

ASIAN DEVELOPMENT BANK

PROJECT ADMINISTRATION MEMORANDUM

FOR THE

AGRIBUSINESS DEVELOPMENT PROJECT

FOR THE

PEOPLE'S REPUBLIC OF BANGLADESH  
(LOAN 2190-BAN[SF]/TA 4674-BAN)

18 December 2006

## FOREWORD

This Project Administration Memorandum (PAM) was prepared by the Asian Development Bank (ADB) to assist the Government in implementing the Agribusiness Development Project, for which the ADB's Board of Directors approved a loan of SDR28.910 million on 27 October 2005. This PAM is based on:

- (i) the Loan Agreement between the People's Republic of Bangladesh and ADB dated 22 June 2006;
- (ii) the Report and Recommendation of the President to the Board of Directors on a Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh (RRP) dated October 2005;
- (iii) ADB's relevant guidelines and handbooks.

In the event the provisions in this PAM differ from those of the above documents, the provisions contained in the Loan and Project Agreements, relevant ADB guidelines and handbooks, and the RRP will prevail over the PAM in their respective order.

This PAM is an active document, and should therefore be progressively revised and/or updated as and when necessary (e.g. following any changes in project scope, costs, or implementation arrangements). It is suggested that changes made (if any) should form part of the PAM as an addendum, rather than replacing the original provisions. This will help reconcile historical records and in preparing project progress and completion reports.

## CURRENCY EQUIVALENTS

(as of 18 December 2006)

Currency Unit	–	taka (Tk)
TK1.00	=	\$0.01438
\$1.00	=	TK69.525

## ABBREVIATIONS

ADB	–	Asian Development Bank
ASA	–	Association for Social Advancement
BASIC	–	Bangladesh Small Industries and Commerce
DAM	–	Department of Agricultural Marketing
GAP	–	gender action plan
GDP	–	gross domestic product
MOA	–	Ministry of Agriculture
MOF	–	Ministry of Finance
NGO	–	nongovernment organization
PIC	–	project implementation committee
PIU	–	project implementation unit
PPMS	–	project performance management system
PSC	–	project steering committee
TA	–	technical assistance
TMSS	–	Thengamara Mohila Sabuj Sangha

## NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2005 ends on 30 June 2005.
- (ii) In this report, "\$" refers to US dollars.

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## LOAN PROCESSING HISTORY

Milestone Event	Dates
a Approval of PPTA (TA No. 4139-BAN)	: 4 July 2003
b Feasibility study	: 2 November 2004
c Fact-finding	: 22 February-10 March 2005
d First management review meeting (MRM)	: 19 May 2005
e Appraisal Mission	: 23 May-8 June 2005
f Second MRM/Staff review committee (SRC) meeting	: 17 August 2005
g Loan negotiations	: 21-22 September 2005
h Board circulation	: 6 October 2005
i Board consideration and approval	: 27 October 2005
j Loan Agreement Signing	: 22 June 2006
TA Agreement Signing	: 29 November 2005
k Loan effectiveness	
<b>Actual date</b>	: <b>17 November 2006</b>
<i>Original due date</i>	: <i>20 September 2006</i>
<i>1<sup>st</sup> Extension</i>	: <i>20 October 2006</i>
<i>2<sup>nd</sup> Extension</i>	: <i>19 November 2006</i>
(conditions include:	
(i) <i>Approval of the Development Project Proforma;</i>	
(ii) <i>Establishment and operationalization of the Agribusiness Cell, Project Implementation Committee, Project Implementation Unit, and the Project Steering Committee; and</i>	
(iii) <i>Execution and delivery to ADB of the subsidiary loan agreements between the Ministry of Finance (MOF) and BASIC Bank, and between MOF and Eastern Bank.)</i>	

## PROJECT DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<b>Impact</b> Reduced poverty in Bangladesh through agribusiness growth that generates income and employment in rural areas.	Agribusiness grows at an annual rate of 2 percentage points above the annual growth rate of GDP by 2010.  Agribusiness contribution to GDP increased from the 10% to 15% by 2020.  At least 40,000 small-scale agribusinesses start up or expand, and generate at least 100,000 jobs by 2020.	Government statistics on employment, agriculture production and productivity, trade, import and export, household income, and expenditure surveys  Bangladesh Bank banking statistics	<b>Assumptions</b> Government policies and actions support leading roles of NGOs and private sector in agribusiness.  GDP annual real growth of 5%, agribusiness annual growth rate of 7%.  Rural infrastructure developed and/or improved and sustained.  Government develops and monitors proper statistical framework for agribusiness.
<b>Outcome</b> Expanded activities of rural enterprises engaged in commercial agriculture production, input supply, marketing, processing, and transportation.	Investment in agribusiness activities by participating entrepreneurs more than doubles by project completion review.  Sales of agribusinesses increase by 30% by project completion review.  Number of women agribusiness entrepreneurs increases by 50% by project completion review.  Number of employees in agribusinesses increases by about 30% by project completion review.  The value added per unit of commodities increases by about 20–30% by project completion review.  Post-harvest losses drop by 20–30% of value of product production by project completion review.	NGO records  Investment, purchasing, and production figures of downstream agro-industries  Project benefit monitoring surveys  Project progress reports  Project completion report	<b>Assumption</b> No serious macroeconomic and/or banking crises.  <b>Risks</b> Market fluctuations.  Natural disasters such as flooding.

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<b>Outputs</b>			
1. Establishment, expansion, and successful operation of agribusinesses by small-scale entrepreneurs.	<p>The number of small rural entrepreneurs borrowing and receiving technical support from NGOs increases by about 28,000 during the project period.</p> <p>On-farm and off-farm employment opportunities increase directly by at least 350,000 person-years over 5 years.</p> <p>Each beneficiary enterprise receives subloans of \$500–\$5,000.</p> <p>30% of the beneficiary entrepreneurs are women.</p> <p>PIU and participating NGOs provide continual technical and marketing support to subborrowers.</p> <p>Subsector survey conducted in the first 4 years to identify agribusiness opportunities.</p> <p>Over 5 years, about 200 borrower training courses and 60 women entrepreneur training courses offered, field trip offered to 2000 agribusiness entrepreneurs, 18 new producer and marketing associations formed, and 18 value chain link promotion contracts formed.</p> <p>90% of agribusiness ventures still operating by project completion review.</p> <p>Subborrowers earning profits; classified loans are less than 5%.</p>	<p>NGO records and financial statements</p> <p>NGO loan classification data</p> <p>Monitoring by PIU</p> <p>Periodic project reviews</p> <p>Project progress reports</p> <p>Project completion report</p>	<p><b>Assumptions</b></p> <p>NGOs can maintain high portfolio quality.</p> <p>Entrepreneurs are expanding enterprises or investing in complementary enterprises.</p> <p><b>Risks</b></p> <p>Government sets restrictive limits (interest caps) on NGO lending.</p> <p>Government levies high income tax rate on NGOs that become microfinance institutions.</p>
2. Strengthened capacity of participating NGOs and banks in agribusiness lending.	<p>The project credit line (\$36 million equivalent) fully disbursed with classified loans to NGOs less than 5% at project completion.</p> <p>Lending by NGOs to agribusinesses expands by at</p>	<p>NGO records and financial statements</p> <p>Wholesale bank records</p> <p>Monitoring by PIU</p> <p>Periodic project reviews</p>	<p><b>Assumptions</b></p> <p>Qualified NGOs and wholesale banks participate as planned</p> <p>Agribusiness entrepreneurs are properly identified and</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	<p>least 2.5 times over 5 years. About 30 NGO staff training courses, 20 NGO liaison workshops, and 5 training courses on the monitoring and reporting system offered over 5 years.</p> <p>About 19 training courses on agribusiness, entrepreneurship and NGO orientation, and NGO loan appraisal and management offered to wholesale bank staff over 5 years.</p> <p>NGO staff trained on tapping women's potential and addressing gender-based needs.</p> <p>With all information disaggregated by gender, monitoring and reporting systems installed in each participating NGO by year 1.</p> <p>NGO lending to agribusiness grows annually at 20% and share of total portfolio increases 50% to become 6% of total loan portfolio by December 2011.</p> <p>NGOs sustainably implementing agribusiness programs and attracting commercial financing after project completion.</p>	<p>Project progress reports</p> <p>Project completion report</p>	<p>supported.</p> <p>Effective training provided.</p> <p><b>Risk</b></p> <p>Government sets restrictive limits (interest rate caps) on NGO lending.</p>
<p>3. Strengthened capacity of agribusiness associations in policy dialogue and agribusiness information and technology dissemination.</p>	<p>About 40 agribusiness association strengthening proposals financed.</p> <p>Membership of associations (including women chambers and associations) expands; regular meetings are held and officers are elected by open membership vote.</p> <p>About 30 workshops and seminars held.</p> <p>About 8 semiannual agribusiness promotion fairs</p>	<p>Annual reports of associations</p> <p>Regular project monitoring by PIU</p> <p>Regular project progress reports</p> <p>Project disbursement and/or withdrawal applications</p> <p>ADB review missions</p> <p>Project progress reports</p>	<p><b>Assumptions</b></p> <p>Interest exists among potential agribusiness entrepreneurs.</p> <p>Members perceive that agribusiness associations can play a meaningful leading role.</p> <p>Services provided are valuable and attract entrepreneur and association contributions.</p>



Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	<p>held at throughout the country. About 460 paraprofessionals trained in agribusiness promotion.</p> <p>All campaign messages are gender friendly.</p>	<p>and project completion report</p>	<p><b>Risk</b> Agribusiness association leaders concentrate on their own agenda instead of representing the views of a majority of association members, and the industry.</p>
<p>4. Improved policy environment enabling private sector participation.</p>	<p>Regulatory and marketing studies successfully completed with participation of NGOs, wholesale banks, and private sector representatives by 2007.</p> <p>Specific actions taken to rectify distortionary regulations by project completion.</p> <p>Improved market governance system in place by project completion.</p> <p>Women participating in the consultation and workshops.</p> <p>Ministry of Agriculture and other line agency staff made familiar with characteristics of agribusiness activities and their potential role in stimulating and supporting agribusiness.</p>	<p>Project implementation monitoring through progress reports, semiannual and annual reports of the PIU</p> <p>ADB review missions</p> <p>Project progress reports and project completion report</p> <p>Training course completion reports</p>	<p><b>Assumption</b> Line agencies staff are committed to reorientation of their role, and appropriate trainees are selected for training.</p> <p><b>Risks</b> Government does not have sufficient incentive to make recommended changes to regulations and marketing structure.</p> <p>Parliament might not approve or pass critical proposed legislative changes.</p>
<p><b>Activities with Milestones</b></p> <p>1. Project management and start-up</p> <p>1.1 Project implementation unit set up and functioning by January 2006</p> <p>1.2 All consultants recruited by June 2006</p> <p>1.3 Agreements and operating arrangements with wholesale banks and NGOs finalized by June 2006</p> <p>2. Credit for small-scale agribusinesses</p> <p>2.1 First disbursement of the agribusiness credit line by March 2006</p> <p>2.2 NGO selection of subborrowers begins March 2006</p> <p>2.3 NGO lending with supporting services begins by June 2006</p> <p>3. Technical and marketing support for agribusinesses</p> <p>3.1 Training and support for small entrepreneurs</p> <p>First agribusiness subsector survey begins February 2006</p> <p>Training and support for small entrepreneurs begins March 2006</p>			<p><b>Inputs</b></p> <p>ADB: \$42.5 million equivalent</p> <p>Government: \$2.0 million equivalent</p> <p>Subborrowers: \$15.3 million equivalent</p> <p>Contracted service providers: \$0.2 million equivalent</p>

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>3.2 Strengthening of agribusiness associations  Agribusiness association strengthening proposals received by March 2006  Proposals assessed by June 2006  Implementation of proposals commenced by September 2006</p> <p>3.3 Agribusiness information and technology dissemination  Agribusiness promotion proposals received by March 2006  First contracts for agribusiness promotion given by June 2006  Agribusiness promotion activities commence September 2006</p> <p>4. Strengthening capacity of participating NGOs and wholesale banks in agribusiness lending</p> <p>4.1 Strengthening participating NGOs  Business plans of NGOs reviewed by June 2006  Initial training programs for NGOs formulated by September 2006  Training programs for participating NGOs begin by January 2007</p> <p>4.2 Strengthening wholesale banks  Training program for wholesale bank staff formulated by June 2006  Training programs for wholesale bank staff initiated by September 2006</p> <p>4.3 Monitoring and reporting system set up in participating NGOs and wholesale banks by June 2006</p> <p>5. Improving the enabling environment for agribusiness</p> <p>5.1 Agribusiness cell set up and functioning by January 2006</p> <p>5.2 Regulatory policies  Policy study begins by September 2006, and completed by March 2007  Consultations of recommendations completed by June 2007  Approval of recommended changes by December 2007</p> <p>5.3 Market management  Marketing study begins by September 2006  Consultations commence by March 2007  Approval of recommended changes by January 2008</p> <p>5.4 Agribusiness training for the government staff  Formulation of agribusiness training program commences by March 2006  and completed by September 2006  Training program commences by January 2007</p>			

ADB = Asian Development Bank, GDP = gross domestic product, NGO = nongovernment organization, PIU = project implementation unit.

## I. PROJECT DESCRIPTION

### A. Project Area and Location

1. The Project will be implemented nationwide.

### B. Objectives and Output

2. The objective of the Project is to expand activities of rural small-scale agribusiness enterprises engaged in commercial agriculture production, input supply, marketing, processing and transportation which will generate employment in rural and peri-urban areas, increase the value added of non-traditional crops and commodities, and increase rural income. Project outputs will include (i) establishment, expansion, and successful operation of agribusinesses by small-scale entrepreneurs; (ii) strengthened capacity of participating non-government organizations (NGOs) and wholesale banks in agribusiness lending; (iii) strengthened capacity of agribusiness associations in policy dialogue and agribusiness information and technology dissemination; and (iv) improved policy environment enabling private sector participation.

### C. Project Components

3. The Project's components, and major activities included in each component and the responsible agency/agencies follow:

Components and Major Activities	Responsible Agency/Agencies
Part 1: Credit for small-scale agribusiness enterprises Provision of credit line through participating nongovernment organizations (NGOs) to approximately 28,000 small-scale agribusiness enterprises (criteria for selecting NGOs, subborrowers, and subprojects are in Appendix 1).	Ministry of Finance, Bangladesh Small Industries and Commerce Bank (BASIC), and Eastern Bank Limited (EBL)
Part 2: Technical and marketing support for agribusiness enterprises (a) Providing training and support to small-scale entrepreneurs in: (i) business planning, small business financial control and reporting, credit management, livestock management and health, processing, product storage and transport, fisheries, agronomy, the marketing of high value crops, and nursery management; (ii) identifying agribusiness opportunities through review of subsectors and NGO borrower profiles, forming producer groups and associations to improve production output, timing, quality, and sales, facilitating and promoting private sector linkages between entrepreneurs at each level of the value added chain, providing technical expertise to clusters of similar entrepreneurs, and arranging field trips for NGO staff and for entrepreneurs involved in clusters; (iii) and identifying opportunities for women entrepreneurs for developing commercial linkages with producers, advising them on packaging, market promotion, developing bankable business plans and identifying institutional sources of financing. (b) Strengthening agribusiness associations through training, workshops, and domestic study tours to be selected based on the proposals made by agribusiness associations and financed on a cost-sharing basis (2/3 to be financed by the Project, and 1/3 to be financed by the associations).	Project Implementation Unit (PIU)

(c) Disseminating agribusiness information and technology through publicity drives, trade fairs, seminars, and other awareness-raising and technical assistance activities to be selected based on proposals made by interested parties and financed on a cost-sharing basis ((2/3 to be financed by the Project, and 1/3 to be financed by service providers).	
<p>Part 3: Capacity building in agribusiness lending</p> <p>(a) Strengthening the institutional capacity of BASIC and EBL in managing NGO loan portfolio through training in agribusiness lending and associated risks management, developing and streamlining guidelines and procedures for evaluating, processing NGO proposals and administering commercial loans to NGOs, and establishing the performance monitoring and reporting systems; and</p> <p>(b) Strengthening the capacity of participating NGOs through improving their business plans with a focus on financing and supporting small-scale agribusiness enterprises, training staff in accessing and managing funds for agribusiness lending, enhancing the management of agribusiness loan portfolio and associated risks, and upscaling the technical support system.</p>	PIU
<p>Part 4: Improving the enabling environment for agribusiness</p> <p>(a) Assisting the Ministry of Agriculture (MOA) and concerned Government agencies in identifying major regulatory constraints for private sector operations in agribusiness, conducting public consultations on the required policy changes through workshops, seminars and conferences, assessing public market management, revenue distribution, and results of pilot market improvement efforts, and revising or drafting key regulations and legislation as necessary.</p> <p>(b) Prepare, implement and finance training programs on agribusiness to enhance understanding of the government agencies concerned in agribusiness governance, the characteristics and needs of the sector, and its opportunities</p>	<p>Agribusiness Cell DAM</p> <p>PIU</p>
<p>Part 5: Project implementation support</p> <p>Providing physical facilities and technical support to MOA, BASIC, EBL, and participating NGOs. These will include setting up and staffing of a permanent agribusiness cell within MOA.</p>	PIU

#### **D. Special Features**

4. The Project focuses on the missing middle of small-scale rural entrepreneurs, a key group with substantial economic growth potential which has been underserved by the rural financial system and by most donor-financed projects in Bangladesh. Agribusiness investments undertaken by these small-scale enterprises are expected to generate substantial direct employment opportunities and increase demand for agricultural products which will, in turn, translate into demand for a broader range of produce, higher prices, additional employment and increased rural incomes. The Project will also work with key public and private sector agencies to improve enabling environment for agribusiness activities thus stimulating increased investments.

5. The demand of the subborrowers will determine the support that the Project will provide. Short- to medium-term credit will be provided through qualified, reputable NGOs to enable the project target groups to invest in agribusinesses. In addition, assistance will be provided to help ensure that proposals for credit are viable, properly presented, and ultimately profitable.

## II. COST ESTIMATES AND FINANCING PLAN

### A. Detailed Cost Estimates

6. The total project cost is estimated at \$60.0 million equivalent inclusive of taxes, duties, and interest and service charges during implementation (Table 1). Appendix 2 provides details of the cost estimates.

Table 1: Cost Estimates  
(\$ million)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Base Cost</b>			
1. Credit for Small-Scale Agribusiness Enterprises			
a. Agribusiness Credit	3.6	32.4	36.0
b. Subborrowers' Contribution	0.0	15.3	15.3
2. Technical and Marketing Support	0.7	1.5	2.2
3. Strengthening Capacity of Participating NGOs and Wholesale Banks in Agribusiness Lending	0.3	0.8	1.1
4. Improving Enabling Environment for Agribusiness	0.9	0.9	1.8
5. Project Implementation Support	0.4	1.8	2.2
<b>Subtotal (A)</b>	<b>5.9</b>	<b>52.7</b>	<b>58.6</b>
<b>B. Contingencies</b>			
1. Physical Contingencies	—	0.2	0.2
2. Price Contingencies	0.1	0.2	0.3
<b>Subtotal (B)</b>	<b>0.1</b>	<b>0.4</b>	<b>0.5</b>
<b>C. Interest Charge during Implementation</b>	<b>0.9</b>	<b>—</b>	<b>0.9</b>
<b>Total (A+B+C)</b>	<b>6.9</b>	<b>53.1</b>	<b>60.0</b>

Notes:

- (i) Base cost in 2005 prices.
- (ii) Physical contingencies: 5% for training, workshops, surveys and studies, equipment and vehicles.
- (iii) Price contingencies: foreign price escalator estimated at 2.8% in the first year, and 1.9% in the following years; domestic price escalator estimated at 5% per year.
- (iv) Local currency costs include taxes and duties of \$0.3 million.

Source: Report and Recommendation of the President to the Board of Directors (RRP) on a Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for the Agribusiness Development Project, October 2005

### B. Financing Plan

7. On 27 October 2005, ADB approved a loan from its Special Funds resources to the Government for \$42.5 million equivalent (SDR 28.910 million) to finance 70.7% of the project cost. The ADB loan will finance the Project's entire foreign exchange cost of \$6.9 million and \$35.6 million equivalent of the local currency cost. The Government will provide \$2.0 million equivalent to meet the costs of incremental staff salaries, vehicle rental, overheads, project operation, and taxes and duties. Subborrowers will finance \$15.3 million equivalent (as equity contributions) of

subproject costs. Contracted service providers will finance \$0.2 million equivalent of the costs related to agribusiness promotion activities. The Project's financing plan is in Table 2, and further details are also included in Appendix 2.

Table 2: Financing Plan  
(\$ million)

Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	6.9	35.6	42.5	70.7
Government	0.0	2.0	2.0	3.4
Subborrowers	0.0	15.3	15.3	25.5
Contracted service providers	0.0	0.2	0.2	0.4
Total	6.9	53.1	60.0	100.0

Source: RRP.

### C. Use and Allocation of Loan Proceeds

8. The ADB loan will have a maturity of 32 years, including a grace period of 8 years, and will carry an interest charge of 1.0% per annum during the grace period, and 1.5% per annum thereafter. The interest on the loan will be capitalized during the grace period. The interest charge and any other charge on the loan will be payable semiannually on 15 April and 15 October in each year. The **closing date for withdrawal of loan proceeds shall be 30 June 2011** or such other date as may from time to time be agreed between the Government and ADB.

9. The Government shall:

- relend (a) a portion of the loan proceeds equivalent to SDR12.244 million to BASIC under a Subsidiary Loan Agreement, and (b) a portion of the loan proceeds equivalent to SDR12.244 to EBL also under a Subsidiary Loan Agreement, both for the credit line. The terms for relending the proceeds of the loan shall include interest at the rate of 3.5% per annum and a repayment period of 15 years including a grace period of 5 years. The loans to BASIC and EBL shall be denominated in taka, and the Government will bear the foreign exchange risk. BASIC and EBL shall onlend the loan proceeds to participating NGOs, which shall further onlend to subborrowers. Further details on the relending and onlending terms and conditions for the credit line are included in Appendix 3;
- provide a portion of the loan proceeds equivalent to SDR3.811 million to the Ministry of Agriculture (MOA) through budgetary allocations for carrying out Project activities, other than the credit line; and
- ensure that BASIC, EBL, MOA, and the Ministry of Finance (MOF) will apply the loan proceeds to the financing of Project expenditure in accordance with the provisions of the Loan Agreement between the ADB and the Government, and the Project Agreement between the ADB and BASIC and EBL, both dated 22 June 2006.

10. Table 3 sets forth the categories of goods, services and other items to be financed out of the loan proceeds and the allocation of amounts of the loan to each category. Except as otherwise

agreed to by ADB, the items of the categories listed in Table 3 shall be financed out of the loan proceeds on the basis of the percentages set forth in the table.

Table 3: Allocation and Withdrawal of Loan Proceeds  
(SDR million)

Category		Allocation	Percentage of ADB Financing	
Number	Item		Percentage	Basis for Withdrawal
1	Small-scale agribusiness credit	24.488	100	percent of total expenses*
2A	Vehicles and motorcycles	0.164	100	percent of total expenses*
2B	Office equipment and furniture	0.283	100	percent of total expenses*
3	Consulting services	2.428	100	percent of total expenses*
4	Contracted services	0.278	67	percent of total expenses*
5	Training and technical support	0.466	100	percent of total expenses*
6	Survey and studies	0.103	100	percent of total expenses*
7	Interest charge	0.611	100	percent of total expenses*
8	Unallocated	0.089		
	Total	28.910		

\* Exclusive of local taxes.

Source: Attachment to Schedule 3, Loan Agreement between People's Republic of Bangladesh and Asian Development Bank dated 22 June 2006.

11. The amount allocated to Category 7 is for financing interest charge on the loan during the implementation period of the Project. ADB shall be entitled to withdraw from the loan account and pay to itself, on behalf of the Government, the amounts required to meet payments, when due, of such interest charge.

12. Notwithstanding the allocation of loan proceeds and the withdrawal percentages set forth in the Table 3 above:

- If the amount of the loan allocated to any category appears to be insufficient to finance all agreed expenditures in that category, ADB may, by notice to the Government, (a) reallocate to such category, to the extent required to meet the estimated shortfall, amounts of the loan which have been allocated to another category but, in the opinion of ADB, are not needed to meet other expenditure, and (b) if such reallocation cannot full meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditure in order that further withdrawals under such category may continue until all expenditure thereunder shall have been made; and
- If the amount of the loan then allocated to any category appears to exceed all agreed expenditure in that category, ADB may, by notice to the Government, reallocate such excess amounts to any other category.

13. **The loan proceeds must not be used to finance any local taxes or duties.** Furthermore, withdrawals from the loan proceeds in respect of goods and services shall be made only on account of expenditure relating to:

- goods which are produced in and supplied from and services which are supplied from such member countries specified by ADB as eligible sources for procurement, and

- goods and services which meet other eligibility requirements as specified by ADB from time to time.

14. All goods and services to be financed out of the loan proceeds shall be procured in accordance with Schedules 4 and 5 of the Loan Agreement, and the ADB's *Procurement Guidelines* and *Guidelines on the Use of Consultant*.

### **III. IMPLEMENTATION ARRANGEMENTS**

#### **A. Executing and Implementing Agencies**

15. The MOF, through its Finance Division, shall be the Project Executing Agency (EA) for Part 1 (credit component) of the Project, and shall be responsible for managing and overseeing the flow of funds for the agribusiness credit line. MOA will be the EA responsible for implementing the rest of the Project. MOA shall also be responsible for implementing the associated technical assistance for strengthening project management (para. 48).

16. Part 1 of the Project shall be implemented by BASIC and EBL through participating NGOs. MOA's Department of Agricultural Marketing (DAM) will be responsible for (i) coordinating with MOF the supervision, monitoring and reporting for Part 1 of the Project, and (ii) implementing Parts 2, 3, 4(b), and 5 through the PIU.

17. The PIU, established within DAM, will be headed by a Project Director designated by the Government and whose qualifications and experience are satisfactory to ADB. The Project Director shall be assisted by a full-time Project Manager with qualification and experience acceptable to ADB, and recruited as a domestic consultant. At all times through project implementation, the PIU shall remain adequately staffed with full-time staff (the incremental staff requirements are indicated in Appendix 3). The PIU shall be responsible for the day-to-day implementation of the Project, including: (i) organizing and supervising training activities; (ii) organizing capacity building, and information dissemination activities, procurement (except for Part 1 of the Project) and consultant selection activities; (iii) liaising with BASIC and EBL; and (iv) monitoring and reporting of the progress of project implementation. Long-term domestic consultants, backed up by intermittent inputs from international consultants, will support PIU. The PIU will rent premises outside MOA and DAM.

18. MOA has set up the Agribusiness Cell which shall be responsible for developing the agribusiness policy and regulations, and guiding agribusiness operations. At all times during project implementation, the agribusiness cell shall remain headed by the Additional Secretary of MOA and adequately staffed with qualified personnel reassigned from within MOA. The agribusiness cell shall implement Part 4(a) of the Project and be responsible for developing agribusiness policy and regulations and guiding agribusiness operations; liaising with the concerned Government ministries and agencies, ADB and PIU; and serving as a secretariat for the Project Steering Committee (PSC).

#### **B. Project Management Organization**

19. The Government has established a Project Steering Committee (PSC) to oversee and guide the Project, and resolve policy issues. The PSC will be chaired by the Principal Secretary of the Prime Minister's Office and will include Secretaries of ERD and Finance Division of MOF, Planning Commission, Agriculture, Fisheries and Livestock, Commerce and Industry, and representatives of



Bangladesh Bank, BASIC, EBL, and participating NGOs. The Head of the agribusiness cell shall serve as Member Secretary of the PSC, which will meet semi-annually.

20. A Project Implementation Committee (PIC) was also established to provide a venue for coordinating Project activities, discussing and resolving project implementation problems in a transparent manner. The PIC will include representatives of MOA, MOF, Implementation Monitoring and Evaluation Division and the Planning Commission of the Ministry of Planning, DAM, the agribusiness cell, BASIC, EBL, participating NGOs, agribusiness organizations, and the Project Director. The PIC will be chaired by the Secretary of MOA, and the Project Director will be Member Secretary.

21. Detailed implementation arrangements for each project component and the project organization chart are in Appendix 3.

#### IV. IMPLEMENTATION SCHEDULE

22. The Project's implementation schedule is in Appendix 4. The Project will be implemented over 5 years from 2006. First year activities would include setting up of the agribusiness cell and the PIU; recruitment of requisite project staff as well as consultants; formulation of training programs, assessment of the range of agribusiness services available as well as the needs and capacities of trade and industry organizations and financing agencies; and information dissemination on the Project. Full implementation is expected to begin by the fourth quarter of the first year.

#### V. CONSULTANT RECRUITMENT

23. The Project requires 652 person-months (p-m) of consulting services (93 p-m, international, and 559 p-m domestic), and the selection, engagement and services of consultants will be subject to the provisions of Schedule 5 of the Loan Agreement, and the *Guidelines on the Use of Consultants by Asian Development Bank and Its Borrowers* dated April 2006, as amended from time to time. The PIU, on behalf of MOA, will select and engage the consultants using the quality- and cost-based selection (QCBS) method in accordance with the following procedures:

- (i) Invitation for technical and financial proposals. The invitation to submit technical and financial proposals (Request for Proposals [RFP]) and all related documents shall be approved by ADB before they are issued. For this purpose, 3 copies of the draft RFP (using the ADB's Standard Request for Proposals<sup>1</sup>), the names of consultants to be shortlisted, the proposed criteria for evaluation of proposals, a draft consultancy contract, and other related documents (see footnote 1) should be submitted to ADB. A period of at least 45 days should be allowed for submission of both proposals. A copy of the final RFP as issued, together with all related documents should be furnished to ADB for information promptly after issuance. The validity period for the technical and financial proposals as provided in the RFP should ideally not exceed 3 months from the date specified for submission of the technical and financial proposals. The approval of ADB should be obtained for any request to extend such validity period (the validity period, including any extensions, should not exceed a maximum total period of 6 months). If the contract is not signed within the validity

<sup>1</sup> The ADB's Standard Request for Proposal (SRFP) must be used for engaging ADB loan-financed consulting services. The SRFP, including standardized forms of contracts, can be downloaded from the ADB's website at <http://www.adb.org/Consulting/documents.asp>. This website also contains the checklist of documents that should be submitted to ADB, as well as submission forms (copies included in Appendix 5) to facilitate ADB's review and approval.

period, the selection will be invalidated and the selection and engagement process must be followed again.

- (ii) Evaluation and scoring of technical proposals. Immediately after the technical proposals have been evaluated and scored, approval of ADB shall be obtained on the evaluation and scoring of the technical proposals. For this purpose, 3 copies of the EA's report on the evaluation of technical proposals should be submitted to ADB.
- (iii) Public opening of financial proposals. The financial proposals of the firms whose technical proposals meet the minimum qualifying technical score will be opened publicly after adequate notice is given to the firms or their representatives to attend the opening of the financial proposals.
- (iv) Evaluation and scoring of financial proposals and ranking of technical and financial proposals. The technical and financial proposals will be ranked after the financial proposals have been evaluated and scored. Before negotiations are started with the first-ranked consultants, approval of ADB should be obtained on the evaluation and scoring of the financial proposals, and on the ranking of the technical and financial proposals. For this purpose, 3 copies of the evaluation and scoring of the financial proposals, and the ranking of the technical and financial proposals should be submitted to ADB.
- (v) Execution of the contract. After the conclusion of negotiations but before signing the contract, the contract as negotiated should be submitted to ADB for approval. Promptly after the contract is signed, ADB should be furnished with 3 copies of the signed contract. **If any substantial amendment of the contract is proposed after its execution, the proposed changes should be submitted to ADB for prior approval.**

24. Domestic consultants will be selected and engaged in accordance with procedures acceptable to ADB, and the selection and engagement will be subject to ADB's approval with regard to the consultants' competence and experience for carrying out the assignment. Promptly after the contract is signed, ADB should be furnished with 3 copies of the signed contract. **If any substantial amendment of the contract is proposed after its execution, the proposed changes should be submitted to ADB for prior approval.**

25. Appendix 5 includes the Project's consultant requirements and their terms of reference. Sample report formats to be used for submission to ADB are also provided in the same Appendix. The outline of the procedures in selecting consultants are also contained in ADB's Handbook for Users of Consulting Services, which can be downloaded from ADB's website at <http://www.adb.org/Consulting/ucsvol4.pdf>. Moreover, the international and domestic consultants, who were recruited under the associated technical assistance for strengthening project management on agribusiness development (ADB TA 4674-BAN), will assist the Government in the recruitment processes.

## VI. PROCUREMENT

26. Procurement of goods and services (apart from consulting services) that will be financed by the loan proceeds will be subject to the provisions of Schedule 4 of the Loan Agreement, and the ADB's *Procurement Guidelines* dated April 2006, as amended from time to time. *Vehicles and office equipment for the PIU which are urgently needed in project commencement of up to a maximum of \$100,000 equivalent per contract may be procured using shopping procedures as described in Chapter III, paragraph 3.5 of the ADB's Procurement Guidelines. After award, 3 copies of each*

contract for such items should be furnished to ADB. Each supply contract for vehicles, equipment or materials estimated to cost the equivalent of more than \$100,000 may be procured using limited international bidding procedures or national competitive bidding procedures as described in paragraphs 3.2 and 3.3 to 3.4, respectively, of Chapter III of the ADB's Procurement Guidelines. Machinery, equipment, and related services under subloans made out of the loan proceeds may be procured from suppliers selected by the concerned subborrowers in accordance with established commercial practices. Indicative procurement packages under the Project are in Appendix 6. To minimize delays and problems in procurement, but before commencing any procurement activities, the PIU should submit for ADB's approval a procurement plan, which should list the goods and services to be procured, the proposed grouping of these goods and services, and the proposed method of procurement of such contracts.

27. The Government should ensure that all loan-financed goods and services (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party.

28. The Government should also ensure that all loan-financed contracts for the procurement of goods and services contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in para. 27 above.

## VII. DISBURSEMENT

### A. Disbursement Procedures

29. Loan funds will be disbursed in accordance with both the Disbursement Letter (Appendix 7)<sup>2</sup> and the ADB's *Loan Disbursement Handbook* (the Handbook). In addition to Imprest Fund Procedures as discussed in para. 30 below, the ADB's Direct Payment, Commitment, and Reimbursement Procedures, described briefly as follows may be used to facilitate loan disbursement:

- Direct payment procedure, where ADB at the request of the Government pays a designated beneficiary directly (Chapter 7 of the Handbook provides complete details).
- Commitment procedure, where ADB at the request of the Government provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a letter of credit financed from the loan account (Chapter 8 of the Handbook provides complete details).
- Reimbursement procedure, where ADB pays from the loan account to the Government's account or, in some cases, to the project account for eligible expenditures which have been incurred and paid for the Project out of its budget allocation or its own resources (Chapter 9 of the Handbook provides complete details).

30. To ensure timely release of funds, two project imprest accounts will be established by the Government immediately after loan effectiveness at the Bangladesh Bank. One imprest account will be for the credit component, and the other for the noncredit components. The imprest accounts will be established, managed, replenished and liquidated in accordance with the Handbook (see

<sup>2</sup> An example of the disbursement letter is given in Appendix 7. The Disbursement Letter for this Project will be issued by ADB's Controller's Department shortly, and a copy will be appended to the PAM upon issuance.

Chapter 10 and Annex 10 of the Handbook). The imprest account for the credit component will be managed and maintained by MOF's Finance Division, while the imprest account for noncredit components will be managed and maintained by the PIU. The initial amount to be deposited into each imprest account should not exceed the lesser of the equivalent of 10% of the loan amount or the estimated expenditure for the next 6 months under the credit and noncredit components.<sup>3</sup>

31. Advances to the imprest accounts are to be gradually reduced within 1 year before the Loan closing date, or when the undisbursed balance of the Loan, including outstanding commitments, is equal to twice the amount of advance, whichever comes first. This is to ensure that sufficient time is provided for the Government to obtain supporting documentation for clearing the outstanding advances before the Loan account is closed. The form to be used is shown in Appendix 22 of the Handbook. The Government must promptly refund to ADB, in the currency of the account, any balance of the advance not liquidated at the time of Loan closing.

32. The statement of expenditures (SOE) procedures may be used for reimbursement of eligible expenditure and to liquidate advances provided into the imprest accounts, in accordance with the Handbook (see paragraphs 9.8-9.23, Chapter 9.0 of the Handbook). Any individual payment to be reimbursed or liquidated under the SOE procedure should not exceed the equivalent of \$50,000.

33. For all withdrawals of loan proceeds, ADB must receive a withdrawal application in the prescribed format. The Handbook contains withdrawal application forms that can be used for the Project. Each withdrawal application is to be signed by representatives duly designated and/or authorized by MOF to withdraw from the loan account. For this purpose, MOF should submit to ADB at the earliest sufficient evidence of authority for the persons who will sign the withdrawal applications, together with their authenticated specimen signatures, for the credit and noncredit components.

34. Withdrawal application forms and other loan financial information can also be downloaded from the ADB's Loan Financial Information System (LFIS) at <http://lfis.adb.org>. MOF and the PIU can request access to the LFIS from this site. The requisite form is included in Appendix 7.

## **B. Condition for Withdrawal from the Loan Account**

35. No withdrawals should be made for the credit component until BASIC and EBL shall each have signed an onlending agreement, in a form and substance satisfactory to ADB, with any participating NGO (Association for Social Adjustment [ASA], BRAC, or Thengamara Mohila Sabuj Shangha [TMSS]).

## **C. Revolving Fund for the Credit Component**

36. BASIC and EBL each will establish, **within one month of the loan effective date**, revolving funds to be utilized exclusively for onlending to participating NGOs for their small-scale agribusiness lending programs. The amount of each loan to be sanctioned and disbursed from such revolving funds will be determined by BASIC and EBL, respectively. Each participating NGO will be required to open a project account in a reputable bank. Repayments by participating NGOs of loan principals will be made into the revolving funds. Upon application from a participating NGO, BASIC and EBL will apply for the funds from the imprest account (as referred to in para. 30 above). As provided in the Subsidiary Loan Agreements between the Government and the two participating

<sup>3</sup> The imprest funds may be used to finance subloans, and costs relating to vehicle and office equipment procurement or rental; training and technical support; surveys and studies; and contracted services.

banks, **the Government will ensure that disbursements from the imprest account to BASIC and EBL are made within 10 working days of receipt of the respective disbursement applications.** Within 5 working days of receipt of funds from the imprest account, BASIC and EBL will disburse the funds to the project account of the participating NGO concerned.<sup>4</sup> Applications for replenishment of the imprest account will be initiated by BASIC and EBL taking into account (i) the balance remaining in the revolving fund, and (ii) loan requests from participating NGOs based on their business plans on a 6-monthly basis. The withdrawal applications for replenishment should be accompanied by SOE sheet(s) (as referred to in para. 32 above) showing the beneficiaries and amount of subloans disbursed by participating NGOs and, to the extent possible, by activity. Samples of SOE summary sheets that may be used for the credit line are included in Appendix 7.

37. The Government will ensure that the revolving funds are maintained after project completion until such time as ADB in its sole discretion may require the revolving funds to be dissolved. Six months before project completion, ADB will arrange, in consultation with concerned parties, for operating the revolving funds after project completion. Balances available in the revolving funds will be credited to appropriate entities designated by the Government in consultation with ADB. The Government will also ensure that after project completion, the revolving funds continue to be utilized for the purpose established in para. 36 above, and each participating NGO, subborrower, subloan and subproject continue to satisfy the respective eligibility criteria set forth in Appendix 1.

## VIII. PROJECT MONITORING AND EVALUATION

38. Planning and monitoring of project progress will be scheduled, reviewed, and reported quarterly to ADB. A pro-forma of the project progress report to be submitted to ADB is in Appendix 8. A project performance management system (PPMS), consistent with the quantified and time-bound targets, indicators, risks and assumptions contained in the Project's design and monitoring framework (page iii),<sup>5</sup> will be established within 6 months of project commencement. A monitoring team will be established within PIU, and each of the implementing agencies, to ensure the operation of the PPMS throughout the Project. In addition, DAM, through its districts and subdistrict offices, may also help collect the required data for PPMS.

39. Within 3 months of project inception, PIU will identify baseline indicators in discussions with wholesale banks and participating NGOs. The main focus will be on the expansion of agribusiness investment, employment, and sales generated by the Project. In terms of benefit monitoring for Part A of the Project, information will be maintained concerning the amounts and numbers of loans disbursed to, and repaid by, subborrowers. They will be categorized as input suppliers, primary producers, and processors and marketing. To assess incremental benefits from the Project, basic household data for subborrowers will be kept concerning the number of family members, people employed, and estimated total revenues and net income. In addition to their usual financial and physical reporting, NGOs will classify and report to PIU, through wholesale banks, on their agribusiness loan portfolio each 3 months, and the proportion of agribusiness to total lending. Information will be maintained on the number of staff associated with agribusiness lending, as well as the number of staff participating in agribusiness courses and workshops. Information will be disaggregated by gender. Project lending and borrowing will be reviewed against total lending and the liability structures of each NGO, and against the overall financial performance of each NGO.

<sup>4</sup> Although the Loan Agreement provides that 5 working days will be required to disburse funds from MOF to EBL and Basic Bank, and 3 days for the two banks to release funds to the NGOs, MOF and the two banks agreed to revise the required processing time for fund flow arrangements. The arrangements are reflected in the Subsidiary Loan Agreements between MOF and the two banks.

<sup>5</sup> During implementation, the design and monitoring framework should be reviewed and, when needed, adjusted to reflect changing circumstances and environments so that the intended outcome can be achieved.

The NGOs' performance will be measured by indicators such as (i) capital adequacy ratio, (ii) return on equity, (iii) average revenue on loans outstanding, (iv) administration expenses on lending, and (v) expenses to revenue ratio. During preparation of the project completion report, this data will be used to evaluate the impact of the Project on income and employment generation, and on improvements in the quality of life, especially for women and underprivileged groups. The ability of NGOs to continue to serve small agribusinesses also will be evaluated.

40. MOA, MOF, and ADB will carry out a project review twice a year. A midterm review will be undertaken not later than 2 years and 6 months after project commencement. This review will include a comprehensive evaluation of the project implementation arrangements and project progress, as well as consultations with the stakeholders. Recommendations will be made for adjustments, as appropriate, to the project scope, cost estimates, and implementation arrangements, including the feasibility of involving additional NGOs under the credit line component.

41. Progress reported through the semiannual reports, as well as findings of project review missions, will form the basic inputs for the ADB's Project Performance Report (PPR). The PPR (Appendix 9) is ADB's tool for monitoring implementation progress and assessing the likelihood of projects delivering their intended outputs, and achieving their desired outcome.

## IX. REPORTING REQUIREMENTS

42. The PIU, through MOA, will submit to ADB diagnostic semiannual reports detailing project progress to date, problems encountered, measures taken to overcome them, and expected progress over the next 6 months period as well as any major or serious issues which need to be expeditiously addressed. **Semiannual reports are to be submitted to ADB every 31<sup>st</sup> January and 31<sup>st</sup> July of each year of project implementation.**

43. Preparation of contract awards and disbursement projections and comparing these with actual performance could help in identifying impediments to implementation progress, and remedial measures to enable on-schedule implementation of the Project. Realistic disbursement projections also help in improving ADB's overall liquidity, cash flow, and portfolio management. For this purpose, the PIU, BASIC, and EBL will prepare and submit to ADB not later than 31 December of each year, annual forecasts of contract awards/commitment and disbursement projections for their respective parts of the Project in the format shown in Appendix 10.

44. **Promptly after completion of the Project but not later than 3 months thereafter**, the PIU, through MOA, will submit to ADB a project completion report (suggested topics are in Appendix 11), detailing the utilization of loan proceeds, project implementation analysis, and the socioeconomic impact of the Project on the intended participants and ultimate beneficiaries, with special attention to poverty reduction.

## X. AUDITING REQUIREMENTS

45. The Government, BASIC, and EBL shall (i) maintain separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than six (6) months after the end of each related fiscal year (**i.e. on or before 31 December of each fiscal year**), certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on

the use of the Loan proceeds and compliance with the financial covenants of the Loan and Project Agreements as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerned such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request. The Project's audit requirements are set out in the Audit Letter to the Government (Appendix 12).

46. Actions will be taken by ADB, including suspension of loan disbursements, in case of delays in the submission of, or non-submission of, audited project accounts and audit reports.

## **XI. MAJOR LOAN COVENANTS**

47. The major loan covenants that have been agreed between ADB, the Government, BASIC and EBL (which are to be complied with against the dates shown where applicable) are in Appendix 13.

## **XII. IMPLEMENTATION OF THE ACCOMPANYING TA**

48. An advisory technical assistance for strengthening project management for agribusiness development (TA 4674-BAN) was approved by ADB for \$600,000 in conjunction with the loan. The TA will assist MOA and DAM in (i) establishing a project supervisory and monitoring capacity in DAM, and (ii) guiding and advising the personnel of DAM and PIU in agribusiness promotion and project management during the first 4 years of the Project. The aim is to set the stage for an expansion of agribusiness by establishing a focal point within the Government for agribusiness promotion. Capacity will be built through direct experience in administering and implementing the Project, guided by experienced consultants. As a result, DAM can develop a staff force familiar with (i) implementing aid agency-financed projects; (ii) characteristics of agribusiness promotion; (iii) NGOs and their programs; and (iv) other institutions contributing to agribusiness, such as agribusiness associations and enterprises. Appendix 14 contains the TA's terms of reference and cost estimates. The TA needs 12 person-months (p-m) of an international individual consultant services and 48 p-m domestic individual consultant services. So far, an international project management training advisor and a domestic project management training specialist have been engaged for 12 person-months, and 6 person-months, respectively. Both specialists commenced their assignments from 7 January 2006 and 15 March 2006, respectively.

## **XIII. GOVERNANCE AND ANTICORRUPTION**

49. The project design incorporated project-specific measures to enhance governance and prevent corruption during implementation. These are given in Appendix 15. These measures, designed with the stages of project implementation and the disbursement chain in mind, included (i) providing consultant support and the associated TA for project management and implementation training to staff of PIU, particularly in consultant recruitment and procurement; (ii) identifying beforehand the wholesale banks and participating NGOs; (iii) establishing transparent procedures for financial transactions; (iv) requiring implementing agencies to enter each amount of disbursed funds into an accounting system; (v) monitoring and reporting of NGO activities by PIU; (vi) appointing an NGO liaison officer within PIU to deal specifically with NGO concerns; and (vii) establishing the PIC. These arrangements, as well as the reporting mechanisms referred to in this PAM, will also enable monitoring and accounting of the use of ADB resources.

50. The ADB's Anticorruption Policy sets the guidelines and procedures in addressing corrupt practices. Anyone coming across evidence of corruption associated with the Project must contact

the ADB's Office of the Auditor General, which will investigate such allegations, at the following address:

Anticorruption Unit  
Office of the Auditor General  
Asian Development Bank  
6 ADB Avenue, Mandaluyong City  
0401 Metro Manila, Philippines

Telephone: (632) 632 5004  
Facsimile: (632) 632 2152  
Email: anticorruption@adb.org

#### **XIV. OTHER MATTERS**

51. **Gender Action Plan (GAP).** A GAP was prepared for the Project to promote women's participation equally as agents and beneficiaries in the Project's development process (Appendix 16). Implementation of the GAP should be monitored throughout the project period and reported through the quarterly progress reports.

52. **Key Persons Involved in the Project.** The key persons of the Government and ADB who are responsible for the implementation/administration of the Project are listed in Appendix 17. This list should be updated promptly when changes occur.

53. **ADB Documents and Publications.** The documents and publications relevant to the implementation and administration of this Project are listed in Appendix 18.



## APPENDIXES

- 1 Eligibility Criteria
- 2 Cost Estimates and Financing Plan (not available to the public)
- 3 Project Implementation Arrangements
- 4 Project Implementation Schedule
- 5 Detailed Terms of Reference for Consulting Services, Requirements and Cost Estimates, and Checklist of Reports for Submission to ADB (detailed cost estimates not available to the public)
- 6 Indicative Procurement Packages
- 7 Disbursement Letter, Sample SOE formats, and Request Form for LFIS Web Access
- 8 Pro Forma of the Executing Agency's Progress Report
- 9 Project Performance Report
- 10 Worksheet for Contract Awards/Commitments and Disbursement Projections
- 11 Suggested Topics for Project Completion Reports to be Prepared by Borrowers
- 12 Audit Letter
- 13 Major Covenants
- 14 Technical Assistance for Strengthening Project Management on Agribusiness Development
- 15 Good Governance and Anticorruption Measures
- 16 Gender Action Plan
- 17 Key Persons Involved in the Project
- 18 List of ADB Documents and Publications Relevant to Project Administration



## ELIGIBILITY CRITERIA

### Wholesale Banks and Nongovernment Organizations (NGOs)

1. The Project will work with nongovernment organizations (NGO) that have developed sound microcredit loan portfolios, and are seeking to expand their portfolio of small-scale individual lending to agribusiness. Wholesale banks, which will be expected to conform to selected performance criteria, will finance the NGOs through lending.
2. To be selected and participate in the Project, wholesale banks must have:
  - (i) at least 3 years experience in project-relevant financing, including a steadily increasing portfolio of NGO or nonbank financial institution lending;
  - (ii) classified loans<sup>1</sup> accounting for less than 10% of total loans outstanding;
  - (iii) at least 3 years of satisfactory financial performance, as shown by financial statements audited to international accounting standards, as well as satisfactory financial forecasts for the current year and each subsequent year of the project participation that indicate profitability and the maintenance of prudent financial ratios;
  - (iv) a capital adequacy ratio<sup>2</sup> of at least 9%, plus satisfactory compliance with Bangladesh Bank regulatory and inspection requirements;
  - (v) a maximum loan deposit ratio<sup>3</sup> of 1.0; and
  - (vi) a proven ability to monitor and regularly report financial and physical indicators needed to measure project status and impact.
3. The maximum loan deposit ratio for the wholesale bank will be calculated excluding the portion of loan portfolio financed by project borrowing. Before a wholesale bank joins the Project, and for each year of participation, the bank should perform in accordance with the standards set in paragraph 2 for which Bangladesh Bank has supervisory responsibility.
4. To be selected and participate in the Project, NGOs must have:
  - (i) a level of governance and internal controls that clearly demonstrate an ability to manage and account for financial intermediation operations separate from, and independently of, other activities carried out by the NGO;
  - (ii) satisfactory compliance with standards and instructions issued by Bangladesh Bank for NGOs involved in microfinance;
  - (iii) a strategy statement within their corporate plan that shows a commitment to the development of agribusiness financial services;
  - (iv) satisfactory work plans for the next 3 years, showing project-related activities to be undertaken and their relationship with all other activities of the NGO;
  - (v) financing services to at least 100,000 borrowers before project participation;
  - (vi) at least 5 years of satisfactory financial performance and at least 3 years of satisfactory experience with microenterprises, as shown by financial statements and satisfactory external audit reports;
  - (vii) sound and transparent subborrower selection procedures, including, in the financing of production-related services, a detailed and time-bound plan that will

<sup>1</sup> Loans that are classified as substandard, doubtful, or loss.

<sup>2</sup> Capital adequacy ratio is a measure of a financial institution's financial strength, particularly its ability to cushion operational and abnormal losses. It is derived by comparing the ratio of an entity's equity with its asset-at-risk.

<sup>3</sup> The amount of a bank's loans divided by the amount of its deposits at any given time.

- result in the commercial packaging of these services and their ownership by private sector entrepreneurs;
- (viii) satisfactory financial statements for the current year, and forecasts for each subsequent year of project participation, which indicate profitability and the maintenance of prudent financial ratios (profitability will be measured by a return on equity averaged over 2 years of not less than 6 percentage points above the rate of inflation and an expenses-to-revenue ratio of not more than 90%);
  - (ix) a net worth of at least Tk120 million, and capital adequacy of not less than 12%; and
  - (x) classified loans accounting for less than 10% of total loans outstanding.

5. ADB has conducted a due diligence review to compile a short list of NGO candidates for participation in the Project. The shortlist follows eligibility guidelines established for the Project. Wholesale banks will review the loan application of each NGO. If an application is considered bankable, the banks will determine how much to loan the NGO in accordance with own loan management procedures, which will have been modified with project assistance. The wholesale banks will bear the credit risk of NGO lending, and will financially monitor these NGOs and provide summarized reports to project implementation unit (PIU). NGOs will be required to provide summarized reports on social and financial aspects of their project activities to PIU. With consultant assistance, PIU will determine the content and frequency of these summarized reports. In addition, PIU will randomly inspect NGO head office and field office activities to ensure sound and transparent subborrower selection procedures are being followed.

6. PIU will work closely with the wholesale banks in the first 3 months to (i) develop guidelines and procedures to be followed in evaluating and accepting NGO proposals; (ii) establish priorities in the selection of proposals; (iii) establish performance and project benefit indicators, as well as a process of monitoring these regularly through NGOs; and (iv) formulate steps to be followed if an NGO ceases to perform satisfactorily. PIU and the wholesale banks will work out a procedure to follow that will enable a sample check of subborrowers to ensure that agribusiness is being financed, and that funds are not being diverted elsewhere.

### **Subborrowers, Subloans, and Subprojects**

7. Unless otherwise agreed to by ADB, each participating NGO shall ensure that:
- (i) each subborrower has experience in commercial production and/or processing, or proven record of successfully operating micro ventures and meeting all loan repayment obligations;
  - (ii) each subloan is denominated in Taka in an amount between \$500 to \$5,000 equivalent, has maturity of 6 months to 3 years, and an interest charged at the prevailing market rate that takes into account the participating NGO's social mobilization, technical support and financial service cost so as to ensure continuing operational viability; credit risks are borne by the participating NGO;
  - (iii) subloans are used by the subborrowers for working capital and fixed-asset purchases under the subprojects that involve provision of upstream agribusiness services (e.g. provision and servicing of agriculture equipment or the sale of inputs such as seeds, seedlings, fingerlings, chicks, calves, fertilizers), downstream activities (e.g. the collection, storage, processing and transporting of agricultural produce and high value commercial production itself, especially for non-traditional commodities);

- (iv) each subproject is selected in accordance with Environmental Assessment and Review Procedures prepared for the Project and agreed by ADB, is carried out in compliance with applicable environmental laws and regulations of the Government and ADB's Environment Policy, 2002, and does not entail any negative environmental impact as defined in ADB's Environment Policy, land acquisition and/or involuntary resettlement impact as defined in ADB's Policy on Involuntary Resettlement, 1995; and
- (v) each subproject is implemented in accordance with sound administrative, social, environmental, and governance principles.



## PROJECT IMPLEMENTATION ARRANGEMENTS

### A. Implementation Arrangements for Credit for Small-Scale Agribusinesses (Component 1)

1. **General.** The implementation of Credit for Small-Scale Agribusinesses Component will depend on the participation of nongovernment organizations (NGO). NGOs interested in promoting agribusiness will be able to borrow from a credit line established in Bangladesh Small Industries and Commerce (BASIC) Bank and Eastern Bank. BASIC Bank and Eastern Bank, which will bear the credit risk for the NGO credit line, will select the participating NGOs. To assist BASIC Bank and Eastern Bank in the selection process, the Asian Development Bank (ADB) identified and conducted due diligence on three of the most qualified and experienced NGOs—each of which would be likely to participate in the Project. NGOs on this shortlist will be considered for the initial drawdown from the credit line. Additional NGOs may be considered for participation following the midterm review, provided they meet selection criteria (Appendix 1).
2. BASIC Bank and Eastern Bank will review the loan applications of each NGO to determine the amount of funds to be lent. If an application is considered bankable, the banks will determine the amount of the loan, following their own loan management procedures. These procedures will be modified with project assistance to meet the needs of the Project, while keeping in mind the financial soundness of the lending institutions. BASIC Bank and Eastern Bank will financially monitor the NGOs and provide summarized reports to the project implementation unit (PIU). The wholesale banks will inform PIU of the amounts lent, while the NGOs will inform PIU what their intended agribusiness development and lending targets are. NGOs will be required to provide to PIU summarized reports on the social and financial aspects of their project activities. With the assistance of the project monitoring consultants, PIU will determine the content and frequency of these summarized reports. PIU will report this information to the Ministry of Agriculture (MOA), which will pass it along to ADB. As part of the monitoring process, PIU will randomly inspect NGO field activities to ensure that the target group of the project is being reached.
3. **Lending Terms and Conditions for the Credit Line.** The Government will relend \$36 million equivalent in local currency to BASIC Bank and Eastern Bank at an annual service charge of 3.5% on the outstanding balance of disbursements from the Government. Loan terms and conditions will be set out in a subsidiary loan agreement between the Government and BASIC Bank and Eastern Bank. The wholesale banks and NGOs will borrow and repay their loans in local currency, free of foreign exchange calculations. BASIC Bank and Eastern Bank will onlend to participating NGOs at the cost of funds from the Government, calculated on a simple interest basis plus the 3.5% spread. The rate charged to the NGOs will be 7%, the same as the Palli Karma-Sahayak Foundation charges larger NGOs. BASIC Bank and Eastern Bank will have a margin to cover the higher administrative and monitoring expenses associated with NGO and subproject lending, as well as provisions for bad and doubtful debt, and an adequate profit margin. As loan security, BASIC Bank and Eastern Bank stated that personal and corporate guarantees, supplemented where available by security over property and receivables, are accepted for lending to NGOs. Their primary focus will be on NGO cash flows available for loan repayment. Participating NGOs will borrow from BASIC Bank or Eastern Bank, and onlend to their subborrowers to finance agribusiness activities. The service charge for this lending by NGOs will be at the prevailing market rate, which takes into account social mobilization, technical support, and financial service costs to ensure continuing operational viability. After 1 year, the Government and ADB will review the performance of the NGOs, and the impact of the

service charge they imposed upon the subborrowers, for taking further action, if necessary. Interest rate structures and pricing are further discussed in Annex 1 of this Appendix.

4. The lending terms for participating NGOs will be based on the business plans submitted to BASIC Bank and Eastern Bank. Drawdowns for seasonal and short-term finance may be rolled over, subject to satisfactory performance by participating NGOs. At project completion, all outstanding lending to participating NGOs, which is unclassified according to Bangladesh Bank's standards, will be placed in revolving funds in BASIC Bank and Eastern Bank. These would continue to be available to NGOs for agribusiness activities. Repayment of funds by BASIC Bank and Eastern Bank would repay funds to the Ministry of Finance out of the revolving fund, which would close with a zero balance when ADB decides to dissolve the revolving fund.

#### **B. Implementation Arrangements for Technical and Marketing support for Agribusiness (Component 2)**

5. The agribusiness promotion consultants — working with NGOs, entrepreneur associations, and larger entrepreneurs that can be linked to small entrepreneurs in the value chain — will provide and develop the technical and marketing supports under Training and Support for Small Entrepreneurs (component 2a) through PIU. NGOs also will be encouraged to submit their own proposals for project support to improve their services for agribusiness borrowers and/or direct services for their borrowers. Proposals developed by the consultants and by NGOs, with the assistance of consultants for component 2a, will be submitted to a panel for review and approval. The panel will comprise the project manager, the project management training advisor (or his/her nominee), and the NGO associated with the proposal. The project management training advisor, in consultation with participating NGOs, will establish the guidelines for approving proposals and monitoring procedures.

6. Strengthening of agribusiness associations and agribusiness information and technology dissemination (components 2b and 2c) will be implemented based on proposals submitted to PIU. The proposals will specify what the training, capacity strengthening, or governance improvement needs are, and the types of promotional services the associations or service providers will provide. Funding will be shared. Approvals for component 2b will be based on the provision of some reciprocal service, such as participation in the training program for MOA staff or participation in one of the other activities under component 2 (e.g., the provision of technical advice). A committee comprising the project manager, the agribusiness promotion consultants, and the project management training advisor will vet the proposals for components 2b and 2c.

#### **C. Implementation Arrangements for Strengthening Capacity of Participating NGOs and Wholesale Banks in Agribusiness Lending (Component 3)**

7. NGO training courses will be designed and financed based on requests from, and appraisal of, individual NGOs. The agribusiness finance specialist, agribusiness promotion consultants, training specialist, gender advisor, women's entrepreneur promotion specialist, environmental and social advisor and specialists will deliver the courses. Training will be provided to the wholesale banks after the agribusiness finance specialist assesses the training needs.



#### **D. Implementation Arrangements for Improving the Enabling Environment for Agribusiness (Component 4)**

8. The agribusiness cell in MOA will implement identifying and correcting major policy constraints (component 4a) for the regulatory studies, while the Department of Agricultural Marketing (DAM) will implement the marketing studies. Consultants will be selected for the necessary background studies, and to assist the agribusiness cell in drafting any revised regulations or legislation. The consultants also will assist in organizing consultations seminars, workshops, or publicity drives needed to get the revised legislation adopted. For regulations or legislation that are the responsibility of other ministries (for example the Ministries of Finance, Commerce, or Industry), a joint committee will be set up through the project steering committee to consider and redraft necessary recommended amendments.

9. Strengthening public sector agencies in agribusiness governance, support, and promotion (component 4b) will be implemented through PIU. A domestic training specialist, assisted by an international training advisor, will prepare curricula and formulate links with the private sector and NGOs for courses. These will be designed to illustrate agribusiness potential, and how this potential relates to the work of various line agencies, especially MOA and the Ministry of Fisheries and Livestock. The domestic training specialist then will ensure that training courses are provided at regular intervals (approximately 20 sessions per year for 4 years). The agribusiness cell will ensure that relevant staff of MOA and its line agencies are exposed to training when it is provided.

#### **E. Project Implementation Support (Component 5)**

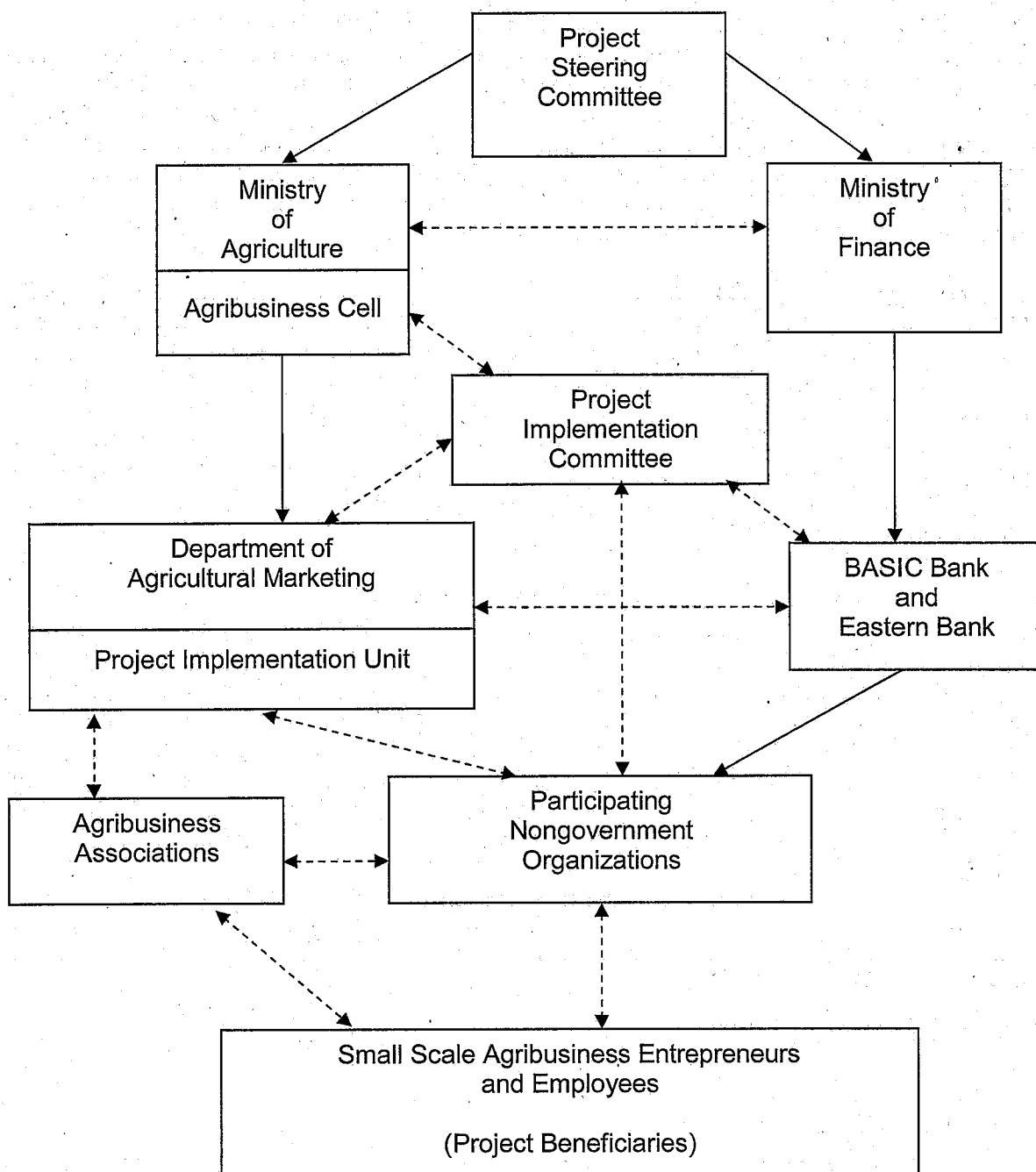
10. A project implementation unit (PIU) will be established to provide implementation support. This will consist of physical facilities, staff, transport, and consulting services required for project activities on (i) technical and marketing support to subborrowers; (ii) agribusiness promotion; (iii) training; (iv) accounting; (v) monitoring and evaluation; and (vi) liaising where necessary with BASIC Bank, Eastern Bank, and NGOs. MOA will set up and staff a permanent agribusiness cell, which will be responsible for (i) developing agribusiness policy and regulations; (ii) guiding agribusiness operations; and (iii) liaising with other ministries, PIU, and ADB. Table A7.1 shows the incremental staff that will be needed for the project implementation support.

**Table A3.1: Incremental Staff Requirements**

<b>Position</b>	<b>Number of Staff Needed</b>
<b>A. Agribusiness Cell in MOA</b>	
1. Senior Policy Officer	1
<b>Total</b>	<b>1</b>
<b>B. Project Implementation Unit</b>	
1. Project Director	1
2. Deputy Project Director	1
3. Senior Accountant Officer	1
4. Monitoring Officers	5
5. NGO Liaison Officer	1
6. Training Officer	1
7. Marketing Officers	4
<b>Total</b>	<b>14</b>

MOA = Ministry of Agriculture, NGO = nongovernment organization.  
Source: RRP.

## PROJECT MANAGEMENT STRUCTURE



Legend: Supervision 

Cooperation and Coordination 

Source: RRP.

## INTEREST RATE STRUCTURES AND PRICING

### A. Nongovernment Organization Interest Rates on Subborrowers

1. **Introduction.** Nongovernment organizations (NGOs) will charge interest rates that allow full cost recovery on loans to the subborrowers, which are small-scale agribusiness entrepreneurs. The practice is consistent with the Asian Development Bank (ADB) *Microfinance Development Strategy*,<sup>1</sup> and takes into consideration key lessons learned from ADB and other aid agency projects on micro and rural finance in Bangladesh and other countries:

- (i) The credit line should provide flexibility to participating banks and NGOs in setting their interest rates to reflect credit risks of the respective clients.<sup>2</sup>
- (ii) Interest rate and financial viability go hand to hand. Capping interest rates would constrain the growth in microfinance aimed at poverty reduction. Market competition should determine the interest rate, not the Government.<sup>3</sup>

2. **Sustainability of NGO Enterprise Lending.** Sustainability is the key factor that ADB and the Government should consider in recommending what interest rates NGOs should charge. For the Project, NGOs are recommended to continue determining their loan pricing according to market conditions and services being provided for cost recovery. This is to reduce the risk of political intrusion and to avoid market distortions. With a market focus, financial services and institutional relationships can be expected to sustain and expand after the Project. The financial projections for the participating NGOs show that, with the proposed full cost-recovery rates, they are able to maintain their financial integrity while increasing market outreach.

3. **NGO Cost Structure.** NGO lending usually carries a higher rate than bank lending, because of NGOs' higher delivery costs involved in smaller transactions delivered virtually to the subborrowers location. Interest rates need to cover three basic types of costs: (i) cost of funds for onlending; (ii) cost of risk (loan loss); and (iii) administrative costs (identifying and screening clients, processing loan applications, disbursing loans, collecting repayments, and following up on non-repayment). Administration costs are inversely related to loan size, and usually exceed 10% of the amount of loan for small loans. Furthermore, service pricing for different NGOs needs to consider NGO product differentiation. Distinction needs to be made between NGOs that charge weekly or monthly, those that provide grace periods for principal, and those that provide interest rebates to proven borrowers. Several other factors also affect the pricing of NGO credit in Bangladesh: (i) natural disasters, (ii) uncertainty over the future sources of finance for asset expansion, (iii) higher cost of equity financing, (iv) widespread practice of cross-subsidization between loan products, (v) inclusion of social and technical support costs, and (vi) effect of taxation liabilities on NGOs becoming microfinance institutions.

4. **Repayment Capabilities of Subborrowers.** The direct subborrowers of the Project will be the small entrepreneurs, while ultra-poor people will benefit from the jobs created. By moving into the market for small-scale enterprises, the NGOs have seen significant potential in the market if service can be provided efficiently at reasonable prices. The many borrowers (more than 160,000) of NGOs' small enterprise program, annual lending growth of more than 20%, and the high repayment rate of at least 99% clearly show the demand for these loans and ability of the small entrepreneurs for loan repayment out of enterprise profits.

<sup>1</sup> ADB. 2000. *Finance for the Poor—Microfinance Development Strategy*. Manila.

<sup>2</sup> ADB. 2003. *Project Performance Audit Report on Second Aquaculture Development Project in Bangladesh*. Manila.

<sup>3</sup> Local Consultative Group (LCG). 2005. *LCG comments on the Draft Poverty Reduction Strategy Paper*. Dhaka.

5. **Problems with Interest Rate Ceilings.** A review of microfinance in different countries, including Bangladesh, shows that the poor generally consider ongoing access to credit more important than the cost of the credit. An interest rate ceiling often hurts, rather than protects, the most vulnerable by shrinking poor people's access to financial services. An interest rate cap introduces market distortions, damages the sustainability of NGO lending, ignores fundamental pricing calculations, and ignores NGO product differences. As a demonstration, the capping of interest rates on agricultural lending through development finance institutions (such as Bangladesh Krishi Bank and Rajshahi Krishi Unnayan Bank) and nationalized commercial banks has weakened these financial institutions to the point of insolvency. It also has diminished severely their impact on, and capacity for, rural financial intermediation.

6. **Competition as the Mechanism for Lowering Interest Rates.** Competition will be the most powerful mechanism for lowering credit cost and interest rates. Under the Project, the increased supply of individual loans will increase competition between participating NGOs and banks that downscale services. This will lead to more attractive pricing of small loans, as well as a broader range of products and terms, to the benefit of users. Competition among NGOs, and from banks that scale down their operations, will lower interest rates. In principle, price adjustments should not be enforced externally, especially since this market segment of NGO lending (of \$500–\$5,000 loans) for agribusiness is relatively new.

## **B. Wholesale Banks and Their Margins**

7. The use of sound commercial banks as wholesalers of project funds provides an alternative and sustainable source of funds for larger NGOs. Wholesale banks, such as Bangladesh Small Industries and Commerce (BASIC) Bank and Eastern Bank, are needed because NGOs in Bangladesh are not registered financial institutions and cannot source funds directly from the Ministry of Finance or Bangladesh Bank. Most NGO borrowing in Bangladesh has been from Palli Karma-Sahayak Foundation (PKSF). Such dependency on a single source of finance leads to loss of autonomy in management, as well as in the design and pricing of services. This has occurred in many medium and small NGOs.

8. The proposed margin of 3.5% for BASIC Bank and Eastern Bank is to cover administration expenses, income tax liabilities, and credit risk. The average cost of administration on earning assets for these wholesale banks is 2.0%, which is lower than at private commercial banks (about 3%). The loan-loss provisioning of the wholesale banks is 1.5%. Furthermore, participating in such a long-term project increases the political risk threshold far more than with short-term lending. This must be taken into account, along with risk from natural disasters and NGO institutional risk. Thus, the proposed margin of 3.5% is considered the minimum acceptable figure for Bangladeshi conditions.

9. The proposed margin for the wholesale banks is consistent with other wholesaler rates. A review of margins charged by intermediaries wholesaling or retailing funds to NGOs shows a common margin of not less than 3.5%. In 2004, PKSF had an administration cost of 1.21% and a remaining margin of 2.29% to cover loan loss and profit margin for a total of 3.5%. Citigroup is charging BRAC a margin of 1.5% (above the treasury bill rate), plus 2.0% credit risk guarantee to be paid to Financierings-Maatschappij voor Ontwikkelingslanden, a Dutch development financing agency, for a total of 3.5%. In its lending to NGOs in Central Asia, European Bank for Reconstruction and Development is charging 6-month London interbank offered rate (now 3.65%) plus a margin of 5.25% and a first time fee of 1%. This is an effective margin of not less than 5.5%.

## PROJECT IMPLEMENTATION SCHEDULE

Activity	Year 1 2006				Year 2 2007				Year 3 2008				Year 4 2009				Year 5 2010			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>1. Project start-up</b>																				
1.1 Appoint project staff																				
1.2 Recruit grant-financed consultants																				
1.3 Set up project implementation unit																				
1.4 Recruit loan-financed consultants																				
1.5 Establish initial working arrangements with participating NGOs and wholesale banks																				
1.6 Establish initial ties with agribusiness organizations																				
<b>2. Credit for Small-Scale Agribusiness</b>																				
2.1 Establish imprest accounts for credit line																				
2.1 Identify small-scale borrowers by NGOs																				
2.3 Implement small-scale lending program																				
<b>3. Technical and Marketing Support for Agribusiness</b>																				
3.1 Training and support for small entrepreneurs																				
a. Training program formulation																				
b. Training program implementation																				
3.2 Strengthening of agribusiness associations																				
a. Receipt and assessment of proposals																				
b. Implementation of proposals																				
3.3 Agribusiness information and technology dissemination																				
a. Contracts with agribusiness promotion firms																				
b. Promotional activities																				
<b>4. Strengthening capacity of participating NGOs and wholesale banks in agribusiness lending</b>																				
4.1 Training in agribusiness for NGOs																				
a. Review and revision of business plans																				
b. Identification of training needs and resources																				
c. Implementation of training programs																				
4.2 Support to wholesale banks																				
<b>5. Improving the enabling environment for agribusiness</b>																				
5.1 Revision of regulations																				
a. Regulatory study																				
b. Revising regulations and/or legislation																				
c. Consultations																				
d. Revised regulations and/or legislation enacted.																				
5.2 Revisions of marketing legislation																				
a. Marketing study																				
b. Revision of legislation																				
c. Consultations																				
d. Revised legislation enacted																				
5.3 Public sector agencies training program																				
a. Formulation of training program																				
b. Implementation of training program																				

(Project completion: 31 Dec 2010)

NGO = nongovernment organization

Source: RRP



## DETAILED TERMS OF REFERENCE FOR CONSULTING SERVICES

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### A. Package 1: Agribusiness Lending and Technical and Marketing Supports

#### 1. Agribusiness Promotion Advisor/Team Leader (international - 28 person months), Agribusiness Promotion Specialists (domestic – 2 X 44 person months each)

1. These experts will work as a team to implement Component 2 of the Project. In addition, the international Agribusiness Promotion Advisor will act as the Team Leader and supervise and coordinate the activities of all consultants. The Agribusiness Promotion advisors will working closely with agribusiness associations and their members, nongovernment organizations (NGOs) and private sector entities engaged in medium to large scale agribusiness to encourage links between medium and larger scale agribusiness enterprise and the small scale entrepreneurs/borrowers under the Project. They will be involved in strengthening agribusiness associations; developing links between and among the agribusiness associations, the participating NGOs and their borrowers and producer groups and associations, and larger scale agribusiness enterprises; using the associations and other agencies to publicize the Project; and providing business services to interested stakeholders. The experts will also review the technical support facilities currently provided by NGOs for their borrowers and advise on ways to upgrade these facilities to more of a commercial agribusiness level. Much of the work undertaken will be generated on the basis of demand driven requests and proposals for funding by NGOs, agribusiness associations and private entrepreneurs. Their duties will be as follows:

- (i) review facilities and staff used by NGOs in the provision of technical support to agribusiness borrowers and advise on ways to make these facilities and staff more effective in the promotion of successful investment in agribusiness;
- (ii) work with NGOs in the identification of opportunities to form producer groups and associations and link these better to improving processing, marketing and sales outlets;
- (iii) identify and make contact with agribusiness associations and brief them on the Project, its design and intent;
- (iv) elicit proposals from the agribusiness associations for activities designed to strengthen the associations themselves and make them more active, representative and effective in representing current and potential agribusiness entrepreneurs;
- (v) elicit proposals from the agribusiness associations as to how they can contribute to the project by providing linkages between medium and large scale agribusiness enterprises and the Project's NGOs and small scale borrower/beneficiaries using such mechanisms as contract growing or direct purchase from project entrepreneurs;
- (vi) elicit proposals from agribusiness associations for activities to publicize both the project and the potentials of agribusiness investment. These could include seminars workshops and trade fairs;
- (vii) with the assistance of the agribusiness associations elicit proposals for assistance from potential investors for agribusiness advice and services. This could include advice on marketing prospects, technical requirements, materials supply and availability, business management, investment regulations and the preparation of investment proposals;

- (viii) review all types of proposals/requests and make recommendations for approval and funding.
- (ix) supervise and review the implementation of activities funded by the Project;
- (x) assist medium and large scale entrepreneurs who want to establish enterprises complementary to the Project to obtain finance from such sources as the Asian Development Bank (ADB)-financed Small Enterprise Fund.

2. The international specialist will have at least 10 years of commercial and project-related agribusiness experience with at least five years of this in Asia. The domestic consultants will have had at least three years of commercial agribusiness experience and, preferably, at least one year experience of working with an NGO. All specialists will have tertiary qualifications in a commercial subject.

## **2. Agribusiness Finance Specialist (international - 9 person months)**

3. At present rural credit is oriented mainly to primary producers of traditional commodities and loan terms reflect their production cycles. There is a need to look at improving credit terms and conditions to non-traditional agricultural production. The Project will support larger micro-entrepreneurs looking to expand and diversify their businesses. There is very little credit available for such entrepreneurs wanting loans up to taka 500,000 and current credit providers of such credit are in the early stages of testing this market. The Project will, furthermore, support the continuing development of these credit services as well assist in the development of new services such as the financing of contractual production linked to downstream processing, packaging and marketing. Investment in these covers a range of borrowers with differing financial needs. The timeliness of disbursement of credit will be critical to ensure the production and processing chain operates efficiently. The specialist will address these issues through a thorough review and discussion among all involved parties, make recommendations and assist borrowers and suppliers of credit to design and implement appropriate credit products. The involved parties will comprise borrowers at all levels, trade associations, suppliers of credit ranging in size from micro to medium in scale, wholesaling financiers, and Government. Specifically, the specialist will:

- (i) review and make recommendations on the supply and sources of credit available to entrepreneurs operating within the agribusiness value chain;
- (ii) discuss with borrowers and with credit suppliers the constraints hindering efficient and effective flows of finance to agribusiness entrepreneurs, separately described by gender if differences occur, and make recommendations to remove these constraints and to improve the attractiveness of appropriate loan products;
- (iii) work with participating NGOs to improve their institutional capability in accessing and managing funds for agribusiness lending and in their management of an agribusiness loan portfolio;
- (iv) work with senior management in BASIC Bank and other participating cofinancing banks so that they become more expert in the management of an NGO loan portfolio and more knowledgeable of the opportunities for agribusiness lending and management of the risks associated with NGO and agribusiness lending;
- (v) work with NGOs and BASIC Bank to ensure the establishment and implementation of clear procedures covering applications from NGOs for finance from the credit line. Oversee initial loan applications to ensure that these are properly prepared and processed so that loans are disbursed expeditiously;



- (vi) assist in the establishment of monitoring and reporting systems to be installed in BASIC Bank and in each participating NGO to track project inputs and outputs and to provide key performance indicators;
- (vii) work with BASIC Bank to establish an effective system of off-site and on-site inspections of participating NGOs;
- (viii) review training materials available with each financing institution and assist as necessary in the development of new training material;
- (ix) conduct and participate in agribusiness training workshops for staff of the financing institutions;
- (x) review operating manuals of the financing institutions and make recommendations, where necessary, for the inclusion of procedures that cover agribusiness loan management; and
- (xi) by completion of the assignment, submit a final report to BASIC Bank and PIU containing a summary of achievements and recommendations for further improvements to agribusiness financing.

4. The specialist will have at least 10 years of financial sector experience with at least five years of this in microfinance, at least two years of work in South Asia, at least five years work in rural finance, and at least two years working in a commercial or development bank. The specialist will have a tertiary qualification in economics or finance. The specialist will need to be hired and on site within one month of project startup to ensure financing procedures are not delayed. The specialist will work for six months in the first year and three months in the second year of the Project. The specialist will be located in BASIC Bank.

### **3. Training Specialist (domestic - 48 person months)**

5. The consultant will provide the training expertise necessary for the implementation of Component 2d. His/her duties will be as follows:

- (i) identify sources of expertise on agribusiness and lending for agribusiness especially among small entrepreneurs and by NGOs;
- (ii) assist NGOs to prepare their staff training programs for agribusiness lending and suggest links between NGOs and other sources of agribusiness expertise for training purposes;
- (iii) review the training requests from participating NGOs under Subcomponent 2d and ensure that they are realistic in terms of content, coverage and cost;
- (iv) ensure that NGOs are expeditiously reimbursed for their training costs according to an agreed schedule established at the beginning of the Project and revised from time to time as necessary;
- (v) review requests for training from the agribusiness associations, make suggestions for improvement and provide the relevant unit coordinator of the project implementation unit (PIU) with a judgment on the requests;
- (vi) supervise the provision of training to agribusiness associations including the funding thereof;
- (vii) make suggestions on how to improve these requests, including suggestions on sources of services, the duration of training and the subject matter for training;
- (viii) provide the Team Leader, project manager and the agribusiness promotion specialists with views and opinions on requests for training.

6. The specialist will have at least 10 years work experience with NGOs and financial institutions or commercial enterprises in the field of human resources development. At least three years of this will have been a direct involvement in training and the evaluation of training

needs and the effectiveness of training. The specialist will have a commercial or social science tertiary qualification.

**4. Gender Advisor (international - 3 person months) and Women's Entrepreneur Promotion Specialist (domestic - 48 person months)**

7. These consultants will be responsible for ensuring the rights and safety of women engaged in agribusiness activities being promoted and supported by the Project and also making sure that women are specially able to benefit from the opportunities presented by the Project. The Gender Advisor will provide two months input at the initiation of activities by the PIU and return twice for a follow up input, while the Women Entrepreneur Promotion Specialist will work with the Project full time. The duties of the consultants will be to:

- (i) review the programs of participating NGOs and encourage them to focus on and involve women to the maximum extent possible. Make constructive suggestions to NGOs as to how this might be done so that they can be incorporated into their business and operational plans;
- (ii) publicize the project among women's groups and associations and carry out continuous promotion among women's groups and associations, encouraging them to apply for credit under the project;
- (iii) work with NGOs to develop standards for women's employment by the enterprises supported by the Project and undertake periodic spot checks to ensure that these standards are being implemented and maintained;
- (iv) publicize the successes of women entrepreneurs under the Project to encourage others to come forward and take advantage of the Project's potential benefits.

8. These consultants will have demonstrated an ability over at least five years to work with and effectively promote the participation of women entrepreneurial activities. They will have tertiary qualifications in social sciences or in commerce.

**5. Environmental and Social Advisor (international - 4 person months), Environmental Specialist (domestic - 48 person months) and Social Impact Specialist (domestic - 48 person months)**

9. The role of these experts will be to ensure that the environmental and social concerns of ADB and the Government are taken into account during the implementation of activities financed by the Project. The Environmental and Social Advisor will provide an initial input of two months and then return on two subsequent visits to review the extent of compliance with the guidelines formulated. The Social Impact Specialist and the Environmental Impact Specialist will provide services throughout the project period. Their duties will be to:

- (i) review the types of activities to be undertaken by the small scale, NGO-sponsored entrepreneurs to be financed by the credit line in Component 1 to determine the types and range of activities which might be financed;
- (ii) based on the above findings prepare guidelines to avoid environmental and social impacts of different types of activities;
- (iii) discuss these guidelines and incorporate them into the training programs for para-professionals and training of trainers of NGOs;
- (iv) publish a simple set of guidelines for distribution to small scale borrowers through NGOs;

- (v) periodically monitor activities by small scale borrowers to determine the extent of any social or environmental problems resulting from small scale investments and, as and where necessary work with NGOs to determine mitigating actions;
- (vi) prepare environmental and social sensitization materials to be distributed through agribusiness associations and to be used in capacity strengthening courses financed by the Project.

10. The international advisor will have had at least 10 years of experience in Asia working with NGOs in social and economic development consistent with environmental protection. All consultants will have demonstrated an ability over at least five years to work with and effectively promote the participation of women entrepreneurial activities and show evidence of working with and supporting the development of entrepreneurial groups and associations. They will have tertiary qualifications in social sciences or in commerce.

## **B. Package 2: Improving the Enabling Environment for Agribusiness**

### **1. Agribusiness Policy Advisor (international - 12 person months) and Agribusiness Policy Specialist (Domestic - 24 person months)**

11. The role of the Agribusiness Policy Advisor and the Agribusiness Policy Specialist will be to work with the agribusiness cell in the Ministry of Agriculture (MOA) to review the enabling environment for agribusiness in the country and to assist relevant agencies to take concrete measures to improve it. This work will be practically focused on identifying rules, regulations and legislation which impede the efficiency of commercial activity within the agriculture sector or associated with it. The input of the Agribusiness Policy Advisor will be full time for the first six months and then intermittent over the next 18 months. The input of the Agribusiness Policy Specialist will be full time for 24 months. The duties of the consultants will be to:

- (i) hold consultations (including open workshops) with representatives of all stakeholders in the agriculture sector focusing especially on commercially-oriented production and associated upstream and downstream activities;
- (ii) in the course of these consultations identify rules, regulations, legislation or any other impediments to the efficient operation of the sector and its linkages on a commercial basis;
- (iii) identify the agencies/ministries responsible and initiate a dialogue with them on the rationale for and need for the rules, regulations or legislation in question;
- (iv) where simple changes can be expeditiously made, attempt to convince the agencies responsible to make them;
- (v) where more thought and consideration are required, organize a series of workshops and seminars to improve and expand general knowledge of the problems involved and attempt to achieve a consensus among stakeholders of the types of changes which are required;
- (vi) assist with redrafting any of the rules, regulations and legislation upon which consensus has been reached;
- (vii) follow through on the official adoption of the redrafted documents;
- (viii) prepare a report on the achievements of the technical assistance and the remaining work which needs to be done to bring about a favorable enabling environment for agribusiness;
- (ix) in the report identify specifically further steps which need to be taken and how and by whom they should be undertaken.

12. The Agribusiness Policy Advisor will have at least 15 years proven macro-level skills in policy planning and development at government level with at least five years of this related to agribusiness in Asia. The Agribusiness Policy Specialist will have similar skills for a period of not less than five years. Both will have at least masters degrees in economics, preferably agriculture-related, and/or public policy and planning.

## **2. Market Management Advisor (international - 18 months) and Market Management Specialist (Domestic - 48 person months)**

13. The role of the consultants will be to follow on with the work undertaken on market management under the Northwest Crop Diversification Project (NCDP) to try to bring about some concrete results in bringing about positive change to the way public markets are managed in the country. To do this they will need to work closely with the Department of Agricultural Marketing and the agribusiness cell of MOA. The Market Management Advisor will be full time for the first six months and have an intermittent input over the remaining project period. The Market Management Specialist will be full time over a 48 month period. Their duties will be to:

- (i) review the report of the marketing specialist under NCDP and other studies;
- (ii) review the progress and results of the pilot market management schemes being promoted under NCDP, and other relevant projects;
- (iii) hold extensive discussions (including public workshops and forums) on market management and the associated relevant legislation;
- (iv) working with MOA and the Department of Agricultural Marketing (DAM), attempt to achieve a consensus on the requirement for change in market management and what this change should be;
- (v) assist in revising the Agricultural Produce Markets Regulation Act and any other legislation considered relevant;
- (vi) monitor progress in the adoption of revised legislation, assisting in the process through information dissemination, workshops and seminars as required;
- (vii) prepare a report summarizing the results of the technical assistance and making recommendations for additional marketing policy adjustments not achieved during the technical assistance period for follow up by MOA and DAM.

14. The international advisor will have had at least 15 years of commercially-related agricultural marketing experience with at least five years of this in South Asia. At least five years of this will have been in the review and analysis of agricultural marketing systems that have lead to sound investment proposals supported by all participants in the value chain. The domestic advisor will have had at least five years of similar experience within Bangladesh. Both advisors will have tertiary degrees in commerce and marketing.

## **3. Legal Specialist (domestic - 24 person months)**

15. The role of the consultant will be to

- (i) Assist the Agribusiness Policy consultants and Marketing consultants in identifying relevant legal problems and formulating revisions to existing laws;
- (ii) Review the legislation changes recommended by the Agribusiness Policy consultants and Marketing consultants;
- (iii) Advice on internal procedures for adopting and implementing the recommended revisions.
- (iv) follow through on the official adoption of the redrafted documents;

16. The legal specialist will have had at least 15 years' legal experience, and be fully conversant with Government operations and procedures. The legal specialist will have a relevant tertiary qualification, be fluent in English, and have well-demonstrated communication skills in the private and public sectors.

#### **4. Training Advisor (international - 10 person months) and Training Specialist (domestic - 36 person months)**

17. The role of the consultants will be to help PIU prepare a training program for staff of the line agency departments of the Ministries concerned with agribusiness promotion, primarily MOA and the Ministry of Fisheries and Livestock (MOFL), and to oversee its implementation. The Training Advisor will provide full time input for the first four months and then return to review the program twice during its implementation. The Training Specialist will provide full time inputs for 36 months. They will both have knowledge of the agriculture sector and its commercial linkages and also have experience in the preparation of training programs. Their duties will be to

- (v) consult with MOA, MOFL and line agency representatives to get an overview of the number and type of personnel who will be receiving training under the Project;
- (vi) consult with NGOs active in rural areas and agribusiness representative associations to determine the range of agribusiness activities which might be linked to the traditional roles of the line agency departments of MOA and MOFL;
- (vii) clearly identify the linkages between the mandate and activities of MOA and MOFL agencies and their staff and agribusiness activities, and also determine how these linkages can be made more effective;
- (viii) formulate a series of agribusiness courses for different levels of line agency staff showing how their daily routine relates to commercial agriculture production as well as downstream and upstream linkages and showing how they can help to stimulate and support agribusiness development. The courses could include presentations by NGOs, associations or private sector entities active in agribusiness promotion;
- (ix) assist MOA and MOFL to start up and run the first few courses and monitor their implementation and the degree of interest by attendees;
- (x) revise courses and curriculum periodically as required to make them relevant to attendees and relevant to the goals of the Project;
- (xi) oversee the medium term implementation of the training program ensuring that courses are held, that attendees are properly chosen and that follow up courses are provided for the attendees after the initial exposure.

18. The specialist will have at least 10 years work experience with NGOs, government agencies or commercial enterprises in the field of human resources development. At least three years of this will have been a direct involvement in training and the evaluation of training needs and the effectiveness of training. The specialist will have a commercial tertiary qualification.

### **C. Package 3: Project Implementation Support**

#### **1. Project Manager / Deputy Team Leader (60 person-months)**

19. Under the supervision of the Project Director, the project manager will be in charge of the PIU and will do the following:

- (i) Assist setting up and/or organizing the PIU office and making arrangements for its functioning;
- (ii) Assist preparing and implementing management, administrative, and accounting systems for the PIU;
- (iii) Maintain accounts, including records of withdrawal applications and disbursement;
- (iv) Manage procurement and statements of expenditures in accordance with ADB guidelines;
- (v) Formulate and implement a comprehensive reporting and information system to track progress and coordination of all project activities;
- (vi) Act as administrative liaison among ADB, Government, banks, NGOs, consultants and project-related agencies and associations so as to enhance the coordination of project activities;
- (vii) assist Government and consultants in the formation and strengthening of Governmental institutions participating in the project;
- (viii) Arrange and provide required logistic support to project consultants and the attached technical assistance team to implement the project;
- (ix) Prepare quarterly progress and other reports in formats and with content agreed on with ADB and report as required to Government and to ADB.

20. The project manager will have had at least 15 years' experience in agriculture and commerce and at least 10 years in project management, preferably with a multilateral organization, and be fully conversant with Government operations and procedures. The project manager will have a relevant tertiary qualification, be fluent in English, and have well-demonstrated communication skills in the private and public sectors.

## **2. Project Information Management Advisor (International – 9 Person Months) and Project Information Management Specialist (Domestic – 27 Person Months)**

21. These two consultants will be responsible for setting up a project performance management system (PPMS) and training PIU staff in its operation. The international consultant will be recruited full time for an initial six month period and will then make periodic return visits to ensure that the PPMS is functioning properly. The domestic consultant will assist with the formulation of the PPMS and then supervise its implementation by project staff for the first two years of operation. Their duties will be to:

- (i) examine the project scope and design and the inter-relationships and responsibilities of the project implementing agencies and stakeholders.
- (ii) on the basis of the implementation schedule design a PPMS suitable for monitoring the physical achievements and benefit impacts of the project as well as its financial progress, taking into account the objectives of the project as outlined in the project framework;
- (iii) review the proposed PPMS with all stakeholders including the financial intermediaries, the participating NGOs and ADB;
- (iv) once a consensus on the design is reached set up a computerized version of the system using key indicators;
- (v) set up a reporting format for semi-annual, annual, mid-term and project completion reports related to the PPMS;

- (vi) train staff of PIU in the use of the PPMS for monitoring the progress of project implementation and benefit accrual; and
- (vii) supervise the first two years of PPMS operations

22. The international consultant will have had at least five years of experience in establishing PPMS as required by international donors. The domestic consultant will have had at least two years of similar experience and two years of experience in training staff in PPMS. Both consultants will have tertiary degrees in social sciences and the ability to communicate well with project stakeholders.

### **3. Domestic Project Accounting Specialist (60 person months)**

23. This consultant will be responsible for the management of all financial matters of the project except for the NGO credit line and the monitoring of all financial matters including the credit line. He/she will be appointed to the Project for its entire duration. His/her duties will be as follows:

- (i) set up the imprest accounts for PIU portion of the Project and ensure that the initial deposit is disbursed.
- (ii) assist PIU accounting staff to set up a financial reporting and monitoring system which will feed into the PPMS being prepared by the Project Management Information Advisor, taking into account the needs of each component and agency and the need to report regularly to ADB;
- (iii) assist PIU staff to monitor the use of the Project's imprest accounts;
- (iv) ensure that quarterly, semi-annual and annual accounts are prepared and submitted to ADB as required;
- (v) ensure that withdrawal applications and requests for replenishment of imprest accounts are submitted to ADB on a timely basis; and
- (vi) undertake any other activities needed to ensure the financial soundness of project management and the use of project funds.

24. The consultant will be a qualified accountant and have worked as such for not less than 10 years have audit experience of at least five years.





**SUBMISSION 1**  
**REPORT ON SHORTLISTING OF CONSULTING FIRMS**  
**(QCBS Method)**

Loan Number/Country/Project Title : \_\_\_\_\_

Consulting Package Number : \_\_\_\_\_

Name of Executing Agency : \_\_\_\_\_

Report Submitted by : \_\_\_\_\_

Name : \_\_\_\_\_

Signature : \_\_\_\_\_

Position : \_\_\_\_\_

Date : \_\_\_\_\_

**1. The CSC Members**

*[List names of members according to ministry/department/agency and designation in a table format]*

**2. Type of Proposal: FTP/STP/BTP**

*[Select type of proposal used]*

**3. Budget for Consulting Services Contract:**

US\$ \_\_\_\_\_

**4. Comments on draft RFP including Data Sheet, TOR, and draft Contract:**

*[Prepare TOR and complete Data Sheet (Form 8.1). EAs are advised to avoid making modifications to the standard documentation unless absolutely necessary due to government policy, e.g. applicable law or arbitral procedure. Any proposed deviations from, and changes to, the standard ADB documents are highlighted in this section and a detailed justification must be provided for each such change.]*

**5. Criteria for Evaluating Technical Proposals**

*[Prepare appropriate summary evaluation sheets<sup>1</sup> (Forms: EV 1.1/EV 1.2/EV 1.3), personnel evaluation sheets<sup>2</sup> (Form EV 3.1) and the narrative evaluation criteria. Provide weights for each criterion in the summary evaluation sheet and detailed information on how to apply these weights and, if necessary, to distribute them to sub-criteria in narrative evaluation criteria.]*

**6. Shortlisting Criteria**

*[Apply the following criteria for the shortlisting of the consulting firms for the loan project:*

- (i) Experience of the firm with projects of similar nature: (Insert further appropriate details)*
- (ii) Experience of the firm in the project country or in the region: (Insert further appropriate details)*
- (iii) Others: (Include other shortlisting criteria and provide appropriate details)]*

<sup>1</sup> Appropriate templates for the 3 types of proposals are: (i) FTP—Form EV 1.1, (ii) STP—Form EV 1.2, and (iii) BTP—Form EV 1.3.

<sup>2</sup> The Form EV 3.1 is the same for all types of QCBS proposals.

**7. Proposed Shortlist of Consultants**

*[List names of Consulting Firms, and their country of incorporation]*

**8. Comments on Shortlisted Firms**

*[Reasons for including more than one firm per country, if it is the case]*

**9. Proposed Schedule of Recruitment Activities<sup>3</sup>**

Date

- (i) CSC shortlisting meeting
- (ii) SUBMISSION 1 submitted to ADB
- (iii) Receipt of ADB's approval of SUBMISSION 1
- (iv) Issuance of RFP
- (v) Deadline for receipt of Proposals
- (vi) CSC technical proposal evaluation
- (vii) SUBMISSION 2 submitted to ADB
- (viii) Receipt of ADB's approval of SUBMISSION 2
- (ix) Public opening of financial proposals
- (x) CSC financial evaluation and ranking of Proposals
- (xi) SUBMISSION 3 submitted to ADB
- (xii) Receipt of ADB's approval of SUBMISSION 3
- (xiii) Commencement of contract negotiations
- (xiv) SUBMISSION 4 submitted to ADB
- (xv) Receipt of ADB's approval of SUBMISSION 4
- (xvi) Signing of Contract
- (xvii) SUBMISSION 5 submitted to ADB
- (xviii) Notice to proceed and mobilization
- (xix) Commencement of services
- (xx) Completion of services

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**10. Consultant Recruitment Activity Monitoring (CRAM)**

*[Update and confirm schedule in CRAM]*

We request ADB's approval of our shortlist of consulting firms, the criteria for evaluation of technical proposals, the draft RFP, and the draft contract.

**Attachments:**

- |              |  |
|--------------|--|
| Attachment 1 | Minutes of CSC meeting   |
| Attachment 2 | Budget for consulting services including details of provisional sum and contingency  |
| Attachment 3 | Draft RFP with TOR, Data Sheet (Form EV 8.1), Summary Evaluation Sheet <sup>4</sup> (Forms: EV 2.1/EV 2.2/EV 2.3), Personnel Evaluation Sheets (Form EV 3.2), and Draft Contract |
| Attachment 4 | Narrative Technical Evaluation Criteria  |
| Attachment 5 | Updated CRAM   |

<sup>3</sup> Lead time for each activity could be based on the CRAM.

<sup>4</sup> Appropriate templates for the 3 types of proposals are: (i) FTP – Form EV 1.1, (ii) STP – Form EV 1.2, and (iii) BTP – Form EV 1.3.

# Consultant Recruitment Activity Monitoring (CRAM)

<b>A. Loan Number and Name</b> Contract Budget (USD) Selection Method Type of Technical Proposal Executing Agency (EA) EA Contact Person Loan Supervision Division or RM ADB Project Officer ADB COSO Officer Actual Date of Short-Listing [SL] by EA		<b>Loan -:</b> QCBS Full	Last edited by: Victoria Fe G. Mariano on 26/05/2006 06:02 PM
<b>H. Initials:</b> Project Assistant: Initials:			

Activity	Responsible Staff	NORM		Planned		Achieved Date	Actual		Deviation		Explanation and Action
		Cal Days	Days	Dates	Cum. Days		Days	Cum. Days	Days	Cum. Days	
1	2	3	4	5	6	7	8	9	10	11	
EA Submitting shortlist to ADB		10									
ADB CSC-SL meeting		7									
Signing of the CSC-SL minutes		5									
ADB sending approval of the shortlist to EA		2									
EA issuing RFP		7									
Proposal Submission		45									
EA CSC-EV meeting		21									
EA submitting technical evaluation report to ADB		10									
ADB CSC-EV meeting		7									
Signing of CSC-EV minutes		5									
ADB sending approval of technical evaluation to EA		2									
EA issuing invitation for public opening		7									
Public opening		14									
EA signing of overall ranking minutes and submitting to ADB		21									
ADB CSC-OR meeting		7									
Signing of CSC-OR minutes		5									
ADB sending approval of overall ranking to EA		2									
EA issuing invitation for contract negotiations		3									
Commencement of negotiations		14									
Completion of negotiations		14									
EA submitting negotiated contract to ADB		21									
ADB approval of the negotiated contract		5									
EA signing of the contract		14									
Consultants mobilization		14									
Total number of calendar days		265									

Footnotes  
 a Activity NORMS (column 3) are based on calendar days  
 b The base date for planning and monitoring is the date of Short Listing by EA  
 c PLANNED dates and cumulative days (columns 4 and 5 respectively) are derived from the NORMS and are computed as calendar days  
 d ACTUAL achieved dates (column 6) are input by the responsible project officer from the concerned User Division  
 e DEVIATIONS are computed in calendar days and cumulative calendar days (columns 9 and 10)



**SUBMISSION 2**  
**REPORT ON EVALUATION OF TECHNICAL PROPOSALS**  
**(QCBS Method)**

Loan Number/Country/Project Title : \_\_\_\_\_  
Consulting Package Number : \_\_\_\_\_  
Name of Executing Agency : \_\_\_\_\_  
Report Submitted by : \_\_\_\_\_  
Name : \_\_\_\_\_  
Signature : \_\_\_\_\_  
Position : \_\_\_\_\_  
Date : \_\_\_\_\_

**1. The CSC Members**

*[List names of members according to ministry/department/agency and designation in a table format]*

**2. Result of CSC Evaluation of Technical Proposals**

*[List name of consultant, country, and score in a table format]*

**3. Narrative Comments on the Technical Proposals:**

*[CSC's comment on the strengths and weaknesses of each technical proposal including comments on personnel evaluated as "below average."]*

**4. Proposed Date of Public Opening of Financial Proposals:**

*[Indicate the location and date of public opening.]*

**5. Consultant Recruitment Activity Monitoring (CRAM)**

*[Update CRAM. Indicate reasons for any delay and remedial actions taken.]*

We request ADB's approval of our evaluation of the technical proposals. We will then publicly open the financial proposals of the technically qualified consultants for financial evaluation and ranking.

**Attachments:**

Attachment 1	Summary of Evaluation Sheet <sup>1</sup> (Forms EV1.1/ EV1.2/ EV 1.3) <i>[Provide the appropriate evaluation sheet for the type of proposal selected]</i>
Attachment 2	Personnel Evaluation Sheets <sup>2</sup> (Form EV 3.1)
Attachment 5	Updated CRAM

<sup>1</sup> The appropriate templates for the 3 types of proposals are: (i) FTP-Form EV 1.1, (ii) STP-Form EV 1.2, and (iii) BTP-Form EV 1.3.

<sup>2</sup> The Form EV 3.1 is the same for all types of QCBS proposals.



**SUBMISSION 3**  
**REPORT ON FINANCIAL EVALUATION AND RANKING OF PROPOSALS**  
**(QCBS Method)**

Loan Number/Country/Project Title : \_\_\_\_\_

Consulting Package Number : \_\_\_\_\_

Name of Executing Agency : \_\_\_\_\_

Report Submitted by : \_\_\_\_\_

Name : \_\_\_\_\_

Signature : \_\_\_\_\_

Position : \_\_\_\_\_

Date : \_\_\_\_\_

**1. The CSC Members**

*[List names of members according to ministry/department/agency and designation in a table format]*

**2. Evaluation**

*[The calculation sheets<sup>1</sup> used for the evaluation of financial proposals will have to be submitted to ADB upon request; list name of consultant, country, score and rank on a table format; provide narrative comments on adjustments/corrections made to the financial proposals of the firms.]*

**3. Consultant Recruitment Activity Monitoring (CRAM)**

*[Update CRAM. Indicate reasons for any delay and remedial actions taken.]*

We request ADB's approval to have contract negotiations with *[insert name of first-ranked firm]*, the first-ranked evaluated firm, commencing on *[insert date]* at *[insert location]*.

**Attachments:**

Attachment 1	Minutes of CSC meeting on evaluation
Attachment 2	Record of attendance at public opening (Form EV 4.1)
Attachment 3	Record of proposal total prices (Form EV 4.2)
Attachment 4	Completed Summary Evaluation Sheet of financial proposals of individual firms (Form EV 5.6)
Attachment 5	Completed Summary Evaluation Sheet for financial proposals for all firms (Forms EV 6 and EV 6.1)
Attachment 6	Completed Summary of Ranking Sheet (Form EV 7)
Attachment 7	Updated CRAM

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<sup>1</sup> ADB will provide templates of calculation sheets upon request.





**SUBMISSION 4  
DRAFT NEGOTIATED CONTRACT  
(QCBS Method)**

**Loan Number/Country/Project Title** : \_\_\_\_\_

**Consulting Package Number** : \_\_\_\_\_

**Name of Executing Agency** : \_\_\_\_\_

**Report Submitted by** : \_\_\_\_\_

**Name** : \_\_\_\_\_

**Signature** : \_\_\_\_\_

**Position** : \_\_\_\_\_

**Date** : \_\_\_\_\_

**1. Comments on Contract Negotiations**

*[Any changes to ADB's standard contract should be highlighted and explained with adequate justification. In case of unsuccessful negotiations, ADB is to be informed in detail on the reasons for the failure of negotiations. ADB approval must be requested before the next-ranked firm can be invited for contract negotiations.]*

**2. Consultant Recruitment Activity Monitoring (CRAM)**

*[Update CRAM. Indicate reasons for any delay and remedial actions taken.]*

We request ADB's approval of the negotiated contract with the successful consulting firm  
*[name of firm]*.

**Attachments:**

Attachment 1	Minutes of Contract Negotiations
Attachment 2	Draft negotiated contract with appendixes A, B, C and D
Attachment 3	Updated CRAM



**SUBMISSION 5  
SIGNED CONTRACT  
(QCBS Method)**

**Loan Number/Country/Project Title** : \_\_\_\_\_

**Consulting Package Number** : \_\_\_\_\_

**Name of Executing Agency** : \_\_\_\_\_

**Report Submitted by** : \_\_\_\_\_

**Name** : \_\_\_\_\_

**Signature** : \_\_\_\_\_

**Position** : \_\_\_\_\_

**Date** : \_\_\_\_\_

**Consultant Recruitment Activity Monitoring (CRAM)**

*[Update CRAM. Indicate reasons for any delay and remedial actions taken.]*

We are submitting a copy of the signed contract with the consulting firm for ADB's record [*name of firm, country*].

**Attachments:**

Attachment 1	Signed contract with appendixes A, B, C, and D
Attachment 2	Updated CRAM



## INDICATIVE PROCUREMENT PACKAGES

Procurement Accounts	Number of Contracts	Mode of Procurement	Total Amount (\$ million)	ADB Financing (\$ million)
A. Small-Scale Rural Credit	Multiple	FI	36.0	36.0
B. Consulting Services	3	QCBS	3.6	3.6
C. Contracted Services	Multiple	DC	0.6	0.4
D. Training and Technical Supports	Multiple	DC	0.7	0.7
E. Vehicles and Equipment <sup>a</sup>				
1. Vehicles and Motorcycles	4	S/LIB/NCB	0.3	0.3
2. Office Equipment and Furniture	5	S/LIB/NCB	0.5	0.4
F. Surveys and Studies	Multiple	DC	0.2	0.2
<b>Total</b>			<b>41.9</b>	<b>41.6</b>

ADB = Asian Development Bank, DC = direct contracting, FI = financial intermediaries, LIB = limited international bidding, NCB = national competitive bidding, S = shopping, QCBS = quality and cost-based selection.

<sup>a</sup> Including vehicle and office rental expenses.



BANGLADESH  
Agribusiness Development Project  
Procurement Accounts by Years  
(US\$ Million)

Totals Including Contingencies (US\$ Million)						
	2006	2007	2008	2009	2010	Total
<b>A. Small-Scale Agribusiness Investment</b>						
Small-Scale Rural Credit	4.0	8.0	8.0	8.0	8.0	36.0
Sub-Borrower Contribution	1.7	3.4	3.4	3.4	3.4	15.3
<b>Subtotal Small-Scale Agribusiness Investment</b>	<b>5.7</b>	<b>11.4</b>	<b>11.4</b>	<b>11.4</b>	<b>11.4</b>	<b>51.3</b>
B. Consulting Services	1.1	1.0	0.7	0.6	0.2	3.6
C. Contracted Services	0.1	0.2	0.2	0.2	0.1	0.6
D. Training and Technical Supports	0.1	0.2	0.2	0.1	0.1	0.7
<b>E. Vehicles and Equipment</b>						
Vehicles	0.3	-	-	-	-	0.3
Office Equipment and Furniture	0.2	0.1	0.1	0.0	0.0	0.5
<b>Subtotal Vehicles and Equipment</b>	<b>0.6</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.8</b>
F. Surveys and Studies	0.0	0.0	0.0	0.0	0.0	0.2
G. Others /a	0.4	0.4	0.4	0.4	0.3	1.9
<b>Total</b>	<b>8.0</b>	<b>13.2</b>	<b>13.0</b>	<b>12.7</b>	<b>12.2</b>	<b>59.1</b>

/a Including administrative, operational including vehicle and office rental, and maintenance costs.





## EXAMPLE OF A DISBURSEMENT LETTER

CTDO/(YEAR) (MONTH) (YEAR)

Name Of The Borrower  
Address

Dear Sir/Madam:

LOAN: (Project name)

1. We draw your attention to the loan agreement and other related documents dated \_\_\_\_\_ of the above loan. The loan account will be credited with US\$/SDR \_\_\_\_\_ when the loan agreement becomes effective.

Withdrawal of Loan Proceeds

2. Expenditures are normally eligible for financing from the date the loan agreement becomes effective. We enclose three copies of our *Loan Disbursement Handbook* and hope it will assist you in making withdrawals from the loan account. For disbursements using the SOE procedure and/or the imprest fund procedure which normally require bank approval, please refer to Chapters 9 and 10 of the *Handbook*. Sample withdrawal application forms are in the Appendixes of the *Handbook*.<sup>1</sup> Incomplete withdrawal applications which do not substantially meet the criteria requirements for disbursement, will be returned to you.
3. We wish to draw your particular attention to the following disbursement arrangements.

(i) **Imprest Fund Procedure**

Under paragraph \_\_\_\_\_ of Schedule 3 of the loan agreement, when ADB's imprest fund procedure is used, a portion of the loan proceeds is deposited by ADB into an imprest account from which you may draw ADB's share of eligible Project expenditures. Detailed procedures for establishing and operating the imprest fund are set out in Annex \_\_\_\_\_ of this letter.

(ii) **Statement of Expenditures (SOE) Procedure**

Under paragraph \_\_\_\_\_ of Schedule 3 of the loan agreement, you may apply the SOE procedure to reimburse, liquidate, or replenish the imprest account for expenditures or

<sup>1</sup> Please ensure that each withdrawal application is numbered sequentially with a five-character numeric identification, such as 0001. Assign an alpha identification for each EA (province) if there is more than one EA and submission of withdrawal applications is done separately by the EA (province).

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## EXAMPLE OF A DISBURSEMENT LETTER *continued*

contracts amounting to \_\_\_\_\_. Details of the SOE procedure and formats to be used are in the *Loan Disbursement Handbook*. Under SOE procedure you should retain all supporting documents and produce them for examination by ADB's representative whenever needed. Furthermore, SOE records are periodically audited, as part of the project audit, by an independent auditor or auditor acceptable to ADB and the audit report is to be given to ADB by the date indicated in the loan agreement after the end of each fiscal year.

### (iii) Retroactive Financing

Under paragraph \_\_\_\_\_ of Schedule 3 of the loan agreement, ADB agrees to retroactive financing of expenditures incurred from \_\_\_\_\_ to the effective date up to US\$/SDR \_\_\_\_\_ for (specify eligible expenditures covered). Such expenditures are accumulated and withdrawn from the loan account immediately after the loan is effective using the reimbursement procedure described in the *Loan Disbursement Handbook*.

### Authorized Signatory(ies)

4. The *Loan Disbursement Handbook* describes what you must do before disbursement commences. The person(s) nominated by you to sign the withdrawal application on your behalf should be authorized under the loan agreement provisions. An authorization letter, together with the relevant specimen signature(s), is to be sent to ADB before submission of the first withdrawal application. If there is a change in the authorized person(s) later, send us a new authorization letter, accompanied by the specimen signature(s) to ensure uninterrupted processing of loan disbursements.

### Minimum Amount per Withdrawal Application

5. To promote efficiency in processing loan disbursements, a minimum value per withdrawal application is set at US\$100,000 equivalent (or the amount determined to be reasonably minimum). As far as possible, the EA is requested to consolidate claims and submit a withdrawal application after its amount has exceeded this limit.

### Loan Service Payment

6. Arrangements are to be made for paying principal, as well as interest, front-end fees, and other charges on the due dates specified in the loan agreement.

### Required Action

7. We suggest that the procedures contained in the enclosed publications be studied thoroughly by the officials responsible for administering the loan. Please tell us if we can clarify any of the attachments. To avoid delays in disbursement after the loan becomes effective, you should quickly

- 
- (a) submit the withdrawal authorization letter together with the specimen signature(s);
  - (b) submit the withdrawal application for reimbursement of expenditures eligible for retroactive financing; and
  - (c) submit the withdrawal application for the initial deposit to the imprest account.

#### Advice of Withdrawals

- 8. Advice of withdrawals and other loan disbursement information is available at the Controller's web address <http://lfis.adb.org>. For password access, contact the Webmaster at [lfis@adb.org](mailto:lfis@adb.org). Please also provide us the updated address, telephone number, and e-mail address of the executing/implementing agency(ies) concerned.
- 9. Please circulate this letter to the project staff, including project accountants.
- 10. We look forward to your continued cooperation and a mutually beneficial relationship.

Sincerely yours,

Assistant Controller  
Disbursement Operations Division  
Controller's Department

cc: Name of EAs  
Address

bcc: Projects Officer

#### Attachments:

- 1. Loan Agreement
- 2. *Loan Disbursement Handbook*
- 3. Procedures for Establishing and Operating the Imprest Account





## REQUEST FOR LFIS WEB ACCESS

DATE DD – Month - Year

TO ASIAN DEVELOPMENT BANK  
6 ADB Avenue, Mandaluyong City  
0401 Metro Manila, Philippines  
Fax: + 632 636 2606

ATTENTION LFIS Webmaster  
Financial Information System Section (CTOC-FIS)  
Controller's Department

*Instructions:*

1. A separate form must be filled for each applicant.
2. AUTHORIZED LOAN SIGNATORY must sign the form.
3. Form must be typewritten.

Please provide LFIS Web access to:

FIRST NAME ☐ Mr. ☐ Ms.

LAST NAME

E-MAIL ADDRESS

ORGANIZATION NAME

MAILING ADDRESS

FAX NUMBER

☐ View loan data and download reports for the following loans:

Loan No.

Project Name

_____	_____
_____	_____
_____	_____
_____	_____

☐ Others (Specify): \_\_\_\_\_

Authorized by:

\_\_\_\_\_  
Signature over Printed Name of Authorized Loan Signatory

\_\_\_\_\_  
Name of Borrower or Executing Agency





# Palli Karma-Sahayak Foundation (PKSF)

www.pksf-bd.org

Date: August 17, 2006  
ADB Loan No. 2070 BAN(SF)  
Application No. PK-010

Sample SOEs for  
Credit Line (Cat 01)

## Second Participatory Livestock Development Project (PLDP-II)

### Statement of Expenditure (SOE)

Category: 02

SL No.	Name of the Partner Organization	Name of Upazilla/ Area	Disbursement Period	Poultry, Small Ruminant and Inputs Supply Enterprises		More Sophisticated Enterprises		Marketing and Small Business Development Enterprises		Total	
1		2	3	4		5		6		(4+5+6) = 7	
			From ... to ....	No. of Beneficiaries	Amount (Tk.)	No. of Beneficiaries	Amount (Tk.)	No. of Beneficiaries	Amount (Tk.)	No. of Beneficiaries	Amount (Tk.)
1	TMSS	Kanalu	22/05/06-20/06/06	145	1,179,000	232	2,071,000	-	-	377	3,250,000
		Sherpur	22/05/06-20/06/06	84	817,000	155	1,383,000	-	-	240	2,200,000
		Nandigram	22/05/06-20/06/06	32	305,000	111	1,095,000	-	-	143	1,400,000
		Shariakandi	22/05/06-20/06/06	109	835,000	155	1,265,000	-	-	264	2,100,000
		Sibganj	22/05/06-20/06/06	58	553,000	82	847,000	-	-	150	1,500,000
		Saghata	22/05/06-20/06/06	46	289,000	118	811,000	-	-	165	1,100,000
		Mithapukur	22/05/06-20/06/06	37	285,000	59	414,000	-	-	106	700,000
		Pirganj	22/05/06-20/06/06	42	248,000	79	552,000	-	-	121	500,000
		Joypurhat	22/05/06-20/06/06	200	1,759,000	285	2,541,000	-	-	485	4,300,000
		Kalai	22/06/06-20/06/06	171	1,658,000	420	2,753,000	-	-	591	4,411,000
		Morita	22/05/06-20/06/06	135	1,016,000	318	2,484,000	-	-	451	3,500,000
		Niamatpur	22/05/06-20/06/06	197	1,732,000	522	4,524,000	-	-	719	6,256,000
		Badaigachhi	22/05/06-20/06/06	47	354,000	187	1,438,000	-	-	234	1,800,000
		Atrai	22/05/06-20/06/06	27	263,000	117	1,137,000	-	-	144	1,400,000
		Raninagar	22/05/06-20/06/06	50	400,000	128	1,200,000	-	-	178	1,600,000
		Iswardi	22/05/06-20/06/06	131	1,165,000	219	1,752,000	-	-	350	2,917,000
		Gurudaspur	22/05/06-20/06/06	170	1,451,000	326	2,849,000	-	-	496	4,300,000
		Baghmara	22/05/06-20/06/06	81	931,000	169	1,589,000	-	-	250	2,500,000
		Baraighat	22/05/06-20/06/06	154	1,508,000	197	1,831,000	-	-	351	3,339,000
		Chalmohor	22/05/06-20/06/06	95	746,000	190	1,390,000	-	-	285	2,136,000
		Feridpur	22/05/06-20/06/06	122	1,023,000	228	1,677,000	-	-	350	2,700,000
		Mohorpur	22/05/06-20/06/06	64	472,000	151	1,128,000	-	-	215	1,600,000
		Gomostapur	22/05/06-20/06/06	101	635,000	209	1,255,000	-	-	310	1,900,000
		Sibganj-Chapi	22/05/06-20/06/06	135	1,132,000	279	1,888,000	-	-	415	3,000,000
		Godagari	22/05/06-20/06/06	88	462,000	215	1,338,000	-	-	303	1,800,000
		Durgapur	22/05/06-20/06/06	104	980,000	125	1,120,000	-	-	230	2,100,000
		Ulapara	22/05/06-20/06/06	162	1,369,000	305	2,489,000	-	-	467	3,858,000
		Kamarkhand	22/05/06-20/06/06	122	804,000	125	729,000	-	-	247	1,533,000
			Sub Total			2,922	24,482,000	5,716	45,518,000	-	-
2	UDPS	Onajpur	22/05/06-20/07/06	9	145,000	251	2,855,000	-	-	260	3,000,000
		Fulbari	26/05/06-20/07/06	56	580,000	248	1,920,000	-	-	314	2,500,000
		Rangpur	18/06/06-20/07/06	113	845,000	344	2,455,000	-	-	457	3,300,000
		Shahazadpur	25/06/06-20/07/06	181	1,514,000	441	3,786,000	-	-	622	5,300,000
		Chapi Nawabganj	25/06/06-05/07/06	10	105,000	152	1,395,000	-	-	162	1,500,000
		Nator	25/06/06-28/07/06	113	951,000	274	2,149,000	-	-	387	3,100,000
		Siraganj	22/06/06-26/07/06	228	1,533,000	247	1,467,000	-	-	475	3,000,000
		Belkuchi	25/06/06-26/07/06	100	673,000	301	2,327,000	-	-	401	3,000,000
		Hakimpur	27/08/06-05/07/06	35	182,000	28	138,000	-	-	63	300,000
			Sub Total			855	5,508,000	2,286	18,492,000	-	-
Grand Total				3,777	30,990,000	8,002	64,010,000	-	-	11,779	95,000,000

Amount eligible for ADB financing 20% = Tk 19,000,000

20% of Total = 19,000,000

It is hereby certified that the above amounts have been paid for proper execution of project activities with the terms and conditions of the Loan agreement. All documentation authenticating these expenditures has been retained in PKSF, Dhaka and PMU, Rangpur and will be made available for review by visiting missions on request.

Certified by:

*Parveen Mahmud*

Govt. of Bangladesh

Borrower

PARVEEN MAHMUD FC &  
Deputy Managing Director  
Palli Karma-Sahayak Foundation

PKSF Bhaban, E-4/B, Agargaon Administrative Area, Dhaka-1207, Bangladesh  
Telephone: 880-2-9126240-43 Fax: 880-2-9134431, 9126244 E-mail: pksf@pksf-bd.org





(For the period January, 2006 to 24th June, 2006)

☒ Replenishment of Interest Advance      ☐ Reimbursement      ☐ Liquidation

[illegible]

it is hereby certified that the above amounts have been paid for proper execution of project activities within the terms and conditions of the Loan Agreement. All documentation substantiating these expenditures has been retained in accordance with the Loan Agreement. All documentation substantiating these expenditures has been retained in accordance with the Loan Agreement. All documentation substantiating these expenditures has been retained in accordance with the Loan Agreement.

Sample SOE  
for credit line  
(cont 01)

(Nital Das Saha,  
General Manager  
Agricultural Credit and Special Programmes Deptt  
Bangladesh Bank  
Head Office, Dhaka

2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 26



## **Pro Forma of the Executing Agency's Project Progress Report**

### **A. Introduction and Basic Data**

Provide the following:

- ☐ ADB loan number, project title, borrower, executing agency(ies), implementing agency(ies);
- ☐ total estimated project cost and financing plan;
- ☐ status of project financing including availability of counterpart funds and cofinancing;
- ☐ dates of approval, signing, and effectiveness of ADB loan;
- ☐ original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- ☐ date of last ADB review mission.

### **B. Utilization of Funds (ADB Loan, Cofinancing, and Counterpart Funds)**

Provide the following:

- ☐ cumulative contract awards financed by the ADB loan, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- ☐ cumulative disbursements from the ADB loan, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- ☐ reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

### **C. Project Purpose**

Provide the following:

- ☐ status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- ☐ an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- ☐ an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- ☐ other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

### **D. Implementation Progress**

Provide the following:

- ☐ assessment of project implementation arrangements such as establishment, staffing, and funding of the PMO or PIU;
- ☐ information relating to other aspects of the EA's internal operations that may impact on the implementation arrangements or project progress;
- ☐ progress or achievements in implementation since the last progress report;
- ☐ assessment of the progress of each project component, such as,
  - recruitment of consultants and their performance;
  - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
  - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- ☐ assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress including examples are shown in Annex 1); and
- ☐ an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

#### **E. Compliance with Covenants**

Provide the following:

- ☐ the borrower's compliance with policy loan covenants such as sector reform initiatives and EA reforms (if any), and the reasons for any noncompliance or delay in compliance;
- ☐ the borrower's and EA's compliance with financial loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- ☐ the borrower's and EA's compliance with project-specific loan covenants associated with implementation, environment, and social dimensions.

#### **F. Major Project Issues and Problems**

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

## **Framework and Guidelines in Calculating Project Progress**

### **A. Introduction**

1. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."
2. Physical and precommencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.
3. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

### **B. Framework for Compiling Activity List and Assigning Weights**

4. As implementation activities and their corresponding weights will vary according to the type of project, sector, and country, sector divisions or RMs will be responsible for determining and including them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established; its application will be monitored through the PPR.

#### **1. Compilation of Activity List**

5. Sector divisions or RMs concerned should identify major implementation activities and include them in the implementation schedule, which is attached as an appendix in the report and recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

#### **2. Assignment of Weights**

6. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

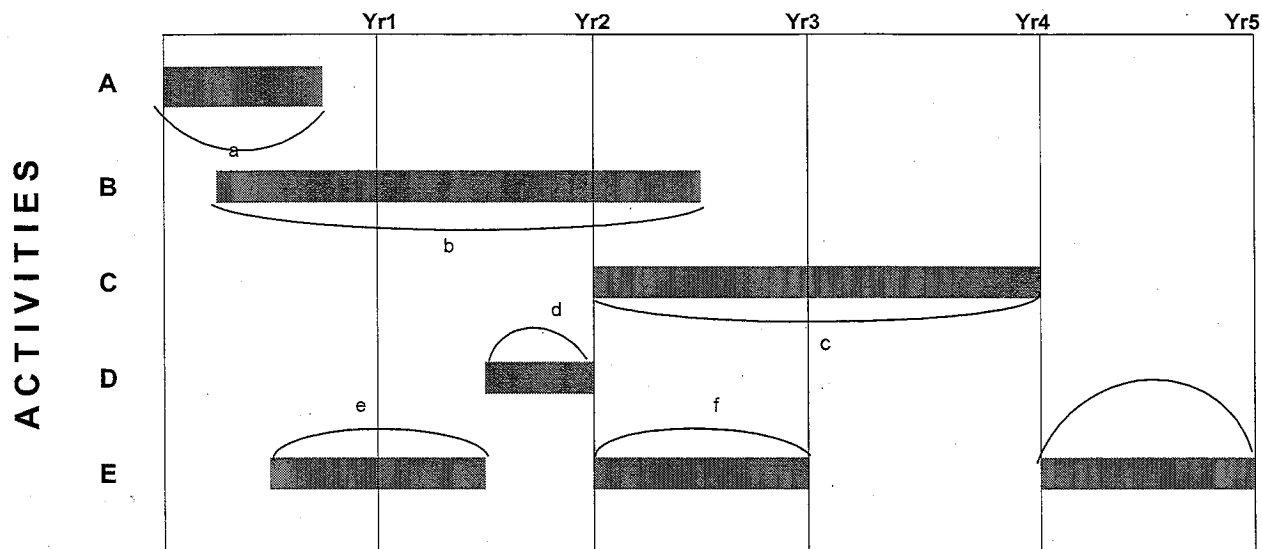
#### **3. Computation of Project Progress**

7. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:

- (i) Determine the actual percentage progress (nonfinancial) of each activity.
- (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.
- (iii) Add up the resulting weighted progress of all activities to determine the project progress.

Following pages provide an illustration of this calculation using a generic sample implementation schedule, and a specific example in the education sector.

## Implementation Schedule with Activities and Weights



1. Sum of all weights should equal 100 percent ( $a+b+c+d+e+f+g = 100\%$ )
2. When calculating the percentage of "project progress," all completed activities should be counted as accomplished, regardless of when they were scheduled to be completed. For example, when calculating the percentage of "project progress" after year 3, if activity D is completed in year 3 rather than in year 2, it should still be included in the computation.
3. Total weight of each activity is as follows: Activity A— $a$ ; Activity B— $b$ ; Activity C— $c$ ; Activity D— $d$ ; and Activity E— $e + f + g$
4. Project progress of a project is the summation of the actual percentage of progress for each activity multiplied by the total weight of each activity.

### Sample Implementation Schedule

Activities	Year 1	Year 2	Year 3	Year 4	(a) Assigned Weight	(b) Actual Progress	(a) x (b) Weighted Progress
Establish PIU	<div></div>				5%	100%	6%
Establish Accreditation Board, etc.	<div></div>				5%	0%	0%
Appoint Staff and Budget	<div></div>				4%	75%	3%
Adopt Architecture Plans	<div></div>				2%	100%	2%
Shortlist Consulting Firms	<div></div>				6%	100%	6%
Prepare Fellowship Program		<div></div>			6%	76%	4%
Prepare Civil Works Tendering		<div></div>			30%	0%	0%
Civil Works: Classrooms, Dorms, etc.		<div></div>			6%	0%	0%
Procurement of Furniture and Equipment				<div></div>	16%	10%	2%
Field Work of Consultants	<div></div>				7%	0%	0%
Provide Fellowships				<div></div>	6%	0%	0%
Conduct Study Tours	<div></div>		<div></div>		6%	0%	0%
Provide Curriculum Standards			<div></div>		6%	0%	0%
				Total Weight	100%		
				Imp. Progress			24%

(a) Assigned weight for each activity

(b) Actual progress of each activity

(a) x (b) weighted progress for each activity

Project progress = sum of all weighted progress for each activity



## PROJECT PERFORMANCE REPORT

As of 28 Feb 2006

SERIAL NO : 6  
 DIVISION : SAAE  
 DEPARTMENT : SARD  
 PROJECT NO : 33224  
 LOAN STATUS : ACTIVE

(ALL AMOUNTS IN US\$ MILLION)

A. BASIC DATA				LAST:			CURR:		Targeting Classification		
NAME				PROJECT AT RISK			No		GI		
2190: AGRIBUSINESS DEVELOPMENT PROJECT				Development Objectives (DO)			S		Themes		
				Implementation Progress (IP)			S		ECO, PSD, CAD		
				Potential Problem (PP)			No		Subthemes		
				Override			No		Macroeconomic stability		
									Eco. eff. & enabling markets		
									Policy/institutional/legal/regulatory reforms		
									Public-private partnerships		
									CAD		
				-----CLOSING-----			PHYSICAL		ELAPSED		
LOAN NO(S)		APPROVAL		SIGNING		EFFECTIVITY		COMPLETION		LOAN PERIOD	
2190-BAN(SF)		27 Oct 05				ORIGINAL		ORIG : Dec 10		ORIG. 6%	
						REVISED		REV :		REV. 0%	
						ACTUAL				PROJECT PROGRESS	
						30 Jun 11				0%	
						-				REVIEW MISSIONS:	
										LAST:	
										ACTUAL DAYS: 0	
										(last 12 months)	
										NEXT:17-06-2006	
										PLANNED DAYS: 13	

EXECUTING Ministry of Agriculture  
 AGENCIES:

## B. FINANCING PLAN

	FOREX	LOCAL	TOTAL	COUNTERPART FUNDS ADEQUATE	CURRENT VALUE OF BANK LOAN:	BALANCE AVAILABLE FOR COMMITMENT:
PROJECT COST	6.9	53.1	60.000			
ADB	6.9	35.6	42.500		APPROVED : 28.91	
GoB	0.0	15.3	15.300		NET : 41.443	41.443
Subborrowers	0.0	0.2	0.200			
Service Providers	0.0		0.200			

## C. LOAN UTILIZATION

CUMULATIVE CONTRACT AWARDS				2006 CONTRACT AWARDS					
	ADB	OTHERS	CUMULATIVE		1Q	2Q	3Q	4Q	TOTAL
Dec 05	0.000	0.000	CONTRACTS TO	PROJ	0.000	0.000	0.000	0.000	0.000
28 Feb 06	0.000	0.000	NET BANK LOAN(S):	ACTUAL	0.000	0.000	0.000	0.000	0.000
Proj 06	0.000		0%						
CUMULATIVE DISBURSEMENTS				2006 DISBURSEMENTS					
	ADB	OTHERS	CUMULATIVE		1Q	2Q	3Q	4Q	TOTAL
Dec 05	0.000	0.000	DISBURSEMENTS	PROJ	0.000	0.000	0.000	0.500	0.500
28 Feb 06	0.000	0.000	TO NET BANK	ACTUAL	0.000	0.000	0.000	0.000	0.000
Proj 06	0.500		LOAN(S): 0%						

## D. COVENANTS

COMPLIANCE WITH COVENANTS:	AUDITED PROJECT ACCOUNTS / DELAY S / 0 mos.	AGENCY FINANCIAL STATEMENTS / DELAY NR / - mos.	SECTOR COVENANTS Not Yet Due	ENVIRONMENTAL COVENANTS	SOCIAL COVENANTS Not Yet Due	FINANCIAL COVENANTS Not Yet Due	ECONOMIC COVENANTS
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## E. MAJOR ISSUES/PROBLEMS (IP, DO, Covenants)

PROBLEM(S)	ACTION TAKEN/PROPOSED

Victoria Fe G. Mariano  
 Associate Project Analyst

Jiangfeng Zhang  
 Project Economist

PAU Assistant

PROJECT OFFICER

## DEVELOPMENT OBJECTIVES

## Long Term Development Objectives

Description
To reduce poverty in Bangladesh through agribusiness growth that generates income and employment in rural areas.

## Immediate Development Objectives

Description (with quantifiable / monitorable targets)	Rating (HS,S,PS,U)	Assessment of Current Status
1. Investment in agribusiness activities by participating entrepreneurs more than doubles by project completion review.	S	No change in targets.
2. Sales of agribusinesses increase by 30% by project completion review.	S	No change in targets.
3. Number of women agribusiness entrepreneurs increases by 50% by project completion review.	S	No change in targets.
4. Number of employees in agribusinesses increases by about 30% by project completion review.	S	No change in targets.
5. The value added per unit of commodities increases by about 20-30% by project completion review.	S	No change in targets.
6. Post-harvest losses drop by 20-30% of value of product production by project completion review.	S	No change in targets.
Key Assumptions/Risks	Rating (HS,S,PS,U)	Assessment of Current Status
<b>Assumptions:</b>		
1. No serious macroeconomic and/or banking crises.	S	
<b>Risks:</b>	<b>Mitigated (Y/N)</b>	
1. Increased financial and credit risks to financial intermediaries.	Yes	S
2. Delay in implementing needed changes to legislation or regulations governing the agribusiness sector.	Yes	S
<b>Overall Rating</b>	S	NOTE: Overall Rating is based only on Assumptions and Risks until project completion. Thereafter, Immediate DO assessment will be included
<b>Rating Upon Suspension (for COPP use only)</b>		
<b>New DO Rating:</b>	<b>Effective Date:</b>	<b>Date of Lifting:</b>
<b>Remarks:</b>		

## Recent Development (Date: 28/02/2006)

Engagement of consultants under the associated TA 4674-BAN: Strengthening Project Management on Agribusiness Management has been completed. The international Project Management Training Advisor commenced assignment on 7 Jan 2006, while the domestic Project Management Training Specialist will commence services on 15 Mar 2006. The consultants will assist the Government in starting up the Project.

## Problems with DO

Description	Action Taken/Proposed

## Project Quality (one time input primarily for COPP)

Capacity Building Component	Training Component	Participatory Process	Project Manager/Project Office prior to Loan approval	Incorporated Lessons Learned in Sector/Country	Logical Framework
Yes	Yes	Yes	No	Yes	Yes
Update Control : Fe E. de Leon; Victoria Fe G. Mariano; Jiangfeng Zhang; Takashi Matsuo; Ma. Adora C. Deguito					
Last Updated by : Victoria Fe G. Mariano					
Last Modified on : 30/03/2006 02:48 PM					
Created on : 09/11/2005 11:52 AM					

# IMPLEMENTATION PROGRESS

## Project Outputs

Description (with quantifiable/monitorable targets)	Assessment of Progress-to-date
1. Agribusinesses by small-scale entrepreneurs established, expanded, and successfully operated.	Activities not yet started.
2. Capacity of participating NGOs and banks in agribusiness lending strengthened.	Activities not yet started.
3. Capacity of agribusiness associations in policy dialogue and agribusiness information and technology dissemination strengthened.	Activities not yet started.
4. Improved policy environment enabling private sector participation.	Activities not yet started.

Key Assumptions/Risks (Input-Output)	Assessment of Current Status
Assumptions:	
1. Interest exists among potential agribusiness entrepreneurs.	
2. Qualified NGOs and wholesale banks participate as planned.	
3. NGOs can maintain high portfolio quality.	
Risks:	
1. Government sets restrictive limits (interest cap) on NGO lending.	
2. Government does not have sufficient incentive to make recommended changes to regulations and marketing structure.	

## Key Project Inputs

(Loan Categories from LFIS/Logical Framework)	Remarks
ADB Loan, \$42.5 million (SDR 28.910 million)	ADB Loan not yet signed.
ADB TA Grant (TA 4674-BAN) for Strengthening Project Management, \$0.6 million	Engagement of consultants completed. The international Project Management Training Advisor commenced assignment on 7 Jan 2006, and the domestic Project Management Training Specialist will commence services on 15 Mar 2006. The TA inception mission was fielded in Jan 2006.
Government Contribution, \$2.0 million	Activities not yet started.
Subborrowers' Contribution, \$15.3 million	Activities not yet started.
Contracted Service Providers' Contribution, \$0.2 million	Activities not yet started.

## Implementation Progress

Loans Not Yet Signed	As of : 28/02/2006 4.1 months after loan approval	IP Rating Satisfactory
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## Design Changes

None.

## Recent Development (Date: 28/02/2006)

The Inception Mission (the Mission) for the associated TA that was in the field from 16 to 23 Jan 2006 also reviewed the Government's preparatory actions to start up the Project. The Mission was informed that the Loan and Project Agreements will be signed after the Government approves the Development Project Proposal. Progress is being followed by the TA consultants.

## Problems with IP

Description	Action Taken/Proposed

# Rating Criteria for the Assessment of Implementation Progress

Project: 33224 - AGRIBUSINESS DEVELOPMENT PROJECT

Loan Number: 2190-BAN(SF)

Department: SARD

Division: SAAE

Approval Date: 27/10/2005

Signing Date:

Effectivity Date:

Original Closing Date: 30/06/2011

Loan Status: ACTIVE

Loans Not Yet Signed	As of : 28/02/2006 4.1 months after loan approval	IP Rating Satisfactory
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Note: This is for recording purposes only and does not affect in any way the overall IP Rating

Project Progress: 0%

Override IP Rating (for OOPP use only)

New IP Rating: Effective Date: Date of Lifting:

Justification for Override

Justification for Lifting

Override IP Rating (for OOPP use only)

New IP Rating: Effective Date: Date of Lifting:

Remarks:

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Last Modified on : 28/03/2006 05:33 AM  
Created on : 09/11/2005 08:30 PM

	Not Yet Due -	
6. BASIC and EBL shall ensure that NGOs participating in the Project meet the criteria stipulated in para. 7, Schedule 6 of the Loan Agreement.		
	Not Applicable	
7. The terms and conditions for onlending to participating NGOs shall include the factors stipulated in para. 8, Schedule 6 of the Loan Agreement.		
	Not Applicable	
8. BASIC and EBL shall cause participating NGOs to ensure that each subborrower, subloan and subproject satisfy the conditions stipulated in para. 9, Schedule 6 of the Loan Agreement.		
	Not Applicable	
9. The Borrower shall not plan or grant any debt amnesty or forgive loan repayment obligations with respect to the subloans from the credit line provided under Part A of the Project. (Loan Agreement, Schedule 6, para. 10)		
	Not Applicable	
10. The Borrower shall ensure that adequate financing shall be made available in DAM's annual budget for operation of the PIU throughout Project implementation. (Loan Agreement, Schedule 6, para. 11)		
Others	Not Yet Due	
1. Established, Staffed, and Operating PMU/PIU		Loan effectiveness condition.
	Not Yet Due -	
2. Fielding of Consultants		
	30/06/2006 Not Yet Due -	
3. The Ministry of Finance (MOF), through its Finance Division, shall be the Project EA for Part A of the Project. The Ministry of Agriculture (MOA) shall be the Project EA for implementing the rest of the Project. (Loan Agreement, Schedule 6, para 1)		
4. Implementation arrangements shall be as follows: (a) Part A of the Project shall be implemented by BASIC and EBL through participating NGOs; (b) MOA's Department of Marketing (DAM) shall be responsible for coordinating with MOF on Part A of the Project, and implementing Parts B, C, D(ii), and E of the Project; (c) The Project Implementation Unit (PIU) shall be headed by a Project Director designated by the Borrower and satisfactory to ADB, and who will be assisted by a full-time Project Manager with qualifications and experience acceptable to ADB recruited as domestic consultant; and (d) the Agribusiness Cell shall: be a permanent unit responsible for developing the agribusiness policy and regulations, and guiding agribusiness operations; be headed by the Additional Secretary of MOA and adequately staffed with qualified personnel reassigned from MOA; and implement Part D(i) of the Project, among others. (Loan Agreement, Schedule 6, para 2)		
	Not Yet Due -	
5. The Project Steering Committee (PSC) shall: oversee and guide the Project and resolve policy issues; be chaired by the Principal Secretary of the Prime Minister's Office; and include as members officials from ERD and Finance Division of MOF, Planning Commission, Agriculture, Fisheries and Livestock, Commerce and Industry, Bangladesh Bank, BASIC, EBL, and participating NGOs. The head of the Agribusiness Cell shall be Member Secretary of the PSC, which shall meet semi-annually. (Loan Agreement, Schedule 6, para. 3)		
	Not Yet Due -	
6. The Project Implementation Committee (PIC) shall: coordinate Project activities, discuss and resolve implementation problems in a transparent manner; include representatives from MOA, MOF, Ministry of Planning, DAM, the Agribusiness Cell, BASIC, EBL, participating NGOs, and agribusiness organizations; be chaired by the Secretary of MOA. The Project Director shall be Member Secretary. (Loan Agreement, Schedule 6, para. 4)		
	Not Yet Due -	
7. The Borrower shall establish within 6 months of the Effective Date, a project performance management system (PPMS), and ensure its operation within PIU, BASIC, EBL, and each participating NGO through the monitoring teams during Project implementation. (Loan Agreement, Schedule 6, para. 13)		
	Not Yet Due -	
8. The Borrower shall, and cause BASIC, EBL and participating NGOs to ensure that proactive steps are taken for good governance and preventing corruption. This shall include, among other things (i) establishing transparent procedures for financial transactions, (ii) setting a requirement for implementing agencies to enter each amount of disbursed funds in an accounting system, (iii) monitoring and reporting of participating NGOs' activities, and (iv) appointing a liaison officer to deal specifically with participating		

<p>NGOs and subborrowers, as the case may be. (Loan Agreement, Schedule 6, para. 15)</p> <p style="text-align: right;">Not Yet Due -</p>	
<p>9. BASIC and EBL shall furnish to ADB quarterly reports on the execution of the Project and semi-annually on the operation and management of the project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter or 6 months under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter or 6 months. (Project Agreement, Section 2.07[b])</p> <p style="text-align: right;">Not Yet Due -</p>	
<p>10. Promptly after completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, BASIC and EBL shall prepare and furnish to ADB a Project Completion Report. (Project Agreement, Section 2.07[c])</p> <p style="text-align: right;">Not Yet Due -</p>	
<p style="text-align: right;">Overall Rating</p>	<p style="text-align: right;">Not Yet Due</p>

## Problems/Remarks/Issues with Covenants

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# COVENANTS

## Project and EA Accounts

EA	FY End	FY	Months Due After FY	Due	Date Received	Months Delayed	Acceptable Y/N	Status of Compliance	Rating
Submission of Audited Project Accounts (APA):									
Ministry of Finance	Jun	06/07	6	31/12/2007	-	0	-	NYD	S
Ministry of Agriculture	Jun	06/07	6	31/12/2007	-	0	-	NYD	S
Submission of Agency Financial Statements (AFS): Not Required									
Overall Compliance and Rating:								NYD	S
Remarks:									

## Project Specific Covenants

Project-specific covenants	Date Due	Date Completed	Delays (mo.)	Status of Compliance	Rating (S,PS,U)	Remarks/Issues
Sector						Not Yet Due
1. The Borrower to ensure that: (a) all activities under Parts B[i] and [ii] (strengthening of agribusiness associations and dissemination of agribusiness information and technology, respectively) are carried out on a cost-sharing basis so that, at least, 1/3 of the cost will be provided by the agribusiness associations and/or service providers concerned; and the (b) technical assistance activities under Part B[iii] are in compliance with the applicable laws and regulations of the Borrower and ADB's safeguard requirements as defined in ADB's Environment Policy and ADB's Policy on Involuntary Resettlement. (Loan Agreement, Schedule 6, para. 12)						Not Yet Due -
Social						Not Yet Due
1. The Borrower shall, and cause BASIC, EBL, and Participating NGOs to ensure that the Gender Action Plan (GAP), as set out in Appendix 15 of the RRP, is adopted and carried out during Project implementation. The implementation of the GAP shall be monitored and reported to ADB through the quarterly progress reports. (Loan Agreement, Schedule 6, para. 14)						Not Yet Due -
Financial						Not Yet Due
1. The Borrower shall establish immediately after the Effective Date, imprest accounts, one for Part A (Credit) and another for other parts of the Project, both at Bangladesh Bank, which shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook. (Loan Agreement, Schedule 3, para. 7)						Not Yet Due -
2. The Borrower shall ensure that BASIC and EBL establish, within 1 month of the Effective Date, revolving funds to be utilized exclusively for onlending to participating NGOs for their small-scale agribusiness lending programs. The amount of each loan to be sanctioned and disbursed from such revolving funds shall be determined by BASIC and EBL. Each participating NGO shall be required to open a project account in a reputable bank. Repayments by participating NGOs of loan principals shall be made into the revolving funds. Upon applications from a participating NGO, BASIC and EBL shall apply for the funds from the imprest account. Within 3 working days of receipt of funds from the imprest account, BASIC and EBL shall disburse the funds to the project account of the participation NGO concerned. Applications for replenishment of the imprest account will be initiated by BASIC and EBL taking into account (i) the balance remaining in the revolving fund, and (ii) loan requests from participating NGOs based on their business plans on a 6-monthly basis. (Loan Agreement, Schedule 6, para 5[a])						Not Yet Due -
3. The Borrower shall ensure that disbursements from the imprest account to BASIC and EBL are made within 5 working days of receipt of the respective disbursement applications. (Loan Agreement, Schedule 6, para 5[b])						Not Applicable
4. The Borrower shall ensure that the revolving funds are maintained after Project completion until such time as ADB in its sole discretion may require the revolving funds to be dissolved. Balances available in the revolving fund shall be credited to appropriate entities designated by the Borrower in consultation with ADB. The Borrower shall also ensure that after Project completion, the revolving fund continues to be utilized for the purposes established in para 5[a], Schedule 6 of the Loan Agreement, and each participating NGO, subborrower, subloan and subproject continue to satisfy the respective eligibility criteria set forth in the Loan Agreement. (Loan Agreement, Schedule 6, para 5[c])						Not Applicable
5. The Borrower shall ensure that each of the Subsidiary Loan Agreements with BASIC and EBL satisfy the conditions stipulated in para 6, Schedule 6 of the Loan Agreement.						

## POTENTIAL PROBLEM PROJECT

Rating Criteria	Flag (Yes/NO)	Actual Rating	Remarks
1. Project Implementation Delays	No	NYE	
2. Poor Compliance with Covenants	No	Not Yet Due	
3. Established, Staffed, and Operating PMU/PIU	No	Not Yet Due	
4. Fielding of Consultants	No	Not Yet Due	
5. Shortage of Counterpart Funds/Cofinancing	No	NYE	
6. Cost Overrun	No	NYE	
7. Poor Compliance with Audited Project Accounts and Agency Financial Statements	No	S	
8. Environmental or Social Problems	No	Not Yet Due	
9. Significant Disbursement Delays	No		0.000 / 0.000=
10. In Risk Sector in a Country with History of Past Problems	No	12%	
11. Project Fielded Missions	Yes	0	
Overall Rating	No		< 4 flags

Overall PP Rating (for COFIP use only)		
New PP Rating:	Effective Date:	Date of Lifting:

Justification for Overall	Justification for Lifting

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**WORKSHEET FOR QUARTERLY AND YEARLY CONTRACT AWARDS/COMMITMENTS AND DISBURSEMENT PROJECTIONS (\$ Million)**  
 Ref. PAI Nos. 4.13. Issued in July 1992 and 6.1. Issued in October 1990



PROJECTIONS MADE IN:

(Month, Year)

Ref/ Line Category no.	CONTRACT/COMMITMENT ITEM <sup>1</sup>	Contracts Awarded on Previous Year (s) Month, Year Contract Awarded Contract Value (Bank Financed)	QUARTER 1 January, February, March			QUARTER 2 April, May, June			QUARTER 3 July, August, September			QUARTER 4 October, November, December			TOTAL PROJECTED FOR THE YEAR	
			Month Awarded/ Committed or To be Awarded/Committed Contract Value/ Commitment (1)		Disbursement Amount Related to the Contract/ Commitment (2)	Month Awarded/ Committed or To be Awarded/Committed Contract Value/ Commitment (3)		Disbursement Amount Related to the Contract/ Commitment (4)	Month Awarded/ Committed or To be Awarded/Committed Contract Value/ Commitment (5)		Disbursement Amount Related to the Contract/ Commitment (6)	Month Awarded/ Committed or To be Awarded/Committed Contract Value/ Commitment (7)		Disbursement Amount Related to the Contract/ Commitment (8)	Contract Value/ Commitment (9)=(1+3+5+7)	Disbursement Amount Related to the Contract/ Commitment (10)=(2+4+6+8)
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## **Project Completion Report**

### **Suggested Topics for Project Completion Reports to be Prepared by Borrowers**

#### **I. PROJECT DESCRIPTION**

- A. Objectives
- B. Components (or subprojects for sector and multiprojects)
- C. Implementation methods
- D. Description and justification of changes in components (or subproject appraisal criteria) or implementation methods

#### **II. PROJECT IMPLEMENTATION**

- A. Compare original and actual implementation schedules. Indicate delays, length and causes of delays, and remedial action taken.
- B. Compare cost estimates made during appraisal and actual costs (foreign and local). Local currency costs incurred, appropriate exchange rates for their conversion into US dollars, and the foreign exchange costs financed by cofinanciers must be compiled correctly with reference to audited project accounts. Indicate factors that contributed to any significant overruns or underruns.
- C. State problems or difficulties in recruiting consultants, with reference to ADB procedures. Assess the consultant's work and the working relationship between the executing agency (EA) and the consultant. Use of a design and monitoring framework is strongly recommended.
- D. State problems or difficulties encountered in procuring goods and services (including civil works) with reference to ADB procedures. Assess the supplier's or contractor's performance under the contract.
- E. Give the extent of compliance of the borrower and EA with loan covenants, with reasons for noncompliance or delays in compliance and the remedial actions taken.
- F. State reasons for any delays in loan utilization. Evaluate the appropriateness of the disbursement methods used. Justify the reallocation of loan proceeds.
- G. State problems or difficulties with subproject appraisal. Evaluate the EA's performance and capacity to appraise subprojects.

#### **III. INITIAL OPERATIONS**

- A. Describe initial operations of the project and transitional problems encountered from project completion to initial operations.
- B. Describe measures taken to ensure continued smooth operation of the project relative to management, staffing, funding, and maintenance of project facilities.
- C. Analyze the prospects of the project benefits being realized.

#### **IV. EVALUATION OF THE ASIAN DEVELOPMENT BANK'S PERFORMANCE**

- A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.
- B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

**Suggested Topics for Project Completion Reports to be Prepared by  
A Development Finance Institution (DFI)**

**I. BACKGROUND**

- A. History of the development finance institution (DFI) and scope of the DFI's operations
- B. ADB's past relationship with the DFI
- C. Rationale for the loan

**II. LOAN UTILIZATION**

- A. Compare expected subloan distribution based on any criteria established during appraisal and actual subloan distribution. State reasons for any deviations.
- B. Evaluate the impact of subloans on the country's development efforts. Note the extent of subloans conforming to the government's economic, financial, and monetary policies.
- C. State problems encountered in implementing and operating subprojects financed by the DFIs.
- D. Give basic details to assess the socioeconomic impact of completed subprojects.

**III. OPERATIONAL PERFORMANCE OF THE DFI (give actual name)**

- A. Describe the main aspects of DFI organization, emphasizing recent changes in management, size, and composition of staff and personnel policies.
- B. Describe principal aspects of DFI lending operations (e.g., lending procedures, loan criteria, terms and conditions, loan administration, and types of loans).
- C. Describe DFI financial performance in relation to the size and quality of its loan portfolio and financial statements and ratios.
- D. Assess DFI performance with loan covenants, giving reasons for noncompliance or delays in compliance.
- E. Note measures being taken to strengthen DFI institutional and financial capabilities.

**IV. PERFORMANCE OF THE ASIAN DEVELOPMENT BANK**

- A. Assess ADB's performance in supervising the use of loan proceeds (approval of subloans).
- B. Comment on ADB's guidelines and requirements relating to procurement, free limits, and disbursements; suggest changes.
- C. Describe the effectiveness and timeliness of ADB assistance to solve problems encountered during loan utilization.



Asian Development Bank

27 September 2006

Mr. M. Ismail Zabihullah  
Secretary  
Economic Relations Division  
Ministry of Finance  
Sher-e-Bangla Nagar  
Dhaka-1207, Bangladesh

Dear Mr. Zabihullah,

**LOAN 2190-BAN(SF): AGRIBUSINESS DEVELOPMENT PROJECT  
– FINANCIAL REPORTING AND AUDITING REQUIREMENTS –**

This letter is to ensure your timely compliance with the loan covenants and the quality of financial information as required by ADB. ADB's *Handbook for Borrowers on the Financial Governance and Management of Investment Projects Financed by the ADB* (the Booklet) is enclosed to guide you.

ADB, by its Charter, is required to ensure that the proceeds of any loan made, guaranteed, or participated in by ADB are used for the purposes for which the loan was approved. ADB requires accurate and timely financial information from its borrowers to be assured that expenditure was for the purposes stated in the loan agreement.

For this particular loan, the requirements are stipulated in Section 4.02 (a) of the Loan Agreement dated 22 June 2006 between ADB and the People's Republic of Bangladesh (the Borrower) and Section 2.08 (a) of the Project Agreement also dated 22 June 2006 between ADB, Bangladesh Small Industries and Commerce Bank Limited (BASIC Bank), and Eastern Bank Limited. Copies of the Loan and Project Agreements are enclosed for onward transmission by your office to your Executing Agencies (EAs) – the Finance Division of the Ministry of Finance for Part A of the Project, and the Ministry of Agriculture for Parts B to E of the Project – and the Comptroller and Auditor General of Bangladesh (the Auditor), together with a copy of this letter.

The following are the main requirements:

- (i) ADB requires the EAs to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan and Project Agreements.
- (ii) The first set of project accounts to be submitted to ADB will cover FY2007. As stipulated in the Loan and Project Agreements, they are to be submitted up to 6 months after the end of the fiscal year. For this loan, the deadline is by 31 December 2007.
- (iii) The accounts and records for the project are to be consistently maintained by using sound accounting principles. Please stipulate that the Auditor is to express an opinion on whether the financial report has been prepared using international or local generally accepted accounting standards and whether they have been applied consistently.

(iv) ADB prefers project accounts to use international accounting standards prescribed by the International Accounting Standards Committee. Please advise the Auditor to comment on the impact of any deviations, by the EAs from international accounting standards.

(v) Please ensure that the Auditor specifies in the Auditor's Report the appropriate auditing standards used, and direct them to expand the scope of the paragraph in the Auditor's Report by disclosing the key audit procedures followed. The Auditor is also to state whether the same audit procedures were followed for all supplementary financial statements submitted.

(vi) ADB wishes that auditors conform to the international auditing standards issued by the International Federation of Accountants. In cases where other auditing standards are used, request that the Auditor indicate in the Auditor's Report the extent of any differences and their impact on the audit.

(vii) The Auditor's opinion is also required on whether

- the proceeds of the ADB's loan have been utilized only for the project as stated in the Loan and Project Agreements;
- the financial information contains data specifically agreed upon between the Borrower and ADB to be included in the financial statements;
- the financial information complies with relevant regulations and statutory requirements; and
- compliance has been met with all the financial covenants contained in the Loan and Project Agreements.

(viii) The Auditor's Report is to clearly state the reasons for any opinions that are qualified, adverse, or disclaimers.

(ix) Actions on deficiencies disclosed by the Auditor in its report are to be resolved by the EAs within a reasonable time. The Auditor is to comment in the subsequent Auditor's Report on the adequacy of the corrective measures taken by the EAs.

Compliance with these ADB requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the Auditor.

With best regards,

Yours sincerely,



Frederick C. Roche  
Director

Agriculture, Natural Resources, and  
Social Services Division  
South Asia Department

encl: a/s



cc: Secretary, Finance Division, Ministry of Finance  
Secretary, Ministry of Agriculture  
Director General, Foreign-Aided Project Audit Directorate  
Country Director, ADB Bangladesh Resident Mission (w/o enclosures)  
Project Director for Agribusiness Development Project (w/o enclosures)



## MAJOR COVENANTS

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
<b>Social</b>			
The Borrower to ensure, and cause BASIC Bank (BASIC), Eastern Bank (EBL), and participating NGOs to ensure, that the Project's Gender Action Plan (GAP) (Appendix 17 of the PAM), is adopted and carried out during project implementation. The implementation of the GAP is to be monitored and reported to ADB through the quarterly progress reports.	LA, Schedule 6, para. 14	Throughout project period	
<b>Financial</b>			
<b>Imprest Accounts.</b> The Borrower to establish imprest accounts, one for Part 1 (Credit) and another for other parts of the Project, both at Bangladesh Bank, which shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook.	LA, Schedule 3, para. 7	Immediately after the Effective Date	Two imprest accounts for Part A and Parts B-E have been established at Bangladesh Bank on 29 Nov 2006 and 15 October 2006, respectively.
<b>Revolving Fund.</b> The Borrower to ensure that BASIC and EBL establish, revolving funds to be utilized exclusively for onlending to participating NGOs for their small-scale agribusiness lending programs. The amount of each loan to be sanctioned and disbursed from such revolving funds shall be determined by BASIC and EBL. Each participating NGO shall be required to open a project account in a reputable bank. Repayments by participating NGOs of loan principals shall be made into the revolving funds. Upon applications from a participating NGO, BASIC and EBL shall apply for the funds from the imprest account. Within 3 working days of receipt of funds from the imprest account, BASIC and EBL shall disburse the funds to the project account of the participation NGO concerned. Applications for replenishment of the imprest account will be initiated by BASIC and EBL taking into account (i) the balance remaining in the revolving fund, and (ii) loan requests from participating NGOs based on their business plans on a 6-monthly basis.	LA, Schedule 6, para 5(a)	Within 1 month of the Effective Date	The Government and the two banks have agreed that disbursement of funds from the banks to the NGOs will be made within 5 working days of receipt of the funds from the imprest account. This arrangement is reflected in the Subsidiary Loan Agreements between MOF and EBL, and between MOF and Basic Bank.

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
The Borrower to ensure that disbursements from the imprest account to BASIC and EBL are made within 5 working days of receipt of the respective disbursement applications.	LA, Schedule 6, para 5(b)	Throughout project period	The Government and the two banks have agreed that disbursements from the imprest account. Will be made to EBL and Basic Bank within 10 working days of receipt of the respective disbursement applications. This arrangement is reflected in the Subsidiary Loan Agreements between MOF and EBL, and between MOF and Basic Bank.
The Borrower to ensure that the revolving funds are maintained after Project completion until such time as ADB in its sole discretion may require the revolving funds to be dissolved. Balances available in the revolving fund shall be credited to appropriate entities designated by the Borrower in consultation with ADB. The Borrower shall also ensure that after Project completion, the revolving fund continues to be utilized for the purposes it was established, and each participating NGO, subborrower, subloan and subproject continue to satisfy the respective eligibility criteria set forth in the Loan Agreement.	LA, Schedule 6, para 5(c)	After project completion	6 months before project completion, ADB will arrange, in consultation with concerned parties, for operating the revolving funds after project completion.
Participating NGOs. BASIC and EBL to ensure that participating NGOs meet the Project's eligibility criteria for NGOs as detailed in the paragraphs 7(a) to (j), Schedule 6, of the Loan Agreement.	LA, Schedule 6, para. 7	Throughout project period	Eligibility criteria are included in each on-lending agreement between the NGOs and the two banks.
Principle Lending Terms and Conditions. The terms and conditions for lending to participating NGOs to include the following (among other things): the amount and the terms of each loan to be determined by BASIC and EBL in accordance with their own loan management procedures; interest to be charged on the outstanding principal amount shall be 7% per	LA, Schedule 6, para. 8(a)	Throughout project period	

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
<p>annum; loans to be denominated in Taka; credit risk to be borne by BASIC and EBL; each participating NGO to establish and maintain separate accounts for the Project, have such accounts and related financial statements audited annually, and have such auditor's report, related accounts and financial statements (in English) submitted to ADB not later than 6 months after the end of the related fiscal year; the auditors' opinion shall include an assessment of the adequacy of accounting and internal control systems with respect to project expenditures and other financial transactions, a determination as to whether the participating NGO has maintained adequate documentation for all financial transactions, specifically including the revolving funds procedures, and a confirmation of compliance with the financial covenants set forth in the Loan Agreement; and at all times during project implementation and operation of the revolving fund, each participating NGO shall be required to satisfy the selection criteria for NGOs.</p>	<p>The Borrower and ADB to review the performance of participating NGOs and the relending terms and conditions.</p>	<p>LA, Schedule 6, para. 8(b)</p>	<p>Throughout project period</p>
<p><u>Subborrowers, Subloans, and Subprojects.</u> BASIC and EBL to make certain that participating NGOs ensure that each subborrower, subloan and subproject satisfy the Project's selection criteria and implementation procedures.</p>	<p><u>Debt Amnesty.</u> The Borrower shall not plan or grant any debt amnesty or forgive loan repayment obligations with respect to the subloans from the credit line provided under Part 1 of the Project.</p>	<p>LA, Schedule 6, para. 9</p>	<p>Throughout project period</p>
<p><u>Counterpart Funds.</u> The Borrower to ensure that adequate financing shall be made available in DAM's annual budget for operation of the PIU.</p>	<p><u>Debt Amnesty.</u> The Borrower shall not plan or grant any debt amnesty or forgive loan repayment obligations with respect to the subloans from the credit line provided under Part 1 of the Project.</p>	<p>LA, Schedule 6, para. 10</p>	<p>Throughout project period</p>
<p><u>Agribusiness Associations, Information, and Technology Dissemination.</u> The Borrower to ensure that all activities under Parts 2 (b) and (c) are carried out on a cost-sharing basis, and technical assistance activities under Part 2(c) comply with the</p>	<p><u>Counterpart Funds.</u> The Borrower to ensure that adequate financing shall be made available in DAM's annual budget for operation of the PIU.</p>	<p>LA, Schedule 6, para. 11</p>	<p>Throughout project period</p>
<p><u>Agribusiness Associations, Information, and Technology Dissemination.</u> The Borrower to ensure that all activities under Parts 2 (b) and (c) are carried out on a cost-sharing basis, and technical assistance activities under Part 2(c) comply with the</p>	<p><u>Counterpart Funds.</u> The Borrower to ensure that adequate financing shall be made available in DAM's annual budget for operation of the PIU.</p>	<p>LA, Schedule 6, para. 12</p>	<p>Throughout project period</p>

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
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Borrower's applicable laws and regulations and ADB's safeguard requirements as defined in ADB's Environment Policy and ADB's Policy on Involuntary Resettlement.

Accounts and Audit. The Borrower to (i) maintain or cause to be maintained, separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditor's opinion on the use of loan proceeds and compliance with the financial covenants for the Loan Agreement as well as on the use of the procedures for imprest account/ statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

LA, Article IV, Section 4.02 (a) Submission of audit report and certified copies of audited accounts to ADB not later than 6 months after the end of each related fiscal year.

Project Agreement (PA), Article II, Section 2.08 (a) Submission of audit report and certified copies of audited accounts and financial statements to ADB not later than 6 months after the end of each related fiscal year.

BASIC and EBL to (i) maintain separate accounts for the Project; (ii) have such accounts and related financial statements (balance sheet, statement of income and expenses, and related statements) audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; and (iii) furnish to ADB certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditors' opinion on the use of the Loan proceeds and compliance with the financial covenants of the Loan Agreement as well as on the use of the procedures for imprest account/statement of expenditures), all in the English language. BASIC and EBL shall furnish to ADB such further information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
<b>Implementation Matters</b>			
<p><u>Project Executing Agencies.</u> The Ministry of Finance (MOF), through its Finance Division, to be the Project EA for Part 1 of the Project, and the Ministry of Agriculture (MOA) to be the Project EA for implementing the rest of the Project.</p>	LA, Schedule 6, para 1	Throughout project period	No change in EAs
<p><u>Implementing Agencies and Project Implementation Unit.</u></p> <ul style="list-style-type: none"> <li>Part 1 of the Project to be implemented by BASIC and EBL through participating NGOs;</li> <li>MOA's Department of Marketing (DAM) to be responsible for coordinating with MOF on Part 1 of the Project, and implementing Parts 2, 3, 4(b), and 5 of the Project;</li> <li>the Project Implementation Unit (PIU) to be headed by a Project Director designated by the Borrower and satisfactory to ADB, and to be assisted by a full-time Project Manager with qualifications and experience acceptable to ADB recruited as domestic consultant; and</li> <li>the Agribusiness Cell to be a permanent unit responsible for developing the agribusiness policy and regulations, and guiding agribusiness operations; be headed by the Additional Secretary of MOA and adequately staffed with qualified personnel reassigned from MOA; and implement Part 4(a) of the Project, among others.</li> </ul>	LA, Schedule 6, para 2	Throughout project period	Establishment of the PIU and the Agribusiness Cell are among the conditions for declaring the loan effective.
<p><u>The Project Steering Committee (PSC)</u> to: oversee and guide the Project and resolve policy issues; be chaired by the Principal Secretary of the Prime Minister's Office; and include as members officials from ERD and Finance Division of MOF, Planning Commission, Agriculture, Fisheries and Livestock, Commerce and Industry, Bangladesh Bank, BASIC, EBL, and participating NGOs. The head of the Agribusiness Cell is to be Member Secretary of the PSC, which shall meet semi-annually.</p>	LA, Schedule 6, para. 3	Throughout project period	Establishment of the PSC is among the conditions to declare the loan effective.
<p><u>The Project Implementation Committee (PIC)</u> to: coordinate Project activities, discuss and resolve implementation problems in a transparent manner; include representatives from MOA, MOF, Ministry of Planning, DAM, the Agribusiness Cell, BASIC, EBL, participating NGOs, and agribusiness organizations; be</p>	LA, Schedule 6, para. 4	Throughout project period	Establishment of the PIC is among the conditions to declare the loan effective.

chaired by the Secretary of MOA. The Project Director is to be Member Secretary.

Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
<u>Project Performance Management System (PPMS).</u> The Borrower to establish within 6 months of the Effective Date, a PPMS, and ensure its operation within PIU, BASIC, EBL, and each participating NGO through the monitoring teams during Project implementation. At the project beginning, the PIU together with BASIC, EBL, and participating NGOs to identify baseline indicators with a main focus on the expansion of agribusiness investment, employment, and sales generated by the Project. With respect to Part 1 of the Project, information shall be maintained concerning (a) the amounts and numbers of subloans disbursed to and repaid by subborrowers categorized as input suppliers, primary producers, and processors and marketing; (b) the number of NGO staff associated with agribusiness lending; (c) the number of NGO staff participating in agribusiness training courses and workshops; and (d) basic household data (such as the number of subborrowers' family members and people employed, estimated total revenues and net income). Each participating NGO to be required to classify and report on a quarterly basis to the PIU on its agribusiness loan portfolio and its proportion to total lending. All information shall be disaggregated by gender.	LA, Schedule 6, para. 13	Establishment within 6 months of the Effective Date and implementation throughout project period.	A monitoring team is being established within PIU and each of the implementing agencies. DAWI has also been added to assist with project monitoring activities.
<u>Good Governance and Anticorruption.</u> The Borrower, BASIC, EBL and participating NGOs to ensure that proactive steps are taken for good governance and preventing corruption. This shall include, among other things (i) establishing transparent procedures for financial transactions, (ii) setting a requirement for implementing agencies to enter each amount of disbursed funds in an accounting system, (iii) monitoring and reporting of participating NGOs' activities, and (iv) appointing a liaison officer to deal specifically with participating NGOs and subborrowers, as the case may be.	LA, Schedule 6, para. 15	Throughout project period	
BASIC and EBL to furnish to ADB quarterly reports on the execution of the Project and semi-annually on the operation and management of the project facilities. Such reports shall be	PA, Section 2.07(b)	Throughout project period, 4 weeks after the related quarter	



Project Specific Covenants	Reference in the Agreements	Due Date	Status/Remarks
<p>submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter or 6 months under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter or 6 months.</p>	PA, Section 2.07 (c)	Not later than 3 months after project completion.	
<p>Promptly after completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, BASIC and EBL shall prepare and furnish to ADB a Project Completion Report.</p>			



## TA 4674-BAN: STRENGTHENING PROJECT MANAGEMENT ON AGRIBUSINESS DEVELOPMENT

### A. Terms of Reference

Project Management Training Advisor (International). The Advisor will work intermittently for 12 person-months over 3 years of the Project. The Advisor's primary responsibilities will be to help MOA and DAM start up and implement the Project, and to build up DAM's and PIU's capacity to manage the Project on its own through on-the-job training. Duties will include:

- (i) Guide MOA in setting up an agribusiness cell and DAM in setting up PIU, paying particular attention to the recruitment of suitable staff.
- (ii) Guide MOA and DAM in the shortlisting, selection, and recruitment of the loan-financed project consultants, ensuring that the Asian Development Bank (ADB) guidelines are properly followed.
- (iii) Assist in the physical establishment of PIU office and the procurement of vehicles and equipment, ensuring that ADB's *Procurement Guidelines* are followed.
- (iv) Work with the project manager to establish initial ties between PIU, NGOs, and wholesale banks; and establish initial ties between PIU and agribusiness associations.
- (v) Ensure the full integration of NGOs, agribusiness organizations, and wholesale banks into the project structure on an operational basis.
- (vi) Ensure that the project imprest accounts are set up promptly and that channels are established for the expeditious flow of funds to PIU and wholesale banks.
- (vii) Advise on the establishment of the project performance monitoring system to be designed and tested by loan-financed consultants.
- (viii) Ensure that the regulatory study and marketing study in Improving the Enabling Environment for Agribusiness (component 4) are initiated as scheduled, and guide MOA in the review of the studies and in determining the steps to implement the consultants' recommendations.
- (ix) Assist the project manager and the loan-financed consultants in establishing reporting systems, formats, and procedures; and assist with the initial reports to MOA and ADB.
- (x) Work closely with the project manager and the staff of the PIU to expedite the start of implementation. This will include ensuring that (a) the training program for NGOs is established, functioning, and funded; (b) agribusiness associations are informed of the Project, and submit proposals for strengthening; (c) contracts are let to promote the Project in particular and agribusiness in general; and (d) consulting services are fielded for strengthening NGOs and wholesale banks.
- (xi) Chair meetings of the committee adjudicating applications for technical assistance provisions and contract services under Technical and Marketing Support for Agribusiness (component 2).
- (xii) After the start-up period, provide back-stopping advice to the project manager, MOA, NGOs, and wholesale banks on project operations; and ensure that ADB is apprised of any serious issues or potential issues as soon as possible to achieve smooth and unimpeded project implementation.

Project Management Training Specialist (Domestic). The Training Specialist, initially recruited for 6 person-months, will help assist MOA and DAM in establishing a project supervisory and monitoring capacity in DAM, and in guiding and advising the personnel of DAM and PIU in agribusiness promotion and project management. Detailed tasks include:

- (i) Assist the international project management training advisor in setting up the Project Implementation Unit (PIU) and recruitment of appropriate staff.
- (ii) Facilitate the setting up of the agribusiness cell by assuring that paper works from the Ministry of Agriculture are properly prepared and submitted without delays.
- (iii) Administer the implementation of well-defined project management aspects by monitoring the progress of assigned projects, actively identifying issues and taking actions to address them. In particular, preparing procurement papers, providing advice and training to sector entities on ADB guidelines on procurement, recruitment of consultants, preparation of tender documents, etc. to ensure effective implementation.
- (iv) Assist in setting up the imprest accounts and insuring that withdrawal applications and overall financial needs are done diligently and within the bounds of ADB guidelines;
- (v) With the international project management advisor, conduct on the job training on project management aspects and good governance and insure that they are implemented following ADB guidelines.
- (vi) Work closely with the government in insuring that the selection and outputs of the project implementation consultants are properly conducted and monitored and that the government and the ADB are properly apprised of the development in the project, constraints and delays in implementation and putting corrective measures of the problems;
- (vii) Assist the project implementation consultants on component 2 (technical and marketing support for agribusiness) of the Project by chairing the meetings of the proposal selection committee.
- (viii) Supervise overall day to day functions of the office especially when the international Project Management Training Advisor is on leave from the project; and
- (ix) Perform other functions to be assigned in relation to overall project management efficiency.

## B. Cost Estimates

The total cost is estimated at \$800,000 equivalent. The ADB grant will finance \$600,000 equivalent, covering the entire foreign exchange costs (\$300,000 equivalent) and part of the local costs (\$300,000 equivalent). The government will contribute \$200,000 equivalent to cover workshops and training, office accommodation, additional vehicle rental and transport, remuneration of counterpart staff, and duties and taxes. The estimated cost breakdown follows:

### Cost Estimates and Financing Plan (\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing</b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultant	210.0	0.0	210.0
ii. Domestic Consultant	0.0	230.0	230.0
b. International and Local Travel	10.0	5.0	15.0
c. Reports and Communications	5.0	5.0	10.0
2. Equipment <sup>a</sup>	10.0	10.0	20.0
3. Vehicle and Operating Costs	30.0	5.0	35.0
4. Miscellaneous Administration and Support Costs <sup>b</sup>	0.0	20.0	20.0
5. Contingencies	35.0	25.0	60.0
<b>Subtotal (A)</b>	<b>300.0</b>	<b>300.0</b>	<b>600.0</b>

**B. Government Financing**

1. Office Accommodation and Transport	0.0	16.7	16.7
2. Remuneration and Per Diem of Counterpart Staff	0.0	79.1	79.1
3. Counterpart Staff Travel	0.0	4.2	4.2
4. Workshops and Training	0.0	66.7	66.7
5. Duties and taxes	0.0	33.3	33.3
<b>Subtotal (B)</b>	<b>0.0</b>	<b>200.0</b>	<b>200.0</b>

<b>Total</b>	<b>300.0</b>	<b>500.0</b>	<b>800.0</b>
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<sup>a</sup> Including a photocopier, an air conditioner, computers, printers, scanners, and other required office equipment.

<sup>b</sup> Including office utilities and supplies, and secretarial expenses.



## GOOD GOVERNANCE AND ANTICORRUPTION MEASURES

Potential Sources of Governance Failure	Prevention Measures Designed into Project
<b>1. Project Start-Up</b>	<ul style="list-style-type: none"> <li>a. Identification of qualified participating nongovernment organizations (NGO) during appraisal</li> <li>b. Identification of potential participating wholesale banks during appraisal</li> <li>c. Project director to be appointed and project implementation unit (PIU) set up as condition of loan effectiveness</li> <li>d. Provision of advisory technical assistance (TA) on project management and implementation</li> </ul>
<b>2. Selection of Consultants</b>	<ul style="list-style-type: none"> <li>a. Department of Agricultural Marketing (DAM) to provide training in consultant selection procedures, according to the Asian Development Bank (ADB) guidelines provided by advisory TA consultants</li> <li>b. Selection process to be monitored by advisory TA consultants</li> <li>c. Short-listing and selection documents and procedures to be reviewed by ADB staff</li> </ul>
<b>3. Provision of Loans to NGOs by Wholesale Banks</b>	<ul style="list-style-type: none"> <li>a. Establishment of a project implementation committee, including all implementing stakeholders, so that governance and control issues can be raised and resolved transparently</li> <li>b. PIU monitoring of onlending under guidance of advisory TA consultants</li> <li>c. NGO liaison officer of PIU review of specific NGO complaints</li> <li>d. Bangladesh Bank monitoring of wholesale banks on behalf of the Ministry of Finance</li> <li>e. ADB staff monitoring of disbursement progress</li> </ul>
<b>4. Provision of Subloans to Entrepreneurs by NGOs</b>	<ul style="list-style-type: none"> <li>a. Wholesale banks review of NGO subborrower selection procedures before onlending</li> <li>b. Loans recorded and classified to Bangladesh Bank standard</li> <li>c. Requirement for annual external audit of project funds disbursed to NGOs through wholesale banks</li> <li>d. PIU staff monitoring of NGO field activities</li> <li>e. NGO liaison officer review of specific complaints from potential subborrowers</li> </ul>
<b>5. Procurement of Service Contracts by PIU</b>	<ul style="list-style-type: none"> <li>a. Training of PIU staff in procurement, according to ADB guidelines provided by advisory TA consultants</li> <li>b. Advisory TA consultants monitoring of service contracting</li> <li>c. Requirement to publicly announce service contract program and results of bidding</li> <li>d. Requirement to include names of contractees, amounts of contract, and terms of reference in semiannual and annual reports</li> <li>e. ADB staff monitoring of procurement</li> </ul>
<b>6. Procurement of Office Space, Vehicles, Equipment, and Materials by PIU</b>	<ul style="list-style-type: none"> <li>a. Training of PIU staff in procurement, according to ADB guidelines provided by advisory TA consultants</li> <li>b. Advisory TA consultants monitoring of procurement</li> <li>c. ADB staff monitoring of procurement</li> </ul>

Source: RRP.





## GENDER ACTION PLAN

1. Women's effective participation in the Project is expected to contribute to poverty reduction and social development. This Gender Action Plan (GAP) factors gender concerns into all project components to promote women's participation equally as agents and beneficiaries in the Project's development process.
2. A significant share of the participants in different subsectors of agriculture is women, though women's contributions often go unrecognized. The GAP aims to (i) reduce poverty among women, (ii) increase women's participation as stakeholders in agribusiness development, (iii) increase women's economic and social benefits from the Project, (iv) develop women as contributors to the country's economic growth, and (v) support women's empowerment in decision-making and public life.
3. The Project will (i) support women's access to newer employment opportunities in upstream and downstream agribusiness enterprises and services; (ii) increase profitability prospects for agro-entrepreneurs; (iii) increase household income; (iv) improve human capital; (v) improve links with service institutions; and (vi) increase access to market, finance, and other resources. The following summarizes planned activities and targets for women's participation in the Project:

**Table 1: Activities for Women's Participation**

Component	Activity and Target
<b>1. Credit for Small-Scale Agribusinesses</b>	<ul style="list-style-type: none"> <li>• Effective mechanism will be developed to ensure women's increased access to the agribusiness credit, so that 30% of the subborrowers are women by 2010.</li> <li>• A minimum of 10% of the revolving fund will be earmarked for lending to women entrepreneurs. If such earmarked funds are not utilized within 2.5 years from the start of project implementation, they will revert to the general pool of funds.</li> <li>• NGOs will support a substantial number of women former microcredit borrowers under the credit program for agribusiness. Agribusiness development ventures that will create employment opportunities (at least two) for the poor and women will be supported.</li> <li>• NGOs will support the preparation and revision of the business plan of former microfinance borrowers to scale up their activities as subborrowers of the targeted credit program.</li> </ul>
<b>2. Technical and Marketing Support for Agribusinesses</b>	<ul style="list-style-type: none"> <li>• Raise awareness among potential entrepreneurs through periodic information campaigns to inform them of the business services and credit line opportunities, as well as agribusiness technologies.</li> <li>• Ensure that all the campaign messages are gender friendly, and a gender friendly dissemination methodology is used to reach women and men.</li> <li>• Organize periodic campaigns and information dissemination activities with appropriate messages to reach the associations and NGOs about the scope in agribusiness promotional activities.</li> <li>• NGOs will provide training and guidance to subborrowers on business planning, preparation of project proposal, financial control and reporting, business and credit management, etc., for all women borrowers, as they require.</li> <li>• NGOs will provide technical training to all women subborrowers on livestock, fisheries, agronomy, storage, processing etc., as they require. The training also will include orientation on formalities, opportunities, taxes and tariffs, etc.</li> <li>• NGOs will provide services to integrate the enterprises owned by women with downstream agribusiness activities provided by NGOs and the private sector.</li> </ul>

Component	Activity and Target
	<ul style="list-style-type: none"> <li>• The project implementation unit (PIU) will identify agribusiness opportunities through a subsector study.</li> <li>• Support women entrepreneurs to establish links with market and financial institutions.</li> <li>• NGOs will assist with forming producer groups and associations, including those for women entrepreneurs, to ensure efficiency and support through training, study tours, etc.</li> <li>• Identify the capacity building needs of private sector and potential associations to link with women entrepreneurs.</li> <li>• Help in developing the capacity of the private sector chambers and associations on a demand basis to support agribusiness development, particularly to promote women's participation in agribusiness. The support will include training, workshops, domestic study tours, etc., on a cost-sharing basis.</li> <li>• A special support package will be designed for women private sector associations and/or chambers to improve their capacity to identify and invest in agribusinesses and link with agribusiness entrepreneurs.</li> <li>• Support women entrepreneurs and associations for publicity drives to disseminate information for agribusiness promotion on a cost-sharing basis.</li> <li>• Support organizing publicity drive including seminars, trade fairs on the opportunities of agribusiness development, which will focus on the opportunities for women. Women entrepreneurs, chambers, and/or associations will be targeted for information dissemination and participation in those activities through campaigns.</li> <li>• Women's access in publicity drives, trade fairs seminars, and other awareness raising and technical assistance activities will be supported through information dissemination and special provisions.</li> <li>• Larger or medium-size entities that are willing to enter into supply contracts with the women agribusiness entrepreneurs will be identified and linked.</li> </ul>
<b>3. Strengthening Capacity of NGOs and Wholesale Banks in Agribusiness Lending</b>	<ul style="list-style-type: none"> <li>• Support wholesale banks promoting agribusiness lending and participating NGOs promoting women entrepreneurs.</li> <li>• Train wholesale bank and NGO staff in agribusiness promotion with emphasis on tapping women's potential and addressing gender-based needs.</li> <li>• Train the staff of the financial intermediaries to develop the capacity to provide financial services and other support, and to monitor in a gender sensitive manner.</li> <li>• NGOs with expertise in women entrepreneurship and/or agribusiness development will be considered when selecting new implementing partners.</li> <li>• Participating NGOs and wholesale banks will be oriented to install a monitoring and reporting system with gender-based indicators, outputs, and results.</li> </ul>
<b>4. Improving the Enabling Environment for Agribusiness</b>	<ul style="list-style-type: none"> <li>• Provide technical expertise to identify regulatory impediments to private sector operations in agribusiness with analysis of impediments of women's participation.</li> <li>• Redraft key regulations and documents with provisions to facilitate women's participation in the sector in a participatory and transparent manner.</li> <li>• Assess current situation of public market management and impediments to women's access to market, and suggest mitigation measures.</li> <li>• Ensure participation of women, farmer groups, associations, chambers, and existing and potential entrepreneurs in relevant seminars and consultations.</li> <li>• Strengthen the capacity of DAM, MOA, and MOFL in agribusiness governance, adjusting their roles as facilitators in linking primary producers with the market.</li> <li>• Train the staff of these agencies to deal with NGOs and private sector, as well as addressing gender issues in agribusiness development.</li> </ul>

<b>5. Project Implementation Support</b>	<ul style="list-style-type: none"> <li>• Ensure that at least 30% of the project staff and consultants are women.</li> <li>• Ensure recruitment of women as extension agents of the NGOs.</li> <li>• Engage a gender advisor and a women's entrepreneur promotion specialist.</li> <li>• Orient all stakeholders, including the agribusiness cell, PIU, DAM, wholesale banks, and NGO staff on the GAP.</li> <li>• Ensure a congenial work environment for men and women.</li> <li>• Build training capacity under the Project by developing a group of trainers within DAM and participating NGOs.</li> <li>• Train DAM staff to deliver services for agribusiness development and implement the GAP.</li> <li>• Ensure GAP orientation for relevant MOA and MOFL staff.</li> <li>• Orient NGO staff on the GAP, related gender issues in agribusiness, and their roles in promoting gender equality. These institutions will be oriented to develop mechanisms within business plans to support women entrepreneurs in agribusiness by addressing their credit needs.</li> <li>• Orient relevant chamber members and/or staff on GAP issues and on their roles in promoting gender equality.</li> <li>• Ensure that all training is gender sensitive.</li> <li>• Orient project staff and consultants about the GAP and their own roles, as envisaged in the GAP.</li> <li>• Involve women in motivational activities for agribusiness development.</li> <li>• Develop the capacity of the executing and implementing agencies on gender-based monitoring.</li> <li>• Ensure collection of gender-desegregated data, as well as gender-based monitoring, evaluation, and reporting within the Project's monitoring systems.</li> </ul>
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DAM = Department of Agricultural Marketing, GAP = gender action plan, MOA = Ministry of Agriculture, MOFL = Ministry of Fisheries and Livestock, NGO = nongovernment organization, PIU = project implementation unit.  
Source: RRP.



## KEY PERSONS RESPONSIBLE FOR THE PROJECT

Agency/Office	Designation	Contact Address
<b>Asian Development Bank</b>		
Mr. Frederick C. Roche	Director, Agriculture, Natural Resources and Social Services Division (SANS), South Asia Department	Fax +63-2-636-2391 Tel +63-2-632-6908 Email: <a href="mailto:froche@adb.org">froche@adb.org</a>
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