

Ex-Ante Evaluation (for Japanese ODA Loan)

1. Name of the Project

Country: The People's Republic of Bangladesh

Project: The Northern Bangladesh Integrated Development Project

Loan Agreement: March 10, 2013

Loan Amount: 20.556 Billion Yen

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

2. Background and Necessity of the Project

(1) Current State and Issues of the Local Development Sector in Bangladesh

Bangladesh has achieved rapid economic growth in recent years, with a declining tendency of the national poverty rate as a whole. However, approximately 31.5% (about 470,000 people) of the total population in 2010 still remained under the poverty line according to the Government's standard. Especially in rural areas, where the poverty rate is higher than urban areas by more than 10%, a commitment to poverty reduction is one of the vital policy issues. Disadvantages in rural infrastructure consolidation, such as roads, have been impeding not only economic opportunities such as the activation of commodity distribution but also the improvement of access to administrative services such as schools, hospitals and so forth. In addition, municipalities (Pourashava) of local cities, which are expected to play roles as a central hub for promoting local economic development, are vulnerable in terms of human resources and financial shortage. Local administration has been a bottle neck in realizing poverty reduction, due to lack of their mechanism and capabilities to formulate and implement development plan reflecting the needs from local residents. Especially in small rural cities (average population of 50,000) neighboring to rural areas, administrative capabilities outstandingly have been lacking, while few donor organizations have supported these areas. Delays in the consolidation of infrastructure both inside local cities and between neighboring areas are also issues.

(2) Development Policies for the Local Development Sector in Bangladesh and the Priority of the Project

The "Sixth Five Year Plan" (2011-2015) aims at activating local economy through consolidating infrastructure and strengthening local administration, etc, for the purpose of solving regional disparities and realizing balanced development. In terms of rural infrastructure consolidation, "National Rural Development Policy" in 2001 focused on the consolidation of rural infrastructure for poverty reduction. "Rural Roads Master Plan" in 2005, formulated following the aforementioned policy, set a goal to complete the consolidation of rural infrastructure before 2025. As for local city development, the "National Urban Sector Policy (draft)" in 2011 raised as one of the main goals the formulation of development plans for local cities and the improvement

in administrative capacities in order to respond to rapid urbanization. The Project has been highly prioritized by the country since it is in line with the aforementioned development policies and is to contribute to achieving the goal.

(3) Japan and JICA's Policy and Operations in the Local Development Sector

“JICA Country Analysis Paper for Bangladesh” (February 2012) analyzed that ‘overcoming social vulnerabilities’ was a focal issue. “Country Assistance Policy for Bangladesh” (June 2012) articulated that, from perspectives of poverty reduction in rural areas as well as regional disparities adjustment, the Japanese assistance to the country would focus on the consolidation of roads, markets, irrigation facilities, water facilities, etc. This is considered in line with needs at local sites and based on the previous assistance achievements and technical comparative advantages. In addition, the Project is considered in accordance with these policies and analyses, taken into account its commitment to the cooperation focusing on the assistance to the dissemination and scale-up of collaborative system of residents and the lowest administration, which is an achievement of the previous assistance, and the improvement of living conditions of residents utilizing its mechanism. Main achievements in recent years are as follows.

- Loan assistance: Greater Faridpur Rural Infrastructure Development Project (2001), Eastern Bangladesh Rural Infrastructure Development Project (2004), South Western Bangladesh Rural Development Project (2010)
- Technical Cooperation: Participatory Rural Development Project (I: 2000~2004, II: 2005~2010), Rural Development Engineering Center Setting-up Project in Bangladesh (I: 2003~2006, II: 2007~2010)

(4) Other Donors' Activity

In the field of rural infrastructure such as roads, main donors working across the country include JICA, Asia Development Bank (ADB), and World Bank (WB). As for the field of local city development, ADB and WB are the main donor organizations supporting governance capacity development and infrastructure consolidation.

(5) Necessity of the Project

1) The poverty of Northern Area

Approximately 25% of the total population in the country reside in the northern part of Bangladesh (8 Districts of Rangpur Division, 6 Districts of Dhaka Division Mymensingh District), where the ratio of rural infrastructure consolidation has been far behind compared to other areas (28% in Union roads, while 40% of the national pavement ratios), with a higher poverty ratio than the national average by around 10%. Especially in Rangpur Division, a target area of the Project, its poverty ration is 42.3%, the highest figure among the 7 districts in the country. Therefore, the consolidation of rural infrastructure in the northern area has been an urgent issue for the purpose of poverty reduction.

2) Consolidating rural infrastructure and developing local cities

① The establishment of local integrated infrastructure network

In Bangladesh, the consolidation work of rural infrastructure by the Central Government has been valued, while their connectivity with infrastructure consolidated by local municipalities such as roads has been underestimated as a tendency. This has been impeding economic development in rural areas, causing delays in infrastructure development managed by local municipalities.

Following these conditions, it has become an urgent task to establish the local infrastructure network through a collaborative work between the Central Government and local municipalities including Pourashava. In addition, the improvement of quite vulnerable administrative and financial governance is inevitable for the infrastructure consolidation by the local municipalities.

② Delays in Pourashava Development

Pourashavas under Category B among local municipalities are supposedly equipped with proper number of personnel according to the law. However, as shown in the Table 3 (the number of personnel of Pourshava and the average ratio of adequacy in the target areas), the ratio of personnel adequacy has been quite low, together with limited financial sources, resulting in their inability in providing sufficient social services. As such, delays in development of Pourshava have faced serious situations and have caused a bottleneck of local development including villages.

③ Pourashava as a promoter of local development

Along with the proceeding urbanization, not only rural areas, but also Pourshava has started to collect more attentions for the rural development, where developing Pourshava has become more important as a promoter of local development and a central hub for peripheral economic zones.

3) Dissemination use of Link Model

The Government of Bangladesh highly evaluated the collaborative system between residents and the lowest administration in local municipalities ("Link Model") which was developed in "Participatory Rural Development Project" (Technical Cooperation Project completed in 2010) targeting Union. Furthermore, the Government strongly requested that its results could be disseminated and utilized in developing local cities with lower than Category B which keenly share similarities with Union.

4) Necessity of the Project

The Project aims at consolidating rural infrastructure and improving the infrastructure consolidation of local cities and capacity development of local municipalities in the 14 Districts of the northern area of Bangladesh where the poverty rate is the highest in the country. As aforementioned, the Project is in response to important issues in local development, and is in line with assistance policies of the Government of Japan and JICA. In this regard, the necessity and

relevance to assisting the Project is considered to be high.

3. Project Description

(1) Project Objective(s)

The Project intends to contribute to activating economic activities, reducing poverty, and alleviating regional disparities in the northern 14 Districts of Bangladesh with high poverty rates, through the improvement of access to basic infrastructure and public services by consolidating the infrastructure both in rural areas and local cities as well as by enhancing administrative and financial capacities of local municipalities in the target Districts.

(2) Project Site/Target Area: 14 Districts (8 Districts of Rangpur Division, 6 Districts of Mymensingh Division under Dhaka Division) of Bangladesh northern area

(3) Project Components (Including the Procurement Method)

- 1) Rural infrastructure consolidation (Upazila roads, Union road, bridges, etc) (international competitive bidding)
- 2) The assistance to local city infrastructure consolidation and administrative and financial enhancement (improving city roads, drainage facilities and city plans, enhancing tax collection capabilities, etc) (international competitive bidding)
- 3) Strengthening implementation structure (vehicle procurement, strengthening accounting management) (international competitive bidding)
- 4) Consulting services (assisting detailed design, bidding assistance, construction management, administrative and financial enhancement, monitoring and evaluation, etc) (short list method)

(4) Estimated Project Cost (Loan Amount): 26,696 million Yen, including Loan Amount 20,556 million Yen

(5) Schedule

From March 2013 to March 2020 (85 months in total). The completion of the Project is to be considered the time of starting operation of all the facilities (March 2019).

(6) Project Implementing Structure

- 1) Borrower: The Government of the People's Republic of Bangladesh
- 2) Executing Agency: Local Government Engineering Department (LGED)
- 3) Operation and Maintenance System: LGED, a municipality of a local city (Pourashava)

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

1) Environmental and Social Consideration

① Category: F1

Reason for Categorization: Taking into account the "JICA Guidelines for Environmental and Social Considerations" issued in April 2010, the Project is not able to finance to financial agencies, etc, or to identify sub-projects before financing approval from JICA. In addition, those sub-projects are assumed to

impact on environment.

- ② Other / Monitoring: In the Project, the executing agency is to be supported by consultants to classify the categories as to each sub-project based on “JICA Guidelines for Environmental and Social Considerations”, and to take necessary measures for given categories. Meanwhile, the implementation of sub-projects for Category A is not assumed.
- 2) Promotion of Poverty Reduction: The Project includes plantation activities along road shoulders by poor women and assistance to slum development in local cities.
- 3) Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases Including HIV/AIDS, Participatory Development, Consideration for the Handicapped etc.) : Employment promotion of poor women in road management, formulation of gender assistance plans, formulation of city development plans by residents participatory approach, implementation of infrastructure consolidation.

(8) Collaboration with Other Schemes and Donors

Local city support is to be implemented within a similar framework with ADB assistance projects. In addition, achievements and knowledge of the collaborative system between residents and the lowest administration in local municipalities (Link Model), established in the “Participatory Rural Development Project” (Technical Cooperation Project completed in 2010), are to be utilized in the formulation of local city development plans.

(9) Other Important Issues

Revising various manuals and guidelines regarding administrative and financial enhancement in local cities is planned, together with dispatches of experts of loan assistance cooperation for the purpose of capacity development of target local cities. In addition, it is planned to implement a technical cooperation project with ODA loan assistance targeting the Ministry of Local Autonomy Rural Development Cooperative and Local Administration Department, based on the experiences in the Project, in order to strengthen legal system aspects of local administration.

4. Targeted Outcomes

(1) Quantitative Effects

1) Performance Indicators (Operation and Effect Indicator)

Types of sub-project	Indicator (unit)	Baseline	Target (2021 【Expected value 2 years after project completion】)
Rural roads	Annual average traffic volume per day (vehicle/day)	-	increase
	Average hours required	-	decrease
	Average transportation costs (TK/time)	-	decrease

Rural markets	Number of shops and sellers (shop/person)	-	increase
	Amount of fresh food disposed (kg/day)	-	decrease
Local city roads related facilities	Annual average transportation volume (vehicle/day)	-	increase
	Average hours required	-	decrease
	Average transportation costs (TK/time)	-	decrease
Local city markets/ meat processing plant	Number of shops and sellers (shop/person)	-	increase
	Amount of fresh foods disposed (kg/day)	-	decrease
Water supply/sanitary related facilities	Population accessible to water	-	increase
Bus terminals	Number of users (person/day)	-	increase
Drainage channels	Number of days when roads are inundated (day/year)	-	decrease
Waste treatment sites	Waste accumulated amount (day/ton)	-	increase

Indicators and standard values are to be set at a time of baseline survey for each sub-project at a sample basis.

- 2) Internal Rate of Return: Since all the target sub-projects cannot be selected before the implementation of the Project, the rate for the Project as a whole is not estimated. Sub-projects with more than 12% of EIRR are to be selected.
- (2) Qualitative Effects: The improvement in access to basic infrastructure and administrative services

5. External Factors and Risk Control

Delays in civil engineering construction due to natural disasters such as floods, etc

6. Evaluation Results and Lessons Learned from Past Projects

(1) Evaluation results of similar projects

Ex-post evaluation of “Greater Faridpur Rural Infrastructure Development Project” in Bangladesh suggests a lesson that, due to financial limitations for maintenance management, it is desirable to implement efficient road maintenance management through the clarification of priorities based on traffic volume and road conditions.

(2) Lessons for the Project

Since the Project also embraces financial limitations for the maintenance management, taken into account the aforementioned lesson, it is to establish the maintenance management with assistance from consultants through the prioritization based on traffic volumes and road conditions.

7. Plan for Future Evaluation

(1) Indicators to be Used

- 1) Rural road: Annual average traffic volumes per day (vehicle/day), average hours required, average transportation costs (TK/time)
 - 2) Rural markets: Number of shops and number of sellers (shop/person), amount of fresh foods disposed (kg/day)
 - 3) Local city roads related facilities: Annual average traffic volumes per day (vehicle/day), average transportation costs (TK/time)
 - 4) Local city market/meat processing plants: Number of shops and number of sellers (shop/person), amount of fresh foods disposed (kg/day)
 - 5) Water supply/sanitary related facilities: Population accessible to water
 - 6) Bus terminal: Number of users (person/day)
 - 7) Drainage channel use: Days for road inundation (day/year)
 - 8) Water treatment sites: Amount of wastes accumulated (day/ton)
- (2) Timing of Next Evaluation: 2 years after the completion of the Project

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