROJECT, [IDA43590/TF94800], P040712* will be reallocated as follow:

<u>Category</u>	Amount of the Credit Allocated (Expressed in <u>SDR Equivalent</u> )		% of expenditures to be <u>financed</u>		Amount of the Netherlands Grants (Expressed in <u>US\$</u> )		% of expenditures to be <u>financed</u>	
	Current	Revised	Current	Revised	Current	Revised	Current	Revised
(1) Works			70%	100%			17%	100%
(a) Improvement of Schemes (under Part A)	10,000,000	5,000,000			5,000,000	0		
(b) Operation & Maintenance Performance Improvement (under Part B)	7,000,000	2,000,000			3,000,000	0		
(c) Rehabilitation Works (under Part D)	19,310,000	32,000,000			7,000,000	2,117,155		
(2) Goods and			100%	100%			100%	100%

Equipment, including vehicles								
(a) For BWDB	3,960,000	4,500,000			0	0		
(b) For WARPO	0	600,000			1,100,000	147,106		
(3) Consultants' Services			100%	100%			100%	100%
(a) For BWDB	9,900,000	7,000,000			0	0		
(b) For WARPO	0	1,000,000			1,500,000	140,510		
(c) For Rehabilitation Works (under Part D)	1,300,000	2,500,000			0	0		
(4) Training and Studies			100%	100%			100%	100%
(a) For BWDB	5,280,000	1,600,000			0	0		
(b) For WARPO	0	500,000			1,000,000	20,086		

(5) Incremental Operating Costs			70%	70%				-
(a) For BWDB	3,960,000	1,000,000				0		
(b) For WARPO	140,000	400,000				0		
(6) Unallocated	1,550,000	4,300,000			1,400,000	17,575,143		
Cancelled as of November 15, 2007		5,100,000				-		
TOTAL	67,500,000	67,500,000			20,000,000	20,000,000		

2. The Water Management Improvement Project (WMIP) is currently a problem project. Overall implementation of the project has been significantly delayed in the three years following the World Bank Board approval in September 2007. Progress with the three original components (excluding the FDR works) has been minimal. A restructuring of the project is required.

3. The proposed reallocation is necessary to improve the overall implementation of the project and reflect the shift of focus to emergency rehabilitation works during the initial implementation years (following recent flood and cyclone events) and the agreed plan of action to take on participatory management on a pilot/demonstrative basis. Moreover, given the uncertainty with the availability of the remaining GoN funds (approximately US\$17.7 million), it is proposed that these amounts are put into the unallocated categories until clarity is received. As a stock gap measure to ensure that all categories are covered in the meantime, the IDA credit amount is distributed across all categories.