

Project Implementation Monitoring Report (#9)

Reporting Period From 2024/05 To 2024/11

Bangladesh : Bangladesh Municipal Water Supply and Sanitation Project

1. Project Information

Project ID:	P000068	Instrument ID:	L0068A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:87.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Department of Public Health Engineering, Bangladesh		
Project Team Leader:	Jana Halida Uno		
Responsible DG:	Rajat Misra		
Responsible Department:	PSC1		
Project Team Members:	Liu Yang, Project Counsel; Guoping Yu, SFD - Procurement Specialist; Rui Xiang, SFD - Financial Management Specialist; Victoriano Macasaquit, SFD - Social Development Specialist; David Rollinson, SFD - Environment Specialist; Ronald Muana, Team Member; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Oct, 2020 a mission was organized by IDA Bangladesh country office from October 11-15. AIIB was not invited but received the Aide Memoire. Apr, 2021 a virtual joint implementation support mission with the World bank was conducted in April 2021. Oct, 2021 Visit by a virtual joint implementation support mission with the World Bank May, 2022 Implementation support mission with GoB and WB. AIIB's social development specialist and AIIB's field-based consultant attended the mission in Bangladesh on behalf of AIIB. Dec, 2022 Physical mission Jul, 2023 Implementation Support mission with WB and GoB. Joined by AIIB field-based consultant. Mar, 2024 Virtual mission Oct, 2024 Physical mission by AIIB consultant		
Planned Site Visits by AIIB:	Apr, 2025 Site Visits		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags	2024/04		

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Assigned Date:

2. Project Summary and Objectives

Project Objective is to increase access to improved water supply and sanitation services in selected pourashavas (municipalities) and strengthen the pourashavas' institutional capacities for delivering water and sanitation services. The project is to improve: (i) waters supply and sanitation systems to improve living conditions of about 600,000 people, and at least 150,000 people respectively in selected 30 municipalities; and (ii) water services and management skills of implementing agencies' staff, e.g. DPHE, and other public and private sector agencies".

3. Key Dates

Approval:	Jul. 11, 2019	Signing:	Dec. 11, 2019
Effective:	Mar. 05, 2020	Restructured (if any):	
Orig. Closing:	Dec. 31, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	13.00
Disbursed:	57.58	Latest disbursement (amount/date):	2.26/Jun. 20, 2024
Undisbursed:	29.42	Disbursement Ratio (%) ¹ :	66.19

5. Project Implementation Update

There will be insufficient time to complete the construction of all the urban piped water supply schemes within the project's current implementation period. Several factors contributed to the cumulative delays in project implementation including COVID-19 lockdown, cost escalations resulting in retendering of contracts, delays in household enrollment for water connection, delay in land transfer by municipal authorities, suspension of implementation activities due to floods and mayoral election, and recent political changes abolishing all mayor and the municipal councils. At present, it is estimated that an additional 12 months will be required beyond the current closing date to fully commission the remaining schemes and ensure that service delivery operations stabilize in these systems. However, around seven municipalities may continue to remain at risk of construction and/or operations being suspended due to contractors stopping or delaying construction owing to political changes, and a lack of technical and management personnel. Thus, a restructuring of the Project will be undertaken to extend the project closing date to December 31, 2025, and revise the project objective indicator target for "Number of municipalities with operational water supply systems" from the current 30 to 23. Since the Project was prepared, electricity tariff has increased almost 40 percent that made the water pumping costs prohibitive, and financial sustainability of municipalities is further threatened. The delayed commissioning of water supply systems will further result in municipalities not having enough time for operations and mobilizing high number of

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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connections. This is likely to result in low/ fluctuating cost recovery in the initial operations period. In addition, the number of municipalities able to afford energy costs associated with at least 11 hours of water supply will also reduce. Hence it was agreed to reduce the targets for the following intermediate indicators: (i) Participating municipalities with at least 80% cost recovery on operations and maintenance from the current 24 to 15 municipalities; and (ii) Number of municipalities supplying at least 11 hours per day of water to customers from 20 to 12 municipalities.

AIIB has not received the request from the Local Government Division (LGD) and Economic Relations Division (ERD) regarding this Project change / restructuring. AIIB is closely following up with the World Bank and the Government of Bangladesh to expedite the restructuring. AIIB has discussed with the borrower along the sidelines of the board meeting in December and is expecting a loan closing date extension accordingly. In case the borrower decides not to extend the closing date of our loan, the project will be closed in December 2024 and AIIB will proceed with the next steps (disbursements of eligible expenses incurred until December 2024, project completion note and so on).

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Sector Support and Capacity Strengthening of Department of Public Health Engineering and Pourashavas (USD10.69 million)	The project continues to advance activities under this component. The contractor for mobile-phone billing and payment software has completed the software development. A 3-day basic training in all 30 municipalities has been conducted and four municipalities have initiated the process of signing of a Memorandum of Understanding with Upay, bKash, and Rocket. Seven municipalities are already using this new payment system. Since the last mission, one more municipality has had their tariff framework approved by the District Commissioner's (DC) Office and incorporated in the by-laws, for a total of 14 of the 30	No issue during this reporting period	Procurement under Component 1 is progressing well. The contractor for mobile-phone billing and payment software has completed the software development.

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	<p>municipalities. The remaining municipalities have sent their tariff framework for endorsement by their respective DC offices. The mission urged DPHE to pursue the District Commissioners to approve the tariff framework of the remaining municipalities. The focal person for the Municipal Support Circle (MSC) created to provide systematic support to municipalities has been appointed and steps towards operationalization of the unit are being taken. Specifically, the DPHE will start the process for including the operational budget for providing monitoring and back-stopping support to the municipalities through the district DPHE offices during the next fiscal year (FY2025-26) by November 30, 2024. The PMU has started the process to conduct the next Institutional Performance Assessment of the project including the customer satisfaction survey. This round of assessment will measure the incremental performance but not release any payments to the municipalities unlike the previous two rounds, as there is not enough time remaining in the project to use the funds.</p>		
<p>Component 2: Investment for</p>	<p>Since the last mission in February 2024, one</p>	<p>The PMU has continued to monitor site-specific environmental</p>	<p>•All the Works contracts have been awarded and</p>

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<p>Water Supply Infrastructure (USD54.68 million)</p>	<p>additional municipality has completed the construction of bulk water infrastructure making it a total of 28 municipalities with bulk water production systems. Distribution network construction has been completed in 26 of the 30 municipalities. Three of the four remaining municipalities are to complete the distribution network by December 30, 2024. Enrolment of 100 percent households for water supply connection has been completed in 22 municipalities, and 75 percent household enrolment has been completed in six municipalities, a key condition for commissioning. Fourteen municipalities have commissioned their water supply service, or an additional nine since the previous mission. But water supply in five of these municipalities is currently interrupted because the recent political turmoil has resulted in the absence of Mayors and associated personnel who were operating the water supply systems. Administrators (Upazila Nirbahi Officers UNOs, who are discharging mayoral responsibilities) in four municipalities have requested for the PMU's support in recruiting private operators to operate the water supply schemes in these</p>	<p>compliance issues related to bulk water supply packages, distribution pipeline network, and drainage. They have also addressed Occupational Health and Safety (OHS) and Community Health and Safety (CHS) concerns, which have been reported in the Environmental and Social (E&S) Monitoring Reports.</p> <p>The PMU has completed the Environmental Assessment (EA) and Environmental and Social Management Plan (ESMP), considering the surrounding environmental and social characteristics of the 20 sites (out of 30). The remaining EA and ESMP works are still ongoing.</p> <p>The contractor is required to comply with relevant health and safety clauses in their agreements and restore sites to their original condition according to Good International Industry Practices (GIIP) on sites clearing such as removal of debris, hazardous materials, construction left-off, etc. PMU will also conduct an ES Inspection of each completed site and capture the site restoration compliance issues in the upcoming monitoring reports which is required prior to release of payments.</p> <p>The PMU will prepare an on-field training plan covering the SOP, water quality (WQ) testing, and other E&S issues for the new group of responsible municipalities staff, including Resident Engineers (REs) and Technical Support Unit (TSU) members, before handing over the facilities.</p>	<p>under implementation. Since the last mission in February 2024, one additional municipality has completed the construction of bulk water infrastructure making it a total of 28 municipalities with bulk water production systems. Distribution network construction has been completed in 26 of the 30 municipalities. Three of the four remaining municipalities are to complete the distribution network by December 30, 2024. It is expected that all the Works contracts will be completed by 2024.</p>
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	<p>municipalities. The mission agreed that this was a good opportunity to promote private operators in more municipalities, and the PMU would provide handholding support to the administrators and train operators on day-to-day service delivery operations, maintenance management, billing collection, and enrolment of new customers. House connection installation has been slow leading to delayed commissioning of water supply systems in selected municipalities.</p>		
<p>Component 3: Improving Sanitation and Drainage (USD30.67 million)</p>	<p>This component was designed to support all elements of the sanitation service delivery chain and provide critical drainage infrastructure. The project has made good progress in household toilet construction. Of the targeted 22,500 toilets approved for construction, 13,753 toilets for the use of 69,020 beneficiaries have been completed. Low to moderate progress is reported in the construction of the integrated waste management facility (IWMF) in 8 municipalities and simplified fecal sludge management (S-FSM) facilities in 22 municipalities. Each of these packages also includes construction of public toilets. The Mission advised the PMU to meet with the contractors and address construction delays or</p>	<p>The drainage network laying impacted 164 households in 20 municipalities, resulting in losses such as boundary walls, temporary shop closures, and tree damage. The compiled inventory of losses has been submitted to World Bank. Based on this inventory, full compensation has been provided to the affected households. The PMU is requested to submit documentation relating to the payment of compensation in all 20 municipalities and to confirm with a bi-annual social report that compensation payments, training, stakeholder engagement, and grievance handling are being conducted following the Social Management Plan (SMP).</p>	<p>The project has made good progress in household toilet construction. Of the targeted 22,500 toilets approved for construction, 13,753 toilets for the use of 69,020 beneficiaries have been completed.</p> <p>Low to moderate progress is reported in the construction of the integrated waste management facility (IWMF) in 8 municipalities and simplified fecal sludge management (S-FSM) facilities in 22 municipalities. Each of these packages also includes construction of public toilets. The PMU is advised to meet with the contractors and address construction delays or terminate the contracts (if contractors were unresponsive or absconding) as necessary, following due procedure. The PMU would ensure that the contractor prioritizes the completion of IWMF/S-FSM, following which construction of public</p>

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	<p>terminate the contracts (if contractors were unresponsive or absconding) as necessary, following due procedure. In addition, the PMU would ensure that the contractor prioritizes the completion of IWMF/S-FSM, following which construction of public toilets and solid waste management facility would be undertaken so that the former can witness a period of operations. Negotiations for O&M service contracts for integrated waste management facility (IWMFs) have been completed, and the Notification of Award has been issued for the O&M packages. In the remaining 14 municipalities, all contracts have been retendered. Of these, contracts have been awarded, and works are ongoing in 10 municipalities, two contracts are under evaluation, and for another two, contracts are yet to be processed.</p>		<p>toilets and solid waste management facility would be undertaken. Negotiations for O&M service contracts for IWMFs have been completed and the Notification of Award has been issued for the O&M packages.</p> <p>The critical drainage work has been completed in 14 municipalities and is under progress in two of the 30 municipalities. In the remaining 14 municipalities, all contracts have been retendered. Of these, contracts have been awarded and works are ongoing in 10 municipalities, two contracts are under evaluation, and for another two, contracts are yet to be processed.</p>
<p>Component 4: Project Implementation and Management Support (USD3.96 million)</p>	<p>The communication firm has been onboarded and has carried out field visits, focus group discussions, distribution of printed communications material etc. The mission advised the PMU to work with the communications firm to provide targeted support in improving the uptake of household water supply connections and ensuring increased usage of household</p>	<ul style="list-style-type: none"> •The PMU has completed several planned activities as per the Gender Action Plan (GAP). Ongoing efforts include sensitization and capacity-building for various stakeholders on gender and Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) and promoting women-led Self-Help Groups (SHGs) in all municipalities to participate in project activities. During this mission, the PMU committed to working with SHGs in at least 10 municipalities as per the results indicator and developing a comprehensive plan to promote women SHGs' participation in the bidding process. 	<p>The feasibility study for additional municipal Water Supply and Sanitation schemes in selected municipalities is currently pending approval of the ministry, and the PMU is urged to prioritize its completion and award it by January 31, 2025.</p>

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		toilets. The feasibility study for additional municipal Water Supply and Sanitation schemes in selected municipalities is currently pending approval of the ministry, and the mission urged the PMU to prioritize its completion and award it by January 31, 2025.	
Component 5:	Contingent Emergency Response (USD0 million, n/a)	N/A	N/A

Financial Management:

DPHE has been submitting quarterly IUFRRs timely. Several significant audit issues for FY23 are yet to be resolved, the project takes appropriate action to resolve the observations with the auditors by December 31, 2024. The next audit report for FY 2023–24 will be due on December 31, 2024. The external auditor (FAPAD) has already started field work for FY24. The PMU has submitted the draft internal audit on the operations of the municipality and the final revision would be submitted by the end of 2024.

6. Status of the Grievance Redress Mechanism (GRM)

Since the implementation, a total of thirty-six (36) grievances received by the Projects and grievances were resolved before September 30, 2024, Among the 36 complains were related to damaged walls of some houses and shops during drainage construction work.

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7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Some indicators are delayed in achieving its annual target due to the COVID19 pandemic disruptions. An intermediate indicator is progressing to reflect procurement and physical progress. Target values are set-up for achievement at project closure.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments		
			Baseline		2018		2019		2020		2021		2022		2023		2024		2025		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual	
People provided with access to improved water sources	Project	Number	2018	0																600,000		2025	600,000		Annual		
People provided with access to improved water - Female	Project	Number	2018	0																300,000		2025	300,000		Annual		
People provided with access to improved sanitation services	Project	Number	2018	600,000																680,000		2025	680,000		Annual		
People provided with access to improved sanitation services - Female	Project	Number	2018	300,000																340,000		2025	340,000		Annual		
Number of municipalities scoring 50% and above in Performance Assessment Scorecard	Project	Number	2018	0																30		2025	30		Annual		
Number of municipalities with operational water supply systems	Project	Number	2018	0																23		2025	23		Annual		

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																				Frequency	Responsibility	Comments	
			Baseline		2018		2019		2020		2021		2022		2023		2024		2025		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual

Participating municipalities with at least 80% cost recovery on operations and maintenance	Project	Number	2018	0													15		2025	15		Annual		
Number of municipalities maintaining separate WSS bank accounts	Project	Number	2018	0													30		2025	30		Annual		
Number of municipalities supplying at least 11 hours per day of water to customers	Project	Number	2018	0													12		2025	12		Annual		
Number of municipalities supplying water of quality in compliance with Bangladesh standards	Project	Number	2018	0													30		2025	30		Annual		
Number of municipalities with developed and approved sanitation action plans	Project	Number	2018	0													30		2025	30		Annual		
Number of municipalities with at least 50% improved toilets	Project	Number	2018	0													25		2025	25		Annual		
Number of municipalities with Public Toilets being operated by Private Operators/SHGs	Project	Number	2018	0													20		2025	30		Annual		
Number of municipalities with operational service contracts for emptying	Project	Number	2018	0													15		2025	15		Annual		
Number of municipalities that implement drainage improvements	Project	Number	2018	0													30		2025	30		Annual		

