

Ex-Ante Evaluation (for Japanese ODA Loan)

1. Name of the Project

Country : The People's Republic of Bangladesh

Project : Urban Development and City Governance Project

Loan Agreement : 12, August, 2020

2. Background and Necessity of the Project

(1) Current State and Issues of the Urban Development and City Governance Sector in Bangladesh

Bangladesh has been experiencing rapid urbanization since independence in 1971. In 2016, 35% (57 million) of total population of the country lived in urban area. The urban population growth rate is 3.1% per annum, much higher than total population growth rate of 1.1% (World Bank 2018). The urbanization results from three main factors: expansion of urban areas, migration of rural population to urban areas and population growth within the urban areas, all of which are expected to continue at a similar or accelerated pace.

Local governments in Bangladesh are divided into two categories: urban local bodies (ULBs) and rural local bodies. For the ULBs, there are 12 City Corporations, followed in size by Paurashavas (municipalities). The regions under the jurisdiction of these ULBs play a role in driving the country's economic development as centers of industry, although, at the same time, their infrastructure, such as roads, water supply, sewerage, and waste management, has not kept pace with the rapid population growth, making the development of such infrastructure a pressing issue. However, problems have been pointed out in the infrastructure development conducted by ULBs, such as insufficient cooperation with central government agencies (e.g. public corporations for urban development and water supply), delays in budget approval and land acquisition at the project implementation stage, and the absence of operation and maintenance systems after completion of these projects. There is also a lack of necessary funds, personnel, and technical capacity for the functions that should be undertaken by the ULBs, as required by law; a system for developing infrastructure and providing government services has not been created adequately.

The Government of Bangladesh's Seventh Five Year Plan (2016/17-2020/21) identifies strategies to strengthen urban functions including the formulation of comprehensive development plans, the transfer of authority from central to local governments, and the provision of high-quality services by strengthening the capacity of ULBs. The plan also points out the need to develop an integrated wastewater infrastructure and an effective waste management system, as well as to improve the fiscal structure and budgeting process. Through the implementation of the ODA Loan Inclusive City Governance Project (Loan Agreement signed in 2014) (hereinafter

referred to as “ICGP”), and the Technical Cooperation Project for Capacity Development of City Corporations (2015-2020) (hereinafter referred to as “C4C”), JICA has provided support for developing infrastructure and improving capacity for basic governance in the City Corporations of Bangladesh. However, in order to cope with further urbanization, there is a strong need to improve the capacity of ULBs in the formulation of urban development plans, the formulation and management of budgets for development projects, project management, and the creation of project maintenance systems.

The Urban Development and City Governance Project (hereinafter referred to as “the Project”) will target four ULBs. This includes three City Corporations newly established after 2011, which are undergoing rapid urbanization (Narayanganj and Gazipur, which are located in the Dhaka metropolitan area and expected to grow continuously, and Cumilla, which is close to the Indian border at an important junction roughly halfway between Dhaka and Chattogram). It also includes Cox’s Bazar (Paurshava), which is expected to grow further as a hub for the southern end of the Bay of Bengal Industrial Growth Belt (BIG-B) Initiative, and also serves as a base for supporting the influx of displaced people from Myanmar. The Project will provide support for strengthening the governance capacity of ULBs, as related to improving infrastructure and urban development, and is positioned as an important project for strengthening the ULBs of Bangladesh.

(2) Japan and JICA’s Policy and Operations in the Urban Development and City Governance Sector

The JICA Country Analysis Paper for Bangladesh (March 2019) identifies a priority issue as “the provision of support that aims for balanced development in cities that play a major role in driving growth, in light of increasing urbanization.” Japan’s Country Assistance Policy for Bangladesh (February 2018) sets forth a priority area of “accelerating inclusive economic growth towards becoming a middle-income country,” also stating that “in order to improve governance, which has been an issue for some time, efforts should be made to strengthen government functions and improve administrative services in all areas of support.” The Project is thus consistent with this analysis and policy.

In addition, from the perspective of strengthening the governance capacities of the target cities, the Project will contribute to the “promotion and establishment of the rule of law, freedom of navigation, free trade, etc.” as stated in the Free and Open Indo-Pacific Strategy. Furthermore, integrating infrastructure development with the strengthening of ULBs’ governance capacities associated with infrastructure development will help economic growth in the target cities and improve the lives of residents, thereby contributing to the achievement of SDG 11 (Make cities inclusive, safe, resilient, and sustainable).

JICA’s support in the regional city development and governance sector include the

ICGP, C4C, and the ODA Loan Northern Bangladesh Integrated Development Project (Loan Agreement signed in 2014), which are currently being implemented.

(3) Other Donors' Activity

Both the World Bank (WB) and the Asian Development Bank (ADB) are currently implementing projects for the integrated support of capacity building and infrastructure development in ULBs.

3. Project Description

(1) Project Objective(s)

The objective of the "Urban Development and City Governance Project" (the Project) is to improve urban functions by improving urban infrastructure and strengthening city governance related to infrastructure development in the target cities, thereby contributing to economic growth and improvement of living conditions toward sustainable cities.

(2) Project Site/Target Area

Gazipur City Corporation, Narayanganj City Corporation Cumilla City Corporation and Cox's Bazar Paurashava

(3) Project Component(s)

The Project is a sector loan consisting of the civil engineering works related to infrastructure development described in item 1 below (hereinafter referred to as "subprojects") and the consulting services described in item 2.

1) Civil engineering works and equipment/materials procurement (roads/bridges (rehabilitation of existing roads, improvement of small bridges, etc.), wastewater facilities (development of drainage ditches, etc.), waste management (waste management equipment/materials, development of sanitary landfill sites), water supply facilities (development/expansion of regional city water pipes and development of water purification facilities), other small-scale urban infrastructure (street lights, parks, community centers, etc.)) (local competitive bidding)

2) Consulting services (overall project management, capacity-building support (governance, urban development, infrastructure development, waste management, etc.) (short-list method)

Subprojects will be selected after considering evaluation indicators such as consistency with each government's development plan, project objectives, urgency, necessity, project effects, and feasibility. Subprojects will be implemented in three batches, and the number of subprojects allocated to each local government from the second batch onward will be determined using a "results-based" format, based on the achievement of various indicators, such as the progress of subprojects underway at each local government and the level of improvement in governance functions.

(4) Estimated Project Cost (Loan Amount)

52,311 million Yen (Loan Amount : 28,217 million Yen)

(5) Schedule

June 2020 – June 2026 (73 months in total)

Project Completion was defined as all subprojects are placed in service (June 2026).

(6) Project Implementation Structure

1) Borrower : The Government of the People's Republic of Bangladesh

2) Guarantor : None

3) Executing Agency : Local Government Engineering Department(LGED),
Gazipur City Corporation, Narayanganj City Corporation Cumilla City Corporation
and Cox's Bazar Paurashava

4) Operation and Maintenance System LGED and 4 target ULBs

(7) Cooperation and Sharing of Roles with Other Donors

1) Japan's Activity: The training materials and strategies for improving governance of ULBs formulated through C4C and the Technical Cooperation Strengthening Pourashava Governance Project (2014-2018), will be used in the consulting services of the Project to improve governance capacity. In addition, public investment plans from multiple years and project screening methodologies formulated through the Technical Cooperation Strengthening Public Investment Management System Project (2013-2018) and Strengthening Public Investment Management System Project, Phase 2 (2019-2022) will be used for the Project. Furthermore, for the waste management subproject, past experience in building a waste management system supported by Technical Cooperation and Grant Aid projects in Dhaka will also be used for the Project.

2) Other Donors' Activity: Similar to the Project, the WB and ADB are currently implementing projects to support capacity building and infrastructure development for ULBs in an integrated manner (some target cities are included: Gazipur, Cumilla, and Cox's Bazar in the WB project and Cox's Bazar in the ADB project). It has been confirmed that there is no overlap in the infrastructure subprojects supported by each organization. There will be an appropriate level of coordination ensured through measures such as regular information-sharing during the project implementation stage.

(8) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Consideration

① Category B

② Reason for Categorization

The project is not considered to be a large-scale project, is not located in a sensitive area, and has none of the sensitive characteristics under the JICA guidelines for environmental and social considerations (April 2010), it is not likely to have a significant adverse impact on the environment.

③ Environmental Permit

Based on Bangladesh's environmental conservation regulations, for projects that require the preparation and submission of an Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA), approval of the IEE/EIA must be obtained from the Government of Bangladesh and an environmental Clearance Certificate must be obtained from the ULB.

④ Anti-Pollution Measures

After the subprojects are determined, mitigation measures for the subprojects will be developed through the preparation of environmental management plans, formulated based on the Environment Assessment and Review Framework. This framework proposes measures for air quality, water quality, soil contamination, and waste materials during construction. These measures include sprinkling water, periodic inspection of construction equipment, and the appropriate treatment of contaminants and wastewater discharged as a result of the construction work.

⑤ Natural Environment

The candidate target areas for the Project are not in a sensitive area such as a national park, an important natural habitat, or in the surrounding area of such.

⑥ Social Environment

Some subprojects are expected to involve land acquisition and resettlement. For these subprojects, land will be acquired by the ULBs, in accordance with a resettlement plan prepared based on the Resettlement Policy Framework (RPF).

⑦ Other / Monitoring

During the construction period, the monitoring of air quality, water quality, soil contamination, waste, etc. will be performed by the contractor, under the responsibility and supervision of the executing agency. After the facilities are placed in service, monitoring will be conducted by the executing agency. The LGED and Project Implementation Unit (PIU) will perform the monitoring for land acquisition. There are no Category A projects included among the subprojects.

2) Cross-Cutting Issues : N/A

3) Gender Category: [Gender Project] GI (S) (Gender Integrated Project)

Activity Component(s)/Reason for Categorization

For the infrastructure development included in the Project, designs with a view to gender will be incorporated. Additionally, wages will be set at the same level

for men and women, and a quota for female employment will be set. Women will also be actively hired for the project implementation unit, to be established within the executing agency.

(9) Other Important Issues

None

4. Targeted Outcomes

(1) Quantitative Effects

Performance Indicators (Operation and Effect Indicator) Indicators will be finalized when subprojects are decided.

Indicator	Baseline (Actual Value in XXXX)	Target (XXXX) 【Expected value 2 years after project completion】
Delayed rate of subprojects (actual compare with FS plans), compared with the same indicator of ICGP (%)		
Planned annual IDP/PDP revision with consultation with citizen consultation process (times)		
< Road and bridge > Annual Average traffic volume per day (pcu) Time saving (minutes)		
< Drainage > Reduction of submerged section (m2) Number of victims due to house inundation (person/year)		
<Solid waste management> Waste amount collected (ton) Collection rate of waste (%) Number of Transfer station operated according to the transfer plan in pilot areas (number)		
< Water supply > Beneficiary Population (person) Amount of water supply(ton/day)		
<Public Place> Bus and truck terminal - Average number of arrivals and departures of bus and truck Street lights, Park, Kitchen Market - Number of Beneficiary Population (Person)		

(2) Qualitative Effects

Economic growth of the target city and improvement of its residents' living conditions.

(3) Internal Rate of Return

The IRR is not calculated because the subprojects cannot be identified in advance.

5. External Factors and Risk Control

(1) Preconditions: Public safety in the target area does not worsen.

(2) External Conditions: Public safety in the target area does not worsen.

6. Lessons Learned from Past Projects

According to the ex-post evaluation of the Rural Areas Infrastructure Development Project (evaluated in 2007), an ODA Loan project for Indonesia, it was learned that it is important for small-scale, decentralized projects to create a systematic management system and to operate it properly, especially in terms of clarifying the hierarchical relationship of responsibility from the field level to central level. Coordination between the relevant agencies, both vertically and horizontally, is also important.

In light of these lessons learned, the roles and responsibilities of the central government and the target ULBs have been clarified for each stage of the Project, from upper level planning such as the development plans of the target cities, to the F/S of individual projects, budget approval and execution, and project implementation management. It was also agreed in the appraisal that the Project will provide support to reinforce coordination functions. In addition, a Project Management Unit will be established within LGED to oversee responsibility for project implementation. Also, a Project Implementation Unit will be formed in each target city to discuss cross-cutting issues and monitor the progress of the Project as a whole.

7. Evaluation Results

The Project is consistent with the development issues and development policies of Bangladesh, as well as the assistance policies and analyses of the Government of Japan and JICA. Integrating infrastructure development with the strengthening of ULBs' governance capacities associated with infrastructure development will help economic growth in the target cities and improve the lives of residents, thereby contributing to the achievement of SDG 11 (Make cities inclusive, safe, resilient, and sustainable). Therefore, the necessity of providing assistance for implementation of this project is high.

8. Plan for Future Evaluation

(1) Indicators to be Used

As indicated in sections 4. (1) to (3).

(2) Timing

Ex-post evaluation: Two years after the project completion

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