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Enabling poor rural people
to overcome poverty

President's report

Proposed loan to the People's Republic of Bangladesh for the

Char Development and Settlement Project IV

Executive Board — Ninety-ninth Session
Rome, 21-22 April 2010

For: **Approval**

Note to Executive Board members

This document is submitted for approval by the Executive Board.

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Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the People's Republic of Bangladesh for the Char Development and Settlement Project IV, as contained in paragraph 35.

Map of the project area

People's Republic of Bangladesh Char Development and Settlement Project IV



14-1-2010



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

People's Republic of Bangladesh

Char Development and Settlement Project IV

Financing summary

Initiating institution:	IFAD
Borrower:	People's Republic of Bangladesh
Executing agency:	Bangladesh Water Development Board (Ministry of Water Resources)
Total project cost:	US\$89.2 million
Amount of IFAD loan:	SDR 30.86 million (equivalent to approximately US\$47.3 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinancier:	The Netherlands NGO partner organizations
Amount of cofinancing:	The Netherlands: US\$20.6 million (grant) NGO partner organizations: US\$4.9 million
Contribution of borrower:	US\$15.6million
Contribution of beneficiaries:	US\$0.8 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan to the People's Republic of Bangladesh for the Char Development and Settlement Project IV

I. The project

A. Main development opportunity addressed by the project

1. The coastal zone of Bangladesh is expanding southwards as river water deposits sediment and creates new land. The people living on this remote new land are considered the most vulnerable group in Bangladesh as they have no formal title to the land and no protection from storm surges caused by cyclones. They also lack access to fresh drinking water and livelihood opportunities. This project will scale up the successful coastal zone development approach funded by the Netherlands over the past 15 years, providing flood protection for communities and secure land title and livelihood opportunities in the agricultural sector.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the People's Republic of Bangladesh in the amount of SDR 30.86 million (equivalent to approximately US\$47.3 million) on highly concessional terms to help finance the Char Development and Settlement Project IV. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The 2010-2012 allocation for Bangladesh under the PBAS is US\$106 million. The proposed loan is therefore well within this allocation.

Country debt burden and absorptive capacity of the State

4. The capacity of the Government of Bangladesh to service external debt is good. The Government's repayment record for IFAD loans is exemplary.

Flow of funds

5. The IFAD loan will be channelled to a designated account, managed by the project coordinating director (PCD). A grant from the Government of the Netherlands will be channelled to a separate designated account, also managed by the PCD. Funds will flow from the two designated accounts to project operating accounts in each of the six implementing agencies.

Supervision arrangements

6. The project will be directly supervised by IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. There are no exceptions.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) an internal and external audit system will be applied; (ii) the project will be supported by a technical assistance team who will review all procurement decisions and quality in delivery of contract services; (iii) a community scorecard approach will be used to ensure feedback from beneficiaries on the quality of project services and outputs.

C. Target group and participation

Target group

9. The project will target the whole population living on newly accreted coastal islands (known locally as *chars*), who will all benefit from the development of water management, communications, water supply, cyclone protection and other infrastructure. However, within this population, more disadvantaged sections of the community will be targeted for additional support. These include: (i) landless settlers who do not have proper title to the land they are now occupying; (ii) other landless households that can be settled on any public land that is now vacant; and (iii) women, who will be particularly targeted for NGO activities and for participation in labour contracting societies (LCSs). The target group is in line with the Bangladesh country strategic opportunities paper (COSOP) and the IFAD Policy on Targeting.

Targeting approach

10. The project will adopt an inclusive targeting strategy given that 90 per cent of the population on new chars are IFAD target groups. In addition, the following criteria will be established: the criteria for providing land title will include a requirement that households own less than 0.1 acres of land (i.e. they are functionally landless); the criteria for joining a women's LCS will include a requirement that the women own less than 0.5 acres.

Participation

11. A key feature of this project is the involvement of beneficiaries in the construction, operation and maintenance of infrastructure. Beneficiaries will participate in water management organizations, farmer groups, tubewell user groups and LCSs. They will also participate in project impact monitoring through a participatory community scorecard approach.

D. Development objectives

Key project objectives

12. The goal of the project will be to reduce poverty and hunger for poor people living on chars. Its purpose is to provide improved and more secure livelihoods for 28,000 households in coastal chars. This would be achieved through the provision of support for rural livelihoods, legal title to land and climate-resilient infrastructure.

Policy and institutional objectives

13. There is a policy reform agenda associated with the project, which includes: (i) improving the policy/planning and legal framework for coastal zone management; (ii) fostering integrated water resource management and water conservation; (iii) improving and sustaining operation and maintenance; and (iv) improving governance in water resource management.

IFAD policy and strategy alignment

14. The project is in line with the current IFAD country strategic opportunities programme for Bangladesh. In particular, it will primarily fund pro-poor infrastructure development, with much of the construction work being carried out by LCSs. It is also fully in keeping with the emphasis in the IFAD Strategic Framework 2007-2010 on sustainable management of natural resources. In addition, it will focus on governance of natural resources and ensure participation of the poor in governance through representation in water management associations.

E. Harmonization and alignment

Alignment with national priorities

15. The project is entirely consistent with the Government's priorities, and is mentioned in Bangladesh's poverty reduction strategy paper 2005. Furthermore, it has been designed to support the Government's Coastal Zone Policy 2005 and Coastal Development Strategy 2006.

Harmonization with development partners

16. The project is being funded by IFAD and the Netherlands, and scales up earlier project phases funded by the Netherlands in the coastal zone. The water sector donor group in Dhaka is currently chaired by the Netherlands Embassy.

F. Components and expenditure categories

Main components

17. The project has five components: (i) protection from climate change; (ii) internal infrastructure; (iii) land settlement and titling; (iv) livelihood support; and (v) technical assistance and management support.

Expenditure categories

18. There are ten expenditure categories: (i) civil works (57.2 per cent) (ii) plantation establishment and maintenance (4.1 per cent); (iii) vehicles and equipment (4.2 per cent); (iv) technical assistance (11.1 per cent); (v) compensation and contribution (0.2 per cent); (vi) studies, contract staff, training and workshops (1.9 per cent); (vii) NGO activities (11.2 per cent); (viii) salaries and allowances (2.7 per cent); (ix) operation and maintenance of infrastructure (5.2 per cent); and (x) operating expenses (2.2 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. The lead agency is the Bangladesh Water Development Board of the Ministry of Water Resources. Other project partners include the Local Government Engineering Department and the Department of Public Health Engineering (Ministry of Local Government, Rural Development and Cooperatives); the Ministry of Land; the Department of Agricultural Extension (Ministry of Agriculture); and the Forest Department (Ministry of Environment and Forests).

Implementation responsibilities

20. The overall project will be led by the Bangladesh Water Development Board, and the Secretary of the Ministry of Water Resources will chair a project interministerial steering committee. Other activities will be the responsibility of the following line agencies: (i) the Local Government Engineering Department will be responsible for roads, markets, cyclone shelters, *killas* (refuges for livestock) and *union parishad* (local council) complexes; (ii) the Department of Public Health Engineering, for water supply and sanitation; (iii) the Ministry of Land, for land settlement; (iv) the Department of Agricultural Extension, for agricultural development; and (v) the Forest Department, for forestry activities. Each of these agencies will have its own government project document (development project proforma), so coordinated implementation can proceed with only a minimal need for combined activities in the field. NGOs will also be contracted to implement specific poverty, livelihood, social and gender-focused programmes.

Role of technical assistance

21. As under its previous phases, the entire project will be supported by a technical assistance (TA) consulting advisory team (to be funded and procured by the Netherlands). The TA team leader will be a member of the project management committee. The TA team will be responsible for contracting and managing the NGOs to be funded directly by the Netherlands.

Status of key implementation agreements

22. The key documents required for implementation of the project include: (i) the standard IFAD financing agreement; (ii) the grant agreement for cofinancing of the Netherlands; (iii) development project proforma for each of the six implementing partners.

Key financing partners and amounts committed

23. The total project cost is US\$89.2 million over seven years. The sources of financing are IFAD (53 per cent), the Netherlands (23.1 per cent), NGOs (5.5 per cent), the Government (17.5 per cent) and the beneficiaries (0.9 per cent). A proposal for IFAD supplementary financing of up to US\$10 million may be presented to the IFAD Executive Board for approval during implementation. This would finance additional coastal reclamation works pending the results of a feasibility study, and also any unforeseen increases in domestic construction prices.

H. Benefits and economic and financial justification

Main categories of benefits generated

24. Based on information in baseline surveys, it is estimated that average household income in the pre-project situation is 40,489 takas (about US\$585). Calculations show that project interventions will increase average household income by nearly US\$570 per year. Wider benefits for the population include: (i) protection from disasters (cyclone shelters and disaster preparedness programmes); (ii) better health (through access to health services and improved water and sanitation); (iii) opportunities for education (schools in cyclone shelters and roads to reach schools); and (iv) more secure lives (through dissemination of information on human and legal rights, secure land tenure and easier access to government services). These gains will, in particular, benefit women and children.

Economic and financial viability

25. The economic analysis calculates the economic internal rate of return (EIRR) for the overall project to be 17.2 per cent. The EIRR is robust, reducing to 13.6 per cent if agricultural benefits reduce by 40 per cent.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. The project will be included as an integral part of the framework for integrated coastal zone management, which is being set up by the Government. The current ongoing phase III project already meets on a monthly basis with all other donor projects in the coastal area, a practice that will be continued in phase IV. Furthermore, because the Netherlands Embassy chairs the donor group on water management, lessons from the project will be spread across the entire group of donors active in the water sector.

Development innovations that the project will promote

27. The project has a number of innovative features. Unlike earlier char development projects, over half the area to be covered will not be protected by embankment (as it is too immature and unstable for impoldering). To generate benefits for people living in these very vulnerable chars, innovations such as salt-adapted agricultural technologies, house plinth raising and house strengthening will be needed. The project also plans to construct killas on such chars – something that earlier char development programmes have not done. It may test new ways of surfacing village roads to make them suitable for light wheeled traffic. It is also planning to build rural markets – going further than earlier char development projects in improving market access.

Scaling-up approach

28. The proposed project is phase IV of a long-term intervention in coastal Bangladesh funded by the Netherlands. It will significantly scale up the project's successful phase III. Given the extremely dynamic situation in the delta area and the rapid land accretion that is occurring and will continue to occur with sea-level rises, it is certain that continued support for char development and settlement will be needed long into the future.

J. Main risks

Main risks and mitigation measures

29. The project faces two main risks: (i) a major natural disaster; and (ii) lack of law and order in the chars. The planned mitigation measures include a comprehensive disaster risk reduction programme covering cyclone shelters, killas, embankments and tree shelter belts designed to withstand or greatly reduce storm surges; roads as access to shelters and for disaster relief; and formation of community disaster management groups to prepare for disasters and link to higher-level government disaster planning. With respect to law and order, the project will improve road communications to bring the chars into closer contact with the state security services. Furthermore, land titles will be provided to the population, which will remove the influence of local elites.

Environmental classification

30. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is not likely to have any significant negative environmental impact. Therefore no further environmental assessment is needed.

K. Sustainability

31. First, to ensure sustainability of water management schemes, the project will place strong emphasis on the operation and maintenance of each subproject. Beneficiary contributions will be essential, as will tree plantations on embankments. Second, it will devote efforts to setting up community-based associations to self-manage the subprojects. Third, sustainability will be enhanced by ensuring a high-quality participatory process and providing a strong training programme.

II. Legal instruments and authority

32. 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. A copy of the negotiated financing agreement is attached as an annex.
33. The People's Republic of Bangladesh is empowered under its laws to receive financing from IFAD.
34. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Lending Policies and Criteria.

III. Recommendation

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

RESOLVED: that the Fund shall make a loan on highly concessional terms to the People's Republic of Bangladesh in an amount equivalent to thirty million eight hundred and sixty thousand special drawing rights (SDR 30,860,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement:

"Char Development and Settlement Project IV (CDSP IV)"

(Negotiations concluded on 23 March 2010)

Loan Number: *****

Project Title: Char Development and Settlement Project IV (CDSP IV) (the "Project")

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

and

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

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

WHEREAS

- A. the Borrower has requested a Loan from the Fund for the purposes of partially financing the Char Development and Settlement Project IV described in Schedule 1 to this Agreement;
- B. to assist in co-financing the Project, the amount of approximately five million United States dollars (USD 5 000 000) is expected to be made available, through the Fund, to the Borrower as a grant from The Netherlands (the "Grant") in pursuance of an agreement (the "Arrangement between The Netherlands Minister for Development Cooperation and IFAD") to be entered into by the Fund and The Netherlands Minister for Development Cooperation, subject to necessary clearances. The terms and conditions governing the Grant financing shall be set forth in a separate agreement between the Borrower and the Fund (the "Grant Agreement");
- C. Subject to necessary clearances, The Netherlands expect to extend a further grant to the Borrower of approximately fifteen million United States dollars (USD 15 000 000) (the "Netherlands Grant") to assist in co-financing the Project on terms and conditions set forth in an agreement (the "Netherlands Grant Agreement") between the Borrower and The Netherlands;

NOW THEREFORE the Parties 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, as may be amended from time to time (the "General Conditions"), are annexed to this Agreement and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a Loan to the Borrower (the "Financing"), 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 thirty million eight hundred and sixty thousand Special Drawing Rights (SDR 30 860 000).

2. The Loan is granted on highly concessional terms.

3. The Loan Service Payment Currency shall be the United States dollars (USD).

4. The first day of the applicable Fiscal Year shall be 1 July.

5. Payments of the principal amount of the Loan shall be payable on each 1 September and 1 March, commencing on 1 September 2020. Service charge shall also be payable on 1 September and 1 March.

6. There shall be six Project Accounts, one for the benefit of each of the Project Parties, in bank(s) acceptable to the Fund (collectively, "Project Accounts").

7. The Borrower shall provide counterpart financing for the Project in the amount of fifteen million six hundred thousand United States dollars (USD 15 600 000).

Section C

1. The Lead Project Agency shall be the Bangladesh Water Development Board (BWDB) of the Ministry of Water Resources (MoWR).

2. The following are designated as additional Project Parties:

(a) Local Government Engineering Department (LGED) of Local Government Division of the Ministry of Local Government Rural Development and Cooperatives (MLGRD&C);

(b) Department of Public Health Engineering (DPHE) of the Local Government Division of the Ministry of Local Government Rural Development and Cooperatives (MLGRD&C);

(c) Ministry of Land (MoL);

(d) Department of Agricultural Extension (DAE) of the Ministry of Agriculture; and

(e) Forest Department (FD) of the Ministry of Environment and Forest.

3. The Project Completion Date shall be the seventh anniversary of the date of entry into force of this Agreement.

Section D

The Loan shall be administered by the Fund and the Project supervised by the Fund.

Section E

1. The following are designated as additional grounds for suspension of the right of the Borrower to request withdrawals from the Loan Account:

- (a) The Grant Agreement and/or the Netherlands Grant Agreement has(ve) failed to enter into full force and effect within 360 days of the entry into force of this Agreement and substitute funds are not available to the Borrower on terms and conditions acceptable to the Fund, following consultations between the Borrower and IFAD; and
- (b) The right of the Borrower to withdraw the proceeds of the Grant and/or of the Netherlands Grant has been suspended, cancelled or terminated, in whole or in part, or any event has occurred which, with notice of the passage of time, could result in any of the foregoing.

2. The following are designated as additional general conditions precedent to withdrawal. No withdrawals shall be made from the Loan Account until:

- (a) The Designated Account referred to in paragraph 2 of Schedule 3 hereto shall have been duly opened;
- (b) The BWDB and LGED shall have opened the respective Project Accounts;
- (c) The Borrower shall have approved the consolidated Development Project Proforma/Proposal (DPP) for the entire Project, consisting of the DPPs of each of the Project Parties;
- (d) The BWDB and LGED shall have appointed the respective Project Directors and Project Accountants; and
- (e) The Technical Assistance contract shall have been awarded pursuant to paragraph 10.1, Section III of Schedule 1 hereto.

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

For the Borrower:

Secretary
Economic Relations Division
Ministry of Finance,
Government of the People's
Republic of Bangladesh
Sher-e-Bangla Nagar
Dhaka 1207, Bangladesh

This agreement, dated, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Borrower.

For the Fund

For the Borrower

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall be carried out in the Districts of Noakhali and Chittagong, in particular in the five newly accreted lands (Nangulia Char, Noler Char, Caring Char, Ziar Char and Urir Char) in the south-eastern coastal zone of the Borrower's Territory (the "Project Area") and shall benefit:
 - (a) Settlers who do not have proper title to the land they occupy;
 - (b) other landless households who can be settled on any vacant public land;
 - (c) women, including female-headed households;
 - (d) children who are unable to attend school; and
 - (e) landless, marginal and small farmers.
2. *Goal.* The goal of the Project is to reduce poverty and hunger for poor people living on newly accreted coastal chars.
3. *Objectives.* The objective of the Project is to provide improved and more secure rural livelihoods for 28 000 households living in the Project Area.
4. *Components.* The Project shall consist of the following Components:
 - (a) Protection from Climate Change. This Component shall comprise the following two sub-components:
 - (i) Water Management: under this sub-Component the Project shall protect land from tidal and storm surges, and improve drainage *inter alia* via construction of embankments, sluice gates, and drainage channels. The Project shall also focus on improved operations and maintenance via formation of Water Management Organisations and funding of maintenance costs.
 - (ii) Social Forestry: to complement embankments, the Project shall establish protective plantations of trees on mud flats, foreshores and embankments, along roads and drainage channels, and around public institutions such as schools, through a social forestry approach involving the establishment and support of Social Forestry Groups (SFGs).
 - (b) Climate-resilient Infrastructure. This Component shall comprise the following two sub-components:
 - (i) Internal Infrastructure: under this sub-component, the Project shall support in the areas covered by CDSP (I, II, III and IV) infrastructure development for market access and cyclone protection. This shall include roads, bridges, culverts, cyclone shelters-cum-schools, killas (cyclone refuges for livestock), rural markets, bus stands, boat landing ghats, and Union Parishad complexes, as appropriate. In addition the Project shall constitute the development of markets and a Union Parishad complex on Boyer Char and cyclone shelters, killas, earth roads in other newer chars, which are not yet sufficiently mature for a comprehensive development programme. Where possible, work shall be undertaken by Labour Contracting Societies (LCSs) which shall channel income directly to the poorest women.

- (ii) Water and Sanitation: under this sub-component, the Project shall promote the construction of Deep Tubewells (DTWs) to be shared between 15 to 20 households with rainwater collection ponds or other schemes in locations where the deep aquifer is saline. The project shall also provide a hygienic latrine for all households. In addition 150 DTW shall be installed on newer chars where settlers have no water supplies. Manufacture of concrete rings and slabs for latrines shall be undertaken by female LCSs.
- (c) Land Settlement and Titling. Under this Component, the Project shall aim to provide secure land titles for approximately 20 000 households, following a plot-to-plot survey to identify parcels of land and their current occupiers, followed by a six step process for registration of title which is carried out by the land staff of the local administration. The Project shall also support improvements to the land record system involving computerisation of records.
- (d) Livelihood Support. This Component shall include the following two sub-components:
- (i) Agricultural Support: under this sub-component, farmers shall be enabled to make better use of land resources. The Project shall form farmer groups and promote agricultural technologies that are adapted to saline conditions and resilient to climate change. This shall involve technology testing, demonstrations, training of staff and farmers, and follow-up.
- (ii) Social and Livelihood Support: under this sub-component, Contracted Non-Governmental Organisations (NGOs) shall form women's groups covering all char households. NGOs shall provide micro-finance services, support homestead agriculture, forestry and non-farm enterprises, promote legal rights and awareness raising, provide health and family planning services, and assist with disaster management and climate change. NGOs shall also support the Water and Sanitation sub-Component (Schedule 1, paragraph 4 (b)(ii)) by collecting contributions towards the cost of DTWs, forming female Tubewell User Groups, training women caretakers, and by supervising the installation of latrines by households.
- (e) Technical Assistance and Management Support: Under this Component a contracted Technical Assistance team comprising experts from a consortium of international and local consulting companies shall, in particular, be responsible for learning and disseminating lessons for coastal zone development and for planning the future development of new chars.

II. Project Management

5. *Project Implementation Agencies*. The Project shall be implemented by six Project Parties each with its own Development Project Proforma/Proposal (DPP), Management Unit, Project Director and Project Account. The respective roles of the six Project Parties shall be as follows:

- (a) The Bangladesh Water Development Board (BWDB) shall act as Lead Project Agency and also be responsible for implementing the Water Management sub-component (sub-component (a)(i), paragraph 4, Schedule 1).
- (b) The Forest Department (FD) shall implement the Social Forestry sub-component (sub-component (a)(ii), paragraph 4, Schedule 1), and be responsible for the formation and support of SFGs.

- (c) The Local Government Engineering Department (LGED) shall implement the Internal Infrastructure sub-component (sub-component (b)(i), paragraph 4, Schedule 1), and be responsible for all internal infrastructure that is not primarily related to water management or water supply. LGED shall also be responsible for maintenance of the roads and many of the structures.
- (d) The Public Health Engineering Department (DPHE) shall implement the Water and Sanitation sub-component (sub-component (b)(ii), paragraph 4, Schedule 1), and be responsible for public water supply and household sanitation. Manufacture of concrete rings and slabs for latrines shall be undertaken by largely female LCSs.
- (e) The Ministry of Land (MoL) shall implement the Land Settlement and Titling Component (Component (c)) and shall be responsible for all activities related to the process of land settlement of the population in the Project Area and for the strengthening of the land settlement bureaucracy, including the computerisation of land management systems.
- (f) The Department of Agricultural Extension (DAE) shall implement the Agricultural Support sub-Component (sub-component (d)(i), paragraph 4, Schedule 1) and be responsible for the development of field crops in the Project Area.

III. Implementation Arrangements

6. *CDSP IV Inter-Ministerial Steering Committee (CDSP IV IMSC)*. The Borrower shall establish and maintain throughout the entire Project Implementation Period an Inter Ministerial Steering Committee (CDSP IV IMSC). The CDSP IV IMSC shall be chaired by the Secretary, Ministry of Water Resources (MoWR) and include the Joint Secretaries/Joint Chiefs of: (i) the parent Ministries of the Project Parties; (ii) the water/irrigation wing of the Planning Commission; (iii) the Finance Division of Ministry of Finance; (iv) the Economic Relations Division of the Ministry of Finance; and (v) the Director General, Implementation, Monitoring and Evaluation Division of the Ministry of Planning. The Project Coordinating Director for BWDB (PCD) shall act as Member-Secretary of the CDSP IV IMSC. A representative of the Embassy of the Kingdom of the Netherlands and the Team Leader of the Technical Assistance (TA) Team shall attend with observer status. The Office of the BWDB Project Coordinating Director shall serve as secretariat of the CDSP IV IMSC.

6.1. The CDSP IV IMSC shall meet at least once every six months. Amongst other things, the CDSP IV IMSC shall approve the Inception Report and Annual Work Plans and Budgets (AWPB), review the progress reports, decide on any pertinent implementation issue, provide coordination on the implementation of the Coastal Zone Policy and the Coastal Development Strategy.

7. *Project Coordination Committee (PCC)*. The Lead Project Agency shall establish a PCC as the central Project decision-making body. The PCC shall be chaired by the PCD, and its members shall be the Project Directors of LGED, MoL, DPHE, FD and DAE; the NGO Project Coordinators; and the Team Leader of the TA Team who shall act as secretary to the PCC. The Office of the PCD shall serve as the secretariat of the PCC.

7.1. The PCC shall meet once every month and it shall, amongst other things: (i) discuss matters to be placed before the CDSP IV IMSC; (ii) approve guidelines for Project implementation; (iii) discuss the AWPBs of the Project Parties and NGOs; (iv) formulate recommendations on changes to individual Development Project Proforma/Proposals (DPPs); (v) approve the Terms of Reference for Feasibility Studies for future char development and the draft Feasibility Study reports; (vi) approve changes to the composition of the TA team and inputs by short-term consultants;

(vii) approve the Project six-monthly Progress Reports; (viii) resolve any disputes that may arise between any of the agencies and NGOs; (ix) approve coordination mechanisms; (x) monitor implementation and identify key lessons; (xi) discuss technical reports and other publications; and (xii) approve a programme for dissemination of Project experiences and achievements.

8. *Project Implementation Manual (PIM)*. The PCD, with assistance of the TA Team, shall prepare a draft PIM for approval by the Project Coordination Committee and the Fund. The PIM shall include procedures and processes for Project implementation including:

- (a) Terms of reference for key Project staff including the PCD and Project Directors;
- (b) guidelines and formats for monitoring and evaluation;
- (c) guidelines for quality control and reimbursement applications;
- (d) terms of reference for external and internal audits of Project Accounts;
- (e) Gender Action Plans; and
- (f) guidelines for LCSs.

8.1. The Lead Project Agency shall adopt the PIM substantially in the form approved by the Fund. The PIM may be modified from time to time, subject to approval by the Fund.

9. *Mid Term Review*. The Lead Project Agency, the Embassy of the Kingdom of the Netherlands and the Fund shall jointly carry out a review of Project implementation no later than the third anniversary of the Project Implementation Period (the "Mid-Term Review") based on terms of reference prepared by the Lead Project Agency and approved by the Fund and the Embassy of the Kingdom of the Netherlands. Among other things, the Mid-Term Review shall consider the achievement of Project objectives and the constraints thereon, and recommend such reorientation as may be required to achieve such objectives and remove such constraints. The Borrower shall ensure that the recommendations resulting from the Mid-Term Review are implemented within the specified time therefore and to the satisfaction of the Fund. Such recommendations may result in modifications to this Agreement or cancellation of the Financing.

10. *Technical Assistance*. A contracted consulting company (or consortium of consulting companies) shall provide Technical Assistance and Management Support (under Component (e), paragraph 4, Schedule 1) of the Project. The Technical Assistance Team Leader shall be an international consultant, whilst other full-time senior-level and mid-level posts on the team shall be filled by national specialists. Provision shall be made for short-term specialists (international and national), field and support staff, studies and surveys. The Technical Assistance consulting company shall also be responsible for contracting one or more NGOs to implement the Social and Livelihood Support sub-component (sub-component (d)(ii), paragraph 4, Schedule 1) and for supervising the implementation thereof.

10.1. The Technical Assistance consulting company together with the NGOs hired to implement the Social and Livelihood Support sub-component (sub-component (d)(ii), paragraph 4, Schedule 1) shall be contracted by the Embassy of the Kingdom of the Netherlands and funded by the Netherlands Grant. Principal tasks of the Technical Assistance Team include:

- (a) Support for the Project Coordinating Director in coordinating Project implementation, including participation in the CDSP IV IMSC (as an observer) and in the PCC. Maintenance of links with local government agencies, donors and other development partners;
- (b) provision of technical advice and support to the implementing agencies (including assistance with the design of water control structures and with the terms of reference for Project staff);

- (c) planning of Project activities, including drafting of the Project Implementation Manual and guidelines, and the preparation of the consolidated AWPB;
- (d) contracting and supervision of NGOs to implement the Social and Livelihood Support sub-component (sub-component (d)(ii), paragraph 4, Schedule 1);
- (e) quality control of Project works including verification of cost estimates, approval of tender documents, monitoring of tender processes, inspection of completed work and approval of payments;
- (f) support for training by Project Parties, including preparation of training plans, training materials, training of trainers, and monitoring of training results;
- (g) direct provision of a limited amount of specialised training;
- (h) In conjunction with the Project Parties, support institutional development at the agency and field levels, in particular Water Management Organisations;
- (i) Project monitoring and evaluation, including impact evaluation surveys, outcome monitoring surveys, participatory Monitoring & Evaluation, and support for progress monitoring by implementing agencies;
- (j) Other studies and surveys, including plot-to-plot surveys for land settlement and studies on future development of new chars;
- (k) Preparation of consolidated Project accounts covering all Project Parties and of consolidated Financial Statements. Support for the PCC in commissioning internal and external audits of Project Accounts;
- (l) Preparation of consolidated withdrawal applications for disbursement of Project funds;
- (m) Knowledge management and lesson learning, including preparation of consolidated progress reports, Project website, lesson learning by Project partner agencies (internalisation), linkages with the Integrated Coastal Zone Management Framework, and events and material to disseminate experiences to a wider audience.

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 and the allocation of the amounts of the Loan to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount SDR	Percentage of Eligible Expenditures to be Financed
I Civil Works	22 700 000	75% of total expenditure
II Plantation Establishment and Maintenance	2 200 000	100% of total expenditure
III Vehicles and Construction Equipment	1 900 000	100% net of taxes
IV Equipment, Furniture and Computers	80 000	90% of total expenditure
V Studies, Training, Contract Staff & Other Goods	1 100 000	100% of total expenditure
VI Operating Expenses	330 000	75% of total expenditure
VII Unallocated	2 550 000	
Total	30 860 000	

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

“Equipment, Furniture and Computers” means Eligible Expenditures relating to office equipment, furniture, survey and technical equipment and computers for Project Management Units (PMUs).

“Studies, Training, Contract Staff and Other Goods” means Eligible Expenditures for studies and surveys; training, tours, field days and other capacity building support for staff and beneficiaries; staff employed for the Project by DAE on a contract basis; materials for training; materials for crop demonstrations and research plots; centres for Water Management Groups (materials and labour); and publicity/information campaigns.

“Operating Expenses” means Eligible Expenditures for office operating costs for PMUs and PMU vehicle operating costs.

“Unallocated” means the amount of the Loan not allocated to any category of Eligible Expenditures, available for reallocation.

Schedule 3

Special Covenants

1. The Borrower shall approve the plans for Project activities and implementation as set out in a Development Project Proforma/Proposal (DPP) for each Project Party, and submit such DPP(s) and any subsequent amendments thereto for prior concurrence by the Fund.
2. As soon as practicable after the date of entry into force of this Agreement, the Borrower shall open and thereafter maintain in a bank acceptable to the Fund a Designated Account denominated in USD (IFAD SAFE Account) for the purpose of financing the Project. The Designated Account shall be operated by the PCD and shall be protected against set-off, seizure or attachment on terms and conditions proposed by the Borrower and accepted by the Fund.
3. The Borrower shall ensure that the Lead Project Agency submits to the Fund the duly approved draft AWPB, inclusive of the Procurement Plan, consolidating the AWPBs and Procurement Plans prepared by each of the Project Parties, as compiled by the TA Team in line with the endorsed Development Project Proforma/Proposal (DPP).
4. The Borrower shall consent to the appointment of a team of Technical Assistance Consultants for the tasks outlined in Schedule 1, Section III, paragraphs 10 and 10.1.
5. The Borrower shall ensure that the Lead Project Agency submits to the Fund six monthly consolidated Progress Reports, in a format acceptable to the Fund.
6. Within six (6) months of the end of each Fiscal Year, the Borrower shall furnish to the Fund a certified copy of the consolidated audit report.
7. The Borrower shall ensure that each Project party maintains: (i) basic accounting records for the Project including cash books for reimbursable project aid & Government of Bangladesh funds, ledger, advance register, as per Borrower's Regulations; and (ii) adequate supporting documentation for all Project related expenditures. The Technical Assistance Team shall have full access to these records which will be subject to scrutiny by internal/external auditors and the Fund's supervision missions.

Key reference documents

Country reference documents

Poverty reduction strategy paper 2005

Coastal Zone Policy 2005

Coastal Development Strategy 2006

IFAD reference documents

Project design document (PDD) and key files

COSOP

Administrative Procedures on Environmental Assessment

Logical framework

Narrative summary	Indicators	Means of verification	Assumptions
Goal Reduced poverty and hunger for poor people living on newly accreted coastal chars	<ul style="list-style-type: none"> - Reduction of 25% in number of children stunted and number under-weight - 50% increase in household assets - No. hh with 5 months or more of food shortage reduced from 46% to 23%. 	Impact surveys at baseline, mid-term and completion (RIMS)	Real price of rice does not rise relative to wages
Purpose Improved and more secure rural livelihoods for 28,000 households in coastal chars	<ul style="list-style-type: none"> - 20,000 hhs reporting increased agricultural production - 28,000 hhs with more livestock - 40,000 people* in income earning occupations; - 21,000 hh with access to improved water supply and sanitation 	Impact and outcome surveys undertaken by the M&E unit.	No major natural disasters Economic growth and stability Law and order in char areas
Outputs	<i>Outcomes in italics</i>		
1. Water resources managed effectively to protect land from tidal and storm surges, improve drainage, and enhance accretion	<ul style="list-style-type: none"> - 10,000 ha of land empoldered. - 41 km of embankment and 17.5 km of foreshore protected by plantation - 31 water management and 490 social forestry groups - 80% WMG rated effective/ sustainable - 70% empoldered land has reduced soil salinity and flooding 	<ul style="list-style-type: none"> - Field surveys of soil sanity and drainage. - Project reports from BWDB and FD - Participatory monitoring of community orgs. 	<ul style="list-style-type: none"> - Sufficient allocations for O&M by the Government. - Possible to carry out successful foreshore plantation
2. Climate resilient infrastructure for communications, markets, cyclone protection, potable water and hygienic sanitation.	<ul style="list-style-type: none"> - 160 km road constructed - 25 bridges & 72 culverts built - 9 markets constructed - Reduction in transport costs - 60 cyclone shelters & 24 livestock refuges constructed. - No. people* using cyclone shelters - No. children* at school in shelters - 1380 water supply points operational & no. of hh supplied. - 26,735 hygienic latrines operational - 17,600 women earning from LCS 	<ul style="list-style-type: none"> - Project reports from LGED - Participatory monitoring feedback and surveys - Project reports from DPHE 	<ul style="list-style-type: none"> - Sufficient allocations for O&M by Government. - No unexpected changes in groundwater quality due to sea water intrusion.
3. Secure land title granted to 20,000 households.	<ul style="list-style-type: none"> - 26,000 target group hh getting secure title to land 	<ul style="list-style-type: none"> - Project reports from MoL 	<ul style="list-style-type: none"> - Vested interests & elites do not disrupt land settlement.
4. Improved livelihoods and household resilience	<ul style="list-style-type: none"> - 5,600 farmers* attending agric. extension events - 20,000 farmers* report adoption of improved agricultural technologies - 28,000 women in 1120 NGO group - Amount of savings and no. of loans - 234 health workers & 13 clinics - No. people* using health services - 28,000 women trained in IGA - No. people* with improved employment & own enterprises - 28,000 women attend rights-based training and events - Indicators of improved rights 	<ul style="list-style-type: none"> - Participatory monitoring feedback and surveys - KAP surveys - Project reports from DAE and NGOs 	<ul style="list-style-type: none"> - DAE able to post staff to implement agricultural development programme. - Appropriate technologies for salt affected land available. - NGOs not subject to undue regulatory interference.
5. Knowledge management and lessons for Integrated Coastal Zone Mgt (ICZM).	<ul style="list-style-type: none"> - Project reports, studies workshops and other events 	<ul style="list-style-type: none"> - Project reports 	<ul style="list-style-type: none"> - Government continues to support coastal development
Activities			
1. Protection from climate change: (a) sea dykes; (b) internal embankments; (c) drains and canals, (d) water control sluices, (e) Water Management Organisations; (f) water infrastructure maintenance; (g) formation of social forestry groups; (h) tree planting on embankments, roadsides, foreshores & mudflats roadsides etc; (i) plantation caretaking			
2. Climate resilient infrastructure: (a) village and union roads and bridges; (b) cyclone shelters & killas; (c) rural markets; (g) deep tubewells; (e) drinking water ponds and rainwater collection; (f) hygienic latrines; (g) Labour Construction Societies for construction. (h) O&M user groups; (l) market management committees; (j) infrastructure maintenance			
3. Land settlement and titling: (a) Surveys to assess availability of land and current ownership status; (b) selection of target group households; (c) process of land titling; (d) computerised land record management system.			
4. Livelihood support: (a) formation of groups; (b) identification of appropriate technologies; (c) capacity building of service providers; (d) crop training and demonstrations; (e) other skill training; (f) access to livelihood opportunities and markets; (g) promotion of better health and hygiene; (h) social support and rights; (i) disaster preparedness and climate change resilience.			
5. Technical assistance and management support: (a) support from TA team for implementing agencies; (b) quality control; (c) specialised training; (d) M&E system; (e) studies of development of new chars; (f) dissemination and sharing of experiences.			

* indicates gender disaggregation.

