



Technical Assistance Report

Project Number: 39432
December 2007

People's Republic of Bangladesh: Preparing the Participatory Small-Scale Water Resources Project (Financed by the Japan Special Fund)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 December 2007)

Currency Unit	–	taka (Tk)
Tk1.00	=	\$0.0146
\$1.00	=	Tk68.595

ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	executing agency
GDP	–	gross domestic product
IEE	–	initial environmental examination
IWRM	–	integrated water resources management
IWRMU	–	Integrated Water Resources Management Unit
JBIC	–	Japan Bank for International Cooperation
LGED	–	Local Government Engineering Department
O&M	–	operation and maintenance
PPTA	–	project preparatory technical assistance
PRA	–	participatory rural appraisal
PSSWRP	–	Participatory Small-Scale Water Resources Project
SSWR	–	small-scale water resources
SSWRDSP	–	Small-Scale Water Resources Development Sector Project
TA	–	technical assistance
WMCA	–	Water Management Cooperative Association

TECHNICAL ASSISTANCE CLASSIFICATION

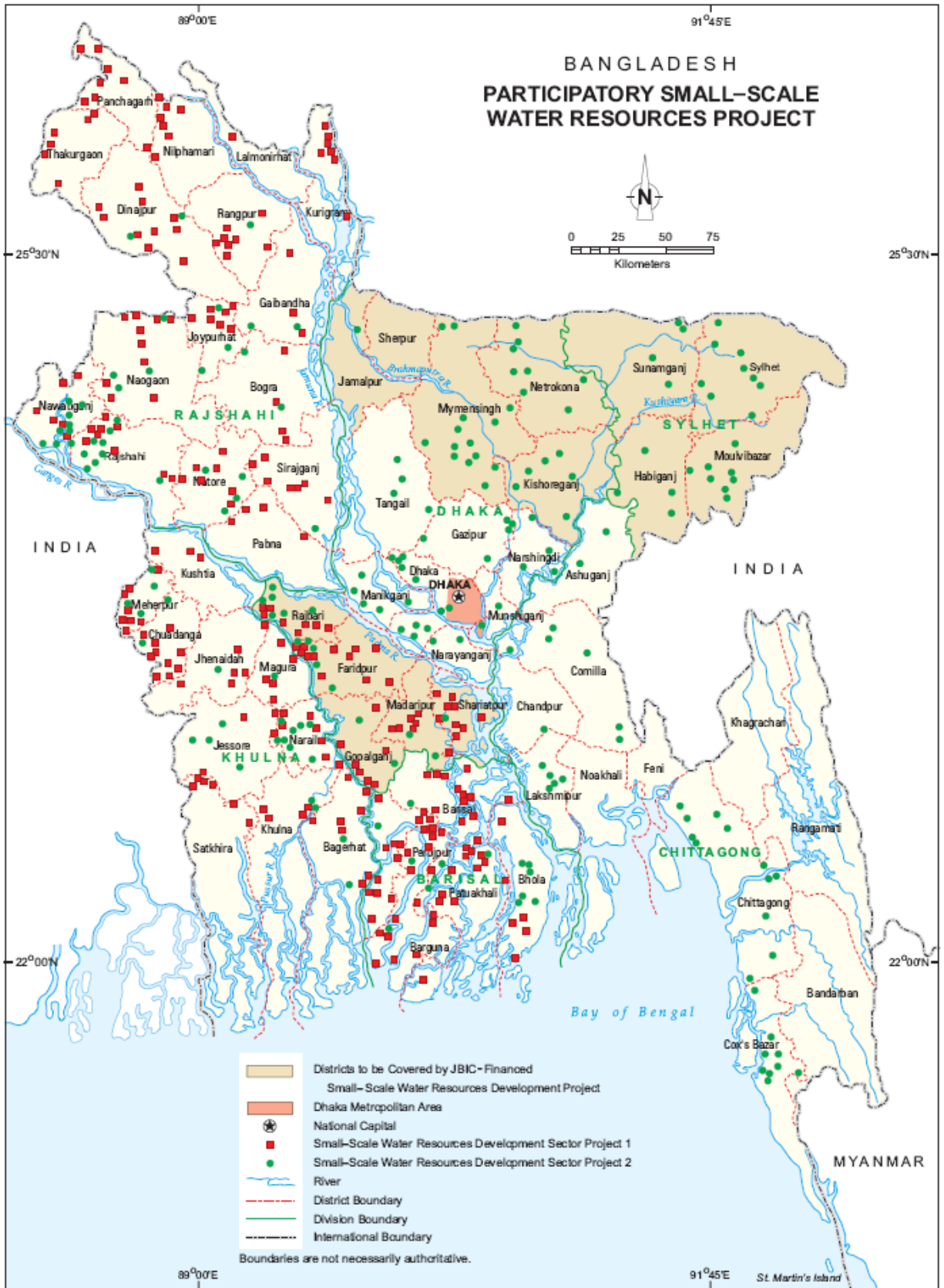
Targeting Classification	–	General intervention
Sector	–	Agriculture and natural resources
Subsector	–	Water resource management
Themes	–	Sustainable economic growth, environmental sustainability, capacity development
Subthemes	–	Fostering physical infrastructure development, natural resources conservation, institutional development

NOTE

- (i) In this report, "\$" refers to US dollars.

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BANGLADESH PARTICIPATORY SMALL-SCALE WATER RESOURCES PROJECT



- Districts to be Covered by JBIC-Financed Small-Scale Water Resources Development Project
 - Dhaka Metropolitan Area
 - National Capital
 - Small-Scale Water Resources Development Sector Project 1
 - Small-Scale Water Resources Development Sector Project 2
 - River
 - District Boundary
 - Division Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.

I. INTRODUCTION

1. Based on the successful outcome of small-scale water resources (SSWR) development sector projects (SSWRDSP) phase I¹ and ongoing phase II,² the follow-on Participatory Small-Scale Water Resources Project (PSSWRP) is included in the country strategy and program³ for Bangladesh. ADB fielded a Fact-Finding Mission for formulating the project preparatory technical assistance (PPTA)⁴ in October 2007. The Mission held meetings with representatives of the Government, external funding agencies, and beneficiaries to reach preliminary agreements on technical assistance (TA) objectives, scope, cost, implementation arrangements, and terms of reference. The PSSWRP will institutionalize and internalize the stakeholder-driven approach for sustainable small-scale (less than 1,000 hectares [ha]) water resources management while giving particular attention to poorer sections of the population. The TA design and monitoring framework is in Appendix 1.

II. ISSUES

2. **Poverty and Rural Livelihoods.** Bangladesh has a total area of about 14.7 million ha and net cultivable area of about 8 million ha. Despite considerable progress, Bangladesh remains one of the world's poorest nations, with gross domestic product (GDP) per capita of \$447, poverty incidence of 50%, and a child malnutrition rate of 48%. Over 80% of the population is rural, of which two thirds are landless or near landless.⁵ Those with productive land are subject to regular flooding.⁶ Although agriculture's share of GDP (currently 19%) has been declining as the economy grows, it remains the primary economic sector in rural Bangladesh and provides 63% of employment. The rural poor in Bangladesh face unfavorable agricultural environments, rely heavily on agricultural wage labor, and possess few agricultural and nonagricultural assets. Accelerating agricultural and rural growth is central to reducing poverty, as noted in Bangladesh's National Poverty Reduction Strategy, which specifically prioritizes accelerated rural growth and development of agricultural and nonfarm economic activities.

3. Key challenges in water management include flooding, river erosion, water shortages, and environmental degradation. These are aggravated by inadequate water management infrastructure, limited beneficiary participation, and weak operation and maintenance (O&M) funding. Increasing urbanization and expansion of fish production on agricultural land (as culturable wasteland is utilized) is forecast to result in absolute decline of agricultural land by 1.64 million ha by 2050. Yields will need to increase annually by 20% to compensate for the loss of agricultural land. Effective water management and equitable access to water are critical for the production base and livelihoods of the rural poor.

4. **Policy Framework.** The Government has made efforts to create an enabling environment for improving water resources management over the past decade through a range of water sector

¹ ADB. 1995. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of Bangladesh for the Small-Scale Water Resources Development Sector Project*. Manila (Loan 1381-BAN), for \$32.0 million, approved on 26 September 1995 and implemented from 1996 to 2002, developed 280 subprojects in the western part of the country.

² ADB. 2001. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of Bangladesh for the Second Small-Scale Water Resources Development Sector Project*. Manila (Loan 1831-BAN), for \$34.0 million, approved on 12 July 2001 and to be implemented between 2002 and 2009, will develop 275 subprojects in 61 of 64 districts.

³ ADB. 2005. *Bangladesh: Country Strategy and Program (2006–2010)*. Manila.

⁴ The TA first appeared in *ADB Business Opportunities* on 5 September 2007.

⁵ For 97 subprojects implemented under SSWRDSP phase II, about 85% of beneficiary households have landholdings of less than 1 hectare and of these, about 50% are landless or near landless (landholding < 0.2 hectare).

⁶ On average, 20% of the country experiences monsoon floods. The Ministry of Fisheries and Livestock estimates that the 2007 floods inundated 30–42% of Bangladesh, affecting 14 million people with 1 million tons lost rice production.

reforms. The 1999 National Water Policy adopts the principles of sustainable service delivery through stakeholder participation, decentralization, and integrated water resources management (IWRM). The policy provides a comprehensive framework for participatory IWRM, strategic planning, sustainable O&M, and progressive transfer to local water management groups. Guidelines for Participatory Water Management⁷ (2001) focus on the requirement for consultative and participative approaches in sector development interventions. These reforms provide the essential basis to comprehensively address the country's water sector problems through effective IWRM and sustainable service delivery.

5. **Lessons.** Over the past decade, ADB investments in SSWRDSP phases I and II have demonstrably strengthened the Local Government Engineering Department (LGED), which is the Executing Agency for these projects, through organizational reform and capacity building. On each subproject, the formation of legal entities, known as, Water Management Cooperative Associations (WMCAs), which are fully inclusive, community-based water management organizations, has driven efforts to maximize stakeholder participation in planning, design, and O&M of water management that includes facilities for flood management, drainage, water conservation, and command area development. The WMCAs have facilitated microcredit facilities, input supply, dissemination of improved technology, and, in many cases, organization of voluntary labor for productive or social purposes.

6. Enhancing rural incomes through decentralized, community managed, small-scale systems has proven to be an effective means for reducing rural poverty.⁸ The experiences of SSWRDSP phases I and II indicate that (i) increasing productivity and sustainability of WMCAs requires continued provision of support services, improved interagency coordination, and strengthened monitoring and evaluation processes to better identify and respond to evolving needs; (ii) participatory development with full beneficiary engagement at critical stages (identification, planning, execution, and O&M) has direct implications for the sustainability of WMCAs; and (iii) providing continued support to the IWRM Unit (IWRMU), established within LGED under SSWRDSP phase II, through internalizing and institutionalizing the subproject development process is pivotal for ensuring the WMCAs' overall sustainability. Project-specific issues are presented in Appendix 2.

7. **ADB Support.** The present TA and ensuing loan project will support the country strategy and program and the Government's pro-poor economic growth strategy by helping the rural poor boost productivity, diversify production, and stimulate off-farm activity by (i) expanding access to irrigation and associated flood protection through command area and small-scale water resource management; (ii) strengthening farm-to-market linkages; and (iii) improving the enabling environment for agribusiness, with particular emphasis on initiatives by women and disadvantaged groups.

8. Past experiences and lessons learned (from SSWRDSP phases I and II) will contribute to refining the participatory subproject development process and enhancing sustainability in agricultural and fisheries production through well-functioning WMCAs. Congruently, there will be a requirement for further strengthening the IWRMU to catalyze its evolution as a sector champion capable of providing continued support to beneficiary communities. These actions further support

⁷ Formulated jointly by the Ministry of Water Resources and Ministry of Local Government Division.

⁸ Local Government Engineering Department of the Government of People's Republic of Bangladesh. 2003. Draft Final Report on the External Evaluation of the Small-Scale Water Resources Development Sector Project-I. Dhaka; and ADB. 2007. Project Performance Evaluation Report on Loan 1381-BAN: Small-Scale Water Resources Development Sector Project (draft for interdepartmental comments). Manila. These evaluation reports give an overall assessment of "encouraging development" and a "successful" project based on preliminary findings.

ADB's "water for all" policy,⁹ which advocates a participatory approach to help conserve and protect water resources and foster an integrated approach to water resources management.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA's impact is enhanced effectiveness and increased sustainability in agricultural and fisheries production along with poverty reduction through SSWR development. The TA's outcome is the design of a project that will tentatively comprise (i) institutional strengthening of LGED's IWRMU in planning, design, operation and maintenance, and monitoring and evaluation functions in order to internalize and institutionalize the SSWR development process; (ii) beneficiary participation and WMCA strengthening through further refinement of critical aspects of the participatory project process and value addition to performing WMCAs through structural and nonstructural interventions; and (iii) development of small-scale water management systems (implementing subprojects with appropriate agricultural extension and fisheries development activities, as well as environmental monitoring).

10. TA outputs will comprise (i) recommendations for further strengthening the institutional framework supporting SSWR development, putting particular emphasis on LGED's IWRMU and project management office, with a time-bound action plan, and activities and services provided by partner government agencies; (ii) performance and sustainability aspects of WMCAs and recommendations for refining and optimizing the participatory project development process to enhance sustainability; (iii) terms of reference and resource requirements for a comprehensive study of the Chittagong Hill Tracts;¹⁰ (iv) fully appraised sample subprojects meeting ADB requirements to illustrate the technical, social, environmental, and economic feasibility and impacts of the proposed project; and (v) an investment program including objectives, scope, cost and financing plan, procurement plan, and institutional arrangements to facilitate timely, proactive, and effective planning and implementation of small-scale subprojects.

B. Methodology and Key Activities

11. The TA will (i) use IWRMU and LGED's existing institutional and technical capacities; (ii) explore alternative options for institutional strengthening of IWRMU, WMCAs, and other partner line agencies; (iii) refine the participatory project development process; and (iv) support comprehensive subproject planning and related studies, incorporating lessons and experiences from earlier phases of the broader project. A consultative approach will be taken through stakeholder workshops and direct consultation with beneficiary communities. Three activities are defined, as described below.

12. **Activity 1: Institutional Strengthening and Capacity Building.** The TA will identify areas for further strengthening of the institutional framework supporting SSWR development, with particular emphasis on strengthening LGED's IWRMU and project management office, as well as activities and services provided by partner government agencies. This will be particularly important following commencement in 2008 of Japan Bank for International Cooperation's (JBIC) Small-Scale Water Resources Development Project.¹¹ LGED's IWRMU will be responsible for

⁹ ADB. 2003. *Water for All: The Water Policy of the Asian Development Bank*. Manila (the original policy paper, of which this is a typeset copy, was approved in 2001).

¹⁰ Proposed nationwide coverage of the project would include the Chittagong Hill Tracts, which are dominated by tribal peoples and Bengali settlers. Recognizing the risks of working in a politically and socially sensitive region, the ensuing loan-financed project will undertake a comprehensive social feasibility study. Based on its outcome, the project may then consider undertaking pilot subprojects towards the latter part of project implementation.

¹¹ To develop 200 subprojects in Greater Faridpur, Greater Mymensingh, and Greater Sylhet (covering 15 districts). The map shows the project areas of SSWRDS phases I and II and the JBIC project.

planning, design, O&M, and monitoring and evaluation to harmonize the participatory development process. SSWRDSPs are demand driven, thereby preventing duplication of efforts on any single subproject.

13. The TA will (i) highlight weaknesses in IWRMU functionality and composition, prepare an organizational chart and terms of reference for staff, and prepare a time-bound action plan for strengthening and fully institutionalizing IWRMU; (ii) assess the potential number of subprojects to be undertaken and also make recommendations for coverage in those areas under the JBIC-financed project; and (iii) identify options for forging linkages with allied sector support services while reviewing and ascertaining requirements for functionalizing existing coordination agreements with partner line agencies.

14. **Activity 2: Participatory Subproject Development.** The TA will propose requirements for refining subproject selection criteria and the participatory development process—from subproject identification to O&M—to further improve participation, sustainability of investments, enhanced productivity of agriculture and fisheries, and overall poverty reduction impacts. The TA will identify weaknesses in the current procedures with specific focus on subproject identification and participatory rural appraisal.¹²

15. The TA will recommend options to harmonize the process for feasibility studies, quality enhancement, and greater inclusiveness (especially for vulnerable and poor groups). Subproject earthwork activities are to be undertaken entirely by labor contracting societies comprising vulnerable persons (specifically the landless, fisherfolk, and women) from the subproject beneficiary community. The TA will analyze the performance of these societies and make recommendations for improving contracting services to avoid capture of benefits by local elites, achieve quality outputs, and create an enabling environment to improve employment opportunities for the vulnerable and poor.

16. **Activity 3: Subproject Proposals.** The TA will formulate a sector project through subproject feasibility studies; institutional, social, and environmental analyses; and investment programming and project packaging. Specific activities will include (i) finalizing participatory options and detailed feasibility studies of sample subprojects; (ii) assessing safeguards and preparing the requisite action plans; (iii) formulating a social development strategy and action programs, including specific studies¹³ and a gender action plan; (iv) undertaking consultations for strengthening IWRM and sustaining O&M; and (v) formulating an investment package ready for implementation. An initial poverty and social analysis is provided in Appendix 2.

C. Cost and Financing

17. The total cost of the TA is estimated at \$700,000 equivalent. The Government has requested ADB to finance \$600,000 equivalent. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will finance the balance of the cost, equivalent to \$100,000, through the provision of administrative support, counterpart staffing and their operating costs, studies, surveys, data analysis, and reports (detailed in Appendix 3). The Government has been informed that approval of the TA does not commit ADB to finance any ensuing project.

¹² This activity will be undertaken through engaging nongovernment organizations to assess the broad support for a proposed subproject, likely environmental impacts and mitigation measures, willingness of beneficiaries to form WMCAs, etc.

¹³ For example, to analyze ADB-financed activities within the SSWR sector and overall impacts in the social and poverty context.

D. Implementation Arrangements

18. The TA will be implemented over a 5-month period, commencing in February 2008 and to be completed in July 2008. LGED will be the Executing Agency and will appoint a project director at the level of senior engineer and under the guidance of the Additional Chief Engineer (Planning) of LGED and the Ministry of Local Government Division in coordination with other concerned line agencies. LGED will form a TA steering committee to be chaired by the Chief Engineer, mobilize counterpart staff, and provide available background data and information. Providing liaison and coordination with all concerned government agencies at the national and district level will also be LGED's regular responsibility. ADB will provide intensive review and supervision by fielding missions at critical stages of TA implementation.

19. The TA consultants will be recruited through single source selection of the consulting firm (Northwest Hydraulic Consultants, Canada) responsible for implementing SSWRDSP phases I and II in accordance with ADB's *Guidelines on the Use of Consultants* (February 2007, as amended from time to time). The firm has unique experience for the assignment, having been for more than a decade engaged in the SSWR sector in Bangladesh. It has contributed to successful implementation of SSWRDSP phase I, as highlighted by the preliminary findings of the Operations Evaluation Department's Evaluation Mission¹⁴ and by satisfactory performance during SSWRDSP phase II. Single source selection will therefore have the advantage of utilizing a firm with unique knowledge of sector issues, practical experience in addressing design and implementation weaknesses, and suitability to apply this knowledge in enhancing and refining project design.

20. The consulting firm will submit a biodata technical proposal and a financial proposal for review to ensure adequacy and enable subsequent contract negotiations. The TA requires (i) 13 person-months of international consulting services comprising specialists in institutions (team leader), participatory development, water resources operation and management, social safeguards, and natural resource economics; and (ii) 18 person-months of domestic consulting services comprising specialists in water resources management, social and poverty development, gender, resettlement, environment, institutional development, agricultural and fisheries economics, and financial management. Outline terms of reference are in Appendix 4. Equipment will be procured by the consultants following ADB's *Procurement Guidelines* (February 2007, as amended from time to time) and turned over to the Government following completion of the TA.

21. TA consultants will submit an inception report after 1 month, interim report after 2-1/2 months, and draft final report at the end of the fourth month following TA commencement. The final report will be submitted at the end of the fifth month, following incorporation of all comments received. Stakeholder workshops involving LGED, the Government, the consultants, and ADB will be organized to discuss these reports. Tripartite meetings attended by LGED and relevant government representatives, ADB, and the consultants will be held shortly after receipt of the interim and draft final reports.

IV. THE PRESIDENT'S DECISION

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of Bangladesh for preparing the Participatory Small-Scale Water Resource's Project, and hereby reports this action to the Board.

¹⁴ ADB. 2007. Project Performance Evaluation Report on Loan 1381-BAN: Small-Scale Water Resources Development Sector Project (draft for interdepartmental comments). Manila.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact Enhanced effectiveness and enhanced sustainability in agricultural and fishery production along with poverty reduction through small-scale water resources (SSWR) development</p>	<ul style="list-style-type: none"> • Incremental agricultural and fisheries production, rural net incomes, and employment (to be quantified during the TA) • Local Government Engineering Department (LGED) and Integrated Water Resources Management Unit (IWRMU) capacity and capability strengthened in the SSWR sector • Strengthening Water Management Cooperative Associations (WMCAs) to engender sustainability of investments • Strengthened linkages with partner agencies for WMCA support services • Above targets achieved within the time frame of the ensuing loan project 	<ul style="list-style-type: none"> • Annual effect monitoring and evaluation studies • Benefit monitoring and evaluation study • Review missions • Government agricultural and employment statistics • Other mechanisms to be determined during the technical assistance (TA) 	<p>Assumptions</p> <ul style="list-style-type: none"> • LGED will accept the loan terms and conditions offered by the Government for the follow-on investment project. • The recommended improvements to the implementation arrangements will be implemented as designed. • No major natural disaster will occur. • LGED committed to institutional strengthening and support of rural development. • Commodity prices allow financial and economic viability.
<p>Outcome A project proposal suitable for ADB financing that would</p> <p>(i) increase agricultural and fisheries production while reducing poverty in subproject areas through sustainable stakeholder-driven, SSWR management systems; and</p> <p>(ii) internalize and institutionalize participatory processes through strengthening of IWRMU (capacity to plan, implement, monitor, and support sustainable SSWR development).</p>	<ul style="list-style-type: none"> • Agreement reached on the recommended improvements on implementation arrangements proposed by the TA within 3 months of the start of the TA • Agreement reached on the institutional actions toward improving LGED IWRMU's capacity within 3 months of the start of the TA • Agreement reached on the proposal elaborating the loan design (i.e., objective, scope, implementation arrangements, and financing plan) within 3 months of the start of the TA 	<ul style="list-style-type: none"> • LGED and the Government confirm the aide memoire of the inception and interim appraisal missions. • LGED and the Government confirm the aide memoire of the appraisal mission and endorse TA final report. 	<p>Assumptions</p> <ul style="list-style-type: none"> • LGED and beneficiaries will adopt the recommended approach for implementing SSWR subprojects. • LGED will accept the road map for strengthening the IWRMU and project management office, including the time frame for creating and filling remaining revenue positions. • LGED and the stakeholders will accept the findings and recommendations on sustainable operation and management. • Although subprojects presenting safeguard issues will be avoided under the TA, the EA will, where impacts are unavoidable, accept ADB's requirements on resettlement, environment, and indigenous peoples.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Outputs</p> <p>1. Recommendations for further strengthening of the institutional framework supporting SSWR development, with particular emphasis on strengthening the IWRMU and project management office, as well as activities and services provided by partner government agencies.</p> <p>2. Recommendations for refining subproject selection criteria and participatory project development processes, from subproject identification to operation and maintenance and to monitoring and evaluation to further improve the participatory process, sustainability of investments, and enhanced productivity of agriculture and fisheries.</p> <p>3. Fully appraised sample subprojects meeting ADB's social and poverty, agricultural, environmental, and economic requirements, as well as the effects and impacts of the proposed project.</p> <p>4. Investment program including objective, scope, cost and financing plans, procurement plan, and institutional arrangements (including advance actions for recruiting consultants and procurement) to facilitate timely, proactive, and effective planning and implementation of SSWR interventions.</p>	<ul style="list-style-type: none"> • TA agreement signed in January 2008, and start of TA by February 2008 • TA draft final report submitted in 3 weeks prior to TA completion and final report at TA completion with incorporation of all comments • Agreement reached on the project package within 3 months of the start of the TA 	<ul style="list-style-type: none"> • Inception report • Workshops (labor contracting societies, land acquisition, draft final report) • Aide memoire of ADB inception and interim review missions • Draft final report and final report • Aide memoire of review mission and final review mission confirmed 	<p>Assumptions</p> <ul style="list-style-type: none"> • Overall monitoring and quality support systems of the TA are effectively operated with the support of the consultants. • Local political and security conditions are conducive to the field activities of the TA. • EA and support agencies provide necessary support, information, and analyses. • Effective monitoring and coordinating TA activities and support provision. • Participatory process for subproject planning is duly followed by all concerned. • Consultants perform as expected. • Various stakeholder groups participate in TA consultative activities. • Beneficiaries and local institutions provide support to join participatory planning process.

Activities with Milestones	Inputs
<p>A. By ADB</p> <ul style="list-style-type: none"> (i) Recruit consultants in coordination with the Government and LGED (ii) Monitor and supervise TA activities regularly (iii) Guide TA activities through inception and review missions (iv) Facilitate necessary coordination and participatory processes <p>B. By LGED and/or the Government</p> <ul style="list-style-type: none"> (i) Appoint counterpart staff and form interdepartmental TA steering committee (prior to TA's start) (ii) Appoint counterpart staff from EA (prior to TA's start) (iii) Supervise TA activities regularly while actively coordinating with the consultants (iv) Provide office space; data, information and documents; participatory rural appraisal (PRA) and feasibility studies of sample subprojects (and other inputs, as appropriate), and other support to the TA (throughout TA period) <p>C. By Consultants</p> <p>Undertake designated TA activities in close interaction with LGED, the Government, stakeholders, and ADB:</p> <ul style="list-style-type: none"> (i) Recommendations for strengthening of the institutional framework supporting SSWR development (end of TA month 3) (ii) Recommendations for fine-tuning of subproject selection criteria and implementation procedures (end of TA month 3) (iii) Appraisal of sample subprojects, including mitigation plans (end of TA month 4) (iv) Investment program and project package as draft final report (end of TA month 4) <p>D. By Stakeholders</p> <ul style="list-style-type: none"> (i) Participate in TA workshops and other consultations organized at various stages (ii) Participate in validation of PRA and feasibility studies of sample subprojects 	<ul style="list-style-type: none"> • ADB will provide (i) TA inception and review missions, (ii) ongoing support from ADB headquarters and the Bangladesh Resident Mission, and (iii) mobilization of \$600,000 in grant financed from the Japan Special Fund. • The LGED will provide in-kind contributions estimated at \$100,000 equivalent comprising provision of (i) office space, (ii) counterpart staff, (iii) PRA and feasibility studies of sample subprojects and other information and materials, and (iv) other counterpart support. • Stakeholders will contribute their time to participate in TA workshops and other consultations. • Consultant inputs will comprise (i) 13 person-months of international and 18 person-months of national consultants.

ADB = Asian Development Bank, EA = executing agency, IWRMU = Integrated Water Resources Management Unit, LGED = Local Government Engineering Department, PRA = participatory rural appraisal, SSWR = small-scale water resources, TA = technical assistance, WMCA = Water Management Cooperative Association.

INITIAL POVERTY AND SOCIAL ANALYSIS

Country/Project Title:	Bangladesh/Participatory Small-Scale Water Resources Project		
Lending/Financing Modality:	Sector	Department/	South Asia Department
	Loan	Division:	Agriculture, Natural Resources, and Social Services Division

I. POVERTY ISSUES

A. Linkages to the National Poverty Reduction Strategy and Country Partnership Strategy

1. Based on the country poverty assessment, the country partnership strategy and sector analysis describe how the project would directly or indirectly contribute to poverty reduction and how it is linked to the poverty reduction strategy of the partner country.

Bangladesh is characterized by an extensive network of rivers draining around 113 million hectare meters of water to the Bay of Bengal, 90% of which flows from the upper catchments outside the country. The flat topography, high intensity rainfall and, inadequate capacity of rivers cause drainage congestion, inundation, and flooding during monsoon. The Brahmaputra and Ganges rivers and their tributaries dominate the economic and social life of the country. Bangladesh has twin problems of flooding during monsoon and shortage of water during dry season that causes droughts severely impacting agriculture, fisheries, and livelihoods in the affected areas. The poor people of the rural areas suffer the most. Agriculture, as the primary economic sector in rural Bangladesh, provides 63% of employment opportunities in the rural areas. The main employment window for the rural poor is as seasonal labor in the agriculture sector. The productivity is low, and often crops and fisheries are lost due to flooding or drought. In many areas, only one crop is cultivated due to waterlogging or lack of irrigation opportunities during the dry season. The uncertainties and vulnerabilities of heavy rain, flooding, and lack of irrigation water negatively affect agricultural productivity.

According to the 2005 Household Income and Expenditure Survey, about 40% of the population of Bangladesh lives below the poverty line. In the rural areas, 43.8% of the population falls into this category. There are specific poverty pockets where absolute poverty is higher than the rural average. The country faces recurrent natural disasters, including cyclones, floods, droughts, and river erosion, causing severe damage to assets and the lives of the people. Disaster-induced rural-urban migration in search of livelihoods has increased, causing pressures on urban areas. The rapid population growth rate of 1.5% annually contributes to increasing landlessness and consequent poverty. According to a study by the Bangladesh Institute of Development Studies in 2004, the estimate of chronic poverty at the national level based on the Human Poverty Index was 35.5%. Twenty-eight out of the country's 64 districts suffer from chronic poverty above the national average. Since the poor are concentrated in rural areas, enhancing agriculture and rural development has been identified in the Government's National Poverty Reduction Strategy as a key sector for pro-poor economic growth. This is very much dependent on efficient water resources management.

Effective water resources management is a major issue for sustainable economic growth and environmental protection. Management of floods and ensuring steady water supply for irrigation during the dry season are critical for rural economic growth and for poverty reduction. Water has to be managed in a strategic, integrated, and participatory manner that includes mobilizing, organizing, and empowering stakeholders. The National Poverty Reduction Strategy identified water resources development and management as a critical sector for pro-poor economic growth through agricultural development. The National Water Management Policy and National Water Management Plan underscore water resource development and institutional capacity development at the local levels. The Government has already taken legal and regulatory measures to promote stakeholder participation at the local level, together with national institutional development for water management.

The project will improve productivity in the agricultural and fisheries sectors through effective, participatory, and sustainable small-scale water management. A sector approach will be adopted to identify subprojects in a participatory manner. Flood control, drainage, water retention, and command area development activities will be undertaken based on feasibility studies. Sustainable development and maintenance of water management infrastructure will increase agricultural and fisheries coverage and productivity. Water Management Cooperative Associations (WMCAs) will be formed in each subproject area by the beneficiaries and about one third of the members of WMCAs will be women. The WMCAs will eventually be responsible for operation and maintenance of the infrastructure for sustainability of project benefits. The WMCAs will provide a collective forum for various beneficiaries, thereby ensuring participation in decision making and in subproject benefits—and especially for the poor and vulnerable—in a planned manner. The Executing Agency will provide support in establishing WMCAs, training the members, and linking the WMCAs with various service-providing agencies to facilitate members' access to various services. The WMCAs will also be oriented toward, and trained in, operating and maintaining the infrastructure through an ongoing process during subproject development.

<p>B. Targeting Classification</p> <p>1. Select the targeting classification of the project: <input checked="" type="checkbox"/> General Intervention; <input type="checkbox"/> Individual or Household (TI-H); <input type="checkbox"/> Geographic (TI-G); <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>2. Explain the basis for the targeting classification: The project initially will cover 61 districts of the country and will undertake a comprehensive study to highlight key issues and assess the viability of possible future interventions in the three districts that comprise the Chittagong Hill Tracts. The project will implement subprojects to improve water resources management in the project area. The project will benefit the people by increasing productivity in agriculture and fisheries. All categories of farmers in the catchments areas will benefit from reduced waterlogging, improved drainage and flood management, and increased irrigation opportunities. The poor and vulnerable women and men will benefit from direct employment opportunities created in construction activities and from the additional employment opportunities created in the agriculture and fisheries sectors.</p>
<p>C. Poverty Analysis</p> <p>1. If the project is classified as TI-H, or if it is policy-based, what type of poverty impact analysis is needed? Not applicable.</p> <p>2. What resources are allocated in the PPTA/due diligence? The PPTA project has allocated resources to hire the services of a Participatory Development Specialist, Social and Poverty Specialist and Gender Specialist who will further refine the pro-poor design features based on appropriate analysis of the socioeconomic context of the country.</p> <p>3. If GI, is there any opportunity for pro-poor design (e.g., social inclusion subcomponents, cross subsidy, pro-poor governance, and pro-poor growth)? The project will directly benefit the poor by creating employment opportunities in construction activities through labor contracting societies and for the contractors. All earthworks will be done through these societies specifically formed from the landless and absolute poor. Moreover, they will benefit as agricultural laborers due to creation of additional employment opportunities in the agricultural and fisheries sector as a result of increased coverage and additional cropping. The WMCAs will include at least 40% of their members from amongst the poor and landless. Each of the WMCAs will develop a poverty reduction action plan identifying and implementing activities that will include skills training and microfinance operations and will contribute towards reducing poverty.</p>
<p>II. SOCIAL DEVELOPMENT ISSUES</p>
<p>A. Initial Social Analysis</p> <p>Based on existing information:</p> <p>1. Who are the potential primary beneficiaries of the project? How do the poor and the socially excluded benefit from the project? Initially, the project will improve agricultural and fisheries production through participatory and sustainable small-scale water resource management. That will benefit entire communities under the subprojects. Farmers (large, small, medium, and marginal) will benefit from higher productivity and increased agricultural coverage as a result of reduced waterlogging and flooding as well as increased irrigation opportunities. Fisheries production will increase due to development of water control and management structures. Poor men and women will benefit from direct employment opportunities and skills transfer created under the project for construction (earthworks) of water management infrastructure. Moreover, they will benefit from increased employment opportunities in the agricultural and fisheries sectors. They will also benefit from membership in WMCAs, as these will provide various productive skills and microfinance facilities. Each WMCA will prepare and implement a poverty reduction plan. An empowerment process will begin due to people's participation in the WMCAs' decision-making processes.</p> <p>2. What are the potential needs of beneficiaries in relation to the proposed project? Subproject beneficiaries suffer from waterlogging, flooding, drought, and lack of irrigation opportunities. Cropping intensity is low, and crops are often damaged. The beneficiaries need opportunities to make the best use of their land and other assets free from flooding and drought. Flood management, water conservation, drainage, and command area development are the potential needs of the people. In addition, the landless people of the area need employment opportunities, access to capital, and productive skills for livelihood support.</p> <p>3. What are the potential constraints in accessing the proposed benefits and services, and how will the project address them? Subproject beneficiaries are unable to (entirely) finance water management infrastructure. The project will construct water management infrastructure for drainage, flood control, command area development, water conservation, and improved irrigation facilities. The Executing Agency's capacity to manage participatory processes is limited. The beneficiaries, too, are not oriented to the participatory processes and improved water management. The landless and poor groups are often ignored by the service-providing agencies. The project will support organizing inclusive WMCAs, where beneficiary groups can participate and access benefits from project activities. Linkages will be strengthened with service-providing departments in allied sectors so that the beneficiaries can access resources, training, and capital. Technical assistance will be given to strengthen the capacity of the Executing Agency in facilitating and managing participatory processes in small-scale water resources management.</p>

B. Consultation and Participation

1. Indicate the potential initial stakeholders.

- The initial stakeholders are within the Government of Bangladesh. The Ministry of Finance; Ministry of Planning; and Ministry of Local Government, Rural Development and Cooperatives will be involved. The Executing Agency will be the Local Government Engineering Department. The Department of Cooperatives will be involved in registering WMCAs and supervising their management.
- At the subproject level, the stakeholders include landowners; large, small, and marginal farmers; landless people; and the union council. Subproject men and women are stakeholders, as are locally based nongovernment organizations which will also be involved in various project activities. Various service-providing agencies of the Government (Department of Agriculture Extension, Department of Fisheries, and Department of Cooperatives) will be involved in providing extension support services to the WMCAs and subproject beneficiaries.

2. What type of consultation and participation (C&P) is required during the project preparatory technical assistance (PPTA) or project processing (e.g., workshops, community mobilization, involvement of nongovernment organizations and community-based organizations, etc.)? Various types of consultation and participation will be required at differing levels. Community mobilization activities will be undertaken during the PPTA at the sample subproject level. Consultation and workshops will be required for social, gender, and environmental assessments and for developing action plans and strategies. The PPTA will review the existing participation methods in the small-scale water development sector and suggest ways for effective community mobilization to be followed during the implementation phase. In addition to the inception and draft final report workshops, more community-based workshops will be undertaken to ascertain, inter alia, factors influencing WMCA performance, strengthening participatory subproject development processes, and enhancing linkages with associated government line departments to improve provision of support services.

3. What level of participation is envisaged for project design?

- Information sharing Consultation Collaborative decision making Empowerment

4. Will a C&P plan be prepared? Yes No Please explain.

Direct involvement of the local people in water management has been found to be effective and useful. Community participation in water management is an approach emphasized by the National Water Management Plan (1999). The Guidelines for Participatory Water Management (2002) provide a framework that ensures participation of all stakeholders, including the beneficiaries and the local government agencies.

The technical assistance (TA) will examine the lessons from the ongoing operational aspects of WMCAs under the Second Small-Scale Water Resources Development Sector Project, which promotes the establishment of a community-oriented institutional framework for water management (involving both structural and nonstructural interventions). An effective, practical, and inclusive participation strategy will be developed for the project based on the findings and considering the needs and interests of diverse groups within the population, including landholders, marginal and small farmers, the landless, fisherfolk, and other associated stakeholders. Means to strengthen the linkages and cooperation with the service-providing agencies and the union council will be pursued to ensure that the benefits from the project interventions are maximized. The TA will also look into how local government institutions can become more supportive of WMCAs.

The TA will identify ways to ensure greater participation of various stakeholder groups, including the users and beneficiaries, in regular operation and maintenance of the subprojects, livelihood support activities, and WMCA decision making. Stakeholder roles in maintaining the water management infrastructure will also be assessed and the PPTA will identify ways to improve it.

C. Gender and Development

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project/program?

- Water management and infrastructure are considered primarily to be in the men's domain, and the participation of and benefits for women from this sector are not yet well understood.
- There are limited numbers of women who are agricultural landowners. Even though they are involved in agricultural and fisheries activities, the benefit of their participation is not considered important or quantified.
- Female-headed households and women from landless families are the poorest, and the importance of water management as a facilitating factor for their livelihoods is not understood. They have little access to social protection and livelihood support measures.
- Women bear the burden of poverty in the family, and they are the ones most adversely affected during floods and other natural disasters. They require support for coping with these events.

2. Does the proposed project/program have the potential to promote gender equality and/or women's empowerment by improving women's access to and use of opportunities, services, resources, assets, and participation in decision making? Yes No Please explain.

The project has high potential to promote women's empowerment by involving them in WMCA decision making (through their inclusion in the management committees) and by facilitating their access to employment, skills, microfinance, and other such resources. The TA will assess the models used for integrating gender aspects into the ongoing water management initiatives and develop a plan to maximize the impact of structural and nonstructural measures for water management in promoting women's participation and gender equality. Both women and men will benefit from a more secure environment, and particularly from improved flood management. Women play a significant role in the household economy. As the project will benefit the agricultural landholders, it will specifically target women as beneficiaries through specific components and initiatives. Women's participation will be ensured throughout the cycle of each subproject. Based on experience from the ongoing Second Small-Scale Water Resources Development Sector Project, the TA will suggest means to increase women's share in the labor opportunities arising from the project. It will also suggest ways to boost employment and income-earning opportunities in the production sector that will benefit from the project. A realistic gender action plan with adequate resource provisions will be prepared during the PPTA.

3. Could the proposed project have an adverse impact on women and/or girls or to widen gender inequality?

Yes No Please explain

The loan project will promote women's empowerment by involving them in WMCA decision making and facilitating their access to employment, skills, microfinance, and the like. Both women and men will benefit from a more secure environment, and particularly due to flood prevention. The PPTA will suggest means to specifically target women as beneficiaries through particular components and initiatives throughout the cycle of each subproject. It will suggest ways to increase women's labor opportunities in the project and their employment and income-earning opportunities in those production sectors benefiting from the project. A gender action plan will be prepared during the PPTA.

III. SOCIAL SAFEGUARD ISSUES AND OTHER SOCIAL RISKS

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
Involuntary Resettlement	Very limited resettlement impacts are anticipated in implementing subproject works. The subprojects will be mostly on government land, existing rights of way, or lands owned by local governments. In consultation with the Executing Agency (EA), the project will establish criteria to exclude subprojects with major resettlement impacts. The TA team will prepare a resettlement framework and sample resettlement plans for use by the project where resettlement impacts arise.	Limited	<input type="checkbox"/> Full Plan <input type="checkbox"/> Short Plan <input checked="" type="checkbox"/> Resettlement Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Indigenous Peoples	There are limited numbers of indigenous people living in some districts, and especially those bordering India and Myanmar. No major impacts on them are expected. As the subprojects are still to be identified, the project is classified as category B. A sectoral approach will be followed in selecting and implementing the subprojects. The EA will identify and implement subprojects on the basis of a set of agreed criteria ensuring participation of all local stakeholders, including indigenous people. Since subprojects will improve the overall environment and agricultural production, no adverse impact on indigenous peoples is likely.	Not Known	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> Indigenous Peoples Framework <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain

Issue	Nature of Social Issue	Significant/Limited/ No Impact/Not Known	Plan or Other Action Required
	<p>During selection of subprojects, if indigenous peoples are identified in the area, the project will ensure their participation in identifying and implementing specific subprojects. The TA will investigate and prepare indigenous peoples action plans or development plans (as required) based on sample subprojects.</p> <p>A detailed study will be undertaken during the ensuing loan project to ascertain specific cultural and social sensitivities and identify the mechanisms to operate in the Chittagong Hill Tracts. Based on the outcome of the study and its positive recommendations, the project may consider pilot interventions in the Chittagong Hill Tracts. The TA will prepare terms of reference for the study and determine resource requirements.</p>		
Labor <input checked="" type="checkbox"/> Employment Opportunities <input type="checkbox"/> Labor Retrenchment <input type="checkbox"/> Core Labor Standards	<p>The project will significantly boost employment opportunities for the poor directly through labor contracting societies (including for 100% of all earthworks) and under contractors as well as indirectly for men and women in water management, fisheries, and agriculture.</p>	Significantly positive	<input type="checkbox"/> Plan <input type="checkbox"/> Other Action <input checked="" type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Affordability	<p>No significant affordability issues are anticipated. This aspect will be examined in detail by the TA team. The EA will pursue beneficiary contributions to water management activities and structures.</p>	Not Known	<input checked="" type="checkbox"/> Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
Other Risks and/or Vulnerabilities <input type="checkbox"/> HIV/AIDS <input type="checkbox"/> Human Trafficking <input checked="" type="checkbox"/> Others (conflict, political instability, etc.), please specify	<p>Natural disasters like flooding and river erosion can cause damage to subprojects under construction or completed. The EA must be vigilant about site selection and ensure that flood integrated designs are adopted. The TA team will review the existing subproject selection criteria and suggest modifications, if needed. The contractor will provide temporary works to protect components under construction.</p>	Not Known	<input type="checkbox"/> Plan <input checked="" type="checkbox"/> Other Action <input type="checkbox"/> No Action <input type="checkbox"/> Uncertain
IV. PPTA/DUE DILIGENCE RESOURCE REQUIREMENT			
<p>1. Do the terms of reference for the PPTA (or other due diligence) include poverty, social, and gender analysis and the relevant specialist(s)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p> <p>2. Are resources (consultants, survey budget, and workshop) allocated for conducting poverty, social, and/or gender analysis, and C&P during the PPTA/due diligence? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain why.</p>			

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
A. Asian Development Bank Financing^a	
1. Consultants	
a. Remuneration and Per Diem	
i. International Consultants	355.00
ii. National Consultants	75.00
b. International and Local Travel	
i. International Travel	60.00
ii. Local Travel ^b	16.00
c. Reports and Communications	3.00
2. Surveys and Studies	
a. Technical Surveys	6.00
b. Other Surveys and Studies	6.50
3. Workshops, Seminars, and Training ^c	8.00
4. Administrative and Support Services	
a. Office Operation and Maintenance	3.50
b. Equipment ^d	5.00
5. Contract Negotiations ^e	10.00
6. Contingencies	52.00
Subtotal (A)	600.00
B. Government Financing	
1. Administrative Support	20.00
2. Counterpart Staff	20.00
3. Local Travel and Vehicles for Counterpart Staff	30.00
4. Studies, Surveys, Data Analysis, and Reports	30.00
Subtotal (B)	100.00
Total	700.00

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b Includes vehicle rental and operation plus local airfares.

^c Includes workshops on inception, interim, and draft final reports.

^d Includes computers, printers, and other office equipment. Equipment purchased with ADB financing will be handed over to the Government upon completion of the technical assistance.

^e Air fare and accommodation cost for the Government of Bangladesh representative.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

A. General

1. The main objective of the technical assistance (TA) is to prepare a sector development project for possible Asian Development Bank (ADB) financing to support sustainable, small-scale, local stakeholder driven, integrated water resources management interventions.

B. Methodology and Key Activities

2. The TA will (i) explore alternative options for institutional strengthening of the Integrated Water Resources Management Unit (IWRMU), Water Management Cooperative Associations (WMCAs), and other allied sector support providers; (ii) refine the participatory project development process; and (iii) assist comprehensive subproject planning and related studies. A consultative approach will be taken through stakeholder workshops. As described below, three main activities are defined.

3. **Institutional Strengthening and Capacity Building.** The consultants will (i) review present institutional arrangements, examine the constraints and opportunities for sound water resources management, and propose improvements, including recommendations on the roles of central and local government agencies; (ii) review constraints that influence sustainable water resource management; and (iii) prepare a sector investment project for small-scale water resources (SSWR) development to address these constraints.

4. **Participatory Project Development.** Recommendations will be made for refining subproject selection criteria and the participatory subproject development process in order to improve the participatory process.

5. **Formulation of Sector Project.** Formulate a sector project through subproject feasibility studies; institutional, social, and environmental analyses; and investment programming and project packaging. The feasibility study for the proposed project will be conducted in a participatory manner.

6. The consultants will fully utilize the project reports, data, and analysis carried out by the Local Government Engineering Department (LGED) and other relevant agencies and work closely with the staff of these establishments. The consultants will also consult participating communities and other stakeholders (including the private sector). Close coordination will be maintained with the Second Small-Scale Water Resources Development Sector Project (SSWRDSP) staff and the Small-Scale Water Resources Development Project financed by Japan Bank for International Cooperation (JBIC) to ensure uniform approaches.

7. The required consulting services are summarized below:

Expertise	Duration (months)
Institutional Specialist (Team Leader) (International)	4.5
Participatory Development Specialist (International)	4
Water Resources Operation and Maintenance Specialist (International)	1.5
Safeguards Specialist (International)	1
Project Economist (International)	2
Water Resources Management Specialist (Deputy Team Leader) (National)	4.5
Social and Poverty Specialist (National)	3
Institutional Development Specialist (National)	2

Gender Specialist (National)	1.5
Resettlement Specialist (National)	1.5
Environmentalist (National)	1.5
Agriculture Economist (National)	2
Financial Management Specialist (National)	2
Total	31

C. Specific Tasks and Aspects to be Studied

1. Institutional Aspects

8. The consultants will undertake the following:
- (i) Review water resources sector projects and potential relationships with the proposed project. Review required coordination with the JBIC project and capacity of LGED's IWRMU to handle increased tasks and ensure quality.
 - (ii) Review present role, capacity, and staffing of IWRMU. Prepare a time-bound action plan for strengthening the IWRMU, including terms of reference, training needs, organization chart, and linkages with other associated line agencies. Make a similar review and preparations for the LGED's project management office while considering how to strengthen linkages.
 - (iii) Review the institutional framework of the ongoing SSWRDSP phase II, evaluate each of the activities and services provided by stakeholders, analyze the possibilities for involving other agencies, and propose an institutional framework for the most suitable approach to sound water resources management.
 - (iv) Under the institutional framework as proposed above, review and refine the present roles and potential of local government institutions, government organizations, and the private commercial sector. Recommend clear measures for enhancing local government institutions' roles.
 - (v) Review and assess current practices applied by LGED for construction management and suggest improvements. Review operational constraints of labor contracting societies and recommend options to improve inclusiveness, transparency, and quality control.
 - (vi) Review participation of partner institutions and determine the required support and funding to be provided by the project. Propose appropriate approaches and institutional arrangements for their inclusion, including operationalizing existing memoranda of understanding with partner agencies.
 - (vii) Review effectiveness of the SSWRDSP phase II capacity building plan for LGED personnel and recommend possible further refinements. Explore possibilities for an increased involvement of the LGED's training unit in capacity development for the participating institutions.
 - (viii) Explore possibilities for improving and internalizing feedback and use of the management information system to better identify and react to the evolving needs of WMCAs. Recommend methods for sharing data with partner agencies.
 - (ix) Consider options for raising the project's profile at regional level through linkages with international water resources or research organizations.
 - (x) Propose a project design that provides an integrated approach to water service delivery and to water resources management, consistent with ADB's country assistance program and ADB's water policy.

2. Integrated Water Resource Management Aspects

- (i) Critically review sample subprojects and ensure they adequately represent the scope of the proposed project and meet ADB requirements for appraisal.
- (ii) Recommend options for improving complementarities between the participatory rural appraisal (PRA) and feasibility studies as well as between contract management of consultants providing PRA and feasibility studies.
- (iii) Review lessons learned from command area development and water conservation interventions, giving special attention to the issues of private ownership of pumps and collection of operation and maintenance (O&M) service charges.
- (iv) Review existing studies on sustainable O&M and systems presently used by the IWRMU to monitor, evaluate, and rate O&M performance. Prepare recommendations to improve sustainable O&M.

3. Participatory Development Aspects

9. The consultants will do the following:
- (i) Review constraints related to the subproject identification process to ensure a bottom-up approach.
 - (ii) Review the subproject development process and recommend options for strengthening each step.
 - (iii) Review performance of WMCAs from the SSWRDSP phases I and II, analyze factors influencing performance, and recommend how these may be incorporated to improve WMCA performance.
 - (iv) Review WMCAs' needs and propose options for institutional support on a basis driven by the needs and demands of WMCAs from SSWRDSP phases I and II.
 - (v) Propose arrangements that would result in continuity of WMCA management committee members after elections.
 - (vi) Identify additional studies (and resources) that may be undertaken during project implementation.
10. **Feasibility Studies and Subproject Implementation Plan.** The consultants will prepare feasibility level designs (for four sample subprojects).

4. Social and Poverty Aspects

11. The consultants will:
- (i) Validate PRA of sample subprojects through social surveys, following ADB's guidelines for *Incorporation of Social Dimension in ADB Operations (OM Section C3/BP)*.¹
 - (ii) Review the effect of the activities on the rural population, and estimate the impacts in reducing rural poverty.
 - (iii) Conduct a gender analysis and propose recommendations for further strengthening women's roles. Identify opportunities for legal empowerment initiatives and prepare a gender action plan.
 - (iv) Assess the potential social impacts from the possible land acquisition and displacement of persons.
 - (v) Review the present approach used by SSWRDSP phase II for preparing and implementing mitigation plans and make recommendations for improvement.

¹ ADB. 2007. *Bank Policies on Incorporation of Social Dimensions in ADB Operations*. Manila.

- (vi) Develop recommendations for maximizing microcredit opportunities and investigate how the operational modalities of the Livelihood Improvement Trust ensuing from the completed Japan Fund for Poverty Reduction project will fit in with the regular microcredit activities of the WMCAs.
- (vii) Assess resources, scheduling, and arrangements for preparing poverty reduction plans for all subprojects completed. Propose an approach and techniques for poverty data analysis and use of the present management information system for this purpose.

12. **Safeguards Assessments.** The consultants will prepare a safeguards framework and related plans as required under ADB's policies on involuntary resettlement (1995), indigenous peoples (1999), and the environment (2002), as well as according to the Operations Manual on involuntary resettlement (OM Section F2) and the Government's policies. Regarding resettlement, the consultants will prepare a resettlement framework and sample resettlement plans (as required) for sample subprojects by (i) reviewing the Government's policies and guidelines; (ii) assessing LGED's and other relevant procedures; (iii) screening sample subprojects and preparing resettlement plans for subprojects that will require land acquisition, change in land use, or restricted access resulting in permanent or temporary socioeconomic impacts; (iv) arranging land surveys and consultation with the affected people; (v) identifying options for relocation, as well as measures required to assist with transfer to new sites and to restore livelihoods; (vi) documenting and quantifying land donations in resettlement plans; (vii) preparing time-bound income restoration measures; (viii) defining mechanisms to redress grievances; (ix) specifying responsibilities for approving, implementing, financing, and monitoring resettlement plans and capacity development programs; (x) assessing a resettlement budget, annual financing plan, implementation schedule, and monitoring plan; and (xi) assisting the LGED and the Government in ensuring timely disclosure of resettlement information.

13. Regarding indigenous peoples, the consultants will prepare a framework for their development. Significant project impacts will require a development plan or an action plan drafted by (i) collecting baseline data and information on social, economic, and cultural practices of affected tribal populations; (ii) assessing the likely effects of the project on tribal populations; and (iii) assessing and recommending culturally appropriate strategies for engaging affected tribal communities in consultations and their participation in project implementation and monitoring.

14. The consultants will (i) assess the general environmental conditions for sample subproject areas and develop an environmental screening format to determine appropriate environmental assessment of subprojects; (ii) prepare initial environmental examinations (IEEs) of sample subprojects with baseline surveys, in accordance with the Government's regulations and ADB's Environmental Assessment Guidelines,² and assume overall responsibility for obtaining their approval by the relevant approving agency and for submitting the IEEs and summary IEE to ADB for public disclosure; (iii) prepare the environmental assessment and review procedures framework for the project;³ (iv) recommend specific mitigation measures, monitoring programs, and associated cost estimates that will be incorporated into the overall project cost; and (v) assess the capacity of the relevant agencies to undertake scoping of environmental impacts, supervise environmental studies, and implement measures defined in the IEE, and then recommend staffing and training requirements.

² Available: http://www.adb.org/documents/Guidelines/Environmental_Assessment/default.asp.

³ Available: http://www.adb.org/documents/Guidelines/Environmental_Assessment/default.asp.

5. Financial and Economic Analyses, Project Cost and Financing

15. The consultants will do the following:
- (i) Prepare (in Costab) detailed cost estimates for the investment components.
 - (ii) Prepare a detailed economic analysis of each component and the project as a whole, following ADB's guidelines.⁴ Conduct a distribution analysis and poverty impact analysis.
 - (iii) Prepare a detailed sensitivity analysis and quantify the economic benefits including environmental benefits based on with- and without-project scenarios. Assess the nonquantifiable risks, their potential impact on the project's feasibility, and their likelihood of occurrence. Propose specific safeguards to be incorporated into the project design.

6. Financial and Management Assessment of the Executing Agency

16. In accordance with ADB's guidelines for *Financial Management Systems, Financial Analysis and Financial Performance Indicators (OM Section G2)*, the consultants will undertake the following tasks: (i) assess the financial management capacities of LGED to implement the project and operate project assets; (ii) undertake financial management assessments utilizing ADB's financial management assessments questionnaire; (iii) review the audited and unaudited financial statements of the implementing agency, as applicable; (iv) assess the adequacy of financial management arrangements and potential financial management risks, then suggest corresponding mitigation measures for institutional strengthening; and (v) recommend ways to improve corporate governance in accordance with ADB's policy on governance.

7. Project Design and Investment Planning

17. Based on the activities undertaken above, the consultants will (i) prepare a comprehensive project proposal, and (ii) develop terms of reference and associated resource requirements for a comprehensive study⁵ of the Chittagong Hill Tracts to explore possibilities for introducing SSWR development in the area.

D. Reporting Requirements

18. The consultants will produce the following reports at key stages of TA implementation:
- (i) an inception report 1 month after TA commencement;
 - (ii) an interim report after 2-1/2 months;
 - (iii) a draft final report at the end of the fourth month, and
 - (iv) a final report at the end of the fifth month that will incorporate the comments and views expressed at the workshop and all other official comments.

19. The final report will include a summary consistent with the format and content of ADB's report and recommendation of the President. The consultants will submit 20 copies of each of these reports. Three digital copies of the final version of each report will be submitted on CD-ROM.

⁴ ADB. 1997. *Guidelines for the Economic Analysis of Projects*. Manila.

⁵ This will be in compliance with ADB. 1998. *Policy on Indigenous Peoples*. Manila.