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 Pourashavas
7.	Amount of Loan	:	SDR 45, 461,000 (eq. US$ 60.00 Million at appraisal)
8.	Total Estimated Project Cost	:	Tk. 114854.75 Lakh (DPP)(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	:	17 % (as of loan effectiveness)
15.	Date of Last Review Mission	:	Inception Mission was held from 19 - 30 October 2008
16.	Financial Plan	:	Financial plan and expenditure is summarized at Table-1.

Table 1: Approval status and expenditure till 31 December 2009

Source	Approval			Actual Expenditure till 30 September 2009		
	In Million US$	% of Total Project Cost	In Million Taka	In Million Taka	% of Total Project Cost	In Million US $
Asian Development Bank	87.00	51.94%	5965.50	40.28	0.675%	0.588
KFW	36.07	21.53%	2473.50	-	-	-
GTZ	4.70	2.80%	322.20	40.00	12.42%	0.584
Government	31.73	18.94%	2175.40	23.70	2.06%	0.346
Pourashavas	7.30	4.36%	500.50	-	-	-
Beneficiaries	0.70	0.42%	48.37	-	-	-
Total	167.50	100.00%	11485.47	80.28	15.155%	1.52

Exchange Rate= US$ 1= BDT 68.57

17. Cumulative Progress up to December 2009: Physical– .13%, Financial- .90%

Quarterly Progress Report Number 3
October–December 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 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

Table 2: Division wise Distribution of Pourashavas

Serial	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 Period

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-II 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.

* Executive Engineer for A category and Assistant Engineer for B and C category Pourashavas

5. Special Features

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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 Municipal Performance Review Committee (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 (DPDs), other officers and staff.

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

PMO has been shifted at Level 12 of LGED Main Building to accommodate the PMO and the Consultants.

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 CBOs and initiates preparation of the PDP. Implementation status of UGIAP is shown at Annex-I.

6.2.1 Town Level Coordination Committee (TLCC): TLCC has been established and operating in all Pourashavas. After formation, first meeting was held in all 34 Pourashavas and first quarterly meeting was held in 21 Pourashavas out of 34.

6.2.2 Ward Level Coordination Committee (WLCC): 366 WLCC meeting were held in total within all Pourashavas. 342 WLCC has been established and operating in 33 Pourashavas. 14 Pourashavas 138 Ward level meetings were held and minutes prepared in 14 Pourashavas.

6.2.3 Community Based Organization (CBOs): Step has been taken to form CBO in Sreepur Pourashava.

6.2.4 Gender Committee (GC): GC has been formed in all UGIIP-II Pourashavas except Nachole and Comilla. Twenty five meeting were held and minutes prepared in 35 Pourashavas.

6.2.5 Establishment of Planning Unit (TPU): TPU has been established all 35 Pourashavas.

6.2.6 Preparation of Pourashava Development Plan (PDP): Preparation of Pourashava Development Plan (PDP) has been started in Sreepur.

6.2.7 Interim Assessment: Among the four tasks for interim assessment 1 (One) task is done in 29 Pourashavas. Rest tasks are on-going..

7. Recruitment of Consultants and Staff

During this quarter some more individual consultants have been recruited as given at Annex II. Recruitment of GICD Consultants is in the final stage and the contract is expected to be signed shortly. The Technical Evaluation Report of MDS Consultants has been approved by ADB. Necessary arrangement for publicly opening of financial proposal is in process.

8. Capacity Development/Training

During the quarter orientation meetings for different stakeholders were organized. Details are given at Annex-III.

9. Procurement

Progress on procurement of some equipment packages have been made which are given below at Table-3

Table-3: Status of Procurement of Equipment & vehicles

SI. No.	Package Number	Name Of Package	Date of Contract Awarded	Date of Ageement	Cost in Taka	Remarks
1	2	3	4		5	13
1	UGIIP-II/G-1	4 WD Jeep for PMO				Tender Notice Published. Pre-bid meeting on 16/02/2010 and Tender receiving date 24/03/2010
		Microbus for PMO				Tender Notice Published. Pre-bid meeting on 16/02/2010 and Tender receiving date 24/03/2010
2	UGIIP-II/G 06	Double Cabin Pick Up (23 Nos.)				Document sent to ADB for ICB Document Approval
3	UGIIP-II/G 08	Photocoper (35 nos)	11/1/2010			Tender Approved by ADB. NOA given
4	UGIIP-II/G 07	Computer With accessories for PIU (105Nos.)				Tender Notice Published. Tender receiving date 09/03/2010
5	UGIIP-II/GI 38	Garbage Rickshaw Van				Tender received on 27/01/2010
6	UGIIP-II/G 10	Motor Cycle for PMO				Document sent to ADB for Document Approval
7	UGIIP-II/G 11	Motor Cycle for PIU				Document sent to ADB for Document Approval

Table-3: Status of Procurement of Equipment & vehicles

Sl. No.	Package Number	Name Of Package	Date of Contract Awarded	Date of Ageement	Cost in Taka	Remarks
1	**2**	3	4		5	13
8	UGIIP-II/G 14	Mulmedia & Video Facility Euipment for PIU				Specification not prepared
9	UGIIP-II/GI 18	Survey Euipment				Document sent to ADB for NCB Document Approval
11	UGIIP-II/G 02	Computer With accessories for PMO. (24Nos.)		16/07/2010	2183600.00	Completed
12	UGIIP-II/G 03	Photocopier (2 Nos.)		11/6/2009	390000.00	Completed
13	UGIIP-II/G 04	Color Multimedia Photocopier (1 No.)		11/6/2009	500000.00	Completed
14	UGIIP-II/G 05	Multimedia Projector (2 Nos.)		14/06/2009	387000.00	Completed
15	UGIIP-II/G 2	Fax (36 Nos.)		11/6/2009	819504.00	Completed

Annex 1: UGIAP Implementation Progress (Up to September 2009)

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	√	√	√	√	√			
	Benapole	√	√	√	√	√			
Rajshahi	Thakurgaon	√	√	√	√	√			
	Gaibandha		√	√	√				
	Rangpur	√	√	√	√	√			
	Kurigram	√	√	√	√	√			
	Natore	√	√	√	√				
	Sirajgonj	√	√	√	√				
	Dinajpur	√	√	√	√				
	Nachole	√	√	√	√				
Barishal	Jhalakathi	√	√	√	√	√			
	Bhola	√	√	√	√	√			
	Barguna	√	√	√	√	√			
	Kalapara	√	√	√	√				
Sylhet	Sreemongol	√	√	√	√	√			
	Sunamgonj	√	√	√	√	√			
	Golapgonj	√	√	√	√				

Annex II: Recruitment status of Individual Consultants and Consulting Firms

Serial Number	Name of consultant / firm	Position/Status	Date of signing	Remarks
Individual Consultants				
1.	Mohibur Rahman	Urban Governance Monitoring and Evaluation Specialist (Team Leader)	15-06-09	
2.	Latifun Nessa (Helen)	Benefit Indicators & Monitoring Specialist	15-06-09	
3.	Md. Amir Hossain Mollah	Social & Safeguard Monitoring Evaluation Specialist	15-06-09	
4.	Md. Sayedur Rahman Khan	Urban Development Expert	15-06-09	
5.	Mohammed Shahid Shamim	Media Expert	15-06-09	
6.	Md. Shahidullah	Procurement Specialist (Mechanical Engineer)	15-06-09	
7.	Shamsuzzaman Khan	Audit Support Consultant	01-10-09	
8.	Md. Sohrab Hossain	Regional Team Leader	15-06-09	
9.	Md. Jahid Hossain	Mid-Level Programmer/ Hardware Specialist	01-07-09	
10.	Md. Shaheenul Haque	Municipal Finance & Accounting Specialist	01-07-09	
11.	Md. Altaf Hossain	Municipal Finance & Accounting Specialist	15-06-09	
12.	Debashis Chakraborty	Urban Planning and Management Specialist	01-09-09	
13.	Md. Nazrul Islam Sarker	Community Mobilization Specialist	15-06-09	
14.	Md. Aktarul Islam Khan	Community Mobilization Specialist	15-06-09	
15.	A.B.M. Ali Mortuza	Community Mobilization Specialist	15-06-09	
16.	Md. Jahirul Alam Majumder	Community Mobilization Specialist	15-06-09	
Consulting Firms				
01.	Governance Improvement and Capacity Development (GICD)	Submitted for final approval from the Government	-	-
02.	Management, Design & Supervision (MDS) Consultant	Received approval on technical evaluation & necessary steps have been taken for public opening of financial proposal	-	-

Annex III: Achievement in Training/Capacity Development Activities

Sl.	Course Title	Planned			Achievement						
		Batches	Total Participants	Trainee Days	Batches	Total Participants			Trainee Days	Allocation Million Tk	Expense Million Tk.
						Male	Female	Total			
Quarter 4 (October-December 2009)											
1.	Orientation of Consultant	01	35	35	01	27	08	35	35	0.25	0.25
2.	Review XEN/ AE/ Secretary	01	35	35	01	34	-	34	34	0.88	0.86
3.	Orientation of Pourashava personnel	01	35	35	01	35	-	35	35	1.18	1.12
4.	Orientation for WLCC Secretary	01	35	35	01	34	-	34	34	1.27	1.24
	Total =	**4**	**140**	**140**	**4**	**130**	**08**	**138**	**138**	**3.58**	**3.47**
Cumulative of Quarters 1, 2, 3 & 4											
	Total Batches	**26**	**1274**	**1274**	**26**	**830**	**189**	**1019**	**1019**	**23.04**	**20.05**