



Technical Assistance Report

Project Number: 42248-023
Transaction Technical Assistance (TRTA)
December 2017

The People's Republic of Bangladesh: Sustainable Management of Community Development for Chittagong Hill Tracts

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 01 November 2017)

Currency unit	–	taka (Tk)
Tk1.00	=	\$0.01198
\$1.00	=	Tk83.425

ABBREVIATIONS

ADB	–	Asian Development Bank
CHTDF	–	Chittagong Hill Tracts Development Facilities
CHTRDP	–	Chittagong Hill Tracts Rural Development Project
MoCHTA	–	Ministry of Chittagong Hill Tracts Affairs
O&M	–	operation and maintenance
PDC	–	Para Development Committee
SID-CHT	–	Strengthening Inclusive Development in Chittagong Hill Tracts
TA	–	technical assistance
UDCC	–	Union Development Coordination Committee
UNDP	–	United Nations Development Program
UP	–	Union Parishad

GLOSSARY

Nari	–	women
Para	–	village
Parishad	–	council
Upazila	–	sub-district

NOTE

In this report, "\$" refers to US dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 42248-023	
Project Name	Sustainable Management of Community Development for Chittagong Hill Tracts	Department /Division	SARD/BRM
Country	Bangladesh	Executing Agency	Ministry of Chittagong Hill Tracts Affairs Banglad
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Agriculture, natural resources and rural development	Agricultural production		0.15
	Irrigation		0.10
	Land-based natural resources management		0.10
	Rural water supply services		0.15
		Total	0.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Partnerships (PAR)	Implementation United Nations organization	Gender equity (GEN)	✓
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	Yes	Rural	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG2, SDG5, SDG6		
6. Risk Categorization	Complex		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.50	
Transaction technical assistance: Technical Assistance Special Fund		0.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.50	
9. Effective Development Cooperation			
Use of country procurement systems		Yes	
Use of country public financial management systems		Yes	

I. THE ONGOING PROJECT

1. The Second Chittagong Hill Tracts Rural Development Project (CHTRDP-II)¹ was approved by ADB in July 2011 for an amount of \$55.0 million from ADB's concessional ordinary capital resources. This loan followed ADB Loan No. 1771-BAN (SF): Chittagong Hill Tracts Rural Development Project (CHTRDP-I)² for \$30 million, which was closed in June 2010. CHTRDP-II project is contributing to poverty reduction by making social services and economic opportunities more accessible to rural people, including indigenous people (IP) and poor women, in three hill districts (Bandarban, Khagrachari, and Rangamati) of Chittagong Hill Tracts (CHT).³ The project has been strengthening institutional capacity; improving the access of remote communities to main roads; and providing improved, other water resources infrastructure and agribusiness support to increase economic opportunities, particularly of women, to improve rural incomes. The loan became effective on 13 December 2011, and will be closed on 30 June 2019.

2. The ongoing project's impact is to increase rural household incomes in subproject areas in CHT and its outcome is increased income-generating opportunities for men and women in subproject areas.⁴ The five main outputs of the project are: (i) institutional development and capacity building (output A), (ii) 100 km of Rural Roads (output B) upgraded, (iii) community infrastructure in 600 villages (output C) maintained, (iv) sustainable micro agribusiness development in nine *upazilas* (output D), and (v) efficient project management operational (output E). Ministry of Chittagong Hill Tracts Affairs (MoCHTA) is the executing agency, the CHT Regional Council (CHTRC) is the lead implementing agency, and the Local Government Engineering Department (LGED) is the implementing agency for output B. As of 30 September 2017, the cumulative contracts awards and disbursements of the project were achieved at \$33.7 million (73% of the net loan amount⁵), and \$23.95 million (49%), respectively, against the project time elapsed 76%.

II. THE TECHNICAL ASSISTANCE

A. Justification

3. The transaction technical assistance (TRTA) will address challenges in the operation and maintenance (O&M) of community infrastructure and public assets built through two ADB assisted projects in CHT, and increase the capacity of village level institutes, headed by IPs of CHT, in planning for local development and service delivery. One major component of CHTRDP-I was community development where 2,040 small scale infrastructure sub-projects comprising small-scale water supply, irrigation, village-roads, etc. were completed in 111 *unions*.⁶ Component C of CHTRDP-II, which is ongoing, continued the construction of community infrastructure, such as, village access roads and stairs, water resources development, etc., and supply of irrigation infrastructure and machineries, in Indigenous Peoples villages locally known as *para*. The prioritization and selection of the interventions and related procurement are community driven.

¹ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of Bangladesh for the Second Chittagong Hill Tracts Rural Development Project*. Manila.

² ADB. 2000. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of Bangladesh for the Chittagong Hill Tracts Rural Development Project*. Manila.

³ ADB. 2010. *Technical Assistance to the People's Republic of Bangladesh for Preparing the Second Chittagong Hill Tracts Rural Development Project*. Manila.

⁴ Five years after completion of the project (2023) there will be an increase in average annual household income in subproject areas by Tk20,000 at 2010 price level (from Tk63,000 in 2010).

⁵ Net Loan amount as of 30 September 2017 is \$48.52 million

⁶ Union is the smallest rural administrative and local government units in Bangladesh. Each Union is made up of nine Wards/ villages.

The community infrastructure interventions have already been completed in 356 *paras* and are ongoing in another 90.

4. Separately from these projects, the Chittagong Hill Tracts Development Facility (CHTDF)⁷, led by the United Nations Development Programme (UNDP) with the contributions from various development partners, has created a network of 3,257 community based organizations across the CHT, known as *Para* Development Committees (PDCs), as the basic institutions for community based development activities. The PDCs are playing a key role in leading community based development initiatives, and other social and economic development activities, as well as engaging with government institutions to ensure accountable rural service deliveries. Represented by most of the households of a village, these institutions are encouraging all to participate in decision making and the management of small development initiatives and income generating activities supported through small grants to PDCs. Similarly, CHTDF has promoted 1,685 women groups, commonly known as *Para Nari* Development Groups (PNDGs), to ensure access to resource management and decision making by the women.

5. Capitalizing on these achievements, and to develop linkages with local government institutions and service providers, CHTDF has promoted an Area Based Development Initiative (ABDI) in 2013-14, where groups of communities with close geographical proximity (including average five villages/communities) came together to identify issues/problems, develop a project of common interest, and access services within their areas. Public assets were created through 236 sub-projects on rural earthen roads, foot bridges, culverts, school building, rural student hostels, rural market sheds, irrigation schemes, water supply, etc.

6. While these community infrastructures supported by the two ADB loans and CHTDF continued to benefit the target communities tangibly, sustainability of those interventions is conditional on effective community planning for O&M of the projects. Due to being less advantaged IP area, the communities do not have sufficient technical skills for maintaining their own community infrastructures, although a mechanism to ensure adequate O&M plan and funds has been in place in the project design of CHTRDP-II. Local development planning falls under the responsibility of the *Union Parishad* (UP), the lowest local governance structure playing a vital role in rural development service delivery, and coordinated by the *Union* Development Coordination Committee (UDCC). While UDCCs are responsible for monitoring and maintenance of development projects in communities supported by ADB and UNDP, O&M planning for these small sub-projects has not been developed effectively, due to the government's less priority and lack of maintenance fund at the grass-root levels. The PDC leaders also lack in communication skills to approach the UPs for availing annual O&M fund from government's limited allocation. Hence, the sustainability of the community infrastructure developed under CHTRDP-I and ABDI, and to be developed under CHTRDP-II, is at risk if communities are not capacitated to maintain them independently. The three hill district councils (HDC), who are supposed to maintain the infrastructure after contractor's defect liability period, do not have enough fund and manpower to repair and maintain all civil structures and machineries (tube-well, power tiller, power pumps, etc.). Thus, the project outputs are susceptible to inefficiencies and deterioration due to lack of O&M capacity of the local bodies.

7. This transaction TA will address the above-mentioned challenges and help to develop and enhance the O&M capacity and awareness on planning of local development and service delivery

⁷ CHTDF is a multi-dimensional facility that has been enabling UNDP to support the Government of Bangladesh since 2003. The current project under CHTDF is "Strengthening Inclusive Development in Chittagong Hill Tracts" (SID-CHT) which started on 1 October 2016 and will continue for five years up to 30 September 2021.

of PDCs supported by CHTRDP- I and CHTRDP-II. The TA will be delivered through UNDP, who has the strongest network in CHT at *para* level and therefore played a leading role as the executing agency of the CHTDF and development assistance in the CHT. To enhance the capacities of PDCs, a two-fold approach will be followed: (i) improve the capacity of PDCs on managing and sustaining community assets/infrastructure; and (ii) strengthening linkages of PDCs with UPs. It will aim to improve the community capacity for the sustainable management of local infrastructure and irrigation equipment.

8. Such TA support could not be included under the ongoing project due to several reasons: (i) the repair and maintenance for the 1st year of completion is usually contractor's liability. Most of the O&M requirements would evolve at the later stage of the project or after the loan closing; (ii) any investment in the PDCs of CHTRDP-I could not be supported by CHTRDP-II, and (iii) ADB did not have network like UNDP at UP level to provide handholding support to PDCs in developing their communication and negotiation skills for O&M planning. The TA was included in the country operations business plan (2017-2019) for Bangladesh.⁸

B. Outputs and Activities

9. **Output 1: Capacity of PDCs on O&M of Subprojects Strengthened.** Based on the needs, a skilled resource pool of local unemployed youths will be created to maintain the community assets like power tillers, irrigation pumps, diesel engines, deep and shallow tube-wells, village footpaths, and stairs. Following the skills training programs, the youths will be provided with necessary tool-boxes for continuing their repair & maintenance (R&M) services to the target villages, which will also help them earn revenue. PDC leaders will be capacitated in 300 selected paras to manage the community assets and to maintain linkages with local government. To deliver this output, the following activities will be performed:

- (i) O&M status of all subprojects will be reviewed. A total of 200 subprojects under CHTRDP-I would be prioritized based on needs assessment. O&M provisions mentioned in the feasibility study reports for subprojects under CHTRDP-II would also be reviewed in coordination with the Project Management Office (PMO), and 100 least advantaged PDCs will be selected from CHTRDP-II.
- (ii) O&M committees will be strengthened to make them functional. The selected PDCs will form/reform 300 O&M groups, with at least 50% female participation, for future maintenance of the community assets/infrastructures. At least 12 R&M manuals⁹ will be developed by the capacity development NGO, and the O&M committees will be trained by the NGO and UNDP field staff.
- (iii) 900 PDC leaders (at least 30% women) will be trained on leadership, organizational and financial management; and 500 PDC members will be trained on participatory planning, and monitoring towards strengthened governance and rural development.
- (iv) At least 125 unemployed youths of the locality will be trained on R&M of community assets. Selected PDCs will be divided into different blocks based on the availability of the community assets/infrastructure. For each block, unemployed potential youths will be trained on vocational skills for R&M of community assets. Concerned

⁸ The TA first appeared in the business opportunities section of ADB's website on 3 October 2016.

⁹ Manuals on R&M of 3 types of tube wells, ring well, Gravity Flow System, Infiltration Gallery, power tiller, diesel fueled power pump, electric submersible pump, rural herring bone brick road, and RCC stair, lined irrigation canal system

engineers will provide on-the-job training on technical matters. About 4% of the TA fund will be utilized for procuring the tool-boxes.

- (v) Asset-user fund will be created in 300 targeted communities. The PDC leaders will be trained on developing the asset-user funds for maintenance of the community assets. The fund will initially be created through community contribution and later strengthened by a grant program under UNDP.¹⁰ Women PDC members will be given prominent role in managing the funds, as they are highly motivated by being empowered to monitor the performance of the equipment and civil structures.

10. Output 2: Capacity and awareness of PDCs on planning of local development and service delivery strengthened. Utilizing the strong network of UNDP at para level, the TA will strengthen linkages between PDCs and *UPs* and other local government departments to avail necessary services for achieving sustainable community development in the CHT. To achieve this output, key areas of work will include the following:

- (i) Negotiation skills of PDC leaders will be enhanced. A total of 600 PDC leaders will be trained on negotiation skills to mobilize resources and services from local government (Union and Upazila), different line departments, and other service providers. This will help the PDCs build community assets and maintain the public assets.
- (ii) 300 joint-plans for operation and maintenance of public infrastructures, considering cost sharing by both PDCs and UPs, will be developed and implemented.
- (iii) Coordination mechanism at local level will be strengthened. Quarterly coordination meetings between PDCs and UDCCs will be organized to discuss: (a) development planning, (b) services requirement, (c) potential resources identification, (d) implementing the joint-plans, and (e) joint progress monitoring. This will help routine maintenance of public assets like village roads, stairs, footpath, culverts, etc. The PDCs will also be able to avail different services from the government line departments (i.e. LGED, PWD, DPHE, PDB, etc.)¹¹, who attend the UDCC meetings regularly. Special attention will be given to PNDGs to link with relevant government departments (e.g. department of youth, women affairs, social welfare, etc.) to extract more services/resources.

C. Cost and Financing

11. The TA is estimated to cost \$500,000 which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 1.

12. The government will provide counterpart support in the form of counterpart staff, office space for the monitoring and supervision consultant, venue for meetings, access to data, and other in-kind contributions. UNDP will provide counterpart support in the form of salaries and other employment benefits for their field staff participating in the program, partial office space at CHT and Dhaka, logistic support under CHTDF, and other in-kind contributions.

¹⁰ UNDP's ongoing project under CHTDF has a provision of about \$5 million to be provided as micro-grant to 1,500 PDCs. The 300 PDCs under the TA will get priority to be linked with that grant program.

¹¹ LGED – Local Government Engineering Department, PWD- Public Works Department, DPHE- Department of Public Health Engineering, PDB- Power Development Board.

D. Implementation Arrangements

13. **Executing agency and implementing agency.** ADB will administer the TA, while UNDP, as a lead partner of the CHTDF, will be the implementing agency. According to the Memorandum of Understanding (MOU) between ADB and UNDP signed in 2007, and amended in June 2014, UNDP shall be responsible for the project, using funds that are transferred by ADB to UNDP for the project.¹² A draft administrative arrangement between the ADB and UNDP has been prepared as per the MOU, which describes the implementation arrangement and fund transfer mechanism in details (linked document No. 2 of Appendix 2). While MoCHTA will be the executing agency of the TA, Chittagong Hill Tracts Regional Council and PMO for CHTRDP-II will be the government counterparts of the TA. Project support committees like Upazila Advisory Committee will be utilized for coordinating the implementation with local authorities, including advice on engagement of service providers.

14. UNDP, through CHTDF, will select, supervise, and evaluate performance of the local NGOs, and procure goods to implement the activities at field level. Procurement of all goods and services will be done according to Article XVIII of the draft administrative arrangement. The extensive networking between the UPs and PDCs, and logistic support at village level will be provided by CHTDF staff placed at district and upazila level. One individual consultant will also be recruited by ADB to monitor the overall progress of the TA activities at field level. ADB will retain \$29,000 for the consulting service and transfer \$471,000 to UNDP as per the draft administrative arrangement mentioned in Para. 13. The TRTA implementation arrangements are summarized in Table 1:

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2017- June 2019 (19 months)		
Executing agency	MoCHTA		
Implementing agencies	UNDP		
Consultants	To be selected and engaged by ADB		
	Individual Consultant Selection	3 person-months (national)	\$29,000
	NGOs to be selected and engaged by UNDP ^a		
	Selection Method: QCBS; Contract: Output based	171 person-months (National)	\$240,000
Procurement ^a	To be procured by UNDP		
	Shopping	4 contracts ^b	\$26,600
Disbursement	The TA resources will be disbursed following the MOU between the ADB and the UNDP, and Article II and VI of the draft administrative arrangement between ADB and UNDP for fund transfer by ADB to UNDP for implementing the TA.		
Asset turnover or disposal arrangement upon TA completion	(i) Ownership of equipment, supplies and other properties purchased by UNDP with ADB funds shall vest in UNDP. (ii) On completion of the project, all equipment, goods, supplies and/or properties purchased by UNDP shall be transferred to the Government of		

¹² The MOU and the amendment are accessible from the list of linked documents in appendix 2

Aspects	Arrangements
	Bangladesh in accordance with relevant policies and procedures of UNDP, unless otherwise agreed by ADB. ^c

ADB = Asian Development Bank, TA = technical assistance.

^a Procurement of equipment, goods, and services will be done as per Article XIII of the Administrative Arrangement between ADB and UNDP

^b (i) Three contracts for procurement of R&M tool-boxes, to be supplied to the trainees, (ii) One contract for procurement of office stationaries to support the TA implementation.

^c as per Article XII of the administrative arrangement between ADB and UNDP for this TA, and para. 13 of Appendix B, Section B of the MOU between ADB and UNDP

Sources: UNDP Estimate

15. **Consulting services.** The TA will engage: (i) 3 NGOs for 3 hill districts for capacity building of PDCs and linking them with local government departments; (ii) one NGO for creating youth employment and developing entrepreneurs to repair community assets; and (iii) one monitoring and supervision consultant (national, 3 person-months). The key staff under the NGO services will be: project coordinator (national, 48 person-months), community mobiliser (national, 36 person-months), community infrastructure repairing engineer (national, 36 person-months), monitoring officer (national, 36 person-months), and training coordinator/engineer (national, 12 person-months). The NGO selection shall be carried out in accordance with UNDP policies, procedures and documentation for the procurement services as set out in the *UNDP Procurement User Guide*. ADB will engage the monitoring and supervision consultant following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.¹³

III. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$500,000 on a grant basis to the Government of Bangladesh for Sustainable Management of Community Development for Chittagong Hill Tracts, and hereby reports this action to the Board.

¹³ The terms of reference for NGOs and the individual consultant are accessible from the list of linked documents in appendix 2

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. National consultants	213.0
b. Out-of-pocket expenditures	
i. International and local travel	36.5
ii. Office space rental and related facilities ^b	30.0
iii. Others ^c	0.1
2. Surveys	20.0
3. Goods ^d	26.6
4. Training, seminars, and conferences ^e	127.3
5. General Management Support (GMS) Cost for UNDP ^f	34.9
6. Contingencies	11.6
Total	500.0

Note: The technical assistance (TA) is estimated to cost \$500,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of office space in the Ministry of Chittagong Hill tracts Affairs. The value of government contribution is estimated to account for 1% of the total TA cost. UNDP will provide counterpart support in the form of salaries and other employment benefits for their field staff participating in the program.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

^b Separate office space will be required for 4 NGOs

^c Insurance for ADB appointed TA consultant @ \$30 per month only

^d \$20,000 (4% of the TA amount) will be utilized for purchasing tool-box for the trainees. Other goods will be the stationaries for UNDP field offices to run the TA activities for 12 months.

^e To be administered by UNDP

^f GMS @ 8% of total cost charged by UNDP as per Memorandum of Understanding between ADB and UNDP amended in June 2018

Source: Asian Development Bank and UNDP estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=42248-023-TARreport>

1. Terms of Reference for Consultants
2. Draft Administrative Arrangement between the ADB and the UNDP for Funds Transfer
3. Report and Recommendation of the President to the Board of Directors: Proposed Loan to the People's Republic of Bangladesh for the Second Chittagong Hill Tracts Rural Development Project

Supplementary Documents

1. Memorandum of Understanding (MOU) between the ADB and the UNDP
2. Amendment to 2007 MOU between the ADB and the UNDP, signed in June 2014
3. Use of the UNDP Procurement User Guide for Procurement using Funds Transferred by ADB to UNDP