

Ex-ante Evaluation

1. Name of the Project

Country: The People's Republic of Bangladesh

Project: Emergency Disaster Damage Rehabilitation Project

(Loan Agreement: February 27, 2008; Loan Amount: 6,960 million yen; Borrower: The Government of the People's Republic of Bangladesh)

2. Necessity and Relevance of JBIC's Assistance

(1) Support for disaster damage rehabilitation in Bangladesh and the necessity of the project

Bangladesh was hit by a flood that was triggered by torrential rainfalls upstream in Nepal, Bhutan, India and elsewhere. The flood occurred at the end of July 2007 on an unprecedented scale in the north, northeast and central regions of the country. In September, after the water from the flood receded, Bangladesh was hit by another large-scale flood triggered by heavy rains in the northern part of India and Bangladesh. These two floods caused heavy damage to 46 of the total of 64 districts, including more than a thousand deaths and more than 30,000 km of roads damaged, ultimately the total amount of damage was more than \$1 billion (or 1.4% of GDP). The extent of the damage caused by the two floods is on a par with the damage caused by the great floods of 1988, 1998 and 2004.

In the rural areas, where the flooding was particularly devastating, in addition to the damage to agricultural products, the two floods have cut off roads, levees and other basic infrastructure facilities; thereby disrupting effects to bring in equipment and materials, blocking access to schools and hospitals and so on. The disruption is having serious impact on the poor, who are particularly vulnerable to natural disasters and other external risks. Additionally, there is growing fear that the two devastating floods will have serious macro economic impact, including expansion of the current account deficit due to a lower economic growth rate centering on the agricultural sector, which was seriously affected by the floods, a rise in imports of food and other materials related to agriculture, and a slump in exports of food and other agricultural related materials, and an expansion of fiscal revenue and expenditure deficit due to an increase in expenditure related to the rehabilitation efforts.

According to the needs assessment of the rehabilitation related to the flood damage carried out mainly by the Government of Bangladesh, the funding required for rehabilitation of roads, levees and other basic infrastructure facilities will reach nearly 400 million dollars, and according to the estimate of the Asian Development Bank (ADB), the needs for budget support and funding for infrastructure rehabilitation and reconstruction will reach 550 million dollars. On the other hand, the amount which the various donors have committed their supports so far remains about 400 million dollars, including emergency assistance such as distribution of food and drinking water. Out of the 400 million dollars, the amount to be used to directly support infrastructure rehabilitation is just below 200 million dollars. Bangladesh does not have the enough financial capacity to restore the country's vitality, and even if the support provided up to now by various governments and donors is included, Bangladesh will not be able to fill the funding gap.

Aggravating the situation even further, in November 2007, Bangladesh was hit by Cyclone Sidr, one of the worst natural disasters to hit Bangladesh in history. Sidr claimed more than 3,000 lives, mostly along the coastal area, as it inflicted extensive damage to homes, livestock, agricultural products,

roads, electricity and so forth (the cyclone needs assessment, carried out mainly by the World Bank, found that the financial support and infrastructure rehabilitation and restoration needs generated by Cyclone Sidr come to around 1.38 billion dollars). In addition, there is fear of further adverse impact on the macro-economy due to additional financial expenditure and food imports.

In order to minimize the impact of the external shocks triggered by the floods and cyclone, and thereby promptly restore social and economic development activities in the damaged areas, it is indispensable that the livelihoods of the victims be promptly restored and the damaged infrastructure be promptly rehabilitated.

In light of this, it is highly necessary that Japan, as one of the major donor countries, provide additional support for Bangladesh.

(2) Consistency with JBIC's aid policy

In "Japan's Country Assistance Plan for Bangladesh" (adopted in May 2006), anti-disaster measures are deemed extremely important in mitigating the enormous impact natural disasters have on the life, property and economy of the afflicted areas. Additionally, the frequent large-scale floods that occur in Bangladesh are believed to have their roots in climate change. Thus, in addition to the fact that this project falls under the category of JBIC's "support for solving global issues and building peace," one of the priority areas of JBIC's Medium-Term Strategy for Overseas Economic Cooperation Operations, it also contributes to two of JBIC's priority areas, "support for poverty reduction" and "infrastructure development for sustainable growth." Thus, JBIC's support for this project is highly necessary and relevant.

3. Project Objectives

The project aims to support quick restoration of economic and social activity in the flood and cyclone damaged area by providing import financing for essential commodities; and by rehabilitating and reconstructing damaged public infrastructure, thereby contributing to sustainable economic growth.

4. Project Description

(1) Target Area

Areas that were damaged by the two floods and Cyclone Sidr

(2) Project Outline

- (a) Provision of funds for importing commodities absolutely essential for restoring the livelihoods of the flood and cyclone victims
- (b) Project for rehabilitating damaged infrastructure (subprojects to be targeted are slated to be selected on the basis of a certain set of criteria)
 - Rural infrastructure
 - Municipal infrastructure
 - Roads
 - Water resources
- (c) Consulting Services
 - Detailed design, bidding assistance, monitoring and supervision of construction work, etc.

(3) Total Project Cost

25,520 million yen (Japanese ODA Loan Amount: 6,960 million yen)

(4) Schedule

December 2007–June 2010 (31 months)

(5) Implementation Structure

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

(b) Executing Agency: Ministry of Finance (MOF)

Local Government Engineering Department (LGED)

Roads and Highways Department (RHD)

Bangladesh Water Development Board (BWDB)

(c) Operation and Maintenance System: Same as (b)

(6) Environmental and Social Consideration

(a) Environmental Effects/Land Acquisition and Resident Relocation

(i) Category: FI

(ii) Reason for Categorization

This project is categorized as Category FI because the subprojects cannot be identified prior to JBIC's approval for financing, while they are likely to have environmental impacts. Thus, under the "Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations" (established in April 2002), this project is classified as Category FI.

(iii) Other

In the project, with the support of the principal consultant to be hired by ADB and based on a certain set of criteria, the executing agency will select subprojects, and confirm in an appropriate manner environmental and social concerns including observation of the ADB safeguard policy.

(b) Promotion of Poverty Reduction

Since project sites are in areas with a high proportion of poor people, among other things, job creation for residents in poverty is expected to help reduce poverty.

(c) Promotion of Social Development (e.g. Gender Perspective, Measures for Infectious

Diseases including AIDS, Participatory Development, Consideration for the Handicapped, etc.)

With regard to the civil work that will be undertaken in this project, women in poverty will be hired through the formation of Labor Contracting Societies (LCSs).

(7) Other Important Issues

The project is co-financed with ADB. In rehabilitating infrastructure, JBIC will take into account climate change perspectives in close cooperation with JICA's technical assistance. Such cooperation and perspectives will enable higher resistance design against flood disasters by drawing on Japanese experience.

5. Outcome Targets
(1) Evaluation Indicators (Operation and Effect Indicator) The executing agency will establish the indicators before the project is launched.
(2) Internal Rate of Return (Financial and Economic Internal Rate of Return) Given the emergency nature of this project, the rates will not be calculated.
6. External Risk Factors
Delays in construction work due to other flooding and other natural disasters
7. Lessons Learned from Findings of Similar Projects Undertaken in the Past
From ex-post evaluations of flood damage rehabilitation projects financed by ADB in the past, the lesson learned is the importance of (i) making preparations to provide support for dealing with disasters in an expeditious way; (ii) stressing infrastructure rehabilitation; and (iii) completing rehabilitation work within 2 years to the greatest extent possible. Based on this lesson, in addition to prompt preparations for the Project in close cooperation with ADB, in this project, JBIC has created a framework for rehabilitating infrastructure within 2 years.
8. Plans for Future Evaluation
(1) Indicators for Future Evaluation The indicators established by the executing agency prior to project launch is expected to be used.
(2) Timing of Next Evaluation The timing for conducting ex-post evaluation is expected to be dovetailed with the ADB evaluation scheduled to be conducted within 3 years after project completion.