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The International Fund for Agricultural Development

PEOPLE'S REPUBLIC OF BANGLADESH

**SUNAMGANJ COMMUNITY-BASED
RESOURCE MANAGEMENT PROJECT**

FIRST PHASE REVIEW REPORT

Asia and the Pacific Division
Programme Management Department, IFAD

REPORT No. -BD
April 2007

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PEOPLE’S REPUBLIC OF BANGLADESH

**SUNAMGANJ COMMUNITY-BASED
RESOURCE MANAGEMENT PROJECT**

FIRST PHASE REVIEW REPORT

MAIN REPORT

Table of Contents

| | |
|--|-----|
| Fiscal Year | i |
| Currency and Equivalents | i |
| Units and Conversions | i |
| Map of Project Area | ii |
| Glossary and Abbreviations | iii |
| Project Status Report | iv |
| | |
| I. INTRODUCTION | 1 |
| | |
| II. PROJECT OBJECTIVES AND DESCRIPTION | 1 |
| | |
| III. STATUS OF PROJECT IMPLEMENTATION | 2 |
| A. Group mobilisation | 2 |
| B. Savings and credit | 3 |
| C. Rural infrastructure | 3 |
| D. Agriculture and livestock | 4 |
| E. Fisheries | 4 |
| F. Project staffing and management | 5 |
| G. Expenditure | 5 |
| | |
| III. FLEXIBLE LENDING MECHANISM | 6 |
| | |
| IV. KEY ISSUES AND RECOMMENDATIONS | 7 |
| A. Community organisations and micro-finance | 7 |
| B. Fisheries | 10 |
| C. Infrastructure | 12 |
| D. Agriculture and Livestock | 13 |
| E. Monitoring and evaluation | 14 |
| F. Project management | 15 |
| G. Financial administration | 17 |
| H. Future trigger indicators | 22 |
| I. Revision of the IFAD loan agreement | 22 |

Appendices

1. Mission programme and list of persons met
2. Training and Workshops
3. Project Expenditure
4. Guidelines for Implementation of Community Managed Infrastructure
5. Proposed Revision of SCBRMP Logframe
6. Proposed Contents of Progress Reports
7. Review of SCBRMP RIMS Baseline Report
8. Compliance with Loan Covenants

Annexes

- A. Gender and Social Development
- B. Micro-Finance and Credit Organisations
- C. Agriculture and Livestock
- D. Fisheries
- E. Cost Estimates for Phases 2 and 3

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

Fiscal Year

1 July to 30 June

Currency and Equivalents

| Date | | Currency Unit | = | Currency Unit |
|----------------|---------------|----------------------|----------|----------------------|
| At appraisal | December 2000 | USD 1 = | | BDT 55.00 |
| | | SDR 1 = | | USD 1.25 |
| | | SDR 1 = | | BDT 68.95 |
| At end Phase I | January 2007 | USD 1 = | | BDT 68.50 |
| | | SDR 1 = | | USD 1.49 |
| | | SDR 1 = | | BDT 102.07 |

Units and Conversions

| | | |
|-----------|---|------------|
| 1 lakh | = | 100 000 |
| 1 crore | = | 10 000 000 |
| 1 acre | = | 0.407 ha |
| 1 decimal | = | 0.01 acre |

Map of Project Area

Glossary and Abbreviations

| | |
|-------------|---|
| ADB | Asian Development Bank |
| <i>Aman</i> | main rice crop grown during the rainy season |
| <i>Aus</i> | Early rice crop grown during the early part of the rainy season |
| AO | Area Office |
| ASA | Association for Social Advancement |
| AWPB | Annual Work Programme and Budget |
| BBS | Bangladesh Bureau of Statistics |
| BIDS | Bangladesh Institute of Development Studies |
| BLRI | Bangladesh Livestock Research Institute |
| <i>Boro</i> | Irrigated rice crop grown during the winter season |
| BRAC | Bangladesh Rural Advancement Committee |
| CIDA | Canadian International Development Agency |
| COSOP | Country Strategic Opportunities Paper (IFAD) |
| DANIDA | Danish International Development Agency |
| DFID | Department for International Development (UK) |
| DLS | Department of Livestock Services |
| EU | European Union |
| FAO | Food and Agriculture Organization |
| FY | Financial Year |
| GB | Grameen Bank |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| hh | household |
| IFAD | International Fund for Agricultural Development |
| JICA | Japan International Cooperation Agency |
| M&E | Monitoring and Evaluation |
| MFI | Micro-finance Institution |
| MOF | Ministry of Finance |
| NGO | Non-governmental Organization |
| OSC | Operational Strategy Committee (IFAD) |
| p.a. | per annum |
| PCU | Project Coordination Unit |
| PKSF | Palli Karma-Sahayak Foundation, government apex funding agency for NGOs |
| PLDP | Participatory Livestock Development Project |
| PO | Partner Organization (of PKSF) |
| Proshika | Largo NGO |
| PY | Project Year |
| <i>Rabi</i> | Winter cropping season |
| SLDP | Smallholder Livestock Development Project (SLDP I) |
| SLDP II | Smallholder Livestock Development Project in Five Southern Districts |
| SLA | Sustainable Livelihoods Analysis |
| SLGA | Subsidiary Lending and Grant Agreement |
| SWOT | Strengths, Weaknesses, Opportunities, Threats |
| TA | Technical assistance |
| TRC | Technical Review Committee (IFAD) |
| UNDP | United Nations Development Programme |
| WFP | United Nations World Food Programme |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

PROJECT STATUS REPORT

A. Project Basic Data, Objectives and Components

| | | | | | |
|--|--|---------------------------------------|--|---------------------------|--|
| Bangladesh | | Project ID 1165 | | Loan No. 567 | |
| Sunamganj Community-Based Resource Management Project | | | | | |
| Date of Update: 03. 02. 2007 | | Date Last Update 01. 01. 2007 | | Supp. Loan | |
| Coop. Inst. UNOPS | | Contact Person Sanjay Mathur | | | |
| Approval 12/09/2001 | | Original Closing 30/09/2014 | | Last Amendment 09/09/2002 | |
| Agreement 14/11/2001 | | Extended Closing 30/09/2014 | | Last Audit 1/1/2006 | |
| Effectiveness 14/01/2003 | | No. of extensions 0 | | Last Supervision 7/2006 | |
| | | | | No. of Supervisions 5 | |
| USD m | | SDR m | | Disbursement | |
| Project cost 34.29 | | IFAD loan 17.55 | | IFAD loan 16 | |
| IFAD loan 21.97 | | Supp. loan | | Supp. loan | |
| IFAD grant | | Component Grant | | Main cofinancier | |
| Domestic 4.77 | | Lending Terms HC | | No. of suspensions 0 | |
| Cofinancing 7.54 | | Financing Type F | | Supp. loan susp. 0 | |
| SOF Grant 0.10 | | Project Type Agricultural Development | | | |
| Cofinancier USD m | | | | | |
| No cofinancier | | | | | |
| Project development objectives | | | | | |
| The main objectives of the project are to: (i) increase the assets and income of 135 000 households by developing self-managing grass-roots organizations to improve beneficiary access to primary resources, employment, self-employment and credit; and (ii) support the development of a viable national institution to replicate the project approach in other areas of Bangladesh. The project's objectives will be met through the financing of five components designed to assist the poor: (i) labour-intensive infrastructure development; (ii) fisheries development; (iii) crop and livestock production; (iv) credit; and (v) institutional support. | | | | | |
| Beneficiaries: 135,000 poor households (as per PRP) | | | | | |
| Project components | | | | | |
| Labour Intensive Infrastructure Dev. (USD 5.65 m) | | | Crop and Livestock Production (USD 2.29 m). | | |
| Objectives of this component will be to: | | | Promote livestock and crop production to enhance the cash income of the beneficiaries, by: | | |
| (i) strengthen infrastructure in the project area; | | | (i) conducting Participatory Rural Appraisals to understand farmers' needs and constraints and to determine specific component activities; | | |
| (ii) provide employment to the poorest members of the target group; and | | | (ii) undertaking farmer participatory research to validate promising technology; | | |
| (iii) enable the very poor to generate cash savings for use in the Micro-finance Component of the Project, through a demand-driven programme of labour-intensive rural works, incl. village-level food storage facilities; fresh water supply systems; protective structures to prevent water erosion; and other infrastructure works. | | | (iii) disseminating research results through 7380 demonstrations, training, farmer field schools and workshops; and | | |
| | | | (iv) supporting line ministries in preparing extension materials and training beneficiaries. | | |
| Fisheries Development (USD 8.15 m). | | | Microfinance (USD 10.05 m). Improve beneficiary access to financial services on a sustainable basis in order to develop and support food production and micro-enterprise activities. To this end, this component will: | | |
| Provide the beneficiaries with access to the benefits of fishery resources on a sustainable basis through:: | | | (i) provide a credit line through BKB (USD 9.9 million); | | |
| (i) excavating 600 beels and 10 km of khals for community-managed fish habitats; | | | (ii) form and train VOs and COs to secure access to public sector services and credit; | | |
| (ii) creating dry-season fish sanctuaries; | | | (iii) train VO and CO Presidents (4500) and Managers (4500) to retail credit to members and to maintain records; | | |
| (iii) providing community education and training in water-resource management; | | | (iv) identify and train auditors (250) to audit CO accounts; and | | |
| (iv) establishing and contracting with women-run nurseries; | | | (v) provide orientation courses for BKB branch staff. | | |
| (v) rehabilitating existing ponds or constructing new ponds for leasing to groups of destitute women (total 1615 ponds); | | | Institutional Support (USD 8.14 m). Development of project management systems and support for the creation of a viable and sustainable institution to replicate the project, by: | | |
| (vi) support the Department of Fisheries in enforcing applicable laws and in preparing and disseminating resource use and conservation materials; and | | | (i) financing the necessary technical assistance to institutionalize project operations; | | |
| (vii) conducting impact-assessment studies. | | | (ii) establishing PMU and Upazila Project offices, including the payment of staff salaries and purchase of equipment and furniture; | | |
| | | | (iii) establishing a Dhaka liaison office; | | |
| | | | (iv) creating a M&E unit within the PMU; and | | |
| | | | designing and implementing a Project Financial Management System | | |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

B. Project Performance Evaluation

Rating scale: (1) Above or on target (2) Mostly on target (3) Substantially below target (4) Little or no progress

| Implementation Progress: CPM's assessment of specific implementation progress indicators | | | | | |
|--|------|---------|---------------------------------|------|---------|
| Progress Indicators | Last | Current | Impact Indicators | LAST | CURRENT |
| Compliance with loan covenants | 2 | 2 | Expected benefits | 2 | 2 |
| Availability of counterpart funds | 1 | 1 | Beneficiary participation | 2 | 2 |
| Compliance with procurement procedures | 1 | 1 | Institution building | 3 | 3 |
| Acceptable disbursement rate | 3/2 | 3 | Service Service Providers | 1 | 2 |
| Achievement of physical targets | 1 | 1 | Gender focus in implementation | 2 | 2 |
| Technical assistance progress | 2 | 2 | Poverty focus in implementation | 2 | 2 |
| Performance of M&E system | 2 | 3 | | | |
| Timeliness of reporting | 2 | 2 | | | |
| Coherence between AVP/B & implementation | 2 | 2 | Yes/No | Last | Current |
| Timeliness of audit | 2 | 2 | Time overrun | N | N |
| Quality of accounts | 1 | 2 | Regular submission of AWP/B | Y | Y |
| Project management performance | 2 | 2 | | | |

CPM overall assessment of project implementation performance

Rating: **2**

Comments on implementation progress. Describe measures taken/proposed for indicators marked 3 or 4.

The project has been under implementation for 48 months. Supervision missions were in December 2003, October 2004, September 2005 and July 2006, with a First Phase Review in January 2007. Physical progress has been much in line with phase 1 targets, although expenditure has been less than forecast due to lower unit costs. The M&E system is not generating adequate information on the performance of savings and credit, and reporting is inadequate. Institution building for community Credit Organisations has been inadequate, and it may be better to permit groups, if they wish, to dissolve after other project activities have been completed rather than attempt to sustain after the end of the project.

CPM assessment of progress achieved in meeting the development objectives (Section A.)

Rating: **2**

Comments on progress achieved in meeting the development objectives:

Objective 1 - increase the assets and income of 135,000 households by developing self-managing grass-roots organizations to improve beneficiary access to primary resources, employment, self-employment and credit. The project has made good progress in improving access to fishing resources, and in supporting agricultural and livestock enterprises. The flow of credit funds is less than desired, and grass-roots organisations only have limited self-management capacity.

Objective 2 - Support the development of a viable national institution to replicate the project approach in other areas of Bangladesh. During loan negotiations, GOB insisted that before any decision on a semi-autonomous body (SAB) is made, a joint UNOPS/IFAD/GOB assessment be undertaken after two years of implementation. This review took place in November 2004 which recommended that such a SAB should not be established. The FPR will recommend a modification of the project logframe to delete this as a project objective.

C. Results and Impact Management (RIMS)

Describe steps taken to mainstream results/impact management and list key results and impact indicators and progress achieved.

A RIMS anchor indicator survey was carried out in December 2006. The 2004, 2005 and 2006 RIMS reports were submitted to IFAD on time in line with requirements. Summary of cumulative progress is included below: (as of September 2006)

- 823 Credit Organisations formed
- 9,402 active male savers, 12,983 active women savers
- USD 205,000 – value of savings mobilized
- USD 277,500 – value of gross loan portfolio
- 501 tube wells, 5,290 sanitary latrines
- 62km of roads, 15 village multipurpose centres

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

D. Gender Equality and Women's Empowerment Evaluation

Rating scale: (1) Above or on target (2) Mostly on target (3) Substantially below target (4) Little or no progress

| CPM's assessment of progress indicators vis-à-vis gender equality and women's empowerment | | | |
|---|--------|--|--------|
| | Rating | | Rating |
| Women participate equitably in project | 2 | Policy dialogue undertaken | 3 |
| Women benefit equitably from project | 2 | PMU monitors gender-differentiated participation | 1 |
| Women participate in decision making bodies | 1 | Supervision reports on gender-differentiated participation | 2 |
| Targets for women's participation in activities met | 1 | | |

| | | |
|--|----------------|----------|
| CPM overall assessment of project performance in terms of gender equality & women's empowerment | Rating: | 2 |
| Comments related to gender equality and women's empowerment (mandatory for criteria rated 3 or 4) 58% of all CO members are female. However no policy dialogue on gender issues has so far been undertaken. | | |

E. Cooperating Institution Performance Evaluation

Rating scale: (A) Minor/no problems (B) Moderate problems being dealt with (C) Major problems that require intervention

| Performance Indicators | Rating | | Rating |
|--------------------------|--------|---------------------------------------|--------|
| Frequency of supervision | A | Loan administration | A |
| Quality of supervision | B | Compliance with letter of appointment | A |
| Timeliness of approvals | A | Impact on project implementation | B |

| | | |
|--|----------------|----------|
| CPM overall assessment of Cooperating Institution performance | Rating: | B |
| Other issues/comments related to Cooperating Institution performance CI has not been able to provide sufficiently detailed monitoring and support for micro-credit, and has not provided timely advice on currency conversion for WA. Impact of supervision on project implementation has been limited as the scope for the PMU to act on recommendations made by CI is limited due to restrictions on changes in project budgets within the government project planning system. | | |

F. Follow-up on Previous Portfolio Review

| Agreed-upon follow-up from previous portfolio review | Action taken |
|---|--|
| <ul style="list-style-type: none"> - Participation by women in BUGs - Staff salaries need revision - Provide staff with insurance - Switch from cash accounting to double entry system - Strengthen internal audit - Settle audit observations - Improve training and guidelines for IMC/PIC - Take care with site selection for MVCs & optimise use - Provide health awareness linked to latrine provision - Obtain leases in all the beels in a hoar to manage entire waterbody - Extend beel resource mapping to cover other natural resources - Allow flexibility in division of fishing income amongst BUGs - Develop agricultural extension materials - Identify suitable agricultural and livestock activities and technologies. - Increase proportion of female COs - Consider special loans for ultra-poor - Involve NGO partners in CO support and micro-credit - Strengthen monitoring of COs - Improve overall M&E | <ul style="list-style-type: none"> - Ongoing – proposal further developed during FPR - Done – UNOPS has agreed to revised scales - Supported by FPR - Done - Done - On-going - Done - Site selection improved - Under process - Recommended by FPR - On-going - On-going - At the earliest - Ongoing - Project is making every effort - Difficult to do in context of SHG credit system - Not feasible as PMU would find it difficult to work with NGOs in this role - On-going, further improvement needed - M&E system needs review |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

Follow-up Recommendations (include evaluation recommendations where applicable)

| | Specific issues/problems | Recommendations and person who will follow-up |
|----|---|--|
| | Community organizations and micro-finance | |
| 1 | Funding for phases 2 and 3 of the project was to have included US\$ 7.5 million from another donor as a co-financier alongside IFAD. Despite the efforts of LGED and IFAD, it has not been possible to secure such co-financing, and this means it will be necessary to reduce the future costs of the project by reducing the target number of COs from 4,500 to 3,000 covering only 9 of the 11 upazilas of the district, and reduce the target number of water bodies from about 600 to around 300. This will need to be taken into account in the revised PP. | PMU, 31 March |
| 2 | Once the period of 3-4 years of intensive project interventions is over, and only micro-finance activities remain, a final audit of the CO accounts should be done, and savings and accumulated profits equitably distributed amongst members. COs need to establish a vibrant micro-finance activity and it is important that BKB provide adequate funds with minimal delays in processing loan application – which should be cleared within five working days. | PMU, BKB soonest |
| 3 | In addition group leaders should be changed every two years. To enable this, the entire group needs to be trained in group management | PMU, soonest |
| 4 | Given the distance to BKB branches, the groups need to be enabled to open savings account with any nearby branch of Grameen Bank (providing this organisation agrees). | PMU, soonest |
| | Fisheries (a) Transfer of beels | |
| 5 | An integrated fisheries management approach is needed for large haors. The project needs to: (i) select beels that are part of the same haor, and attempt to take over all or most of the beels of a haor; and (ii) form an apex body of all BMCs in a haor. | PMU, soonest |
| 6 | In order that the project be able to give sufficient time to developing BUGs and BMCs, it would be necessary to complete the process of takeover of at least 300 beels by the end of Phase 2. | PMU, MoL, MoY&S soonest |
| 7 | For each upazila the PMU should prepare a list of 50 beels that it would like handed over, including all of the beels in one haor in each upazila. This list should be submitted to IFAD and UNOPS by 31 March . | PMU, 31 March |
| 8 | The project should press for rationalization of lease values on the basis of some uniform criteria and the exclusion from VAT, as the BUGs develop livelihoods of the poor and are not business corporations. | PMU, NBR soonest |
| | Fisheries (b) Beel management | |
| 9 | In order to rotate BUG leadership every two years, all members of BUG need training in group management. This will also enable members to know what to expect from their leaders, and so improve the democratic functioning of BMCs. | PMU, soonest |
| 10 | Inclusion of women in BUG needs to be increased and systematized, with women accounting for at least 25% of BUG members, having representation in the BMC, and having clear functions, such as sorting fish before sale, cultivation of vegetables on land belonging to the beel, day-time guarding, fingerling production in ponds, and fish processing. | PMU, soonest |
| 11 | To reduce fishing in the haor in the closed season, it is necessary to create alternate livelihoods, at least for this period. A special intervention thus needs to be designed for full-time fishers, who are also usually the poorest members of the BUGs. | PMU, soonest |
| 12 | To increase value of the catch, processing and allied activities should be promoted, including the production of dried fish (by women) and marketing of fresh fish (by women and men). A study to plan a strategy for this should be commissioned. | PMU, soonest |
| 13 | With regard to supporting implementation of the Fish Act, the project should support action against either manufacturers of banned gear or against sellers of the same, and not against fishers, combined with campaigns among fishers and their households. | PMU, soonest |
| | Fisheries (c) Ponds | |
| 14 | Since the benefits to non-owners are minimal, the excavation of ponds on private land should no longer be taken up the project. Instead ponds may be excavated on khas land (especially in the silted-up part of project beels) and handed over to poor women, with a preference for single women who are heads of households. | PMU, soonest |
| | Infrastructure | |
| 15 | In order to increase benefits for CO members through infrastructure work, the mission recommends that the project forms Project Implementation Committees (PIC) from CO members to undertake and manage small road construction contracts. | PMU, LGED soonest |
| 16 | Almost half of project tubewells are contaminated by arsenic, the project must explore ways to rectifying the arsenic contamination in tubewells that it has already installed, and look for alternate ways of providing safe drinking water. | PMU, soonest |
| 17 | The project needs to ensure that multi-purpose centres are constructed within the village and plans are made to make adequate use of the facilities. | PMU, soonest |
| 18 | Funds left over from infrastructure development should be reallocated into the CO's funds and used for other activities. | PMU, soonest |
| | Agriculture and Livestock (a) Demonstrations | |
| 19 | The project should provide loans for agricultural demonstrations at the same rate of interest as other loans, with interest income credited to group funds. | PMU, soonest |
| 20 | In addition the project may support technology demonstrations via small grants (typically about Tk400) to buy new inputs. These grant funds could also be used to pay for the cost of transport of improved livestock from other districts, or the construction of a low-cost improved fish drying platform. The | PMU, soonest |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Specific issues/problems | Recommendations and person who will follow-up |
|----|--|---|
| | project could also invest in small items of agricultural infrastructure, such as small dams. | |
| | Agriculture and Livestock (b) Training | |
| 21 | The mission recommends that, other than for poultry vaccinators, training of activists should be dropped and new groups should not have such activists. At the same time, training of farmers and other group members in agriculture and other IGAs needs to be greatly up-scaled so that all group members who would like training are able to be trained. This may require some training to be contracted to external organisations. | PMU, soonest |
| | Monitoring and evaluation | |
| 22 | The M&E system needs a complete review, revision of indicators, and validation. The project M&E manual will need revision. The annual report should include more comprehensive data on project performance, and this information should also be provided to supervision missions. | PMU, IFAD soonest |
| 23 | An outcome study should be carried out as soon as possible, and repeated prior to the end of both phase 2 and phase 3. | PMU, soonest |
| 24 | In addition to regular reports the project should produce some brochures and other communication materials describing its unique approach and lessons learned. | PMU, soonest |
| | Project management | |
| 25 | Although most beneficiaries are women, the project needs to systematize gender interventions and also pay attention to the special problems of female staff in this district which has very poor communications. A female consultant should be appointed as Gender Coordinator for this purpose. | PMU, soonest |
| 26 | Where junior consultants are employed, their remuneration needs to be adjusted to match that of other contracted staff in the PMU who get annual bonuses of two month's salaries. In fact all project staff, including GoB officers, should have remuneration and allowances that are comparable to their responsibilities. | PMU, soonest |
| 27 | Funds for international consultants should be reallocated to national consultants including the continued employment of one long-term management consultant, and short-term consultants for agriculture/livestock, fisheries, gender, MIS, micro-finance and infrastructure. Consultant recruitment should be with the concurrence of IFAD and UNOPS. | PMU, soonest |
| 28 | To supervise infrastructure contracts through PICs, a Sub-Assistant Engineer (SAE) should be appointed for each upazila. Other additional staff requirements include Finance Assistants for each upazila office, and a credit assistant, a finance assistant and two M&E assistants for the PMU | PMU, soonest |
| 29 | Some additional / replacement vehicles and other equipment will be needed for the next two phases, which involves establishing 3 new upazila offices. | PMU, soonest |
| 30 | The PP will need revising to incorporate the agreed recommendations of the FPR, including the revised budget and extension of the project period. | PMU, IFAD June 2007 |
| | Financial administration (a) Financial Management | |
| 31 | Project financial manuals should be reviewed and updated. The financial accounting software needs enhancing so as to generate key financial reports (e.g. trial balance, project financial statements). The project also needs to be conversant with IFAD's Loan Administration Manual and other relevant IFAD guidelines on financial management. | PMU, soonest |
| 32 | Financial accounting data backup must be taken regularly on monthly basis and stored at the PMU in a fireproof vault. This must be implemented with immediate effect. | PMU, soonest |
| 33 | The roles and levels of responsibility of accounts staff need to be clearly defined and followed through. | PMU, soonest |
| 34 | Reconciliation of all major bank accounts must be done on a monthly basis within one week of the close of the month. | PMU, soonest |
| | Financial administration (b) Procurement | |
| 35 | In future the auditors must certify whether procurement transactions have been undertaken as per IFAD procurement guidelines and relevant loan covenants. | PMU, soonest |
| 36 | Inter alia, Schedule 4 of the Loan Agreement shall be amended to reflect adoption of IFAD's new procurement guidelines. Henceforth the project will prepare an annual procurement plan covering the next 18 months. | IFAD, ERD PMU soonest |
| | Financial administration (c) External Audit | |
| 37 | FAPAD needs to include issues of concern to IFAD in its ToR for the 2006/7 audit. It was agreed that if FAPAD do not address these issues, the project would, in future, arrange for an audit by an independent firm of professional accountants, appointed through a fair and transparent process. | PMU, soonest |
| | Financial administration (d) Internal Audit | |
| 38 | The project's innovative and cost-effective internal audit system needs to be strengthened and improved. | PMU, soonest |
| | Financial administration (e) Withdrawal Applications | |
| 39 | The project needs to calculate the extent to which replenishment claims have been mis-calculated due to adoption of an artificial exchange rate, and this amount must be adjusted, in consultation with the CI. | PMU, UNOPS soonest |
| | Financial administration (f) Management Information System | |
| 40 | The MIS system should reduce manual intervention to the minimum. Data collected and compiled by the SOs must be inputted by them just once. All further compilation and tabulation must be done through import/export of data and electronic data transfer. | PMU, soonest |
| | Financial administration (g) Accumulation of BKB interest | |
| 41 | Project credit funds are channelled through BKB, and COs pay an interest charge of 10% (declining balance) to BKB. Of this, 6.5% was allocated in the loan agreement as a fund to pay for the costs of a Semi-Autonomous Body (SAB) in the post-project period. BKB should provide regular bank statements showing the actual amount they are holding. The idea of a SAB has been dropped (in any case the | PMU, BKB soonest |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Specific issues/problems | Recommendations and person who will follow-up |
|----|---|--|
| | 6.5% share would not come near to covering its operating costs), and a decision on the future use of this fund should be made at the end of phase 2. | |
| | Flexible lending mechanism | |
| 42 | Recommended trigger indicators, inter alia, for proceeding from phase 2 to phase 3 include: (i) agreement and implementation of a plan to ensure the sustainability of credit organisations and BUGs (or the winding up thereof if no longer required by the group); (ii) Government transfers at least 300 public waterbodies to the project (including those transferred in phase 1) before the end of phase 2; and (iii) project generates monitoring data showing initial impact of project on livelihoods and wellbeing. | GoB, ERD, Mol, IFAD, June 2007 |

More detailed recommendations are in the main text of the report and are summarised in Table

BANGLADESH

SUNAMGANJ COMMUNITY BASED RESOURCE MANAGEMENT PROJECT

FIRST PHASE REVIEW

I. INTRODUCTION

1. An IFAD/UNOPS mission¹ undertook the First Phase Review (FPR) of the Sunamganj Community Based Resource Management Project (SCBRMP) from 15 December 2006 to 5 February 2007 (field investigations started on 15 December, with the main mission commencing on 6 January). The mission spent a considerable time in Sunamganj where it carried out extensive discussions and participatory evaluations with beneficiary groups, held a workshop with project staff, and met other stakeholders. In Dhaka the mission had meetings with LGED and BKB. The mission programme and list of persons met is in Appendix 1.

2. An aide memoire with the findings and recommendations of the mission was discussed at a wrap-up meeting to be chaired by Mr. Safar Raj Hossain, Secretary, Local Government Division, Ministry of Local Government, Rural Development and Cooperatives on 5 February 2007.

II. PROJECT OBJECTIVES AND DESCRIPTION

3. The International Fund for Agricultural Development (IFAD) has been providing assistance to the Government of Bangladesh to implement the Sunamganj Community Based Resource Management Project (SCBRMP) in the district of Sunamganj. The project is being funded by IFAD using a Flexible Lending Mechanism (FLM) with the 11 year project divided into three phases – the first of 5 years and then two of three years each. This FPR mission has reviewed the progress of the project at the end of phase one. The IFAD loan became effective in January 2003, and the loan agreement states that phase 1 would be implemented from January 2003 to December 2007, phase 2 from January 2008 to December 2010, and phase 3 from January 2011 to March 2014, with the loan closing in September 2014. The Government, through its PCP/PP, has approved of the project in three phases, phase 1 being FY (July-June) 2002-3 to 2006-7, phase 2 2007-8 to 2009-10 and phase 3 from 2010-11 to 2012-13. There is a mismatch between the timing of the project phases in the loan agreement with those in the PP.

¹ Edward Mallorie (mission leader), Dev Nathan (Rural Development and Institutions Specialist), Girija Srinivasan (Community Mobilisation Specialist), N A Apu (Fisheries Management Specialist), Nasrin Jahan (Gender Specialist), Dewan Alamgir (Rural Finance Specialist), N M Sudhir (financial management specialist, UNOPS), and Nowsher Sadar (Agriculture, livestock and enterprise development specialist, UNOPS). Nigel Brett (IFAD country programme manager), Perin Saint Ange (IFAD loan officer), Liam Chicca (IFAD legal counsel) and Sanjay Mathur (UNOPS Senior Portfolio Manager & IFAD Cluster Coordinator) also participated in the final part of the mission. The mission was assisted and supported by Hashibul Alam (IFAD field presence), Dr Md Endadul Haque (PRA facilitator), and Mahmuda Akhter (field investigator).

4. The mission reviewed the trigger indicators as set out in the loan agreement, and recommends that the project proceeds from phase 1 to phase 2 – subject to IFAD management approval.

5. The objectives of the project are to: (i) increase the assets and income of 135,000 households by developing self-managing grass-roots organizations to improve beneficiary access to primary resources, employment, self-employment and credit; and (ii) support the development of a viable national institution to replicate the project approach in other areas of Bangladesh. The project's objectives will be met through the financing of five components designed to assist the poor: (i) labour-intensive infrastructure development; (ii) fisheries development; (iii) crop and livestock production; (iv) credit; and (v) institutional support.

6. The total cost estimates of the project is US\$ 34.3 million, with an IFAD loan of SDR 17.55 million (US\$ 22.0 million), a contribution of US\$ 4.5 million (including duties and taxes) from the Government of Bangladesh, a US\$ 0.3 million contribution by the community/beneficiaries in labour, kind and cash, and US\$ 7.5 million from another co-financing donor. IFAD's Executive Board approved the project on 12 September 2001, the Loan Agreement between the People's Republic of Bangladesh and IFAD was signed on 14 November 2001, and the loan was declared effective on 14 January 2003.

7. The project was designed to cover the whole of Sunamganj district. At the time of design the district had 10 upazilas, of which five were to be covered during the first phase of the project. Project target beneficiaries include all poor households comprising of landless poor, small and marginal farmers holding not more than one hectare of land and earning incomes less than the amount defined as poverty line by the GOB.

III. STATUS OF PROJECT IMPLEMENTATION

8. Since the project was designed, one of the phase 1 upazilas (Sadar) has been split in two so the project is now working in six upazilas (Sunamganj Sadar, Sunamganj Dakhin, Biswamvarpur, Jamalganj, Taherpur and Dera).

A. Group mobilisation

1. Up to September 2006 a total of 823 Credit Organisations (COs) had been formed with 22,385 members, of who 58% are female. Targets for phase one of the PP (ending June 2007) of the project are 950 COs (982 in the PP) with 50% of members being women. It is likely that this target will be exceeded. Only 3 COs and 1,265 members had dropped out or left groups. The project has trained a total of 2,713 leaders and managers of COs, and further training has been provided through the IFAD grant funded SCOPE project (see Appendix 2 for details of both project and SCOPE training). COs are small (15-30 members) groups of poor men or poor women. The original design of the project proposed that Village Organisations also be formed, encompassing the whole of the community in which the project is working, for the purpose of natural resource management. With the consent of supervision missions, the concept of VOs has been dropped, and replaced with the more narrowly focused Beel User Groups to manage community fisheries.

2. The project COs are multi-functional. They not only provide micro-finance services, like credit and savings, but also monitor the construction of infrastructure, decide on demonstrations and adaptive trails of crop varieties. This multi-functionality makes the interactions of the CO members quite dense and thus increases their social capital. The role of the COs in securing and monitoring road construction has increased their social prestige. Over 1,800 CO presidents and managers have has exposure to the banking system, and 22,000

CO members are able to at least sign their names on financial documents. Among CO members, investigations conducted by the mission revealed that women were better than men in enthusiasm, confidence, participation and leadership, but were handicapped by their lack of education and their vulnerability to health problems. At the economic level, PRA exercises conducted by the mission in 5 female and 5 male COs, showed that 32% of women and 25% of men felt that they had moved out of the very poor category. These are still early days in the organization of COs and one should expect that these gains would be consolidated and extended in the next phase of the project. Further information on the mission PRA is in Annex A.

B. Savings and credit

3. Members of groups make weekly savings contributions of around Tk10 to Tk20 each, and total savings have reached about Tk14 million (average of Tk650 per member). A total of 2,436 loans have been made by groups to their members using these funds, and 1,685 members currently have loans (7.5% of all members) with Tk3.72 million outstanding. A total of 467 COs have been borrowing project funds through BKB, and 7,099 loans have been provided to group members (15.2 loans per borrowing CO). Of these, Tk15.15 million is currently outstanding to 5,135 members (23% of all members, 62% of them women). Recovery rates for both savings and BKB loans are very good at around 98%. A total of 471 CO audits have been carried out, covering 329 COs. A report on the performance of community mobilisation and rural credit is in Annex B.

C. Rural infrastructure

4. The original project design envisaged investment in wave protection for villages exposed to wave erosion, village storage godowns and water supply tubewells. After an assessment of priority needs, and with the agreement of supervision missions, the project has been developing village roads, multi-purpose community centres and sanitary latrines as well as tubewells. Up to September 2006, 501 tubewells for domestic water, 5,290 sanitary latrines, and 62 km of village roads have been built. These investments appear very useful, and are highly appreciated by villagers. Fifteen village multi-purpose centres have also been constructed.

5. The project has constructed 50 local community roads. This is a new innovation in Bangladesh – previously government and donor efforts have focused on higher level roads connecting districts, upazilas and unions (the three tiers of local government). These community/village roads – the “last mile” have been overlooked, although they represent a major barrier to rural growth and social welfare. Moreover, in choosing roads for improvement with the involvement of COs, the village poor appreciate that their needs have been brought into the process of selection – a process that hitherto has not directly involved the poor.

6. Not only has the project expanded the scope of rural road development to include such roads, but it has innovated in terms of design and implementation methodology. Project roads are made of concrete rather than the usual brick and bitumen construction. This means they can withstand annual flooding and do not require to be raised up on embankments above flood levels. This reduces cost and the need for land to expand the width of the roadway to accommodate an embankment. Moreover earth embankments built by manual labour are difficult to adequately compact, leading to initial subsidence, and embankments can also obstruct local drainage flows. In Sunamganj there is no great need for local roads during the flood season, when people can easily move by boat.

7. The project has also innovated in how road and other infrastructure construction is managed. Infrastructure Management Committees (IMC) have been formed from COs in the vicinity of the road, with seven to nine members of who at least two are women. The IMC is trained in checking on the quality of materials, concrete mixing process, thickness of concrete, placement of reinforcing bars and curing after casting. In rotation two persons from the IMC continuously monitor construction activities. IMCs report any irregularities to LGED and have, on four occasions, temporarily stopped the work. Communities are also involved in planting trees alongside roads and in road maintenance. In line with normal LGED practice, two women are employed per km of road for maintenance of road shoulders and trees. These women are selected from the poorest in the community and paid Tk50 per day.

8. The result of this community participation and ownership is that the quality of SCBRMP roads are clearly better than roads built by other agencies. Road construction has benefited the entire community and given members of COs added status in their villages. Village roads have brought about considerable benefits in improving access to 132 villages. In the mission PRA sessions, infrastructure development was very highly rated by beneficiaries. There are obvious economic benefits in reducing transport costs and improving access to markets. New opportunities have been created for providers of transport services, especially rickshaw pullers. There are also less visible social benefits. Without roads, women find it more difficult to travel than men – but are now able to visit health centres and markets. It is also now possible to travel at night, and children can go to school. By June 2007 it is planned that a total of 97 roads of 100 km will be built in five upazilas, and the project hopes to further increase community involvement with their management of the actual construction work (see paragraph 51 below).

9. Investments in tubewells for water supply and latrines have also brought benefits. Although the area floods, there are severe shortages of water in the dry season and of potable water at all times. However the project faces challenges in providing supplies that are free of arsenic (see paragraph 53). Lack of latrines has serious health consequences, especially to spread of diarrhoeal diseases, and is a major problem for women.

D. Agriculture and livestock

10. The project's demonstration programme has implemented a total of 468 demonstrations (as against an AWPB target of 750), using a revolving fund mechanism. In addition the project has been carrying out adaptive research through partnerships with BRRI, BARI and BLRI. These on-farm research trials have focused on short season rice varieties, vegetable varieties and new crops to the area such as wheat, mustard, maize and pulses as well as a range of livestock rearing activities. The project also has MoUs with DAE, DLS and DoF to provide technical support as needed.

11. Demonstrations have spread the rearing of poultry and cultivation of broad beans and other vegetables in the dry season. Participatory variety selection trials of rice have resulted in two new early-maturing varieties being selected by farmers, which will be propagated in order to deal with the problem of flash floods and to give time for cultivation of non-irrigated crops in winter. A report on the progress of this component is in Annex C.

E. Fisheries

12. Initial problems in securing beels were resolved through intense interventions with the Ministries of Land (for beels above 20 acres) and of Youth and Sports (for beels below 20 acres). Of the total of 93 beel leases handed over to the project, a total of 55 beels are now in the possession of Beel User Groups (BUGs) and the remaining 38 will be taken over when

their old leases expire in April/May. The BUGs are well organized with a combination of full-time, part-time and subsistence fishers and agriculturists, who have occupied silted portions of the beels. The support of LGED and the District and Upazila administration, along with the mobilization of the prospective BUGs, have helped in demarcating beel areas and enabling BUGs to establish their user rights over the beels.

13. The members of the BUGs are not just fishers but also managers of the resource. This results in a development of capabilities and also yields income that is not just wages but also a share of profits. With the earlier short-term leases, lease-holders used to carry out destructive fishing practices, like dewatering to maximize immediate fish income. Having established secure user rights over a long-term the BUGs have stopped practices like dewatering. Guarding has eliminated fishing in the closed season in and around the leased beels, though it still continues in the “open access” areas of the haor.

14. At Chatol Udaytara fishers have completed harvest and received Tk.6,350 per fisher; while Chinamara, Gotgotia and Monikamarerkuri had to harvest 4 months earlier in order to undertake re-excavation work. Income of these beels were less than Tk1,000 per fisher. With a full season for stocking fishing, which is already underway in a number of beels, the fish harvest per hectare and income per BUG member will increase.

15. The project has also re-excavated 30 fish ponds on private land which are being leased out to about 115 poor women. A report on the progress of this component is in Annex D.

F. Project staffing and management

16. A total of 104 staff are currently employed by the project, out of an approved establishment of 106. Training courses have been provided for project staff and also the staff of partners such as DAE and BKB (see Appendix 2). The PMU is in Sunamganj and five upazila project offices have been established along with a liaison office in the LGED headquarters in Dhaka. A project monitoring system has been set up and a RIMS anchor indicator survey was carried out in 2006.

G. Expenditure

9. Total expenditure of the project in FY 2005/6 was Tk.126.5 million, 76% of the AWPB of Tk.165.8 million. The shortfall in expenditure on infrastructure of only 60% of the AWPB estimate was partly offset by micro-finance being 33% higher than the AWPB. Overall cumulative expenditure by the project up to September 2006 was Tk.252.5 million, which is 57% of the total PP budget for phase 1 of Tk442.7 million. At the end of year 4 out of the 5 years of Phase 1 (as defined in the loan agreement) about 60% of the IFAD loan allocation for phase 1 had been spent. Details of project expenditure are in Appendix 3.

Table 1: IFAD Loan Disbursement – as at 8 January 2007

| Loan category | Allocated | Disbursed | % disb. | SDR |
|--|--------------|------------|---------|--------------|
| | | | | Available |
| Authorized allocation - special account | | 701,163.93 | | -701,163.93 |
| Earth and civil works | 1,980,000.00 | 842,723.82 | 42.6% | 1,137,276.18 |
| Equipment and materials | 90,000.00 | 65,198.92 | 72.4% | 24,801.08 |
| Vehicles | 100,000.00 | 81,223.37 | 81.2% | 18,776.63 |
| Technical assistance, training and studies | 890,000.00 | 418,068.86 | 47.0% | 471,931.14 |
| Credit | 460,000.00 | 343,486.21 | 74.7% | 116,513.79 |
| Incremental op. costs – salaries & allowance | 760,000.00 | 425,742.85 | 56.0% | 334,257.15 |
| Incremental op. costs - operating costs | 250,000.00 | 166,294.68 | 66.5% | 83,705.32 |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | | | | |
|---------------|---------------|--------------|-------|---------------|
| Total phase 1 | 4,530,000.00 | 3,043,902.64 | 67.3% | 2,187,261.29 |
| Phase 2 | 5,770,000.00 | | 0.0% | 5,770,000.00 |
| Phase 3 | 6,720,000.00 | | 0.0% | 6,720,000.00 |
| Unallocated | 530,000.00 | | 0.0% | 530,000.00 |
| Total | 17,550,000.00 | 3,043,902.64 | 17.3% | 14,506,097.36 |

10. Up to 8 January 2007 (after just over 4 years of the 11 year implementation period), disbursement of the IFAD loan amounted to SDR 3.04 million (USD 4.46 million), 17% of the total of SDR 17.55 million and 67% of the phase 1 allocation of SDR 4.53 million. If the initial deposit of SDR0.7 million is excluded, then actual expenditure of the IFAD loan amounted to SDR2.34 million, 13% of the project total and 52% of the phase 1 allocation.

III. FLEXIBLE LENDING MECHANISM

17. FPR mission has reviewed the achievement of the trigger indicators which have been set to determine if the project can proceed from Phase 1 to Phase 2. Progress towards these indicators has been monitored by UNOPS Supervision Missions and Table 2 lists these indicators and the mission's assessment of their achievement. The mission recommends that the project can proceed to phase 2. Although some trigger indicators have not been met, the mission has concluded that these are not critical. These indicators are:

Table 2: Status of Phase II Triggers

| TRIGGER | STATUS |
|---|--|
| 23(a) In the event an Affirmative SAB Decision is taken, the SAB has been established in accordance with paragraph 5 [<i>Semi-Autonomous Body</i>] of Schedule 3 | The SAB Assessment in 2004 recommended that the SAB was not required. This was therefore dropped as a Phase I trigger. |
| 23(b) 80 beels along with 500ha of land have been made available to the Project beneficiaries | 55 beels are under operation by project beneficiaries and another 38 have been made available and will be transferred to beneficiaries in April 2007, so this trigger will have been met. However no land has been made available (see paragraph 17a). |
| 23(c) 275 beels and 8km of khals, along with 1,300ha of land have been identified and made available to the Project for the Second Phase | Resource mapping studies have been completed in eight upazilas which have identified 958 beels. However these have not yet been made available (see paragraph 17b). |
| 23(d) 600 VOs have been formed and are operating effectively | Not done (see paragraph 17c). |
| 23(e) Regarding the Micro-finance Component: i. 950 COs are managing credit and savings benefiting 1,000 ² members, of which at least 50% are women; ii. repayment rates exceed 90%; iii. average savings per beneficiary has increased by at least 100%; and | i. As of September 2006 823 COs formed (88% of target) with a membership of 22,879 (58% women). The target will be exceeded by the end of Phase 1. ii. 99% - target exceeded iii. Average savings are Tk650 (September 2006) and it is reasonable to assume that this is an increase of over 100% on the pre-project level |

² The present Loan Agreement states 1,000 members. This is most likely a typographical error and the real figure should be around 19,000 members.

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| TRIGGER | STATUS |
|--|---|
| iv. at least 50% of total amount lent is to women | iv. 58% of borrowers of savings fund and 62% of BKB funds are women |
| 23(f) Project-level participatory monitoring and evaluation and participatory impact evaluation is functioning effectively and tracking the trigger indicators | The M&E system is operational and is tracking trigger indicators. |
| 23(g) All studies and evaluation reports have been concluded to the satisfaction of the Fund and made available to the review mission in Project Year 5 | Studies and reports have been carried out including a RIMS anchor indicator survey. |

While the indicator of at least 80 waterbodies (beels) being made available has been achieved, the project has not been transferring public (*khas*) land to beneficiaries. Although the waterbodies include considerable areas of land used in agriculture in the dry season, these are occupied by farmers, including poor farmers, and the project has not attempted to dispossess them and transfer the land to project beneficiaries on long term leases. Obtaining possession of *khas* land is a difficult and long-drawn out process, and the availability of such land and the issues involved were not considered in the Appraisal Report (in contrast to waterbodies which were listed in detail).

Another trigger indicator was that the Government should have made available 275 beels for phase 2. Although 958 beels have been identified in resource mapping surveys, no further beels have been allocated to the project beyond the 93 phase 1 beels. However the total target for beels has been revised downwards to 300, requiring an additional 237 for phase 2. Once beels have been made available through agreement with the Ministry of Land and Ministry of Youth, they are normally vacated at the end of the current season in April or May. At this time the project needs to have groups ready to occupy these beels. It would not be feasible or helpful if all the phase 2 beels were to be available for takeover in April 2007 (before the end of phase 1). What is needed is that about 80 beels be made available for takeover each year in April 2008, April 2009 and April 2010.

The final trigger indicator that has not been met is the formation and operation of 600 Village Organisations. In practice, VOs would not have a sufficient role and, with the agreement of supervision missions, the concept of VOs has been dropped, and replaced with the more narrowly focused Beel User Groups (BUG) to manage community fisheries. There is one BUG for each beel.

IV. KEY ISSUES AND RECOMMENDATIONS

A. Community organisations and micro-finance

18. Since the project was designed there have been major changes in the operating environment in Sunamganj as far as micro-finance services are concerned. The design provides for mobilizing the poor into savings and credit oriented community organizations and linking them with BKB for loans. At the time of design in 1999, there were hardly any MFIs functioning in the district, and it was thought that they would be largely discouraged from doing so by the difficulty of communications within the district. However, since the start of the project a number of MFIs have established and rapidly expanded their operations. As of December 2006, MFIs (Grameen Bank, ASA, BRAC and a number of smaller NGOs) have 227,000 members and 191,000 borrowers –the number of members is equivalent to over 70% of the number of households in the district. The number has more than doubled in the last 3 years. In addition BRDB is recorded as having around 30,000 borrowers. MFIs now

have 142 branches in the district, and more expansion is planned – another 10 branches for ASA while GB plans to be present in every village.

19. The community organizations (COs) promoted by the project have a number of strengths. COs not only undertake savings and credit activities, but also execute project interventions such as infrastructure and members get training. Female members appreciate the opportunity of forming an organization. Savings regularity is reportedly high. The overall repayment rate for loans is good. Books of accounts are kept and internally audited. Since the project has provided infrastructure (especially roads) for the entire village via the COs, CO members have become highly regarded by other villagers. Through tremendous efforts from the project, credit is flowing from BKB to the members.

20. However, a number of issues are hindering the development of the sustainability of COs. These community groups need to have core goals to continue functioning. Presently, groups are bound together through project activities of infrastructure development, training etc, which are executed in the initial three to four years of the group's existence. There is very little in the way of a social agenda for groups such as literacy, fighting for rights etc. After the initial 3 to 4 years of executing project activities, the groups are likely to be limited to micro-finance activities.

21. Although micro-finance activities are being undertaken in all groups, a number of factors are limiting their development and long term sustainability. At present groups deposit their savings with BKB and take individual loans (processed as a group batch) from the bank. There is very little rotation of savings as loans to group members, and little management of BKB funds³, and thus financial management skills have not been developed by the groups. The loans to individual members are costlier than loans from MFIs, and the group is getting little or no return on the bulk of their savings which are in an account with BKB. The credit availability per borrower is not very robust or reliable. Although BKB has been achieving annual targets for disbursement, project staff have been undertaking many of the functions of the bank- filling loan applications, writing the bank ledgers, following up on loans etc. Although BKB has made efforts to improve its performance, its willingness and ability to provide sustainable financial services to the groups is a serious issue. As a result of a poor flow of funds from the bank, and little rotation of savings, only 30% of group members have current loans (47% for mature groups), compared with 84% for MFIs in Sunamganj. Moreover the average amount borrowed is less than for loans from MFIs.

22. Given the poor availability of loans from the CO, and with the expansion of MFI coverage, the members are likely to increasingly use the services of MFIs. Hence there is a high risk of that members stop regular savings and also default on loans once the initial project activities are over. Training in group management and micro-finance has been focused on group managers and presidents, and there is no rotation of these leaders. There is therefore a risk of these leaders emerging as power centres since they are more literate can become more influential. Without continued close supervision by project staff, such leaders could start to use groups for personal benefit (such as cornering loans while delaying their own repayment).

23. For the future development of the project, there are two key issues: (i) how to provide an appropriate exit strategy for groups at the end of the project, and; (ii) how to approach group development in future (the project has an ultimate target of 4,500 COs, of which only around 1,000 will be formed during phase 1). Given the ready availability of MFI services in

³ The normal practice when a self-help group is linked with a bank is for the group to take a single large loan, which they combine with their available savings to make a fund for lending to members. The group makes all the decisions regarding loans to members regardless of the origin of the funds.

Sunamganj, and the problems in the flow of credit funds from BKB, the mission's first choice is to contract MFIs to link with new groups in future, especially in the five upazilas where activities have yet to start. Existing COs could also be linked to MFIs to supplement the limited flow of funds from BKB. This would free-up project staff to focus on other areas of the project – infrastructure, fisheries, agriculture – still working through COs formed by the project. However this would involve a considerable change in approach and working practices, and project management feels that it would face difficulties in contracting and managing MFIs, and in delivering project services to groups supported by MFIs. Therefore the mission agrees with project management that the option of using MFIs to provide groups with savings and credit services is not feasible.

24. An alternative is for the project to continue with its present system of forming and supporting COs, but with a clear vision for how these groups will develop once the period of 3-4 years of intensive project interventions is over and only micro-finance activities would remain. Following a final audit of the CO accounts, members would decide about continuing with the CO-BKB linkage or whether to joining MFI (either as a group or individually). The savings and accumulated profits would then be equitably distributed amongst members. The project has started to employ Community Development Facilitators (CDF) to facilitate the group activities under the supervision of Social Organisers (SO). CDF and SO should provide this service to groups for three years. If members wish to continue with group micro-finance activities, the CDF may then be paid by the group. If the members wish to join other MFIs, the project will facilitate the linking of the members with MFIs.

25. The financing plan for the project assumes that phases 2 and 3 will be partly funded with additional co-financing from another donor. Despite the efforts of LGED and IFAD, such a donor has not been identified. Limited financial resources means that it will be necessary to reduce the future costs of the project by reduce the target number of COs from 4,500 to 3,000 covering 9 of the 11 upazilas of the district (omitting two upazilas where there is already good access to micro-finance services from MFIs. The target number of water bodies also needs to be reduced from about 600 to around 300. These changes will need to be taken into account in the revised PP.

26. There are a number of good practices that the project needs to adopt in building groups. The relatively better-off tend to hold the positions of power as Presidents and Managers. The project needs to ensure that the practices introduced by the project do not help these leaders to become centres of power and get more than a fair share of project benefits. For this reason the allocation of a share of group interest income needs to be reviewed and possibly stopped, at least for new groups. As far as possible group management tasks should be shared out between all members, so group leaders do not have a lot of additional work. Moreover, the project has found that group managers have limited capacities to keep group accounts, and propose to use CDFs to provide groups with closer support – with the aim that groups eventually pay CDF for their services.

27. In addition group office bearers (presidents and managers) should be changed every two years. To enable this, the entire group needs to be trained in group management and internal controls developed – most of the groups visited by the mission reported that only leaders have had such training. Groups should learn to manage their funds without too much control of the project, even for withdrawals from their savings accounts. Given the distance to BKB, the groups need to be enabled to open savings account with any nearby branch of Grameen Bank (providing this organisation agrees). Grameen also pays a better rate of interest for savings than BKB.

28. Further efforts are needed to improve access to loans. The project needs to continue to press BKB to reduce the time needed to process loan applications. In addition it could

consider reducing the time needed for a new group to qualify to take loans from its own savings fund and then to take loans from BKB. Current rules are 4 months for savings fund loans and 6 months for BKB. The PMU and UNOPS need to monitor the utilisation of project credit funds by BKB and only disburse additional funds when existing funds have all been on-lent to COs and are recorded as loans outstanding.

29. The monitoring system needs improvement. The project at present collects lots of data on groups, but with very little analysis of financial performance. The existing internal audits carried out by the project are very useful, but more of the information collected should be analysed. As the mission is recommending that an external audit firm be employed to audit project expenditure accounts, this audit should be extended to cover a sample of COs (and BUGs) to provide an additional check on the financial status of groups.

B. Fisheries

(a) Transfer of beels

30. In Sunamganj most beels are part of haors. To manage beels in this environment requires an integrated fisheries management approach for the whole haor. For this the project needs to: (i) select beels that are part of the same haor, rather than randomly (as is now the practice), and attempt to take over all or most of the beels of a haor, irrespective of their size; and (ii) form an apex body of all BMCs in a haor. This could be attempted for not more than one haor in an upazila so as not to overload local management capacity.

31. At the same time, in order to reduce the level of conflict that the project will have to deal with, it would in general be advisable to seek beels where there is less likely to be conflict. Beels covering more than 50 acres are more likely to be currently under the lease or control of influential persons, and thus more likely to be sources of conflict if taken over by the project. For this reason the project should restrict itself to beels under 50 acres, except where they form part of a haor where the project is attempting to set up a haor management system.

32. Overall, the project should limit itself to about 30 beels per upazila, taking into consideration the management capacity of upazila offices. This gives a revised target of about 300 beels for the whole project. In order that the project be able to give sufficient time to developing BUGs and BMCs, it would be necessary to complete the process of takeover of beels by the end of Phase 2.

33. The PMU should prepare a list of beels that the project should try to get handed over. In order to account for the fact that some of the beels may be on lease and thus not soon available for transfer to the project, a list of 50 beels may be made for each upazila, including all of the beels in one haor in each upazila. This list should be submitted to IFAD and UNOPS by 31 March.

34. The project has been fortunate to have the full cooperation of the Ministries of Land and Youth and Sports, and also of the district and upazilla administration in securing leases for and transfer of beels. Such continued cooperation will be critical in achieving project objectives. Further, attempting to establish effective management over haors is something so far unknown and will require support from the Department of Fisheries and other organizations with some form of experience in this area.

35. There are some cases with regard to claims over beels. Given that fraudulent documents are often presented in such claims, all legal documents (e.g. injunctions) should be checked with lawyers and court officials in Dhaka.

36. The project should press for rationalization of lease values on the basis of some uniform criteria and the exclusion from VAT, as the BUGs develop livelihoods of the poor and are not business corporations. It should be noted that the beels which were taken under the control of the CBFM-SSEA and CBFM-2 projects in Sunamganj, whose leases were held by DoF, were exempted from VAT and, in some cases, lease values were reduced.

(b) Beel management

37. Operating rules for BUGs provide for rotation of the office-bearers and members of beel management committees (BMC) every two years. As BUGs have not yet been functioning this long, the first generation of leaders are still in place. Rotation is needed in order to avoid power becoming concentrated in a few hands, leading to the possibility of office holders using their position for personal gain. In order to rotate leadership, all members of BUG need training in group management. This will also enable members to know what to expect from their leaders, and so improve the democratic functioning of BMCs.

38. There has been some inclusion of women in the BUGs. This, however, needs to be increased and systematized, with women members having clear functions rather than being included just because they are members of COs. These functions could include sorting fish before sale, cultivation of vegetables on land belonging to the beel, day-time guarding, fingerling production in ponds, and fish processing. Women should account for at least 25% of BUG members, and have representation in the BMC.

39. Given that, due to siltation, the actual beel area is less than the recorded area, the project should reduce the number of members for new BUGs from 10 per hectare to 2 per hectare.

40. A problem in the open waters of haors is that there is fishing even in the closed spawning season. This affects the overall availability of fish in the haors. Some projects have tried to deal with this problem by increasing household income through micro-credit for women. But this has continued to leave fishermen with no employment in the monsoon period, as a result of which they continue to catch fish. It is necessary to create alternate livelihoods, at least for this period. This could help reduce pressure to fish during the banned period. Special intervention thus needs to be designed for full-time fishers, who are also usually the poorest members of the BUGs.

41. Along with this, the project could attempt to increase the value of fish sold by processing and allied activities, including the production of dried fish (by women) and marketing of fresh fish (by women and men). These interventions require formulation on the basis of studies, which should be conducted soon after the FPR.

42. Some changes are needed in the manner of implementing some activities. Excavation in beels should not be carried out with steep slopes, but with gradual slopes that can provide shelter to fish at different water layers. Sanctuaries should not be established just in one location, but can be split up at a number of spots, which may be harvested in turn. Further, swamp tree and other such plantation activities should be planned as part of an afforestation programme for beels.

43. The project has undertaken a resource mapping survey of beels. This resource mapping should be extended to cover the various uses of the beels' natural resources, e.g. for medicines, fuel wood, etc. Such mapping should be done separately with women and men, as they tend to relate to natural resources in different ways. In general, PRA exercises should be conducted separately with women and men, as women tend to get marginalized in joint gatherings.

44. With regard to supporting implementation of the Fish Act, the project should support action against either manufacturers of banned gear or against sellers of the same, and not against fishers. This should be combined with campaigns among fishers and their households. Women could be asked to refuse to cook fish with eggs or fish eggs, along with action to stop sale of such fish in markets.

45. The progress of BUGs needs to be closely monitored. Some monitoring formats are included in Annex D. These summarise the performance of each BUG in terms of fish production, income, expenditure, and participation, and allow for a management rating system, grading each BUG as A, B or C according to a number of criteria. These tables should be completed annually and included in project annual reports.

46. It is recommended that the project contract WorldFish Centre to carry out fish catch and biodiversity monitoring. WFC would provide dedicated staff for this work - four research assistants, one research associate, who work with local data collectors and backed up by half the time of a fishery scientist. WFC are also offering to partly fund this work through matching grants from their own resources (see WFC budget table in Annex E – revised costs). It should be possible to use this fishery data alongside the BUG production, financial and management data that it is proposed to collect, and also project outcome surveys on livelihoods and poverty. It will also be useful if WFC can also provide some specialized training, and assist in preparation of project communication materials. Funds for these activities are budgeted separately from the catch and biodiversity monitoring work.

(c) Ponds

47. The project has excavated (or re-excavated) a number of ponds on private land with the objective that, in return, the owners lease the ponds to groups of destitute women. Field investigations by the FPR mission show that benefits to these non-owners are minimal. This is in-line with findings from other projects (e.g. the IFAD/DoF AqDP in Faridpur) – that there is not real leasing of the ponds to the destitute women. For this reason, the approach has generally been abandoned as it resulted in the transfer of large amounts of public funds for the private benefit of pond owners, without a corresponding poverty-reduction effect.

48. Therefore the excavation or re-excavation of ponds on private land should no longer be taken up by the project. Instead ponds may be excavated on khas land (especially in the silted-up part of project beels) and handed over to poor women, with a preference for single women who are heads of households. Even for this measure to be effective, these women will require substantial support from COs and other project organizations.

(d) Alternate Rice-Fish Culture in Flood Plains

49. The project could support aquaculture in areas that are seasonally inundated, and which can be enclosed at little expense. The Department of Fisheries has already supported this in many locations in the district, and should be approached for technical support in terms of types of fish to be stocked (of hardy species) and stocking densities. This work can be carried out by women and include both landowners and landless people.

C. Infrastructure

50. The quality of roads built by LGED under project is visibly better than other roads also built by LGED. The reason seems to be the involvement of the community, organised through an Implementation Monitoring Committee (IMC) drawn from members of COs in the area served by the road. Members of the IMC are trained to know the proportion of sand to

cement, the spacing of rods, etc. This knowledge, in turn, has been disseminated to other members of COs. The IMC, supported by the COs, monitor construction work on a continuous basis and, at times, intervene to complain about and stop work of inferior quality.

51. In order to increase benefits for CO members through employment on infrastructure work and, with training, the management of construction, the mission recommends that the project establishes a system of Project Implementation Committees (PIC) to undertake and manage small road construction contracts (with a value of under US\$20,000). A PIC would be formed from CO members, and the mission recommends that care should be taken to ensure that are included. The approach should first be piloted at one location in each upazila and lessons learned, before the system is generalized for all project road construction. Guidelines for PIC operation are attached as Appendix 4.

52. Where the project secures a significant proportion of beels within a single haor, infrastructure construction should be planned to meet the needs of haor development. This would include road and embankment construction, along with appropriate small irrigation projects, of course, coordinated with the plans and activities of the BWDB.

53. The arsenic contamination rate in tubewells installed by the project is almost 50%. The project must explore ways to rectifying the arsenic contamination in tubewells that it has already installed, and look for alternate ways of providing safe drinking water. One idea from the project is to collect and filter rainwater. For other ideas it could be worthwhile contacting specialised organisations with expertise in this area, such as DPHE and the NGO Drinking Water Forum.

54. The project plans to continue to construct multi-purpose centres at the union level. There is a risk that these centres may be underutilised, and care should be taken locate buildings within the village for ease of access, and a plan drawn up for their utilisation after the project ends. Surplus funds from group infrastructure activities funded by the project in group accounts should be reallocated to the group fund and used for other activities.

D. Agriculture and Livestock

(a) Demonstrations

55. The project has implemented a total 949 demonstrations. Rather than getting some free inputs (seeds, fertilisers etc.) from the project, participating farmers have been given interest free loans of between Tk6,000 and Tk10,000. On completion of the demonstration, this money is returned and then given out as further interest-free loans to members of the same group. However this funding via an interest-free loan has meant that group members have focused on the lending rather than technology aspect, and sometimes there is little in the way of any new technology involved. The amount lent is sometimes in excess of the extra cost of implementing a new practice, so some funds have been used for other purposes. The mission has serious reservations about this approach, which often amounts to some people getting interest-free credit to buy cattle, goats or crop inputs, while other members are expected to take a loan and pay interest to the group fund. Moreover it is observed that these demonstrations are often taken by relatively well-off group leaders.

56. It is recommended that interest free loans for “demonstrations” should be discontinued. In future these loans should carry the same rate of interest as other loans, with interest income credited to group funds. These loans should be re-cycled within the group. In addition the project may support technology demonstrations via small grants (typically about Tk400) to buy new inputs (such as seed of a new variety/crop). These grant funds could also be used to pay for the cost of transport of improved livestock from other districts, or the construction of

a low-cost improved fish drying platform. The project could also invest in small items of agricultural infrastructure, such as small dams and dykes across drainage channels to retain water for irrigation.

(b) Training

57. PRA and mission fieldwork identified a large and un-met demand for training in agriculture and other IGAs. To date, technical training has tended to focus on activists. These are specially selected members of each group who are trained and then pass on their knowledge to other group members. However the mission has found no evidence of such knowledge being passed on. The experience of other projects (e.g. Krishi Shamodoks in ADIP and original DAE T&V Contact Farmer) was that the concept of training key farmers and expecting them to pass on information to others was flawed. An exception to this are poultry vaccinators – women who provide a vaccination services in return for a payment.

58. The mission recommends that, other than for poultry vaccinators, training of activists should be dropped and new groups should not have such activists. At the same time, training of farmers and other group members in agriculture and other IGAs needs to be greatly up-scaled so that all group members who would like training are able to be trained. This may require some training to be contracted to external organisations. The project should also provide training materials and leaflets, posters etc. Project technical manuals and guidelines need to be updated and possibly improved. To help up-scale training, the project should develop links with the IFAD/PKSF Micro-Finance and Technical Support Project (MFTSP) for livestock technology and training. MFTSP partner NGOs operating in Sunamganj or neighbouring districts could be contracted to provide livestock training.

E. Monitoring and evaluation

59. The project has a comprehensive monitoring system, with a system of registers (kept in upazila offices) and spreadsheet tables to report on physical and financial progress, and performance of micro-finance. The mission has identified three weaknesses in the system: (i) analysis of CO savings and credit data to monitor key performance indicators; (ii) reporting to IFAD and communicating with other external organisations; and (iii) impact and outcome monitoring. The PMU initially provided the mission with data on individual COs, there were inconsistencies in this information which limited the analysis that could be made until this was revised at the end of the mission.

60. The project now produces quarterly and annual reports which it sends to UNOPS and IFAD. The quarterly reports consist of two tables – physical progress and financial progress. The last annual report (2005-6) summarised project progress, but lacked sufficient detail on project outputs in terms of the performance of activities. For example: (i) no information on the numbers of members with loans or value of savings and loans; (ii) no feedback from agricultural activities such as yields of crop trials or adoption of demonstrations; and (iii) no information on group management performance. Much of this information is already collected and used in project internal reports (e.g. monthly savings and credit reports, group internal audit reports, agricultural reports). In future the project annual report should include more comprehensive data on project performance, and this information should also be provided to supervision missions. Annual reports should be produced within three months of the year-end – i.e. by the end of September. An annotated table of contents for annual and quarterly report is in Appendix 6. This can form part of a comprehensive review of the M&E system to be undertaken with IFAD support in the next few months. As a result of this review, a revised M&E manual may be drawn up.

61. To date there has been no effective impact monitoring. Although a survey of RIMS anchor indicators was carried out last year, this was the first such survey, so there was no baseline with which to measure changes in indicators. An IFAD M&E consultant has reviewed this report and his comments are in Appendix 7. The project has not yet been able to produce satisfactory outcome monitoring data based on changes in group members livelihoods relative to beneficiary profiles collected at the time of group formation. An outcome study should be carried out as soon as possible, and repeated prior to the end of both phase 2 and phase 3. This work could be contracted to a consulting organisation and draft terms of reference will be drawn up during the M&E review. The revised project budgets also have provision for a number of ad hoc studies into such issues as CO management, the role of women, and specific income generating activities. It is proposed to hire an MIS specialist as a short term consultant for four months per year. This consultant will ensure that data on micro-finance and other activities is collected, collated and analysed, and will assist in the preparation of project reports and studies.

62. The mission has revised the project logical framework (see Appendix 5). It has been updated to reflect changes in the project focus and to include IFAD RIMS indicators.

63. In addition to regular reports the project should produce some brochures and other communication materials describing its unique approach and lessons learned. The agricultural/livestock consultant produces comprehensive reports on the activities and results carried out on each of his short inputs. The fisheries consultant should also produce a brief report at the end of each of his inputs summarising the work carried out, results obtained and providing recommendations to be carried out prior to his next input. The project now proposes to hire other short term consultants for gender, MIS and micro-credit, who should also produce short input reports.

F. Project management

64. The project faces a number of management challenges. Micro-credit operations are now said to absorb most staff time, but more Community Development Facilitators (including some dedicated to fisheries and agriculture), and proposals to gradually allow COs a greater degree of self-management, should hopefully release staff for other duties. Staff utilisation would be improved if there was more flexibility in the work of the SMS, with the SMS for agriculture and livestock, and for fisheries and food processing working as teams at the upazila level.

65. Although most beneficiaries are women, the project needs to systematize gender interventions and also pay attention to the special problems of female staff in this district which has very poor communications. A female consultant should be appointed as Gender Coordinator for this purpose. Appendix 2 of Annex A includes an example of a project gender policy and ToR for the Gender Coordinator.

66. Overall project salaries need to be revised to take account of inflation in salary levels for comparable positions. Where junior consultants are employed, their remuneration needs to be adjusted to match that of other contracted staff in the PMU who get annual bonuses of two month's salaries. In fact all project staff, including GoB officers, should have remuneration and allowances that are comparable to their responsibilities, and as reflected in the original appraisal report and PP.

67. The PP includes provision for international consultants, but these are not required and funds should be reallocated to provide national consultants including the continued employment of two long-term consultants for project management and infrastructure, and short-term consultants for agriculture/livestock, fisheries, gender, MIS and micro-finance.

Consultant recruitment should be with the concurrence of IFAD and UNOPS. The implementation of infrastructure contracts through PICs will require both facilitation and supervision. For this purpose a Sub-Assistant Engineer (SAE) should be appointed for each upazilas plus three additional SAEs (making a total of 12) to be posted where needed. Other additional staff requirements include Finance Assistants for each upazila office, and a credit assistant, a finance assistant and two M&E assistants for the PMU.

68. Some additional / replacement vehicles and other equipment will be needed for the next two phases, which involves establishing 3 new upazila offices. Requisition of project vehicles by the district authorities in Sunamganj is sometimes a problem, and it is recommended that all vehicles carry a clear IFAD logo. The mission supports LGED's proposal to provide full insurance for project staff, but the project needs to ensure that staff use helmets when riding on motorcycles.

G. Financial administration

(a) Financial Management:

69. The financial management system of SCBRMP is a sub-set of the LGED system, which in turn was carved out of the corresponding framework of the Government of Bangladesh. Project financial manuals need to be reviewed and updated. The project maintains its accounts with software which has been developed by LGED. Since the system does not generate a trial balance, arithmetic accuracy of the books of accounts could not be verified. The financial accounting software needs enhancing so as to generate key financial reports such as a trial balance and project financial statements for IFAD/UNOPS. The basis of accounting must be changed to accrual from cash. Reconciliation of all major bank accounts must be done on a monthly basis within one week of the close of the month.

70. In the area of financial management the project is grossly understaffed in terms of quantity as well as quality. Finance assistants need to be appointed at each upazila office to strengthen financial management and internal audit. Data security is a major concern as no data back up is taken. Financial accounting data backup must be taken regularly on monthly basis and stored at the PMU in a fireproof vault. This must be implemented with immediate effect. The roles and levels of responsibility of accounts staff need to be clearly defined and followed through, this includes the security password for editing data, which should be available only to the FM, with the FA should be authorized only to enter data.

71. The auditors recommended strengthening of internal controls in their report for the year ending June 2006. The project also needs to be conversant with IFAD's Loan Administration Manual and other relevant IFAD guidelines on financial management.

(b) Project financial Statements

72. Project Financial Statements (PFS) have been prepared in a format which is not acceptable to IFAD. The relevant IFAD formats, as annexed to FC/L Guideline No.1 dt.14-9-2005, have been handed over to the Project during an IFAD training mission in August 2006. The training mission had recommended that the Project should prepare the PFS in an IFAD format for the year ended June 2006. This was not done, and should now be done immediately. The Project is required to prepare the PFS as per IFAD formats for the year ended June 2007 onwards.

(c) Procurement

73. The audit report for the year 2005-6 highlights violation of the Public Procurement Rules of 2003. However, in none of the audit reports comment on adherence to loan covenants in the area of procurement or IFAD's procurement guidelines. Although, in most cases, the PPR 2003 are stricter than IFAD guidelines, it is not possible, under the circumstances, to comment conclusively on the degree of adherence of project procurement procedures to IFAD's guidelines and stipulations. However, on the basis of random verification of procurement transactions relating to 2006-7, it was seen that procedures relating to estimation of cost, invitation of bids, evaluation of bids and award of contract were in place.

74. Inter alia, Schedule 4 of the Loan Agreement shall be amended to reflect adoption of IFAD's new procurement guidelines. Henceforth the project will prepare annual guidelines for procurement covering the next 18 months. In future the auditors must certify that procurement transactions have been undertaken as per IFAD procurement guidelines and relevant loan covenants.

(d) External Audit

75. The external audit of the Project has been conducted by the Foreign Aided Projects Audit Directorate (FAPAD) for the past 4 years. The audit report expresses an opinion on the PFS, Special Account and SOEs. The auditors have also submitted a Management Letter as required by the Loan Agreement. However, the report does not address most of IFAD's concerns. Specifically:

- i. The audit report does not express an opinion of PFS compiled in IFAD's formats as annexed to FC/L Guideline No.1 dt. 14-9-2005.
- ii. The audit report does not comment on adherence to IFAD's procurement guidelines and loan covenants related to procurement.
- iii. The audit report does not express an opinion on Withdrawal Applications.
- iv. The audit report does not comment on the timeliness and adequacy of counterpart funding.
- v. The audit report does not certify adherence to loan covenants.
- vi. The audit report does not comment on financial management arrangements of the PMU and COs.

76. It was agreed that in future (from the year ending June 2007 onwards) FADAP would include these issues in its annual audit report. However if the audit report for 2006/7 does not satisfactorily cover the above issues, it was agreed that the project accounts would in future be audited by an independent firm of professional accountants, who are appointed through a fair and transparent process. Their detailed terms of reference would be drafted by the CI keeping in mind IFAD's guidelines on project audit.

77. The auditors have, in their overall audit opinion for the year ended 30 June 2006, barring certain deviations, stated clearly that:

- i. Disbursements have been made in accordance with the project documents, rules and regulations, practices and procedures of the GOB and Development Partners.
- ii. Project disbursements are valid and supported by adequate documentation
- iii. The financial statement presents, fairly and accurately, the financial position at the end of the period.

78. These comments give a give a level of comfort about the financial management of the project. Previous audit reports have pointed out several instances of deviation from PP. It was explained to us that these deviations had IFAD's approval (via supervision missions) and would be regularized when PP revision takes place after the FPR. All audit objections relating to 2002-3, 2003-4 and 2004-5, which do not involve PP revision, have been resolved by the project satisfactorily. The project management should document reasons for deviations from the PP and submit them to IFAD for approval. Deviations from PP which are not approved by IFAD in writing will be viewed seriously by external audit.

(e) Internal Audit

79. The audit report for the year ended June 2006 states that the project has no internal audit system, and that the internal audit division of LGED has not covered the project. However, the mission found that the project has an innovative and cost-effective internal audit system in place. This system has two elements:

- i. An inter-departmental team from the PMU conducts the internal audit of upazila project offices once a year. The audit for the period ended June 2006 was

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- conducted by a four member PMU team between August 15 to 19 and the report was submitted on 5 September 2006.
- ii. Inter departmental audit teams from one Upazila project office conducts the audit of all COs in another upazila once in 6-9 months. The audit checklist covers all aspects of the CO including general management, savings, loans from savings, loans from BKB, overdues, interest collection and payment, proper loan utilization, record keeping etc. The audit for the period from January-September 2006 was conducted by 10 audit teams in 17 days in October 2006. The report is yet to be submitted.

80. The system works satisfactorily but it needs to be strengthened and improved upon because:

- i. The Finance Manager must make more audit visits to the upazilas.
- ii. The system of following up of audit observations needs to be formalized.
- iii. The audit must be conducted at regular intervals and reports submitted within a specified timeframe.

81. In future the internal audit of upazila project offices should be conducted by an inter-departmental PMU team once in six months, with the report submitted within 30 days of start of the subsequent half year. The audit team should be headed by the FM. Follow up of audit observations must be taken up seriously and progress thereon must be reported to the CI regularly.

82. The internal audit of COs should continue to be conducted by an inter-departmental team from another upazila, once in six months. Reports should be submitted to the PD within 90 days from the end of the half year under review. The PD must debrief the auditors in the presence of the auditees and the FM. Audit follow up missions must verify compliance with audit recommendations on a test check basis before the next audit.

(f) Withdrawal Applications, SOEs and Replenishment

83. Withdrawal Applications are properly prepared and authorised. A minimum threshold level of US\$25,000 is adhered to. On the basis of our verification of transactions related to WA 20 for October 2006 we found that generally expenses were properly classified as per loan agreement and that only eligible expenditure was claimed. Expenses were properly authorized by PD and were supported by receipts in most cases. Supporting vouchers relating to tube wells and sanitation works undertaken by the community were generally retained by the COs and those relating to civil works undertaken by other wings of the LGED were retained at the office of the Executive Engineer, Sunamganj. It is noteworthy that Withdrawal applications and SOEs were generated automatically by the financial management software on the basis of details of expenditure fed in.

84. As per IFAD guidelines, for each WA, the project is required to adopt the exchange rate at the time when the previous replenishment was credited to the SAFE account. However, it was observed that the project has used an artificial exchange rate of US\$1= Tk.60 since WA 14. Since the Taka has weakened considerably and the current exchange rate is close to US\$1=Tk.70, each WA has been inflated to the extent of the difference between the applicable exchange rate and the artificial exchange rate adopted by the project. The project needs to calculate the extent to which replenishment claims have been inflated due to adoption of an artificial exchange rate, and this amount must be adjusted in the next WA.

(g) Disbursement Process:

85. The disbursement process is well established, adequately supported and transparent. The process involves initiation of expenditure proposal by the SUPM, verification against PP by the Subject Matter Specialists at the PMU, verification of supporting documentation and arithmetical accuracy by the FM and final approval by the PD. The PMU generally processes expenditure proposals from SUPMs within a week. Documentation received from SUPMs include resolution of members, agreements, affidavits and receipts related to CO claims.

(h) Management Information System

86. The Project generates performance reports based on raw data collected at the CO level and consolidated at SO and upazila levels. The consolidation is done on Excel spreadsheets. Since raw data is exposed to manual intervention at multiple levels, data corruption is inevitable. However the financial progress reports which have to be presented to CI/IFAD are generated by the FMS software package and can thus be relied upon. These reports compare actual and budgeted figures. The Project Management is sensitive to variances and initiates corrective action wherever necessary.

87. The MIS system should reduce manual intervention to the minimum. Data collected and compiled by the SOs must be inputted by them just once. All further compilation and tabulation must be done through import/export of data and electronic data transfer.

(i) Balance in BKB account

88. Project credit funds are channelled through BKB, and COs pay an interest charge of 10% (declining balance) to BKB. Of this, 6.5% was allocated in the loan agreement as a fund to pay for the costs of a Semi-Autonomous Body (SAB) in the post-project period. This money is being accumulated by BKB and the PMU calculate that this may amount to total of Tk2 million during the first phase of the project. BKB should be asked to provide regular bank statements showing the actual amount they are holding. The idea of a SAB has been dropped (in any case the 6.5% share would not come near to covering its operating costs), and a decision on the future use of this fund should be made at the end of phase 2. One possibility is to create a trust fund to cover some of the costs of future apex organisations to support the work of BUG and possibly CO after the project closes.

8. Revision of the project budget

The mission has reviewed the PMUs proposals for revision of the project budget for Phases 2 and 3 of the project, including an estimate of the eventual total cost of phase 1⁴. A first draft of the mission's proposed budget was prepared before the mission left Bangladesh, and since then a number of drafts have been exchanged with the PMU. The revised budget incorporates mission recommendations and takes account of the absence of a co-financing donor, which has been offset by devaluation of the Taka against the SDR and a reduction in the eventual coverage of the project from 11 to 9 upazilas, from 4,500 COs to 3,000 COs, and from over 600 beels to 300 beels. These reductions also take account of management capacity and the increasing coverage of MFIs in district. The revised budget provides for significant additional investment in village roads – one of the most successful activities in Phase 1. Given limited resources, about half of the proposed 130 km for phase 2 would be entirely funded by GoB. Revisions of the project budget and supporting tables showing calculations of the numbers of COs and field staff, and future training activities, are in Annex E. These show a total cost of Tk1,995.27 million (phase 1 Tk452.88 million, phase 2

⁴ These phases are as per the definition in the GoB PP, not the IFAD loan document (see paragraph ...)

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

Tk1218.23 million, phase 3 Tk324.16 million). The GoB PP needs to be revised to reflect these revised costs.

Table 3: Summary of revised costs by component

| | Taka million | | | | |
|---|--------------|---------|---------|---------|------|
| | phase 1 | phase 2 | phase 3 | total | |
| I. Institutional Development | 107.18 | 252.66 | 129.64 | 489.48 | 25% |
| II. Fisheries Development | 44.64 | 174.56 | 59.54 | 278.74 | 14% |
| III. Infrastructure Development | 214.47 | 439.25 | 26.79 | 680.52 | 35% |
| IV. Agriculture and Livestock Development | 26.26 | 67.53 | 17.51 | 111.31 | 6% |
| V. Micro-Finance | 60.32 | 264.22 | 80.68 | 405.22 | 21% |
| Total base cost | 452.88 | 1196.55 | 313.32 | 1962.75 | 100% |
| Price contingencies | 0.00 | 20.00 | 10.00 | 30.00 | 2% |
| Total cost | 452.88 | 1218.23 | 324.16 | 1995.27 | 102% |

Based on these costs and the financing rules as set out in the loan agreement, the IFAD loan would be allocated between expenditure categories as per Table 4. This has been converted into SDR for phase 1 using the average exchange rate on withdrawal applications to date (SDR = USD1.48, USD = Tk66.2), and for phases II and III the rate at the time of the mission in January 2007 (SDR = USD1.49, USD = Tk68.5).

Table 4: IFAD expenditure by loan category

| | Thousand Taka | | | | Thousand SDR | | | |
|---|---------------|----------|-----------|---------|--------------|----------|-----------|-------|
| | Phase I | phase II | Phase III | Total | phase I | phase II | phase III | Total |
| Earth and civil works | 146283 | 409259 | 53979 | 196489 | 1493 | 4010 | 529 | 6032 |
| Equipment and materials | 6624 | 27191 | 1850 | 35665 | 68 | 266 | 18 | 352 |
| Vehicles | 7313 | 19148 | 0 | 26460 | 75 | 188 | 0 | 262 |
| Technical assistance training and studies | 69815 | 147786 | 52246 | 269847 | 713 | 1448 | 512 | 2672 |
| Credit | 46977 | 187000 | 37000 | 270977 | 479 | 1832 | 363 | 2674 |
| Incremental operating costs-salaries and allowances | 49109 | 182972 | 132897 | 364978 | 501 | 1793 | 1302 | 3596 |
| Incremental operating costs-operating costs | 25035 | 43139 | 29824 | 97997 | 256 | 423 | 292 | 970 |
| Total expenditure | 351155 | 1016494 | 307796 | 1262414 | 3584 | 9959 | 3016 | 16559 |

Based on this IFAD expenditure, a revised allocation of the IFAD loan for phase 2 has been calculated and is shown in Table 5.

Table 5: Revised allocation of IFAD loan

| Loan category | Original allocation | Revised allocation | | | |
|---|---------------------|--------------------|-----------|-----------|------------|
| | SDR | Est. Phase I | Phase II | Phase III | Total |
| | | SDR | SDR | SDR | SDR |
| Earth and civil works | 1,980,000 | 1,493,048 | 4,009,788 | | 5,502,837 |
| Equipment and materials | 90,000 | 67,613 | 266,407 | | 334,020 |
| Vehicles | 100,000 | 74,636 | 187,601 | | 262,237 |
| Technical assistance training and studies | 890,000 | 712,568 | 1,447,963 | | 2,160,531 |
| Credit | 460,000 | 479,475 | 1,832,166 | | 2,311,640 |
| Incremental operating costs-salaries and allowances | 760,000 | 501,237 | 1,792,701 | | 2,293,938 |
| Incremental operating costs-operating costs | 250,000 | 255,519 | 422,660 | | 678,179 |
| Sub-total | 4,530,000 | 3,584,096 | 9,959,286 | 3,015,687 | 16,559,069 |
| Phase II | 5,770,000 | | | | |
| Phase III | 6,720,000 | | | | |
| Unallocated | 530,000 | | | | 990,931 |
| Total | 17,550,000 | | | | 17,550,000 |

Along with this revision of the loan allocation, the timing of project phases needs to be adjusted to match the GoB financial year (July to June) – which has been used in the revised budget. This would mean that phase 1 ends in June 2007 and phase 2 ends in June 2011. The GoB PP needs to be adjusted to accommodate the existing completion data for the IFAD loan of March 2014 (at the moment the project is approved via the GoB PCP to end in June 2013). This would be a revision of the GoB project completion date to June 2014 – which allows 3 months for loan closing after the completion date in March 2014. With these dates, phase 2 would run for 4 years and phase 3 for 2.75 years to completion and 3 years to closing.

H. Future trigger indicators

89. Recommended trigger indicators, inter alia, for proceeding from phase 2 to phase 3 include: (i) agreement and implementation of a plan to ensure the sustainability of credit organisations (or their winding up if no longer required by the group); (ii) Government transfers at least 300 public waterbodies to the project (including those transferred in phase 1) before the end of phase 2; and (iii) project generates monitoring data showing initial impact of project on livelihoods and wellbeing.

I. Revision of the IFAD loan agreement

90. The IFAD loan agreement will need revisions to incorporate the changes recommended in this review. These revisions are as follows:

- Revision of loan allocation (schedule 2) as per Table 5 above.
- Revision of schedule 4 to incorporate IFAD's new procurement guidelines.
- Triggers indicators for phase 3 as per paragraph 89.
- Revised timing of start of phases 2 and 3 (as per paragraph 88).

91. ERD needs to request IFAD to make these changes, so LGED should request, via their Ministry, that ERD to write to IFAD, attaching details of the changes needed. IFAD will assist the PMU with providing an appropriate text regarding the procurement guidelines and trigger indicators.

Table 6: Summary of Recommendations
(incorporating main points from Annexes as well and Main Report)

| | Recommendation | By whom and when |
|----|---|-------------------------|
| | Community organizations and micro-finance | |
| 1 | Funding for phases 2 and 3 of the project was to have included US\$ 7.5 million from another donor as a co-financier alongside IFAD. Despite the efforts of LGED and IFAD, it has not been possible to secure such co-financing, and this means it will be necessary to reduce the future costs of the project by reducing the target number of COs from 4,500 to 3,000 covering only 9 of the 11 upazilas of the district, and reduce the target number of water bodies from about 600 to around 300. This will need to be taken into account in the revised PP. | PMU, 31 March |
| 2 | Once the period of 3-4 years of intensive project interventions is over, and only micro-finance activities remain, a final audit of the CO accounts should be done, and savings and accumulated profits equitably distributed amongst members. COs need to establish a vibrant micro-finance activity and it is important that BKB provide adequate funds with minimal delays in processing loan application – which should be cleared within five working days. | PMU, BKB soonest |
| 3 | The allocation of a share of group interest income to CO office bearers should be stopped, at least for new groups. As far as possible group management tasks should be shared out between all members, so group leaders do not have a lot of additional work. | PMU, soonest |
| 4 | In addition group leaders should be changed every two years. To enable this, the entire group needs to be trained in group management | PMU, soonest |
| 5 | Internal controls need to be put in place at group level. Members need to be trained to be vigilant. Groups should, as far as possible, deposit funds in secure place as soon as meetings are over. Given the distance to BKB branches, the groups need to be enabled to open savings account with any nearby branch of Grameen Bank (providing this organisation agrees). The groups may also be provided with a safe box which can be opened with two different keys (like a bank safe). | PMU, soonest |
| 6 | The project should continue and improve the regular external audits of group accounts. The results should be shared with the group members and the areas of improvement should be highlighted. | PMU, soonest |
| 7 | MIS – the quality of data produced by the project needs improvement. Data needs to be analysed to see trends and take corrective action. | PMU, soonest |
| 8 | Access to loans needs to be improved. The project needs to continue to press BKB to reduce the time needed to process loan applications. It could also consider reducing the time needed for a new group to qualify to take loans from its own savings fund and then to take loans from BKB. | PMU, soonest |
| 9 | The PMU and UNOPS need to monitor the utilisation of project credit funds by BKB and only disburse additional funds when existing funds have all been on-lent to COs and are recorded as loans outstanding. | PMU, UNOPS, soonest |
| | Fisheries (a) Transfer of beels | |
| 10 | An integrated fisheries management approach is needed for large haors. The project needs to: (i) select beels that are part of the same haor, and attempt to take over all or most of the beels of a haor; and (ii) form an apex body of all BMCs in a haor. | PMU, soonest |
| 11 | In order that the project be able to give sufficient time to developing BUGs and BMCs, it would be necessary to complete the process of takeover of at least beels by the end of Phase 2. | PMU, MoL, MoY&S soonest |
| 12 | Overall, the project should limit itself to about 30 beels per upazila, taking into consideration the management capacity of upazila offices. This gives a revised target of 300 beels for the whole project. | PMU, soonest |
| 13 | For each upazila the PMU should prepare a list of 50 beels that it would like handed over, including all of the beels in one haor in each upazila. This list should be submitted to IFAD and | PMU, 31 March |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By whom and when |
|----|---|-------------------------|
| | UNOPS by 31 March . | |
| 14 | There are some legal cases with regard to claims over beels. Given that fraudulent documents are often presented in such claims, all legal documents (e.g. injunctions) should be checked with lawyers and court officials in Dhaka. | PMU, soonest |
| 15 | The project should press for rationalization of lease values on the basis of some uniform criteria and the exclusion from VAT, as the BUGs develop livelihoods of the poor and are not business corporations. | PMU, NBR soonest |
| | Fisheries (b) Beel management | |
| 16 | In order to rotate BUG leadership every two years, all members of BUG need training in group management. This will also enable members to know what to expect from their leaders, and so improve the democratic functioning of BMCs. | PMU, soonest |
| 17 | Inclusion of women in BUG needs to be increased and systematized, with women accounting for at least 25% of BUG members, having representation in the BMC, and having clear functions, such as sorting fish before sale, cultivation of vegetables on land belonging to the beel, day-time guarding, fingerling production in ponds, and fish processing. | PMU, soonest |
| 18 | The project should encourage BUGs to include fishers who are not now members of the COs in beel villages in order to protect their livelihoods and remove the exclusion to which they have been subjected. | PMU, soonest |
| 19 | Ultimately BUG members should form separate COs and develop long term linkages for funding with an MFI or bank. | PMU, soonest |
| 20 | Given that, due to siltation, the actual beel area is less than the recorded area, the project should reduce the number of members for new BUGs from 10.0 per hectare to 2.0 per hectare. | PMU, soonest |
| 21 | To reduce fishing in the haor in the closed season, it is necessary to create alternate livelihoods, at least for this period. A special intervention thus needs to be designed for full-time fishers, who are also usually the poorest members of the BUGs. | PMU, soonest |
| 22 | To increase value of the catch, processing and allied activities should be promoted, including the production of dried fish (by women) and marketing of fresh fish (by women and men). A study to plan a strategy for this should be commissioned. | PMU, soonest |
| 23 | Excavation in beels should not be carried out with steep slopes, but with gradual slopes that can provide shelter to fish at different water layers. | PMU, soonest |
| 24 | Sanctuaries should not be established just in one location, but can be split up at a number of spots, which may be harvested in turn. | PMU, soonest |
| 25 | Swamp tree and other such plantation activities should be planned as part of an afforestation programme for beels. | PMU, soonest |
| 26 | There is a need to train project staff (both fisheries staff and upazilas team leaders) as well as members and leaders of BUGs in community management or co-management of natural resources. DoF has developed a training manual on CBFM, and it is recommended that DoF and WFC are used as training providers. Exchange visits for project staff and BUG members to similar community management programmes in Bangladesh would help share ideas and build confidence. | PMU, soonest |
| 27 | With regard to supporting implementation of the Fish Act, the project should support action against either manufacturers of banned gear or against sellers of the same, and not against fishers, combined with campaigns among fishers and their households. | PMU, soonest |
| 28 | The progress of BUGs needs to be closely monitored using the formats provided in this report. Monitoring data should be included in project annual reports. | PMU, soonest |
| 29 | WorldFish Centre should be contracted by the project to carry out fish catch and biodiversity monitoring. It should be possible to use this fishery data alongside the BUG production, financial and management data that it is proposed to collect, and also project outcome surveys on livelihoods and poverty. It will also be useful if WFC can also provide some specialized training, and assist in preparation of project communication materials. | PMU, WFC soonest |
| | Fisheries (c) Ponds | |
| 30 | Since the benefits to non-owners are minimal, the excavation of ponds on private land should no longer be taken up by the project. Instead ponds may be excavated on khas land (especially in the silted-up part of project beels) and handed over to poor women, with a preference for single women who are heads of households. | PMU, soonest |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

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| | Fisheries (d) Alternate Rice-Fish Culture in Flood Plains | |
| 31 | The project could support aquaculture in areas that are seasonally inundated, and which can be enclosed at little expense. | PMU, soonest |
| | Infrastructure | |
| 32 | In order to increase benefits for CO members through infrastructure work, the mission recommends that the project forms Project Implementation Committees (PIC) from CO members to undertake and manage small road construction contracts. | PMU, LGED soonest |
| 33 | In a haor area, infrastructure construction should be planned to meet the needs of haor development. | PMU, soonest |
| 34 | Almost half of project tubewells are contaminated by arsenic, the project must explore ways to rectifying the arsenic contamination in tubewells that it has already installed, and look for alternate ways of providing safe drinking water. | PMU, soonest |
| 35 | The project needs to ensure that multi-purpose centres are constructed within the village and plans are made to make adequate use of the facilities. | PMU, soonest |
| 36 | Funds left over from infrastructure development should be reallocated into the CO's funds and used for other activities. | PMU, soonest |
| | Agriculture and Livestock (a) PRA needs assessment | |
| 37 | For the next phase the project should carefully select the consultant(s) to do the PRA exercise so that the report can highlights scope for development as well as the constraints of the area regarding both crops and livestock with an emphasis on value addition to agricultural products. | PMU, soonest |
| | Agriculture and Livestock (b) Demonstrations | |
| 38 | The project should provide loans for agricultural demonstrations at the same rate of interest as other loans, with interest income credited to group funds. | PMU, soonest |
| 39 | In addition the project may support technology demonstrations via small grants (typically about Tk400) to buy new inputs. These grant funds could also be used to pay for the cost of transport of improved livestock from other districts, or the construction of a low-cost improved fish drying platform. The project could also invest in small items of agricultural infrastructure, such as small dams. | PMU, soonest |
| | Agriculture and Livestock (c) Training | |
| 40 | The mission recommends that, other than for poultry vaccinators, training of activists should be dropped and new groups should not have such activists. At the same time, training of farmers and other group members in agriculture and other IGAs needs to be greatly up-scaled so that all group members who would like training are able to be trained. This may require some training to be contracted to external organisations. | PMU, soonest |
| | Agriculture and Livestock (d) Staffing | |
| 41 | At least one field assistant should be recruited in each upazila to support the agricultural component (agriculture sector). Better coordination is needed between the SMSs for agriculture and livestock, who should work as a single team. | PMU, soonest |
| | Monitoring and evaluation | |
| 42 | The M&E system needs a complete review, revision of indicators, and validation. The project M&E manual will need revision. The annual report should include more comprehensive data on project performance, and this information should also be provided to supervision missions. | PMU, IFAD soonest |
| 43 | An outcome study should be carried out as soon as possible, and repeated prior to the end of both phase 2 and phase 3. | PMU, soonest |
| 44 | An MIS specialist should be hired as a short term consultant to ensure that data on micro-finance and other activities is collected, collated and analysed, and to assist in the preparation of project reports and studies. | PMU, soonest |
| 45 | In addition to regular reports the project should produce some brochures and other communication materials describing its unique approach and lessons learned. The short term consultants employed by the project should produce brief input reports at the end of each input. | PMU, soonest |
| | Project management | |
| 46 | Although most beneficiaries are women, the project needs to systematize gender interventions through the development a gender policy, and also pay attention to the special problems of female staff in this district which has very poor communications. A female consultant should be appointed as Gender Coordinator for this purpose. | PMU, soonest |
| 47 | Where junior consultants are employed, their remuneration needs to be adjusted to match that of other contracted staff in the PMU who get annual bonuses of two month's salaries. In fact all | PMU, soonest |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

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| | project staff, including GoB officers, should have remuneration and allowances that are comparable to their responsibilities. | |
| 48 | Funds for international consultants should be reallocated to national consultants including the continued employment of one long-term management consultant, and short-term consultants for agriculture/livestock, fisheries, gender, MIS, micro-finance and infrastructure. Consultant recruitment should be with the concurrence of IFAD and UNOPS. | PMU, soonest |
| 49 | To supervise infrastructure contracts through PICs, a Sub-Assistant Engineer (SAE) should be appointed for each upazila. Other additional staff requirements include Finance Assistants for each upazila office, and a credit assistant, a finance assistant and two M&E assistants for the PMU | PMU, soonest |
| 50 | Some additional / replacement vehicles and other equipment will be needed for the next two phases, which involves establishing three new upazila offices. | PMU, soonest |
| 51 | The mission supports LGED's proposal to provide full insurance for project staff, and the project needs to ensure that staff use helmets when riding on motorcycles. | PMU, soonest |
| 52 | The PP will need revising to incorporate the agreed recommendations of the FPR including the revised project budget. The completion date of the project in the PP needs to be extended by one year to match the IFAD completion date. The PMU need to arrange for ERD to request IFAD to make changes to the starting dates for phases 2 and 3, and to the allocation of the loan. | PMU, ERD, IFAD June 2007 |
| | Financial administration (a) Financial Management | |
| 53 | Project financial manuals should be reviewed and updated. The financial accounting software needs enhancing so as to generate key financial reports (e.g. trial balance, project financial statements). The project also needs to be conversant with IFAD's Loan Administration Manual and other relevant IFAD guidelines on financial management. | PMU, soonest |
| 54 | Financial accounting data backup must be taken regularly on monthly basis and stored at the PMU in a fireproof vault. This must be implemented with immediate effect. | PMU, soonest |
| 55 | The roles and levels of responsibility of accounts staff need to be clearly defined and followed through. | PMU, soonest |
| 56 | Reconciliation of all major bank accounts must be done on a monthly basis within one week of the close of the month. | PMU, soonest |
| | Financial administration (b) Procurement | |
| 57 | In future the auditors must certify whether procurement transactions have been undertaken as per IFAD procurement guidelines and relevant loan covenants. | PMU, soonest |
| 58 | Inter alia, Schedule 4 of the Loan Agreement shall be amended to reflect adoption of IFAD's new procurement guidelines. ERD needs to write to IFAD to request this change. Henceforth the project will prepare an annual plan for procurement covering the next 18 months. | IFAD, ERD PMU Soonest |
| | Financial administration (c) External Audit | |
| 59 | From the year ending June 2007 onwards, the mission recommends that the project accounts must be audited by an independent firm of professional accountants, who are appointed through a fair and transparent process. | PMU, soonest |
| | Financial administration (d) Internal Audit | |
| 60 | The project's innovative and cost-effective internal audit system needs to be strengthened and improved. | PMU, soonest |
| | Financial administration (e) Withdrawal Applications | |
| 61 | The project needs to calculate the extent to which replenishment claims have been miscalculated due to adoption of an artificial exchange rate, and this amount must be adjusted, in consultation with the CI. | PMU, UNOPS soonest |
| | Financial administration (f) Management Information System | |
| 62 | The MIS system should reduce manual intervention to the minimum. Data collected and compiled by the SOs must be inputted by them just once. All further compilation and tabulation must be done through import/export of data and electronic data transfer. | PMU, soonest |
| | Financial administration (g) Accumulation of BKB interest | |
| 63 | Project credit funds are channelled through BKB, and COs pay an interest charge of 10% (declining balance) to BKB. Of this, 6.5% was allocated in the loan agreement as a fund to pay for the costs of a Semi-Autonomous Body (SAB) in the post-project period. BKB should provide regular bank statements showing the actual amount they are holding. The idea of a SAB has been dropped (in any case the 6.5% share would not come near to covering its operating costs), and a decision on the future use of this fund should be made at the end of phase 2. | PMU, BKB Soonest |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | | |
|----|--|--------------------------------|
| | Flexible lending mechanism | |
| 64 | Recommended trigger indicators, inter alia, for proceeding from phase 2 to phase 3 include: (i) agreement and implementation of a plan to ensure the sustainability of credit organisations (or their winding up if no longer required by the group); (ii) Government transfers at least 300 public waterbodies to the project (including those transferred in phase 1) before the end of phase 2; and (iii) project generates monitoring data showing initial impact of project on livelihoods and wellbeing. ERD needs to request IFAD to make a revision to the loan agreement to incorporate these indicators. | GoB, ERD, Mol, IFAD, June 2007 |

Table 7: Status of Recommendations of Last Supervision Mission

| | Recommendation | By Whom | Status |
|---|---|----------------------|--|
| Overall project status | | | |
| | Due to gender inequality and their inferior status, women remain vulnerable, subservient and dependent both inside and outside the household. In order to bring them to the forefront economic self-reliance should be enforced through sufficient participation in project's economic activities. The Mission recommends that women should be given further access to beel resources through membership in BUGs. | PMU | Ongoing – proposal further developed by this mission. |
| Management & loan administration | | | |
| | The project has to recognize staff seniority and thus remunerate staff accordingly. Should a new SO get the same remuneration as a staff member who has been performing well in a similar position for over two years! The Mission thus stresses the importance of effective human resources management and the need for flexibility in administrative processes to address staff related issues. | PMU | UNOPS gave concurrence on the revised incremental salaries. When this is finalized it will be considered effective from July 2006. |
| | It is agreed that a further review of salaries is conducted including comparison of salaries offered by other NGOs (including national NGOs) and a recommendation for revision is presented to UNOPS and IFAD for review by 30 August, 2006. | PMU | Action taken |
| | As per paragraph 9 under Schedule 3A of the Project Loan Agreement, the <i>"Borrower shall adequately insure Project personnel against health and accident risks"</i> . It is important to note that at present, personnel do not have such coverage and have been requesting it repeatedly due to the hazards of working in remote and difficult areas. This matter should be addressed at the earliest. | PMU | FPR has reviewed the matter and supports this recommendation. |
| | It has been noted that two acronyms are being used interchangeably for the project name (CBRMP and SCBRMP). The PMU is hereby requested to use "SCBRMP" as this is the official acronym henceforth. | PMU | Action taken |
| | It is agreed that the Management Consultant's contract is extended till mid-2007 as his input is important for the upcoming Phase Review Mission. | PMU | Action taken |
| | A new revision will be required again after the Phase Review Mission in early 2007. Discussions should be pursued with the Planning Commission to allow at least two PP revisions per | IFAD Field Presence, | A proposal for the first PP revision will be placed after |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|--------------|---|--------------------|---|
| | Phase respectively for the next two phases of the project (proceeding the Phase Review). | LGD /LGED, and PMU | FPR |
| | The Project is maintaining accounts on cash basis. For better financial management the Mission recommends that the accounting system should be immediately shifted to the Double Entry System as per the International Standard of Accounting. | PMU | Double entry system already following by the project. (Mr. Shudhir detailed out the matter during FPR with project Finance Manager) |
| | The internal audit should be strengthened and an adequate internal control system should be put into practice to ensure on-going compliance with financial rules and regulations. The Finance Manager has to undertake regular supervision missions to the field to test-check invoices, vouchers, and expenditure statements against actual costs incurred. | PMU | Action taken (Verified by MR. Shudhir) |
| | The original invoices are currently maintained at the filed office with photocopies being kept at the main Project Office. Due to non-availability of original documentation FAFAD could not complete the audit on some accounts thus leading to observations. The Mission recommends that original invoices be maintained at the project office and photocopies be kept at the field office after drawing the statement of accounts. | PMU | Recommendation is following continuously. |
| | The project should immediately undertake the annual audit for 2005-2006 and rectify any objections raised within this current financial year in accordance with IFAD requirements (i.e., before the end of 2006-2007 fiscal year) | PMU | Action taken |
| | It was noted that there are losses due to excess payments beyond the annual provisions in the PP. However the reasons for such payments to be adjusted are not recorded or documented in file thus leading to a significant number of audit observations. The project should henceforth document reasons for variations methodically and immediately . | PMU | Continuously following. |
| | The Statement of the Audit Observations reveals that out of the five audit objections raised in the year 2002-2003 four have been settled. For the year 2003-2004 only two out of five observations are settled. The unsettled observations are related to the revision of the PP. Necessary steps should be taken immediately to settle all prior-year observations by 30 September 2006 other than those relating to the PP revision failing which, processing of WAs will be halted. | PMU | Action taken |
| Roads | | | |
| | Although training is provided monitor the contractors and the works, there is a need to reinforce the IMCs' understanding of contract management. This would imply that they understand the responsibility of the contractors under the warranty period and certify (along with the LGED Engineer) the final payment. | PMU | At the earliest & on-going thereafter |
| | The project is preparing guidelines for IMCs/LCS', and should introduce these at the earliest as works are progressing. | PMU | Draft guidelines for PIC reviewed by FPR |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|--|--|----------------|--|
| | A number of roads required culvert and guide walls, but that these were not included as a provision had not been made. As a result, slabs were placed instead. Some of these slabs are damaged due to heavy traffic and atmospheric conditions. It is important that culverts and guide walls are included in the road designs and costing where necessary. | PMU | Ongoing process. |
| Multi-Purpose Village Center (MVCs) | | | |
| | It is critical that the site selection for the MVCs is done very carefully and not in a rush in order to achieve annual targets. The basement of two MVCs visited by the Mission were flooded and are therefore useless for six to seven months of the year thus jeopardising possible income generation for the maintenance of the respective MVCs. Where feasible, future centres should be built close to the roads so that shop space can be optimised and the ground floor used as market space by poor households. | PMU | Recommendation is followed strictly. |
| | Solutions have to be found to optimise the use of the two MVCs such as to use the ground floor areas for cage fish culture. Also, since the structures are flooded for a long period, the integrity of the structures should be monitored (and strengthened) as may be required. | PMU | Trying to find interested beneficiaries . |
| | SCBRMP should identify, in consultation with the respective communities, ways to fully utilise the MVCs. | PMU | Continuous process |
| Tube Wells/Water Supply | | | |
| | The PMU should analyse feasible options to address the arsenic contamination problem and to implement a cost-effective and viable solution at the earliest. If required, a water supply consultant should be recruited to review the situation and to recommend options. | PMU | After FPR one pilot will be conducted in Jamalganj |
| Sewage Systems | | | |
| | The project is providing the base structure for the latrines and has to ensure that construction is flood proof and an adequate super-structure is built by the community. In addition, it is recommended that health awareness programmes are undertaken and information on the proper utilisation and maintenance of the latrines is posted on the wall or door (using visual media). | PMU | Under process |
| | SCBRMP should start considering if in future CO members should be encouraged to buy their own latrines out of their increased income after investing loans. | PMU | Ongoing |
| Agricultural Infrastructure | | | |
| | During the 2005 SM, opportunities for the construction of small weirs and dams were identified that could provide irrigation for high value crop production. This issue was again raised by community members for a drainage culvert that would bring 50 acres under vegetable production providing early market opportunities and high returns. The project should prepare a detailed feasibility study of these small infrastructure projects for consideration by the Phase Review Mission/MTR | PMU | After PP revision the programme will be taken up. |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|------------------------------|---|----------------|---|
| Fisheries Development | | | |
| | The income from fishing in the beels, particularly the small beels, is limited. In larger beels the net income distributed among BUG members is around Tk. 3089 per member, while in small beels it is only Tk. 739 per member. Ways have to be found to increase income from fishing (value addition, aquaculture) and to create other sources of income. Further, given that due to siltation, the actual beel area is less than the recorded area, the Project could reduce the number of BUG members recruited per acre in the beels where BUGs are yet to be formed. | PMU | At the earliest Continuous effort is going on. |
| | The Mission recognises the socio political constraints faced by the project and notes that 38% of the beels currently handed over are less than 5 acres. Given that the same workload is required for establishing BUGs on small beels it is recommended that the project focus on larger beels (above 10 acres) in the future. Where possible, it is further recommended that economic analyses of beels are undertaken prior to setting up the respective BUGs. These analyses could also help determine the optimal number of members of the BUG. | PMU | Process going on |
| | The BMCs are not dividing up fish income into the recommended 50% to 60% to be deposited for expenses and the rest to be distributed among the members. Given the heterogeneity of BUG members with regard to CO membership, it does not seem necessary to continue with the by law with regard to the uniform allocation of income between expenditure and distribution to members. BMCs could flow systems of dividing income among members suited to their pattern of expenditures. | PMU | Ongoing |
| | It is necessary to insist on the deposit of fish harvest or any other income in the bank accounts, with a periodicity depending on distance from the bank. Further, CDFs and BMCs should be trained in keeping accounts and in maintaining and updating by-laws. There should be a clear and transparent connection between income and participation in labour. Further the project needs to monitor and report on the accounting systems and benefit distribution for each beel. | PMU | Ongoing |
| | There are now women members of the BUGs in only 3 beels. In order to increase the numbers of women in the BUGs, the project should reserve certain activities, like fish processing, vegetable growing, swamp tree planting and so on, for women. | PMU | Trying continuously. |
| | The natural resource management area, the water and fish management area, is not that of a beel, but that of a haor, often more or less polderized. In the next phase, the project should try and get all or most of the beels of a haor so that it can try to set up a haor management system, coordinating beel management with each other in a haor. | PMU, FPR | Ongoing |
| | Excavation in beels should not be carried out with steep slopes (and the excavated mud needs to be carried a distance away so as not to enclose the beels), but with gradual slopes that can provide shelter to fish at different water layers. Sanctuaries should not be established just in one location, but can be split up at a number of | PMU | Ongoing |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|-----------------------------|--|----------------|-----------------|
| | spots, which may be harvested in turn. Swamp trees are beneficial to the environment of the haors, act as shelters for fish breeding and provide income. Swamp tree and other such plantation activities, however, should be planned as part of an afforestation programme for the beels. | | |
| | The Project has undertaken resource mapping of the beels. This resource mapping should be extended to cover the various uses of the beels natural resources, e.g. for medicines, fuel wood, etc. Such mapping should be done separately with women and men, as they tend to relate to natural resources in different ways. In general, PRA exercises should be conducted separately with women and men, as women tend to get marginalized in joint gatherings. | PMU | Ongoing |
| | Beel Development plans should be clear and time bound and the beel maps should be properly updated to identify the development activities. This will significantly improve the performance and transparency of PIC activities and reduce the possibility of control by the small elite. | PMU | Ongoing |
| | Since the timeframe for excavation is limited (two-three weeks), in case there are shortage of labor, the BMC in consultation with the SMS Fisheries may consider using mechanized dredging. However, due consideration should be given to the benefits of labor-based activities. | PMU | Ongoing |
| Crop Production | | | |
| | Two short-season boro rice varieties (BRRI dhan 27 and BRRI dhan 45) have shown considerable promise as have mustard and wheat, which will be grown in farmer fields over a wider area during the coming rabi season. If these results are positive then the varieties should be made widely available through seed supply, farmer field days, training and extension activities. | PMU | Ongoing |
| | Training activities, many of which are separate from the demonstration activities, still require the development of extension messages and IEC materials as well as system of farmer field days in order to improve the uptake and replication of new varieties and crops. | PMU, DAE | At the earliest |
| | The project needs to identify and prioritize agricultural activities that can have an immediate and long term impact on improving livelihoods such as homestead gardens, vegetable growing, livestock rearing and off-farm income generating activities and develop a system to promote the uptake and replication of these activities. | PMU, DAE | At the earliest |
| Livestock Production | | | |
| | The project needs to support the establishment of the cold chain, arrange for the training of para-vets/activists and collaborate closer with DoL in planning for vaccination programmes and to supply the vaccines required as well as the technical support necessary for the vaccination programme. | PMU, DoL | Action taken |
| | Discussion with DoL for the gradual introduction of improved breeds through breeding stations in each Upazila needs to be | PMU, | Ongoing |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|---------------|---|---------------------|--|
| | initiated urgently as it is time a consuming process and the project has a limited life span. | DoL | |
| | Demonstration and training activities have focused on poor households who have little confidence and are not usually chosen for the role of lead farmers. However, in most cases they are proving capable of successfully demonstrating IGA activities revolving around livestock. Because they are poor, other members of the CO can relate to them better than to well-off or more dynamic farmers. The project needs to harvest the potential of these contact farmers through the power of testimonials and develop IEC materials (case studies and simple extension messages, including gross margin details). | PMU, DoL and DAE | Ongoing |
| | Broiler production has proven profitable although replication and returns are less than other districts because of the higher cost of chicks and feed. The potential exists of replicate the approach of the Micro-Finance and Technical Support (MFTS) project and develop the supply chain (layer farm, incubators/hatchery and feed supply) locally. The project should explore the feasibility with MFTSP to develop this technology locally. | PMU, MFTSP, and DoL | Action taken |
| | The Mission is concerned at the slow uptake and replication of IGA activities involving agriculture and livestock. The main issue is the improvement of the extension system. This comprises identifying the activities or package of technologies that needs to be replicated and developing the messages and IEC material and a system for delivering these message to cover the project households. The Mission recommends that the project improves the extension approach of successful and proven IGAs and monitor their replication and adoption. | PMU, DoL and DAE | Ongoing |
| Credit | | | |
| | SCBRMP should once again make a special and conscious effort to increase the ratio of female COs. | PMU | Going on |
| | <p>It has also been agreed with BKB that a workshop will be held in August 2006 in Sunamgonj with senior management of BKB, the Regional Manager, and all branch managers to review the following key issues :</p> <ol style="list-style-type: none"> How to improve service delivery to Cos and their members; How to ensure that all branches comply with the seven days (or 1 week turnaround) for the processing and sanctioning of loans for CO members; BKB plan of action or strategy to support 4, 500 Cos over the coming four years (staffing, training, synergies between SCBRMP and BKB, et, Al.). <p>The conclusions of the workshop (including any specific commitments made) should be recorded and a copy sent to IFAD and UNOPS by 31 August 200.</p> | BKB, PMU | <p>Action taken – workshop was held</p> <p>Some positive change</p> <p>Are observing loan disbursement</p> |
| | The Mission was requested to consider provision of special loans | PMU, | No proposal was presented |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|------------------------------|---|----------------|--|
| | for the 'ultra poor' in the project areas. This is a very good idea, however, it was noted that a number of NGOs are operating in the district and have programmes catering to the proposed target group. The PMU is thus encouraged to study this matter and to prepare a proposal for consideration the Phase Review Mission/MTR. The Mission is of the opinion that wherever possible, existing channels should be utilised for service delivery. | FPR | to the FPR, and such special loans may be difficult to accommodate within a CO credit system. |
| | The monitoring of Cos has to be strengthened and it is due time that all Cos are assessed for their maturity based on both quantitative and qualitative indicators. This will allow SCBRMP to tailor its future support to Cos based on their actual needs and strengths. Further, it should be noted that the CO assessment exercise should be an on-going exercise (once per year minimum). | PMU | On-going exercise |
| | CO leaders (both men and women) meet at the union level on a quarterly basis. The MVCs are commonly used for this purpose and in some instances the Union Parishad premises are also used. These quarterly meetings are important and offer a great opportunity for the project to motivate Cos and to : a. Initiate participatory M&E. b. Share best practices (including how groups are addressing the often high cost of travel for CO leaders to the BKB branches or now they have curtailed the default rate, etc.), c. Provide training to interested CO leaders (especially in book keeping), d. Allow Cos to demonstrate or display some of their successes or products, and e. Recognise outstanding Cos (via prize for consisted and effective book keeping, innovation, outstanding replication of demonstrations, etc.). | PMU | Ongoing |
| | Special attention should paid by project staff when dealing with minorities in order to reinforce confidence. | PMU | Ongoing |
| Institutional Support | | | |
| | The project currently has a large number of staff and will need to increase staff numbers as new Upazila's come on- stream and activities spread broader and deeper. The current project approach allows for certain efficiencies through controlling most aspects of implementation but the long-term risk is lack of sustainability and reach. The project will need to look to the future and adopt a stronger partnership approach by looking for partner organization to implement activities such as training and monitoring of COs and micro credit activities and linkages to commercial entrepreneurs. | PMU, FPR | Was discussed during FPR, but option of NGO partners for CO support and micro-credit was not found to be feasible due to reservations of the PMU |
| | The project monitoring system needs to be further strengthened in order to consolidate and analyse in a timely manner the data coming from the field. This implies that the data should be presented in am meaningful manner for management purposes and | PMU | Needs further action |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report

| | Recommendation | By Whom | Status |
|--|--|----------------|---------------|
| | for supervision. This also implies that an adequate information system is in place and that the M&E staffing are working exclusively of M&E. | | |

Appendix 1

Mission Timetable and Persons Met

A. Pre-FPR fieldwork by Rural Finance Specialist 14 to 20 December 2006

Visits to 9 COs: Brammangran Male CO-1, Monoharpur Female CO-1, Fenibeel Female CO, Baghgaon Male CO, Alipur North Female CO, Chalbon North Female CO, Shatrumardhan Female CO, Ujanigaon South Male CO, Ujanigaon South Female CO

Discussion meetings with project staff: Sheik Md Mohsin (Project Director), Michael Roy (Management Consultant), Nurul Amin (Credit Manager) and other PMU and Biswambarpur upazila staff.

Discussion Meetings with BKB Officials: Md Dawood Khan Mahfuz, Regional Manager, Sunamganj, Manager Biswambarpur Branch, Manager and Second Officer of Gungria Branch

Meetings With MFI Officials: Akshaya Kumar Nath, Zone Manager, Grameen Bank; Kutub Mia, District Manager, ASA; Rabindra Kumar Deb, VGD Program Manager, FIVDB; Md Jashim Uddin, Area Manager, PMUK; Topan Kumar, Executive Director, Sancred Welfare Foundation

B. Pre-FPR fieldwork by Gender Specialist and PRA facilitator 14 to 20 December 2006

PRA sessions with 12 COs - male and female COs at these locations: Harinagar, Sadar 1 (2003-04), Damodhartapi, Sadar 2 (2003-04) Chalbon, Biswambapur (2003-04) Uzan Jamalgar, Tahirpur (2005-06) East Lambabak, Jamalganj (2004-05) Madhupur, Derai (2006-07).

C. Visit to Sunamganj by main FPR team – Rural Development and Institutions Specialist, Fisheries Management Specialist, Agriculture, Livestock and Enterprise Development Specialist, and Field Investigator, from 6 to 18 January

Visits to COs (quality check carried out for 9 COs, visit to 7 COs to assess income generating activities). Visits to 6 BUGs and to project field activities. Workshop with project staff at PMU, discussion meeting with female staff, and meeting with Jamalganj upazilas staff. Visit to CARE office in Sunamganj (Shouhardo project).

D. Meetings and visits in Dhaka – Mission Leader and other mission members

8 January: Meeting at ERD with Zakir Hussain (Deputy Secretary) and Mehdi Hassan (Senior Assistant Secretary)

10 January Meeting with CONCERN Bangladesh with Mr Idris, Achyut Hari Aryal (Micro-finance Adviser), Dr A K M Musha (Ass. Country Director), and Iqbal Ahammed (PMUK).

11 January: Meet SCBRMP Project Director (Sheikh Mohammed Mohsin), visit Local Partnerships for Urban Poverty Alleviation Project (LPUPAP) Md Azizul Haque (Project Director), Md Akhtaruzzaman (National Project Manager), Abul Hossain (Agricultural Extension Specialist).

14 January. Meet Jens Peter Teng Dalsgaard, Senior Advisor (Danida), Agricultural Sector Programme Support II. Visit Second Small-scale Water Resources Development Project (SSWRDP) Nurul Islam (Superintending Engineer – Water Sector), Bashishuddin Ahmed

(PD SSWRDP), Moshiur Rahman (XEN SSWRDP), JR Rinfret (Team Leader TA SSWRDP), Faizullah (Institutions Specialist SSWRDP), Dr Tofail Ahmed (Sociologist SSWRDP), Jamal Uddin (XEN Water Sector). Meet PD SCBRMP

16 January Meeting at BKB with M Fazlul Hoque (Managing Director), Md Liaquat Ali Khan, General Manager, Md Leahy Uddin, Deputy General Manager.
Meeting with Alison Barrett, Chief Technical Advisor, LPUPAP

17 January – Meetings in LGED with project staff

19 January – workshop for FPR team to formulate initial findings

20 January – workshop to discuss findings with Project Director and PMU staff.

21 January – Meeting with Mark Staehle, Enterprise Advisor, Chars Livelihood Project (DFID).

22 January – meetings with project staff in LGED, meeting with WorldFish Center (Alan Brooks, Portfolio Manager). Meeting with Mr Wahidur Rahman, Superintending Engineer, LGED.

27 January – IFAD Rome team arrive: Nigel Brett (IFAD country programme manager), Perin Saint Ange (IFAD loan officer), Liam Chicca (IFAD legal counsel). Meetings with FPR team and project staff.

28 January: Meeting with Mrs Nargis Islam, Joint Chief, ERD, Ministry of Finance. Meeting at World Bank with Mr S A M Rafiquzzaman, Fisheries Specialist. Meeting with PMU to finalise draft Aide Memoire. IFAD team travel to Sunamganj with PD.

30 January: IFAD team visit project activities in Bishwambarpur upazila

31 January: IFAD team visit project activities in Sadar upazila

1 February: IFAD team returns to Dhaka

3 February: IFAD portfolio review meeting. Meeting with WFC and PD SCBRMP.

4 February: Meeting at LGED with Mr Shahidul Hassan, Chief Engineer, LGED

5 February: Wrap-up meeting chaired by Mr. Safar Raj Hossain, Secretary, Local Government Division, Ministry of Local Government, Rural Development and Cooperatives

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 2

Appendix 2

Training and Workshops

A. Training Provided by the Project

| Component / topic | Duration (days) | 2002/3 | | 2003/4 | | 2004/5 | | 2005/6 | | 2006/7 (to date) | | Cumulative total | |
|--|-----------------|---------------------|----------|---------------------|------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | |
| | | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| Fisheries development | | | | | | | | | | | | | |
| 1. Accounts and Audit | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 43 | 1 | 0 | 0 | 43 | 1 |
| Fisheries development Total | | 0 | 0 | 0 | 0 | 0 | 0 | 43 | 1 | 0 | 0 | 43 | 1 |
| Agriculture/livestock | | | | | | | | | | | | | |
| 1. Technical/Refresher Course for DAE staff | | 0 | 0 | 0 | 0 | 61 | 4 | 14 | 12 | 0 | 0 | 75 | 16 |
| 2. Technical training (Field) | 1 | 0 | 0 | 195 | 370 | 614 | 1323 | 1673 | 2098 | 521 | 816 | 3003 | 4607 |
| 3. Technical Training (Centre) | 1 | 0 | 0 | 9 | 42 | 60 | 80 | 172 | 183 | 203 | 350 | 444 | 655 |
| 4. Activist Training | 6 or 12 | 0 | 0 | 41 | 44 | 59 | 65 | 71 | 24 | 0 | 0 | 171 | 133 |
| 5. External Course | | 0 | 0 | 5 | 0 | 37 | 3 | 26 | 4 | 0 | 0 | 68 | 7 |
| 6. Swamp Tree Nurseries | 3 | 0 | 0 | 0 | 78 | 0 | 223 | 0 | 197 | 0 | 42 | 0 | 540 |
| Agriculture/livestock Total | | 0 | 0 | 250 | 534 | 831 | 1698 | 1956 | 2518 | 724 | 1208 | 3761 | 5958 |
| Micro-finance | | | | | | | | | | | | | |
| 1. Leadership Development & Group Management | 3 | 0 | 0 | 18 | 18 | 73 | 127 | 172 | 158 | 38 | 76 | 301 | 379 |
| 2. Accounts and Book keeping | 3 | 0 | 0 | 48 | 64 | 141 | 271 | 307 | 312 | 69 | 171 | 565 | 818 |
| 3. Auditing system for Auditors | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 33 | 1 | 0 | 0 | 33 | 1 |
| 4. Orientation for Bank Staff | 1 | 0 | 0 | 41 | 0 | 0 | 0 | 36 | 0 | 0 | 0 | 77 | 0 |
| 5. Refreshers Course for CO President | 1 | 0 | 0 | 0 | 0 | 18 | 27 | 61 | 138 | 17 | 46 | 96 | 211 |
| 6. Refreshers Course for CO Manager | 1 | 0 | 0 | 0 | 0 | 17 | 20 | 70 | 129 | 31 | 76 | 118 | 225 |
| 7. Refreshers Course for Bank Staff | 1 | 0 | 0 | 0 | 0 | 24 | 0 | 0 | 0 | 35 | 0 | 59 | 0 |
| Micro-finance Total | | 0 | 0 | 107 | 82 | 273 | 445 | 679 | 738 | 190 | 369 | 1249 | 1634 |
| Institutional development | | | | | | | | | | | | | |
| 1. Management Training for staff | 12 | 0 | 0 | 23 | 4 | 30 | 4 | 0 | 0 | 0 | 0 | 53 | 8 |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 2

| Component / topic | Duration (days) | 2002/3 | | 2003/4 | | 2004/5 | | 2005/6 | | 2006/7 (to date) | | Cumulative total | |
|---|-----------------|---------------------|----------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|--------------|
| | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | | No. persons trained | |
| | | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 3. Induction Training for staff | 12 | 0 | 0 | 22 | 4 | 19 | 1 | 18 | 3 | 16 | 3 | 75 | 11 |
| 4. Overseas Training for PMU staff (MYRADA India) | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 2 | 0 | 0 | 14 | 2 |
| Institutional development Total | | 0 | 0 | 45 | 8 | 49 | 5 | 32 | 5 | 16 | 3 | 142 | 21 |
| Other | | | | | | | | | | | | | |
| Basic Awareness Training (Informal) | | | | 937 | 1038 | 2395 | 4552 | 4768 | 4799 | 1126 | 2605 | 9226 | 12994 |
| Other Total | | 0 | 0 | 937 | 1038 | 2395 | 4552 | 4768 | 4799 | 1126 | 2605 | 9226 | 12994 |
| Grand Total | | 0 | 0 | 1339 | 1662 | 3548 | 6700 | 7478 | 8061 | 2056 | 4185 | 14421 | 20608 |

All training is for group members unless stated otherwise.

B. Training provided by SCBRMP under the SCOPE Project

| Component | Activity | Method: Approach | Trainee | Number of trainee/ Number of batch | Duration per training | Training/ exposure arranged by | Status of accomplishment |
|--|--|---|---------|---------------------------------------|-----------------------|---|--------------------------------|
| A. Development human resource at grass root | Familiarization with PRA tools and practice | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | BARD | 9-11 th December,06 |
| | Training on participatory need assessment and monitoring | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | 5-7th December,06 |
| | Training on Gender and development (GAD) | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | Done on 1-3 July,2006 |
| | Training on Good governance practice | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | Done on 4 - 6 July,2006 |
| | Training on Peoples institution development | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | BARD | Done on 1- 3 August,2006 |
| | Training on conducting internal audit | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | 12-14 December,06 |
| | Training on conflict resolutions techniques | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | Done on 8-10 July,2006 |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 2

| Component | Activity | Method: Approach | Trainee | Number of trainee/ Number of batch | Duration per training | Training/ exposure arranged by | Status of accomplishment |
|---|--|--|---------------|---------------------------------------|-----------------------|--|---|
| B. Natural resource management | Training on right to access natural resources and Institutional approach for it s management | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | World Fish Center | Two days basic course held on 2-3 Sep.,2006 and One day refresher will be held on Nov.,2006 |
| | | | BUG member | 30/5 | 03 days | SCBRMP | Will be held on Nov.,2006 |
| | Training on fish habitat restoration and conservation | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | World Fish Center | Two days basic course held on 4 - 5 Sep.,2006 and One day refresher will be held on Nov.,2006 |
| | | | BUG member | 30/5 | 03 days | SCBRMP | Will held on Nov.,2006 |
| | Training on Participatory fish catch and consumption survey and reporting | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | World Fish Center | Two days basic course held on 6 - 7 Sep.,2006 and One day refresher will be held on Nov.,2006 |
| | | | BUG member | 30/5 | 03 days | SCBRMP | Will held on Nov.,2006 |
| C. Institution Building | Training on Capacity Building of Self Help Group (SHG) management | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | BARD | Done on 11-13 July,2006 |
| | | | CO leaders | 30/10 | 02 days | SCBRMP | Will held on Nov. & Dec.,2006 |
| | Training on Developing people's institution and networking | Training & Exposure: Lecture, Brain storming, Group discussion, Exercise | CDF/SO | 15/1 | 03 days | BARD | Done on 5 – 7 Aug.,2006 |
| | | | CO leaders | 30/10 | 02 days | SCBRMP | Will be held on Nov. & Dec.,2006 |
| | Exchange visit for learning from best practice | Exposure | Policy maker | 2 person | Two weeks | Institution in any SCOPE project area preferably OTLP in India | |
| D. Training & Research skill development | Training on conducting participatory monitoring and evaluation | Training: Lecture, Brain storming, Group discussion, Exercise | CDF | 15/1 | 03 days | BARD | Done on 8 – 10 Aug.,2006 |
| E. Participatory Technology Extension | Appropriate technology and participatory extension approach | Training: Lecture, Brain storming, Group discussion, Exercise | CDF/ Activist | 15/1 | 02 days | BARD | 12 - 13 Aug.,2006 |
| | | | Activist | 30/2 | 05 days | SCBRMP | Will be held on Nov. & Dec.,2006 |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 3

Appendix 3

Project Expenditure

| Sl. No. | Component / activity | Unit of Quant | PP target | | Actual 2002/03 | | Actual 2003/04 | | Actual 2004/05 | | Actual 2005/06 | | AWPB 2006/07 | | To date 2006/07* | | Cumulative total | |
|-----------------------------|---|---------------|-----------|----------------|----------------|--------------|----------------|--------------|----------------|---------------|----------------|---------------|--------------|----------------|------------------|---------------|------------------|----------------|
| | | | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. |
| A. | Infrastructure Development: | | | | | | | | | | | | | | | | | |
| 1 | Tube wells | No. | 525 | 105.00 | | | | | 200 | 32.96 | 300 | 62.83 | 440 | 150.00 | 1 | 25.69 | 501 | 121.48 |
| 2 | Village protection /roads | Km. | 52.5 | 700.00 | | | | | 22 | 257.94 | 33 | 467.16 | 36.7 | 750.00 | 6.99 | 168.76 | 61.99 | 893.86 |
| 3 | Go downs / Comm. centre | No. | 20 | 149.00 | | | | | 9 | 18.58 | 2 | 38.00 | 14 | 70.00 | 1 | 6.70 | 12 | 63.28 |
| 4 | Infrastructure Maintenance | L.S. | | 70.00 | | | | | | 0.00 | | 30.00 | | 100.00 | | 0.25 | | 30.25 |
| Infrastructure Total | | | | 1024.00 | | 0 | | 0 | | 309.48 | | 597.99 | | 1070.00 | | 201.40 | | 1108.87 |
| B. | Fisheries Development: | | | | | | | | | | | | | | | | | |
| 1 | Beel access | No. | 93 | 0.00 | | | | | | | 55 | | 26 | | | | 55 | 0.00 |
| 2 | Beel Development | No. | 93 | 538.17 | | | | | | | 18 | 26.00 | 53 | 200.00 | | 0.09 | 18 | 26.09 |
| 3 | Khal Excavation | No. | 2 | 21.24 | | | | | | | | 0.00 | 10 | 42.00 | | | 0 | 0.00 |
| 4 | Pond aquaculture (leased ponds) | No. | 163 | 32.60 | | | | | 7 | 0.68 | 23 | 7.00 | 128 | 25.00 | | | 30 | 7.68 |
| | Fisheries studies: | | | | | | | | | | | | | 60.00 | | | | |
| | a) Fish catch monitoring | No. | 3 | 7.50 | | | 1 | 0.50 | | 2.00 | | | 2 | | | | 1 | 2.50 |
| | b) Bio-Diversity | No. | 3 | 9.00 | | | 2 | 0.50 | | 1.46 | | | 1 | | | | 2 | 1.96 |
| 5 | c) Resource Mapping | No. | 7 | 119.77 | 2 | 21.00 | 3 | 45.10 | | | 2 | 23.00 | 0 | | | | 7 | 89.10 |
| 6 | Promotional Materials | L.S. | | 5.00 | | | | 5.00 | | | | 5.00 | | | | | 0 | 10.00 |
| 7 | Training | No. | 289 | 2.98 | | | | | | | | 4.32 | | 4.00 | | | 0 | 4.32 |
| 8 | Technical Assistance | No. | 3 | 39.00 | | | | | | | 3 | 6.00 | | 13.00 | | 1.67 | 3 | 7.67 |
| 9 | Support Service | L.S. | | 9.60 | | | | 1.21 | | 3.09 | | 2.38 | | 4.00 | | 0.80 | | 7.48 |
| Fisheries Total | | | | 784.86 | | 21.00 | | 52.31 | | 7.23 | | 73.70 | | 348.00 | | 2.56 | | 156.8 |
| C. | Agriculture and Livestock Development. | | | | | | | | | | | | | | | | | |
| 1 | PRA | No. | 1 | 5.50 | 1 | 3.00 | | 2.50 | | | | | | | | | 1 | 5.50 |
| | Research | | | | | | | | | | | | 35.00 | | | | | |
| 2 | a) Research trials (General) | No. | 56 | 116.42 | | | | 1.94 | | | 16 | 18.00 | 40 | | 2 | 1.08 | 18 | 21.02 |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 3

| Sl. No. | Component / activity | Unit of Quant | PP target | | Actual 2002/03 | | Actual 2003/04 | | Actual 2004/05 | | Actual 2005/06 | | AWPB 2006/07 | | To date 2006/07* | | Cumulative total | |
|----------------------------|---|---------------|-----------|----------------|----------------|--------------|----------------|---------------|----------------|---------------|----------------|----------------|--------------|----------------|------------------|---------------|------------------|----------------|
| | | | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. | Quant. | Tk. lk. |
| | b) Paddy Verities (Adaptive Trials) | L.S. | | 44.00 | | | | | | | 19 | | 45 | | 0 | | 19 | 0.00 |
| 3 | Demonstrations | No. | 2196 | 87.84 | | | 64 | 2.18 | 192 | 8.06 | 468 | 28.00 | 1235 | 60.00 | 225 | 14.53 | 949 | 52.77 |
| 4 | Promotional Materials | L.S. | | 20.00 | | | | 5.05 | | 4.95 | | 5.00 | | 10.00 | | | | 15.00 |
| 5 | Training: | No. | 388 | 55.93 | | | 36 | 3.94 | 72 | 32.72 | 144 | 22.56 | 206 | 28.00 | 58 | 6.56 | 310 | 65.78 |
| 6 | Field days | No. | 520 | 5.20 | | | 16 | 0.16 | 72 | 0.72 | 144 | 1.44 | 618 | | 37 | 0.37 | 269 | 2.69 |
| 7 | Project workshop | No. | 43 | 14.06 | | | 5 | 2.54 | 8 | 3.35 | 13 | 4.48 | 17 | 5.00 | | 1.00 | 26 | 11.37 |
| 8 | Technical Assistance | No. | 6 | 78.00 | | | | | | | 3 | 6.00 | 3 | 14.00 | | 0.57 | 3 | 6.57 |
| 9 | Support Service | L.S. | | 21.52 | | | | 1.62 | | 2.87 | | 2.38 | | 6.00 | | 0.30 | | 7.17 |
| Agriculture Total | | | | 448.47 | | 3.00 | | 19.93 | | 52.67 | | 87.86 | | 158.00 | | 24.41 | | 187.87 |
| D. | Micro-Finance | | | | | | | | | | | | | | | | | |
| 1 | Funding Requirement | | | 314.16 | | | | 36.60 | | 23.79 | | 190.00 | | 200.00 | | | 0 | 250.39 |
| 2 | Training | No. | 1308 | 18.76 | | | 96 | 1.28 | 272 | 3.62 | 2528 | 5.92 | 92 | 8.00 | 24 | 5.63 | 2920 | 16.45 |
| 3 | CO Audit | | | | | | | | | | | | | | | | | |
| | b) Internal CO audit | No. | 1568 | 7.84 | | | | | 131 | 0.91 | 329 | 4.00 | 1108 | 8.00 | | | 460 | 4.91 |
| | c) External CO audit | No. | 54 | 2.70 | | | | | | | 6 | | | | | | 6 | 0.00 |
| Micro-Finance Total | | | | 343.46 | | 0 | | 37.88 | | 28.32 | | 199.92 | | 216.00 | | 5.63 | | 271.75 |
| E. | Institutional Development | | | | | | | | | | | | | | | | | |
| 1 | Machinery and Equipment | No. | 76 | 69.36 | 20 | 20.03 | 20 | 20.18 | 8 | 9.66 | 8 | 14.00 | | 7.50 | 4 | 1.90 | 60 | 65.77 |
| 2 | Vehicles | No. | 87 | 122.86 | | | 37 | 63.47 | 24 | 20.36 | 10 | 8.00 | | 3.50 | 4 | | 75 | 91.83 |
| 3 | Manpower | No. | 106 | 584.64 | 20 | 3.63 | 29 | 68.718 | 23 | 106.66 | 15 | 175.46 | | 200.00 | 17 | 35.52 | 104 | 389.99 |
| 4 | Institutional Development (Contingency) | No. | 7 | 288.76 | 4 | 8.26 | 4 | 29.11 | 5 | 44.38 | 6 | 72.35 | | 135.00 | 7 | 9.71 | 7 | 163.81 |
| 5 | Training | No. | 32 | 15.30 | | | 5 | 3.06 | 1 | 6.24 | 6 | 6.00 | | 15.00 | 1 | | 13 | 15.30 |
| 6 | Technical Assistance and Study | No. | 35 | 132.64 | | | 0 | 2.15 | 8 | 13.74 | 37 | 30.00 | | 34.00 | 1 | 5.50 | 46 | 51.39 |
| Institutional Total | | | | 1213.56 | | 31.92 | | 186.69 | | 201.04 | | 305.81 | | 395.00 | | 52.63 | | 778.09 |
| F | CD-VAT | L.S. | | 183.79 | | | | 21.56 | | | | | | | | | | 21.56 |
| G | Cost Escalation | L.S. | | 428.86 | | | | | | | | | | | | | | 0.00 |
| Grand Total | | | | 4427.00 | | 55.92 | | 318.37 | | 598.74 | | 1265.28 | | 2187.00 | | 286.63 | | 2524.94 |

To date is to end of September 2006.

Appendix 4

Guidelines for Implementation of Community Managed Infrastructure

LGED has to follow the procurement rules in its implementation of construction work. The Sunamganj Community Based Resources Management Project is being implementing by LGED in Sunamganj District. It has five components including labor-intensive infrastructure development. The project aims to increase the income and assets of 135,000 households of the districts through its interventions and activities. In the last two years the project constructed about 65 km of roads following the Public Procurement Regulations 2003, with monitoring by community people and implementation of the main works by LGED enlisted contractors. Based on this experience we can summarized the strengths and weaknesses of the implementation process of road construction under SCBRMP.

Strengths

- Normally contractors are responsible for implementation of schemes under the condition of contracts, with LGED engineers supervising the works.
- All the contracts can be awarded at a time following the AWPB.
- The communities form individual Implementation Monitoring Committees (IMC) to supervise the construction work after having training from the project.
- The quality of construction has so far been strongly maintained through the involvement of community supervision.
- The SAE of LGED makes payment after measuring the work done, and recording this in the measurement books.
- Auditing was as usual.
- Project personnel do not need any involvement in the implementation process.
- Construction work is guaranteed for one year supported by the contractor's security money

Weakness

- Contractors are not trained on the procurement regulations, and they do not give any importance on the requirements of the clauses mentioned in the conditions of the contract. So they don't follow the timing for submission of performance security, commencement of work and also the completion date of contract. As a result, at the end of financial year the employer faces a great risk in making payments for work before having a proper completion certificate.
- Contractors normally try to employ their own people rather than people from the community.
- Though the community benefits from the infrastructure, they only have limited direct benefits through employment and managing contracts, which could add to their income and assets.

Considering above weakness in the implementation of labor-intensive construction, some innovative pilots would be useful to facilitate opportunities to increase the income of the targeted community. It also helps in completing the scheme in time. The Loan Agreement permits direct procurement of works up to a value of US\$20,000. Contact packages for the community implementation through a Project implementation Committee (PIC) could be within this limit. As the project has lot of scope for infrastructure work, the project should take some initiative to involve prospective beneficiaries in the profession of construction work.

Formation of PIC and responsibilities of different stakeholders.

- Representatives from each credit organization (male and female) surrounding the scheme will be the members of the committee. The Social Organizer/ CDF will act as member secretary of the PIC.
- Social Organizer and Community development facilitator (CDF) will be the official member of the PIC.
- Committee members will select the PIC president and manager (male or female) from the same credit organization on the basis of performance of the organization and also the personal honesty of the members.
- The credit organization's saving account will be the operating accounts of the PIC.

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 4

-
- There will be a materials procurement committee among the members of the PIC where SO/CDF will act as facilitator.
 - Other than the PIC there will be another team for supervising the quality of works they will act as Present IMC (Implementation Monitoring Committee).
 - Membership of both the PIC and IMC should include women at least in proportion to the number of female CO involved in the scheme.
 - The PIC will get Tk.5000 and the IMC will get Tk.2000 as a remuneration of their work that should include the preparation of engineer's estimate.
 - The PIC is bound to show and verify their vouchers and records to LGED and project representatives for transparent transaction related to the construction.
 - The PIC will record all the activities and payment made in their weekly meeting as meeting minutes that should be supported during new payment claim from the project.
 - The project will prepare the estimate with the help of LGED following current approved rate schedule.
 - The project will approve the estimate and PIC
 - Considering the nature of works project will release the all materials costs as first installment
 - Materials cost will not be more than 75% of the total estimated cost of schemes.
 - Carrying, labour and other contingencies will not exceed more than 20% of the estimated cost. This 20% will release in further two installments.
 - PIC will be responsible to have the quality materials that should be tested in the LGED laboratory and ensure the test report before construction. PIC will pay for the test.
 - Project will collect the materials rate from the local available market for the cost control of the PIC. If possible project will facilitate the procurement from the source of production to ensure best rate of materials.
 - Project will not deduct the 10% contractors profit that is included in the estimate. It only deducts the 8.5% of the VAT and tax that was within the estimated cost.
 - Before every new payment the work done should be recorded in the measurement books and measurement books should certify by the Engineer in charge from LGED
 - The Senior Upazilla Project Manager (SUPM) will be the main party from project side and the concerned Upazila Engineer will be the main party from LGED to enter into all legal contact signing and recommendation with the PIC.
 - The project office and LGED should specify strictly the timing for smooth fund flow to the PIC, and this will be controlled by the concerned Executive Engineer LGED of the district and recommended to the Project Director.

Formats needed to implement infrastructure through PIC.

- Contact Agreement between Project and PIC
- Sample of a signboard
- PIC formation and approval format
- Advance Fund requisition format
- Scheme closure report

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 5

Appendix 5

Proposed revision of SCBRMP logframe

| Goal | Indicators | Means of Verification | Assumptions |
|--|---|--|--|
| Sustainable improvement in the livelihood and general quality of life of 90,000 poor households living in <i>haor</i> areas in Sunamganj | <ul style="list-style-type: none"> * <u>Reduced stunting of children</u> * <u>Household asset index</u> No. of households with increased assets No. of women owning increased assets No. of hh with improved food security No. of hh with improved sources of livelihoods No. of hh with improved water and sanitation | IFAD RIMS survey Outcome monitoring survey | Government policies and programmes and donor assistance continue to focus on the poorest and most vulnerable. |
| Purpose (project objective): | | | |
| Develop grass-roots organisations to improve access for poor people to primary resources and economic opportunities. | <ul style="list-style-type: none"> No. of beel users receiving increased fishing income (m/f) No. of beels with increased fish production No. of poor women getting increased income from fish ponds No. of households benefiting from improved road communications No. CO members with savings & using credit No. of CO members with increased agricultural and livestock production | Outcome monitoring survey Process monitoring | Service provision becomes more appropriate for risk-prone <i>haor</i> areas. Synergy among government and village organisations is enhanced and institutionalised. |
| Outputs/Deliverables | | | |
| 1. Rural Infrastructure: Rural infrastructure schemes identified, constructed and maintained by beneficiaries on a demand-driven basis | <ul style="list-style-type: none"> Km of roads constructed and maintained No. of tubewells and other water supplies No. of CO members involved in construction, monitoring and maintenance No. of latrines constructed | | LGED has sufficient capacity to implement projects effectively. Severe floods do not impact negatively on construction activities. |
| 2. Fisheries Development: Fisheries production programme implemented | <ul style="list-style-type: none"> No. / area of waterbodies under community management No. of members of beel user groups (m/f) No. / area of leased ponds under control of poor women | Progress report | Severe flooding and/or other natural disasters do not severely disrupt or change local livelihood systems. DOF, DCC and UNO office and project staff coordinate effectively. |
| 3. Crop and Livestock Development: Crop and livestock production programme implemented | <ul style="list-style-type: none"> No. of farmers with improved skills and knowledge No. of new technologies / crops / varieties introduced / disseminated | Progress reports | Effective coordination with DAE/DLS Research results are relevant to the target group's conditions. |
| 4. Microfinance Savings and credit services component implemented | <ul style="list-style-type: none"> No. of COs managing credit and savings Repayments rates at least 95% Volume of credit disbursed Volume of savings Graduation / exit | Progress reports | Market trends and fluctuations do not adversely affect economic viability of on- and off-farm activities. Project staff are properly trained and motivated. |
| 5. Institutional Support Establishment of grass-roots organisations, project management, including learning of lessons for policy and future projects | <ul style="list-style-type: none"> Project Management Unit offices operating at district and upazila levels. Project staff recruited and trained: Manuals prepared, M&E system developed and operating effectively | Progress reports | A close working relationship is established among the three types of institutions: government, SAPAP and VOs. |
| Activities (project components) | | | |
| 1. Infrastructure development Establishment of IMC and PIC to manage infrastructure development. Construction of roads, water supply, latrines and multi-purpose centres. | 2. Fisheries development Transfer of 300 beels to community management. Re-excavation and tree planting around beels. Re-excavation of fish ponds and leasing of ponds by women. Studies on biodiversity, resource mapping and fish consumption. | 3. Crop and Livestock development Training of farmers. Contracting of research. Promotion of technology through demonstrations. Dissemination of promotional material. | 4. Microfinance Credit for on- and off-farm activities and fisheries. Training of CO managers, presidents and auditors. |
| 5. Institutional Support Establishment of PMU offices (district and 9 upazila offices). Recruitment of project staff and their training. Establishment of 3,000 COs and training of leaders and members. | | | |

Appendix 6

Proposed Contents of Progress Reports

A. Contents of Annual Progress Report

The Annual Report would provide a comprehensive review of project progress and achievements. It would be completed prior to the annual supervision mission and would provide the information needed by the mission. Chapters 3 and 4 of the report are based on the project logframe and reference can be made to logframe indicators.

Executive summary (2 pages if the length of the rest of the report, excluding annexes, is over 12 pages).

1. Introduction

Period covered by the report
Sources of information

2. Highlights and key issues

Major milestones and events (e.g. phase reviews, IFAD staff visits)
Key problems requiring action

3. Progress towards objectives

Goal “Sustainable improvement in the livelihood and general quality of life of 90,000 poor households living in *haor* areas in Sunamganj”. Report would summarise recent evidence of improved livelihoods and quality of life. This could come from an RIMS impact survey or an outcome study (if recently carried out), or from case studies and other sources.

Purpose: “Develop grass-roots organisations to improve access for poor people to primary resources and economic opportunities”. Report would summarise information on numbers of beneficiaries, numbers of COs and numbers of beels and BUG members, number of current savers and borrowers, and numbers involved in agricultural activities. Data on fish production and fisher income could also be included. Number of households benefiting from improved roads, water and sanitation would also be included.

4. Outputs and activities

This would describe, for each logframe output (i.e. component), achievements in terms of outputs and what activities have been carried out. Information would cover both the reporting year and the cumulative results in the project period to date. Comparison with annual and project targets would include explanation for non-achievement of targets. Tables would be included for ease of reporting data.

4.1 Rural infrastructure

Text would briefly describe the main achievements and activities carried out. A table would contain, for each upazila, the following information:

- No. and km of roads built
- No. of IMC and PIC involved, and numbers of members (m/f) of IMC and PIC
- No. of LCS women employed on road maintenance

- Training carried out – nos trained (m/f) for different courses
- No. of tubewells and no. of other water supply facilities installed. Number tested for arsenic and number found to be safe.
- No. of latrines installed
- No. of community centres built.

This would be shown in terms of project target and cumulative achievement, and AWPB target vs annual achievement for the year.

4.2 Fisheries Development

Text would briefly describe the main achievements and activities carried out. A table would contain, for each upazila, the following information:

- No. of large beels and no. of small beels that are: (i) allocated to the project; and (ii) actually handed over to BUGs
- No. of BUG members
- Rating of BUG management (see Fisheries Annex)
- Improvement to beels (plantation, re-excavation) – no. of beels and area covered
- No. of beels and BUG members covered by alternative livelihood and fish marketing programmes.
- Training carried out – numbers trained (m/f) for different courses

This would be shown in terms of project target and cumulative achievement, and AWPB target vs annual achievement for the year.

4.3 Crop and livestock development

Text would briefly describe the main achievements and activities carried out. A table would contain, for each upazila, the following information:

- No. of demonstration loans by type crop/livestock.
- No. and type of adaptive research trials
- Scaling up of new technologies – number of farmers involved
- Other activities
- Training carried out – numbers trained (m/f) for different courses

This would be shown in terms of project target and cumulative achievement, and AWPB target vs annual achievement for the year.

4.4 Microfinance

Text would briefly describe the main achievements and activities carried out. A table would contain, for each upazila, the following information:

- No. of COs formed in year and cumulative to date(number of members m/f)
- No. of COs phased out in year
- Total current COs being currently supported by the project
- No. of COs taking loans from group funds
- No. of COs taking loans from BKB
- Training carried out – numbers trained (m/f) for different courses

This would be shown in terms of project target and cumulative achievement, and AWPB target vs annual achievement for the year. More detailed information on savings and credit, using the project's standard reporting table, would be in an annex.

4.5 Institutional support

Text would briefly describe the main achievements and activities carried out. A table would contain, for each upazila, the following information:

- Number of upazilas offices established and operating
- No. of project staff (with detailed table showing numbers in each post in an annex)
- M&E activities: surveys and studies, including number of beels covered by fish catch and biodiversity monitoring
- Manuals and publications produced.

This would be shown in terms of project target and cumulative achievement, and AWPB target vs annual achievement for the year.

5. Financial expenditure

Summary table of component-wise project expenditure. Annual expenditure would be compared with AWPB targets, and cumulative to date PP/FPR targets and AWPB. A more detailed table in an annex would show item-wise expenditure for each year since the project commenced vs PP/FPR and AWPB targets. Tables should show expenditure in both Taka and USD.

A statement of fund flow in the special account and project account (opening balance plus receipts less expenditure = closing balance). If the initial deposit is being recovered, state amount recovered. Any delays in loan disbursement or availability of GoB funds.

Table showing progress of procurement carried out in the year. This would include columns for name of item, estimated cost, method of procurement, prior review by UNOPS, date of short listing and tender submission, date of bid opening, date of contract signing and date of contract completion. Where applicable, expected and actual dates should be shown.

Accounts and audit: date of last audit and date of submission of audit report. Number of audit observations at start of year, plus number of new observations in last audit report, less observations resolved = number of observations at year-end.

Annexes

(a) Larger and more detailed tables including:

- Tables on performance of beels: see fisheries annex
- Table on results of adaptive research trials – yields, farmers' preferences
- More details on demonstration loans by type crop/livestock showing numbers on the first loan, and those who are using loans that have been recycled one, two, three times etc.
- Data on savings and credit performance using project standard reporting format with data analysed by upazila and by year of CO formation.
- List of project staff showing numbers in each post by upazila and any vacant posts.
- Expenditure - item-wise expenditure for each year since the project commenced vs PP/FPR and AWPB targets, in both Taka and USD.

-
- Flow of funds table to show what expenditure has been funded by IFAD and what has been funded by GoB in both Taka and USD.
 - Withdrawal applications to date, showing date of application, date of receipt of funds, category of expenditure and amount in USD and Taka.
 - Log of audit observations

(b) Recommendations of last SM and actions taken

(c) Loan covenants: list and status of compliance

(d) Case studies (if available)

(e) Project logframe

B. Contents of Quarterly Progress Report

This report provides basic information on project progress.

1. Introduction

Period covered by the report

Sources of information

2. Highlights and key issues

Major milestones and events (e.g. reviews, IFAD staff visits)

Key problems requiring action

3. Physical progress

Table showing component and item-wise physical progress against AWPB targets, and total cumulative progress to date against PP/FPR targets

4. Financial progress

Table showing component-wise and item-wise project expenditure compared with AWPB targets, and cumulative to date with PP/FPR targets.

5. Procurement

Table showing progress of procurement carried out in the period. This would include columns for name of item, estimated cost, method of procurement, prior review by UNOPS, date of short listing and tender submission, date of bid opening, date of contract signing and date of contract completion. Where applicable, expected and actual dates should be shown.

Appendix 7

Review of SCBRMP RIMS Baseline Report

Overview

1. The baseline of a purely longitudinal survey programme, without a control sample, offers minimal scope for analysis and comment (except in relation to relevant National data or data from previous surveys in the same area, if either are available). It is as well to point this early in the report.
2. The report contains evidence that Mitra's handling of RIMS surveys and reporting is becoming routinised and that standards are suffering in consequence. In particular:
 - the phrasing of text on household size distribution is identical (excepting the numbers) to the MFMSF RIMS report;
 - section 3.4 states the respondents are beneficiaries *of the MFTSP project* (my emphasis).
3. The level of analysis and commentary is sometimes even shallower than dictated by the limitations of the study. As an example, it is a truism to state that "Floods are almost a recurring incidence in the area" (Introduction). The real significance of inundation in the North-East is that the very deep water levels in the monsoon severely limit agricultural activity for that part of the year, thus contributing to the regional poverty.

Data on Age/Sex Distribution

4. There appears to be a problem with the age distribution shown in Table 3.1. For both males and females there is a disproportionate number of people in the 20-24 age group, much higher than in the cohorts either side. This has to indicate defective interview technique for the household demographics section of the questionnaire, which in turn casts doubt on other results from this section, including the dependency ratio.

Household Socio-Economic Indicators

5. It is not very satisfactory to merge the 12-category scale of water sources into 2 groups 'Safe' and 'Unsafe' without showing which types of supply are safe/unsafe; the same goes for grouping the 5-point sanitary provision scale into 'Adequate' and 'Inadequate'. Table 3.3 should be revised to show the detail of these data, if necessary with separate tables for each indicator.

Nutritional Status Indicators

6. It appears there has been a problem of data quality with the anthropometric measurements, since the analysis is restricted to the cases "... for whom *complete and plausible* anthropometric data were collected." (p.11, my emphasis). If there were issues of data rejection these should be noted in a Data Quality section in the Survey Methodology chapter.
7. The differences by sex in malnutrition indices (p.12) are trivial and should be stated as such. More important is the evidence that there is no systematic nutritional discrimination against girls.

8. The most valuable conclusion from the comparison with the DHS 2004 data is that Sunamganj is indeed a nutritionally disadvantaged area and the validity of its selection as an IFAD project site is thereby confirmed.

Appendix 8

Compliance with Loan Covenants

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|--|---------------|
| SECTION 1.04 | The Borrower shall be fully responsible to the Fund for the due and timely performance of all obligations ascribed to it, the Lead Project Agency and all other Project Parties under this Agreement. | Complied with |
| SECTION 2.02 | The Fund shall open a Loan Account in the name of the Borrower and credit the principal amount of the Loan thereto. The Borrower may request withdrawals from the Loan Account from time to time between the Effective Date and the Loan Closing Date in various currencies in respect of Eligible Expenditures. | Complied with |
| SECTION 2.03 | The Borrower shall open and thereafter maintain in Bangladesh Bank a Special Account denominated in US Dollars for the purpose of financing the Project. | Complied with |
| SECTION 2.04 | The Borrower and each Project Party shall use the proceeds of the Loan exclusively to finance Eligible Expenditures in accordance with the Loan Agreement and the General Conditions. | Complied with |
| SECTION 3.01 | <p>The Borrower declares its commitment to the goals and purposes of the Project and, in furtherance of such goals and purposes, the Borrower shall ensure that the Lead Project Agency and each of the other Project Parties shall carry out the Project:</p> <p>(a) with due diligence and efficiency;</p> <p>(b) in conformity with all appropriate administrative, engineering, financial, economic, operational, environmental, agricultural development practices (including rural development practices) and good governance;</p> <p>(c) in accordance with plans, design standards, specifications, procurement and work schedules and construction methods agreed by the Borrower and the Cooperating Institution;</p> | Complied with |
| | <p>(d) substantially in accordance with the AWPBs;</p> <p>(e) based on the Project Implementation Manual;</p> <p>(f) otherwise in accordance with the Loan Agreement; and</p> <p>so as to ensure the sustainability of its achievements over time.</p> | |
| SECTION 3.02 | <p>(a) The PMU shall prepare draft annual work plans and budgets (AWPBs) for each Project Year. The draft AWPBs shall include, among other things, a detailed description of planned Project activities during the coming Project Year, and the sources and uses of funds therefor, based on the respective work plans and budgets prepared by each of the Project Parties.</p> <p>(b) The PMU shall submit the draft AWPBs to the PSC for its approval. When so approved, the Borrower shall submit each draft AWPB to the Fund and the Cooperating Institution, for their respective comments and approval, no later than 60 days before the beginning of the relevant Fiscal Year. If neither the Fund nor the Cooperating Institution comment on the draft AWPB within 30 days after receipt, the AWPB shall be deemed</p> | Complied with |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|---|--|
| | approved. (c) The PSC shall adopt the AWPBs substantially in the form approved by the Fund and the Cooperating Institution, and the PMU shall provide copies thereof to the Fund and the CI, prior to the commencement of the relevant Project Year. | |
| SECTION 3.03 | The Lead Project Agency shall open and thereafter maintain in the Sunamganj branch of a bank agreed by the Borrower and the Fund, a current account denominated in Bangladesh Taka for Project operations. The Project Director shall be fully authorised to operate the Project Account. | Complied with |
| SECTION 3.04 | The Borrower shall make the proceeds of the Loan available to the Lead Project Agency in accordance with the AWPBs and its customary national procedures for development assistance to carry out the Project. | Complied with |
| SECTION 3.05 | (a) In addition to the proceeds of the Loan, the Borrower shall make available to the Lead Project Agency and each other Project Party, promptly as needed, such facilities, services and other resources as may be required from time to time to carry out the Project in accordance with this Agreement. (b) Without limiting the generality of paragraph (a) above, the Borrower shall make available to the Lead Project Agency during the Project Implementation Period counterpart funds up to equivalent of USD 4 463 000, in accordance with its customary national procedures for development assistance. | Complied with |
| SECTION 3.06 | The PMU shall transfer available funds and other resources called for in the AWPBs for the Micro-finance Component to BKB in accordance with the BKB Subsidiary Agreement to carry out the Micro-finance Component. | Complied with |
| SECTION 3.07 | The PMU and each of the Project Parties shall procure all goods, civil works and services financed by the Loan in accordance with Schedule 4. | Complied with |
| SECTION 4.01 | The PMU shall establish, as soon as practicable but in no event later than six months after the Effective Date, and thereafter maintain an appropriate information management system to enable it to continuously monitor the Project. | Complied with |
| SECTION 4.02 | The PMU shall submit to the Fund and the Cooperating Institution semi-annual progress reports on Project implementation no later than 45 days after the end of each six-month period during the Project Implementation Period. | Complied with |
| SECTION 4.03 | The Borrower, the Fund and the Cooperating Institution shall jointly carry out a review to determine the necessity of establishing a semi-autonomous body for the remainder of the Project Implementation Period, based on an evaluation of the first two years of Project implementation (the “SAB Review”). | A review mission was undertaken in Dec’04, which recommended that the SAB should not be set up. The FPR agrees with this decision. |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|--|--|
| SECTION 4.04 | The Borrower, the Fund, the Cooperating Institution and the beneficiaries shall jointly carry out a review of Project implementation at the beginning of the second half of each of the fifth and eighth Project Years (each a “Phase Review”, or the “First Phase Review” and “Second Phase Review”, respectively). | First Phase Review was undertaken in January 2007 |
| SECTION 4.06 | The Borrower and each Project Party shall facilitate all evaluations and reviews of the Project that the Fund may carry out during the Project Implementation | Complied with |
| SECTION 5.01 | The PMU shall prepare the financial statements of the operations, resources and expenditures related to the in respect of each Fiscal Year and deliver such financial statements to the Borrower, the Fund and the Cooperating Institution within three months after the end of each Fiscal Year. | Complied with, but has scope for further & continuous improvements |
| SECTION 5.02 | The PMU shall establish and implement a Project Financial Management System, modelled after the World Bank’s Loan Administration Change Initiative and approved by the Fund, as early as possible but in no event later than three months after the Effective Date. | Complied with |
| SECTION 5.03 | <p>(a) Within 90 days after the Effective Date, the Borrower shall appoint, with the prior approval of the Fund, independent auditors selected by the Borrower in accordance with the procedures and criteria agreed upon by the Borrower and the Fund to audit the accounts relating to the Project for each Fiscal Year until the Closing Date.</p> <p>(b) The Borrower shall have the accounts and financial statements relating to the Project audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing. In addition to the audit report on the Financial Statements, the auditors shall provide: (i) a separate opinion on the certified statements of expenditure, and the operation of the Special Account; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems, including but not limited to the Project Financial Management System. The PMU shall deliver the above-mentioned items to the Fund and the Cooperating Institution within six months of the end of each Fiscal Year</p> | All complied with |
| SECTION 5.04 | The Borrower shall appoint qualified independent auditors to carry out a performance audit, including review of the financial management system and verification of procurement procedures, related to each Phase of the Project. The auditors shall be selected in accordance with procedures and criteria agreed upon by the Borrower and the Fund. | Complied with |
| Schedule 1 | <p>(a) The Project shall be carried out in the District of Sunamganj.</p> <p>(b) The Project shall benefit the landless, small and marginal farmers resident in the Project Area, with particular emphasis going to women beneficiaries.</p> | Complied with |
| Schedule 3 | 1. The Rural Development and Cooperatives Division (RDGD) of the Ministry of Local Government, Rural Development and Cooperatives (MLGRDC), in its capacity as Lead Project Agency, shall have overall responsibility for the implementation of the | LGED has been designated as LPA & the Loan Agreement |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|---|--|
| | Project. | should be updated at the FPR |
| | 2. The Borrower shall establish and maintain until any eventual formation of the SAB a Project Steering Committee (PSC). | Complied with |
| | 3. The PSC shall be chaired by the Secretary RCDC, and shall be comprised of a representative from each of the following: BKB; Ministry of Lands (MOL); Ministry of Fisheries and Livestock (MOFL); Planning Commission; Economic Relations Division of the MOF; Local Government Department of the MLGRDC; and four NGO or other civil society representatives satisfactory to the Fund. The Project Director shall serve as the Secretary of the PSC. | Complied with (Secretary LGD is chairing the PSC) |
| | 4. The Borrower shall establish and maintain throughout the initial recruitment process a recruitment committee, composed of equal numbers of representatives of the Borrower and NGO and accepted by the Fund. The Project Director shall serve as secretary, and the Secretary RDCD shall serve as chairman. | Complied with |
| | 5. The Borrower shall establish and maintain until the SAB is formed a project management unit (PMU) within the Lead Project Agency. The PMU shall enjoy operational autonomy, under the guidance of RDCD or any other ministry designated by the Borrower in consultation with the Fund. To this end, the Borrower shall issue a delegation of authority to the Project Director to: (i) take any action necessary for Project implementation, including signing Loan withdrawal requests and other documents; and (ii) appoint Project staff. | Complied with |
| | 6. The PMU shall be composed of the Project Director, a Senior Social Organizer, a Finance Manager, a Legal Support Officer, a Monitoring and Evaluation Specialist, a Training Coordinator, and a Credit Manager. | Complied with |
| | 7. The Borrower shall establish and maintain throughout the Project Implementation Period a DCC, which shall be chaired by the Deputy Commissioner and comprised of representatives from each of the Ministry of Agriculture, Department of Fisheries, Department of Livestock Services, the Local Government Engineering Department and BKB. The Project Director shall be Secretary to the DCC. | Complied with |
| | 8. The DCC shall be responsible for coordinating Project activities at the district level, resolving problems as they arise, reviewing work plans, and providing general support to the Project Director. | Complied with |
| | 9. <i>Establishment.</i> The Borrower shall establish and maintain throughout the Project Implementation Period a UCC in each of the Upazilas where Project activities are undertaken. | Complied with |
| | 10. Each UCC shall be chaired by the Upazila Nirbohi Officer and comprised of the local representatives of each of the Ministry of Agriculture, Department of Fisheries, Department of Livestock Services, the Local Government Engineering Department and the branch manager of BKB. The Upazila Project Director shall be Secretary to the UCC. | Complied with |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|--|--|
| | 11. The Borrower shall appoint a Project Director, subject to prior approval of the Fund, for a term of at least two years. The Project Director shall have direct experience in managing SAPAP or a similar project, and shall receive a salary sufficiently competitive to attract qualified candidates. | Complied with |
| | 12. The Borrower may remove the Project Director only upon prior consultation with and agreement by the Fund, which consultation shall occur no later than three months prior to any such prospective removal. Any successor to the Project Director shall be subject to approval by the Fund. | Not applicable as yet |
| | 13. The Project Director shall appoint an Upazila Project Director (“UPD”) for each Upazila in the Project Area. | Complied with |
| | 14. The PMU shall recruit Social Organizers (each a “SO”) to undertake social mobilization activities. Each SO shall report to the relevant UPD, under the technical guidance of the Senior Social Organizer in the PMU. | Complied with |
| | 15. Lease provision. i. The Borrower shall specify the target of water bodies to be transferred to the DOF in the PP. ii. After resource mapping surveys, the PMU shall compile a list of available leases, which shall be forwarded through MLGRDC to MOL for action. iii. MOL shall then instruct the DCs and Upazila Nirbohi Officers to transfer leases to DOF as stipulated in the PP. Once transferred to DOF for the benefit of the Lease Management Committees, the DOF shall then enter into a use agreement with each LMC. | Complied with |
| | 16. Ministry of Finance shall enter into a Subsidiary Loan Agreement with BKB. | Complied with |
| Schedule 3A | (a) The Borrower shall make available to beneficiaries the leases requested by the PMU i. within six months of receiving the request and ii. in the quantity requested. Each lease shall be for two consecutive terms of ten years, renewed automatically. | 93 leases have been made available |
| | (b) The Borrower shall ensure that lessees to the larger beels respect the rights of smaller lessees by including lease provisions that shall: i. require each larger lessee to demarcate the area in question at full flood; ii. ensure that larger lessees are granted permits only after they have agreed in writing to demarcate their beel areas; and terminate any lease under which the foregoing terms are violated. | To be checked by 2006 Supervision Mission |
| | (c) The Borrower shall revise the PP: i. upon formation of the SAB; | A revision of the PP is being prepared for |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|--|---------------|
| | <p>ii. at the end of each of Phase I and Phase II; and</p> <p>iii. at any other time as may become necessary to remain consistent with and facilitate implementation of the Project throughout the Project Implementation Period. The Borrower shall make such revisions in as timely a manner as is practicable.</p> | Phase II |
| SCHEDULE 4 | 1. Procurement of goods and civil works financed by the Loan shall be subject to the provisions of the “Guidelines for Procurement under Financial Assistance from the International Fund for Agricultural Development of 1982”, as such guidelines may be amended from time to time by the Fund (hereinafter called “the Procurement Guidelines”). If any provision of the Procurement Guidelines is inconsistent with a provision of this Schedule, then the latter shall govern. | Complied with |
| | 2. Procurement of consultant services financed from the proceeds of the Loan shall be undertaken in accordance with procedures proposed by the Borrower and approved by the Cooperating Institution. | Complied with |
| | 3. To the extent possible, the goods, civil works and services shall be bulked into sizeable bid packages in such a manner as to permit the optimal use of competitive bidding. Before the commencement of procurement, the Borrower shall furnish to the Cooperating Institution, for approval: (i) a list or lists of goods and services to be procured, (ii) the proposed grouping of these goods and services, and (iii) the proposed number and scope of civil works contracts to be awarded. | Complied with |
| | 4. Procurement shall be undertaken only during the Project Implementation Period. | Complied with |
| | 5. No procurement shall be undertaken if it entails a payment to persons or entities, or an import of goods, prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations. The Fund shall inform the Borrower of any such persons, entities or import. | Complied with |
| | 6. Each contract for the supply of equipment, materials and vehicles estimated to cost USD 100 000 equivalent or more shall be awarded following ICB procedures set forth in the Procurement Guidelines. | Complied with |
| | 7. Each contract for the supply of equipment, materials and vehicles estimated to cost USD 25 000 equivalent or more but less than USD 100 000 equivalent shall be awarded on the basis of competitive bidding advertised locally, in accordance with procedures approved by the Cooperating Institution. | Complied with |
| | 8. Each contract for the supply of equipment, materials and vehicles estimated to cost less than USD 25 000 equivalent may be awarded on the basis of evaluating and comparing bids invited from at least three suppliers, in accordance with procedures approved by the Cooperating Institution. | Complied with |
| | 9. Each contract for the supply of civil works estimated to cost USD 5 000 equivalent or more shall be awarded on the basis of | Complied with |

Bangladesh
Sunamganj Community-Based Resource Management Project
Mid-Term Review Report – Appendix 8

| ARTICLE/SCHEDULE | COVENANT | STATUS |
|------------------|--|---------------|
| | competitive bidding advertised locally, in accordance with procedures approved by the Cooperating Institution. | |
| | 10. Each contract for the supply of civil works estimated to cost less than 5 000 may be awarded through direct contracting with the contractor or supplier, in accordance with procedures approved by the Cooperating Institution. | Complied with |
| | 11. Each contract for consultant services estimated to cost USD 20 000 equivalent or more shall be awarded on the basis of competitive bidding procedures approved by the Cooperating Institution. | Complied with |
| | 12. Each contract for consultant services estimated to cost less than USD 20 000 equivalent may be awarded through direct contracting with the consultant, in accordance with procedures approved by the Cooperating Institution. | Complied with |
| | 13. The award of any contract for goods, civil works or consultant services referred to in paragraph(s) 7, 8, and 10 above estimated to cost USD 60 000 equivalent or more shall be subject to prior review by the Cooperating Institution in accordance with the provisions of Annex 3 to the Procurement Guidelines. | Complied with |
| | 14. The award of any contract for consultant services referred to paragraph 12 above estimated to cost USD 60 000 equivalent or more shall be subject to such review procedures as the Cooperating Institution customarily employs for such contracts in similar Projects. | Complied with |