

1. Project Data:		Date Posted : 03/24/2014	
Country:	Bangladesh		
Project ID:	P111017	Appraisal	Actual
Project Name:	Bangladesh Padma Multipurpose Bridge Project	Project Costs (US\$M):	2,915 0
L/C Number:		Loan/Credit (US\$M):	1,200 0
Sector Board:	Transport	Cofinancing (US\$M):	1,155 0
Cofinanciers:	ADB, JICA, IDB	Board Approval Date:	02/24/2011
		Closing Date:	08/31/2016 06/29/2012
Sector(s):	Rural and Inter-Urban Roads and Highways (53%); Flood protection (27%); Health (9%); Other social services (9%); Public administration- Transportation (2%)		
Theme(s):	Trade facilitation and market access (38% - P); Infrastructure services for private sector development (25% - S); Urban planning and housing policy (25% - S); Other social protection and risk management (9%); Public expenditure; financial management and procurement (3%)		
Prepared by :	Reviewed by :	ICR Review Coordinator :	Group:
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2. Project Objectives and Components:

a. Objectives:

The Project development objective both in the PAD (page 9) and financing agreement (page 6) were identical, i.e. to connect the south-western region (of Bangladesh) to the rest of the country in order to stimulate economic growth by facilitating inter-regional, cross-river transport of passengers and freight, and transmission of natural gas, telecommunication and electricity in a cost effective manner.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components:

Since the Padma Multipurpose Bridge Project was a cancelled operation before effectiveness only the costs of components at approval are given. There were five components:

Component A: Main Bridge and Approach Roads (US \$1,626.2 Million).

To support construction of the foundation, substructure, and superstructure of the main bridge and services on the bridge, road viaducts, approach roads, toll plazas and bridge end facilities. It was intended to be a "rail ready" road bridge.

Component B: River Training Works (US\$ 799.9 Million).

To support construction of river training works to guide the river and keep it stable under the bridge in the long run.

Component C: Implementation of Social Action and Environmental Management Plans (US\$ 291.9 Million).

To support implementation of the social action plan including the resettlement action plan, and environmental management plan.

Component D: Construction Supervision, Monitoring and Evaluation of the Project Impact and Social and

Environmental Management Plans (US\$ 72 Million).

To provide technical assistance to carry out the construction supervision, monitoring, and evaluation of the project progress, quality, impact, as well as independent supervision of the Social and Environmental Management Plans.

Component E: Project Management Support, Capacity Building of Bangladesh Bridge Authority, Technical Assistance and Training (US\$ 26.0 Million).

To support Bangladesh Bridge Authority's (BBA) efforts in project management, and to strengthen BBA to manage the infrastructure in the long run.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project cost: The total cost of the project including financing and the borrower contribution was estimated to be US\$ 2,915 million.

Financing: Had the project proceeded it was to have been funded by an International Development Association (IDA) credit of US\$ 1,200 million, an Asian Development Bank (ADB) credit of US\$ 76 million and a loan of US\$ 539 million, a Japan International Cooperation Agency (JICA) credit of US\$ 400 million, and a credit of \$ 140 million from the Islamic Development Bank.

Borrower contribution: As the project was terminated the government made no contribution, although an amount of US\$ 560 million had been planned.

Dates: The project was approved on February 24, 2011, but after evidence of corruption came to light and no remedy was put forward by the government, the Bank terminated the legal agreements on June 29, 2012.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:

High The construction of a multipurpose bridge over the Padma River was and remains a top development priority for the Government of Bangladesh that would have benefited both the South Western Region and the country as a whole. It would support economic development and poverty reduction through improved connectivity as well as complementing on-going activities of other development partners and agencies. The key to support economic growth was to ensure there was appropriate supporting infrastructure to serve the dense, but relatively isolated rural population. Accordingly, the project was the centerpiece of the Country Assistance Strategy (2011-2014).

b. Relevance of Design:

Substantial The Bank in consort with other donors had financed an earlier technically similar project, across the Jamuna River. Thus, the Bank had experience in delivering technically complex and challenging operations working with institutions with relatively low capacity and weak governance. According to the Note on a Cancelled Operation Report (page 5), at the decision review meeting, the project team was advised to ensure that the project objective was appropriately linked to measurable outcomes and with more realistic indicators. In addition, the team was commended on the relevance of the project (scope and design). The TTL confirmed this was done.

4. Achievement of Objectives (Efficacy):

The project achieved none of its objectives because it was terminated.

Prior to effectiveness, the Bank launched an investigation into allegations that high-level government officials were arranging to award a project-related contract to a specific consortium, led by SNC Lavalin International, Inc., domiciled in Canada, in exchange for corrupt payments. With the help of the Canadian authorities the investigation ultimately substantiated the allegations. The Royal Canadian Mounted Police arrested and charged two senior officials of SNC Lavalin under the Canadian Corruption of Foreign Public Officials Act. In addition, SNC Lavalin was suspended from eligibility to receive World Bank Group financing, and procedures are underway to sanction the company for corrupt and fraudulent practices in connection with the Padma Bridge project as well as another project in Cambodia.

5. Efficiency:

Non evaluable as the project was not implemented.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

Rate Available?

Point Value

Coverage/Scope*

Appraisal	%	%
ICR estimate	%	%

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Outcome is not rated for projects that do not become effective .

a. Outcome Rating : Not Rated

7. Rationale for Risk to Development Outcome Rating:

Not rated for projects that do not become effective .

a. Risk to Development Outcome Rating : Non-evaluable

8. Assessment of Bank Performance:

a. Quality at entry:

IEG has observed from available documentation that the preparation for this complex, multi -partner and costly project was professional and thorough and included a detailed risk analysis and an economic analysis of options as well as the anticipated macroeconomic impact . There were also comprehensive environmental and social action plans. The Bank team, according to the Note on a Cancelled Operation (page 5) was recognized for its high quality contribution in designing a social program of high standard, while ADB gave the project the "Best Safeguards Performance Award". The team also liaised with staff of the Integrity Vice Presidency during project preparation in order to establish an appropriate process for dealing with any governance related issues expeditiously, whenever they occurred during project implementation .

Quality-at-Entry Rating : Highly Satisfactory

b. Quality of supervision:

The Bank first provided evidence of the alleged corruption to the Government of Bangladesh in September 2011 and the Government referred these allegations to the Anti -Corruption Commission of Bangladesh (ACC). In April 2012, the Bank provided additional evidence, and also established certain conditions that the Government needed to satisfy in order for the Bank to provide the financing expected under the project . A few months later, the Government accepted the conditions and, in response, the Bank agreed that financing for the project could be recommitted once the Government had fully complied with the agreed conditions . One of these conditions was that the Government would agree to the Bank 's appointment of an External Expert Panel (a new tool) that would, inter alia, assess whether a Government investigation into the corruption allegations was "full and fair". In a complementary action, the Bank agreed to send the ACC all evidence of corruption to aid it in its investigation . The ACC produced a report of its progress in December 2012, identifying seven persons who would be investigated for involvement in a criminal conspiracy in relation to the project . In January 2013, the External Expert Panel informed the ACC that its investigation could not be considered "full and fair" as long as it failed to include amongst those to be further investigated one other senior Government official . In response, on January 31, 2013, the Government subsequently informed the Bank that it was withdrawing its request for Bank financing for the project.

The Bank extended the effectiveness deadline twice, to allow the Government to remedy the situation . It endeavored to agree with the Government on certain timely and appropriate conditions including the launch of a credible, full and fair investigation and the placement of public officials suspected of involvement in the corruption scheme on leave from employment during the course of the investigation to cure the breach of contract that occurred under the Legal Agreements . The breach concerned the failure to adhere to the obligation to carry out the project in accordance with IDA 's Anti-Corruption Guidelines and the Procurement /Consultant Guidelines, set forth in the Financing Agreement. However, in the light of the inadequate response by the Government, the Bank decided to terminate the legal agreements related to the project with effect from June 29, 2012.

No mention was made in the text of the Note on a Cancelled Operation of the cost of staff and consultants' time and cost in preparing and investigating this fruitless project, although according to Annex 1 (b) this amounted to almost a million US dollars for the World Bank alone . Moreover one of the lessons proposed in the Note refers to

the fact that some co-financiers perceived the Bank to have taken a unilateral approach without reaching out to them, especially the final decision to terminate the project . In a letter from the Ministry of Finance of Bangladesh to the ADB dated January 31, 2013 it was indicated that the Government may proceed without the World Bank, but might have to scale down the original proposal .

Quality of Supervision Rating : Moderately Satisfactory

Overall Bank Performance Rating : Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The performance of the Government on the preparation aspects of the project was satisfactory showing strong commitment. However, the allegation of corruption during the procurement bidding process impacted project implementation at a very early stage. Even though the Government was provided with evidence to undertake its own investigation of the corruption allegations, the Bank assessed that the investigation was not sufficient in scope to constitute a full and fair investigation of the allegations and, therefore, would not demonstrate sufficient commitment to ensuring that Bank -provided project resources would be utilized for the intended purposes.

Government Performance Rating Unsatisfactory

b. Implementing Agency Performance:

The performance of the implementation Agency (BAA) and the project management unit technical staff was satisfactory during preparation as was the first implementation support mission progress report (July 2011). Procurement of various contracts at that time were in an advanced stage, and the social programs were making progress in the payment of compensation funds; the development of the resettlement sites that includes land leveling, a market, primary school, health clinic, electric sub -station, water tower and a mosque . The institutional mobilization for the social program included the establishment of a fully -staffed field resettlement office and recruitment of the implementing NGOs. However, the corruption allegations during the procurement bidding process subsequently overwhelmed the project and ultimately led to the cancellation of the financing arrangements.

Implementing Agency Performance Rating : Unsatisfactory

Overall Borrower Performance Rating : Unsatisfactory

10. M&E Design, Implementation, & Utilization:

a. M&E Design:

An extensive results and monitoring framework was developed for each component . Following advice at the decision review meeting, the project team ensured the project objective was better linked to measurable outcomes and with more realistic indicators .

b. M&E Implementation:

The project was not implemented .

c. M&E Utilization:

The project was not implemented .

M&E Quality Rating : Non-evaluable

11. Other Issues

a. Safeguards:

This was a Category A project triggering an Environmental Assessment (OP/BP 4.01) and safeguard policies on Natural Habitats (OP/BP 4.04), Forests (OP/BP 4.36), Cultural Resources (OP/BP 4.11), and Involuntary Resettlement (OP/BP 4.12). The proposed project potentially affected 76,211 people in 13,526 households, involving the relocation of 20,972 people in 3,886 households. The estimated cost was US\$ 273.2 million. Annexes 7 and 8 of the PAD document extensive and through preparation including an Environmental Impact Assessment in which alternative schemes were modelled, and a Social Action Plan, a Resettlement Action Plan, a Gender Action Plan and a Public Health Action Plan.

b. Fiduciary Compliance:

The project complied with normal Bank fiduciary standards.

c. Unintended Impacts (positive or negative):

The project though it failed has had consequences for not only the Bangladesh Program, but also for the global fight against corruption. These include measures to reduce exposure to fraud and corruption risks, such as avoiding financial engagement with high-risk areas/agencies, and undertaking more selective lending. In addition, the Bank's administrative budget has been reallocated to better detect and deter fraud and corruption, including use of independent forensic accounting for improved financial management. In Bangladesh and elsewhere customized governance and accountability action plans for all new operations are now possible.

d. Other:

12. Ratings:	ICR	IEG Review	Reason for Disagreement / Comments
Outcome:	Not Rated	Not Rated	
Risk to Development Outcome:	Non-evaluable	Non-evaluable	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Performance :	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons:

- The Padma Bridge project showed that for the Bank to remain engaged where poverty is pervasive, it must encourage new ways to minimize risks and promote change in an ingrained culture of corruption. The Bank has since developed an action plan to enhance safeguards to reduce fraud and corruption risks in the Bank-wide program, which intends to redouble efforts to build country systems to manage these risks, and to achieve greater transparency through access to information and greater citizens' engagement.
- Long-term strengthening of country systems and capacities is the most sustainable means of managing risks, improving governance and fighting corruption. While most of the Bank's activities in Bangladesh support both systems and capacity development, the Bank's post-Padma Action Plan calls for greater effort at strengthening government performance in budget formulation and management as well as public procurement, oversight by parliament and supreme audit institutions, strengthening of banking supervision and payment systems, and decentralized local government systems.
- It is important that the Bank works more closely with other co-financiers not only in the preparation and implementation of projects, but also in the formulation of its remedies and corrective actions in corruption

cases.

- The use of External Expert Panel to assist the Anti-Corruption Commission introduced a new tool in the Bank's toolkit to find ways of working with country authorities to tackle fraud and corruption when it is uncovered . Although in this case the outcome of the panel's work did not lead to a successful resolution to continue with IDA financing, the new mechanism is intended to assist in ensuring a free and fair process that can provide independent expert advice and an outside perspective .

14. Assessment Recommended? Yes No

15. Comments on Quality of ICR:

This was a report on a cancelled operation, not an ICR . It was concise and to the point and logically explained the course of events that led to the decision to terminate the legal agreements and cancel project financing . Some useful lessons are also put forward and some interesting insights into the excellent preparatory phase . No mention was made, however, in the text of the Note on a Cancelled Operation of staff and consultants' time and cost in preparing and investigating this fruitless project, although according to Annex 1 (b) this amounted to almost a million US dollars for the World Bank alone. Moreover, the Bank performance section fails to mention the difficulties in insufficiently communicating with co-financiers, even though there was a lesson on this topic .

a.Quality of ICR Rating : Satisfactory