

Project Administration Manual

Project Number: 49423-006
Loan and Grant Numbers: L3522; L3523; G9190
September 2020

People's Republic of Bangladesh:
Additional Financing for Bangladesh Power System
Enhancement and Efficiency Improvement Project

ABBREVIATIONS

ADB	–	Asian Development Bank
BREB	–	Bangladesh Rural Electrification Board
COVID-19	–	coronavirus disease
DESCO	–	Dhaka Electric Supply Company Limited
EA	–	executing agency
FMA	–	financial management assessment
GOB	–	Government of Bangladesh
IA	–	implementing agency
km	–	kilometer
kV	–	kilovolt
PIU	–	project implementation unit
SOE	–	statement of expenditures
IEE	–	initial environment examination
PBS	–	palli bidyut samity
PGCB	–	Power Grid Company of Bangladesh Limited
PSMP	–	Power System Master Plan
RFI	–	results framework indicator
VFM	–	value for money

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Project Administration Manual Purpose and Process

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Power, Energy and Mineral Resources, the executing agency, and Bangladesh Rural Electrification Board, the implementing agency, are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with government and ADB's policies and procedures. ADB staff is responsible to support the implementation including compliance by the EA and the IA of their obligations and responsibilities for project implementation in accordance with ADB's policies and procedures.

At loan negotiations, the borrower and ADB have agreed to the PAM and it ensures consistency with the Loan Agreements. Such agreement shall be reflected in the minutes of the Loan Negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreements, the provisions of the loan agreements shall prevail.

After ADB Board approval of the project's report and recommendations of the President, changes in the implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.

I. PROJECT DESCRIPTION

A. Background and Rationale

1. The proposed additional financing for Bangladesh Rural Electrification Board (BREB) is proposed to further improve access to efficient and reliable electricity supply in rural areas in Khulna division (western Bangladesh). The project will bring additional 150,000 new connections in which 65% is domestic customers and 35% is commercial and other customers. The increase in electricity demand is about 300 megawatt (MW) after the project is completed.

Table 1: Summary of Project Activities

Name of PBS	Construction of 33/11kV Substations (unit)	Installation of 33 kV line (km)	Installation of 11 kV and below line (km)
Bagerhat	3	60	156
Jashore -1	8	132	450
Jashore-2	7	55	579
Jhenaidah	6	143	720
Khulna	7	140	182
Kushtia	7	170	150
Magura	1	13	350
Meherpur	5	185	300
Satkhira	7	92	113
Total	51	990	3,000

km = kilometer, kV = kilovolt, PBS = palli bidyut samity.
Source: Bangladesh Rural Development Board.

B. Impact, Outcome, and Output

2. The impact and outcome of the overall project will remain unchanged from the ongoing project (100% access to power by 2021 and power sector sustainability improved in Bangladesh by 2030).

3. The proposed project will install additional 990 kilometers (km) of 33 kilovolts (kV) and 3,000 km of 11 kV distribution lines and associated facilities including 51 units of 33/11 kV substations, which will yield expansion of output 3 (distribution network in rural areas of Bangladesh improved) of the ongoing project. A revised design and monitoring framework is in section IX. A.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Year	2020							2021				
Month	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Indicative Activities												Responsibility
Establish Project Implementation Arrangement												BREB
Advance Contracting Actions												BREB
Loan Negotiations												ADB, GOB, BREB
Confirmatino of budget inclusion by the government												GOB
ADB Board Approval												ADB
Loan Signing												ADB, GOB, BREB
Submission of government legal opinion												
Loan Effectiveness												ADB

ADB = Asian Development Bank, BREB = Bangladesh Rural Electrification Board, GOB = Government of Bangladesh
 Source: Asian Development Bank estimates.

B. Overall Project Implementation Plan

Activities	Year 1				Year 2				Year 3				Year 4				Year 5				Year 6	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
A. DMF																						
Output 1: National transmission network in southern Bangladesh strengthened																						
Activity 1.3: Complete construction																						
Output 3: Distribution network in rural areas of Bangladesh including the capacity of end-users improved (under additional financing)																						
Activity 3.6: Carry out activities for capacity building, and the productive and safe use of electricity and complete setting of standards																						
Activity 3.7: Initiate tendering for first set of tenders																						
Activity 3.8: Initiate tendering for second sets of tenders																						
Activity 3.9: Complete construction for first set of tenders																						
Activity 3.10: Complete construction for second set of tenders																						
Output 4: Capacity in power sector agencies enhanced																						
Activity 4.3: Recruit consultants for feasibility studies and regulatory support																						
Activity 4.4: Initiate periodic filing by transmission and distribution utilities																						
Activity 4.5: Complete detailed engineering reports																						
Activity 4.6: Complete implementation of gender action plan																						
B. Management Activities																						
Procurement plan key activities to procure contract packages																						
Consultant selection procedures																						
Environment management plan key activities																						
Gender key activities																						
Communication strategy key activities																						
Annual and/or midterm review																						
Project completion report																						

DMF = design and monitoring framework, mth = month, Q = quarter.

Source: Bangladesh Rural Development Board and Asian Development Bank estimates.

Implementation period	January 2021–December 2025
Estimated completion date	31 December 2025
Estimated loan closing date	30 June 2026

Sources: Bangladesh Rural Electrification Board and Asian Development Bank estimates.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations—Roles and Responsibilities

Project Implementation Organizations	Management Roles and Responsibilities
Economic Relations Division, Ministry of Finance	Providing ADB loan disbursements in timely manner to the EA Providing periodic equity injections to BREB to meet its counterpart fund requirement and to restore financial viability of BREB
Executing Agency: Power Division, Ministry of Power, Energy and Mineral Resources	<ul style="list-style-type: none"> • Overall responsibility for execution of the project • Periodic review of the project activities to ensure timely implementation of the project • Ensuring compliance with loan covenants including social and environmental safeguards, financial, economic and others • Timely approval of bid documents, bid evaluation reports and contract award
Implementing Agency: BREB	<ul style="list-style-type: none"> • A project director of BREB will implement the project and be responsible for preparation and submission of withdrawal applications and meeting reporting requirements including audit reports and financial statements • BREB will be responsible for finalizing surveys and detailed designs, update of safeguard documents, preparation of semi-annual safeguard monitoring reports, and timely submission to ADB • Responsible for setting up GRM and addressing grievances raised by affected persons in a timely manner • Disclose relevant information to affected people and undertaken consultations • Update the environment and resettlement documents in case of major changes, unanticipated impacts, prepare corrective action plans, and update documents as needed
ADB	<ul style="list-style-type: none"> • Provide overall project administration • Provide orientation to the government and BREB including the project management office • Review draft bidding documents and approve bid evaluation report • Disburse ADB loan proceeds • Conduct safeguards supervision and monitoring on a needed basis

ADB = Asian Development Bank, BREB = Bangladesh Rural Electrification Board, EA = executing agency, GRM = grievance redress mechanisms.

Source: Asian Development Bank estimates.

B. Key Persons Involved in Implementation

Institutions

Executing Agency

Power Division, Ministry of Power,
Energy and Mineral Resources

Contact Details

Shah Md. Helal Uddin
Joint Secretary
Power Division,
Ministry of Power, Energy and Mineral Resources
Telephone No. :+88 2 9574411
Email address: shahmdh2003@yahoo.co.uk
Office Address: Bidhyut Bhabhan, 1 Nabab Abdul Gani Road,
Dhaka - 1000

Implementing Agency

Bangladesh Rural Electrification
Board

Syed Mahbubur Rahman
Director
Program Planning Directorate
Bangladesh Rural Electrification Board
Telephone No. :+88 2 8900308
Email address: rebdirpp@gmail.com
Office Address: BREB Bhabhan, Nikunja-2, Khilkhet
Dhaka - 1229

Asian Development Bank

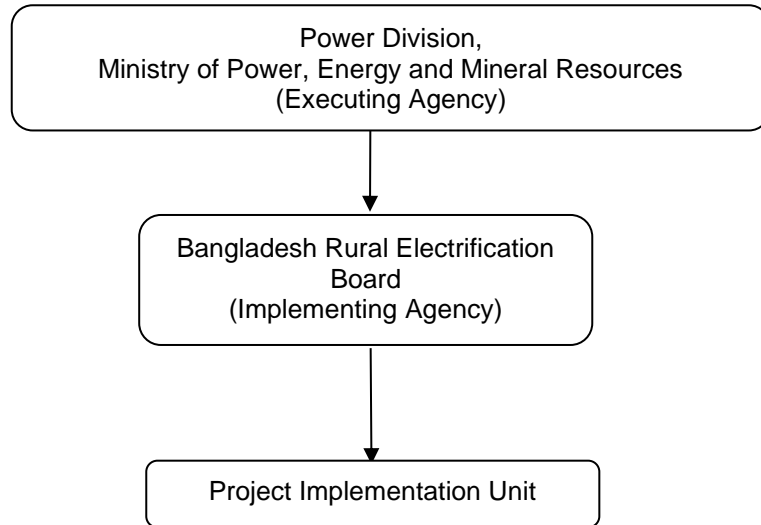
South Asia Department
Energy Division

Mr. Priyantha Wijayatunga
Director, Energy Division
South Asia Department, Asian Development Bank
Telephone No.: +63 2 8632 6131
Fax No. +63 2 8636 2338
Email address: pwijayatunga@adb.org
Office Address: Room 5260, Asian Development Bank, 6 ADB
Avenue, Mandaluyong City, 1550 Metro Manila, Philippines

Mr. Teruhisa Oi
Principal Energy Specialist, Energy Division
South Asia Department, Asian Development Bank
Telephone No.+63 2 8632 5706
Fax No. +63 2 8636 2338
Email address: teruhisaoui@adb.org
Office Address: Room 5304, Asian Development Bank, 6 ADB
Avenue, Mandaluyong City, 1550 Metro Manila, Philippines

C. Project Organization Structure

Figure 1: Project Organization Structure



Source: Bangladesh Rural Electrification Board.

IV. COSTS AND FINANCING

4. The project is estimated to cost \$313.5 million, including physical and price contingencies and financial charges during construction (Table 2).

5. The government has requested: (i) a regular loan of \$70.0 million; and (ii) a concessional loan of \$130.0 million from the Asian Development Bank's (ADB) ordinary capital resources to help finance the project. The regular loan will have a 25-year term, including a grace period of 5 years; an annual interest rate determined in accordance with ADB's London interbank offered rate (LIBOR)-based lending facility; a commitment charge of 0.15% per year; and such other terms and conditions set forth in the draft regular loan and project agreements. Based on the straight-line repayment method, the average maturity is 15.25 years, and the maturity premium payable to ADB is 0.10% per year. The concessional loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter; and such other terms and conditions set forth in the draft loan and project agreements. The summary financing plan is in Table 3.

A. Cost Estimates Preparation and Revisions

6. **Preparation.** The cost estimates were prepared by BREB based on the feasibility study in accordance with ADB's Guide on Preparing and Presenting Cost Estimates for Projects and Programs Financed by ADB.¹

7. **Revisions.** During the implementation of the loan, the cost estimates model may be updated when there are major changes in the cost development.

B. Cost Categories

8. Cost categories are as follows:

Category	Description
Goods	Cost includes distribution transformers, poles, connectors, conductors, and wires
Works	Cost includes installation of substation in turn-key basis

¹ ADB. 2014. [Preparing and Presenting Cost Estimates for Projects and Programs Financed by the Asian Development Bank](#). Manila.

C. Assumptions

9. The following key assumptions underpin the cost estimates and financing plan:
- Exchange rate: Tk84.96 = \$1.00 (as of 15 March 2020); and
 - Price contingencies based on expected cumulative inflation over the implementation period are as follows:

Item	2020	2021	2022	2023	2024	Average
Foreign rate of price inflation (%)	1.50	1.60	1.60	1.60	1.60	1.58
Domestic rate of price inflation (%)	5.80	5.80	5.80	5.80	5.80	5.80

Source: Asian Development Bank estimates.

D. Summary Cost Estimates and Financing Plan

Table 2: Summary of Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Goods	161.2
2. Works	127.7
Subtotal (A)	288.9
B. Contingencies^c	14.6
C. Financial Charges During Implementation^d	10.0
Total (A+B+C)	313.5

Note: Numbers may not sum precisely because of rounding.

^a Includes taxes and duties of \$93.7 million. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$93.7 million.

^b In mid-2020 prices as of June 2020. Foreign exchange as of 15 June 2020, \$1 = Tk 84.96

^c Physical and price contingencies, and a provision for exchange rate fluctuation, are included.

^d The stated amount includes interest and commitment charges. Interest during construction for an ADB loan from ordinary capital resources (OCR) was computed at the 5-year US dollar fixed swap rate plus an effective contractual spread of 0.5% and maturity premium of 0.1%. Commitment charges for an OCR loan are 0.15% per year, to be charged on the undisbursed loan amount. Interest during implementation for the concessional OCR loan has been estimated at an interest rate of 2% per year.

Source: Asian Development Bank estimates.

Table 3: Summary Financing Plan

Source	Current		Additional Financing		Total	
	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)	Amount (\$ million)	Share of Total (%)
Asian Development Bank^a						
Ordinary capital resources (Regular loan)	600.0	56.7	70.0	22.3	670.0	48.8
Ordinary capital resources (Concessional loan)	16.0	1.5	130.0	41.5	146.0	10.6
Cofinancing						
Japan Fund for Poverty Reduction (Grant)	2.0	0.2	0.0	0.0	2.0	0.1
Government	440.7	41.6	113.5	36.2	554.2	40.4
Total	1,058.7	100.0	313.5	100.0	1,372.2	100.0

^a Budget for safeguards monitoring will be supplemented by TA 9869-BAN: Preparing the Additional Financing for Bangladesh Power System Enhancement and Efficiency Improvement Project.

Source: Asian Development Bank estimates.

10. The government is the borrower of the loan and will onlend the loan to the BREB at 2% in line with the Lending/Relending Terms of Local and Foreign Currency Loans Regulations of the

Government of Bangladesh. The government will assume the foreign exchange and interest rate variation risk of the ADB loan, including contingencies. The government has assured ADB that counterpart funding will be provided in a timely manner, including any additional counterpart funding required for any shortfall of funds or cost overruns. The indicative flow of funds and the relending arrangements are described in Figure 5: Fund Flow Diagram.

11. The project under additional financing is considered a climate mitigation project, and ADB will finance 3.9% (or \$7.8 million) of climate mitigation costs. Percentage of climate finance was derived from loss reduction savings divided by total project benefits (sum of loss reduction saving and increase in sales). The percentage of climate finance was applied to ADB investment cost to derive ADB share in climate mitigation finance (Tables 4 and 5).

Table 4: Calculation of Climate Finance Percentage

a.	Average retail tariff (BDT/kWh)	6.34
b.	Power purchase cost (BDT/kWh)	4.34
c.	Power sales margin (BDT/kWh)	2.00
d.	Increase in sales (kWh)	395,000,000
e.	Net revenue from increase in sales (BDT) [d x c]	790,000,000
f.	System loss in 2019	10.88%
g.	System loss after project	9%
h.	Power purchase amount before loss reduction (kWh)	437,976,000
i.	Power purchase after loss reduction (kWh)	430,550,000
j.	Saving from loss reduction (kWh)	7,426,000
k.	Loss reduction saving (BDT) [j x b]	32,228,840
l.	% of climate finance	3.92%

BDT = Bangladesh taka, kWh = kilowatt-hour.

Table 5: Calculation of Mitigation Finance

ADB Investment Cost (\$ million) - Base Cost	200
% of Climate Finance	3.9%
Mitigation Finance (\$ million)	7.8

E. Detailed Cost Estimates by Expenditure Category

Item	BDT million			USD million			% of Total Base Cost
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	
A. Investment Costs							
1. Goods	4,108.84	9,587.29	13,696.13	48.36	112.84	161.20	55.80%
2. Works	542.49	10,307.37	10,849.86	6.39	121.32	127.70	44.20%
Subtotal (A)	4,651.33	19,894.66	24,545.99	54.75	234.16	288.91	100.00%
Total Base Cost	4,651.33	19,894.66	24,545.99	54.75	234.16	288.91	100.00%
B. Contingencies							
1. Physical	116.28	497.37	613.65	1.37	5.85	7.22	2.50%
2. Price	119.19	509.80	628.99	1.40	6.00	7.40	2.56%
Subtotal (C)	235.47	1,007.17	1,242.64	2.77	11.85	14.63	5.06%
C. Financial Charges During Implementation							
1. Interest during construction	661.27	165.32	826.59	7.78	1.95	9.73	3.37%
2. Commitment charges	16.41	4.10	20.52	0.19	0.05	0.24	0.08%
Subtotal (D)	677.69	169.42	847.11	7.98	1.99	9.97	3.45%
Total Project Cost (A+B+C)^a	5,564.49	21,071.24	26,635.74	65.49	248.01	313.50	0.00%

BDT = Bangladesh taka, USD = United States dollar.

^a Budget for safeguards monitoring will be supplemented by TA 9869-BAN: Preparing the Additional Financing for Bangladesh Power System Enhancement and Efficiency Improvement Project.

Source: Asian Development Bank estimates.

F. Allocation and Withdrawal of Loan Proceeds

Table 6: Allocation and Withdrawal of OCR Loan Proceeds

Item	Total Amount Allocated for ADB Financing (\$)		Percentage and basis for Withdrawal from the Loan Account
	Category	Subcategory	
Goods	36,410,000		100% of total expenditure claimed ^a
Works	31,930,000		100% of total expenditure claimed ^a
Unallocated	1,660,000		
Total	70,000,000		

^a exclusive of all duties and taxes imposed within the territory of the borrower.

ADB = Asian Development Bank.

Source: Asian Development Bank estimates.

Table 7: Allocation and Withdrawal of COL Loan Proceeds

Item	Total Amount Allocated for ADB Financing (\$)		Percentage and basis for Withdrawal from the Loan Account
	Category	Subcategory	
Goods	67,610,000		100% of total expenditure claimed ^a
Works	59,300,000		100% of total expenditure claimed ^a
Unallocated	3,090,000		
Total	130,000,000		

^a exclusive of all duties and taxes imposed within the territory of the borrower.

ADB = Asian Development Bank.

Source: Asian Development Bank estimates.

G. Detailed Cost Estimate by Financiers (\$ million)^a

Item	ADB OCR (Regular)		ADB OCR (Concessional)		Government/BREB		Total Cost	Taxes and Duties
	Amount	% of Cost Category	Amount	% of Cost Category	Amount	% of Cost Category	Amount	
A. Investment Costs								
1. Goods ^b	36.41	22.6%	67.61	41.9%	57.18	35.5%	161.20	57.18
2. Works ^b	31.93	25.0%	59.30	46.4%	36.47	28.6%	127.70	36.47
Subtotal (A)	68.34	0.0%	126.91	0.0%	93.66	0.0%	288.91	93.66
Total Base Cost	68.34	23.7%	126.91	43.9%	93.66	32.4%	288.91	-
B. Contingencies	1.66	11.3%	3.09	21.1%	9.88	67.5%	14.63	-
C. Financial Charges During Implementation	-	0.0%	-	0.0%	9.97	100.0%	9.97	-
Total Project Cost (A+B+C)^a	70.00	22.3%	130.00	41.5%	113.50	36.2%	313.50	93.66
% Total Project Cost		22%		41%		36%	100%	

ADB = Asian Development Bank, BREB = Bangladesh Rural Electrification Board, OCR = ordinary capital resources.

^a Budget for safeguards monitoring will be supplemented by TA 9869-BAN: Preparing the Additional Financing for Bangladesh Power System Enhancement and Efficiency Improvement Project.

^b Each ADB loan will finance - in parallel, eligible expenditures up to 100% (excluding taxes) of every claim received, as long as sufficient undisbursed loan amounts remain. If remaining loan amount is not sufficient to cover 100% of a claim, only the remaining amount will be disbursed.

Source: Asian Development Bank estimates.

H. Detailed Cost Estimate by Outputs/Components (\$ million)^a

Item	Component ^b		% of Cost
	Total Cost	Amount	
A. Investment Costs			
1. Goods	161.20	161.20	51.4%
2. Works	127.70	127.70	40.7%
Subtotal (A)	288.91	288.91	92.2%
Total Base Cost	288.91	288.91	92.2%
B. Contingencies	14.63	14.63	4.7%
C. Financial Charges During Implementation	9.97	9.97	3.2%
Total Project Cost (A+B+C)^a	313.50	313.50	100.0%

^a Budget for safeguards monitoring will be supplemented by TA 9869-BAN; Preparing the Additional Financing for Bangladesh Power System Enhancement and Efficiency Improvement Project.

^b Distribution system upgrade, rehabilitation, extension, and rural electrification in Bangladesh Rural Electrification Board service areas

Source: Asian Development Bank estimates.

I. Detailed Cost Estimate by Year (\$ million)^a

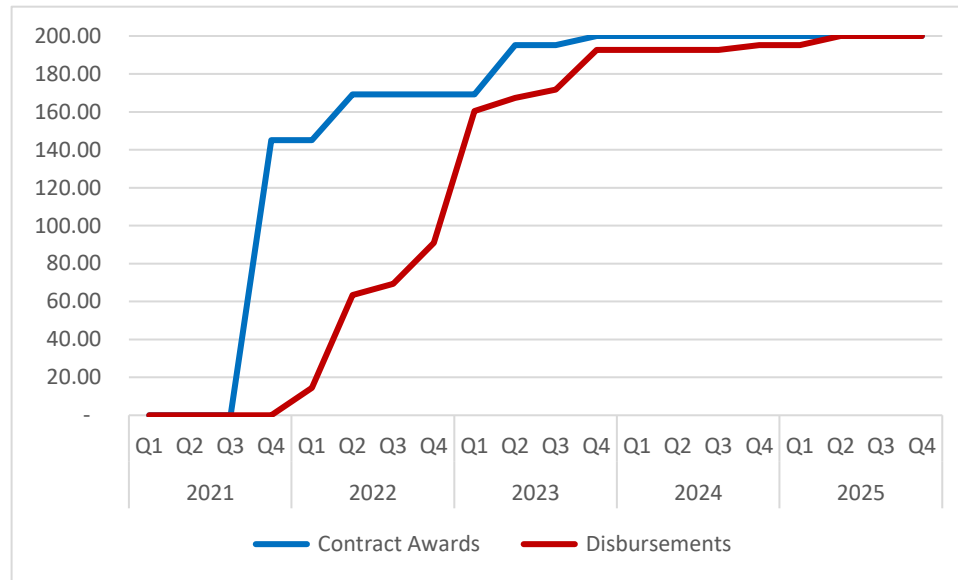
Item	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5
A. Investment Costs						
1. Goods	161.20	16.12	48.36	56.42	32.24	8.06
2. Works	127.70	12.77	38.31	44.70	25.54	6.39
Subtotal (A)	288.91	28.89	86.67	101.12	57.78	14.45
Total Base Cost	288.91	28.89	86.67	101.12	57.78	14.45
B. Contingencies	14.63	1.46	4.39	5.12	2.93	0.73
C. Financial Charges During Implementation	9.97	1.00	2.99	3.49	1.99	0.50
Total Project Cost (A+B+C)^a	313.50	31.35	94.05	109.73	62.70	15.68

^a Budget for safeguards monitoring will be supplemented by TA 9869-BAN; Preparing the Additional Financing for Bangladesh Power System Enhancement and Efficiency Improvement Project.

Source: Asian Development Bank estimates.

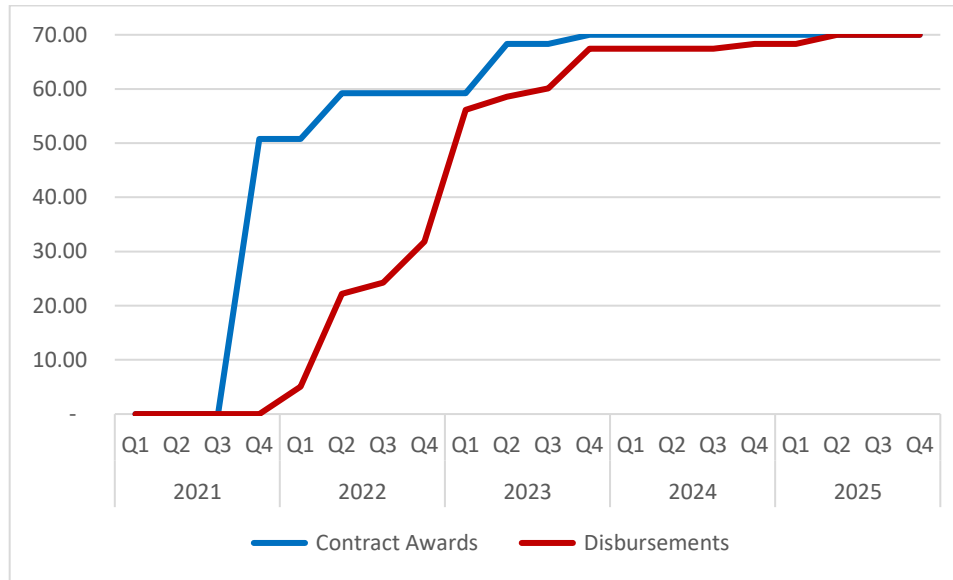
J. Contract Awards and Disbursement S-Curves

Figure 2: Contract and Disbursement S-Curves



	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2021				145.15	145.15					-
2022		24.00			24.00	14.52	48.96	5.82	21.60	90.90
2023		26.10			26.10	69.56	6.96	4.35	20.88	101.75
2024				4.75	4.75				2.61	2.61
2025					-		4.75			4.75
Total				-	200.00					200.00

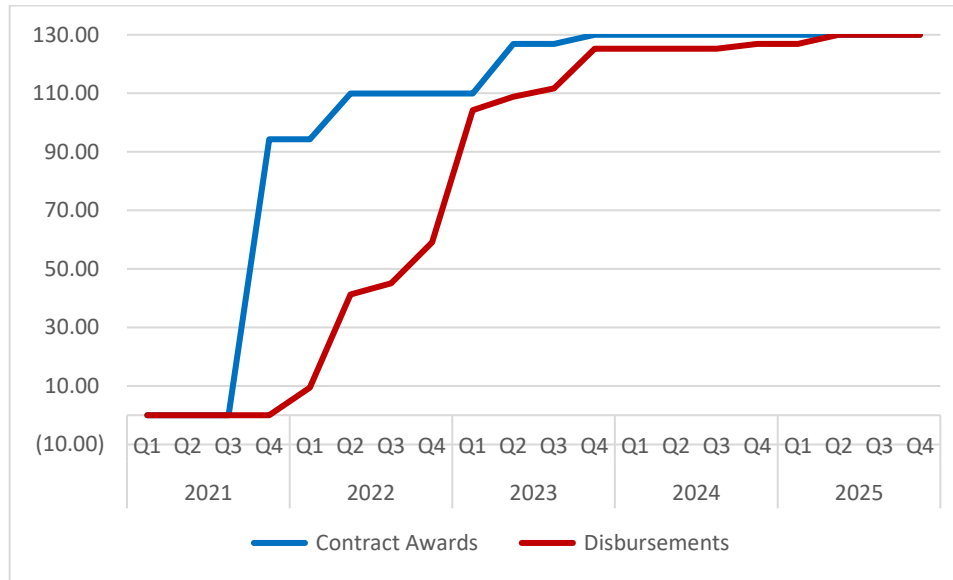
Figure 3: Contract and Disbursement S-Curves (OCR Regular)



	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2021				50.80	50.80					-
2022		8.40			8.40	5.08	17.14	2.04	7.56	31.81
2023		9.14			9.14	24.35	2.44	1.52	7.31	35.61
2024				1.66	1.66				0.91	0.91
2025					-		1.66			1.66
Total				-	70.00					70.00

OCR = ordinary capital resources, Q = quarter, USD = United States dollar.

Figure 4: Contract and Disbursement S-Curves (OCR Concessional)

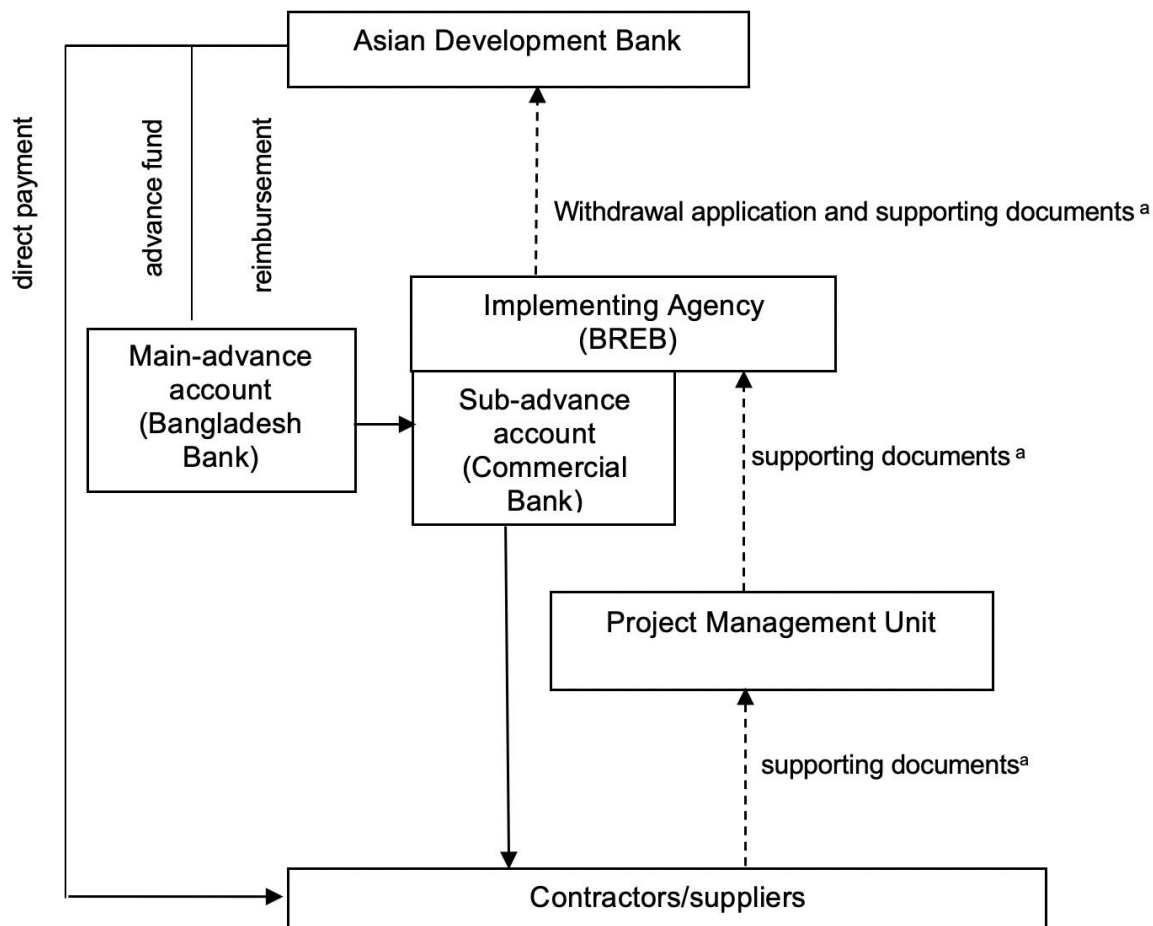


	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2021				94.35	94.35					-
2022		15.60			15.60	9.43	31.82	3.78	14.04	59.08
2023		16.97			16.97	45.21	4.52	2.83	13.57	66.13
2024				3.09	3.09				1.70	1.70
2025					-		3.09			3.09
Total				-	130.00					130.00

OCR = ordinary capital resources, Q = quarter, USD = United States dollar.

K. Fund Flow Diagram

Figure 5: Fund Flow Diagram



→ = cash fund flow, ----> = documentation flow.

^a Required supporting documents are described in and should comply with the Loan Disbursement Handbook (2017, as amended from time to time).

Source: Asian Development Bank estimates.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

12. The updated financial management assessment (FMA) was conducted in July 2020 through virtual meetings and BREB's response to questionnaires due to coronavirus disease (COVID-19) in accordance with ADB's Guidelines for the Financial Management and Analysis of Projects and the Financial Due Diligence: A Methodology Note. The FMA considered the capacity of the BREB, including funds-flow arrangements, staffing, accounting and financial reporting systems, financial information systems, and internal and external auditing arrangements. Based on the assessment, the key financial management risks identified are: (i) monthly accounts mainly prepared in Excel with limited automation; (ii) fixed asset mainly recorded in Excel with limited automation; and (iii) no training policy for external trainings for internal auditors. It is noted that an enterprise resource planning project (include financial reporting and fixed assets) and two information systems under implementation in BREB. It is concluded that the overall premitigation financial management risk of BREB is moderate. Use of advance fund and Statement of Expenditures (SOE) procedures is suggested as BREB has capacity to administer these procedures. BREB has agreed to implement an action plan as key measures to address the deficiencies. The financial management action plan is provided in Table 8.

Table 8: Financial Management Action Plan

Action	Risk Assessment	Responsibility	Timeline
Submit audited entity financial statements	Low	BREB	Annually after project effectiveness
Submit audited project financial	Low	BREB	Annually after project effectiveness and within 6 months after financial year ended 30 June each year
Complete internal audit staffing assessment and formulation of training policy for internal audit department	Moderate	BREB	Within 6 months from effectiveness
Annual submission of tariff calculation to BERC for review	Substantial	BREB	Annual. See detailed in loan agreement
Rectify and mitigate audit observations from internal audit and external audit when appropriate	Substantial	BREB	Immediate action

BERC = Bangladesh Electricity Regulatory Commission, BREB = Bangladesh Rural Electrification Board, ERP = enterprise resource planning.

Source: Asian Development Bank estimates.

B. Disbursement Arrangements

1. Disbursement Arrangements for ADB

13. The following disbursement arrangements are for the sovereign loan and separate arrangements will be made for the nonsovereign loan. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time),² and detailed arrangements agreed upon between the government and ADB. Online training for project staff on disbursement policies and procedures is available.³ Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control. BREB will be responsible for: (i) preparing disbursement projections, (ii) requesting budgetary allocations for

² ADB. 2017. *Loan Disbursement Handbook*. Manila.

³ ADB. Disbursement e-Learning Course. <https://elearn.adb.org/enrol/index.php?id=235>.

counterpart funds, (iii) collecting supporting documents, and (iv) preparing withdrawal applications. ADB's direct payment, reimbursement, and commitment procedures will be used where applicable. ADB's reimbursement procedure will be used for disbursement of loan proceeds. Direct payment and commitment procedure will be used for disbursement of foreign currency payments per current arrangement for Bangladesh projects.

14. **Advance fund procedure.** Separate advance account should be established and maintained by BREB for each funding source. The currency of the advance account is the US dollar. Under the government's internal procedure, ADB will disburse advance amount in US dollar to the Bangladesh Bank who then will transfer to BREB's project bank account in local currency. BREB will open separate second generation advance account and separate sub-account (if any) in BDT currency at any government-nominated commercial bank. The advance account is to be used exclusively for ADB's share of eligible expenditures. BREB, who administers the advance account, is accountable and responsible for proper use of advances to the advance account including advances to any sub-accounts.

15. The total outstanding advance to the advance account should not exceed the estimate of ADB's share of expenditures to be paid through the advance account for the forthcoming 6 months. The BREB may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet⁴ setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by BREB in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account.

16. **Statement of expenditure procedure.**⁵ The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

17. Before the submission of the first withdrawal application (WA), the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per WA is stipulated in the *Loan Disbursement Handbook* (2017, as amended from time to time). Individual payments below such amount should be paid: (i) by the executing agency and/or implementing agency and subsequently claimed to ADB through reimbursement or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Use of ADB's Client Portal for Disbursements (CPD)⁶ system is mandatory for submission of withdrawal applications to ADB.

⁴ Estimate of Expenditure sheet is available in Appendix 8A of [ADB's Loan Disbursement Handbook](#) (2017, as amended from time to time),

⁵ SOE forms are available in Appendix 7B and 7D of [ADB's Loan Disbursement Handbook](#) (2017, as amended from time to time).

⁶ The CPD facilitates online submission of WA to ADB, resulting in faster disbursement. The forms to be completed by the Borrower are available online at <https://www.adb.org/documents/client-portal-disbursements-guide>.

2. Disbursement Arrangements for Counterpart Fund

18. Disbursement for counterpart funds will be carried out in accordance with guidelines and practices of the national government. The quantity and timing of counterpart funding will be determined and advised by the implementing agency, who will then initiate defined processes to ensure that counterpart funding is reflected in the approved national government budget and the annual capital expenditure budget of the implementing agency. This will be undertaken on an annual basis.

C. Accounting

19. BREB will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following cash-based accounting following the equivalent national accounting standards. BREB will prepare project financial statements in accordance with the government's accounting laws and regulations which are consistent with international accounting principles and practices.

D. Auditing and Public Disclosure

20. **Audited project financial statement.** BREB will cause the detailed project financial statements covering ADB's sovereign loan, and counterpart financing to be audited in accordance with International Standards on Auditing, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor's opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by BREB.

21. **Audited entity financial statement.** The audited entity financial statements for BREB, together with the auditor's report and management letter, will be submitted in the English language to ADB within a month after their approval by the relevant authority.

22. The audit report for the project financial statements will include a management letter and auditor's opinions, which cover: (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether BREB was in compliance with the financial covenants including financial ratio contained in the legal agreements (where applicable).

23. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

24. The government and BREB have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.⁷ ADB reserves the right to require a change in the auditor (in a manner

⁷ ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new

consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures.

25. Public disclosure of the audited project financial statements, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to Information Policy 2018.⁸ After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.⁹

-
- (iii) replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.

⁸ ADB. 2018. [Access to Information Policy](#). Manila.

⁹ This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2018. [Access to Information Policy](#). Manila. Paragraph 17(iv) and/or 17(v).

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting

26. **Advance contracting.** All advance contracting will be undertaken in conformity with ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The issuance of invitations for bid under advance contracting will be subject to ADB approval. The borrower and BREB have been advised that approval of advance contracting does not commit ADB to finance the project.

27. BREB has requested advance contracting (Table 12). The issuance of invitations for bid, the draft pre-qualification and bidding documents under advance procurement action will be subject to ADB's approval.

B. Procurement of Goods, and Consulting Services

28. All procurement of goods and works will be undertaken in accordance with ADB's Procurement Policy (2017, as amended from time to time) and Procurement Regulations (2017, as amended from time to time). The relevant sections of ADB's Anticorruption Policy (1998, as amended to date) will be included in all documents and contracts.¹⁰ All turnkey contract packages will be procured through open competitive bidding with prior review by ADB. An 18-month procurement plan indicating threshold and review procedures of contract packages to be procured under the loan is provided in section C. There are no consulting service contract packages to be procured using the loan.

29. **Achievement of Value for Money (VFM) through Strategic Procurement Planning.** VFM in procurement will be achieved with strategic contract packaging where the EA initially proposed 44 contracts and this was reduced to 13 goods packages and 1 works package through strategic procurement planning.

C. Procurement Plan

Table 9: Basic Data

Project Name: Bangladesh Power System Enhancement and Efficiency Improvement Project - Additional Financing		
Project Number: 49423-006	Approval Number: TBD	
Country: Bangladesh	Executing and Implementing Agencies:	Power Division, Ministry of Power, Energy and Mineral Resources Bangladesh Rural Electrification Board
Project Procurement Risk: Medium	Implementing Agency: N/A	
Project Financing Amount: \$ 313,500,000 ADB Financing: \$ 200,000,000 Non-ADB Financing: \$ 113,500,000	Project Closing Date: 30 June 2026	
Date of First Procurement Plan: 9 June 2020	Date of this Procurement Plan: 9 June 2020	
Procurement Plan Duration (in months): 18	Advance Contracting: Yes	e-GP: Yes https://www.eprocure.gov.bd

ADB = Asian Development Bank, e-GP = electronic government procurement, N/A = not applicable.

¹⁰ ADB. [Anticorruption Policy](#) (1998, as amended to date).

1. Methods, Thresholds, Review and 18-Month Procurement Plan

a. Procurement and Consulting Methods and Thresholds

30. Except as ADB may otherwise agree, the following methods shall apply to procurement of goods, works, nonconsulting services, and consulting services.

Table 10: Procurement of Goods, Works and Nonconsulting Services

Method	Comments	ADB Prior or Post Review
Open Competitive Bidding	With International Advertisement (1S1E)	Prior

1S1E = one stage one envelope, ADB = Asian Development Bank.

Source: Asian Development Bank estimates.

Table 11: Procurement of Consulting Service

Consulting Services	
Method	Comments
N/A	N/A

N/A = not applicable

Source: Asian Development Bank estimates.

b. Goods and Works Contracts Estimated to Cost \$1 Million or More

31. **Table 12** lists works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Table 12: List of Works Contracts

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
EQ-01	Sectionalising Devices	1,000,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-02	Fuse Links	200,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-03	Conductor Guys and Accessories	4,000,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-04	Power Transformer	4,000,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
EQ-05	Guys and Grounding Wire	3,000,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-06	SPC Poles	32,000,000.00	OCB-International	Prior	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-07	33KV VCB with CT/PT and Control Cable	500,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document:

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Goods High Risk Contract: No
EQ-08	11KV ACR	500,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-09	Conductor and Wire (underground cable)	11,000,000.00	OCB-International	Prior	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-10	Connectors	2,000,000.00	OCB	Post (Sampling)	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-11	SPC Poles	24,000,000.00	OCB-International	Prior	1S1E	Q3 / 2021	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-12	SPC Poles	24,000,000.00	OCB-International	Prior	1S1E	Q3 / 2022	Non-Consulting Services: No Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
EQ-13	Distribution Transformers	2,000,000.00	OCB	Post (Sampling)	1S1E	Q3 / 2022	Non-Consulting Services: No

Goods and Works							
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Advertising: National No. of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Goods High Risk Contract: No
SS1	Substation on Turnkey basis	91,700,000.00	OCB-International	Prior	1S1E	Q4 / 2020	Non-Consulting Services: No Advertising: International No. of Contracts: 11 Prequalification of Bidders: No Domestic Preference Applicable: No Bidding Document: Plant High Risk Contract: No
	Lot 1: Lot 1: 20/28 MVA	9,500,000.00					
	Lot 2: Lot 2: 20/28 MVA	9,500,000.00					
	Lot 3: Lot 3: 20/28 MVA	9,500,000.00					
	Lot 4: Lot 4:10/14 MVA	8,800,000.00					

1. Indicative List of Packages Required Under the Project

33. Table 14 provides an indicative list of goods contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Table 14: Indicative List of Goods Contracts

Pack. No.	General Description	Estimated Value (\$ million)	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments

2. List of Awarded and On-going, and Completed Contracts

34. Table 15 lists the awarded and ongoing contracts.

Table 15: List of Awarded and On-going and Works Contracts

Pack. No.	General Description	Estimated Value (\$ million)	Contract Value	Procurement Method	Advertisement Date (quarter/year) ^a	Date of ADB Approval of Contract Award ^b

^a Date of ADB approval of contract award is the date of no-objection letter to the government and BREB.

^b Indicate the contractor's name and the contract signing date.

Table 16: List of Completed Works Contracts

Pack. No.	General Description	Estimated Value (\$ million)	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award ^a	Date of Completion ^b	Comments

^a Date of ADB approval of contract award is the date of no-objection letter to the government and BREB.

^b Indicate the contractor's name and the contract signing date.

3. Non-ADB Financing

35. Table 17 lists goods, works, and consulting services contracts over the life of the project, financed by Non-ADB sources.

Table 17: List of Goods and Works over the Life of the Project financed by Non-ADB Sources

General Description	Estimated Value (Cumulative) (\$ million)	Estimated Number of Contracts	Procurement Method
Total			

ADB = Asian Development Bank.

Source: Asian Development Bank estimates.

VII. SAFEGUARDS

36. The category of the additional financing is classified as B for environment, B for resettlement and C for indigenous people. The initial environment examinations (IEE), environmental management plan (EMP) and resettlement plan (RP) have been prepared, updated and disclosed on ADB website. Safeguards due diligence team together with respective palli bidyut samity (PBS) has visited 51 new substations sites conducted 54 small scale consultation meetings and focused group discussions with women during the survey. There has been restriction on traveling and mass gathering by the government authority due to COVID-19. People hesitated and were reluctant to be contacted by outsiders, though they showed a generally positive attitude toward the project which is to improve the electricity supply.

37. The ongoing project has been implemented in accordance with IEE and RP. The necessary safeguards covenants are included in the loan agreement. Consultations have been undertaken during the implementation and two-tier grievance redress mechanism has been established under the ongoing loan and well functioning.

38. COVID-19 Health and Safety Guidance for the Construction Workforce has been prepared and distributed to the contractors for occupational health and safety of workers under the on-going project. As there is no dedicated environmental and social safeguard specialist at the PIU which is supported by a consulting firm for ongoing project in terms of safeguard implementation, there should be one environmental consultant and one social consultant who will support PIU for the additional financing. The newly engaged individual consultants will closely coordinate with the consulting firm. The terms of reference for the consultants have been developed and incorporated in the IEE and RP, respectively. Also, at each PBS level, there should be one officer who is focal for the environmental and social safeguard. Before starting of any filed work, BREB and PBS's focal and officers in charge for safeguard should receive environmental and social safeguard training delivered by the individual environmental and social consultants.

39. **Environment.** The IEE adequately assessed the impacts and risks of the identified substations, and confirms the project will not impact on legally protected areas or internationally or nationally important biodiversity areas or physical cultural resources. Most project impacts and risks are temporary and occurring during construction. The expected impacts of the substations are: (i) soil erosion; (ii) noise, vibration, and dust; (iii) solid waste; (iv) community disturbance and public safety; and (v) occupational health and safety. The project is unlikely to cause any significant irreversible, diverse, or unprecedented adverse environmental impacts as the components are located in semi-urban and rural areas which do not support high biodiversity value, and there will be only minor civil works required for them. Given the nature, scale, and location of the project components, potential direct, indirect, cumulative and induced impacts are anticipated to be minor in magnitude, site-specific, generally reversible, and readily mitigated. The EMP defines mitigation measures, monitoring requirements, institutional responsibilities and capacity building to ensure proper environmental management throughout the project implementation, and will be included in bidding documents and contracts and once the contractors are on board, site-specific EMP will be prepared by each contractor. The necessary budget is estimated and incorporated in the IEE.

40. **Social.** Potential impacts of the project on land acquisition and involuntary resettlement are not anticipated to be significant. There are 51 new substations, installation of 990 km of 33 kV distribution lines, and 3,000 km of 11 kV or below distribution lines. A total of 51 new substation will be constructed under the 9 PBS which require 21.86 acres (8.85 hectare) of land and among them 0.80 acres are already acquired by BREB for 2 substations under Jashore PBS. Among the

remaining 49 new substation sites mounting of 21.06 acres, 48 locations will be purchased by willing buyer and willing seller process and one location will be transferred from Islamic University, Kushtia through memorandum of understanding. In the process of willing buyer and willing seller, negotiated price based on the fair market rate will be provided after meaningful consultation and independent party will be engaged. Failure of negotiation will not lead to land expropriation or eminent domain. Construction of 33 kV and 11 kV distribution lines will pass mostly along the roadsides avoiding structures and no physical displacement is expected. The distribution lines are pole-based and following the roadside, which do not require land acquisition and cause involuntary resettlement in most of the cases. However, some of the lines may pass through private area with potential impacts on trees and crops, and attempts will be made to keep the construction activities during the off season. In case of unavoidable impacts along the line alignment, the written consent to support will be secured or compensation will be given. The necessary budget is estimated and included in the RP.

41. **Prohibited investment activities.** Pursuant to ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the Safeguard Policy Statement (2009).

VIII. GENDER AND SOCIAL DIMENSIONS

42. **Social benefits.** Improved quality and reliability and the expansion of the power supply in rural areas will help to: (i) reduce household consumption of kerosene for cooking and lighting, thereby reducing household fuel expenditure; (ii) reduce burden on household chores; (iii) improve energy-based economic activities; and (iv) improve educational and medical environment. The farmers can reduce fuel expenditure for irrigation by switching diesel powered pumps to electric power pumps, which help to reduce the production cost.

43. **Gender impact.** Gender mainstreaming category under the ongoing loan is classified as effective gender mainstreaming and will be extended to the proposed additional financing as the project area under the additional financing is a part of the ongoing project. The piggybacked grant under the ongoing project has been focusing on addressing the gender issues by: (i) developing model energy-based livelihoods with a focus on women's microenterprises development; (ii) providing end-user education for the safe and efficient use of energy; (iii) improving the environment in the rural electricity cooperative for women employees and subsidized customers; and (iv) providing technical and skills training, including in geographic information systems, to enable women to capture employment and livelihood opportunities in emerging areas. These activities will be continued during the implementation period of the proposed additional financing. In addition to the ongoing activities, one additional activity will be explored to formulate a gender equality strategy for BREB.

44. Under the gender action plan (GAP) for ongoing project, the following has been achieved to date: (i) 20 small businesses including 50% led by women have been identified; (ii) 200 people including at least 30% women have been trained on energy-based livelihoods and business development services; (iii) 170 below the poverty line consumers including 40% women have been trained; (iv) training of 1,000 end-user consumers (50% women) participation on safe, efficient and productive use of electricity has been completed; and (v) geographic information system mapping training for PBS women staff is planned to be conducted.

45. Under the ongoing project, the implementation status of the GAP was reviewed during the midterm review mission in August 2020, and the GAP was revised as per the implementing agency's request. The GAP has been updated as per the revisions for the additional financing,

and a gender specialist will be recruited to assist in the implementation, monitoring, and reporting of gender equality results in the GAP. GAP progress reports will be assessed (i.e., quarterly) and results will be incorporated in the project completion report. Updated GAP, which is build upon GAP of ongoing project, is at Table 18.

Table 18: Updated Gender Action Plan

Activities	Indicators/Targets	Responsibilities	Timeframe
Output 3. Rural distribution network in Bangladesh improved to support increase in safe, efficient, and productive electricity usage			
Activity 1: Conduct a survey on women-led energy-based livelihoods in project-covered areas	<p>1. Actual and potential (aspiring) women entrepreneurs in project covered areas identified</p> <p>2. Business development needs and opportunities for energy-based livelihoods of women entrepreneurs identified</p>	BREB and PBS	December 2022
Activity 2: Provide training on energy-based livelihoods and business development services to new or recently electrified BPL HHs	3. 200 people including at least 30% women trained on energy-based livelihoods and 520 small businesses including 50% led by women entrepreneurs supported	BREB, PBS, local EUGs, and SREDA	December 2022
Activity 3: Provide end-user education to new or recently electrified households	<p>4. Education on safe and efficient use of energy including energy efficient equipment for lighting, fans, cooking and rice milling to at least 700 people (at least 40% of participants are women) provided. At least 1,000 end users (at least 40% women) trained on safe and efficient use of energy</p> <p>5. Technical standards for electricity distribution enhanced with inclusion of safety of end consumers through awareness raising on safe and efficient use of electricity</p>	BREB and PBS	December 2022
Activity 4: Provide technical skills training (e.g., distribution grid, service line and household wiring maintenance and troubleshooting; energy auditing and energy management certification for BPL HHs; simple and routine electrical repairs)	6. A total of 1,400200 people from BPL HHs (at least 40% women) trained in energy-related technical skills	BREB, PBS, and SREDA	December 2022

<p>Activity 5: Integrate elderly-women-children-disable friendly design features in the construction of associated facilities for distribution lines. Over 15,990 km of 33 kV and 11 kV distribution lines and associated facilities with EWCD designs¹ constructed</p>	<ul style="list-style-type: none"> • <u>Separate and adequate quantity of toilets for men and women</u> Separate toilets for men and women • Separate prayer room where applicable • Segregated resting area for women • Ramps for physically challenged in the building construction 	BREB	December 2025
Output 4: Capacity in power sector agencies enhanced			
<p>Activity 6: Enhance the technical capacities of PBS</p>	<p>7. Five PBS teams (with at least 30% women members) trained in supporting and monitoring safe last-mile connectivity</p> <p>8. At least 30% women employee in 5 PBS trained in GIS and asset mapping and experience shared with remaining PBS employees.</p> <p>8. BREB's GIS directorate strengthened with GIS equipment for future uses in all PBSs</p> <p>9. Business incubation teams formed in 5 PBSs providing information, awareness raising, and other support programs for energy-based women entrepreneurs (Target: at least 30% of operating staff from BPL or FHH).</p>	<p>BREB and PBS</p> <p>BREB, PBS, EUG, SREDA, and Women's Chamber of Commerce, BREB and PBS</p> <p>BREB and PBS</p>	<p>December 2022</p> <p>December 2022</p> <p>December 2022</p> <p>December 2022</p>
<p>Activity 7: Formulate gender equality strategy for BREB</p>	<p>10. Gender equality strategy developed <u>Gender equality strategy finalized and submitted to BREB Management for consideration.</u></p>	BREB	December 2025
<p>Activity 8: Enhance PBS women employees' work environment and sustainability</p>	<p>11. Women employee friendly measures (e.g., support for day care centers, etc.) in at least 5 PBS implemented based on study conducted</p> <p>12. Skills level and barriers to good work performance of women and men analyzed, and programs to address identified problems and improve working</p>	BREB and PBS	December 2025

	environment in PBS and BREB developed		
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BPL = below poverty line, BREB = Bangladesh Rural Electrification Board, EUG = electricity user group, FHH = female headed households, GIS = geographic information system, HHs = households, PBS = *palli bidyut samity* (rural electricity cooperative), SREDA = Sustainable and Renewable Energy Development.

IX. PERFORMANCE MONITORING, EVALUATION REPORTING AND COMMUNICATION

A. Revised Design and Monitoring Framework

Impact the Project is Aligned with 100% access to power by 2021 and power sector sustainability improved in Bangladesh by 2030 (Perspective Plan of Bangladesh, 2010–2021: Making Vision 2021 a Reality; and Power System Master Plan 2010) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Access to efficient and reliable electricity supply in Bangladesh Improved	By 2026: Access indicators a. About 950,000 <u>1,100,000</u> new connections, including 875,000 1,025,000 rural households, connected to electricity network (2016 baseline: 0) Reliability indicators b. System average interruption duration index for DESCO-operated part of Dhaka city decreased by at least 25% (2015 baseline: 646 minutes) c. System average interruption duration index for BREB decreased by at least 20% <u>22%</u> (2015 baseline: 1,990 minutes based on planned interruptions for 11 kV feeders) (OP 6.2; OP 6.2.1) Efficiency indicators d. Transmission losses reduced to 2.5% (2016 baseline: 3.0%) e. Rural distribution losses reduced to 40% <u>9%</u> (2016 baseline: Losses at 12.5%) (OP 6.2; OP 6.2.1)	a. Annual reports of BREB b. Annual reports of DESCO c. Annual reports of BREB d. Annual reports of PGCB e. Annual reports of BREB	Power generation capacity addition does not proceed as planned resulting in shortages.
	f. Tariffs annually reviewed and reset to increasingly cover costs of transmission and distribution utilities as per approved regulations (2016 baseline: Occasional tariff reviews are not based on approved regulations) (OP 6.1)	f. Annual reports of PGCB, DESCO and BREB	
	g. At least 65,000 <u>68,727</u> tons of carbon emissions are avoided every year (2016 baseline: 0) (OP 3.1)	g. Annual report of BREB and PSMP	

<p>Outputs</p> <p>1. National transmission network in southern Bangladesh strengthened</p> <p>2. Distribution network in DESCO service areas improved</p> <p>3. Distribution network in rural areas of Bangladesh, including the capacity of end users improved</p>	<p>By 2025:</p> <p>1. About 174 km of 400 kV transmission lines and associated facilities constructed (Baseline: 0)</p> <p>2. Distribution automation system in Dhaka city installed (Baseline: 0)</p> <p>3a. Over 38,000 km of 33 kV and 11 kV distribution lines and associated facilities rehabilitated (Baseline: 0)</p> <p>3b. Over 42,000 <u>15,990</u> km of 33 kV and 11 kV distribution lines and associated facilities <u>with EWCD designs^b</u> constructed (Baseline: 0) (OP 1.3.1; OP 5.1.1)</p> <p>3c. 200 people trained on energy-based livelihoods with at least 30% women and 50 small businesses, including 50% led by women entrepreneurs, supported (Baseline: 0) (OP 2.2.1)</p> <p>3d. At least 1,000 end users (at least 40% women) trained on safe and efficient use of energy (Baseline: 0) (OP 2.2.1)</p>	<p>1. Annual reports of PGCB</p> <p>2. Annual reports of DESCO</p> <p>3a-d. Annual reports of BREB and PBSSs</p>	<p>Delays in construction of the associated facilities across the Padma River could delay construction of the 400 kV transmission line.</p> <p>Prolonged impact of the COVID-19 pandemic on global value chains could delay procurement of goods and services, resulting in delayed project completion.</p>
<p>4. Capacity in power sector agencies enhanced</p>	<p>4a. Capital expenditures investment and tariff petitions by transmission and distribution utilities in accordance with approved tariff regulations annually submitted. (Baseline: Occasional filing) (OP 6.1)</p>	<p>4a. Tariff filing petitions received by the BERC</p>	
	<p>4b. GIS-based mapping implemented NESCO; and at least 30% women employee in 5 PBS trained in GIS and asset mapping and BREB's GIS</p>	<p>4b. Annual reports of BREB and PBSSs</p>	

	<p>directorate strengthened with GIS equipment for future uses in all PBSs (Baseline: 0)</p>		
	<p>4c. Detailed engineering reports for four projects completed (Baseline: 0)</p> <p>4d. Measures to attract more women employees in at least five PBSs in place (Baseline: 0) (OP 2.3.2)</p>		

Key Activities with Milestones

1. National transmission network in southern Bangladesh strengthened

- 1.1 Initiate tendering by March 2017 (completed).
- 1.2 Award contract by July 2017 (completed).
- 1.3 Complete construction by June ~~2020~~ 2022 (changed).

2. Distribution network in DESCO service areas improved

- 2.1 Initiate tendering by August 2016 (completed).
- 2.2 Complete installation by December 2019 (unchanged).

3. Distribution network in rural areas of Bangladesh, including the capacity of end users, improved

- 3.1 Initiate tendering by September 2016 for first set of tenders (completed).
- 3.2 Initiate tendering by September 2017 for second set of tenders (completed).
- 3.3 Complete construction for first set of tenders by June 2019 (completed).
- 3.4 Complete construction for second set of tenders by June 2020 (completed).
- 3.5 Initiate recruitment of monitoring consultants by March 2017 (completed).
- 3.6 Carry out activities for capacity building, and the productive and safe use of electricity and complete setting of standards by March ~~2020~~ 2022 (changed).
- 3.7 Initiate tendering by March 2021 for first set of tenders (added).
- 3.8 Initiate tendering by September 2022 for second sets of tenders (added).
- 3.9 Complete construction for first set of tenders by December 2023 (added).
- 3.10 Complete construction for second set of tenders by December 2025 (added).

4. Capacity in power sector agencies enhanced

- 4.1 Identify project management unit staffing plan in the Ministry of Power, Energy and Mineral Resources and utilities by August 2016 (completed).
- 4.2 Make project management unit operational by December 2016 (completed).
- 4.3 Recruit consultants for feasibility studies and regulatory support by June ~~2017~~ 2022 (changed).
- 4.4 Initiate periodic filing by transmission and distribution utilities by June ~~2018~~ 2022 (changed).
- 4.5 Complete detailed engineering reports by June ~~2019~~ 2022 (changed).
- 4.6 Complete implementation of gender action plan by December ~~2019~~ 2025 (changed).

Inputs

Asian Development Bank:

Loan (ordinary capital resources): ~~\$600.0~~ \$670.0 million (\$70.0 million additional)

Loan (concessional): ~~\$16.0~~ \$146.0 million (\$130.0 million additional)

Grant: \$2.0 million

Government of Bangladesh: ~~\$440.7~~ \$554.2 million (\$113.5 million additional)

Assumptions for Partner Financing
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Not applicable

ADB = Asian Development Bank, BERC = Bangladesh Energy Regulatory Commission, BREB = Bangladesh Rural Electrification Board, COL = concessional loan, DESCO = Dhaka Electric Supply Company Limited, GIS = geographic information system, km = kilometer, kV = kilovolt, NESCO = Northern Electricity Supply Company Limited, OCR = ordinary capital resources, PBS = *palli bidyut samity* (rural electricity cooperative), PGCB = Power Grid Company of Bangladesh Limited, PSMP = Power System Master Plan, RFI = results framework indicator.

^a Government of Bangladesh, Ministry of Planning, Planning Commission. 2012. *Perspective Plan of Bangladesh, 2010–2021: Making Vision 2021 a Reality*. Dhaka; and Government of Bangladesh, Ministry of Power, Energy and Mineral Resources. 2011. *Power System Master Plan 2010*. Dhaka.

^b EWCD refers to elderly, women, children and disable friendly. Design includes separate toilet, women rest rooms, separate prayers room, ramps for physically challenges etc.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2 of the report and recommendation of the President).

Source: Asian Development Bank.

B. Monitoring

46. **Project performance monitoring.** The basis for performance monitoring is the design and monitoring framework (part A of section IX), which identifies performance targets for the outcome, and outputs of the project. The performance indicators include: (i) construction of 33 kV and 11 kV distribution lines and associated facilities; (ii) access indicators; (iii) reliability indicators; (iv) efficiency indicators; (v) avoided greenhouse gas emission; and (vi) gender performance indicators. BREB is responsible for: (i) collecting data from the sources identified in the design monitoring framework; and (ii) preparing the summary of performance indicators through quarterly progress reports. BREB is also responsible for monitoring and reporting of gender-related actions and will be assigning a gender focal person to monitor implementation and reporting.

47. **Compliance monitoring.** BREB will conduct compliance monitoring concerning the use of the loan proceeds, project implementation, and compliance of loan and project covenants. The findings of monitoring should be included in: (i) quarterly progress reports on project implementation; (ii) a report for midterm review; and (iii) a project completion report.

48. **Safeguard monitoring.** The environmental monitoring reports will be submitted semi annually during construction and annually during operation. The social monitoring reports will be submitted semi-annually. The monitoring reports should be provided to ADB within 30 days from the end of the reporting period as per the frequency indicated above until the submission of the project completion report.

C. Evaluation

49. ADB will undertake annual project reviews between 2022 and 2026 to evaluate the progress of project implementation. ADB, and BREB will undertake a comprehensive midterm review of the project in 2024, covering: (i) physical progress of project implementation; (ii) technical issues; (iii) environmental impact and safeguard; (iii) social impact including progress on GAP; (iv) progress and issues on procurement and disbursement; and (v) compliance with assurances in the loan and project agreements, and other relevant aspects that may have an impact on the performance of the project and its continuing viability. It will also include potential loan savings, identify areas for reallocation of loan proceeds, and change disbursement percentages, as appropriate.

D. Reporting

50. BREB will provide ADB with: (i) quarterly progress reports with fourth quarter reports serving as the annual progress reports including: (a) the use of the loan proceeds; (b) progress achieved by output as measured through the indicator's performance targets; (c) key implementation issues and solutions; (d) updated procurement plan; and (e) updated implementation plan including procurement plan and disbursement projection for the next 12 months; and (ii) semiannual safeguards monitoring report during construction and annual environmental monitoring report during operation; (iii) semi-annual social monitoring report; (iv) timely and regular report of progress on GAP; (v) audited BREB's annual financial statements and project financial statements, together with the associated auditor's report, in English; (vi) feedback summary report on use of the e-procurement system after tender process completed or within 6 months of use, whichever comes first; and (vii) a project completion report within 6 months of physical completion of the project. Table 19 summarizes the key reporting requirements during project implementation.

Table 19: Summary of Key Reporting Requirements During Implementation

Name of Report/Document	Timing of Reporting
1. Quarterly progress reports on project implementation, with the fourth quarter reports serving as the annual reports for the years concerned	Every 3 months until loan completion
2. Safeguards monitoring reports	Environment: until loan completion every 6 months during project construction and annually during operation Social: until completion every 6 months during project implementation Gender: quarterly progress reports on GAP implementation
3. Audited BREB's annual financial statements	Within 1 month after approval by relevant authority
4. Audited project financial statement	Within 6 months from the end of the fiscal year throughout the implementation period
5. Feedback summary report on use of the e-procurement system	After tender process completed or within 6 months of use, whichever comes first
6. Project completion report	Within 6 months after project and loan completion

BREB = Bangladesh Rural Electrification Board, GAP = gender action plan.

E. Stakeholder Communication Strategy

51. Project information will be communicated through public consultation, information disclosure mechanism in ADB's and government's website, meetings, interviews, focus group discussions, and community consultation meetings, in accordance with ADB's requirements of information disclosure policy.

52. During the safeguard due diligence on the additional financing, total 29 consultations were carried out with stakeholders particularly with landowners of the new substations and PBS officers to ascertain the support from communities toward the project. Additionally, focused group discussions were carried out among women. However, village or community scale consultation could not be undertaken as mass gathering has been restricted by the government authority and the affected people especially women hesitated and were reluctant to be contacted by outsiders being afraid of exposure to the COVID-19. The consultation will continue throughout the project implementation and life cycle, and for meaningful consultation, a guidance note for information dissemination, discussion agenda and record format has been developed and included in the IEE and RP separately prepared for the additional financing. The IEE and RP will be disclosed on ADB website and any updated versions and safeguard monitoring reports will be posted on the website also. BREB has established 2-tier grievance redress mechanism which has functioned efficiently under the ongoing loan. The grievance redress mechanism will be applied for the additional financing as well.

53. Public disclosure of all project documents will be undertaken by BREB and on ADB website including the project data sheet, design and monitoring framework, IEE, RP, and the Report and Recommendation of the President to the Board of Directors. Disclosure of safeguards monitoring reports will be undertaken during project implementation.

X. ANTI-CORRUPTION POLICY

54. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy (1998, as amended to date) relating to the project.¹¹ All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the BREB and all the project contractors, suppliers, consultants and other service providers. Individuals/entities on ADB's anti-corruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.¹²

55. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project. ADB's Anticorruption Policy (1998, as amended to date) has been explained to and discussed with BREB. BREB has indicated their commitment to promote good governance and establish a corruption-free environment under the project. BREB will undertake anti-corruption actions, including: (i) conducting periodical inspections on the contractors' activities related to fund withdrawals and settlement; and (ii) ensuring that all contracts financed by ADB in connection with the project include relevant provisions of ADB's Anticorruption Policy in all bidding documents for the project specifying the right of ADB to audit and examine the records and accounts of the BREB, and all the contractors, suppliers, consultants and other service providers as they relate to the project.

XI. ACCOUNTABILITY MECHANISM

56. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, the affected people should make a good faith effort to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.¹³

XII. RECORD OF PAM CHANGES

57. The project administration manual is a living document and is subject to change after ADB Board approval of the project's report and recommendation of the President. It is concise yet informative, providing checklists of all activities related to project implementation along with the necessary procedures for the project management office's to effectively implement and monitor the project.

No.	Changes/Updates	Date	Remarks
1	PAM initial draft agreed	29 June 2020	Agreed during the loan fact-finding mission
2	PAM agreed	29 October 2020	Agreed during the loan negotiations

¹¹ ADB. [Anticorruption Policy](#) (1998, as amended to date).

¹² ADB. [Anticorruption and Integrity: Sanctions](#).

¹³ ADB. [Accountability Mechanism](#).