

Bangladesh : Dhaka Sanitation Improvement

1. Project Information

Project ID:	P000240	Instrument ID:	L0240A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Water	Sub-sector:	Water supply, sanitation, and wastewater treatment
Instrument type:	<input checked="" type="checkbox"/> Loan:170.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier(s):	World Bank
ES category:	A	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:			
Project Team Leader:	Jana Halida Uno		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Liu Yang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist; Victoriano Macasaquit, OSD - Social Development Specialist; Ronald Muana, Team Member; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Apr, 2021 Virtual implementation support mission with GoB and WB. May, 2022 Implementation support mission with GoB and WB. AIIB's social development specialist attended the mission in Dhaka on behalf of AIIB. Dec, 2022 Physical mission by PTL and combined with virtual meetings by the task team May, 2023 Mid-term Review mission with GoB and WB/AIIB. AIIB's water and sanitation specialist attended the mission in Dhaka on behalf of AIIB.		
Planned Site Visits by AIIB:	Nov, 2023 Physical mission		
Current Red Flags Assigned:	2		
Current Monitoring Regime:	Enhanced Monitoring- Level I		
Previous Red Flags Assigned:	2		
Previous Red Flags Assigned Date:	2023/02		

2. Project Summary and Objectives

Project objective is to increase access to safely-managed sanitation services in select areas of Dhaka City and to improve DWASA's efficiency for sanitation service delivery.

The project comprises the implementation of the first phase of the Dhaka Sewerage Master Plan, which was

developed during the previous WB supported Dhaka Water Supply and Sanitation Project. The project entails comprehensive investments in sanitation infrastructure combining sewerage systems, wastewater treatment, and pilot measures for improved non-network sanitation. The project is expected to benefit about 1.5 million people, including about 50,000 people in low-income communities.

The project consists of 5 components:

Component 1. Institutional Support for Sanitation Service Delivery (Total cost US\$7.08 million; IDA US\$3.54 million; AIIB US\$3.54 million)

Component 2. Sewerage and Wastewater Treatment (Total cost US\$446.52 million ; IDA US\$154.3 million; AIIB US\$154.3 million; GoB US\$137.92 million)

Component 3. Alternative Sanitation (Total cost US\$8.46 million; IDA US\$4.23 million; AIIB US\$4.23 million)

Component 4. Project Implementation and Management Support (Total cost US\$20.94 million; IDA US\$7.93 million; AIIB US\$7.93 million; GoB US\$5.08 million)

Component 5. Contingent Emergency Response (US\$0)

3. Key Dates

Approval:	Apr. 16, 2020	Signing:	Sep. 01, 2020
Effective:	Feb. 25, 2021	Restructured (if any):	
Orig. Closing:	Jul. 31, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	9.72	Most recent disbursement (amount/date):	5.61/Apr. 11, 2023
Undisbursed:	160.28	Disbursement Ratio (%) ¹ :	5.72

5. Project Implementation Update

The project has started to gain momentum after substantial delays for the past 25 months since the loan's effective date. The disbursement rate improved from 0.7% in December 2022 to 5.72% in May 2023. Major civil works contract packages WD1 (USD 85.98 M), WD2 (USD 39.15 M), and WD3 (USD 21.41 M); and major consulting contract packages SD1 (USD 6.60 M) and SD2 (USD 3.15 M) were awarded in the first semester of 2023. The advance payment of said contracts is in process. The project implementing agency (PIA), DWASA, is targeting the award of the remaining contracts within the third quarter of 2023. Despite procurement and disbursement progress, the project still needs to catch up, as 60% of project implementation time has elapsed. The PIA is working towards mitigating any further project delays (i.e., project award and mobilization) and proactively addressing potential issues in the next steps (i.e., permitting, ROW access, and sludge management). DWASA also flagged the need for the project restructuring to respond to emerging issues such as: (i) cancellation of the component 3 on alternative sanitation and all its target indicators of 100,000 people connected to alternative sanitation services; (ii) extend the project closing date by an estimated 30 months to be able to complete the construction works and achieve project target results (1,400,000 beneficiaries); (iii) cancellation of the support to feasibility studies and bidding documents in the Uttara catchment areas under component 2; (iv) cancellation of the technical assistance for a study for exploring the feasibility of advanced financing options in future infrastructure investments; and (v) substantive price

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

increases for sewer network packages under component 2 – currently estimated at about additional US\$30 million that could warrant an Additional Financing request. Two legal covenant issues remain pending (i.e., the DWASA Organogram and the Tariff Adjustment Framework). The PIA is working to close out the said issues with a management letter to be sent to WB and AIIB. The said letter will be sent out upon approval of the board, targeted for August 2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Institutional Support for Sanitation Services Delivery (USD7.08 million): Capacity enhancement to strengthen DWASA's capacity to manage sanitation services efficiently and increase citizens' engagement to connect to sanitation systems and technical assistance to support coordination in the sanitation sub-sector.	Communications consultant mobilized and due to submit inception report.	Consultant for SD1 have hired and mobilized E&S Specialists. Succeeding monitoring will assess performance for E&S compliance and monitoring Revised i) Environmental, Social and Resettlement Management Framework (ESRMF) and Environmental, ii) Social Impact Assessment (ESIA) , and iii) an expanded scope for a Standard Operating Procedure (SoP) addressing AIIB/WB inputs were submitted. DWASA to disclose the revised instruments on its website by June 30, 2023	SD1 Technical Assistance for Implementation of Communication and Stakeholders' Engagement Strategy : Contract was signed on 22 March, 2023.
Sewerage and Wastewater Treatment (USD446.52 million): Reconstruction of two trunk mains, construction of new secondary and tertiary network as well as construction of a Wastewater Treatment Plant.	Contractors for WD1, WD2, and WD3 engaged and have partially mobilized. Full mobilization awaits advance payment, which under process as of report writing.	Contractors for WD1, WD2, and WD3 have hired and mobilized E&S Specialists. Succeeding monitoring will assess performance for E&S compliance and monitoring.	-#WD1- Reconstruction / Expansion and Operation of Pagla STP.: The contract was approved in CCGP on February 8, 2023. Notification of Award (NOA) was issued on March 16, 2023. Contract was signed on May 16, 2023. The contractor has yet to submit the Advance Payment Guarantee (APG). #WD2 - The contract was signed on January 17, 2023. Advance Payment under process. #WD3 -The contract was

		<p>signed on March 2, 2023. The APG was submitted by the contractor on April 16, 2023 and it was sent to DRCS (SD1) for necessary checking on May 3, 2023. DRCS has certified the APG on May 16, 2023. The Advance Payment is under process.</p> <p>#WD5 and #WD6 (Package WD5A): Technical and Financial proposals were received on March 1, 2023. Financial Proposals were opened on May 17, 2023. Ongoing evaluation Reconstruction/ New Construction/ Rehabilitation of Sewerage Networks- Zone W3 & W4 (Arambagh, Paltan, Shahidbagh, Motijheel)</p> <p>(Package WD5B): Technical and Financial proposals were received on March 15, 2023. Financial Proposals were opened on May 17, 2023. Ongoing evaluation Reconstruction/ New Construction/ Rehabilitation of Sewerage Networks- Zone E1A & E1B (Rampura, Taltola, Bashaboo, Golapbagh, Ahmedbagh, Saidabad etc.)</p> <p>(Package WD6A): The Tender Notice (RFP) was published on December 7, 2022. Proposals were received on March 21, 2023 and the Technical evaluation is on-going. Reconstruction/ New Construction/ Rehabilitation of Sewerage Networks- Zone E2 (Goran, Baganbari, Khilgaon, West Nandipara etc.)</p> <p>(Package WD6B): The Tender Notice (RFP) was</p>
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			published on December 12, 2022. Proposals were received on March 28, 2023 and the Technical evaluation is on-going.
Non-Network Sanitation (USD8.46 million): Testing and demonstration of the feasibility of locally-adapted collection and treatment solutions.	DWASA and the mission agreed to cancel this component under this project. DWASA preparing a restructuring proposal that will cover cancellation of component 3, reallocation of funds to component 2, among other items.	Not triggered due to proposed cancellation of component	Not triggered due to proposed cancellation of component
Project Implementation and Management Support (USD20.94 million): Project management support to DWASA in implementing and monitoring all project-related activities.	Individual consultants to support the PMU have been fully recruited and on-board. Design Review and PMC consultant on-board. PMC consultant mobilized. Due to submit consolidated action plan by July 31, 2023	E&S Consultant staff mobilized, E&S safeguards compliance being established. A Resettlement Consultant will be hired and mobilized by June 30, 2023 A Gender Action Plan (GAP) will be prepared by the PMC by July 31, 2023	#SD1: Consultancy Services for Design Review and Construction Supervision - Contract was signed on January 15, 2023 #SD2: Consultancy Services for Project Management Consultant - Contract was signed on February 13, 2023.
Contingent Emergency Response (USD0 million): A provisional zero amount component to allow for rapid reallocation of loan proceeds for emergency response	Standby component for potential reallocation due to national emergency	Standby component for potential reallocation for national emergency	Standby component for potential reallocation for national emergency

Financial Management:

As per the WB-led mission conducted in May 2023, the overall FM arrangements are deemed moderately satisfactory by WB. One of the most important challenges facing the implementation of the project is FM staffing. Despite agreement during the previous mission to have one Accounts Officer and one Accountant, both full-time, deputed from DWASA, no step has been taken in this regard as of now. With the award of procurement contracts and mobilization of advances to the contractors, it is imperative that full FM staffing

is on board for maintaining propriety in financial transactions, book-keeping, accounting, controls, segregation of duties, efficient management of fund flow, etc. In addition, the need for processing payments through the Central Accounts of DWASA creates another layer and contributes to delays. During the mission's discussion, it was agreed that DWASA will depute the required FM staff immediately, and the FM set up at the project level will be allowed to function independently, bypassing clearance and processing requirements from the Central Accounts. Another significant area of improvement is the prompt formation of the Audit Committee and the very active role of the Committee in discussing audit issues and providing advice and guidance on the appropriate preparation of the audit clarifications. The FM's performance is to be reviewed based on the staffing during the next mission. There continues to be compliance with the financial reporting covenants. Interim Unaudited Financial Reports (IUFRs) up to the March 2023 quarter have been submitted and deemed acceptable by the Bank. The FY12–22 audit report under the project, submitted by the Foreign Aided Project Audit Directorate, was received and reviewed by the Bank.

6. Status of the Grievance Redress Mechanism (GRM)

DWASA established two GRMs, one of which will deal with grievances/complaints about any irregularities in applying the stipulations adopted in the ESRMF and other issues transpiring from the project activities. The second GRM deals exclusively with grievances/complaints that may involve workers employed by the construction contractors and subcontractors/suppliers. They are working on constituting the GRC by June 30, 2023.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Since the first batch of major contracts have only been recently awarded, with award of remaining major contracts still in process, nothing to report for this reporting period.

Remarks:
