



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/BANGLADESH'S INTEGRATED PROTECTED AREA CO-MANAGEMENT PROJECT

AUDIT REPORT NO. 5-388-11-008-P
JULY 21, 2011

MANILA, PHILIPPINES



Office of Inspector General

July 21, 2011

MEMORANDUM

TO: USAID/Bangladesh Mission Director, Richard Greene

FROM: Regional Inspector General/Manila, Bruce N. Boyer /s/

SUBJECT: Audit of USAID/Bangladesh's Integrated Protected Area Co-management Project (Report No. 5-388-11-008-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we considered your comments on the draft audit report and included the comments in their entirety in Appendix II.

The audit report contains three recommendations to assist the mission in improving its oversight and management of the Integrated Protected Area Co-management Project. On the basis of information provided by the mission in response to the draft report, we determined that a management decision has been reached on recommendation 2 and final action has been achieved on recommendations 1 and 3. Please provide the Audit Performance and Compliance Division of USAID's Office of the Chief Financial Officer with evidence of final action to close the open recommendation.

I want to thank you and your staff for the cooperation and courtesies extended to us during this audit.

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Abbreviations

The following abbreviations appear in this report:

COTR	contracting officer’s technical representative
DPP	Development Project Proforma
FY	fiscal year
IPAC	Integrated Protected Area Co-management
USDA	U.S. Department of Agriculture

SUMMARY OF RESULTS

Bangladesh's natural resources are currently under extreme pressure. Bangladesh has one of the highest population densities in the world:¹ Its estimated population of nearly 162 million (about half the size of the U.S. population) lives in an area roughly the size of the state of Iowa. In addition, Bangladesh's unique geography has made it one of the countries most vulnerable to global climate change. Global climate change is expected to bring dramatic changes to the country's ecosystems, including increased flooding in the country's lower elevations. It is estimated that by 2050, nearly 8 percent of the low-lying lands may be permanently inundated. Further, USAID has identified that nearly 70 percent of the country's population, mostly the rural poor, are highly dependent on natural resources from the country's wetlands and forests for their livelihoods, making climate change both an environmental and a development issue. These factors have put pressure on the country's remaining natural resources. An estimated 95 percent of the country's forest and 50 percent of its freshwater wetlands have already been lost or degraded. Management and restoration of Bangladesh's natural resources are essential for the country's continued development.

To support the management and restoration of Bangladesh's natural resources, USAID/Bangladesh initiated the Integrated Protected Area Co-management (IPAC) Project. The project is being implemented through a \$12.8 million contract with the International Resources Group, covering a 5-year period from June 5, 2008, to June 4, 2013. As of November 30, 2010, the project's cumulative obligations and disbursements totaled \$7.6 million and \$4.6 million, respectively. The project seeks to contribute to the sustainable management of natural resources and biodiversity conservation in targeted forest and wetland landscapes, preserving the country's natural resources while promoting equitable economic growth.

To achieve these goals, the project is designed to increase natural resource co-management. The co-management concept of natural resource administration, introduced by previous mission-funded environmental projects, establishes the idea of participation by local communities and government officials in developing sustainable management practices for natural resources. These goals are to be achieved through three major project components: (1) developing an integrated protected area co-management strategy for Bangladesh's protected areas; (2) building stakeholder and institutional capacity; and (3) implementing site-specific programs such as conducting alternative income generation activities, assisting in the sustainability of existing project sites, and establishing new project sites in ecologically critical areas. The project works with three Government of Bangladesh departments: the Forestry Department, the Department of Environment, and the Department of Fisheries.

The objective of the audit was to determine whether the IPAC Project was achieving its goals of (1) developing an integrated co-management strategy for protected areas, (2) building institutional capacity, and (3) increasing the total area of protected forest and wetlands under co-management.

The audit determined that the project has made progress in achieving its main goals, specifically by (1) developing a national protected area co-management strategy, (2) building government

¹ Refer to website http://en.wikipedia.org/wiki/List_of_sovereign_states_and_dependent_territories_by_population_density

and local community capacity in protected area co-management and in providing alternative forms of income generation, and (3) expanding the total area under co-management.

The national co-management strategy, developed with project assistance, is to provide a framework for using co-management practices to integrate the conservation of all protected areas in Bangladesh. Additionally, the project successfully assisted the development or reform of 15 laws and regulations to expand co-management practices within Bangladesh. According to the implementing partner, these laws and regulations seek to strengthen environmental protection and decentralize natural resource management, and include the declaration of nine new protected areas and a new policy granting 50 percent of revenues from entry fees to protected areas to finance local community development.

Similarly, the project has helped build institutional capacity by providing training to government departments and community members to develop co-management skills within the protected areas and to help community members develop alternative income generation skills. As of November 30, 2010, the project had trained 11,313 participants in subjects such as the concept of co-management in protected areas, natural resource management and biodiversity conservation, and adaptation to and mitigation of climate change. The project also trained community members in developing alternative income generation skills such as home vegetable gardening, bamboo product development, pond fish culture, and native cloth weaving. In addition, the project conducted training to develop a network of trainers from the local community and enhance their competence as specialized trainers.

Lastly, the project has been successful in expanding the total area of protected forest and wetlands under co-management. At the inception of the project, eight protected areas—five forest and three wetland protected area sites—were working under co-management principles. These sites accounted for an area of roughly 24,000 hectares under improved management. As of November 2010, the implementer reported that co-management activities were taking place in 25 protected areas, which account for nearly 181,000 hectares under co-management.

Despite these successes, the audit has noted three areas where improvement is needed: (1) the numerous co-management organizations established under the project do not have a sustainability plan, (2) the Government of Bangladesh may not be able to provide \$2.4 million in matching funds for habitat restoration and small infrastructure activities, and (3) the project is not in compliance with its approved branding and marking plan.

- *Sustainability of co-management organizations has not been fully addressed.* Even though sustainability is a key component for the project's success and is crucial for the continued management and restoration of Bangladesh's natural resources, sustainability concerns have not yet been fully addressed. Although the project has made progress in developing alternative income generation activities for communities that depend on protected areas for their survival, it currently does not have a clear vision or plan for the sustainability of the co-management organizations it has helped to establish (page 4).
- *Matching government funds may not be available.* An agreement between the Government of Bangladesh and USAID states that the Government of Bangladesh will provide matching funds equal to 25 percent of the total estimated contribution by USAID. These funds were to be used primarily for habitat restoration and small infrastructure activities, both of which are important for the project's overall success (page 5).

- *The implementer has not complied with the project branding and marking plan.* Under USAID regulation ADS 320.1, “branding” refers to how a program or project is named and identifies the sponsor of the work, whereas “marking” refers to applying graphic identities or logos to program materials or project signage to visibly acknowledge organizations supporting the work. However, the project implementer has been co-branding the USAID-funded project using a local network name and logo without formal mission approval, an action that could dilute the public perception of USAID’s role in the project (page 6).

The audit report therefore makes three recommendations to improve the mission’s implementation of the project. The report recommends that USAID/Bangladesh—

1. Direct the implementer to prepare a sustainability plan for the project’s co-management organizations.
2. Develop and implement an action plan to obtain government-matched funds for the project’s habitat restoration and infrastructure activities.
3. Require the implementing partner to comply with the branding and marking plan and submit a written request to the mission for a waiver to use the network name and logo on project documents and signage.

Detailed findings follow. An evaluation of management comments appears on page 9. Appendix I describes the audit’s scope and methodology. The mission’s written comments, without attachments, on the draft report are included as Appendix II.

AUDIT FINDINGS

Sustainability of Co-management Organizations Has Not Been Fully Addressed

The contract with the International Resources Group expects that co-management organizations involved with the project will become sustainable, transparent, pro-poor, and equitable. The contract also specifies that the Government of Bangladesh will develop and approve pragmatic conservation mechanisms that will mainstream conservation financing, a key factor in the sustainability of these organizations. As of November 2010, the implementer reported working with 34 co-management organizations, made up of elected representatives from each of the villages in the co-management organization designated area. Traditionally, these villages have depended heavily on protected areas for their subsistence, and the co-management organizations are designed to bring villagers together with government officials to make decisions regarding the management of their protected area. The organizations also serve a vital role in identifying local community members to serve in community patrols of the protected areas and to receive alternative income generation training.

Although the implementer has not developed a sustainability plan for the co-management organizations involved with the project, it has worked with the Government of Bangladesh to develop a few components that can later be incorporated into sustainability plans. One of the components has been the development and implementation of legislation that provides the co-management organizations with half of the revenue from entrance fees that the Forestry Department collects from visitors to the protected areas. These funds are intended to give these organizations the means to support themselves and to provide for community needs, such as infrastructure improvements and additional alternative income generation training. Co-management organizations associated with the larger, better-established, and best-known protected areas have benefited the most from this legislation; however, not all sites are expected to benefit equally. Smaller sites and sites that are farther from large population centers expect fewer visitors, and as a result they are not expected to benefit as much or at all from these funds. The project has also looked into carbon trading as another source of revenue for the co-management organizations, but it has determined that this alternative is not viable at this time.

At the time of the audit, the implementer had not focused on sustainability, stating that it intended to address sustainability in the final 2 years of the project. However, without a sustainability plan or other mechanisms to promote the financial viability of the co-management organizations, it is uncertain how many of these organizations will be able to operate on their own after the project ends. The project was designed to establish a co-management strategy in which the government and the local communities come together to manage the country's natural resources. However, if the co-management organizations do not have a means of self-support, they will most likely fall apart, negating the entire intent of the project. To address this concern, this audit makes the following recommendation:

Recommendation 1. *We recommend that USAID/Bangladesh direct the International Resources Group to prepare a sustainability plan for the co-management organizations that will identify potential barriers to sustainability, and describe the project's plans to overcome such barriers.*

Matching Government Funds May Not Be Available

In 2007, the Government of Bangladesh and USAID signed an environmental program objective agreement for the IPAC project, which stipulated that the Government of Bangladesh would contribute approximately \$2.4 million, equal to 25 percent of the total estimated contribution by USAID. These matching funds were to be provided through host-government cash contributions or in-kind assistance. Additionally, the project's contract specifies that the matching government-provided funds are expected to be used primarily for habitat restoration and infrastructure programs.

Originally, funds resulting from a 2001 U.S. Department of Agriculture (USDA) debt reduction agreement with the Government of Bangladesh were to be used as the matching government funds in the project. As of the end of fiscal year (FY) 2010, these debt reduction agreement funds totaled approximately \$2.4 million, all of which was earmarked for the IPAC project. However, release of these government funds was dependent upon the approval of three separate host-government Development Project Proforma (DPP)² documents for the three host-government departments working with the project (Forestry Department, Department of Fisheries, and Department of Environment). The approval process for these documents was lengthy, taking an average of 2 years to complete, and as of June 2010 only the Forestry Department DPP had been approved. The Department of Fisheries and the Department of Environment DPPs are still pending, although department representatives stated that they expect their DPPs will soon be approved.

However, to complicate matters, near the end of FY 2010, USDA sought to zero out the funds on account with the Government of Bangladesh, and recommended that the remaining unspent debt reduction agreement funds be redirected to another project. In a letter to the Government of Bangladesh, USAID concurred with USDA's recommendation and stipulated that the Government of Bangladesh come up with alternate funding for the project's matching funds. The availability of these alternate funds is still uncertain.

Without the matching government funds, the project will not be able to proceed as originally intended. The implementation of the project's habitat restoration and small infrastructure activities is budgeted through the matching government funds, not in USAID's portion of the project. These activities include the following:

- Afforestation³ of 600 hectares to serve as buffer zones and to provide fruit and fodder for wildlife
- Excavation for the removal of silt to restore wetland areas
- Construction of nine new staff barracks and five office buildings at various protected areas for Forestry Department personnel
- Construction of visitor interpretation centers and watchtowers in wetland areas

² The DPP is a detailed Government of Bangladesh project proposal that includes project descriptions, planned activities, and proposed budgets.

³ Afforestation is the process of converting bare or cultivated land to forest.

- Improved infrastructure at existing sites, such as construction of washrooms, ticket counters, and information kiosks

One example of an activity that will be negatively impacted by the lack of matching government funds is the rehabilitation of wetlands near the community of Kalapur. The audit team conducted a visit to this area and met with community members from several villages, which make up two co-management organizations in Kalapur. These co-management organizations were established by one of IPAC's predecessor projects. Wetlands rehabilitation begun under the IPAC predecessor project included excavations to provide more water for fish during the dry season and planting swamp forest trees to provide habitat for fish and other wildlife. In addition, measures were taken to reduce the pressure from fishing in the wetlands, such as introducing a fishing ban when fish are spawning and facilitating alternative income generation activities for community members.

During the site visit, community members stated that they had significantly benefited from the restoration activities. Fish had become more abundant; the community members stated that fishermen used to spend days out on the water to catch the same amount of fish that they now catch in just a few hours. However, the rehabilitation activities in the wetlands are not complete. The previous project identified and prepared plans for more excavation and tree plantings to continue the rehabilitation. Excavation projects in several wetland areas are currently part of the Department of Fisheries' proposed DPP, one of the three DPPs that the matching government funds are expected to cover. Without such government funding, rehabilitation activities such as the one described above and certain infrastructure activities likely will not continue. The lack of these activities will significantly affect the project's success, as these activities will provide needed habitat restoration and infrastructure improvements and are essential for the successful implementation of the co-management concept. To address these concerns, this audit makes the following recommendation:

Recommendation 2. We recommend that USAID/Bangladesh, in conjunction with the Government of Bangladesh, develop and implement an action plan to obtain required government-matched funds for the project's habitat restoration and infrastructure activities.

Implementer Has Not Complied With the Project Branding and Marking Plan

The project's branding and marking plan⁴ stipulates that co-branding with a local project name to emphasize local government oversight and leadership would be considered on a case-by-case basis by the contracting officer's technical representative (COTR), contracting officer, and chief of party. Additionally, if a decision was made to adopt an alternative project name in order to enhance host-government ownership, a waiver request would be made to allow such a deviation from the guidelines.

⁴ "Branding" refers to how a program or project is named and positioned, who it is from; it identifies the sponsor of the work. "Marking" refers to applying graphic identities or logos to program materials or project signage to visibly acknowledge contributors; it identifies organizations supporting the work. [USAID regulation ADS 320.1]

However, the IPAC project is not in compliance with these co-branding stipulations. Project site signs, printed materials, and even its Web site are branded with a local project name and logo that has not been approved by the mission.

This local project name and logo were developed to bring all of the country's environmentally protected areas under a single strategic management platform or network. As previously noted, the project is currently working with three host government departments. Prior to the project, these three departments had worked separately, each implementing its own policies and procedures. These departments, with assistance from the project, have now come together to establish a unified strategy on how to manage the country's natural resources. Accordingly, these departments agreed to name this protected area network the "Nishorgo Network." ("Nishorgo" means environment in Bengali.) The creation of this network serves two purposes: (1) bringing key players from the Government of Bangladesh and local communities together and (2) enhancing the potential to leverage financing from other donors. The implementer reported the naming of this network in its quarterly report to USAID for the period ending February 2010. Since then, the project has released co-branded publications that include the name and logo of the new network. The network name and logo also appear prominently on project activity signboards (see photo below) and on the project's Web site; however, the implementer has never formally requested a waiver from the mission to co-brand the project.



This sign, used by the project to identify activity sites, shows the Nishorgo Network name and logo (top center) and the names and logos of USAID and the host-government partner departments across the bottom. (Photo by Office of Inspector General, February 2010)

In August 2010, a new chief of party for the implementer arrived. He realized that a waiver to use the network's new name and logo might be required. At that time, the implementer began discussions with the mission about the need for a waiver to co-brand the project with the network name. The project's COTR has requested, but not received, guidance from the mission's Program Office on how to proceed on the matter. The Program Office has concerns

about the co-branding of the project and is unsure what should be done. The primary concern is that using the network's name and logo on project documents and signage will weaken or dilute the public's perception of USAID's role in the project. At the time of the audit fieldwork, the Program Office had contacted USAID/Washington's branding champion team to obtain guidance on the matter.

The lack of clear guidance on this branding and marking dilemma has caused the implementing partner to slow production of many of its mass communication materials such as information posters and notebooks, which has slowed project implementation. Additionally, coherence between the key parties may be lost if the mission decides that the implementing partner must discontinue use of the Nishorgo Network name and logo. To address these concerns, this audit makes the following recommendation:

Recommendation 3. *We recommend that USAID/Bangladesh require the International Resources Group to comply with the branding and marking policy and submit a written request to the mission for a waiver to use the Nishorgo Network name and logo on appropriate project documents and signage.*

EVALUATION OF MANAGEMENT COMMENTS

The Office of Inspector General has reviewed the mission's response to the draft report and determined that final action has been achieved on the first and third recommendations and that a management decision has been reached on the second recommendation. The status of each recommendation is discussed below.

For recommendation 1, the mission instructed its contractor to prepare a sustainability plan for the co-management organizations. The contractor prepared a fourth annual workplan that significantly addressed the sustainability issues. The mission approved the workplan on June 23, 2011. As a result, we determined that final action has been achieved on this recommendation.

For recommendation 2, the mission has exchanged a series of letters with the Government of Bangladesh regarding government-matched funds for the project. In the most recent letter, the mission proposed several possible funding sources for the project. The mission intends to develop an action plan in conjunction with the Government of Bangladesh after receiving a response to its most recent letter. We expect the mission to develop the plan and begin its implementation by July 15, 2012. Therefore, we determined that a management decision has been reached on this recommendation.

For recommendation 3, USAID/Bangladesh has received approval from USAID in Washington to permit co-branding of the IPAC project. Therefore, we determined that final action has been achieved on this recommendation.

SCOPE AND METHODOLOGY

Scope

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this audit was to determine whether USAID/Bangladesh's Integrated Protected Area Co-management (IPAC) Project was achieving its goals of (1) developing an integrated co-management strategy for protected areas, (2) increasing institutional capacity building, and (3) increasing total area under co-management.

To implement the project, USAID awarded a \$12.8 million contract to International Resources Group, covering a 5-year period from June 5, 2008, through June 4, 2013. Under this contract, the project is to achieve its goals through three major components: (1) developing a coherent integrated protected areas co-management strategy, (2) building stakeholder and institutional capacity, and (3) implementing site-specific programs.

The audit covered project activities over roughly a two-and-a-half-year period, from the inception of the project on June 5, 2008, through November 30, 2010. The cumulative obligations and disbursements under the project totaled \$7.6 million and \$4.6 million, respectively, as of November 30, 2010.

Audit fieldwork was performed at the USAID/Bangladesh mission as well as at the contractor's office in Dhaka from January 23 to February 16, 2011. We also interviewed key officers of two Government of Bangladesh counterpart agencies in Dhaka. The audit team conducted field trips over the course of six days through two of the five project clusters. During these trips, we visited six protected areas and 10 neighboring communities and obtained input from the contractor's field staff, officers and members of 16 community-based organizations, beneficiaries of 15 alternative income generation interventions, and six field officers from two government agencies.

In validating reported results for eight selected performance indicators through testing, we checked the data reported during the period covered by the audit against supporting records on file with the contractor. Testing was based on a judgmental sample basis. The results and overall conclusions related to this analysis were limited to the items tested and cannot be projected to the entire audit universe.

In planning and performing the audit, we assessed relevant controls that the mission used to manage the program and ensure that its contractor was providing adequate oversight of program activities. Additionally, we examined the mission's FY 2010 annual self-assessment of management controls, which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982,⁵ to determine whether the assessment cited any relevant weaknesses.

⁵ Public Law 97-255, as codified in 31 U.S.C. 3512.

Methodology

To determine whether the project was achieving its goals, we interviewed key personnel from USAID/Bangladesh, the contractor, and various government officials from the national and field levels involved in the activities under the project. We also reviewed relevant documents at both the mission and the contractor. These documents included the contract between USAID/Bangladesh and International Resources Group and subsequent contract modifications, annual contractor performance reports, data quality assessment, performance management plans, annual work plans, quarterly and annual progress reports, and financial reports and records.

The contractor was using Excel spreadsheets to monitor and report progress achieved on performance indicators. We focused on eight performance indicators in the performance management plan to verify the accuracy and reliability of the reported performance data. We interviewed mission and contractor staff regarding processes for collecting, verifying, and reporting performance results.

To test the reliability of the reported project results, we reviewed the results data reported under the sampled eight performance indicators from the inception of the project in June 2008 through November 2010. This process entailed a review of the cumulative results data contained in the project's quarterly progress report indicator charts for the quarter ending November 30, 2010. We then checked the data against the figures recorded in the program's database (Excel spreadsheets) and in supporting source documents on file with the contractor.

In addition, we conducted site visits to obtain input from project stakeholders on the ground level (including members and project beneficiaries from community-based organizations, field officers from government agencies, and contractor's field personnel) and to observe project-related activities carried out in 10 communities benefiting from the project's activities.

MANAGEMENT COMMENTS



USAID
FROM THE AMERICAN PEOPLE

BANGLADESH

June 28, 2011

MEMORANDUM:

TO: Bruce N. Boyer, Regional Inspector General/Manila

FROM: Dennis Sharma, Acting Mission Director, USAID/Bangladesh /s/

SUBJECT: Boyer/Rollins Memorandum dated May 31, 2011, Subject: Audit of USAID/Bangladesh's Integrated Protected Area Co-management Project (Report No. 5-388-11-XXX-P)

USAID/Bangladesh response to subject recommendations:

Recommendation 1: We recommend that USAID/B direct IRG to prepare a sustainability plan for co-management organizations (CMOs) that will identify potential barriers to sustainability and describe the project's plan to overcome such barriers.

Management Decision: USAID/Bangladesh concurs with this recommendation and instructed International Resources Group (IRG) to develop a Co-Management Organization (CMO) sustainability plan. IRG submitted its workplan for the period of June 1, 2011 through May 31, 2012 which significantly addresses sustainability issues of CMOs (see Attachment 1). Specifically, the plan lays out concrete steps for moving toward sustainability of co-management for protected area conservation across Bangladesh at both the policy and field levels. Special emphasis will be given to the preparation and implementation of co-management sustainability plans covering all 25 IPAC sites. These plans, built into the broader co-management Protected Area plans (or the Integrated Resources Management Plan for the Sundarbans 3 wildlife sanctuaries), include institutional capacity building and human resource development; sustainable financing; knowledge sharing and networking and policy support. The Mission approved IRG's workplan on June 23, 2011 (see Attachment 2). A summary of the plan is below:

Sustainability Plans for Co-Management Organizations

IPAC is taking proactive steps to ensure co-management organizations can sustain effective conservation and development objectives beyond the life of the project. Specific measures include the following:

U.S. Agency for International Development
U.S. Embassy
Madani Avenue, Baridhara
Dhaka-1212, Bangladesh

Tel: (880-2) 885-5500
Fax: (880-2) 882-3648
www.usaid.gov/bd

Preparation of site-specific sustainability plans covering IPAC's 25 sites. This includes the incorporation of a specific sustainability section in each of the 22 Protected Area (PA) co-management plans currently under development for 17 forest and 5 wetland PAs. IPAC notes that sustainability is already addressed in the Sundarbans IRMP covering that area's 3 protected areas.

Institutional capacity building & human resource development for sustainability is central to IPAC's CMO and community group capacity building and training initiatives in Program Year (PY) 4 and 5. Special emphasis is given to organizational and financial management. A performance monitoring scorecard for CMOs has been developed to efficiently guide progress toward sustainability.

Establishment of long-term and integrated financing mechanisms is being developed to cater to the specific opportunities of each Protected Area. It includes registration of all CMOs with the Department of Social Welfare so that they can generate and manage funds. Fund raising opportunities include strengthening of entrance fee revenue sharing and eco-tourism opportunities in parks with significant or growing numbers of visitors; preparation of a broad-based revenue sharing policy for Sundarbans CMOs; scaling-up of social forestry opportunities to generate revenues while also re-greening the landscape; leveraging an expansion of Arannayk Foundation support for CMOs working on conservation of tropical forests; linking CMOs to GoB budget support opportunities; and leveraging further donor and private sector support to expand and sustain the co-management platform.

Development of a policy and regulatory framework supporting Nishorgo Network, clarifying co-management as Bangladesh's PA conservation approach and identifying opportunities for GoB financial and technical support to utilize and sustain CMOs as effective partners.

Knowledge sharing & networking of CMOs to build a national voice and platform for CMOs in order to more effectively influence GoB policy and financial support for co-management of PA conservation.

With the actions taken above, USAID/Bangladesh request closure of this recommendation.

Recommendation 2: *We recommend that USAID/Bangladesh, in conjunction with the Government of Bangladesh, develop and implement an action plan to obtain required government-matched funds for the project's habitat restoration and infrastructure activities.*

Management Decision: USAID/Bangladesh concurs with this audit recommendation. USAID/Bangladesh received a written request from the Economic Relations Division (ERD) of Ministry of Finance to reallocate 416(B) local currency funds from forest conservation to the health sector on September 30, 2010 (see Attachment 3). USAID/Bangladesh concurred with this request with the explicit understanding and commitment from the ERD that Government of Bangladesh (GOB) will support the IPAC project with its own resources (see Attachment 4). USAID, letters dated January 17, 2011 (see Attachment 5) and April 28, 2011 (see Attachment 6), reiterated that matching funds must come from GOB's own resources. In addition, USAID/Bangladesh has also held a series of meetings to discuss the issue with ERD and relevant GOB ministries. The last meeting was held on May 30, 2011 with USAID/Bangladesh Mission Director with State Minister, Ministry of Environment and Forest (MOEF) which was followed by an official letter on May 31, 2011 (see Attachment 7). Through this letter USAID/Bangladesh requested MOEF to consider funding IPAC from the Bangladesh Climate Change Trust Fund (BCCTF) or the Bangladesh Climate Change Resilience Fund (BCCRF). USAID/Bangladesh is currently waiting for a response from the MOEF. An action plan will be developed in conjunction with the GOB based on the GOB response.

With the above actions the Mission has reached a management decision.

Recommendation 3: *We recommend that USAID/Bangladesh require the International Resources Group to comply with the branding and marking policy and submit a written request to the mission for a waiver to use the “Nishorgo Network” name and logo on appropriate project documents and signage.*

Management Decision: USAID/Bangladesh concurs with this recommendation. This issue was raised when the project submitted communication materials for USAID clearance in October 2010. As the project was not following the approved Branding and Marking Plan, USAID/Bangladesh sought and received guidance and approval from LPA/AA on co-branding by IPAC of Nishorgo Network along with USAID and GOB partners on May 4, 2011 (see Attachment 8).

With this action the Mission requests that the recommendation 3 be closed.

Attachments: as stated.

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