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BANGLADESH: Second Chittagong Hill Tracts Rural Development Project (CHTRDP II)
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Chittagong Hill Tracts Regional Council (CHTRC)

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Asian Development Bank
Second Chittagong Hill Tracts Rural Development Project (CHTRDPII)

(ADB TA 7432-BAN)

INTERIM REPORT

6 October 2010
Prepared for the
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CURRENCY EQUIVALENTS
(As at 15 September 2010)

Currency Unit – Bangladeshi Taka (BDT)
1 USD = 71.0060 BDT
1 BDT = 0.01401 USD

ABBREVIATIONS AND ACRONYMS

ADB  Asian Development Bank
CHT  Chittagong Hill Tracts
CHTRDP  Chittagong Hill Tracts Rural Development Project
DAE  Department of Agriculture Extension
DC  Deputy Commissioner
DMF  Design and Monitoring Framework
EA  Executing Agency
EC  European Commission
ECHO  European Commission for Humanitarian Organizations
FAPAD  Foreign Aided Projects Audit Department
FGD  Focus Group Discussion
FS  Feasibility Study
GAP  Gender Action Plan
GFS  Gravity Flow System
HDC  Hill District Council
HH  Household
HYSAWA  Hygiene Promotion, Sanitation and Water Supply
IA  Implementing Agency
ICIMOD  International Centre for Integrated Mountain Development
IEE  Initial Environmental Examination
IP  Indigenous People (or persons)
LAR  Land Acquisition and Resettlement
LCS  labor contracting society
LGED  Local Government Engineering Department
MOCHTA  Ministry of Chittagong Hill Tracts Affairs
NGO  Non Government Organization
O&M  Operation and Maintenance
OPD  Office of the Project Director
PDC  Para Development Committee
QC  Quality Control
RC  Resettlement Committee
SQMC  Safeguard and Quality Monitoring Cell (of OPD)
SC  Steering Committee
SPS  Social Impact Assessment
TA  Technical Assistance
the Government  The Government of Bangladesh
the Project  Second CHT Rural Development Project
TOR  Terms of Reference
UNDP  United Nations Development Programme
WFP  World Food Programme
INTRODUCTION

1. This interim report is a midterm milestone report which presents draft recommendations for the formulation of the Second Chittagong Hill Tracts Rural Development Project (the Project). The design of the Project has built on the successes and been guided by the lessons of: (i) the recently completed Chittagong Hill Tracts Rural Development Project (CHTRDP); (ii) other relevant projects undertaken in the Chittagong Hill Tracts (CHT) by the Government of Bangladesh (the Government); and (iii) ADB strategies for CHT poverty alleviation. Draft recommendations of this Interim Report were presented at a Mid-term Workshop in on 23 September 2010 in Rangamati attended by representatives of Project stakeholders including Ministry of Chittagong Hill Tracts Affairs (MOCHTA), Regional Council (RC), Hill District Councils (HDCs), LGED, Non Government Organizations (NGOs) as well as representatives of the Asian Development Bank (ADB). Comments and recommendations of the workshop as well as subsequent comments from the Government and ADB, will be incorporated and feature in the Draft Final and Final Reports. During the course of Project preparation so far, consultation has taken place with stakeholders including officials of LGED and partner agencies of the Government at National, district and upazila levels, as well as stakeholders at UNDPDF CEP project and villages in CHT. Detailed feasibility studies are being undertaken in six representative subproject sites and findings from these so far have contributed towards Project preparation. Reviews of specific aspects of CHTRDP such as resettlement and indigenous persons (IP) issues have also been included to guide the design of the current project. Following stakeholder consultation on 30 August in Rangamati, a Problem Tree and draft Design and Monitoring Framework (DMF) for the Project were prepared and these can be found in Appendix 1 and Appendix 2, respectively. Six surveys are being undertaken to provide baseline, feasibility assessment, marketing, ESIA, land and resettlement (LAR) and IP issue information.
I. RATIONALE: AGRICULTURE, ENVIRONMENT AND TRANSPORT SECTORS
PERFORMANCE, PROBLEMS OPPORTUNITIES

A. Performance indicators and analysis

2. Bangladesh’s main endowments include rich agricultural land, relatively abundant water, natural gas, and two natural sea ports including Mongla and Chittagong linking two important economic hubs for the SAARC and ASEAN regions. Bangladesh’s economy has a GDP of approximately 84 billion USD (or 225 billion USD PPP), which has grown at approximately 5% per annum over the last year. The main relevant sectors of the economy are agriculture (19%), industry (29%), remittance (11%), foreign aid (4%). Agriculture remains the major employer of Bangladeshi labour producing rice and jute, fruits, produce, tea, wheat, and maize. Bangladesh is largely self sufficient in rice production thanks to fertile deltaic soils which provide opportunities for multiple harvests. Population pressure and underemployment are challenges increasingly faced by the government, especially with growing number of landless peasants who already account for about half the rural labour force.

3. Positive economic forecast rely on inter alia continued investment in infrastructure with challenges in water and power supply impacting manufacturing and agriculture. However, Infrastructure bottlenecks continue to impact productivity of key sectors such as agriculture especially in rural areas where international donor investment continues to be the major source of funding.

4. UN reports good progress on achieving MDGs including primary and secondary education, infant and child mortality rates, containing the spread of diseases such as malaria and tuberculosis, reforestation and access to safe drinking water and sanitation facilities, especially in urban areas. Despite considerable progress, Bangladesh remains one of the poorest nations on earth with more than 150 million people living on less than 1 USD/day. The UN estimates that about 100 billion USD need to be invested between now and 2015 to meet all the MDGs. Particularly lagging in meeting MDGs are the CHT; especially in the area of employment, water and sanitation, and environmental sustainability.

5. A review of basic socioeconomic indicators for the CHT (as, for instance, in studies by UNDP, ADB TA 3213–BAN and the WFP) reveals a region that suffers from both income and human poverty, especially among the rural population. On average, per capita income is about 40% lower than the national average. Median annual household income is less than 24,000 BDT with only 10% earning above 60,000 BDT. Approximately half the population is classed vulnerable and invisibly poor.

6. The rural population has a literacy rate lower than the national average and has less access to education. This is a result of the limited income of the parents, poor access to schools, non-availability of teachers, and the extensive involvement of children in household and income generating activities. Access to indicator facilities such as electricity is lowest in CHT (13%) with 2% IP (eg. Chakma) connected to the grid. Where electricity is available, multiple daily blackouts interrupt businesses, factories, and households alike. With a strong correlation between road and electricity access to economic wellbeing, these indicators show the importance of infrastructure in people’s wellbeing.

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1 US State Dep. May 2010 update: previous growth of ~6% has been challenged due to financial crisis affecting exports of garments and remittance.
2 About 29 million metric tons (US State Dep. May 2010)
3 However, CHT is no longer self sufficient in rice since the flooding of the reservoir area ~ 40% of arable land in CHT
4 IMF statement April 2010
5 International development projects financing account for about 4% of GDP
6 WFP study
7. Importantly, much of the GDP of the CHT exits the region and is not re-invested in the territory, including the production of plantation crops such as pineapple and forest crops such as bamboo and timber.

B. Analysis of Key Problems and opportunities

1. Problems

   a. Key Constraints and Challenges

8. Waves of successive resettlement of local people starting with the arrival of Kaptai dam construction workers and camp followers (estimated at 20,000), subsequent immigration into CHT, previous roads construction and the establishment of larger scale mono culture cumulatively have resulted in internal displacement of many CHT inhabitants and increased their vulnerability. One central issue is that of common land ownership as traditionally managed by CHT inhabitants, which is not recognized by the government. Indigenous people and non indigenous population (as defined by ADB and in UNDP SE survey 2007) trends are shown in the graph below.

Figure 1: Population growth 1860-2010

Source: UNDP DF, UNDP SE 2009 (to 1991 data points); BBS 2008 (for 2001 data points) & extrapolated from UNDP/BBS data using 15% increase over previous year for IP and 36% increase over previous year for non IP based on previous average growths (for 2010 data point).

9. The main occupation of the CHT’s rural population is agriculture (including horticulture and livestock) mainly for subsistence, on flat and mildly sloping land, and shifting cultivation on hilly land. Additional sources of rural livelihood include agricultural labor, service, trade, and general business. Over 80% of rural households in CHT are involved in agriculture and agricultural labor, and only a small number of households have a secondary income. Approximately 40% of all families do not own their homestead land and of those who do own land, only 35% own cultivatable cereal land. Land is therefore a critical resource for CHT inhabitants.

10. Jhum rice production represents an important component of food staple in CHT. Due to increased density of land use related to population growth since the late 1950s, the traditional rotation of jhum land (cultivation/fallow) has declined from 15-20 years to current 2-3 years. This means steep lands are worked more intensively leaving it prone to nutrient depletion and topsoil erosion, especially in rainy seasons. Declining productivity of rice presents a especially important problem for jhum farmers in terms of food security.

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7 Traditional shifting cultivation
8 Kaptai reservoir and immigration are the main reasons for increased land pressure in CHT. These factors have intervened over the last 5 decades.
11. Watershed degradation in CHT is widespread and is related to land pressure including short crop rotation, use of extreme sloping land, mono culture, over exploitation of forest and bamboo with no replacement programme. Common understanding of the impact of watershed includes the drying up of water springs, erosion and siltation of Kaptai reservoir, landslides, soil degradation and loss of productivity etc. Focus Group Discussions (FGDs) point to sufficient land use titling allowing managed jhum rotation, soil erosion engineering, water harvesting, restriction to mono culture by non CHT residents.

12. Food insecurity is widespread among the IPs in CHT. A study indicated that the IPs experience moderate to severe food shortages on a seasonal basis. About 65% of IP households are food secure only for less than six months per year. Most IPs are food-insecure during most of time in a year; Ashar-Shravan (June-Aug) being the worse months. Approximately 86% of female-headed households live in poverty as they face many more structural, socio-economic, and cultural barriers to achieving livelihood security compared with their male counterparts. As such, they are substantially more food insecure (about 1/3) than are their male-headed households (approx. 10%). More than 80% of male-headed households are food secure only for seven to 12 months compared to 57% of female-headed households.

13. Poor households adopt a range of coping strategies to address food insecurity, including borrowing from relatives or moneylenders at high rates of interest, reducing the number of meals or the amount of food consumed, consuming wild food (yams, bamboo shoots etc.) during certain times of the year, substituting less nutritious food for consumption, selling livestock and other assets that are difficult for them to replace, and seeking alternative employment often on a low daily wage.

14. Poor village access to markets (including local economic activity centers) is an impediment in the development and transformation of production. Under CHTRDP I, 55 km of upazila (sub-district) roads and 197 km of union roads were upgraded and widened and provided with associated structures. However, village access (such as Type A Village Roads) and trail network improvements are needed to connect scattered rural communities with existing growth centers (particularly to Unions) for improved access and marketing opportunities. Also needed are more secure pathways for steep inclines navigated by rural residents in farming jhum, obtaining water and transporting products to market. Despite an ongoing LGED Rural Infrastructure Development Project, investments by CHT Development Board and to a lesser extent, by the Hill District Councils (HDC), construction of almost 1,800 km of Type A Village Road remains outstanding.

15. Suitable options to consider may include low technology village access and associated structures (like culverts and bridges) using selection criteria like village poverty level, percentage of disadvantaged households and distance to nearest markets. Improvements will increase the access of remote communities to market, health and education facilities, lower the costs of transport, and result in higher prices for agricultural outputs and lower costs of inputs. Ease of access and provision of improved water supply and sanitation facilities will also reduce workload of women allowing potential opportunities for income generating activities.

16. Village water supplies are of variable quality and generally scarce. Less than half the population has access to tube well water and instead, approximately one third of the population in CHT relies on water from wells and 17% drink water from springs, rivers or ponds. Distances from water supplies are commonly over 0.5 km. Along with the substantial differences in the major economic activities of various IPs, there are also differences in infrastructure such as access to drinking water. Sanitation systems are poor and over 80% of the households use open latrines or open spaces. The availability of health services is variable. Generally, government hospitals and clinics are close to sub-district headquarters, but 65% of the households are further than 5 km from these facilities and residents travel mostly on foot. Traditional doctors and traditional folk healers (baidya or kabiraj) treatment of diseases are common in the remote areas. Communication and transport facilities are generally reported as being difficult. Almost 90% of households have very difficult or no access to vehicle transport.

17. The dimensions of poverty show that there is a clear link between remoteness and the lack of infrastructure. limited road access, along with limited access to markets, educational, health and other facilities, seriously constrains the ability of people to develop their livelihoods and increase income
and food security. Consequently, addressing the infrastructural constraints becomes a key factor for rural development in the CHT.

18. The current union and upazila road network in CHT covers mostly the low lands and valley bottom in the west running north to south. In the hilly areas further east, the coverage is lower due to lower population density and requires more complex and expensive engineering. Roads in CHT are generally good but expensive maintenance requiring frequent drainage structures, hill cuttings, bridges in more quantities per kilometer than in mainland due to climate and topographic features. It is widely recognized that they bring about development but in CHT, especially they also have the potential to displace people, as well as potentially allowing increased movement of new settlers into an established area. Roads also alleged to facilitate extraction and exit of natural resources from the CHT (bamboo, timber, etc) leaving the economy of the CHT with a lower gross revenue.

19. Due to the absence of detailed surveys of alignment for incomplete CHTRDP roads, the roads completed by CHTRDP were investigated in order to scope the IR frameworks to be designed for the Project. As for CHTRDP, the Project was intended to have no or limited resettlement because LGED roads were intended to stay within right of way (ROW) and thus no land acquisition was envisaged obviating the need for land donations, resettlement, compensation etc. Following discussions with local IPs and non IPs alike, it became evident that extensive resettlement had in fact occurred during CHTRDP and local people were told that ADB did not compensate for road construction impacts. Land was thus expected to be handed over and houses and shops moved as needed. This issue is explained in more detail in Appendix 10 and safeguard measures to address these concerns have been built into the Project design.

20. Through its investigation of IP issues as required by ADB, it was found that loss of common land in CHT was widespread and in particular impacts by road networks through land invasion existed. Usufruct rights of IP for common land recommending a grants process for Project roads and other infrastructure and prioritization of Project interventions based on vulnerability of inhabitants have been reviewed. These aspects are discussed in Appendix 10.

21. As summarized in the UNDP SE survey (2007), (i) only 16% of the villages (in CHT) have access to metallic roads, (ii) average distance between a para and the nearest metallic road is 4.5 km, (iii) Union Parishad and Upazila HQs are respectively 2.2 km and 5.7 km away from the paras,(iv) economic hubs such as market place/trading centre are about 7 km away from paras. Government primary schools and NGO schools have been found in one-third and half of the paras respectively and a secondary school is very rare in a para. The average distance between an NGO school and a para in CHT is about 0.8 km; and the same for a government primary school is 1.4 km. UH&FWC is around 5.5 km away from the paras whereas one-fifth of the paras have a satellite clinic. Common property resources like mouza reserve forest, grazing land and accessible lake/water-bodies are found in one-third of the paras. Accessible forest and rivers are around 2 km away from the paras on average. (keeping in mind that most people walk everywhere, these distances represent a significant outlay of energy and time).

2. Opportunities

22. The following section presents an overview of other development initiatives in CHT that provide opportunity for Project design and implementation in terms of lessons learned.

a. Institutional and Policy Framework

23. As acknowledged in the PRSP II “Moving Ahead” the main goal of LGED is development of road communication to link growth centres, union parishad headquarters, upazila parishad

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9 The link from poverty to infrastructure access is not unique. Poverty in CHT is also dependent on agricultural production and the ability to sell produce (in addition to infrastructure to access markets), technology etc. The UNDPDF – CEP has been working with CHT villages for several years to improve their livelihood by grants to para development committees. The intervention with CHTRDP II is intended to complement these interventions with needed infrastructure gaps as explained.

10 ADB Concept Paper for CHTRDP II PPTA December 04 2009.
headquarters, social service institutions like schools, and hospitals with the national road network on a priority basis. The main challenges include (i) lack of availability of land, (ii) local conflicts in prioritizing roads, (iii) shortage of skills at union level, (iv) funding, (v) gross weight of trucks causing excess wear and tear of pavement, (vi) construction material availability, (vii) gaps in existing network making targeted areas difficult to reach and increasing costs of roads. The strategies outlined in the PRSP include a focus on quality of roads with available material, priority towards O&M over new construction and the use of local labour for employment generation. Similarly, the ADB TA 3328-BAN advises that for effective poverty reduction, development of agricultural sector in CHT needs to be fully integrated with other sector development including infrastructure development, land issues and water resource management.

24. The government has taken positive steps to resolve the important traditional common land titling situation,\(^\text{11}\) which contributes to delayed economic development of the CHT and the comparatively lower living standards of its inhabitants. The RC has requested amendment to the Land Commission Act in relation to how land disputes will be resolved and eventual land survey will be conducted. The 23 point demands still need to be agreed completely but both sides agree that land surveying is needed. The main contentions remain the inclusion of the Act over all of CHT, definition of refugees, customary land losses resolution and fringe land dispute resolution.

25. An ADB special evaluation study\(^\text{12}\) confirms that the approach of inclusive growth is a necessary central pillar of the design of rural development projects. A recent ADB study\(^\text{13}\) concludes that whilst Asian countries had achieved commendable and needed high economic growth rates in recent decades, this growth had not been sufficiently inclusive and did not offer equal access to the new economic opportunities created, for all segments of society, especially for the poor. Full employment was singled out as a key policy objective to address poverty. The present project components in community and contractor infrastructure emphasize community employment as well as prioritizing implementation towards more vulnerable upazilas as selected by UNDP vulnerability index.

26. The GoB’s Medium-term Budgetary Framework\(^\text{14}\) (2010-2012) supports inclusive growth by committing financial resources to (i) increased agricultural research, (ii) increased wheat and paddy supply; (iii) crops innovation, (iv) increased production and employment in fisheries, (v) farm management for small livestock, (vi) improved land management systems, (vii) improved computerization of land records, (viii) improved irrigation systems, and (ix) improved flood control and finally lower pollution levels.

b. **ADB Strategy**

27. One objective of ADB’s Bangladesh Country Strategy and Programme (CSP: 2006-2010) for reducing poverty is ensuring food security through agricultural productivity and diversifying into higher-value crops to boost rural incomes. Rural infrastructure and water resources management continue to play a key role to achieve this objective.

28. ADB’s gender strategy has promoted gender equality in various sectors including in the institutional capacity of key executing agencies such as the Local Government Engineering Department, which has developed its own gender strategy action plan and monitoring formats. Easier access to employment opportunities in infrastructure, agriculture, and microfinance has raised household incomes and quality of life, and provided social protection to women, who are most vulnerable to economic and social shocks.

29. ADB has made climate-change adaptation and mitigation an integral part of its projects. By developing capacity and strengthening institutions; addressing vulnerability and risks in national

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\(^{11}\) “CHT Land Commission Act to be amended to resolve land disputes in the region” *Daily Kaler Knotho*, 17 August (Tuesday) 2010; Ashraful Huq Razee.

\(^{12}\) ADB, OED Special Evaluation Study on Contribution to Inclusive Development from ADB Road Investments, 2009.

\(^{13}\) ADB, Poverty Inequality and Inclusive Growth in Asia, July 2010.

\(^{14}\) GOB Medium-term Budget Framework:

development strategies and actions; making vulnerable sectors more climate resilient; adapting to climate change in agriculture, water, health, and natural resource management; dealing with climate-induced natural disasters; “climate proofing” existing infrastructure and future projects; and increasing regional cooperation and investment in knowledge management. This experience would be reviewed and applied as appropriate to the proposed project components particularly watershed management, market training, road and irrigation system designs.

30. In 2006, ADB helped the Government introduce Managing for Development Results in the Local Government, Rural Development and Cooperatives. This initiative focused on developing clear monitoring and evaluation benchmarks for its projects. Given the present emphasis on quality control and necessary internal monitoring, the present project would propose to use this framework and enhance it where needed to ensure sufficient quality control of civil works, environmental and social impacts and management planning and implementation.

31. The ADB support for GoB policy for CHT including the signing of the peace accord in 1997 and subsequent CHTRDP-I intended to build on the peace process. ADB supports also appropriate devolution of development activities to RC and HDC. The institutional assessment for the present project design intends to highlight possible contributions these key agencies can make to the implementation of the CHTRDP-II in accordance with their current agreed mandate. Strengthening of the institutions would be in areas that are also project activities thus providing CHTRC and HDC and MOCHTA with hands on knowledge and experience in development.

32. The three pillars of ADB-Bangladesh Country Partnership Strategy (2009) are sustainable economic growth, social development and good governance. The CPS notes the improvements achieved by Bangladesh in poverty and human development with higher and more inclusive growth. As noted above, according to the CPS, economic growth is needed so that the poor can cope better with crises such as food insecurity. Moreover disaster management and climate change adaptation must be built into development policies and plans, and agricultural productivity intensified.

3. Existing Institutional Arrangements Pertinent to the Project

33. Existing institutional mandates for agencies and LGIs likely to be involved with the Project can be found in matrix form in Appendix 13. The matrix briefly outlines capacity strengthening requirements of the relevant agencies. A detailed Institutional Assessment is under preparation.

a. Ministry of Chittagong Hill Tracts Affairs

34. The Ministry of CHT Affairs (MOCHTA) was established in July 1998 as part of the provisions of the CHT Peace Accord by transferring the CHT specific functions of the former Special Affairs Division. Its establishment, at that time, was considered a step forward in fulfilling the objectives of the CHT Peace Accord. MOCHTA has responsibility for: (i) the formulation of relevant policies for the development of the region; and (ii) liaison and coordination with all relevant stakeholders including peer agencies and departments within the government, as well as donors.

35. The Deputy/State/Minister is the MOCHTA Chief Executive. The incumbent Chief Executive has the rank of State Minister and is the elected member of parliament for the Rangamati Hill District and is from the ruling party. The Secretary acts as the ‘Chief Accounts Officer’ and is aided by a team of 60 staff. This includes 2 Joint Secretaries (responsible for Development and Administration respectively) and 4 Deputy Secretaries. They are seconded from government cadre services and usually stay in their positions for 3 or 4 years. The remaining personnel are support/clerical staff who are all permanently based in the Ministry.

36. MOCHTA has a Planning Unit, headed by a Deputy Chief under the Joint Secretary, Development. During Project preparation, this officer assumed the responsibility of ‘focal person’ and assisted with Project design. A team of 3 clerical staff support the Deputy Chief in his work. The Planning Unit is also supported by a separate ‘planning cell’ on CHT located at the Planning Commission under the Ministry of Planning.

37. MOCHTA is not mandated to implement development projects directly; this is delegated to local agencies including:
MOCHTA, however, plays a crucial role in oversight and supervision as well as in the allocation of resources. The MOCHTA development budget as allocated in the annual budget of the Government for the last three years is as shown in Table 1.

Table 1: MOCHTA Development Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 – 2010</td>
<td>27.86</td>
</tr>
<tr>
<td>2009 – 2008</td>
<td>47.14</td>
</tr>
<tr>
<td>2008 – 2007</td>
<td>36.86</td>
</tr>
</tbody>
</table>


39. The MOCHTA funding allocation is quite significant despite a significant cut for the most recent year. MOCHTA, in turn, allocates this amount among its various affiliated institutions including union parishads, upazila parishads, municipalities etc. in the region. However, the detailed breakdown of MOCHTA’s allocation is not available. This development allocation for MOCHTA also included or includes a number of donor-supported projects, most notably:

(i) the former CHTRDP-I supported by Asian Development Bank;
(ii) Promotion of Development and Confidence Building in the Chittagong Hill Tracts, (popularly known as CHTDF or Chittagong Hill Tracts Development Facility) implemented by UNDP under a multi-donor trust fund;
(iii) CHT Integrated Community Development Project supported by UNICEF and implemented by CHTDB; and
(iv) Hygiene Promotion, Sanitation and Water Supply Fund Project (HYSAWA) in the CHT, funded by DANIDA

40. UNDP/CHTDF is by far the largest both in terms of budget and also area of interventions. Unlike other UNDP projects, it is implemented directly by UNDP under its ‘direct execution’ modality. Its second phase was approved in November, 2009, with a budget that reportedly exceeds $100 million.

41. There is an identified need for: (i) the development of a technical collaboration framework between MOCHTA and CHT agencies; (ii) provision of necessary resources to carry out functions related to CHTRDP-II, and (iii) the development of workable regional governance framework.

b. Chittagong Hill Tracts Regional Council

42. CHTRC was established by an act of Parliament passed in May 1998 and is presumed to play the most central role for CHT in realizing the commitments of the Accord. It is tasked with: (i) the supervision and coordination of all development activities; (ii) local councils including municipalities; (iii) the Chittagong Hill Tracts Development Board; (iv) the general administration of the hill districts; (v) the issuing of licenses including licenses for heavy industries; (vi) conducting disaster management and relief work; and (vii) coordination of NGO activities.

43. CHTRC is comprised of 25 council members, representing the different ethnic groups of the region. The Chairman is the head of the institution and is supported by the councilors on relevant
policy issues. He is, further, supported by staff in the day to day execution of the Council’s decisions. The composition of the Council is as follows:

(i) Chairman  - 01
(ii) Tribal member  - 12
(iii) Non-tribal member  - 06
(iv) Tribal women  - 02 (1 from Chakma and 1 from other communities)
(v) Non-tribal woman  - 01
(vi) Chairmen of 3 Hill Districts  - 03 (ex-officio)

Total  - 25

44. Despite the lofty objectives as initially envisaged, CHTRC is still to realize its full potential. Many of the positions already approved in the CHTRC are vacant for a considerable period of time and far more significant, the relevant rules and regulations that are required for CHTRC to exercise its authority under the Act are still to be approved by the Government (MOCHTA). Furthermore, this approval of the CHTRC Rules and Regulations was expected to be followed with relevant amendments/modifications in the other institutions and agencies whose activities CHTRC is supposed to coordinate and supervise. So far this has not been done. In the absence of these crucial instruments, CHTRC could exercise very little of its authority in practice. Of equal concern in this regard is the recent verdict by the High Court, although currently stayed on appeal, which declared these arrangements unconstitutional.

45. Consequently, there is a crucial need for the strengthening of the CHTRC. While the issues relate to the mandated needs, political will from the Government is a pre-requisite for success. CHTRC will be required to support the Project in: (i) establishment of monitoring processes; (ii) planning, research and advocacy and (iii) land/resettlement and other safeguard responsibilities.

c. Hill District Councils

46. With the signing of the CHT Accord, Local Government Councils were renamed as Hill District Councils (HDCs) and their mandates were expanded by separate acts of parliament. This expanded mandate include responsibility for supervision, coordination and implementation of 33 broad areas of interventions, popularly known as ‘transfer subjects’. As of now, 21 government agencies/departments have been transferred to the HDCs.

47. Each HDC is supposed to be composed of 33 elected councilors that include 3 women members with the Chairman and two thirds of the members to be from the ‘tribal’ community proportional to the varying numbers of indigenous groups in each of the three Hill Districts, The exact number of members from each indigenous groups also varies as shown in Table 2. The HDC Chairmen and the councilors were to be elected by universal suffrage, however, owing to the unresolved issue of voter lists on the basis of ‘permanent resident status’ for the non-indigenous residents in CHT, no elections have been held in the past decade. In the meantime, an ‘interim’ council continues to function with a nominated Chairmen and 4 councilors.

48. The HDCs have a very broad mandate over most crucial development issues of the Government. The approved organogram includes a team of 72 staff for each HDC with the professional staff coming on secondment from the government cadre services, to carry out these mandated responsibilities. However, the current staff strength seems inadequate if the HDCs were to fully assume their roles and functions and there is no institutional facilities to carry out some of its core functions such as, monitoring, land administration/management, planning, etc. An assessment of actual staff numbers is being carried out.

49. The HDCs are expected to play a significant role in the implementation of the Project. This will include supervision and monitoring of the projects’ implementation, policy guidance and as well technical backstopping through the Line Departments, which it supervises as ‘transfer subjects’. Commensurate with this role the HDCs would need pertinent capacity building inputs which will include: (i) relevant training; (ii) transport and equipment, and (iii) supplementary manpower. These needs are being identified and will be built into the Project Capacity Building Plan.
Table 2: Ethnicity of Council Members in HDCs

<table>
<thead>
<tr>
<th>Name of the ethnic groups</th>
<th>Khagrachari</th>
<th>Rangamati</th>
<th>Bandarban</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chakma</td>
<td>9</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Marma (&amp; Khyang for Bandarban)</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Tripura</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Murung/Mro</td>
<td>--</td>
<td>--</td>
<td>3</td>
</tr>
<tr>
<td>Tanchangya</td>
<td>--</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Bawm/Lushai/Pankho</td>
<td>--</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>Khumi</td>
<td>--</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>Chak</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Women (Tribal)</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Women (Bengali)</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Lushai</td>
<td>--</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Khyang</td>
<td>--</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Pankho</td>
<td>--</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Non-tribal (Bengali)</td>
<td>9</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33</strong></td>
<td><strong>33</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

d. Traditional Institutions

50. The Traditional Institutions are centered around the office of the Circle Chief and comprise the Circle Chief, mouza Headmen and village level Karbani still continue to play a very significant role in the social life and development administration of the CHT. This role is recognized by law and they have a particularly important role in land administration and revenue collection, besides assuming a unique role in the delivery of customary justices to the region’s indigenous peoples.

51. Given the unique knowledge of the social fabric of indigenous societies, the traditional institutions are expected to play an important role in the implementation of the Project, particularly in the areas of resettlement. Relevant capacity building support will be provided in the form of training on relevant subjects, along with certain office logistics.

e. Small ethnic groups

52. CHT is legitimately proud of its rich ethnic diversity with as many as 15 ethnic groups, besides the majority Bengalis. However, although all of them are socio-economically disadvantaged and marginalized, some groups are in a particularly precarious and vulnerable situation. Their total populations are usually small in numbers or otherwise, fall well below the national average with regard to most indicators of socio–economic development. Given their particularly marginalized and vulnerable situation and also in line with ADB’s own safeguard policy, they will be targeted by the Project as ‘priority beneficiaries’ and their representative institutions will receive pertinent capacity building support, primarily consisting of training and small item of office equipment.

f. Local Government Engineering Department

53. The Local Government Engineering Department (LGED) is one of the largest public sector organizations, with the mandate of infrastructure development at the rural level. It falls under the Local Government Division of the Ministry of Local Government and Rural Development. Its functions consist of;

(i) planning, construction and maintenance of Type B feeder roads and rural roads including bridges and culverts, growth centers/markets and small scale water resource schemes at upazila and union levels;

(ii) compilation and maintenance of union/upazila/municipality Plan Books, maps, manuals and local level technical database;

(iii) construction of primary schools, cyclone shelters and river ghats (landing jetties);
(iv) providing technical support to the local government (Union Parishads, Upazilla, municipalities; and
(v) training/skill development of LGED personnel.

54. LGED has a comprehensive presence nationwide with offices in all 64 districts. In CHT, it has offices in the 3 districts and all 25 upazilas. Each district office is headed by an Executive Engineer. While the field offices, including those in CHT, are involved in project execution, the overall conception, design and planning of programs and projects is done in the Head Office in Dhaka. The Head office is compartmentalized in various thematic units, including separate units for: (i) planning; (ii) training; and (iii) monitoring and evaluation. LGED is one of rather uncommon government departments to have extensive experience in donor collaboration and implementation of donor supported projects. It has longstanding collaboration with ADB and in CHT, it implemented the ‘Rural Infrastructure’ component of CHTRDP I and at present, is responsible for the implementation of infrastructure sub-components of two other donor supported projects; the Second Primary Education Development Project (PEDP II) and Election Commission project.

55. While the infrastructure construction and maintenance competence of LGED is well-known, it will, in the context of the Project, need further capacity building inputs in various software areas. This will include, primarily, in the safeguards of indigenous peoples’ concerns in development, in particular in the areas of resettlement, informed consent of indigenous peoples and as well as socio-cultural impact assessment. For example, LGED may benefit from training in survey techniques, to include land use mapping to be used for resettlement assessment purposes.

g. Union and Upazila Parishads

56. The elected union parishads and upazila parishads are also function throughout CHT. As elected representatives of the people at grassroots, these local government institutes have unique knowledge of the CHT communities that will be valuable in the facilitation and mobilization of the communities in Project activities. This aspect of their knowledge and authority will be incorporated in Project activities implementation and once the Institutional Assessment is completed recommendations for support to LGIs will be made in the Project Capacity Building Plan.

h. Local Non-government Organizations

57. Local NGOs are expected to play an important role in the mobilization of the grassroots communities, facilitating implementation of Project activities and where relevant, in technical backstopping. Consequently, the NGOs partnering with the Project would receive necessary capacity building support and this also will be detailed in the Project Capacity Building Plan.

4. External Assistance in CHT: Building on current and previous development projects

58. External assistance to the TEA sectors is listed in Appendix 4. The most relevant current and previous projects are CHTRDP-I and UNDP-CHTDF CEP. The main lessons learned include the QC monitoring both internal and external, resettlement monitoring, EMMP monitoring, contract specifications in terms of E&S obligations, labour hiring, the timing of tranche release in relation to both upstream contract progress and implementation of resettlement to be done and monitored by other parties.

a. CHTRDP-I

59. The First Phase of Chittagong Hill Tracts Rural Development Project (CHTRDP) aimed to help reduce the incidence of absolute poverty in CHT through the development basic physical infrastructure and increase of income and employment generating activities thus raise the standard of living of the community. In line with this aim, the Local Government Engineering Department (LGED), improved 32 union roads with consisting 196.5 km including 2982 m of B/C in three districts and 5 Upazila roads with 55.9 km including 1391 m of B/C in three districts. Under the project, the total households along the upgraded roads were estimated at 57,666, where 11,583 households from 5 upazila roads and 46,083 households from 32 union roads. The figure indicates approximately
294,100 persons in the CHT rural area are supposed to be the direct beneficiaries of the URRI component and also many other residents of the CHT region would be indirect beneficiaries of the road improvement.

60. In the CD Components a total 2,040 subprojects (878 in Rangamati, 675 in Khagrachari and 487 in Bandarban) were implemented in 111 unions under three hill districts. The subprojects comprised 1,242 irrigation/agricultural subprojects under economic category (629 in Rangamati district, 452 in Khagrachari district and 161 in Bandarban district) sharing 61% of total subprojects and 998 subprojects under social category sharing 39%. Social group subprojects consisted of 416 for drinking water, 176 for education, 141 for road communication and 65 for others.

   i. Drafted Project Completion Report (PCR) for CHTRDP (June 2009) provides quantitative information and lessons learned indicating that:
   ii. 2,054 community development subprojects were implemented of which 61% were for irrigation and agriculture, 20% for drinking water and the remainder for other village development activities;
   iii. mobilizing IPs for construction labor (for road works) was difficult rendering contractors to rely on sourcing their own "non-local" labor;
   iv. undertaking construction works and sequencing construction packages in steep topography and remote areas with poor access was challenging and led to implementation delays; and
   v. more intensive capacity building efforts are required for empowerment of local leaders and communities and sustainability of rural development interventions.

b. CHTRDP-I Monitoring Arrangements

61. A review of Phase I documents indicates that apart from external monitoring missions from the lender and reporting to management committees at discreet intervals, the project did not benefit from real time internal monitoring of implementation. Whilst external monitoring plays a role in quality control (mostly from the perspective of the lender), the current PPTA team believes there is not substitute for internal monitoring arrangements to flag and rectify in a timely manner possible deviations from project objectives and covenants. Such internal monitoring needs to be backed-up by an enforcement mechanism involving disbursement of funds and payment to contractors.

c. UNDP-CHTDF

62. The UNDP has undertaken a livelihood project for the last 5 years covering 20 Upazilas and all 94 Unions in 3 districts of CHT. The project established some 2722 Para Development Committees responsible for identification and implementation of subprojects. In all instances, UNDP activities overlaid the same Upazilas as CHTRDP-I apart from Naikhongchari (Bandarban), Naniarchor (Rangamati) and Mohalchari (Khagrachari), where UNDP was not present at the time.

63. The proposed CHTRDP II project will bring coordinated assistance to the CHT with small infrastructure works such as roads and irrigation works in areas where UNDPDF is active with livelihood interventions thus ensuring that the project builds on previous and ongoing external donor interventions16.

d. UNDP Socio Economic Survey 2007

64. This study has been aimed at generating benchmark information for understanding periodic progress attained through interventions made into the region by UNDP-CHTDF. The accompanying survey has generated an extensive knowledge-base on multifarious aspects of livelihood of all the twelve ethnicities living in the region. The basis for analysis of the data has been to compare IPs and non IPs and the entire report presents all kinds of useful statistics that help the reader to understand

16 Note that the requirement of non overlap with other development projects is a loan covenant of CHTRDP-I.
the living conditions of the IP and non IP inhabitants of the CHT. However, attempts have been made by CHTRDP-II to obtain the original survey data in order to disaggregate it according to physical regions such as upazilas or agro ecological regions which is more useful to assist in the design of a project aiming to address the poverty situation which the SE survey highlights.

65. Such synthesis of economic components (say agriculture, transport and environment for a start) of the CHT, viewed as a system is needed in order to reconcile the proposed outputs of the design project (or the inputs for the implementation phase) with the desired outcomes and impact of the project. Since the desired disaggregation by geographic zones could not be obtained from UNDP, several surveys have been developed and implemented by the TA team.

   e. BRACS

66. BRAC is working in the CHT on micro credit, education and livelihood programs as noted in interviews with villagers and officials affected by road construction phase I. It may be possible to link with this organization, which has experience in resettlement livelihood management in Bangladesh. The TA will endeavour to obtain more information on their possible involvement.

   f. LCS by LGED

67. Labour Contracting Societies are established working groups mobilized at community level throughout Bangladesh with which LGED has had much involvement. Advantages of organizing civil works such as paths, markets etc. by LCS include skills building, ownership and O&M, employment, social responsibility and management of corruption. Members are residents in the immediate project area and income derived from the participation in public civil works will be provide several years of bridging finance for the lean months between June and August. Women are encouraged to participate in LCS jobs providing a key gender intervention at the village level. There are a number of steps for the formation of LCS in villages and the project will establish this process in all villages where interventions are envisaged. The Process and requirements will be covered in the full institutional assessment in due course.

5. Opportunity for Small Scale Infrastructure Intervention

68. The socio economic survey undertaken in 60 villages in CHT will provide information on the scale and location of the small access roads discussed here. The Project has identified village elevation (high hills, mid hills and plains) to be an indicator of access and deduce that most villages in the same elevation in all districts will have similar needs for access. This will be the method for scaling up this component and arriving at cost figures. Additionally the subproject feasibility studies will provide unit costs form application elsewhere. The Project will be guided by the vulnerability maps developed by UNDP to help determine priority upazilas. These maps are presented in Appendix 6.

69. The within CHT is estimated at 13,300 square kilometer. The topography of the area is comprised of valley, floor and hill slope (varying from less than 5% to over 70%). The land systems suggest that out of the total area, about 72,000 ha (Rangamati-17,382 ha, Bandarban-21,952 ha and Khagrachuri-33,066 ha) is located within less than 5% slope. (CHT Regional Development Plan). Similarly, the estimate also suggests that about 41,836 ha of land is under valley, piedmont hills, and lake fringe category. The CHT Regional Development Plan also suggests that about 205,000 ha of land are under jhum cultivation, 37,000 ha under valley and foot slope (with single, double, and triple cropped), 15,000 ha under fringe land, and about 17,000 ha is under cultivation within the CHT area.

70. After the Peace Accord, efforts to support irrigated agriculture have been made by various agencies. Among them Bangladesh Agriculture Development Corporation (BADC), under Integrated Agriculture Development Project, has been implementing irrigation development for last 7 years. BADC has so far distributed 770 Low Level Pumps, and 37 weirs across the CHT area. It is estimated that 4,500 ha of land has been provided with irrigation facilities under BADC support. In addition, CHTRDP has made significant contribution in irrigation development with the project. Under CHTRDP, in total 1,253 irrigation schemes have been developed bringing water to about 9,832 ha of land.
71. In addition to these, there may be other organizations involved in irrigation development within the project area. However, considering the efforts of BADC and CHTRDP, about 14,332 ha of land within the CHT area has been brought under irrigation facilities (~35% of estimated irrigable land) and beneficiary farmers cultivate early paddy (Boro rice) in these areas. Considering the total potential irrigable land, remaining 26,668 ha of land is yet to be provided with irrigation facilities and increase cropping intensity with the cultivation during spring (primarily early paddy, and vegetables, and cash crops).
II. PROPOSED PROJECT

A. Impacts and outcomes

72. Project design has been largely based on the lessons from: (i) the implementation of CHTRDP-I; (ii) the outcomes of the CHT Study for Potential for Integrated Small-Scale Water Resources; and (iii) the PPTA Concept Paper. Preliminary field scoping investigations were undertaken in parallel with extensive literature review and meeting discussions with other development partners operating in CHT. Project design will continue and enhance the work of CHTRDP-I taking into account the review of achievements and the experiences of other development initiatives in the CHT area including those of NGOs and UN. The Project will be community driven and is designed to: (i) improve livelihoods; (ii) food security and nutrition; and (iii) reduce poverty among the rural population in the three CHT districts: (i) Khagrachari; (ii) Bandarban; and (iii) Rangamarti. The project will target poor people in the CHT area including indigenous peoples, women and other vulnerable groups.

73. The overall Project goal is to contribute to a reduction in the incidence of poverty in CHT and provide suitable implementation arrangements to underpin the CHT Accord and strengthen key institutions to help meet their mandated role. The Project impact is to increase employment and income generating opportunities for the population through community participatory subproject development. Outputs will include: (i) selective rural access; (ii) small-scale water resources interventions; (iii) watershed management; (vi) community infrastructure; and (v) promotion of small agri-business opportunities. Expected outcomes of the Project will include: (i) measurable increased economic opportunities for rural poor, especially women and vulnerable groups in IP communities; and (ii) improved watershed conditions, especially soil erosion and water conservation that will underpin the investments made in water and land improvements, ultimately contributing in lower sedimentation rate of Kaptai reservoir with ensuing economic returns.

74. In pursuit of its objective, the Project will operate in these four components:

(i) Institutional Development and Project Management;
(ii) Roads and Markets;
(iii) Community Infrastructure; and
(iv) Micro Agri-business Development.


75. The institutional strengthening component will focus on working with the agencies directly involved with the project. Supplementary Appendix 13, Institutional Assessment Report, currently under preparation will review the mandates of these agencies as relevant to Project support. The Institutional Assessment will also review current agency resource levels in terms of (i) staff numbers; (ii) staff capacity; (iii) fueled and serviced transport; (iv) office accommodation; and (v) office equipment. A program of capacity enhancement will be prepared that is designed to fill the “gap” between the present agencies capacity levels and those levels necessary to fully support Project activities. Capacity building activities will focus on: (i) both formal and “on the job” training; (ii) enhancement of any necessary office accommodation; and (iii) supply and installation of equipment including computers, a limited number of vehicles and motor cycles.

76. Supplementation of staff numbers and operational budget as identified in the Institutional Assessment will be a responsibility of the Government, initially from its contribution to the Project budget, but commencing at the start of the third year of the Project, from routine funding sources. This transfer of Government funding source to the regular budget will be most necessary to ensure that the positions trained staff are not terminated at the end of the Project, as was the case with CHTRDP-I.

77. Project Management support will be provided to the Office of the Project Director, located within CHTRC, Rangamati and to the Project Sub-offices located within the HDCs of the three CHT districts. High levels of technology transfer between the staff of the Office of the Project Director and CHTRC, and between the staff of the three Project Sub-offices and the respective HDC in which they are accommodated, will be promoted. This support will include the establishment and operation of the Safeguards and Quality Monitoring Cell within the Office of the Project Director, CHTRC. Reporting to
the Project Director, the head of the Safeguards and Quality Monitoring Cell will also report independently to ADB. The component will also support the land acquisition and resettlement requirements of the Project as detailed in Supplementary Appendix 10 - Land Acquisition and Resettlement Framework.

78. There is an identified need for: (i) the development of a technical collaboration framework between MOCHTA and CHT agencies; (ii) provision of necessary resources to carry out functions related to CHTRDP-II, and (iii) the development of workable regional governance framework.

79. The tentative estimated cost of the Institutional Development and Project Management Component, including: (i) capacity development; (ii) land acquisition and resettlement costs; and (iii) safeguards and quality monitoring, is $8 million.

2. Component B: Roads and Markets Component

80. Union and upazila roads that were prioritized by LGED and communities in 200** as part of CHTRDP-I, and were not constructed following the withdrawal of $15m of DANIDA funding will be included in the Project’s program of work. Priority will be given to the completion of roads where construction has commenced and the prioritization of the remainder of the roads program has been appraised and the prioritization adjusted as necessary to conform with 2010 needs. An assessment of technical and economical/financial viability will also be undertaken to ensure conformance with pertinent ADB policy documents with respect to gender, indigenous people, resettlement, and the environment.

81. This component, to be implemented by LGRD through its routine district level offices will consist of: (i) the upgrading and/or rehabilitation of union and upazila roads; (ii) the construction of new union and upazila roads; and (iii) the construction of village level market buildings. As mentioned above, the roads were identified and prioritized by CHTRDP-I while the identification of small market buildings has yet to be undertaken. At the planning stage, proposed road alignments including center-line and boundary lines will be reviewed and approved by the Project Director within CHTRC prior to the commencement of detailed design. Documents to be reviewed by the Project Director will record the names of all land users, land use and improvements, between and adjacent to, the boundary lines.

82. The ability of LGED to maintain completed roads will be a significant concern of the Project and prior to the commencement of each union or upazila road, LGED will be required to submit a maintenance plan for particular section of road. The Maintenance Plan will include details of equipment, manpower and source of budget for recurring annual maintenance costs. The Maintenance Plan will be submitted to the Project Director for inclusion in Quarterly Progress Reports.

83. Market buildings where constructed will also include the construction of separate toilet facilities for women and men. Toilets will be the sanitary, pour flush type as promoted by UNICEF and will be accompanied by hand washing facilities and low level water supply sufficient to supply water for flushing of the facilities. Pre-requisite to the identification of market sites will be: (i) access to a sufficient supply of water; and (ii) local agreement on management, maintenance and cleaning arrangements for the market building and toilets. Land on which market facilities are located and any removal of improvements will be subject of compensation as required for all improvements provided by the Project.

84. The improvement and construction of union and upazila roads, apart from the usual concerns for compensation for land and improvements has the additional concern for tenure over land fronting the alignment of the road. Roadwork will significantly increase the value of this land, the tenure of which may only be secured by tradition, or it may be seen by the local people to be in traditional ownership. These matters are discussed elsewhere in this report, and detailed in Supplementary Appendix 10: Land Acquisition and Resettlement Framework. The extreme concern for the possible displacement of traditional or community owners as a result of work undertaken by the Project, is such that the matter has been mentioned here as well.

85. CHTRDP-I originally scheduled improvements to 75 km of upazila roads, 350 km of Union roads and the improvement, rehabilitation or construction of about 6,069 linear meters of bridges and
culverts. It is reported\textsuperscript{17} that 5 Upazila roads totaling 54.6 km, 32 Union roads totaling 194 km, and 3,550 linear meters of bridges and culverts were actually completed. Roads that were proposed for construction by CHTRDP-I but were either not completed or not constructed remain a high priority.

86. According to a series of discussion with LGED officials and ADB, roads that were proposed under CHTRDP-I, but which could not be implemented due to the shortfall in funds, are still a high priority. These roads are shown in Table 3. Based on Table 3 quantities and LGED unit costs, the tentative cost for the completion of these roads is shown in Table 4.

Table 3: Summary of Scheduled CHTRDP-I Roads that Remain Incomplete

<table>
<thead>
<tr>
<th>District</th>
<th>Length of roads proposed under CHTRDP I</th>
<th>Roads completed</th>
<th>Incomplete/remaining road length</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Length</td>
<td>Structure</td>
<td>Length</td>
</tr>
<tr>
<td><strong>Upazila roads</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rangamati</td>
<td>36</td>
<td>378</td>
<td>30</td>
</tr>
<tr>
<td>Bandarban</td>
<td>20</td>
<td>270</td>
<td>14</td>
</tr>
<tr>
<td>Khagrachari</td>
<td>20</td>
<td>153</td>
<td>12</td>
</tr>
<tr>
<td><strong>Total Upazila roads</strong></td>
<td><strong>75</strong></td>
<td><strong>801</strong></td>
<td><strong>56</strong></td>
</tr>
<tr>
<td><strong>Union roads</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rangamati</td>
<td>177</td>
<td>1,801</td>
<td>47</td>
</tr>
<tr>
<td>Bandarban</td>
<td>114</td>
<td>1,739</td>
<td>86</td>
</tr>
<tr>
<td>Khagrachari</td>
<td>126</td>
<td>1,728</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total Union roads</strong></td>
<td><strong>417</strong></td>
<td><strong>5,268</strong></td>
<td><strong>197</strong></td>
</tr>
<tr>
<td><strong>Total Upazila &amp; Union roads</strong></td>
<td><strong>492</strong></td>
<td><strong>6,069</strong></td>
<td><strong>253</strong></td>
</tr>
</tbody>
</table>

Source: LGED, Dhaka

Table 4: Estimated Cost of Roads Program

<table>
<thead>
<tr>
<th>SI</th>
<th>Road Category</th>
<th>Proposed for CHTRDP-I</th>
<th>Specification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Length (km)</td>
<td>Cost (Sm.)</td>
</tr>
<tr>
<td>01</td>
<td>Upazila road</td>
<td>19</td>
<td>1.62</td>
</tr>
<tr>
<td>02</td>
<td>Union Road</td>
<td>220</td>
<td>17.29</td>
</tr>
</tbody>
</table>

**Total** | **239 km** | **$18.91m** |

PPTA consultants' estimates.

87. Based on the Table 4 estimate with an additional one million dollars for market buildings, the tentative estimated cost of the Roads and Markets component is $20 million.

3. Component C: Community Infrastructure

88. The tentative estimated cost of implementing this component is $15m, Activities are considered under three headings: (i) watershed management; (ii) small feeder roads/paths between and within villages; and (iii) small irrigation systems and water resources interventions.

a. Watershed Management

89. The linkage between catchment degradation and declining water resources and land productivity is not well understood by all CHT inhabitants. The reasons for low levels of understanding include: (i) limited education and extension processes; (ii) change to customary land use practices, particularly the shortened fallow period in jhum cultivation; (iii) changing agricultural practices leading to an increase in mono-culture; and (iv) small incremental changes in land and water over decades that go unnoticed until the changes become severe. The influx of lowlanders to the hill tracts since the 1960s has introduced a new society with lesser awareness and concern for sustainable land use.

\textsuperscript{17} CHTRDP-I Project Completion Report – ADB, Dhaka, 200\textsuperscript{2}
90. Project watershed investments are public works and not intended to benefit any one household, although of course the benefits of implementing water and soil conservation measures will be accrued at the household level, both in the watershed and downstream of the watershed. These activities will be labor intensive providing employment opportunity during the lean months. Activities will include land use mapping which will follow on from village mapping undertaken as part of protection measures associated with road construction. A sample watershed has been identified in Wagga Para to understand more about the issues faced by the community with regards to watershed management. The baseline socio-economic surveys and the economic feasibility study surveys (both covering Wagga) will assist in collecting this information. Land use participatory mapping of the watershed will continue from the village mapping exercise proposed for the management of the social impact of the Roads and Markets Component. This case study in Wagga will provide needed information for replication in other CHT villages during implementation.

b. Small feeder roads/paths between and within village

91. These activities will provide access within and between villages as well as providing access to the union roads and upazila roads constructed under Component B. Village access will be by Type A or Type B Roads, or by access of a lesser specification. Type A and Type B road specifications are set out in Appendix 6. In addition, paths and steps will be constructed in steep places to facilitate transit between and within villages. The intention is to promote improved year round access for: (i) pedestrians; (ii) bicycles; (iii) motor cycles; and (iv) motorized three wheelers. Improved access will support access to health services, schools, and markets and is expected to provide increased economic opportunity. This view was supported by community consultation during Project preparation. Consultation undertaken during Project preparation also indicated that most villages are likely to prioritize the improvement of a number of short lengths of village track, mostly from 500 meters to 5 km in length. These and other small access improvements such as footpaths, hillside stairs, drains, culverts and footbridges will be included as outputs of this component. Interventions will be community identified, designed and implemented by the community with support the Project Sub-office located within the HDC office.

92. Community based construction of these small activities following LCS principles will provide temporary employment and income for villagers. The time of year when food is in short supply coincides with the wet season, which is not the best time for LCS construction, Never-the-less the timing of LCS activities will be synchronized with times of the year when labor is available. The involvement of women in community consultation will be mandatory and the involvement of women in community work will be actively encouraged and consultations will indicate their willingness to participate.

c. Small irrigation systems, water resources interventions

93. Based on the review of these topographical information for CHT and the CHT Regional Development Plan, it is estimated that about 72,000ha\(^{16}\) of land within CHT is under permanent cultivation of which 41,000ha is potentially irrigable. The land area categorized as irrigable is very scattered due to the nature of the topography and the small watershed distribution. The size of such irrigable land varies from less than 1ha up to around 15ha. Any irrigation system developed by the project would be categorized as "micro-irrigation". As such it is not viewed within the domain of LGED which has national responsibility for irrigation systems up to 1,000ha in size, but rarely involves with systems less than 50ha in area. Most of land under valley, hill foot and lake fringe category are dependent on rain-fed cultivation. However, in some places, the farmers have been diverting water by building temporary irrigation diversion and canals. Taking into account the amount of irrigation development by others (see above) it appears that the availability of irrigable land for development of irrigation systems by the Project could be in the order of 12,000ha. These interventions could include the construction of small diversion weirs, use of low lift pumps, etc. In addition some micro-irrigation could be developed in the uplands for vegetable and seed production.

\(^{16}\) This does not include Jhum land under shifting cultivation.
94. In three of the six core subprojects studies, improved irrigation has been given a high priority as there is good cultivable land that can only be support one crop per year because of the lack of water. Access to irrigation would increase the production of both rice and vegetables.

4. Micro Agri-business Development

95. Improved access for remote communities to major roads and markets; catalyzes opportunities for enhancing production, employment and marketing; helps increase household income and expenditure; and improves access to social services such as education and health. However, rural roads are necessary but not sufficient to harness inclusive socio-economic development. The Project therefore takes an area-based approach where judiciously selected rural road construction will be coupled with other interventions such as rural infrastructure and agricultural market development to maximize the project impact on poverty reduction. The Micro Agri-business Development (MAD) component aims to increase income of the poor households in CHT by providing opportunities for them to participate in income enhancing farming activities.

96. The objective of MAD is to increase the income of poor households by promoting the development of market-driven micro agribusinesses in four selected products, namely: (i) fruits (orange, mango, litchi); (ii) vegetables (brinjal and cucurbits); (iii) pond fisheries; and (iv) medicinal plants. The component will also support market facility development (to be financed under rural roads component of the Project) and action research on potential high-value crops such as spicy leaf.

97. MAD will achieve the above objective through: (i) productivity improvement through production and market related interventions; as well as (ii) income source diversification. First, the Project will improve productivity of existing products by increasing sales revenue through market related interventions, and reducing the production cost and increasing production through production related interventions. Second, the Project will help farmers diversify their income sources by introducing new products or developing high potential products. The activities of this component have an estimated cost of $5 million.

B. Linkage with other projects

1. Linkages with UNDPDF-CEP

98. The Project is essentially an infrastructure project, which will be mutually supportive and complementary to UNDPDF-CEP livelihood interventions. The combined interventions of the two projects which will provide the economic basis for the Project. The intention is to use the UNDPDF spread of interventions throughout CHT to guide the location of Project interventions. While recognizing that the 2003 UNDP Vulnerability Index for the ranking of upazilas is quite dated, these are taken into account in needs ranking. Coordination of UNDP/ADB project interventions will maximize the benefits of each project to CHT inhabitants.

2. Linkages with ADB RETA

99. Among countries in which ADB is active, Bangladesh, the People’s Republic of China, and the Philippines stand out due to their success in integrating indigenous people’s safeguards in ADB-supported projects. These countries have both constitutional provisions and separate legislation focusing on recognition and respect for the rights of indigenous people. They have institutional arrangements in place for dealing with indigenous people’s concerns, although they use different approaches. All three countries are aware of the importance of adhering to ADB’s policy requirements but recognize that complying with both ADB’s safeguard policy and their own policies will require that they meet the challenge of reconciling different procedures and practices. ADB’s capacity development will focus on these three countries, as each is prepared and committed to harmonizing their own safeguard approach with that of ADB.

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100. The overall impact of the RETA is improved capacity of government and development partners to mainstream indigenous people’s concerns in development projects. The outcome is enhanced processes in selected executing agencies in the three participating countries toward effective integration of indigenous peoples safeguards in projects and activities proposed for ADB assistance. The RETA project output component for Bangladesh will include assessment of the roles of MOCHTA, CHTRC, and the three HDCs in handling indigenous people’s issues. The RETA will also detail the capacity if these agencies to undertake their mandates, develop and undertake training and develop networks to share information on indigenous people’s issues.

3. Linkages with ADB Mapping Project

101. The ongoing mapping project now underway will provide outputs that are useful for the monitoring and evaluation of Project activities. This is significant as during Project preparation, it was found that maps, which are the main modeling tool to enable necessary system synthesis were most difficult to source.

4. Linkages with ADB supported Climate Change Projects

102. Changes in water availability in CHT have been noted during consultations with organizations and individual or group discussions. The drying up of many springs in the hills is widespread according to these discussions and although no data confirms this growing scarcity, there is no reason to doubt it. Whether the cause is watershed degradation, changes in long term trends in climate, growing population or a combination of these factors and others, the Project needs to account for the future trend in water resources and intends to do this principally by water conservation awareness, watershed management, exploring alternative sources of water such as deep groundwater which is less prone to shorter term fluctuations. The Project will derive lessons from other ADB projects in these matters so as to incorporate a selection deemed appropriate.

103. The other aspect of climate change which must be considered by the Project relates to immigration from lowland households and individuals who are themselves environmental refugees, having lost land to river erosion, or whose land is more frequently submerged due to sea level rise with resultant siltation of river beds and consequent loss of productivity. In some cases, migration to CHT is a solution offered by the Government bearing in mind the population density of CHT area is about 10% of that of lowland Bangladesh. Thus changes in climate patterns and resulting land use changes in the lowland have caused the migration of landless families to CHT, settling in what is viewed by the Government as Khas land, but which is in fact traditional common land allocated and used by earlier IP and non IP settlers alike. Through the proposed IP framework, the project aims to make a small start at addressing these issues.

C. Project Implementation Arrangements

104. MOCHTA will be the Executing Agency for the Project with CHTRC having the responsibility of Implementing Agency. The Office of the Project Director will be established within CHTRC with responsibility for the overall management and coordination of the Project. A Safeguards and Quality Monitoring Cell (SQMC) will be established in the Office of the Project Director. The SQMC will have twofold reporting responsibilities: (i) to the Project Director; and (ii) independently to ADB. The role of the SQMC will be to ensure that the Project is implemented with due concern for safeguards and quality and, specifically to ensure that these issues are adequately addressed to the requirements of ADB: (i) compensation for land and asset acquisition; (ii) compensation for loss of income; (iii) continuing tenure of land by the original users; (iii) gender; (iv) indigenous people; (v) environment; and (vi) quality of work necessary to ensure sustainable outputs. The failure to adequately address any safeguard or quality aspect will cause the Project Director to withhold the disbursement of funds to the offending agency until such time the process to rectify the fault is put in progress.

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20 ADB TA 7481-BAN: Technical Assistance for “Land Use Mapping of the Chittagong Hill Tracts (LUMCHTA)
21 Natural or man induced is not the discussion.
105. The Project Director will disburse funds in separate directions: (i) to LGED for the implementation of the Roads and Markets Component; and (ii) to each Project Sub-office, established in each of the three HDC offices. Implementation arrangements are shown in Figure 2, and the flow of funds are set out in Figure 3.

106. Project funds for the implementation of Component B, the Roads and Market Component, will be transferred in tranches by the Project Directors Office to a specific account held by LGED at its National level. It is expected that LGED would establish a separate office in its Special Projects Office in Dhaka from where it would administer implementation and funds management for that component. LGED is a known competent organization and has rated well in the Financial Management Assessment, discussed below. Responsibility for the implementation for this component will rest with LGED with actual implementation being undertaken by the respective LGED District Office. LGED will follow its own internal implementation arrangements and these are not considered here.

107. In implementing this component, LGED will be required to:

(i) satisfy the financial audit requirements of ADB and FAPAD;
(ii) satisfy all safeguard requirements of the Government and ADB in terms of: land acquisition and resettlement, gender, indigenous people, and the environment;
(iii) meet quality standards for design and construction as required by the Government and ADB;
(iv) seek CHTRP approval, through the Project Director, for the alignment of proposed union and upazila roads at the preliminary planning stage;
(v) allow access to the personnel of the Safeguards and Quality Monitoring Cell to scrutinize and aspects of proposed, ongoing, or completed work, at any time; and
(vi) provide information on progress to the Project Director on a monthly and quarterly basis in a format and on a schedule to be determined.

Figure 2: Project Implementation Arrangements
108. The other four components will be implemented on behalf of the Project Director’s Office through Project Sub-offices established in the HDC in each of the three districts. The establishment of special project offices in routine offices set up following the CHT Accord (CHTRC and HDCs) provides opportunity for transfer of technology from project office to routine office during the seven years life of the Project. This attempt to institutionalize project arrangements will help to strengthen routine offices and is directly in line with then Paris Declaration\textsuperscript{22}. For this reason, generic acronyms such as PMO, PMU, PIO and PIU have been avoided.

Figure 3: Project Cash Flow Arrangements

D. Project Financial Management and Risk Assessment

1. Financial Management Assessment

109. A review of fund flow arrangements for CHTRDP-I and a financial management assessment including the feasibility of block grant transfers to Community Development Committees at Union level, has been undertaken. An assessment of the financial management capacity of the Executing Agency and the Implementing Agencies was also undertaken. A summary of these findings including identified risks, and proposed risk mitigation measures are provided in Appendix 11 and are summarized below.

\textsuperscript{22} Paris Declaration for Aid Effectiveness, March 2005, to which the Government and ADB were signatories.
2. Project Risk Assessment

110. Two distinct project account cash flow arrangements have been adopted for the Project because the nature of LGED outputs is quite different from those of the other components of the Project. A major concern for sustainable Project outputs is the question of quality control. There are also significant concerns for safeguard lapses in CHTRD-I. To address these concerns the establishment of a Safeguards and Monitoring Cell within the Office of the Project Director will be established. This monitoring cell will have independent reporting obligations to ADB. The structure and capacity of the monitoring cell is under preparation. A summary risk assessment matrix and conclusion is included in Appendix 11.

3. Project Costs

111. The Government has requested a loan of $45 million from ADB’s Special Funds resources with an interest charge at the rate of 1.0% per annum during the grace period and 1.5% per annum thereafter; a term of 32 years, including a grace period of 8 years to finance project costs. Government counterpart funding is estimated to be about 20% of loan cost (this is yet to be confirmed), equivalent to $9 million. The overall Project cost is estimated to be $54 million. A detailed cost estimate is under preparation however broadly, tentative costing is as follows:

<table>
<thead>
<tr>
<th>Output</th>
<th>Estimated Cost (US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Institutional Development and Project Management (including loan implementation, OPD, consultancy cost and resettlement(^{23}))</td>
<td>14.0</td>
</tr>
<tr>
<td>B. Rural Access and Markets</td>
<td>20.0</td>
</tr>
<tr>
<td>C. Community Infrastructure</td>
<td>15.0</td>
</tr>
<tr>
<td>D. Micro Agribusiness Development</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54.0</strong></td>
</tr>
</tbody>
</table>

4. Project Performance Monitoring and Evaluation

112. Apart from the built in and ongoing safeguard and quality monitoring described above, the Project will be monitored for benefit and performance. During the course of Project implementation, monitoring will be carried out for: (i) progress; (ii) routine safeguard monitoring; and (iii) benefit monitoring and evaluation. The design and monitoring framework set out in Appendix 2 will be the basis for the monitoring of Project progress. The Project, early in its implementation period will establish general baseline data, and with ADB guidance will develop a simple project management and monitoring system (PPMS) that meets its performance and safeguard reporting needs. During the course of Project implementation, the PPMS will be further fine tuned as needs are recognized. Project performance monitoring will be undertaken by the Project Director’s Office (PDO) with the support of the Project consulting team. The Project Sub-office within the HDC of each of the three CHT districts will provide the PDO with quarterly reports on their: (i) activities; (ii) compliance with safeguard requirements; and (iii) progress toward output targets. The PDO will consolidate these three points in a quarterly progress report (QPR) that will be finalized and circulated to ADB, MOCHTA and through MOCHTA, to the PSC. QPRs will be circulated within one month of the end of the reporting quarter. Further baseline data for each subproject will be drawn from the information contained in the subproject feasibility report, which will be prepared prior to the final selection of the participating subproject.

5. Project Review

113. The PDO will facilitate six-monthly reviews by ADB and the Government. The reviews will (i) examine the continuing appropriateness of implementation arrangements; (ii) examine activity...
schedules with particular concern for progress towards targets and the level of technology or
construction standards being used; (iii) review compliance with agreed procurement procedures; (iv)
analyze progress and success of capacity building and training programs; and (v) monitor the
effectiveness of safeguard procedures. A comprehensive mid-term review will be undertaken within
42 months of loan effectiveness to identify any problems and constraints encountered, and assess
any need for modification of the Project scope and financing and/or implementation arrangements.
Three months before Project completion, the Project consultants will produce a draft Project
Completion Report (PCR) which will be finalized during the last month of the Project, following the
receipt of comments from the Government and ADB received by the start of that final month. PCR
content will detail the lessons of Project implementation for the guidance of those preparing future,
similar projects both within and outside Bangladesh.
III. PROJECT BENEFITS, IMPACTS AND ASSUMPTIONS

A. Poverty reduction, social and gender impacts

114. **Gender** — CHTRDP-II will propose the construction of village access roads, installation of water sources (TW, RW, and GFS), training on production and market information as well as a package of training consisting of basic numeracy, keeping accountancy to increase their access to market. The package will also cover awareness raising about human/women rights, hygiene practices, gender issues, leadership, environment, empowerment and capacity building of the communities so that they can identify their prioritized needs and thus can identify the probable solutions as well.

115. These interventions are expected to have significant impact on women’s inclusion in economic development as soon as implemented. Once trained in marketing techniques and along with the infrastructure built in the same zones, these impacts are expected to be sustained. Appendix 8 provides more details on the gender action plan.

116. **Capacity enhancement** has been included in the project design with financing of technical assistance of key aspects where the EA and IA were found to be in need of strengthening. The IAs include PDCs and DC level groups (especially on land acquisition) etc… to ensure IP and gender are considered in implementation.

B. Environmental impacts

117. The Project has been classified as Category B. Initial Environmental Examinations (IEEs) and Environmental Management and Mitigation Plans (EMMPs) have been prepared for each of the sample subprojects in accordance with the ADB Environment Policy (2002) and Environmental Assessment Guidelines (2003), and the Government’s environmental requirements as set out in the applicable laws and regulations. These IEEs are subproject specific and, although published separately, have been prepared as an annex to each of the SPFRs. All potential environmental impacts will be properly mitigated and minimized to acceptable levels.

118. The IEEs and EMMPs, which will be prepared for all candidate subprojects, will be included in the feasibility reports for submission to ADB and to the Department of Environment. Subproject feasibility reports will identify adequate funding for EMMPs. Subproject EMMPs will be incorporated into Project design. LGED district offices and contractors will be guided by the EMMPs in managing and monitoring environmental impacts under the general supervision of the PMU Independent Monitoring Agency (IMA). The EMMP will include requirements for reporting environmental compliance. The Civil works and supply contracts will contain detailed designs of road segments (from LGED) and also attachments with the required environmental protection measures (from PMU) as part of the contract. Payments to the contractors will be made against monitoring by the PMU IMA that all protection measures have been duly implemented.

119. An Environmental Assessment Review Procedure (EARP) will be prepared in accordance with the guidelines of the Government and ADB to guide the preparation and approval procedures of environmental assessments of the Project’s candidate subprojects. The EARP describes institutional responsibilities for environmental management.

C. Land Acquisition and Resettlement and Indigenous People

1. Land Acquisition and Resettlement

120. For the approximately 250 Km CHTRDP-I roads already built and for the 240 Km proposed under CHTRDP-II to complete the Upazila and Unions roads that were incomplete under CHTRDP-I, the IR TA team estimates that at least 200 HHs will be found to have lost more than 10% of their productive and and/or shift their residences/shops. Therefore, it is thought that the IR category will be a Category A, as per ADB’s SPS if all roads under CHTRDP phases-I and II are taken into account.

121. Because compensation should have been provided under ADB’s 1995 IR Policy under CHTRDP-I, the LAR Framework will provide a process for preparing ‘retrofitted LAR Plans’ for...
addressing the uncompensated losses under CHTRDP-I.\textsuperscript{24} The LAR Framework is summarized in Appendix 10 and is provided in complete form in supplementary Appendix as part of this report. A process will be recommended in the LAR Framework for assessing historic LA costs using a community consensus type of methodology. This can be tested in preparing a ‘retrofitted LAR Plan’ for the Wagga Union Road. In the meanwhile, the next input will prepare a LAR Plan for the proposed completion of the Wagga Union Road during the next (Oct/Nov) input.

122. Apart from applying lessons from visits to the CHTRDP-I Upazila and Union Roads, the LAR Framework will establish a dual process of acquiring land for the roads. One process will be through Compensation under the Law (CCL) following the CHT LA 1958 Regulation in conjunction, in conjunction with the Local Government Acts of 1989 amended so that the Government cannot acquire land owned by an individual, as per CHT Regulation 1 of 1900, without consultation with the Hill District Council (HDC). This process will go through the District Collector’s (DC’s) office, which is standard throughout the rest of Bangladesh following the 1982 Land Acquisition Act.

123. The other process, established through precedence over several decades addresses the gap between the legal framework for land acquisition in Bangladesh (and in this case in the CHT) and ADB’s IR policy, originally established in 1995 and in 2009 supplanted by the Safeguards Policy Statement (SPS), which combines environment, resettlement and IP safeguard policies. This provides for grants, such as ‘top up’ land and structure payments under CCL to market price/replacement levels, payment for shifting costs, grants for vulnerable APs (women headed households, IPs, among others), and livelihood restoration grants for ‘severely affected’ persons losing more than 10 percent of their land and/or shifting residents/businesses.

124. In line with this latter process, the LAR Framework will provide a grant for IP common land. This is in line with ADB’s SPS respecting IP customary and ancestral lands, as well as international IP conventions that Bangladesh is a signatory to. The LAR Framework will outline a process for verifying registered and unregistered IP common land through the customary land management based on the CHT Regulation I of 1900 that set up a land administration through Circle Chiefs, Headmen, and Karbaris. Grants for IP Common land will be awarded to IPs and non-IPs alike who have been certified by Headmen, Circle Chiefs and finally by the HTCs.

125. This process is necessary, as the CCL process does not formally recognized IP Common lands. Instead, it defines such ancestral lands as ‘khas’ or ‘Government’ lands. In addition, the LAR, in this context, will define a consultation framework to obtain the free, prior and informed consent of affected IP groups in case, as with the CHTRDP-II LGED roads, proposes to acquire ancestral lands of IP groups which will lead to physical displacement of such groups or individuals. As shown in the due diligence visits described above, such displacement has already occurred under CHTRDP-I and will doubtless occur under CHTRDP-II. The LAR Framework also defines grievance redress processes for both CCL titled land payments and for IP Common land grants.

2. Indigenous People

126. The Preliminary Draft IP Framework, as prepared at this interim period, also describes the IP Common Land grant process as its major feature, following ADB’s SPS IP policy. In this respect, it overlaps largely with the LAR Framework. However, in describing the CHT customary land administration, it will go into more detail about the differential usufruct rights over IP Common Land among the CHT’s twelve ethnic groups (Bengalis and 11 IP groups). For this, the IP Framework will depend on the Social Impact Assessment (SIA) Report that will be available at the end of September.

127. The IP Framework also describes the CHTRDP-II design to assure that vulnerable Upazilas and smaller, more vulnerable IP groups receive preference during the Project’s implementation, according to a prioritization process. For the next input (October), a work plan and budget are being

\textsuperscript{24} It is expected that no documentation will be provided satisfying the requirements of SPS (Appendix A, para 25) that adequate consultation took place during CHTRDP-I, with third party validation and record keeping to support any claim that APs voluntarily gave their land to the Upazilla and Union Roads.
prepared for extensive consultation with smaller IP groups and remote and vulnerable villages, as per the IP Framework’s suggested prioritization process.

128. The IP Framework also sets out an intervention to counter-act ‘land grabbing’ that has been well documented in, for instance, the CHTRDP-I IP Framework and the UNDP Socioeconomic Study of 2009. This will consist of a safeguard IP intervention that will complete participatory village mapping for villages along CHTRDP-II roads as a Loan covenant that will require completion of the mapping prior to mobilization of contractors.

129. The Project will put such maps at the entrance to villages, on a large signboard to indicate village boundaries. Aside from visually establishing village boundaries, with attendant legal backing through the customary land administration institutions, the maps will also be a tool for identifying and protecting village watersheds. As with the LAR Framework, the IP Framework will be supplemented with a model IP Plan based on participatory mapping already going on a pilot basis in Wagga village.

D. Economic impacts

130. The economic impact of the project will be derived from the aggregate interventions including (i) inter-village connectors such as paths and steps, (ii) marketing training interventions, (iii) watershed interventions, (iv) upazila and union roads as well as (v) the institutional strengthening. Feasibility studies under preparation at selected subprojects will form the basis for the economic and financial analysis of the Project.
Appendix 1: Problem Tree Analysis and Objective Tree Analysis

PROBLEM TREE ANALYSIS

Low incomes
Lack of livelihoods
Low quality of life

Issues

Development

Environment, Agriculture & Marketing

Water/Watershed Degradation
- Deforestation
- Soil Erosion
- Bio-diversity

Land Productivity Degradation

Lack of Water Supply

Security of food particularly in the lean period

Unemployment/less income generating options

Security of food particularly in the lean period

Lack of Sanitation Facilities

Access Issues

Poor road network

Village Access especially in hills

Poor quality of road

Community Development Issues

Motivation of communities in remote access to develop themselves

Communities are not well capacitated for sustainable development

Awareness, education, business etc.

Equal development of all ethnic groups etc.

Low literacy rate

Land titles

Development Project Implementation

Language barrier for the development partners for ethnic communities

Communication of project area

Too many implementing agencies

Lack of strong coordination among GO/NGO/etc.

Village Civil works Contractor quality is low in Phase-I

Need training for participation in construction activity

GOB Policies

Lack of consensus among the key stakeholders

Communication of project area

Too many implementing agencies

Lack of strong coordination among GO/NGO/etc.

Village Civil works Contractor quality is low in Phase-I

Need training for participation in construction activity

Lack of good governance

Amendment of CHT Land Disputes Commission Act.2001

Non-implementing of CHT Accord

Transparency

Lack of access to basic services (Agriculture, health, sanitation etc.) by the rural people

CAUSES

Scarcity of Water (Drinking water, Domestic Uses, etc.)

Scarcity of Safe Drinking Water (Qualities)

Lack of Sanitation Facilities

Security of food particularly in the lean period

Unemployment/less income generating options

Land Productivity Degradation

Jhum rice production is decreasing

Land titles
CHT Accord institutions are strengthened in activities related to transfer subjects

Economic productivity of roads are improved by continuing the extension of transport links in CHT. Access to village is also improved

- Village access to markets and schools, other roads is improved
- Village level agricultural productivity is improved sustainably.
- Crop production of land throughout the year is improved.

Villagers in CHT are trained to improve value chain in constraints resulting in improved return for products and higher income. Trained villagers influence other community members resulting in uptake of the activities on large scale.

1. Contribute to poverty
2. Suitable implementation arrangements to underpin the Peace Accord.

- Employment.
- Incomes generation opportunity for CHT people.

Institutional capacity of MOCHTA CHT agencies are improved

Phase-I incomplete U/U roads completed

- Design and construction started, but incomplete roads from Phase-I
- From committee with RC & LGED to select other roads from Phase-I upto 239Km

Community level public works completed
- Irrigation
- Steps/Patens
- Watershed

Small agricultural development promoted in CHT

- Design and construct small village access in 3 districts
- Develop village watershed delineation & land use mapping and terracing etc.
- Design and construct irrigation schemes & water supply for selected villages in CHT.

- Provide training on farm management
- Set up nurseries
- Develop local skilled veterinary
- Develop network of local para veterinary for veterinary service
- Demonstrate cost reduction options of IPM
- Develop market linkages
- Strengthen BARI
### Appendix 2: Interim Design and Monitoring Framework

<table>
<thead>
<tr>
<th>Design Summary</th>
<th>Performance Targets/Indicators</th>
<th>Data Sources/Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| To contribute to a reduction in the incidence of poverty in CHT and suitable implementation arrangements to underpin the CHT Accord and strengthen key institutions to help meet the mandated role. | 5 years after completion of the Project (2024):  
Sustained reduction in the incidence of poverty on CHT.  
Key institutions supporting the CHT Accord strengthened to help meet their mandated role. | • Data of Bureau of Statistics  
• National Poverty Level data  
• ADB and development partners’ reports  
• External independent performance evaluation | • Macroeconomic and political stability  
• 1997 Chittagong Hill Tracts Accord remains effective and is implemented  
• Timely amendment of the CHT Land Commission Act, 2001 for sustainability of investments in land-based rural livelihoods investments  
• No security threats or revitalization of insurgency movement |
| **Outcome**    | By the end of the Project (2019):  
increased employment and income generating opportunity for the people of CHT through community participatory subproject development. | • Household incomes increased by Tk ***** million  
• Incremental employment of *** million person-days per annum (33% women)  
• CHTRC and 3 HDCs functional and capable of carrying out defined roles in Project operations  
• All staff positions filled since Project inception fully funded and supported by routine budget and processes of the Government.  
• Project Benefit monitoring and evaluation (BME)  
• Project Completion Report  
• External Evaluations  
• Special Evaluation Studies  
• Government Orders  
• ADB and development partners’ reports  
• External independent performance evaluation | • The Government continues to support the principle of the CHT Accord  
• Key stakeholders (MOCHTA, CHTRC and HDCs) remain committed to institutional strengthening and support recommended participatory rural development process  
• Where impacts are unavoidable, the Government accepts ADB’s requirements on resettlement, environment, and indigenous  
• The Government continues to provide a supportive institutional framework at Upazila and Union Parishad levels, and that changes at these levels, if they occur, do not cause temporary institutional vacuum |
|                |                                 |                                   | • Political instability and security situation prevents Project implementation  
• Natural disasters |
### Design Summary

**Output A. Institutional Development and Project Management**

- Enhanced institutional capacity and capability of MOCHTA, CHTRC and 3 HDCs.
- Project implementation supported by effective management arrangements within CHTRC and 3 HDCs.
- Safeguards and Quality Monitoring Cell established and operational.
- All aspects of Project safeguards are adequately addressed.
- Project management systems operational.

### Performance Targets/Indicators

<table>
<thead>
<tr>
<th>Output A</th>
<th>Targets/Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Relevant vacant positions filled (&gt;50% IP from a range of ethnic groups) by end Project Year 1 and funded and supported by routine Government budget by end Project Year 3 in accordance with Project Capacity Building Plan.</td>
</tr>
<tr>
<td></td>
<td>***** person-days of training for CHTRC and 3 HDCs personnel.</td>
</tr>
<tr>
<td></td>
<td>Office equipment, office enhancement, and transport is provided and allocated as per Capacity Building Plan with operational budget from Government by end of Project Year 3.</td>
</tr>
<tr>
<td></td>
<td>Project Implementation Consultant fielded by 2012.</td>
</tr>
<tr>
<td></td>
<td>Local firms/NGO recruited by 2012.</td>
</tr>
<tr>
<td></td>
<td>Baseline data available by end Project Year 1.</td>
</tr>
</tbody>
</table>

### Data Sources/Reporting Mechanisms

- QPRs
- Project Review Missions
- PSC minutes
- MTR
- Regular independent monitoring reports to ADB.
- PCR comparison with baseline data.

### Assumptions and Risks

**Assumptions**

- Competent people, including IP, can be identified and engaged for the identified vacant positions.
- Skilled human resources are engaged and remain in place.
- The Government is prepared and able to transitionally move all new appointees to permanent positions by end of Project Year 3.
- Partner Agencies continue their interest and support in the Project.
- Timely recruitment of consultants.
- Participatory subproject implementation principles are effectively applied.
- EffectiveBaseline data can be established.
- Safeguard and Quality Monitoring Cell is able to provide independent reports to ADB.

**Risks**

- Lack of Government commitment and supporting budget.
- Security declarations prevent effective safeguards and quality monitoring.
<table>
<thead>
<tr>
<th>Design Summary</th>
<th>Performance Targets/Indicators</th>
<th>Data Sources/Reporting Mechanisms</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output B – Roads and Markets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Complete incomplete upazila and union roads commenced in CHTRDP-I</td>
<td>***km of uncompleted roads completed; **km of scheduled roads planned in consultation with CHTR, designed and implemented in a phased program over the remained of the program – based on reassessed priority using LCS where practical and possible. **** market buildings with toilets constructed.</td>
<td>Project Review Missions, QPR, MTR, PCR, Regular reports of Safeguard and Quality Monitoring Cell</td>
<td>- LGED and CHTRC concur on road prioritization: alignment and safeguard adequacy. - Market sites with available water can be identified. - LGED engages competent contractors. - Safeguard and Quality Monitoring Cell is allowed to operate independently. - People are willing and able to participate in LCS activities. - Project Director is prepared, and able, to withhold funds in the absence of adequate levels of safeguard mitigation and quality of work. - ADB does not pressure EA for funds expenditure on agreed schedules. - Fully routine funded maintenance arrangements are in place within LGED to maintain roads implemented under the Project from the date of their completion and formal acceptance by LGED.</td>
</tr>
<tr>
<td>Plan, prepare and design union and upazila roads that were scheduled for implementation in CHTRDP-I but not done. Construct market facilities with toilets.</td>
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<tr>
<td><strong>Output C - Community Infrastructure</strong></td>
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<tr>
<td>Promote effective watershed management. Construct small feeder roads/paths between and within villages and connect villages to union and upazila roads constructed under Component B. Provide participatory community based small irrigation systems and water resource interventions.</td>
<td>Watershed management activities undertaken in **** discrete small catchments with greater community awareness for the need for better practices and improved practices continuing. ***km of small feeder roads/paths constructed using community based selection, planning, design and construction methods, with LCS principles in use where practical and possible. **** small irrigation systems constructed or improved covering a total of ***ha. **** community domestic water supply facilities completed.</td>
<td>QPR, Project Review Missions, MTR, PCR inspection and comparison with baseline date.</td>
<td>- Technical capacity in line with Capacity Building Plan exists or can be developed in 3 HDCs to manage this component. - People are will and able to engage in LCS construction. - Communities are prepared to engage in planning, design and implementation process,</td>
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</tbody>
</table>
## Design Summary

**Component D – Micro Agri-business Development**

Nodules of villages, linked by roads/paths constructed under Component C and served by upazila and union roads constructed under Component B have small agri-business activities promoted and developed and nurtured.

- By **** nodules of villages served by new agri-business activities.
- *** villages and *** households integrated into the program.
- Participating household incomes increased *****%.

## Performance Targets/Indicators

- QPR
- Project Review Missions
- MTR
- PCR inspection and comparison with baseline date.

## Data Sources/Reporting Mechanisms

## Assumptions and Risks

### Assumptions
- •
- Access outputs of Components B and C are processed and completed on schedule;

### Risks
- •
- Prevailing security situation may prevent consultant field work in specific areas.
- Security declarations may prevent effective safeguards and quality monitoring.

## Activities with Milestones

### Component A: Institutional Development and Project Management

- ADB - $45.0 million;
- Co-financed Grant $***m
- Government - $*** million; and
- Beneficiaries - $*** million.

This total program of $**** million will be expended as follows:

- Training and Capacity Building - $*** million
- Procurement and distribution of Equipment - $****
  - ** Vehicles
  - ** Motor Cycles
  - *****other
- Implementation Consultants - $****million.
- Consultants for subproject preparation and design - $****;
- NGO support to WMCAs - $***;
- ****************
- ****************
- Civil Works - $********
- Taxes and duties ($**** million)
- Contingencies ($**** million)

### Component B: Roads and Markets

### Component C: Community Infrastructure

### Component D: Small Agri-business Promotion

ADB = Asian Development Bank; CHTRC = Chittagong Hill Tracts Regional Council; HDC = Hill District Council; LGED = Local Government Engineering Division,
Appendix 3: External Assistance in Agriculture Environment and Transport (Other Projects)

The following sections provide an overview of current development interventions in the CHT, including government or research agencies, NGOs, UN, EU, DANIDA, etc.

1. Chittagong Hill Tracts Development Facility (CHTDF)\textsuperscript{25} – Community Empowerment Program (CEP)

The project was identified in 2003 and signed in 2005 with an initial duration of five years and at a cost of USD 50 million. The project was extended through to 2013, including an augmented budget of USD 160 million, including funding from UNDP, EU, AusAID, Canada, Japan, Norway, and USAID. UNDP is implementing the project and is working closely with MoCHTA, RC, three HDCs, CHT Circle Chiefs and NGOs based in CHT. The project is broad-ranging and multi-faceted comprising (i) institutional strengthening / governance, (ii) economic opportunities for local farmers and enterprises, (iii) literacy, (iv) health, (v) local community empowerment and management support, and (vi) confidence building.

The program now covers 20 Upazilas (out of a total of 25, up from the initial 16) and all 94 Unions in 3 districts. By the end of 2009 it had reached 2,722 communities in 16 Upazilas, covering 108,880 households and 598,840 inhabitants; out of a total population of 1.5 million. Some 340 new communities are under expansion in new areas. In total, 13 local (implementing) partner NGOs cover 20 Upazilas, employing 573 local staff from respective local areas.

A total of 2,722 Para Development Committees (PDCs) and 1,150 Para Nari (women’s) Development Groups (PNDGs) set up at village level, are responsible for identification and implementation of subprojects. As of June 2010\textsuperscript{26}, a total of 4,982 subprojects have been initiated in 16 Upazilas, comprising 2,700 subprojects with PDCs and 1,150 subprojects with PNDGs, totaling BDT 22 million and mostly comprising individual small grants (at BDT 400,000 per subproject to be used for village-selected activities). About 85% of villages selected livestock, 42% agriculture or horticulture, 39% purchase of agricultural machinery, and 7% sanitation subprojects. Some communities had more than two subprojects. Rice banks were established in 787 community PDCs. Technical and management training (e.g. livestock, agriculture, fisheries, organization management, and financial management) provided to 2,700 communities. Information dissemination workshops were provided in all unions (at central points) where service providers and beneficiaries came together.

In all instances, UNDP activities overlaid the same Upazilas as CHTRDP-I apart from Naikhongchari (Bandarban), Naniarchor (Rangamati) and Mohalchari (Khagrachari), where UNDP was not present at the time. Where UNDP operational areas overlapped, there was no systematically planned effort to actually overlap each project’s interventions at village / farmer field levels.

2. Agriculture and Food Security Project (AFSP)\textsuperscript{27}

Funded by DANIDA under the Agricultural Extension Component (AEC) under its nationwide Agricultural Sector Program Support II (ASPS II 2006-11; DKK 531k) following on from ASPS I (2000-2006). Besides, ASPS II supports Regional Fisheries and Livestock Development (RFLDC) and Rural Roads and Market Access (RRMAC).

The overall purpose of AFSP is identical with the development objective of ASPS II, only it is tailored specifically to the local needs / constraints prevailing in CHT, namely, to improve the living conditions of poor marginal and small farmer households through enhanced, integrated and sustainable agricultural productivity. The initiative was launched in CHT in September 2009, running through 2011

\textsuperscript{25} Complete title is “Promotion of Development and Confidence Building in CHT” – source of information AFSP project proposal submitted to EU Food Facility by UNDP, 23 March 2010.

\textsuperscript{26} UNDP briefing meeting / presentation to ADB TA No 7432-BAN, Rangamati, June 2010

\textsuperscript{27} Agriculture & Food Security Project in the Chittagong Hill Tracts, Project Proposal, 7 October 2009.
(with a value of DKK 20 million), to be augmented as an expanded/follow-on project\textsuperscript{28} (for 2010 – 2011 initially, with a value of Euro 7.5 million). A Farmer Field School (FFS) group approach is used nationwide has been modified and adapted to suit local conditions. In CHT, a network of locally recruited / village-level Field School Facilitators (FSF) are identified by the PDCs and recruited from the local community, then trained and supported, including provision of some strategic support for extension service and BARI to become involved in support of Farmer Field Schools, PDC Agricultural Development Projects, Knowledge Sharing, Exchange Visits and Farmer Field Days.

To avoid the lengthy approval processes for AFSP, it was agreed by DANIDA that project implementation would be through CHTDF / UNDP. The activities are an integral part of UNDP / CEP program. The primary target group consists of remote communities who are encouraged to adopt improved and environmentally friendly upland farming practices for field crops, vegetables, fruits, spices, medicinal plants, livestock, agro-forestry, fisheries, etc. through the Farmer Field School concept and implementation of small-scale development projects\textsuperscript{29}.

AFSP is establishing and operating through a network of community-based FFSs benefiting from the experience and lessons learned from the existing (National) ASPS II program, specifically the Agriculture Extension Component and the Regional Fisheries and Livestock Component.

A total of 600 FFSs are being established in 450 remote villages and will be linked to improved Government and NGO support at Union level in at least 16 Upazilas (also covered by CEP\textsuperscript{30}). A total of 18,000 farmers are expected to attend the FFSs and a further 60,000 farmers from neighboring villages are expected to study FFS results during farmer field days. In addition, 450 agriculture development projects will be supported through small grants made by the Project, managed by existing PDCs established through CEP.

Supported by NGOs, AFSP is using the existing local governance structure of PDCs to mobilize farmers, establish FFSs and take forward small-scale Agriculture Development Projects. The FFSs are being facilitated by building up a network of 450 village based field school facilitators (FSFs), recruited from the local community. The FSFs receive remuneration directly from PDCs. Local facilitators are preferred because they know the community well, speak the same language, are respected by other farmers and are knowledgeable of the area.

The project is paying special attention to building the capacities of Government Extension Services at Upazila level in order to improve the assistance provided by Government to FFSs and farming communities. Line department extension officers (crops, livestock and fisheries) receive training in facilitation skills and improved upland farming practices. It is expected that most of the trained extension officers will be used as trainers for the FFS training and that they will contribute to the technical backstopping of the FFS and the small scale Agriculture Development Projects. In addition to budgeted extension offices visits, the communities can purchase additional extension services and NGO services utilizing their budget.

Euro 30,000 has been allocated to contract BARI to establish a limited number of farmer demonstrations on farmer’s fields in nearby locations (as a start-up activity). Complementary to the existing national policies and strategies AFSP will provide support to CHTRC and HDC to prepare a CHT Agriculture Strategy. In the preparation of the strategy, emphasis will be given to an approach that responds to local problems and needs, and gives a special focus to the unique physical and cultural landscape of the CHT. A package of international and local consultancies is envisaged to further develop this activity.

Project achievements as of June 2010 include:

\textsuperscript{28} Agriculture & Food Security Project in the Chittagong Hill Tracts, Project Proposal submitted to EU Food Facility by UNDP, 23 March 2010

\textsuperscript{29} It is these kinds of interventions which are also needed, as an extension of these project technologies, to overlap the CHTRDP-II irrigation infrastructure including, those constructed and commissioned during phase-I.

\textsuperscript{30} Of which seven Upazilas covered by CHTRDP-I, also proposed to be covered by CHTRDP II, including AFSP-based agricultural interventions are not included.
 Orientation workshops completed with 3 HDCs  
 LoA signed with 3 HDCs  
 Three workshops organized on identification of FFS topics and curriculum development  
 One regional-level workshops organized to finalize FFS topics and to identify the training approach to be applied CHT context  
 One workshop to develop modules on different topics for FFS in progress  
 Learning visit to RFLDC, Noakhali  
 Beneficiary communities (PDCs) for FFS have been selected  
 HDC based staff recruitment process on-going  
 First installment transferred to HDC.

3. EC CHARM

The Chittagong Hill Tracts Improved Natural Resources Project (CHARM) ran from 2005 - 2006 and was the product of a partnership between the European Commission (EC) and the Government of Bangladesh (GoB). The project aimed to develop partnerships between the European Union (EU) institutes and Bangladeshi organizations to produce an environment and natural resource baseline for the CHT, to pilot land use planning techniques in an experimental area, and to develop analytical tools and useful products pertinent to various environmental issues in the CHT.

4. World Food Programme

The EC Humanitarian Aid Office (ECHO) is providing assistance to the World Food Programme (WFP) to support livelihoods and maintain household food security in response to the rat crisis in the CHT.

The EC Food Facility is designed to respond to the steep increases in food prices with a range of measures to increase agricultural production and social measures to ensure adequate food security. From 2008-2011 Bangladesh will receive €50 million and the EC will partner with UNDP, WFP and Food and Agriculture Organization (FAO) in delivering the assistance.

5. Food and Agriculture Organization

In March, 2009, the Food and Agriculture Organization (FAO) organized a field mission to determine possible areas for collaboration with the Government of Bangladesh and the Regional Council. The mission discussed the feasibility of agro-forestry and alternative crops (including coffee, fruit and timber), the current progress of the rat flood, the potential of gravity ropeways to overcome infrastructural constraints, and the use of rubber dams for irrigation purposes. Additional studies and expert missions are planned.

6. Helen Keller International

Helen Keller International (HKI) is involved in Homestead Food Production projects which aim to improve nutrition through increased food availability in poor communities located in the most vulnerable parts of Bangladesh. The CHT is among three key target areas. HKI promotes poultry rearing and home gardening, and provides nutritional and gender awareness training through 52 NGOs and has reached over 900,000 beneficiaries in Bangladesh.

7. ICIMOD

The International Centre for Integrated Mountain Development (ICIMOD) is an international partner of CHTDF and is currently involved in assessing the viability of rural income generating activities in the CHT and the creation of sustainable trade and livelihood linkages. In 2008, ICIMOD conducted training in beekeeping and feasibility studies on mushroom, ginger and medicinal plant cultivation in the region.

31 Provided by: UNDP / DANIDA AFSP Project, acknowledged with thanks.
8. Other Relevant TA

The PPTA is running in parallel with TA 7481 Land Use Mapping of the CHT the expected impact of which is informed and sustainable planning and monitoring of development interventions in CHT. This TA will develop land use and topographic maps of CHT to provide basis for setting up a GIS-based natural resources database.

The outputs from this TA may not be produced in time for the PPTA but they would definitely be useful for the implementation of the ensuing loan project (CHTRDP II). To date, no working maps of CHT have been located that can be used for the project design, in particular, to guide the village selection process, and the agriculture, watersheds and marketing assessments. If the scale is appropriate, the maps that will be produced by the TA would be useful for the engineering aspects of road design and irrigation works design.

The ADB RETA 6503 Targeted Capacity Building for Mainstreaming Indigenous Peoples Concerns in Development is also of relevance to the PPTA. The RETA is providing support to establish sufficient capacity among the Government of Bangladesh implementing agencies to apply the Bank’s safeguards policy in Bank supported grants and loan projects. In particular, MoCHTA, CHRC and LGED are receiving training in relation to CHT operations.

Five separate training modules were identified following the training needs assessment and which would be developed as a training package under the RETA. The modules are:

Module – 1: Orientation on Indigenous Peoples related laws and regulations in Bangladesh, with a particular focus on CHT
Module – 2: International Human Rights Instruments and Mechanisms on Indigenous Peoples
Module – 3: International Development Safeguard Mechanisms on Indigenous Peoples, with a particular focus on the ADB Safeguard Policy Statement and its implications for the Planning and Management of Development Projects
Module – 4: Customary Land Rights and Natural Resources Management of Indigenous Peoples in Bangladesh
Module – 5: Indigenous Peoples Rights: examples from other countries and regions

9. Lessons learned from CHTRDP-I

The project design for CHTRDP II will be informed by the experience of CHTRDP I. An upfront study carried out by ADB, CHT Study for Potential for Integrated Small-Scale Water Resources, reviewed the activities of CHTRDP I and other development partner activities in the area and drew the following broad lessons:

(i) Lack of village access to local markets remains an impediment in the development and transformation of production and subproject development needs to be more directly linked with improved access;
(ii) Type of access and associated selection criteria are required to safeguard benefits for disadvantaged and remote communities;
(iii) Security of land tenure is a critical requirement for transformation of production;
(iv) Mode of cultivation appears to be a major influencing factor on rural incomes and degree of social development;
(v) Sustainability of small rural infrastructure investments may be at risk due to limited beneficiary participation in the development process and insufficient awareness of their operation and maintenance (O&M) role and responsibilities; and

32 ADB, February 2010
Project entry at the union level prevents representation by all villages particularly disadvantaged groups.

Other lessons learned from CHTRDP-I\textsuperscript{33} are summarized below. These are also further discussed in the succeeding sections.

(i) The shortfall in meeting upazila and union road targets was attributed to the withdrawal of $15.0 million co-financing (from the Danish International Development Agency following loan approval).

(ii) Some 2,054 community development subprojects were implemented of which 61\% were for irrigation and agriculture (1,253 projects), 20\% for drinking water (411 projects) and the remainder for other village development activities (390 projects).

(iii) Mobilizing IPs for construction labor (for road works) was difficult rendering contractors to rely on sourcing their own “non-local” labor.

(iv) Undertaking construction works and sequencing construction packages in steep topography and remote areas with poor access was challenging and led to implementation delays.\textsuperscript{34}

(v) More intensive capacity building efforts are required for empowerment of local leaders and communities and sustainability of rural development interventions. Additionally, the CHTRDP did not sufficiently reach the target groups, rural poor in remote areas such as those living in the highlands; it did not demonstratively improve livelihoods and result in poverty reduction, especially for women.

\textsuperscript{33} CHTRDP II PPTA Concept Paper December 2009

\textsuperscript{34} The delays were also attributed to inadequate knowledge of the timing of the changes in reservoir level throughout the seasons.
Appendix 4: Lessons from Externally Funded Projects

<table>
<thead>
<tr>
<th>External Assistance Project</th>
<th>Main Points</th>
<th>Incorporation into CHTRDP-II design</th>
</tr>
</thead>
</table>
| CHTRDP I                    | 1. LGED Road Infrastructure design  
2. Timing of contract packages  
3. Appropriate access for villages  
4. Livelihood programmes  
5. Monitoring arrangements and Quality control  
6. Involuntary resettlement  
7. Land tenure critical for productivity  
8. LCS type participation in construction improves O&M  
9. Project spread too thinly on ground with less discernable impact  
10. Local labour mobilization for construction was difficult.  
11. Difficult access impacted timing of implementation.  
12. Phase I interventions may not have reached more remote villages. | 1. Need formal surveys / designs (alignment etc…)  
2. Timing of mobilization of contractors will be coordinated with completion of resettlement and completion of upstream road section.  
3. Type A & B roads mainly for village access  
4. Other development initiatives in CHT cover this aspect of development. CHTRDP II proposes not to have significant interventions but complement with small infrastructure  
5. Real time monitoring of implementation will be undertaken by independent monitoring agency contracted by PMU, reporting to RC and ADB on all aspects of implementation quality including civil works, environmental standards and resettlement.  
6. IR protection measures will be a significant component of phase II.  
7. Project design draws attention to this issue. Implementation of ADB safeguards associated with CW prevents PIP from being dispossessed of livelihood/land. Village mapping intended to ascertain village level occupation of land strengthens ownership. Watershed land use mapping has same effect.  
8. Project will use either PDC or LCS  
9. Implementation is prioritized across upazilas according to UNDP vulnerability index with all possible interventions built into village package.  
10. PDCs will be mobilized to explain and ensure local participation. Same will be required from contractors in their contracts and monitored.  
11. Develop realistic time frame  
12. Entry level for remote locations will be village level + see item 9. |
<table>
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<tr>
<th>External Assistance Project</th>
<th>Main Points</th>
<th>Incorporation into CHTRDP-II design</th>
</tr>
</thead>
</table>
| UNDP-CHTDF CEP              | 1. Development of livelihood activities  
2. PDCs are viable village level institutions however may not have higher vision of regional planning | 1. Other development initiatives in CHT cover this aspect of development. CHTRDP-II proposes not to have significant interventions but complement with small infrastructure  
2. Project aims to use PDCs for identification of village works (to be confirmed with LCS) focusing on more remote communities. In more densely populated areas, Union parishad involvement will be sought for village works also. |
| AFSP                        | 1. Uses PDCs for livelihood programmes in CHT  
2. Forms farmer field schools  
3. Involvement of BARI however funding too small for the task.  
4. Uses local facilitators for FFS  
5. CHT agriculture strategy developed | 1. CHTRDPII will use PDCs also  
2. ...?  
3. Propose institutional strengthening of BARI to complement marketing initiatives and AFSP  
4. will use local NGOs and facilitators for implementation (culture, language, etc.)  
5. will ensure complementarity with AS |
| ICIMOD                      | 1. Trade and livelihood linkages | 1. used in market study |
| PPTA 7481 Land Use Mapping of CHT | 1. planning and monitoring of development interventions in CHT | 1. output can be used for the design of CHTRDP II.  
2. closed contact with implementation team |
| ADB RETA 6503 targeted capacity Building for mainstreaming indigenous peoples concerns in development | 1..... | 1...... |
| GoB PRSP II                 | 1. Road communication to link growth centres on priority basis  
2. Land availability  
3. Local conflict in prioritizing roads | 1. Use UNDP vulnerability index  
2. LAR and IP Frameworks fully developed and implementation monitored and enforced |
Appendix 5: Summary Design for Six Subprojects

<table>
<thead>
<tr>
<th>District</th>
<th>Para (village)</th>
<th>Date of consultation</th>
<th>Summary of discussed interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>RANGAMATI</td>
<td>Bonjogicha Para</td>
<td>19 June</td>
<td>20 Km road, water supply, irrigation pipes, power tillers, horticulture</td>
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<tr>
<td></td>
<td>Wagga [Sapchari]</td>
<td>10 June</td>
<td>Culverts; drainage; road extension , 3 km of road, ring well</td>
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<tr>
<td></td>
<td>Jibtoli Headman Para</td>
<td>13 June</td>
<td>Ring well, access roads, RCC steps, foot bridge/ culvert, U-drain.</td>
</tr>
<tr>
<td>KHAGRACHARI</td>
<td>Chitta Member Para</td>
<td>22-24 June</td>
<td>Rice shortage noted for May and June; CHTRDP I built a road but no one has a car; Community enthusiastic about horticultural training and nursery; road extension desired by community and LGED for 7 km to connect with Bhai-bon chara</td>
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<tr>
<td></td>
<td>Juiggyachola</td>
<td>22-24 June</td>
<td>150 m road connection including 50 m bridge to main road, well for water supply including irrigation</td>
</tr>
<tr>
<td></td>
<td>Chittaranjan Karbari</td>
<td>22-24 June</td>
<td>Electricity; 600 m irrigation drain with LLP pump; 800 m access road and a bridge.</td>
</tr>
<tr>
<td>BANDARBAN</td>
<td>Antapara</td>
<td>15 June</td>
<td>Improved domestic water supply; Household latrines; A 3km to 4km Union road with one culvert to connect the village to their vegetable gardens; An extension to the brick track past the church, with 3 branches to another para – total length about 1km; Construction of cross dams.</td>
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<td>Chemidulu Para</td>
<td>16 June</td>
<td>Tree nursery; land titles; watershed management; tube well for drinking water; private coaching centre for children; 2 village access tracks, each 0.5 km long; dam with a sluice gate to irrigate 50 acres of land; construction skills training.</td>
</tr>
<tr>
<td></td>
<td>Kafru Para</td>
<td>15 June</td>
<td>1500 m of steps; horticulture; watershed management; land titles; domestic water supply repair;</td>
</tr>
</tbody>
</table>

It is clear from discussions with the nine villages so far that their perceived requirements for assistance in development are integrated across livelihood enhancement and infrastructure development. Villagers are receptive to a package of assistance straddling a combination of interventions and this has been demonstrated to provide best multiplier effects to improve economic enhancement. These packages will differ in mix and levels of sophistication depending on the backgrounds of the villages in question. It is expected though, that there will be categories of these packages broadly based on the selection criteria already developed for the scoping exercise carried out including prevalence of roads, number of beneficiaries, ethnicity, land status, water, electricity and agriculture, ecosystem category (elevation, slope etc.

Practically, CHTRDP II IA’s will disseminate information relating to support available for community interventions related to small scale village access, water resources utility, agriculture and market development. Para development committees will work with a selected NGOs to identify the potential projects and prepare an assessment of needed interventions. The survey instrument shall provide information on (i) households including migration, land ownership, crop production, food consumption, expenditure, ethnicity, proximity to military camps, WASH and (ii) villages such as

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35 Where already active
36 It is proposed that NGOs will be selected to undertake the survey of villages “development vision” as a long list, as well as collection of key SE data. This will fulfill the requirement of the SE survey for base line purposes as well as the needed information for pre-feasibility and costing.
ecological/natural resources information such as altitude, slope, orientation, education, road connection and communities intended interventions derived from long list.

Based on this, the project will prioritize villages and prioritize the proposed interventions at the village level based on technical, financial, environmental and social criteria. The TA Team will develop the screening criteria in consultation with stakeholders. These will be different for different groups of IP as explained in more detail in section II G para 58 because different ethnic groups have different integration into the cash economy, into Bangladesh culture and society and thus their development needs will be different.

Six prioritized subprojects will be studied to FS level including engineering survey, design, environmental/resettlement, agriculture/marketing, social impacts, economic and cost estimation. An agreement between para development committees and CHTRDP-II will be prepared featuring implementation modalities [for infrastructure for example], involvement of contractors for complicated works (if any), procurement of equipment (pumps and others), construction works to be carried out by the communities, terms and conditions of payment, cost sharing mechanism between, community and project, etc. Similar agreement will be developed for the livelihood component.

CHTRDP-II and IA’s will develop M&E modalities for comparison with the baseline and assessment of forecasted and actual benefits, extraction of lessons learned and modification of the process or technical aspects of the interventions. This cycle should be shorter (say a few months) rather than long in order to allow improvements to be made early. For infrastructure where needed, an operation and maintenance plan shall also be prepared by the communities with the support of project officials to ensure the sustainability of the sub-project.

The following shows the draft table of contents for the proposed feasibility studies for the six selected villages.
Appendix 6: Summary Process for Village and Upazila Selection

1. Prioritizing Upazilas

The first step is to prioritize upazilas, within a district, for intervention. For this ranking of upazilas the project will start with the ranking prepared by UNDP, WFP, UNICEF, and other agencies, which have been used in the ongoing UNDP project. If necessary, the UNDP rankings will be modified on the basis of changes over the last five years or so.

The UNDP ranking is of upazilas within a district. Using the “Total Points” in that table we can rank Upazilas across the CHT. After discussion with various stake-holders, it was proposed to make two changes in the original ranking. First, it was pointed out that over the last decade there has been substantial road and other infrastructure construction in Matiranga (Khagrachari district) and this upazila, therefore, should be dropped from the list of priority upazilas. Second, it was pointed out that Bagaichari (Rangamati district) still remains poorly connected and should, therefore, be included in the list of priority districts. This will be further investigated before the final priority list of upazilas is prepared.

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<thead>
<tr>
<th>S. No.</th>
<th>District</th>
<th>Upazila</th>
<th>Priority Rank Across Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Khagrachari</td>
<td>Laxmichari</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Dighinala</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Rangamati</td>
<td>Baghaichari</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Belaichari</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Langadu</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Barkal</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Jurachari</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>8</td>
<td>Bandarban</td>
<td>Thanchi</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Rowangchari</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Ruma</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>Naikhyangchari</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

N.B. A lower number denotes a higher priority.

2. Sequencing of Project Activities

Where Upazila roads have already been constructed by CHTRDP-1, the project can take up construction of village access roads – Class A and B roads; and village paths connecting to roads.

The leftover roads from Phase 1 can be the next areas to be targeted. LGED can take up these road constructions with attention paid to priority upazilas.

The incomplete roads from Phase 1 are about kms. In order to utilize the total of USD 20 million it is estimated that an additional 60-70 kms of Upazila and Union roads can be taken up. These additional roads should be only in the priority upazilas.

Basically project activities (sub-project selection) would be around roads constructed in Phase 1 and to be constructed in Phase 2.

3. Sub-project Selection

LGED sub-projects will be selected on the basis of prioritization outlined above. Village-level sub-projects will be selected by a process involving both the District Project Directors (DPDs) and the PDCs.

PDCs will submit their village development plans and requested works to the District Project Directors (DPDs), who will decide on the works to be undertaken.

In deciding between competing village requirements priority should be given to upland and remote communities.
Map A6.1: Upazila Priority Map – Rangamati
Map A6.2: Upazila Priority Map – Khagrachari
Map A6.4: CHT Priority Map
Appendix 7: Summary Livelihood and Marketing Approach

1. ISSUES/INTRODUCTION

Rural households in CHT have multiple sources of income but still agriculture is the main source. For example, in agriculture sector major sources are crops such as rice (field plough and Jhum cultivation), poultry and livestock, pond fisheries, fishing in Kaptai lake, fruits (pineapple, orange, mango, jackfruit, and banana), various summer and winter vegetables, and spices such as chili, zinger and turmeric. Besides, trading, wage employment in agriculture (day labour), and employments in non-farm areas such as government jobs, NGO jobs and employments garments sector are important and expanding sources of income.

Agricultural produce is normally sold in raw form in the local market limiting value addition. Investigations during the design period reveal many challenges related to marketing including production, human resources, finance, and support services and institutions. CHTRDP-II will be focusing on limited number of subsectors and will follow a value chain development approach in designing interventions and contributing to the development of the selected subsectors.

2. OBJECTIVE

The overall objective of this study was to design the livelihoods and value chain subcomponent of CHTRDP-II, as part of the ‘community development’ component. The sub-objectives were to i) make an assessment of overall livelihoods in CHT, ii) identify major profitable crop and non-crop livelihoods, iii) identify major opportunities and challenges in promoting livelihoods through development of selected value chains of important existing and potential product, and iv) study value chains of six selected products to use them as basis for developing interventions, estimating costs, and developing implementation methodology and monitoring and evaluation system for this subcomponent.

3. METHODOLOGY & CURRENT STATUS

Broadly the following steps have been undertaken to conduct initial livelihoods assessment followed by further investigations of six subsectors to design livelihoods and value chain subcomponent: a) Review documents of current projects; b) Assess agricultural livelihoods by collecting information from 15 villages including 6 PPTA selected villages, offices of three line agencies such DLS, DoF and DAE, selected NGOs and private sector stakeholders; c) Study market systems by consulting with farmers, traders from CHT, Chittagong, and Dhaka, wholesale markets, retailers and various input sellers and suppliers; d) Study six subsectors—[i) pond and creek/mini-lake fisheries, ii) livestock, iii) backyard poultry, iv) selected winter and summer vegetables, v) medicinal plants and fruits and vi) spicy leaf;] e) Design of livelihoods subcomponent is still in progress. The overall cost/budget for the subcomponent will be determined using information from six sample studies. Besides, implementation and management system, MIS, risks and mitigation steps, and overall monitoring and evaluation will be determined and planned.

4. CROPS AND HORTICULTURE LIVELIHOODS

CHT districts are found to be similar to other parts of the country with three distinct cropping seasons: Rabi (November to February), Kharif-1 (March to June) and Kharif-2 (July to October). Table 1 below provides summary of major crops produced in three seasons as collected from these 15 villages and reportedly, the pattern is similar in other places. Factors that contribute crop selection and production are: land (flat, hill, high hill) and soil type, irrigation, type of farming (plough and jhum), remoteness, access to market, knowledge, information, finance and technology, and in many cases, farmers mentioned that tradition and old practices do influence their choice of crops.

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Note a subsector is a product or collection of similar products and associated suppliers, buyers and support services. Since CHT is predominantly an agricultural economy and present livelihoods options are also mainly in agriculture it is only natural to select broadly agricultural sector.
All common crops are profitable as reported by the farmers. The production expenses may vary because of seed price (own seeds versus purchased seeds, labor (family labor versus hired labor, fertilizer cost (chemical versus organic; sometimes no fertilizer is applied because of lack of resources), and cost of pesticides. The highest expense item for vegetable production is pesticide, which is applied in alarming quantities increasing cost and risking public health. The sales figures may vary because of yields and prices received by the producers, which vary with of demand and supply, physical communication, and proximity to market. However, no farmer reported loss in summer vegetables production. Price level remains steady for vegetables.

**Table A7.1: Major crops by seasons**

<table>
<thead>
<tr>
<th>Rabi (Nov.-Feb.)</th>
<th>Kharif-1 (March-June)</th>
<th>Kharif-2 (July-Sept/Oct.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Boro rice (irrigated): BRRI 28, 29</td>
<td>• Zinger, turmeric</td>
<td>Rice (BRRI 11 and local Amon varieties)</td>
</tr>
<tr>
<td>• Winter vegetables: (Tomato, Eggplant, Beans, cabbage, cauliflower)</td>
<td>• Rice (small quantity)</td>
<td></td>
</tr>
<tr>
<td>• Potato</td>
<td>• Sweet maize</td>
<td></td>
</tr>
<tr>
<td>• Mustard</td>
<td>• Fruits (mango, litchi, pineapple, banana, guava)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Summer vegetables: bitter gourd, cucumber, sweet gourd, spicy leaf, Brinjal (hybrid), kakrol</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Arum (Ol kochu and chara kochu)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Papaya</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sugar cane</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Spicy leaf (in limited places)</td>
<td></td>
</tr>
<tr>
<td>Jhum cultivation: Same as above</td>
<td></td>
<td>Jhum: rice, in some high land cotton and sesame (oil seeds)</td>
</tr>
</tbody>
</table>

Source: FGDs and interviews

### 5. OPPORTUNITIES AND CHALLENGES: VEGETABLES, FRUITS AND SPICES

Table A7.2 provides summary of present positive status and challenges in vegetables, fruits, and spice sectors equally applicable in three CHT districts:
### Table A7.2: Summary of status and challenges in vegetables, fruits and spice sectors

<table>
<thead>
<tr>
<th>Areas</th>
<th>Positive present situation</th>
<th>Challenges</th>
</tr>
</thead>
</table>
| **Product and market**       | - Crops produced are of good quality and have good demand in wider market, i.e. CHT and other parts of the country  
- Price is good (except for pineapple and for commodities produced in distant places with poor communication)  
- Produces are efficiently marketed because good road communication, physical markets and networks of traders though significant improvement can be made.  
- Market information through cell phone and physical access have improved farmers’ price.  
- More profitable crops are being introduced in some areas | - Limited types of similar commodities are produced by farmers  
- Tobacco production has widely spread creating health and environmental concerns (soil degradation, increased fire wood use)  
- Major markets are basically roadsides without shed and parking space for trucks and limited number of collection points in distant places without sheds, which discourages more buyers besides inconvenience and wastages. |
| **Technology and production**| - HYV and hybrid seeds are used  
- Production techniques are similar to plain areas districts  
- New techniques (tiller) and fertilizers used.  
- Inputs are readily available from private sources except in extremely remote areas | - Jhum cultivation, environmental concerns persists  
- Quality of seed, pesticide and fertilizer is questionable  
- Alternative profitable options against tobacco is yet to be found  
- Pesticide use is widespread in all major vegetables (brinjal and cucurbits)  
- Limited irrigation facilities restricts cultivation during rabi season |
| **Human resources**          | - Basic farming techniques are known and practiced  
- Neighbors and input sellers are main source of information | - Farmers often try out inputs without correct information  
- New commodities and techniques are tried without proper knowledge  
- Sometimes inefficient techniques are continued as traditions (e.g. choice of varieties, process) |
| **Finance**                  | - Own money (equity) is used as capital  
- Some MFIs and banks (BKB, Agrani Bank) provide loans | - Microcredit system (weekly repayment) is not suitable; needs seasonal (single payment system)  
- Access is limited to limited number of places (populace centers) |
| **Support services and Institution** | - Extension service is available in some accessible places  
- Some training from GOB and NGOs but not sustainable | - GoB Extension service is very limited  
- Problem solving research is weak to non-existent  
- Private extension and training service is non-existent |
Table A7.3: Summary of positive status and challenges in non-crop sector

<table>
<thead>
<tr>
<th>Areas</th>
<th>Positive Present Situation</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pond and creek fisheries</td>
<td>• Huge opportunity although proper attention is not given</td>
<td>• Pond fisheries are yet to be recognized as good source of income</td>
</tr>
<tr>
<td></td>
<td>• Several thousand ponds and creeks/mini-lakes, mostly in Khagrachari</td>
<td>• Supply of good quality fingerlings is not ensured</td>
</tr>
<tr>
<td></td>
<td>• Less than 5% properly cultivated</td>
<td>• Limited knowledge of good farm management practices (pond preparation, feed, water quality, stocking)</td>
</tr>
<tr>
<td></td>
<td>• 4 upazilas in Rangamati and three in Bandarban are suitable for pond fisheries</td>
<td>• Low production yield</td>
</tr>
<tr>
<td></td>
<td>• CHT is net importer of fish</td>
<td></td>
</tr>
<tr>
<td>Livestock</td>
<td>• Very important source of income</td>
<td>• Preventive health service ranges from limited access to non-existent</td>
</tr>
<tr>
<td></td>
<td>• 25 to 90% families raise livestock depending on location, grass etc.</td>
<td>• Curative service limited to accessible areas (within 2-3 km of upazila);</td>
</tr>
<tr>
<td></td>
<td>• Local varieties are raised</td>
<td>• High mortality rate</td>
</tr>
<tr>
<td></td>
<td>• Market is not a problem; good price due to proximity to Chittagong market</td>
<td>• Local breeds are raised only but can be improved</td>
</tr>
<tr>
<td>Backyard Poultry</td>
<td>• Very popular and almost all HHs raise backyard chickens</td>
<td>• Vaccination service nil</td>
</tr>
<tr>
<td></td>
<td>• Limited scale broiler and layer farms</td>
<td>• High mortality rate</td>
</tr>
<tr>
<td></td>
<td>• Very good price for local birds (more than double than broiler)</td>
<td>• Absolute dependence on DLs for Health service; private and sustainable service providers are absent</td>
</tr>
<tr>
<td></td>
<td>• High potential for semi-scavenging farming</td>
<td></td>
</tr>
<tr>
<td>Herbs</td>
<td>• herbs: varieties of items; limited scale commercial production</td>
<td>• herbs: limited linkage with large commercial buyers; very limited commercial cultivation.</td>
</tr>
<tr>
<td>Mushroom</td>
<td>• mushroom: 3 NGOs are still active being former partner of ICIMOD; good demand and good price in CHT; profitable venture</td>
<td>• mushroom: limited demand and awareness in Ctg, Dhaka market to expand production in CHT</td>
</tr>
<tr>
<td>Honey</td>
<td>• honey: limited production; commercial production is up</td>
<td>• honey: limited supply of flowers; can be promoted with mustard cultivation.</td>
</tr>
<tr>
<td>Fruit Orchards</td>
<td>• fruits: new trends: GOB/DAE, BARI and private nurseries are promoting fruits orchards</td>
<td>• fruits orchards: limited technical services (plant selection, pest control etc)</td>
</tr>
</tbody>
</table>
6. POTENTIAL PRODUCTS OR SUB-SECTORS

The broad strategy for enhancing HH income from present and potential livelihood sources is as follows:

- Improve productivity of existing products either by increasing sales revenue through market related interventions or reducing cost and increasing production through production related interventions or both.
- Diversify sources of income by introducing totally new or expanding presently small sources into larger sources.

a. Criteria for Sub-sector Selection

The basic principles for selecting criteria are: indicators should be easily measurable and there should not be too many indicators that may cloud decision making process. Since the overriding objective of CHTRDP-II is poverty reduction, and consequently, enhancement of income the following indicators are used to select six products or subsectors for further investigation: i) Profitable products (but not at the expense of damaging environment); ii) Potential for increasing sales and employment (i.e. large number of farmers can be included); iii) Opportunities for strategic intervention; iv) Potential for visible results; and v) At the same time it has to be kept in mind that interventions should be simpler so that poor and often illiterate beneficiary can absorb and practice the.

b. Selected subsectors for detail study under PPTA

Table A6.4 presents the final selection of six products or cluster of products or subsectors that have been studied under PPTA and rationale of selection using indicators mentioned above. It also provides challenges and proposed (tentative) interventions in each subsector.
### Table A7.4: Summary of six selected products or subsectors studied

<table>
<thead>
<tr>
<th>Products</th>
<th>Rationale</th>
<th>Possible interventions (tentative)</th>
<th>Potential Upazilas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pond and creek/mini-lake fisheries</td>
<td>Thousands of farmers; diversification of income for families; can be implemented in majority upazila; quick and sustainable results are expected.</td>
<td>Training on farm management and exchange visits for farmers; assist setting up of private fingerling nurseries in CHT; setting up fingerling markets; introduction of high value indigenous fish culture; establish market linkage.</td>
<td>9 Upazilas in Khagrachhari, 3 Upazilas in Rangamati and 4 Upazilas in Banderban</td>
</tr>
<tr>
<td>Livestock</td>
<td>Significant source of family income; very large number of farmers raise livestock but no sustainable animal health service available.</td>
<td>Develop alternative NGO-managed animal health services; develop local skilled vets.; strengthen linkage with DLS wherever possible; training to farmer on improve livestock management.</td>
<td>All Upazilas in CHT but should be limited to selected CHTRDP-II project Upazilas</td>
</tr>
<tr>
<td>Backyard poultry</td>
<td>Very large number of families raise backyard poultry; potential for high income; high mortality and no reliable vaccination and curative service</td>
<td>Develop vaccination services through private network of local para-vets; training on improved farm management to encourage more investments; assist to develop local mini-hatcheries.</td>
<td>All Upazilas in CHT but should be limited to selected CHTRDP-II project Upazilas</td>
</tr>
<tr>
<td>Brinjal and cucurbits</td>
<td>Very large number of beneficiaries and profitable business; Apply alarming amount of expensive pesticides; no practice of IPM</td>
<td>Promote safe vegetables by introducing pheromone trap and other successful IPM practices to reduce cost; Training on quality seed selection and improved farm management; Establish linkage with exporters of vegetables.</td>
<td>All Upazilas in CHT but should be limited to selected CHTRDP-II project Upazilas</td>
</tr>
<tr>
<td>Medicinal herbs, fruits and plant</td>
<td>Potential for large scale commercial expansion; large number of families may benefit from this new subsector for CHT; potential land and soil conditions.</td>
<td>Establish linkage with pharmaceutical, Ayurvedic and cosmetic companies; train farmers on production techniques; develop local sources seeds and saplings for these plants</td>
<td>All Upazilas in CHT but should be limited to selected CHTRDP-II project Upazilas</td>
</tr>
<tr>
<td>Spicy leaf and alternative to tobacco</td>
<td>Spicy leaf production is very profitable but seed improvement and disease control needed; problem-solving research needed. Research needed to develop profitable alternatives to tobacco</td>
<td>Problem-solving research on disease control with BARI. Business research through BARI, NGO and selected farmers to recommend profitable crops as opposed to tobacco.</td>
<td>Although production is possible in all Upazilas but the research can be in Kaptai and Kawkhali upazila in Rangamati and Thanci Upazila in Banderban</td>
</tr>
<tr>
<td>Physical market and collection point development</td>
<td>No good space with shed and parking space available in major Upazila level markets; good facilities encourage more buyers; limited number of collection points at remote locations</td>
<td>Build market shed with truck parking space in major Upazila level markets; set up small collection points in remote places.</td>
<td>In all selected project Upazilas</td>
</tr>
<tr>
<td>Seasonal Agricultural loan</td>
<td>Present practice of weekly repayment system is not suitable for agriculture loans through demand for finance is very high.</td>
<td>Advocacy with MFIs, PKSF to offer seasonal agricultural loans to farmers. IDF, a PKSF-Partner MFI, is already offering in two Upazilas</td>
<td>All selected project Upazilas and active MFIs</td>
</tr>
</tbody>
</table>
Appendix 8: Summary Gender Action Plan

It has been observed that CHT women from different areas are vocal and can raise their demands from their own point of view only from those villages that have received or gone through various trainings such as awareness raising, capacity building, women rights, and leadership and gender issues. Moreover, they have a great access to market and other services. On the other hand, the opposite is found in those communities where women have less mobility outside the village due to absence of any connecting road, their work burden as well as untouched by development intervention.

The Gender assessment report will present the gender aspects of the project components under CHTRDP-II. It will explain firstly, the constraints of women’s access to market; secondly, construction work and the possibility of community people’s involvement; water supply and gender and finally propose preliminary Gender Action Plan.

1. **Women and access to market**

Women of the CHT are engaged in marketing vegetables, backyard poultry, weaved traditional clothes and fire wood. Sometimes they just carry goods to the collection points. It has been seen in the remote places where women have less access to market due to poor communication, distance, huge transportation cost, lack of communication skill with buyers as well as bus conductors, inability to count money, physical insecurity, household responsibility etc. On the other hand, men are involved in marketing fruits, rice, timber, livestock, fish etc. Though women are involved in marketing some commodities, most of the times it is reported that men (or household heads) decide the price before going to market as well as being the decision makers on how to utilize the cash the women earn. Moreover, very often women cannot use cash received from selling chicken and pigs which are mainly maintained by them. Even sometimes the husband captures the money after selling land which are owned by women (in Bandarban where Marma women can inherit lands from maternal side).

2. **Infrastructure and gender**

Regarding the possibility of community peoples’ involvement in construction work for rural development, field exploration information and personal consultation reveal that both men and women in the CHT have traditional working skills in agriculture. Generally women are extremely occupied with agricultural work for nine months. Therefore, they weave their necessary clothes during the remaining three months of the year. Considering the reality of local people’s economy and cultural practice, it has been assumed that village access roads construction work will likely benefit villagers on their slack period (3-5 months). Women who are landless and fully depend on day laboring work, might be interested to join village construction work during other months of the year also. In addition, if daily payment is equal for male and female and relatively higher than local wage rate in agricultural work, women will be encouraged to get involve in construction work.

2.1 **Water, sanitation and gender**

Major sources of water in CHT for drinking water include springs, streams, tube wells, ring wells and hand dug wells. Some communities fully depend on streams and some depend both on streams and hand dug wells. Women are the main collector of potable water for family consumption. In some villages where men received awareness training as well as motivation about women’s workloads, they extend their assistance to female members for carrying water. Usually, men go to the water sources to bathe and return home carrying water. Depending on the family size women have to collect water 2-3 times a day which consumes between one to three hours (According SES survey). This reduces their capacity to be involved in income generating activities. Sometimes the sources are not too far, but women may need to go down slippery pathways, which is very risky, especially in the rainy season. As a consequence, water duties can cause physical problems for many women such as back pain and pains in the knees.

2.1.1 **Women’s involvement in operation and maintenance of water supply and roads**

Women are not currently significantly involved in O&M of different development interventions. This is because mostly all the technical support goes to men, and women are not included in the
management and maintenance committee. It is not only men’s perception but also some women’s as well that men are physically much more capable than women for heavy work to fix a problem. However, field data state that management committee of O&M becomes inactive once the intervention and supervision of particular organization ends. After that most of the committees have no more savings programs for maintenance. However, recent interventions such as HYSAWA project funded by DANIDA is emphasizing equal representation of men and women as members of the committees for water and sanitation programs.

2.1.2 Lessons learned from previous experience

According to NGO officials who have long term experience in working with water supply in the CHT, women are better caretakers of tube wells and ring wells than men. It is also reported that maintenance of the water sources are sustainable if the foundation training is provided to a majority of women. In addition, women are more sincere and available than men to take action for solving problems. Women are easily organized and there are less problems with women’s collective initiatives.

2.1.3 Probable impact of the water supply in the CHT

If water supply is provided for communities under CHTRDP-II, it will increase women’s access to water supply; reduce women’s time consumption for water collection and enable women to invest in other IGA activities or use the time as recovery time; it will decrease women’s workloads and labor; women’s participation and thus ownership of the resources are ensured by involving them in site selection; in the installation of tube wells and ring wells and by providing them training on technical assistance.

3. Preliminary Gender Action Plan

Gender Action Plan (GAP) has been made based on the project components of CHTRDP-II. The components are firstly, community development where market and value chain and access to water are considered; secondly, construction of roads, small collection points and market sheds are discussed under infrastructure component; and lastly, institutional strengthening where local community people will receive a package of training to enable them to develop their own planning as well as gaining access to markets. Gradually these as well as other components (resettlement, watershed, institutional capacity building) will be gender focused once they determine their intervention for the next CHTRDP-II project. The percentage of women’s involvement will be finalized later when all components confirm their intervention and activities.

There are six products / sub-projects proposed under market and value chain component including (i) pond and creek fisheries, (ii) livestock, (iii) backyard poultry, (iv) safe vegetables, (v) medicinal plants and (vi) spicy leaves. Para Development Committee (PDC) are considered to be the entry point to the community and women members of the respected PDCs will be the main targets for inclusion in the proposed interventions. Different PDCs will have different projects, where some will have agriculture, some have livestock and some have fisheries (see details in market and value chain section). At present women’s involvement in these sub sectors varies according to their access and control as well as cultural practices.

For pond and creek/lake fisheries, women are involved in food preparation, giving feeds and guarding, occasionally selling fish and fingerlings. Regarding livestock women are responsible for animal care and providing food, usually they the first to notice possible diseases and they also sell the milk. Moreover, they are solely accountable for raising chickens and for their marketing. In addition, they are also involved in vegetable production and marketing. They are also seen in cultivation of medicinal plants, collection and selling of fruits, leaves and skins. Therefore, 30% PDC women members who are already practicing or willing to practice fisheries, will be included in each subject related training for production, on the provision of market information as well as access to physical markets for promoting fisheries. Similarly, 30% women PDC members will be trained on farm management and disease control for livestock as well as for backyard poultry. In addition, women will be trained as vaccinators. To promote safe vegetables, 30% of women PDC members will be trained on farm management and pheromone trap application and integrated pest management (IPM).
Moreover, training on production of medicinal plants and fruits will be provided to 30% of women PDC members.

Women will be consulted for site selection of tube wells, ring wells, and gravity flow system (GFS) installation to secure community people’s access to water. Women will have preference in carrying construction material such as cement, sand, brick and crushed stones. Women will be provided with training in much needed knowledge and skill to maintain water schemes as a maintenance worker, caretaker, and manager of facilities. Women’s membership and participation in maintenance committees will be ensured. In addition, technical assistance will primarily be for women users.

For the construction of roads, technical training for one day prior to commencement of construction work is to be ensured. For example, mixing of materials, earthwork etc. At present, It has not been decided if separate LCS group or combined groups will be formed. If combined, 30% labor force will be women and they will be given preference in carrying construction material and earthwork. In addition, 100% employment generation in road maintenance for off pavement work will be established where landless women will act as the “length person” 41. An equal wage for male and female labour is to be ensured.

Considering market sheds construction, 30% female labor will be employed, 50% space will be allocated for women sellers, and 30% women should be included in market management committees. Moreover, one female person (permanent) will be employed for maintenance of market and toilets. Two toilets will be built for men and women in market place which have opposite entrance as most of the time women feel shy to enter in wash room in front of men.

Under institutional strengthening component, community people particularly women will receive preference for obtaining a training package consisting of basic numeracy, keeping books to increase their access to market. The package will also cover awareness raising on human and women’s rights, hygiene practices, gender issues, leadership, environment, empowerment and capacity building of the communities so that they can identify their prioritized needs and thus can identify the probable solutions as well (lessons learned from previous experiences, for example, reviewed “Enhancing the capacities of the CHT women for Good Governance”, a previous project of KMKS, Khagrachari, funded by DANIDA “Action research for Adivasi Development in Chittagong Hill Tracts and Capacity Enhancement of NGOs in CHT Project, ongoing project by CIPD, Rangamati, funded by EED, Germany).

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41 Gender sensitive term for “length man” which is a person assigned to do O&M of section of a road.
Appendix 9: Summary Poverty Reduction and Social Strategy

A review of basic socioeconomic indicators for the CHT (as, for instance, in studies by UNDP and the WFP) reveals a region that suffers from both income and human poverty, especially among the rural population. On average, per capita income is about 40% lower than the national average. The rural population has a literacy rate lower than the national average and less access to education. This is a result of the limited income of the parents, poor access to schools, non-availability of teachers, and the extensive involvement of children in household and income generating activities.

A key indicator of poverty is food security. The WFP study indicates that approximately 40% of the sampled CHT population can be categorized as "Vulnerable" meaning they have 8 months of food access and another 10% which may be categorized as "invisible poor" with about 3 months food access.

Overall, CHT has a lower level of household income than the rest of Bangladesh. However within CHT, Indigenous Peoples are more deprived. As with other indicators, access to electricity varies significantly across Bangladesh and is lowest in CHT (13%). Disaggregated data for CHT, as provided by the WFP report, show that among the ethnic groups, Bengali households have most access to electricity (73%) while only 2% of Chakma households access electricity. There would usually be a strong correlation between electricity and road access. Therefore, we can consider electricity access as a proxy for overall infrastructure access in which case it may be assumed that Indigenous People would be substantially more deprived of access to critical infrastructure that would affect economic production and income. Table A9.1 below sets out some of the main poverty and deprivation indicators.

<table>
<thead>
<tr>
<th>Table A9.1 : Poverty and Deprivation Indicators in CHT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rural</strong></td>
</tr>
<tr>
<td>Avg. Annual Rural HH Income (BDT)</td>
</tr>
<tr>
<td>Per capita daily calorie intake (Kcal)</td>
</tr>
<tr>
<td>Below absolute poverty line (2,122 Kcal/day) Rural</td>
</tr>
<tr>
<td>Below hardcore poverty line (1,805 Kcal/day) Rural</td>
</tr>
<tr>
<td>Electricity</td>
</tr>
</tbody>
</table>

Source: WFP Report please see other reference in footnote 27

The main occupation of the CHT's rural population is agriculture (including horticulture and livestock) mainly for subsistence, on flat and mildly sloping land, and shifting cultivation on hilly land. Additional sources of rural livelihood include agricultural labor, service, trade, and general business. Over 80% of rural households in CHT are involved in agriculture and agricultural labor, and only a small number of households have a secondary income. About 40% of all families do not own their homestead land and of those who do own land, only 35% owned cultivatable cereal land.

Overall, valley dwellers are known as those of the rivers (khyoungtha – those of the rivers). They are the Chakma, Marma, Chak and Tanchangya. The upland dwellers are known as those of the hills (toungtha – meaning of the hills). They are the Bawm, Khumi, Khyang, Lushai, Mro, Pangkhua and Tripura.
Valley communities (*khyoungtha*) are plough cultivators, mainly paddy rice. Secondary sources are timber and fruit plantations and shifting cultivation (*jhum*) often in process of being transformed into plantations. Upland communities (*toungtha*) is hoe agriculture, or *jhum* on hill slopes and recent development of fruit plantations, timber and limited plough cultivation. There are processes of learning and transformation for example, the Tripura have adopted more plough cultivation than other upland dwellers and the Chakma invest in timber and horticulture plantation on the hills. Some Chakmas displaced by the Kaptai Dam and losing lower lands to settled communities have taken to *jhum* cultivation on slopes. Overall, as presented in Table A9.2 of types of land ownership by indigenous community below, shows, there still is a substantial correlation between types of cultivation and the two broad modes of cultivation in CHT.

<table>
<thead>
<tr>
<th>Land Type</th>
<th>Bawm</th>
<th>Khyang</th>
<th>Khumi</th>
<th>Lushai</th>
<th>Mro</th>
<th>Pangkhua</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plough</td>
<td>5</td>
<td>35</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Fringe</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jhum</td>
<td>150</td>
<td>26</td>
<td>310</td>
<td>171</td>
<td>249</td>
<td>173</td>
</tr>
<tr>
<td>Plantation</td>
<td>111</td>
<td>274</td>
<td>38</td>
<td>22</td>
<td>65</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Land Type</th>
<th>Tripura</th>
<th>Chak</th>
<th>Chakma</th>
<th>Marma</th>
<th>Tan Changya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plough</td>
<td>26</td>
<td>123</td>
<td>48</td>
<td>60</td>
<td>37</td>
</tr>
<tr>
<td>Fringe</td>
<td>0</td>
<td>0</td>
<td>42</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Jhum</td>
<td>95</td>
<td>3</td>
<td>62</td>
<td>78</td>
<td>140</td>
</tr>
<tr>
<td>Plantation</td>
<td>59</td>
<td>126</td>
<td>92</td>
<td>100</td>
<td>87</td>
</tr>
</tbody>
</table>


Among upland dwellers, plough land ranges from none at all (Khumi, Lushai, Pangkhua) to 25 decimals per household (Tripura). Among valley dwellers, plough land (including what is called fringe land along the Kaptai Lake) ranges from 37 decimals per household (Tanchangya) to 128 decimals per household (Chak).

Food insecurity is widespread among the Indigenous Peoples in CHT. A study indicated that the IPs experience moderate to severe food shortages on a seasonal basis. About 65% of IP households are food secure only for less than six months per year. Most IPs are food-insecure during most of time in a year; *Ashar-Sravan* (June-Aug) being the worse months. Approximately 86% of female-headed households live in poverty as they face many more structural, socio-economic, and cultural barriers to achieving livelihood security than their male counterparts. So they are substantially more food insecure (about 1/3) than are their male-headed counterparts (approx. 10%). More than 80% of male-headed households are food secure only for seven to 12 months compared to 57% of female-headed households.

Poor households adopt a range of coping strategies to address food insecurity, including borrowing from relatives or moneylenders at high rates of interest, reducing the number of meals or the amount of food consumed, consuming wild foods (yams, bamboo shoots etc.) during certain times of the year, substituting less nutritious foods for consumption, selling livestock and other assets that are difficult for them to replace, and seeking alternative employment often on a low daily wage.

Poor village access to markets (including local economic activity centers) is an impediment in the development and transformation of production. Under CHTRDP, 55 km of *upazila* (sub-district) roads and 197 km of union roads were upgraded and widened and provided with associated structures. However, village access (such as Type A Village Roads) and trail network improvements are needed to connect scattered rural communities with existing growth centers (particularly to Unions) for
improved access and marketing opportunities. Also needed are more secure pathways for steep inclines navigated by rural residents in farming jhum, obtaining water and transporting products to market. Despite an ongoing LGED Rural Infrastructure Development Project, investments by CHT Development Board and to a more minor extent, by the Hill District Councils (HDC), construction of almost 1,800 km of Type A Village Road remains outstanding. Suitable options to consider may include low technology village access and associated structures (like culverts and bridges) using selection criteria like village poverty level, percentage of disadvantaged households and distance to nearest markets. Improvements will increase the access of remote communities to market, health and education facilities, lower the costs of transport, and result in higher prices for agricultural outputs and lower costs of inputs. Ease of access and provision of improved water supply and sanitation facilities will also reduce workload of women allowing potential opportunities for income generating activities.

Village water supplies are of variable quality and generally scarce. Fewer than half of the population has access to tube well water and instead, approximately one third of the population in CHT relies on water from wells and 17% drink water from springs, rivers or ponds. Distances from water supplies are commonly over 0.5 km. Along with the substantial differences in the major economic activities of various IPs, there are also differences in infrastructure like access to drinking water. Tripura have to walk an average of 208 meters (m) while Chakma and Tanchangya only half that much. The time spent for water collection is a high of 1 hour 12 minutes for Pangkhua, which goes down to less than 30 minutes for Chak, Chakma and Marma. Assuming that tube well water is relatively clean, more than 50% of valley communities (other than Chakma who have more of dug wells), as would be expected, have access to tube well water, while the figure is in single digits for all hill-dwellers, other than Tripura for whom it is about 21% (UNDP, 2008, Table 17.1). This refers to their socioeconomic baseline survey as given in footnote 30.

Sanitation systems are poor and over 80% of the households use open latrines or open spaces. The availability of health services is variable. Generally, government hospitals and clinics are close to sub-district headquarters, but 65% of the households are further than 5 km from these facilities. Traditional doctors and traditional folk healers (baidya or kabira) treatment of diseases are common in the remote areas. Communication and transport are generally reported as being difficult. Almost 90% of households have very difficult or no access to vehicle transport.

The dimensions of poverty show that there is a clear link between remoteness and the lack of infrastructure. Road access, along with access to markets, educational, health and other facilities, seriously constrains the ability of people to develop their livelihoods and increase income and food security. Consequently, addressing the infrastructural constraints becomes a key factor for rural development in the CHT.

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42 At an estimated cost of Tk100 crore (or $15 million).
43 There are geographical reasons why it is easier for valley dwellers to access water (including the ease of sinking tube wells in the valleys with their high water table as against on the tops of hills) as compared to upland dwellers.
44 Socio Economic Baseline Survey of Chittagong Hill Tracts, prepared for CHTDF by HDRC, April 8, 2009.
45 Footnote 24.
Appendix 10: Summary Issues LAR & IP Frameworks

The TA IR/IP Teams have read Preliminary Draft Land Acquisition and Resettlement (LAR) and Indigenous Peoples (IP) Frameworks. The teams will finalize these during the next input (Oct/Nov); and they will prepare model LAR and IP Plans based on the Wagga subproject.

Resettlement Issues. As yet there are no detailed design/surveys for the proposed CHTRDP-II LGED Upazila and Union Roads, which are primarily completion of roads begun under CHTRDP-I. Because of this lack, engineering designs for four Upazila and Union roads were visited to obtain an idea of the LAR impacts. More specifically the TA team wished to determine specific measurements for LAR impacts per Km for preparing a LAR Framework budget for CHTRDP-II. Such units were not anticipated to be great, as it was understood from the CHTRDP-I RRP document that roads were to be upgraded on existing alignments and within existing reserves. However, it was also understood from comments made by the Rangamati Circle Chief during the Inception Report Workshop and through meeting some LAR impacted IPs during earlier subproject visits, that some IPs had lost land to the CHTRDP-I roads.

In following up, the visits to the following roads were also seen as due diligence visits for determining the scope of such LAR impacts on IPs along LGED Upazila and Union roads under CHTRDP-I implementation. The roads visited were, in the company of LGED engineers:

(i) Jhagrabil-Rangamati via Baradam Upazila Road of Upazila Rangamati Sadar and Kaptai and Rangamati Districts
(ii) Kawkhali H/Q-Ghagra Bazar Upazila Road of Kawkhal Upazila, Rangamati District
(iii) Wagga Junior High School to Sapchari Union Road, Kaptai Upazila, Rangamati District
(iv) Manikchari - Rajbari - Juiggyachola Bazar Union (Rural) Road, Manichari Upazila, Kagrachari District, and
(v) Hansamapara - Bagmara - Antapara - Rajosthali Bodar Upazila Road, in Bandarban Sadar and Rowangchari Upazilas, Bandarban District

To the TA team's surprise, the roads visited were uniformly beyond the existing reserves, i.e., right of ways (RoWs). They consequently found larger numbers of both IP and non-IPs were found affected by LAR impacts, in many cases up to the SPS definition of 'significance,' i.e., losing more than 10 percent of an affected person's (AP's) land and/or required to shift their residence or business. Some of the detailed findings from these due diligence visits were:

(i) LGED appears to have made no detailed design/surveys to prepare for the construction of either the Upazila or Union roads but to rely, at best, on simple sketches that do not indicate the original RoW or its widening. Samples of these for the Jhagrabil-Rangamati via Baradam Upazila Road are below:
(ii) The Upazila Roads original RoWs were originally 5-6 ft, widened on average to 24 ft, 2-16 ft on each side, and for hill cutting up to 20 ft on hill side.

(iii) Union Roads were originally 3-5 ft, widened on average to 18 ft, 1-10 ft on each side, for hill cutting up to 15 ft on hill side.

(iv) From the Upazila and Union Roads in Rangamati District the TA Team found (see Meeting Briefs in Appendix __ for more details):

a) Along the semi-urban beginning of the Jhagrabil-Rangamati via Baradam Upazila Road, the team encountered both IP and non-IPs with land titles who had to shift their shops. They maintain their leaders promised compensation but it never materialized, and subsequent visits to the DC office produced no compensation for the losses of one IP, a retired police officer said to be now subsisting mostly on his pension and his granddaughter’s tailoring. In other, random interviews along the rest of the road, the consensus appears to be that it was understood ADB does not provide compensation and land would have to be given ‘voluntarily.’ Only some influential persons who appear to have expedited the ‘voluntary’ land acquisition received compensation for their trees, whereas no other LAR affected HHs received any compensation.

b) Over the length of the Kawkhali H/Q-Ghagra Bazar Upazila Road (7.7 km), where overall village assessments were provided through group interview along the RoW, there were some 32 affected HHs, both IP and non-IP. Among these, some 10 Bengali ‘settler’ families had to shift their houses in a semi-urban ‘cluster village,’ with two female headed HHs losing everything and currently subsisting on charity. One IP HH had to shift their shop along a more rural section of the road, where some 22 IP families lost both rice land and highland to the RoW, from an estimated 2-10 percent of their holdings. APs randomly interviewed through group discussions uniformly understood that ADB/GoB would offer no compensation for the LAR losses, despite plaques at the beginning of both Upazila roads that ADB and GoB funded the roads.

c) For the 1 Km completed under CHTRDP-I of the Wagga Junior High School to Sapchari Union Road, one IP maintained, during a group discussion, which supported his testimony, that he had been opposed to losing his land to the bridge and beginning portion of the road. However, the village asked him not to oppose the Union road, so he accepted a token payment provided by Wagga villagers themselves to allow the road to go forward. As there was no formal land acquisition process, he says that he still owns the land given to the road and pays taxes on it. At the beginning of the 2 Km for CHTRDP-II completion, there is no existing RoW alignment. The construction is to cross a large rice field owned by another Wagga villager. His fellow villagers are asking him to give up his rice fields for compensation they will provide him before and after construction.

(v) Some indicative figures from the CHTRDP-I roads visited, for preparing a LAR Framework scope of impacts and budget are:

a) 4-5 HHs/Km Losing Land

b) 0.5 Acres/Km (40% rice, 60% Hill)

c) A rough estimate of BDT 52,000/Km rice land & BDT 33,000/Km hill land, equaling BDT 85,000/Km (2010 Prices)

d) 1.5 structures/Km shifted, including residences and shops, at a rough cost estimate of BDT 250,000 per structure (not including shifting allowance)
e) Numerous teak, fruit and timber trees (so far no per/Km estimate, though about 100 Teak trees were lost over 3 km within one IP village along the Kawkhali H/Q-Ghagra Bazar Upazila Road)

f) Loss of Livelihood for ferry operators after construction of the first bridge for the Jhagrabil-Rangamati via Baradam Upazila Road

For the approximately 250 Km CHTRDP-I roads already built and for the 240 Km proposed under CHTRDP-II to complete the Upazila and Unions roads that were incomplete under CHTRDP-I, the IR TA team estimates that at least 200 HHs will be found to have lost more than 10% of their productive and/or shift their residences/shops. Therefore, it is thought that the IR category will be a Category A, as per ADB’s SPS if all roads under CHTRDP-CHTRDP-II and I are taken into account.

Because compensation should have been provided under ADB’s 1995 IR Policy under CHTRDP-I, the LAR Framework will provide a process for preparing ‘retrofitted LAR Plans’ for addressing the uncompensated losses under CHTRDP-I. A process will be recommended in the LAR Framework for assessing historic LA costs using a community consensus type of methodology. This can be tested in preparing a ‘retrofitted LAR Plan’ for the Wagga Union Road. The expert will prepare a LAR Plan for the proposed completion of the Wagga Union Road during the next (Oct/Nov) input.

Apart from applying lessons from visits to the CHTRDP-I Upazila and Union Roads, the LAR Framework will establish a dual process of acquiring land for the roads. One process will be through Compensation under the Law (CCL) following the CHT LA 1958 Regulation in conjunction, in conjunction with the Local Government Acts of 1989 amended so that the Government cannot acquire land owned by an individual, as per CHT Regulation 1 of 1900, without consultation with the Hill District Council (HDC). This process will go through the District Collector’s (DC’s) office, which is standard throughout the rest of Bangladesh following the 1982 Land Acquisition Act.

The other process, established through precedence over several decades addresses the gap between the legal framework for land acquisition in Bangladesh (and in this case in the CHT) and ADB’s IR policy, originally established in 1995 and in 2009 supplanted by the Safeguards Policy Statement (SPS), which combines environment, resettlement and IP safeguard policies. This provides for grants, such as ‘top up’ land and structure payments under CCL to market price/replacement levels, payment for shifting costs, grants for vulnerable APs (women headed households, IPs, among others), and livelihood restoration grants for ‘severely affected’ persons losing more than 10 percent of their land and/or shifting residents/businesses.

In line with this latter process, the LAR Framework will provide a grant for IP common land. This is in line with ADB’s SPS respecting IP customary and ancestral lands, as well as international IP conventions that Bangladesh is a signatory to. The LAR Framework will outline a process for verifying registered and unregistered IP common land through the customary land management based on the CHT Regulation I of 1900 that set up a land administration through Circle Chiefs, Headmen, and Karbaris. Grants for IP Common land will be awarded to IPs and non-IPs alike who have been certified by Headmen, Circle Chiefs and finally by the HTCs.

This process is necessary, as the CCL process does not formally recognized IP Common lands. Instead, it defines such ancestral lands as ‘khas’ or ‘Government’ lands. In addition, the LAR, in this context, will define a consultation framework to obtain the free, prior and informed consent of affected IP groups in case, as with the CHTRDP-II LGED roads, proposes to acquire ancestral lands of IP groups which will lead to physical displacement of such groups or individuals. As shown in the due diligence visits described above, such displacement has already occurred under CHTRDP-I and will doubtless occur under CHTRDP-II. The LAR Framework also defines grievance redress processes for both CCL titled land payments and for IP Common land grants.

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46 It is expected that no documentation will be provided satisfying the requirements of SPS (Appendix A, para 25) that adequate consultation took place during CHTRDP-I, with third party validation and record keeping to support any claim that APs voluntarily gave their land to the Upazilla and Union Roads.
The Preliminary Draft IP Framework, as prepared at this interim period, also describes the IP Common Land grant process as its major feature, following ADB’s SPS IP policy. In this respect, it overlaps largely with the LAR Framework. However, in describing the CHT customary land administration, it will go into more detail about the differential usufruct rights over IP Common Land among the CHT’s twelve ethnic groups (Bengalis and 11 IP groups). For this, the IP Framework will depend on the Social Impact Assessment (SIA) Report that will be available at the end of September.

The IP Framework also describes the CHTRDP-II design to assure that vulnerable Upazilas and smaller, more vulnerable IP groups receive preference during the Project’s implementation, according to a prioritization process. For the next input (October), a work plan and budget are being prepared for extensive consultation with smaller IP groups and remote and vulnerable villages, as per the IP Framework’s suggested prioritization process.

The IP Framework also sets out an intervention to counter-act ‘land grabbing’ that has been well documented in, for instance, the CHTRDP-I IP Framework and the UNDP Socioeconomic Study of 2009. This will consist of a safeguard IP intervention that will complete participatory village mapping for villages along CHTRDP-II roads as a Loan covenant that will require completion of the mapping prior to mobilization of contractors.

The Project will put such maps at the entrance to villages, on a large signboard to indicate village boundaries. Aside from visually establishing village boundaries, with attendant legal backing through the customary land administration institutions, the maps will also be a tool for identifying and protecting village watersheds. As with the LAR Framework, the IP Framework will be supplemented with a model IP Plan based on participatory mapping already going on a pilot basis in Wagga village.
Appendix 11: Financial Management and Risk Analysis

1. Financial Management:

Project implementation arrangements and cash flow mechanisms are detailed in the body of the report.

2. Risk Mitigation

A Safeguards and Quality Monitoring Cell (SQMC) will be established within the Office of the Project Director. The SQMC will report to the Project Director and will also report independently to ADB on all matters concerning safeguard issues and quality of work. Lapses in acceptable levels of attention to safeguard issues or quality of work will result in withholding of funds until concerns have been addressed.

3. Procurement Process

Procurement arrangements to be followed by the Project are shown in Table A11.1.

Table A11.1: Procurement arrangements for CHTRDP II

<table>
<thead>
<tr>
<th>Component</th>
<th>Mode</th>
<th>Thresholds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rural Road Works</td>
<td>Contracts let by LGED</td>
<td>NCB below $1,000,000</td>
</tr>
<tr>
<td>2. Community Development</td>
<td>(i) Contracts with Communities</td>
<td>Direct Contracting below $50,000</td>
</tr>
<tr>
<td></td>
<td>(ii) Contracts with NGOs</td>
<td>NCB as in 1. above or Shopping for works &amp; goods below $50,000</td>
</tr>
<tr>
<td>3. Institutional Development</td>
<td>Contracts with NGOs and Consulting Firms</td>
<td>QCBS using NCB and ICB</td>
</tr>
<tr>
<td>Regional Council &amp; Hill Districts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Resettlement</td>
<td>Contracts with NGOs</td>
<td>NCB</td>
</tr>
<tr>
<td>5. Vehicles &amp; Equipment</td>
<td>To be determined</td>
<td>To be determined</td>
</tr>
<tr>
<td>6. Project Management</td>
<td>Contracts with consultants</td>
<td>NCB &amp; ICB (QCBS)</td>
</tr>
</tbody>
</table>

NCB = National Competitive Bidding, ICB = International Competitive Bidding, PPR = Public Procurement Rules, 2008.

Direct Contracting is allowed in the PPR 2008 for Community-based small works, goods and direct labour, subject to procedures and financial limits as specified by the Local Government Division: PPR page 64, item 76 (4).

Risk assessments have been prepared for LGED Road Works, and the other for the CHT Regional Council.

It is important to understand that the Regional Council has limited financial management experience and its current financial role is limited to routine Government revenue budget activities such as office expenditure and paying a small number of salaries. Similarly, the three Hill District Councils have very limited financial management experience.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating</th>
<th>Remarks / Risk-Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Implementing Agency</td>
<td>Low</td>
<td>LGED has implemented many externally funded projects and is familiar with ADB requirements.</td>
</tr>
<tr>
<td>2. Funds Flow</td>
<td>Low</td>
<td>ADB loan funds will flow directly from ADB to a designated imprest account at a local bank acceptable to ADB (Bangladesh Bank). Statements of Expenditures (SOE) will be audited by an independent external auditor (FAPAD).</td>
</tr>
<tr>
<td>3. Staffing</td>
<td>Low</td>
<td>Appropriate training in ADB disbursement and project accounting procedures will be undertaken prior to implementation for accounts staff with no prior ADB experience.</td>
</tr>
<tr>
<td>4. Accounting Policies and Procedures</td>
<td>Low</td>
<td>In accordance with GOB accounting regulations and ADB project requirements.</td>
</tr>
<tr>
<td>5. Internal Audit</td>
<td>Low</td>
<td>Internal audit cell conducts planned and spot audits. Comptroller and Auditor General (FAPAD) also conducts audit of donor projects.</td>
</tr>
<tr>
<td>6. External Audit</td>
<td>Low</td>
<td>Project accounts including Imprest Account will be audited by an independent external auditor acceptable to ADB (FAPAD) and audit TOR would be acceptable to ADB.</td>
</tr>
<tr>
<td>7. Reporting and Monitoring</td>
<td>Low</td>
<td>In accordance with GOB regulations and ADB project requirements.</td>
</tr>
<tr>
<td>8. Information Systems</td>
<td>Low</td>
<td>Project accounts will be maintained manually to meet GOB and ADB project requirements. MS Excel spreadsheets will be developed for periodic financial information and reporting requirements.</td>
</tr>
<tr>
<td>9. Tender Collusion</td>
<td>High</td>
<td>Tender collusion is a high risk problem in Bangladesh across all sectors. For the proposed LGED part of CHTRDP II, the mitigation measures are that: the LGED ‘Engineer’s Estimate’ must be based on valid cost estimates and that accountability, and hence sanction, rests with the LGED Engineer. Mitigation in this subject area is very difficult indeed. Thus we see ‘Tender Collusion’ remaining as a High Risk until the SQMC has been appointed and is operational then this risk would be reduced to ‘substantial/moderate’.</td>
</tr>
<tr>
<td>10. Quality Control</td>
<td>Substantial</td>
<td>Quality Control (QC) is another major problem across all projects having civil works components. For CHTRDP II, the mitigation measure for the LGED roads component is the same as 9 above, i.e. that PMU 2 would employ a pool of full time independent experts/ engineers who would carry out QC tests on site and then compare the tests with the Engineer’s measurement book. The QC personnel would report firstly to ADB and secondly to PMU 2. Once this pool of experts is up and running, it is expected that the QC risk would be reduced to moderate. (Note: LGED, over many years, has consistently achieved better overall QC results than other Departments involved in civil works, such as RHD and PWD). However, LGED is not perfect.</td>
</tr>
<tr>
<td>11. Environmental &amp; Social</td>
<td>Substantial</td>
<td>Contracts let by LGED will contain environmental and social conditions consistent with ADB and GoB requirements. The pool of experts mentioned in item 10 above will also include persons who would verify compliance pertaining to Environmental &amp; Social matters. A risk category of ‘moderate’ is expected once the E &amp; S compliance checks are mobilized.</td>
</tr>
</tbody>
</table>

**Overall** Substantial Moderate overall when the QC checks are in place

* Degrees of Rating: High, Substantial, Moderate and Low
### Table A11.3: Risk Assessment Summary – Project Management Unit Phase-2 (PMU-2)

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk Rating*</th>
<th>Remarks / Risk-Mitigation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Implementing Agency</td>
<td>Low</td>
<td>PMU 2 will mostly employ national staff who worked in the PMU for CHTRDP I. Thus, they will be familiar with the ADB requirements. It is essential for CHTRDP I National Finance Officer to be retained for PMU 2.</td>
</tr>
<tr>
<td>2. Funds Flow</td>
<td>Low</td>
<td>ADB loan funds for non-LGED components will flow directly from ADB to designated PMU 2 Imprest Account at a local bank acceptable to ADB (Bangladesh Bank). Statements of Expenditures (SOE) will be audited by FAPAD.</td>
</tr>
<tr>
<td>3. Staffing</td>
<td>Low</td>
<td>Appropriate training in ADB disbursement and project accounting procedures will be undertaken prior to implementation for accounts staff with no prior ADB experience.</td>
</tr>
<tr>
<td>4. Accounting Policies and Procedures</td>
<td>Low</td>
<td>In accordance with GOB accounting regulations and ADB project requirements.</td>
</tr>
<tr>
<td>5. Internal Audit</td>
<td>Low</td>
<td>No formal Internal Audit but, but monthly reporting by PMU 2 and annual visits from Comptroller and Auditor General (FAPAD)</td>
</tr>
<tr>
<td>6. External Audit</td>
<td>Low</td>
<td>Project accounts will be audited by an independent external auditor acceptable to ADB (FAPAD); FAPAD standard audit TOR is acceptable to ADB.</td>
</tr>
<tr>
<td>7. Reporting and Monitoring</td>
<td>Low</td>
<td>In accordance with GOB regulations and ADB project requirements.</td>
</tr>
<tr>
<td>8. Information Systems</td>
<td>Low</td>
<td>Project accounts will be maintained manually to meet GOB and ADB project requirements. MS Excel spreadsheets will be developed for periodic financial information and reporting requirements where necessary.</td>
</tr>
<tr>
<td>9. Tender Collusion</td>
<td>Substantial</td>
<td>Tender collusion is a major problem in Bangladesh across all sectors. For the proposed Community Development part of CHTRDP II, it is expected that NGOs would be contracted by PMU 2. Thus, Tender Collusion would be a risk. Therefore the pool of QC experts in PMU 2 should oversee tender processes and prices. Also, the QC experts must assess whether each selected NGO is actually what it claims to be in terms of skills, staffing, experience, resources and corporate legality. The above mitigation measures would reduce the risk to Moderate.</td>
</tr>
<tr>
<td>10. Quality Control</td>
<td>Substantial</td>
<td>Quality Control (QC) is another major problem across all projects having civil works components. For the small civil works under the Community Development component of CHTRDP II, the mitigation measure is that PMU 2 would employ a pool of independent engineers who would carry out QC tests on site and then compare the tests with the specifications. The QC personnel would report firstly to ADB and secondly to the PMU. Once this pool is up and running, it is expected that the QC risk would be reduced to moderate. N.B. QC is also applicable to any civil works contracts let to NGOs.</td>
</tr>
<tr>
<td>11. Environmental &amp; Social</td>
<td>Substantial</td>
<td>Contracts launched by PMU 2 for small community works will, where necessary, contain environmental and social conditions consistent with ADB and GoB requirements. The pool of experts mentioned in item 10 above will also include persons who would verify compliance pertaining to E &amp; S matters. A risk category of ‘moderate’ is expected once the E &amp; S personnel are mobilized.</td>
</tr>
<tr>
<td>Risk</td>
<td>Risk Rating*</td>
<td>Remarks / Risk-Mitigation Measures</td>
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<tr>
<td>12. Resettlement</td>
<td>High (due to recent evidence of non-compliance in CHTRDP I)</td>
<td>Resettlement activities stemming from LGED’s road works will be handled by PMU 2. ADB has a mandate to provide compensation for ‘loss of land &amp; livelihood’ and similar matters. Resettlement activities need to be carefully planned in PMU 2 so as to avoid delays in contractor mobilization. NGOs will be contracted to implement compensation claims. When necessary, the QC pool of experts can be tapped for assisting resettlement issues including compliance work and oversight of the selected NGOs. Compensation, once verified, will be promptly paid from the PMU 2’s Imprest Account. Given that CHTRDP-II will have a seven-year implementation period, it is expected that the resettlement component can be executed in a timely manner, thus reducing project-delay risks to the level of ‘moderate’.</td>
</tr>
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</table>

Overall | Substantial | Moderate overall when the QC checks are in place |

* Degrees of Rating: High, Substantial, Moderate and Low

Conclusions
- The LGED Risk Assessment in Table A11.2 above is in Summary Form. A more detailed Financial Management Assessment Questionnaire (FMAQ) will in supplementary Appendix in the final report. LGED is involved with several ongoing ADB projects, and therefore we have had access to several recent LGED FMAs and FMAQs.
- The PMU 2 Risk Assessment in Table A11.3 is also in Summary Form, and the corresponding FMAQ will in supplementary Appendix in the final report.
- In the two summary risk assessment Tables (Table A11.3 and Table A11.3) we have inserted four extra risks (over and above the standard eight risks) – namely, Tender Collusion, Quality Control, Environmental & Social Matters, and Resettlement. This approach was adopted as the first eight risks relate to financial processes and procedures that can be assessed by looking at the ‘books’ and visiting the ‘finance office’. In essence, the four extra risks relate to matters that can only be assessed by site visits.
- Importantly, the four extra risk categories are where the risks are highest.

On Site Risks for Road Works
Examples of common on site risks are set out below:
- Variation Orders issued at the start of the contract.
- Quantities increased for items having a higher rate than the schedule rate, and quantities reduced for items having a lower rate than the schedule.
- Major variances from the Engineer’s Estimate (in the region of 20 percent).
- Tender Committee failures: e.g. tenders rated as responsive but supporting documents were missing.
- Notice to proceed not submitted to contractors.
- Working drawing not issued prior to the commencement of work.
- Measurement records not properly maintained.
- Extension of completion date not regularized.
- Payments made without any work being done.
- Payments made for sub-standard work (e.g. thickness of wearing course was less than what was paid for).
Appendix 12: Project Implementation Plan

The following Schedule is “draft interim” and will be revised to reflect Project design as finalized in this Interim Report.

It is important to note that (i) as all activities will be based on contracts, there will be quite a lot of design and contract drafting and procurement activities which will need time and resources. Planning of timing of activities, the contents of the contracts and the payment milestones will be important tasks to be performed by the PMU 2, (ii) notice to proceed for road contractors cannot occur prior to all resettlement being completed and in order for this to be finalized, the detailed designs will be needed.

CHTRDP Phase-2 proposed timing of milestones are shown below for reference.

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Dates of main events in preparation and implementation of the CHTRDP-1 were:\n
- **23 March 1999**: ADB and DANIDA fielded a fact finding mission
- **June 1999**: ADB initiated a TAPP for the project area
- **April 2000**: A final report of TAPP submitted
- **July 2000**: ADB fielded a loan appraisal mission
- **18 December 2000**: Loan Agreement was signed
- **24 April 2001**: PCP approved by ECNEC
- **12 July 2001**: PP approved with project period from 2001 to 2007

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• 24 October 2002: Loan became effective
• April 2003: PMU established in Rangamati
• 17 March 2004: 1st RPP approved with project period up to September 2009
• April 2004: Consultant contract approved
• January 2005: Physical activity of the project began
• 9 April 2008: Extension of project period approved by PEC
• 17 July 2008: 2nd RDPP approved with project period up to December 2009
• 30 June 2009: Physical activity of the project completed
• 31 December 2009: End of the project period
## Appendix 13: Existing Institutional Mandates (LGED, MOCHTA, HDC, CHTRC and Traditional System) shown across Project Components

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<tr>
<td>SELF RULE</td>
<td>MOCHTA</td>
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<td>Strengthening in management, design and monitoring with equipment, hands on work with PMU 2 and proposed PMU.</td>
<td>Liaise with ministries; policy; project design planning &amp; management; supervision</td>
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<td>CHTRC</td>
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<td>Oversee development activities</td>
<td>Strengthen design and planning of development projects</td>
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<td>Coordination of development activities</td>
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<td>HDC</td>
<td>Irrigation, Kaptai Lake exploitation</td>
<td>Water supply &amp; drainage</td>
<td>Construction, O&amp;M of roads and structures ; Navigation transport responsibilities</td>
<td>Construction, O&amp;M of roads and structures</td>
<td>Forest conservation; local development plans; land management; conservation</td>
<td>Agriculture development, livestock, trade/commerce, jhum cultivation</td>
<td>Land and Land management, population records</td>
<td>Technical strengthening for irrigation, fisheries, water supply/drainage; roads &amp; structures; land and water conservation management; Agriculture &amp; livestock; marketing; land and population records.</td>
<td>Management of Technical aspects of projects</td>
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<td>GENERAL ADMIN SYSTEM</td>
<td>UPAZILA</td>
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<td>Strengthening in road design (surveys including land mapping); QC</td>
<td>QC activities, field presence at upazila level</td>
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<td>UNION</td>
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<td>POURASOVA</td>
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<tr>
<td>LGED</td>
<td>Construction of rural water infrastructure, design, contracting</td>
<td>Construction of rural water infrastructure, design, contracting</td>
<td>Construction of rural roads, design, QC</td>
<td>Design and construction supervision of village paths,</td>
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<td>Strengthening in road design (surveys including land mapping); QC</td>
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<td>TRADITIONAL</td>
<td>CHIEF OF CIRCLE</td>
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<td>Grievance</td>
<td>Strengthening in grievance process</td>
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<td>HEAD OF VILLAGE</td>
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