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President's report

Proposed loan

People's Republic of Bangladesh

Climate- and Disaster-Resilient Small-Scale Water Resources Management Project

Project ID: 2000002357

Note to Executive Board representatives

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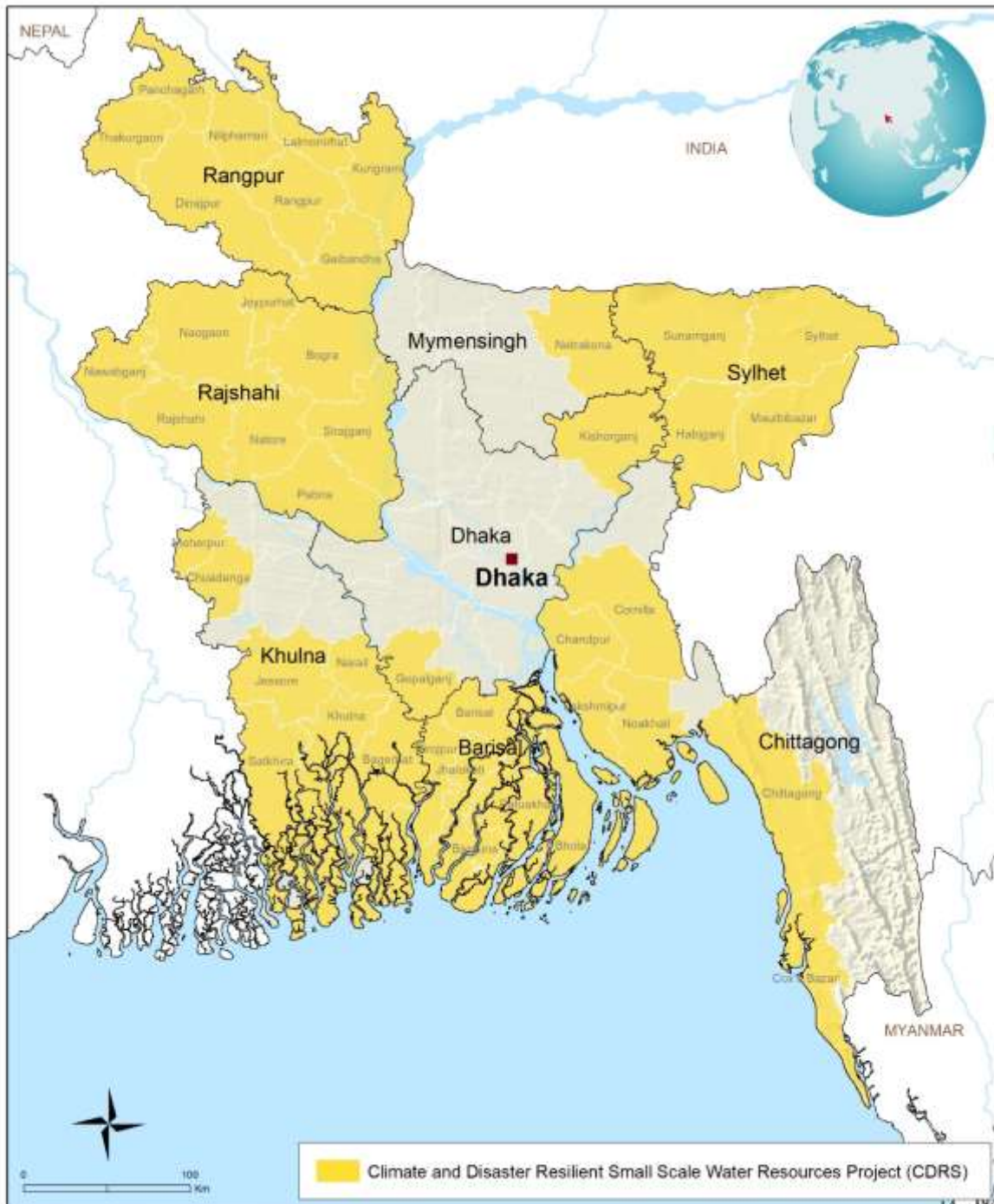
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Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
Map compiled by IFAD | 04-01-2022

Financing summary

Initiating institution:	Asian Development Bank
Borrower/recipient:	People's Republic of Bangladesh
Executing agency:	Local Government and Engineering Department
Total project cost:	US\$225 million
Amount of IFAD loan:	US\$42.98 million
Terms of IFAD loan:	Blend terms
Cofinanciers:	Asian Development Bank and the Government of the Kingdom of Netherlands
Amount of cofinancing:	Asian Development Bank loan: US\$106 million Government of the Kingdom of Netherlands grant: US\$17.8 million
Terms of cofinancing:	Loan and grant
Contribution of borrower/recipient:	US\$51.44 million
Contribution of beneficiaries:	US\$6.72 million
Amount of IFAD climate finance:	US\$17.8 million
Cooperating institution:	Asian Development Bank

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 63.

I. Context

A. National context and rationale for IFAD involvement

National context

1. Bangladesh has a land area of 14.7 million ha, a cultivable area of about 8 million ha, and a population of 167.6 million (2020). Annual GDP growth has exceeded 6.5 per cent since 2012. In 2015, Bangladesh surpassed the lower-middle-income threshold and aims to achieve upper-middle-income country status by 2031 and high-income country status by 2041.
2. The Government of Bangladesh's Eighth Five-Year Plan, covering 2021-2025, is designed to sustain GDP growth and forecasts an average growth rate of 8 per cent, including 3.9 per cent growth for the agriculture sector. However, poverty is high in rural areas due to limited access to land and natural resources, and high rural population density.
3. The agriculture, livestock and fisheries sectors provide 40 per cent of national employment, contributing significantly to poverty reduction and food security. However, food production is facing issues of low productivity, climate change, degraded natural resources, diversion of agricultural land to other uses, and inefficiencies in value chains.
4. Bangladesh is highly prone to natural hazards (floods, cyclones, river erosion, droughts, and soil salinity) and climate variability. Geographical challenges are aggravated by inadequate water management infrastructure and weak operation and maintenance (O&M) due to limited beneficiary participation.
5. The project goal is to improve resilience in four climate hotspots in line with the Bangladesh Delta Plan 2100 and the latest climate risk and vulnerability assessments. The project will improve institutional capacity for effective and inclusive water management (component 1), invest in climate-resilient infrastructure (component 2), and adoption of climate-resilient agricultural practices and improved value chains (component 3).
6. The project meets the highest Asian Development Bank (ADB) gender category (gender equity) through a dedicated gender action plan that invests in, and monitors, women's empowerment in all project components and the results framework.
7. A youth action plan will be developed to ensure stronger participation and representation of the young in specific value chain activities.
8. The project will contribute to improved nutrition by investing in climate-resilient food production, improved farm incomes, the promotion of diversified and safe value chains, and nutrition education for nutritionally vulnerable poor rural women and men.

Special aspects relating to IFAD's corporate mainstreaming priorities

9. In line with the Twelfth Replenishment of IFAD's Resources (IFAD12) mainstreaming commitments, the project has been validated as:
 - Including climate finance.

10. The project's focus on enhancing resilience to climate change is highly relevant to the Government and IFAD's priorities in Bangladesh. IFAD's portfolio will benefit from joint policy engagement and studies to strengthen the sustainability of water management cooperative associations (WMCAs) and Local Government and Engineering Department (LGED) services. Innovative nature-based solutions, use of information and communications technology, solar-powered pumps, and improved management information systems (MIS) will also be explored.
11. The project is part of a long-term, countrywide partnership going back to the 1990s with the Government of Bangladesh and the ADB on small-scale water resources (SSWR). This fourth phase will leverage the best practices of past projects and strengthen climate adaptation, the sustainability of WMCAs, and promote gender and agricultural development in 230 previous subprojects and 150 new subprojects
12. The Government and ADB asked IFAD to cofinance this project and contribute its expertise in (i) nutrition, targeting the poor, and gender; (ii) supporting water user groups; and (iii) demand-led extension and poverty-reducing and climate-sensitive value chains. Accordingly, IFAD provided dedicated technical expertise during project design.

B. Lessons learned

13. This project will benefit from the following lessons learned from ADB and IFAD's portfolio:
14. Decentralized, community-managed SSWR systems effectively lessen rural poverty but require robust planning and incorporation of climate risk parameters to reduce those risks and maximize impact.
15. Participatory rural appraisal is essential for socio-economic and cultural environment analysis and ensures stakeholder buy-in and focus on the poor.
16. Small-scale infrastructure investments need to be combined with agricultural production and market services to maximize impact on employment and the rural economy. WMCAs have now been transformed into multi-purpose cooperatives to achieve this outcome.
17. IFAD's recent findings from infrastructure evaluation and stocktaking on sustainable water user groups have informed project design.
18. Gender quotas alone cannot ensure the meaningful participation of women. Leadership training and other complementary measures are necessary.

II. Project description

A. Objectives, geographical area of intervention and target groups

19. The project's main objective is to build resilience to climate change and associated variability.
20. The project area covers 219,000 ha in 42 of the 64 districts in Bangladesh. In addition, 380 subprojects will cover four of the six climate hotspots identified in the Bangladesh Delta Plan 2100. Over two-thirds of existing ADB subprojects are also in these districts, offering greater outreach and cross-learning opportunities.
21. The project will directly benefit about 380,000 farm households and target: (i) functionally landless households owning less than 0.5 acres of land; (ii) marginal and small farmers cultivating between 0.5 and 2.4 acres; (iii) medium farmers (2.5 to 7.5 acres); and (iv) other value chain actors.
22. Targeting measures include: (i) participatory rural appraisal and eligibility criteria designed to include social and environmental criteria; (ii) creation of dedicated

women's groups, nutrition activities and work opportunities in infrastructure and pond fisheries; (iii) prevention of elite capture through WMCA guidelines and robust monitoring and evaluation (M&E); (iv) empowering measures with quotas and leadership training for women, youth and the poorest; (v) partnership arrangements with specialized government agencies; and (vii) creation of an enabling environment through project management unit (PMU) training, guidelines, and feedback, as well as systematic monitoring of social safeguards and disaggregated poverty statistics.

B. Components, outcomes and activities

23. The project will have the following components: (i) participatory subproject development and management; (ii) SSWR infrastructure with climate and disaster-resilient features developed or enhanced; and (iii) *Upazila*- (subdistrict-) and WMCA-level agribusinesses enhanced and vulnerable people's livelihoods supported.
24. **Component 1: participatory subproject development and management.** Component 1 will: (i) establish 150 new WMCAs with at least 40 per cent of women in general membership and one-third in management committees; (ii) support improved performance and management of the WMCAs of 230 existing subprojects with refresher training; (iii) form and support about 500 (women and youth) subcommittees managing O&M, agriculture, and fisheries development, and 100 women-only subcommittees managing women's development; and (iv) strengthen the integrated water resources management unit of LGED.
25. **Component 2: SSWR infrastructure with climate and disaster-resilient features developed or enhanced.** Component 2 will: (i) provide climate and disaster-resilient water management infrastructure to 150 new subprojects over 86,000 ha; (ii) enhance 230 existing WMCAs' infrastructure with climate- and disaster-resilient features over 130,000 ha; (iii) provide emergency reconstruction and modernization of the *Bakkhali* rubber dam subproject over 3,000 ha; and (iv) upgrade about 110 km of farm and village roads.
26. **Component 3: Upazila- and WMCA-level agribusinesses enhanced and vulnerable people's livelihoods supported.** All WMCAs trained in climate-resilient practices, with the 58 best-performing WMCAs receiving value chain training; business development, market linkages and post-harvest infrastructure for 10 pro-poor and nutritious crops. Women's committees and their enterprises will receive dedicated support. Modern market facilities and cold storage will be established at the *Upazila* level, and 35 roadside markets will be improved.

C. Theory of change

27. The project will provide an integrated pathway to climate resilience, improved productivity and food security through: (i) strengthening planning capacity by mainstreaming climate in the design of infrastructure, crop and value chain activities and access to climate information and services; (ii) increasing absorptive capacity with climate-resilient infrastructure; (iii) increasing absorptive and adaptive capacity through diversified, climate-smart production and post-harvest support; (iv) increasing off-farm activities to diversify livelihoods and offer new options to the landless; and (v) building strong and responsive community-based organizations and supporting rural institutions that can respond to beneficiaries.

D. Alignment, ownership, and partnerships

28. The project will contribute to SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equity), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), and SDG 12 (responsible consumption and production).

29. The project is aligned with the priorities of the Perspective Plan of Bangladesh 2021-2041; the Bangladesh Delta Plan 2100; and the Eighth Five-Year Plan, and the nationally determined contributions for Bangladesh which were submitted to the United Nations Framework Convention on Climate Change under the Paris Agreement as pathways towards enhancing the climate resilience of farmers.
30. The project rationale is anchored in IFAD's mandate of rural transformation as described in its Strategic Framework 2016-2025. The proposed investment reflects the IFAD12 strategy of promoting a multi-phased project approach to country investment strategies and leveraging international cofinancing. The project has an international cofinancing ratio of 1:2.5 and a domestic ratio of 1:1.

E. Costs, benefits and financing.

31. According to the multilateral development banks' methodology for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance in the project is US\$17.8 million (US\$15.4 million for adaptation and US\$2.4 million for mitigation).
32. The project will be cofinanced by ADB, IFAD, and the Netherlands and with a significant contribution from the Government of Bangladesh. The total cost is estimated at US\$225 million: US\$106 million would come from ADB, US\$42.98 million from IFAD, US\$17.8 million from the Netherlands, US\$51.44 million from Bangladesh and a beneficiary contribution of US\$6.72 million.
33. Project costs by output and category of expenditure are summarized in tables 1, 2, and 3 below. The project's investments are organized in three major outputs: (i) participatory subproject development and management improvement; (ii) SSWR infrastructure with climate change and disaster resilience; and (iii) *Upazila*- and WMCA-level agribusinesses enhancement and vulnerable livelihoods support.

Table 1

Project costs by component and financier

(Millions of United States dollars)

	ADB		IFAD loan		Government of Bangladesh		Government of the Netherlands		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Component 1: Participatory subproject development and management	9.91	27	2.36	6	11.37	31	11.08	30	1.99	5	36.71	16
Component 2: SSWR infrastructure with climate and disaster-resilient features developed or enhanced	83.28	53	35.30	22	32.49	21	2.91	2	3.61	2	157.59	70
Component 3: <i>Upazila</i> - and WMCA-level agribusinesses enhanced and vulnerable livelihoods supported	12.86	42	5.33	17	7.58	25	3.82	12	1.12	4	30.71	14
Total	106.05	47	42.98	19	51.44	23	17.81	8	6.72	3	225.00	100

Table 2
Project costs by expenditure category and financier
(Millions of United States dollars)

	ADB		IFAD loan		Government of Bangladesh		Government of the Netherlands		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Investment costs												
Infrastructure works												
New subprojects	27.11	62	11.62	27	4.99	11	-	0	-	0	43.72	19
Performance enhancement and flagship subprojects	34.56	62	14.81	27	6.36	11	-	0	-	0	55.73	25
<i>Bahkali</i> rubber dam emergency reconstruction	4.28	62	1.83	27	0.79	11	-	0	-	0	6.90	3
Rural connectivity	5.76	62	2.47	27	1.06	11	-	0	-	0	9.29	4
Civil works for agribusiness and markets	4.79	62	2.05	27	0.88	11	-	0	-	0	7.73	3
Pilots	-	0	-	0	0.15	11	1.17	89	-	0	1.32	1
Subtotal I-A	76.50	61	32.79	26	14.22	11	1.17	1	-	0	124.68	55
Equipment, vehicles, machinery and packaging												
Motorcycles	0.11	61	0.05	26	0.02	13	-	0	-	0	0.17	0
Service vehicles and pickups	0.55	61	0.24	26	0.12	13	-	0	-	0	0.91	0
Office furniture, equipment for WMCAs, and brochures	0.27	61	0.11	26	0.06	13	-	0	-	0	0.44	0
Machinery and equipment for agribusiness and markets	4.66	61	2.00	26	1.00	13	-	0	-	0	7.66	3
Produce packaging materials	0.02	61	0.01	26	0.00	13	-	0	-	0	0.03	0
Subtotal I-B	5.61	61	2.40	26	1.20	13	-	0	-	0	9.21	4
Services – training, monitoring, and innovation												
Capacity development and training for subproject development	2.65	42	-	0	1.20	19	2.43	39	-	0	6.27	3
Capacity development and support for agribusiness and livelihoods	-	0	-	0	0.30	19	1.26	81	-	0	1.56	1
Innovative studies and pilots	-	0	-	0	0.26	19	1.08	81	-	0	1.34	1
MIS upgrade	0.17	57	0.07	24	0.06	19	-	0	-	0	0.31	0
Baseline and water quality monitoring	0.28	57	0.12	24	0.10	19	-	0	-	0	0.50	0
Subtotal I-C	3.11	31	0.20	2	1.91	19	4.77	48	-	0	9.98	4
Consulting services												
Project implementation support consultant	2.16	13	-	0	3.54	21	11.52	67	-	0	17.2	8
Subtotal I-D	2.16	13	-	0	3.54	21	11.52	67	-	0	17.22	8
Involuntary resettlement – land acquisition												

	ADB		IFAD loan		Government of Bangladesh		Government of the Netherlands		Beneficiaries		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Compensation – land acquisition	0.40	8	-	0	4.47	92	-	0	-	0	4.87	2
Resettlement surveys and plans	0.18	81	-	0	0.04	19	-	0	-	0	0.22	0
Subtotal I-E	0.58	11	-	0	4.52	89	-	0	-	0	5.09	2
Subtotal I	87.95	53	35.39	21	25.38	15	17.46	11	-	0	166.18	74
Recurrent costs												
PMU and PIU* – outsourced staff	5.05	57	2.16	24	1.70	19	-	0	-	0	8.91	4
PMU and PIU – staff on deputation	-	0	-	0	8.60	100	-	0	-	0	8.60	4
Project office rent	0.31	57	0.13	24	0.10	19	-	0	-	0	0.54	0
Financial audits	0.06	81	-	0	0.01	19	-	0	-	0	0.07	0
Maintenance costs of subprojects (a)	-	0	-	0	1.81	29	-	0	4.51	71	6.32	3
Operating costs (b)	-	0	-	0	0.89	29	-	0	2.21	71	3.10	1
Subtotal II	5.41	20	2.30	8	13.12	48	-	0	6.72	24	27.55	12
Total base costs	93.37	48	37.68	19	38.50	20	17.46	9	6.72	3	193.73	86
Contingencies												
Physical contingency	6.37	60	2.66	25	1.63	15	-	0	-	0	10.66	5
Price contingency	6.32	60	2.64	25	1.62	15	-	0	-	0	10.58	5
Subtotal III	12.69	60	5.30	25	3.24	15	-	0	-	0	21.23	9
Financial and service charges during implementation												
ADB charges	-	0	-	0	6.91	95	0.35	5	-	0	7.26	3
IFAD charges	-	0	-	0	2.78	100	-	0	-	0	2.78	1
Subtotal IV	-	0	-	0	9.69	97	0.35	3	-	0	10.04	4
Total project cost (I+II+III+IV)	106.05	47	42.98	19	51.44	23	17.81	8	6.72	3	225.00	100

*Project implementation unit.

Table 3
Project costs by output and project year (PY)
(Thousands of United States dollars)

	PY1		PY2		PY3		PY4		PY5		PY6		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Output 1														
Inclusive WMCAs for 150 new subprojects formed and active	2.75	25	3.30	30	3.30	30	1.10	10	0.55	5	-	0	11.01	30
WMCAs approve designs for 150 new and 230 existing subprojects	0.92	25	1.10	30	1.10	30	0.37	10	0.18	5	-	0	3.67	10
Subcommittees formed and active for O&M, agriculture, fisheries and women's development	-	0	2.20	15	2.94	20	3.67	25	3.67	25	2.20	15	14.68	40
M&E systems in place and disaggregated MIS data collected	1.10	15	1.10	15	1.10	15	1.10	15	1.47	20	1.47	20	7.34	20
Subtotal	4.77	13	7.71	21	8.44	23	6.24	17	5.87	16	3.67	10	36.71	100
Output 2														
SSWR infrastructure constructed for 150 new subprojects benefiting 86,000 ha	8.75	15	11.66	20	14.58	25	11.66	20	8.75	15	2.92	5	58.31	37
Resilience of 230 existing SSWR subprojects enhanced, benefiting 130,000 ha	9.22	13	12.76	18	14.18	20	17.73	25	10.64	15	6.38	9	70.91	45
Emergency reconstruction and modernization of the <i>Bakkhali</i> rubber dam subproject benefiting 3,000 ha	4.25	45	4.73	50	0.47	5	-	0	-	0	-	0	9.46	6
Upgrading 110 km of farm and village roads with ancillary culverts and bridges	-	0	-	0	3.31	30	3.31	30	3.31	30	1.10	10	11.03	7
190,000 households adopting environmentally sustainable and climate-resilient technologies and practices	0.39	5	0.79	10	1.58	20	1.58	20	1.97	25	1.58	20	7.88	5
Subtotal	22.61	14	29.94	19	34.12	22	34.28	22	24.66	16	11.98	8	157.59	100
Output 3														
116 agriculture and fishery business plans adopted by inclusive subcommittees in performance enhancement subprojects and the <i>Bakkhali</i> rubber dam	-	0	0.46	15	0.61	20	0.77	25	0.77	25	0.46	15	3.07	10
100 women's development business plans adopted for income generating activities/ Cottage, Micro and Small Enterprises benefiting 30,000 women	-	0	0.37	15	0.49	20	0.61	25	0.61	25	0.37	15	2.46	8

	PY1		PY2		PY3		PY4		PY5		PY6		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Market-driven agricultural production and marketing practices and equipment in 58 PE subprojects and BRD	-	0	1.38	15	1.84	20	2.30	25	2.30	25	1.38	15	9.21	30
Aquaculture facilities and practices modernized: 4,000 ponds, 500 cages, and 1,800 ha of floodplain	0.08	5	0.23	15	0.31	20	0.31	20	0.31	20	0.31	20	1.54	5
25 roadside markets upgraded and 10 <i>Upazila</i> markets modernized	-	0	2.15	20	2.15	20	2.15	20	2.15	20	2.15	20	10.75	35
WMCAs-farmers-women take out 300 loans from public financial institutions	-	0	-	0	0.12	20	0.18	30	0.18	30	0.12	20	0.61	2
190,000 households adopt new and improved inputs, technologies, or practices	-	0	0.37	15	0.49	20	0.61	25	0.61	25	0.37	15	2.46	8
57,000 households with improved physical access to markets	0.03	5	0.09	15	0.12	20	0.12	20	.12	20	0.12	20	0.61	2
Subtotal	0.11	0	5.05	16	6.14	20	7.06	23	7.06	23	5.28	17	30.71	100
TOTAL	27.49	12	42.70	19	48.70	22	47.58	21	37.60	17	20.93	9	225.00	

Financing and cofinancing strategy and plan

34. The project will be managed under a joint cofinancing arrangement with ADB as the cooperating institution on a pari passu basis. ADB should promptly advise the Fund of the amounts the borrower is entitled to withdraw, and IFAD will make disbursement accordingly.
35. **Retroactive financing.** as an exception to section 4.07(a)(ii) of the Fund's General Conditions for Agriculture Development Financing, IFAD is seeking Executive Board approval of retroactive funding of up to 5 per cent of the IFAD loan for eligible expenditures to finance start-up activities (including start-up workshop, baseline survey, and recruitment of outsourced staff) incurred between design and entry into force of the IFAD loan. This will ensure minimum phase lag with the ADB. Retroactive financing needs to be prefinanced by the Government and reimbursed after this agreement has entered into force and the conditions for withdrawal have been met.
36. **Financing of taxes.** ADB will finance large parts of the advance income tax; no tax will be covered under IFAD financing. The Netherlands will finance (i) most consulting services, including the project implementation support consultant and NGO services, and (ii) several innovative studies and pilots.

Disbursement

37. Three separate accounts are to be established and maintained by the Ministry of Finance and the LGED/ PMU in the name of the project, in the Bangladesh Bank, one each for the ADB and IFAD loans, and one for the Dutch grant. The borrower will submit to ADB the original withdrawal applications covering the ADB loan and Dutch grant. ADB will review submitted withdrawal applications and pay its share of financing. For IFAD financing, LGED/PMU will submit one original withdrawal application and copies of supporting documents to ADB. ADB will review each withdrawal application and advise IFAD to make any necessary payment, subject to approval by IFAD in accordance with the Loan Agreement and other applicable guidelines. IFAD will promptly inform ADB once payment is made. Should IFAD reject the payment withdrawal request, it should promptly notify ADB and the borrower, in writing, of its decision and why it was taken.

Summary of benefits and economic analysis

38. All infrastructure and agricultural activities will be developed based on sound business plans showing the viability of proposed activities. Economic and Financial Analysis demonstrates that 53 per cent of benefits will accrue to households below the poverty line and include: (i) increased crop production with enhanced marketing; and (ii) expansion of fisheries and aquaculture production.
39. The internal economic rate of return is estimated at 21 per cent. It may be reduced to 17 per cent (still viable) when a risk analysis is undertaken of pessimistic values for incremental crop area and crop yields, incremental aquaculture production, and higher investment costs.

Exit strategy and sustainability

40. Sustainability and exit strategy rely on strong WMCAs, plus: (i) screening for viable subprojects; (ii) requiring sound business practices and up-front contributions from WMCAs; (iii) inclusive O&M, agriculture, and other subcommittees that can leverage diversified services and revenues; (iv) dedicated training, the institutionalization of WMCA work (registration, formal lease and O&M plans) and regular grading of WMCA maturity.
41. Second, the project will strengthen LGED's integrated water resources management unit and MIS to optimize maintenance. Two dedicated studies and policy engagement processes will also focus on WMCA and LGED sustainability.

III. Risks

A. Risks and mitigation measures

42. IFAD will adopt the cofinancier's risk rating and mitigation measures, including fiduciary management (financial and procurement), technical issues and social/environmental standards, and will produce a dedicated integrated project risk matrix based on these.
43. The financial management risk is assessed as substantial due to a current vacant staff position, decentralization of Fund flows, previous challenges in complying with ADB's disbursement procedures and use of manual expenditure accounting systems. However, LGED has an extensive track record of implementing projects funded by ADB, IFAD and the Government of the Netherlands, and the following mitigation measures have been incorporated: (i) hiring accounts staff and engaging a financial management expert to support the project; (ii) providing annual training in ADB's financial and disbursement requirements and procedures; (iii) including the project in LGED's internal audit function plan; (iv) incorporating comprehensive financial information as part of the quarterly progress reports; and (v) recording all project transactions in computerized accounting software.
44. COVID-19 variants may modify target households' vulnerability and delay implementation, so the project will: (i) update its vulnerability assessment and livelihood improvement activities; (ii) conduct additional stakeholder consultations; and (iii) follow the latest health and safety protocols.

Table 4
Risks and mitigation measures

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Substantial	Substantial
Sector strategies and policies	Substantial	Moderate
Environment and climate context	High	Substantial
Project scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Medium
Project procurement	Moderate	Low
Environment, social and climate Impact	Moderate	Moderate
Stakeholders	Moderate	Moderate
Overall	Substantial	Moderate

B. Environment and social category

45. The project has been categorized as environment and social category B, in line with the ADB safeguard policy statement (2009). An Environmental Assessment and Review Framework has been prepared, and initial environmental examination (IEEs) reports will be prepared for each subproject during implementation. According to ADB rules, the project will not finance any subprojects that will trigger category A. IEEs are being prepared for six subprojects to establish good practice examples. LGED will obtain environmental clearance for all subprojects from the Department of the Environment prior to awarding any contracts.
46. This is consistent with IFAD's environment and social categorization under its 2017 Social, Environmental and Climate Assessment Procedures except for the emergency reconstruction and modernization of the *Bakkhali* rubber dam. This activity was introduced after the design mission and Operational Strategy and Policy Guidance Committee, i.e., the dam is designed to benefit irrigation schemes with a command area of 3,000 ha, which triggers a category A for IFAD. A design

review meeting decision memo confirmed that the inclusion of the *Bakkhali* rubber dam subproject will require a detailed environmental and social impact assessment report, which is currently being prepared, to be published 120 days before construction starts.

47. Social safeguards (involuntary resettlement) are estimated to be category B. Due diligence identified no physical displacement or significant impacts triggered by any project activity. As requested by, and agreed with, beneficiaries, works will be mostly within the footprint of existing infrastructure. Minor purchase of land is envisaged for land strip and *Bakkhali* rubber dam. A resettlement framework, compliant with ADB's safeguard policy statement and aligned with government regulations, has been prepared and will be supported by a dedicated NGO.
48. Indigenous peoples (IPs) (category B). About 5 per cent of the subprojects are likely to include IPs. An IPs planning framework has been prepared and IP plans will be prepared for all subprojects where they are present, in line with IFAD free, prior and informed consent and IP frameworks.

C. Climate risk classification

49. The climate risk classification for the project is "high". A detailed climate risk and adaptation assessment has been prepared and includes a list of climate change mitigation and adaptation investments. They will be implemented based on the analysis of each subproject and most relevant climate risks.

D. Debt sustainability

50. According to the May 2020 Joint World Bank-IMF Debt Sustainability Analysis, Bangladesh remains at low external risk and low overall risk of debt distress. Despite the economic shock caused by COVID-19, external debt indicators are below their thresholds, and the public debt level is below the benchmark under the baseline and stress test scenarios. GDP growth rate dropped from 8.2 per cent in 2019 to 5.2 per cent in 2020, mainly due to the COVID-19 pandemic.

IV. Implementation

A. Organizational framework

Project management and coordination

51. The executing agency is the LGED of the Ministry of Local Government, Rural Development and Cooperatives, Local Government Division. The PMU and the 42 district PIUs within LGED will be the project-specific management bodies working closely with LGED staff at regional, district, and *Upazila* levels. LGED will also rely on other departments, consultants, some NGO support, and outsourcing of individuals. The Department of Agriculture and Marketing Department of Agricultural Extension, Department of Fisheries will assist project implementation in accordance with the signed, open-ended memoranda of understanding between them and LGED. WMCAs legally registered as cooperatives are responsible for O&M of completed subprojects.

Financial management, procurement and governance

52. The financial management arrangements of the project will be based on country financial management systems, policies, and procedures. Supplementary financial management arrangements have been included in this project's administration manual to: (i) facilitate the efficient flow of funds under the ADB and IFAD loans; (ii) ensure the project complies with ADB's financial reporting, audit requirement, and disbursement procedures; and (iii) make certain that the ADB and IFAD loan accounts are closed in a timely manner.
53. Procurement will be in accordance with the ADB procurement policy and the procurement regulations for ADB borrowers. Value for money will be achieved by

targeting local contractors and combining packages according to geographical locations to encourage competition and response.

54. Audit submission: the project will be audited by the Foreign Aided Project Audit Directorate. The audited consolidated financial statements with the auditor's opinion and Management's letter will be presented in English within six months of the end of the fiscal year, i.e. by 31 December of each year.

B. Planning, monitoring and evaluation, learning, knowledge management, and communications

55. The PMU will prepare the annual workplan and budget as well as the procurement plan and secure approval from its management and ADB/IFAD. PMU will prepare project performance monitoring and submit to ADB quarterly and annual project progress reports, semi-annual safeguard monitoring reports, and the project completion report. District PIUs will monitor and report subproject development to the PMU.
56. As for each of the previous SSWR projects, activities, outputs and impacts are monitored and tracked for each subproject with data entered into a project database linked to a central MIS database tracking information for all SSWR subprojects in LGED.

Innovation and scaling up

57. The project includes several social and climate-relevant innovations, including: (i) modern pump and pipe irrigation systems; (ii) nature-based solutions (bioengineering) to stabilize steeper channel flood and road embankment slopes, thereby reducing the footprint of structures; (iii) use of drones for surveys, crop monitoring, and support for digital and precision agriculture; (iv) composite gates for coastal subprojects, and (v) an improved asset management system.

C. Implementation plans

Implementation readiness and start-up plans

58. Readiness plans were prepared to facilitate quick start-up after the project becomes effective. Detailed procurement plans have been provided in the project manual, which includes detailed terms of reference for all service providers to be recruited and a clear schedule and step-by-step programming process.

Supervision, midterm review and completion plans

59. IFAD will participate in joint supervision missions with ADB and provide technical support for institutional strengthening and agricultural development to ensure the project considers IFAD priorities and lessons learned.

V. Legal instruments and authority

60. A project financing agreement between the People's Republic of Bangladesh and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
61. The People's Republic of Bangladesh is empowered under its laws to receive financing from IFAD.
62. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

63. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the People's Republic of Bangladesh in an amount of forty-two million nine hundred and eighty thousand United States dollars (US\$42,980,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement: "Climate- and Disaster-Resilient Small-Scale Water Resources Management Project"

(Negotiations concluded on 21 April 2022)

Loan No: _____

Project name: Climate and Disaster Resilient Small-Scale Water Resources Management Project ("the Project")

The People's Republic of Bangladesh (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS, the Project shall be co-financed by the Asian Development Bank (ADB) with a loan of US\$106 million (ADB Loan) through a separate agreement ("ADB Agreement");

WHEREAS the Government of the Netherlands (GoN) has expressed interest in providing a grant of approximately US\$17.8 million;

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2020, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement, except for the provisions that refer to Loan financing which shall not apply to this Agreement, except for the provisions identified in Section E paragraph 4 below. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan (the "Financing") to the Borrower, which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the loan is Forty Two Million Nine Hundred Eighty Thousand United States dollars (USD 42 980 000).
2. The Loan is granted on blend terms, and shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.
The principal of the Loan granted on blend terms will be repaid in equal instalments.
3. The Loan Service Payment Currency shall be in United States dollar (USD).
4. The first day of the applicable Fiscal Year shall be 1 July.
5. There shall be three Designated Accounts in USD, for the exclusive use of the Project opened for the ADB financing, the IFAD financing and GON financing.
6. There shall be a three Project Accounts in USD, opened in a commercial bank for the ADB financing, the IFAD financing and GON financing.
7. The Borrower shall provide counterpart financing for the Project in the amount of USD 51 million and will be used for: (i) salaries and costs of staff on deputation to the project, (ii) land acquisition, (iii) AIT (where not financed by ADB), (iv) value added tax (VAT) and any other taxes and duties. .

Section C

1. The Lead Programme Agency shall be the Local Government Engineering Department (LGED), under the Local Government Division (LGD) of the Ministry of Local Government Rural Development & Cooperation.
2. The following are designated as additional Project Parties: ADB, and the Government of Netherlands.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date is six years from the Date of Entry into Force and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.

Section D

1. The Financing shall be administered and the Project supervised by ADB as the Cooperating Institution.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The Project administration manual (PAM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior

agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

- (b) the ADB Cofinancing Agreement has failed to enter into full force and effect within 365 days of the signing of this Agreement, and substitute funds are not available to the Borrower.
 - (c) the right of the Borrower to withdraw the proceeds of the ADB Loan has been suspended, cancelled or terminated, in whole or in part, or the ADB Loan has become due and payable prior to the agreed maturity thereof; or any event has occurred which, with notice or the passage of time, could result in any of the foregoing.
2. The following is designated as additional grounds for cancellation of this Agreement: the ADB Loan Agreement shall have been cancelled.
3. The following are designated as additional general conditions precedent to withdrawal:
- (a) The Project administration manual (PAM) has been prepared to the satisfaction of the Fund;
 - (b) Key Project staff, as provided in the ADB Agreement, has been appointed;
 - (c) The withdrawal conditions for ADB loan have been fully complied with; and
 - (d) The Letter of Appointment between ADB and IFAD has entered into force.
4. The following provisions of the General Conditions shall not apply to this Agreement and shall be replaced to read as follows:
- (a) Section 7.05 (Procurement). Procurement of goods, works and services to be financed out of the proceeds of the financing shall be subject to and governed by ADB's Procurement Policy prescribing regulations that govern the procurement of goods, works, and non-consulting and consulting services required for the project.
 - (b) Section 7.06 (Fraud and Corruption) The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the ADB Policy on Preventing Fraud and Corruption in its Activities and Operations.
 - (c) Section 9.03 (Audit of Accounts). The audited financial statements shall be submitted by the Borrower six months after each fiscal year-end, and align with the ADB timeframe for audit report submission.
5. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the People's Republic of Bangladesh:

[click and type title of the representative]
[click and type the name and address of the ministry]

For the Fund:

[click and type Title]
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

PEOPLE'S REPUBLIC OF BANGLADESH

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Hougbo
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.*

The Project shall benefit approximately 1,634,000 people, amounting to 380,000 households, and 45,000 functionally landless households and vulnerable peoples on 219,000 ha. The Project's main target groups are: (i) functionally landless households owning less than 0.5 acres of land, who represent around two-thirds of Bangladesh households. They are often the poorest and rely on unskilled labour and seasonal migration. They will mainly benefit from the Project through income generating activities, work opportunities during infrastructure development and through increased participation in value chain related activities, namely in processing; (ii) marginal and small farmers cultivating between 0.5 to 2.4 acres of land, including homestead land, less productive land, share cropping, enterprise development and wages as income source; they will benefit from all three components; (iii) medium farmers (2.5 to 7.5 acres) and large farmers indirectly also as beneficiaries from infrastructure related development and water management cooperative association (WMCA) services; and (iv) other value chain actors e.g. traders, processors, logistics operators will be engaged through value chain partnership benefitting the main target groups.

2. *Project Area.*

The Project area comprises approximately 42 of the 64 districts of Bangladesh (the "Project Area") located in selected geographical areas corresponding to 4 "hotspots" identified in the Bangladesh Delta Plan 2100: (i) Barind and drought prone areas; (ii) the coastal zone; (iii) the Haor and flash flood areas; and (iv) river systems and estuaries.

3. *Goal.*

The Project aims to enhance resilience of rural poor men and women and will allocate 40% of its financing to climate change adaptation and at the same time it will also invest in mainstreaming gender (targeting gender equity category for ADB, the highest gender category for the first time), promoting nutrition related activities along the value chain and creating employment opportunities for youth.

4. *Objectives.*

The Project aims to increase climate resilient agricultural productivity and profitability in selected geographic areas. This will be monitored by achievement of targets for increased crop yields, cropping intensities and farm incomes for about 335,000 farming households, and 45,000 functionally landless households and vulnerable peoples, over 220,000 ha.

5. *Components.*

The Project shall consist of the following Components:

5.1 Component 1: Participatory subproject development and management improved. This output will: (i) establish 150 new, inclusive water management cooperative associations (WMCAs) with at least 40% of general membership vested in women, and women making up one-third of the management committees; (ii) support existing WMCAs of 230 existing subprojects to implement performance enhancement (PE)

works with refresher training for improved management, and operation and maintenance (O&M); (iii) form and support about 500 inclusive (women and youth) subcommittees managing O&M, agriculture, and fisheries development, and 100 women-only subcommittees managing women's development; and (iv) strengthen the integrated water resources management unit (IWRMU) of LGED.

5.2 Component 2: Small-scale water resources infrastructure with climate and disaster resilient features developed or enhanced. This output will: (i) develop 150 new climate and disaster resilient subprojects benefitting 86,000 ha; (ii) enhance 230 existing WMCAs' infrastructure with climate and disaster resilient features to improve systems performance benefitting 130,000 ha; (iii) provide emergency reconstruction and modernization of the Bakkhali rubber dam (BRD) subproject benefitting 3,000 ha; (iv) improve rural connectivity within and to the subprojects by upgrading about 110km of on-farm and village roads together with ancillary culverts and small single span bridges; and (v) supporting 190,000 households (50% of total beneficiary households) to adopt environmentally sustainable and climate-resilient technologies and practices.

5.3 Component 3: Upazila- and WMCA-level agribusinesses enhanced, and vulnerables' livelihood supported. This output will increase the incomes of Project beneficiaries, for all subprojects but focusing on about 58 (25%) of the PE subprojects, through: (i) training for WMCA main and subcommittee members for good agriculture or aquaculture practices, climate smart natural resource management, business plan preparation, accessing financial services, and grain storages and marketing; (iii) facilitation of meetings between producers and buyers, and development of market analysis and standards for 10 selected commodities; (iv) in line with approved business plans, 5 provision of facilities, machinery and equipment for crop post-harvest management, for fishpond development, cage aquaculture, and floodplain fisheries, and for enterprises managed by women; and (v) modern market facilities with cold storages for fruit, vegetables, fish and meat at the upazila level, as well as improved local/ roadside markets.

II. Implementation Arrangements

6. Lead Project Agency.

The Local Government Engineering Department (LGED) will be the Project executing and implementing agency and responsible for overall Project management and implementation, including financial management. LGED is a government department under the Local Government Division (LGD) of the Ministry of Local Government Rural Development & Cooperation (MLGRD&C). LGED is headed by a chief engineer and it has more than 13,000 staff on its payroll.

7 Project Oversight Committee.

A Project Steering Committee (PSC) chaired by the Secretary, Local Government Division and a Project Implementation Committee chaired by the Chief Engineer, LGED will be established to provide oversight to the Project.

8. Project Management Unit.

The Project will be implemented by a Project Management Unit (PMU) to be established in the LGED main office in Dhaka as well as by 42 Project Implementation Units (PIUs) to be

established in the selected district offices. The PMU will be headed by the Project Director (PD) and will include the positions of a senior accountant and an accountant.

9. *Implementing partners.*

The implementing agency will be the Local Government Engineering Department (LGED). The implementing units will be the Project Management Unit (Central Level) and the Project Implementation Units (District Level) of LGED.

10. *Monitoring and Evaluation.*

The monitoring and evaluation (M&E) system resides with a newly created Delta Wing at the national level. However, direct responsibility for M&E for investment projects resides with the implementing agency. M&E responsibility for sectoral policies and programmes resides with concerned sectoral ministry and the Implementation Monitoring and Evaluation Division (IMED).

Effect monitoring and evaluation (EME) surveys will be conducted annually by the PMU for completed subprojects to document the changes in agricultural and fisheries production that occur as a result of the interventions in water management infrastructure. The EME will also document the overall institutional strength of the WMCA and the operational status of the subprojects.

Specific monitoring and evaluation services to be provided include: (i) Facilitate PMU and regional, district and upazila levels in review and modification, of existing parameters and procedures for Project BME and EME and assist in implementing M&E process. Reflect modifications in further development/refinement of existing MIS database and expand its utilization/access to other Project related users; (ii) Provide technical advice to PMU in review and modification, as appropriate, of existing procedures for environmental monitoring; (iii) Assist PMU ESS in undertaking environmental monitoring at subproject sites.

11. *Project Administration Manual.*

The Project administration manual (PAM) describes the essential administrative and management requirements to implement the Project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Local Government Engineering Department (LGED) is wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by LGED of their obligations and responsibilities for Project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the Project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

12. *Flow of funds.*

Funds will flow from IFAD to a specific Designated Account (maintained by Ministry of Finance) and from there to project account (maintained by PMU) and then to district account (managed by PIU). IFAD will be receiving the payment instructions from ADB. There will be three separate Designated Accounts, project accounts and district accounts for ADB, IFAD financing and GON financing.

Schedule 2

Allocation Table

1. Allocation of Loan Proceeds.

(a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan/Grant and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category-IFAD	Category-ADB	Loan Amount Allocated (expressed in USD)	Percentage (excluding taxes)
I. Work	Infrastructure Works	37 400 000	27%
II. Equipment & material	Equipment, Vehicles, Machinery and Packaging	2 700 000	26%
III. Good, services & input	Services - Training, Monitoring, and Innovation & recurrent costs	2 880 000	24%
TOTAL		42 980 000	

(b) The terms used in the Table above are defined as follows:

- (i) "Work" under Category I, shall mean: Eligible expenditure for infrastructure work;
- (ii) "Equipment & material" under Category II, shall mean: Eligible expenditure for vehicle, equipment, machinery and packaging; and
- (iii) "Goods, services & input" under Category III, shall mean: Eligible expenditure for services for training monitoring, innovation and recurrent cost.

2. Disbursement arrangements

- (a) *Co-financing arrangement.* The Project will be managed under a co-financing arrangement with ADB as the Cooperating Institution (CI) whereby all Project activities will be jointly financed, and funds will be disbursed in agreed proportions which can be revised from time to time with ADB on a pari-passu basis through an agreement between ADB and IFAD.
- (b) *Retroactive financing.* As an exception to section 4.08(a) (ii) of the General Conditions, specific eligible expenditures incurred as of 3 March 2022, until the date of entry into force of this Agreement shall be considered eligible up to an amount equivalent to two million one hundred fifty thousand US dollars (USD 2 150 000), corresponding to 5% of IFAD Loan, for eligible expenditure to finance activities relating to start up activities (including start up workshop, baseline and recruitment of outsourced staff). Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the Borrower once

additional conditions precedent to the first disbursement of funds specified in Section E are fulfilled.

- (c) *Audit arrangements.* The Project will be audited by Foreign Aided Project Audit Directorate (FAPAD). The audited consolidated financial statements with the auditor's opinion and management letter will be presented in English within 6 months from the end of the fiscal year, i.e., by 31 December of each year.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Anticorruption Measures.* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
5. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

II. Social and Environmental Safeguard Provisions

1. The Borrower shall carry out the preparation, design, construction, implementation, and operation of the Project in accordance with ADB's Safeguard Policy Statement (2009), as well as with all applicable laws and regulations to the Borrower and/or the sub-national entities relating to social and environmental issues in a manner and substance satisfactory to ADB.
2. The Borrower shall carry out the implementation of the Project in accordance with the provisions of Schedule 4 to the ADB Agreement, including, but not limited to, the Borrower's obligations under the ADB Agreement to comply with the measures and requirements set forth in the EARF, RF and IPPF (as defined in the ADB Agreement) and all measures and requirements set forth in the respective IEE, EMP and RP (as defined in the ADB Agreement).
3. The Borrower will ensure that a Project-level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Project's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration) related to the environmental and social performance of the Project for people who may be unduly and adversely affected or potentially harmed if the Project fails to meet the ADB's Safeguard Policy Statement requirements. The Project-level grievance mechanism needs

to take into account indigenous peoples, customary laws and dispute resolution processes. Traditional or informal dispute mechanisms of affected indigenous peoples should be used to the greatest extent possible.

4. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labour issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with ADB's Social Safeguard Policy requirements; and
- Adjust, as appropriate, the Project-level grievance mechanism according to the ADB's Social Safeguard Policy; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labour and community), health and safety (ESHS) issues that occur in loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement, any allegation that require intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties; or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

5. The Borrower shall ensure or cause the Lead Project Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in the ADB's Social Safeguard Policy are respected.

6. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in ADB's Social Safeguard Policy, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports ; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the ADB's Social Safeguard Policy and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

7. The Borrower shall fully cooperate with the Fund and/or ADB concerning supervision missions, midterm reviews, field visits, audits and follow-up visits to be undertaken in accordance with the requirements of ADB's Safeguard Policy Statement and social and/or environmental management plans as the Fund considers appropriate depending on the scale, nature and risks of the Project.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							
	Household members - Number of people			1,619,000				
	1.a Corresponding number of households reached							
	Women-headed households - Households							
	Households - Households			380,000				
	1 Persons receiving services promoted or supported by the project							
	Males - Males			228,000				
	Females - Females			152,000				
	Young - Young people			95,000				
	Total number of persons receiving services - Number of people			380,000				
	Male - Percentage (%)			60				
	Female - Percentage (%)			40				
	Young - Percentage (%)			25				
Outcome 1. Climate and disaster resilient agricultural productivity and profitability in	1.2.4 Households reporting an increase in production							Completion Survey
	Households - Percentage (%)							

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
selected geographic areas increased	Women-headed households - Households							
	Households - Households							
	1.2.1 Households reporting improved access to land, forests, water or water bodies for production purposes				Completion Survey	Mid-term / End-term	PMU	
	Households reporting improved access to water - Percentage (%)							
	Women-headed households - Households							
	Total no. of households reporting improved access to water - Households			230,000				
	2.2.2 Supported rural enterprises reporting an increase in profit				Completion Survey	Mid-term / End-term	PMU	
	Number of enterprises – Enterprises			30,000				
	Average cropping intensity for average rainfall year increased to 187%				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Hectares of land – Area (ha)			187				
	220,000 ha benefit area with 87,000 ha (40%) having reduced flood risk				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Hectares of land – Area (ha)			220,000				
	Livelihood of 30,000 women of poor/ smallholder HHs improved by IGAs				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Females - Number							

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	At least 20% Increase in Households' incomes and assets (both physical and financial)				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
% Increase - Percentage (%)								
Output 1. Participatory subproject development and management improved	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks				Project M&E data	Annually	PMU	
	Total size of groups - Number of people							
	Groups supported - Groups							
	Males - Males							
	Females - Females							
	Young - Young people							
	2.1.3 Rural producers' organizations supported				Project M&E data	Annually	PMU	
	Total size of POs - Organizations							
	Rural POs supported - Organizations							
	Males - Males							
	Females - Females							
Young - Young people								
Output 2. Small-scale water resources infrastructure with climate and disaster resilient features developed or enhanced	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Hectares of land – Area (ha)							
	2.1.5 Roads constructed, rehabilitated or upgraded				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Length of roads – Km							
Climate and disaster resilient SSWR infrastructure constructed for 150 new SPs benefitting 86,000 ha				Monitoring and evaluation	Annually	PMU		

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Number of SSWR infrastructure constructed - Number				reports and LGED MIS database			
	Climate and disaster resilience of 230 existing SSWR SPs enhanced benefitting 130,000 ha (2021 baseline: 0 SP, 0 ha)				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	SSWR SPs enhanced - Number							
	Climate resilient rural connectivity improved by upgrading 110 km of farm and village small roads with ancillary culverts and bridges				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Length of roads - Km							
	190,000 HHs (50% of total beneficiary HHs) reporting adoption of environmentally sustainable and climate-resilient technologies and practices				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Households - Number							
Output 3. Upazila- and WMCA-level agribusinesses enhanced, and vulnerable livelihood supported	1.1.5 Persons in rural areas accessing financial services							
	Women in rural areas accessing financial services - savings - Females							
	Men in rural areas accessing financial services - savings - Males							
	Men in rural areas accessing financial services - credit - Males							

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Women in rural areas accessing financial services - credit - Females							
	Total persons accessing financial services - savings - Number of people							
	Total persons accessing financial services - credit - Number of people							
	2.1.1 Rural enterprises accessing business development services							
	Rural enterprises - Enterprises							
	2.1.6 Market, processing or storage facilities constructed or rehabilitated							
	Total number of facilities - Facilities							
	116 business plans adopted by inclusive subcommittees in PE SPs and the BRD				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	No. of Business Plans - Number							
	WMCA-farmers adopt market-driven agricultural production and marketing practices and equipment accessible by all members in 58 PE SPs and BRD.				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	No. of Farmers - Number							
	WMCA-farmers managed aquaculture facilities and practices modernized for 4,000 ponds, 500 cages, and for 1,800 ha of floodplain				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	No. of farmers - Number							

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	25 roadside markets upgraded and 10 upazila markets modernized				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	No. of markets - Number							
	WMCAs-farmers-women take out 300 loans from PFIs.				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Females - Number							
	190,000 HHs (50% of total beneficiary HHs) report adoption of new/improved inputs, technologies, or practices				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Households - Number							
	57,000 HHs (15% of total beneficiary HHs) report improved physical access to markets				Monitoring and evaluation reports and LGED MIS database	Annually	PMU	
	Households - Number							
Outcome	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered							
	Hectares of land – Area (ha)							
	tCO2e/20 years - Number							
	tCO2e/ha - Number							
	tCO2e/ha/year - Number							