Basic Information

1	Country	:	Bangladesh
2	Loan no	:	2462-BAN (SF)
3	Project Title	:	Second Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP-II)
4	Borrower	:	Government of the People's Republic of Bangladesh
5	Executing Agency	:	Local Government Engineering Department
6	Implementing Agency	:	Local Government Engineering Department and Participating Paurashavas
7	Amount of Loan	:	SDR 45, 461,000 (eq. US$ 60.00 Million at appraisal)
8	Total Estimated Project Cost	:	Tk. 114854.75 Lakh (PP)(US$ 167.50 Million at appraisal)
9	Total Revised Project Cost	:	Not revised yet
10	Date of Loan Approval	:	28-11-2002
11	Date of Signing Loan Agreement	:	04-11-2008
12	Date of Loan Effectiveness	:	19-11-2008
13	Date of Loan Closing	:	31-12-2014
14	Elapsed Loan Period	:	80 % (as of loan effectiveness)
15	Date of Last Review Mission	:	Inception Mission was held from 19 October - 30 October 2008

16.   Financial Plan   :   Table –1

Source	Approval			Actual Expenditure till 31 March 2009		
	US $ Million	% of w.r.t Total Project Cost	Tk Million	Tk Million	% of w.r.t Total Project Cost	US $ Million
Asian Development Bank	87.00	51.94%	596.55			
KFW	36.07	21.53%	247.35			
GTZ	4.70	2.80%	32.22			
Government	31.73	18.94%	217.54			
Paurashavas	7.30	4.36%	50.05			
Beneficiaries	0.70	0.42%	4.80			
Total	167.50	100.00%	11.48			

   * Exchange Rate= US$ 1= BDT 68.57

17.   Cumulative Progress up to April 2009: Physical – 35%, Financial- 35%

Quarterly Progress Report Number 01
January - March 2009

1. Introduction to the Project

The Second Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP-II) started from January 2009, to promote human resource development and good urban governance and to improve infrastructure in 35 Pourashavas of Bangladesh with the financial assistance from the Asian Development Bank (ADB). The Project incorporates a performance based sector approach involving demand driven allocation of loan proceeds based on clearly defined performance criteria and the commitment of the Paurashavas to undertake governance reform.

1.1. Project Objectives
The primary objective of this project is to promote sustainable human resource development, economic growth and poverty reduction by enhancing municipal management, strengthening capacity to deliver municipal services and improving physical infrastructure and urban services (especially to the poor) in 35 Pourashavas of Bangladesh. To achieve the objectives the project will assist the selected Paurashavas to enhance capacity of Pourashavas to implement, operate, manage and maintain basic urban services; to increase accountability of Pourashavas towards their citizens; and to improve physical infrastructure and urban services.

1.2. Scope of the Project

The Project comprises the following three principal components:
Component A: Urban Infrastructure and Service Delivery: The output of component A is developed infrastructure and improved service delivery, including urban transport, drainage, solid waste management, water supply, sanitation, municipal facilities, and basic services for the poor in slums. The subprojects in each Pourashava will be identified through participatory urban planning. The size of investment funds allocated in each Pourashava depends on its progress of governance improvements.

Component B: Urban Governance Improvement and Capacity Development: The output of component B is improved governance and developed capacity of Pourashavas. Each Pourashava takes a series of reform activities in six key areas identified in the Urban Governance Improvement Action Program (UGIAP):

- citizen awareness and participation;
- urban planning;
- women's participation;
- integration of the urban poor;
- financial accountability and sustainability; and
- administrative transparency.

UGIAP-I was applied in the ongoing Urban Governance and Infrastructure Improvement Project (UGIIP-1), and the project adopted a refined version based on experience and lessons learned. The activities will be supported by training and facilitation, and intensively monitored to assess the performance. Performance allocation of investment funds will generate strong incentive for Pourashavas to achieve performance targets specified in UGIAP. Component B also supports national level reforms of urban governance.

Component C: Project Management and Implementation Support: A Project Management Office (PMO) in LGED and a Project Implementation Unit (PIU) in each Pourashava will be established under Component C of the Project. The PMO will manage the overall project implementation, while PIUs will implement activities for improvement of governance and physical infrastructures with support of the consultants and facilitators.

The executing agency of the Project is Local Government Engineering Department (LGED), under supervision of Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MLGRDC). The existing Inter-ministerial Steering Committee (ISC) of UGIIP-1 will be expanded. Inter-ministerial Steering Committee (ISC) will be chaired by the Secretary of LGD and include representatives from LGD. LGED, the Planning Commission (PC), Economic Relations Division (ERD) of Ministry of Finance (MoF). The Finance Division (FD) of the MoF, Implementation Monitoring and Evaluation Division (IMED) of the Planning Ministry, the National Institute for Local Government (NILG) the Department of Public Health Engineering (DPHE), the Ministry of Women and Children Affairs, Ministry of Public Works and three mayors nominated by LGD. The ISC will convenes whenever necessary, but not less than at least once every three months.

2. Locations

Project Area: 35 Pourashavas. Division-wise distribution is as follows at Table: 2

Sl. No.	Division	Name of Pourashavas	Class	Remarks
€€€ €€€ €1	Dhaka Division	Mymensingh, Faridpur, Jamalpur, Ghorashal, Munshigonj,	A	8 Pourashavas
		Sreepur, Bhanga,	B	
		Mirzapur	C	
2	Chittagong Division	Noakhali, Chandpur, Cox's Bazar, Brahmanbaria, Comilla, Chowmuhani,	A	7 Pourashavas
		Parshuram	C	
3	Khulna Division	Satkhira, Jhinaidah, Narial, Bagerhat,	A	5 Pourashavas
		Benapole	C	
4	Rajshahi Division	Thakurgaon, Rangpur, Dinajpur, Kurigram, Gaibandha, Sirajgonj, Natore	A	8 Pourashavas
		Nachole,	C	
5	Barisal Division	Bhola, Barguna, Jhalakathi,	A	4 Pourashavas
		Kalapara	C	
6	Syllhet Division	Sunamgonj, Sreemangal,	A	3 Pourashavas
		Golapgonj	C	

3. Implementation Phases

Project Period is 1st January, 2009 to December, 2014. The Project will be implemented in 3 phases as follows:

Phase	Implementation Period	Period	Remarks
1st	01.01.2009 to 30.06.2010	1 year 6 months	Implementation on-going
2nd	01.07.2010 to 30.06.2012	2 years	Not due
3rd	01.07.2012 to 31.12.2014	2 years 6 months	Not due

4. Implementation arrangements

A Project Management Office (PMO) in LGED and a Project Implementation Unit (PIU) in each Pourashava will be established under Component C of the Project. The PMO will manage the overall project implementation, while PIUs will implement activities for improvement of governance and physical infrastructures with support of following consultants and facilitators.

Central Level

The PMO will be headed by Project Director (PD) and supported by officials including two Deputy Project Directors in charge of Infrastructure and service delivery improvement and Governance Improvement and Capacity Development respectively

The PMO will be responsible for
i. Planning overall project implementation by consolidating plans at the Pourashava level;
ii. assisting Pourashavas in implementing the UGIAP and physical works
iii. procuring, managing and supervising consultants hired under the project
iv. monitoring and supervising project implementation
v. ensuring compliance with assurance, including safeguards; and
vi. preparing and submitting reports, including progress reports and the completion report.

Existing central and regional Urban Management Support Unit (UMSU) will provide standard training modules to Pourashava in close coordination with PMO.

The transparent and fair assessment of performance is critical for a successful performance based fund allocation. The Municipal Performance Review Committee (MPRC) will be responsible for rating the participating Pourashavas. UMSU will also function as secretariat of MPRC in assessing performance of Pourashava based on UGIAP performance criteria. Superintending Engineer Urban Management wing of LGED, will act as Director of UMSU. The Additional Chief Engineer in-charge of urban management will coordinate the project activities under overall guidance of the Chief Engineer. LGED.

Pourashava Level

A project implementation (PIU) will be established in each participating Pourashavas to implement the UGIAP and physical works. The PIU will be headed by the Pourashava Mayor assisted by the Chief Executing Officer and other officials. Each PIU includes three sections viz. the infrastructure improvement section (IIS) headed by the Executive Engineer/Assistant Engineer; the urban governance improvement section (UGIS) headed by the Secretary; and the environmental, sanitation and slum improvement section (ESSIS) headed by the Health Officer.

The PIU will be responsible for implementing governance improvement activities specified in UGIAP, including preparation of PDP; implementing physical works, preparing bid documents, including procurement and supervision of contractors with support from the PMO and consultants, ensuring safeguard compliance and preparing annual work plan and progress reports to PMO. Each PIU will be staffed with accounting officers to manage financial transaction including recording, preparation of liquidation statements, and replenishment requests to the PMO. In addition, a few engineering staffs will be placed by PMO to PIU subject to availability and capacity of Pourashava in the planning and implementation of the subprojects.

5. Special Features

Performance-based allocation

The project adopts a performance-based allocation of investment funds, as it is proven to be an effective incentive mechanism through implementation of UGIIP-I. The amount of investment funds to be allocated to each Pourashava depends on its performance in governance improvements specified in UGIAP. In Phase 1, Pourashava start governance improvement by formulating essential institutions such as TLCC, WLCC and CBOs and initiates preparation of the PDP. Only after successful performance in Phase 1, the Pourashava will proceed to Phase 2 and receives funds for investment. Pourashavas will enter Phase 3 with additional funding, if they meet the performance criteria required in Phase 2. The amount to be received varies depending on level of performance.

Participatory urban planning

The project introduces participatory urban planning to Pourashava through the development of PDPs. Broad citizen groups, including women and the poor will be represented in TLCCs and WLCCs and a series of consultations will be carried out to formulate the PDP. The participatory formulation of PDP makes Pourashavas officials and elected representatives more accountable to communities and increase transparency on the use of resources and achievements in improving service delivery.

While the urban planner is the key officially to formulate the PDP, the post is often left vacant in Pourashavas. The UGIAP specifically requires Pourashavas to recruit an urban planner (Class A Pourashavas only), and the project will provide adequate capacity development for him or her. For class B and C Pourashavas, assistant engineer functions as urban planner with support from consultants and facilitators. The project also supports internships for university students studying urban planning, in order to strengthen the overall sector capacity. LGED already has an internship program for university students of Urban & Regional Planning and Engineering Universities.

Pro-poor urban development

Each PDP will include a PRAP to identify and formulate the specific actions for poverty reduction in Pourashava. A Slum Improvement Committee will be established in each target slum to operationalize the PRAP. TLCCs and WLCCs will have sufficient representation of low income group to ensure their participation in decision-making processes of Pourashava management. To ensure adequate budget to implement the PRAP, minimum 5% of the funds will be earmarked to finance basic services for the poor in slums.

Private sector participation

The project promotes private sector participation in management of urban infrastructure. Operation and routine maintenance of bus terminals, truck terminals will be outsourced to private sector through competitive bidding private sector participation in solid waste management will be examined to formulate feasible mechanisms, and introduced to the extent possible.

Fund Allocation among Pourashava.

Investment funds will be allocated among Pourashavas based on their performance in governance improvement as defined in the UGIAP. The maximum amount to be allocated to each Pourashava (the investment ceiling) is Tk. 250 million for class A Pourashavas Tk.200 million for class B Pourashavas and Tk.100 million for class C Pourashavas excluding in-kind contributions by Pourashavas and beneficiaries.

Pourashavas that successfully achieve all of the UGIAP performance criteria of phase 1 will proceed to phase 2 and be entitled to utilize at most 50% of the investment ceiling. While it is expected that the standard period of phase 1 performance criteria. The MPRC's assessment of Pourashavas performance against phase 1 criteria will be carried out semiannually.

Pourashavas that fail to meet phase 1 performance criteria within 2 years of loan effectiveness will lose entitlement for fund allocation.

At the end of phase 2, which is expected to be in June 2012, Pourashavas' performance will be rated by the MPRC. The rating will be "fully satisfactory" if the Pourashava meets all phase 2 performance criteria to a fully satisfactory level, "satisfactory" if the Pourashava meets all minimum requirements of phase 2 performance criteria, or "unsatisfactory" if the Pourashava fails to meet all minimum requirements. The fully satisfactory Pourashavas will receive at most 50% of the investment ceiling, the satisfactory Pourashavas will receive at most 25%, and unsatisfactory Pourashavas will receive no additional funding.

All class A and B Pourashavas that are not included under the project will be informed and encouraged to carry out UGIAP activities. New Pourashavas that apply for funding will be ranked by the MPRC based on their level of achievement of UGIAP performance criteria. Approximately 15 Pourashavas with the highest ranking will be entitled to receive at most 50% of the investment ceiling. In the middle of phase 2, the overall fund utilization will be assessed, and the candidate Pourashavas will be identified. At the end of phase 2, the new Pourashavas will be determined by the inter-ministerial steering committee subject to fund availability.

6. First Phase Activities and Progress

6.1 Project Management Office (PMO)

PMO of UGIIP-II has been set up at LGED HQ, Level 7 with the Project Director (PD) and two Deputy Project Directors (DPOs), other officers and staff.

Similarly Project Implementation Unit (PIU) has been set up in all 35 Pourashavas with necessary officials and staff.

6.2 UGIIP Implementation

The project adopts a performance base allocation of investment fund as it is proven to be an effective intensive mechanism through implementation of UGIAP-I. The amount of investment funds to be allocated to each pourashava depends on its performance in governance improvement specified in UGIAP. In Phase-I Pourashava starts governance improvement by formulating essential institutions such as TLCC, WLCC and C Bos and initiates preparation of the PDP. Implementation status of UGIAP is attached at Annex-I.

Town Level Coordination Committee (TLCC): TLCC has been established and operating in 20 out of 35 Pourashavas.

Ward Level Coordination Committee (WLCC): In 12 out of 35 Pourashavas, Ward Level Coordination Committee has been established and operating properly.

Community Based Organization (CBOs): Pourashavas have not yet initiated to form CBOs.

Gender Committee (GC): GC has been formed in 22 out of 35 Pourashavas..

Establishment of Planning Unit(TPU): TPU has been established 24 out of 35 pourashavas.

Preparation of Pourashava Development Plan (PDP): Activity yet to be started.

Interim Assessment: Interim Assessment started 19 out of 35 Pourashavas in this quarter.

7. Recruitment of Consultants and Staff

During this quarter staff has been recruited in different positions at PMO office and recruitment of consultant in different position has been initiated.

8. Capacity Development/Training

One day Orientation programs for Pourashava Mayor, Ward Councilor and official (XEN/AE/Secretary) regarding UGIIP-II have been conducted during this quarter. In all 8 batches with 330 participants attended the orientation. Details are presented at Annex II

9. Procurement

During the period procurement of some equipment packages is given at Table-3

Sl. No.	Package Number	Name of Package	Date of Contract Awarded	Date of Agreement	Cost in Taka
1	UGIIP-II/LGED/NCB/ 09/G-03	Supply of Photocopiers-2	31/05/2009	14/06/2009	390,000.00
2	UGIIP-II/LGED/NCB/ 09/G-04	Color Photocopier	31/05/2009	14/06/2009	640,000.00
3	UGIIP-II/LGED/NCB/ 09/G-05	Multi-media Projector	31/05/2009	14/06/2009	387,000.00
4	UGIIP-II/LGED/NCB/ 09/G-09	Fax-36	31/05/2009	11/06/2009	819504.00
5	UGIIP-II/LGED/NCB/ 09/G-10	Note Book PC-2 Computer-24 UPS-24 Printer-24			

Division	Pourashava	TLCC	WLCC	GC	TPU	Interim Assessment	CBO	PDP	Remarks
Dhaka	Jamalpur	√		√	√	√			
	Mymensingh					√			
	Munshigonj								
	Faridpur	√	√	√	√	√			
	Ghorashal					√			
	Bhanga	√	√	√	√	√			
	Mirzapur					√			
	Sreepur			√	√				
Chittagong	Chandpur	√	√	√	√	√			
	Comilla								
	Cox's Bazar	√	√	√	√				
	Brahmanbaria	√		√	√				
	Choumohony	√		√	√	√			
	Noakhali								
	Porshuram			√					
Khulna	Bagerhat	√		√	√				
	Narail	√	√	√	√				
	Jhenaidah	√	√	√	√	√			
	Satkhira	√		√	√	√			
	Benapol				√	√			
Rajshahi	Thakurgaon	√	√	√	√	√	√		
	Gaibandha								
	Rangpur	√	√	√	√	√			
	Kurigram	√	√	√	√	√	√		
	Natore				√				
	Sirajgonj								
	Dinajpur	√			√				
	Nachole								
Barishal	Jhalkathi			√		√			
	Bhola	√	√	√	√	√			
	Barguna	√	√	√	√	√	Core		
	Kalapara	√		√	√				
Sylhet	Sreemongol	√	√	√	√	√			
	Sunamgonj				√	√			
	Golapgonj	√			√				