1. Project
Country: People’s Republic of Bangladesh
Name of the Project: Inclusive City Governance Project
Loan Agreement: June 16, 2014
Loan Amount: 30.690 billion yen
Borrower: The Government of the People’s Republic of Bangladesh

2. Background and Necessity of the Project
(1) Current Status and Issues in the Urban Development Sector in Bangladesh
Recently, rapid urbanization is taking place in Bangladesh. As of 2012, 29.0% (about 45 million) people live in urban areas, resulting in an annual growth rate of 2.9 percent—far beyond the national average of 1.2%. The urban population is expected to further rise in the near future. Urban infrastructure development (e.g. roads, drainage trenches, waste disposal and treatment facilities) is falling behind the rising population, resulting in severe urban problems such as serious traffic congestion, urban environmental deterioration, noise, air pollution, and other contamination. There are eleven city corporations (core metropolitan areas) in Bangladesh that serve as regional industrial clusters—and as important economic centers, they lead national development. Besides the city corporations, relatively small local cities called “Pourashava” also exist in the country. However, Bangladesh’s fragile urban infrastructure hinders appropriate economic activity and blocks further job creation and market revitalization. In addition, overlapping functions between agencies of the central government and city corporations, coupled with lack of coordination, further hinders the effective provision of development projects and administrative services. In particular, four rapidly-growing core metropolitan areas have a variety of development needs as a result of expanded area and population comprehensive urban development and reinforcement of administrative capacity are now imperative if they are to fulfill their roles as centers of regional development.

(2) Development Policies for the Urban Development Sector in Bangladesh and the Priority of the Project
As the nation’s top-ranked development strategy, the 6th Five-Year Plan (2011/2012–2015/2016) defines "acceleration of economic growth and poverty reduction" as a goal, while identifying "creating jobs by improving urban infrastructure for well-balanced urban development and improving infrastructure for cultivating industries" as a key issue. The government of Bangladesh places more importance on improving "City Governance", aiming at governance that includes the coordination of involved organizations and the establishment of urban management mechanisms. The Bangladeshi government integrated a legal basis for establishing laws into the City Corporation Act (2009), legislation that was previously established by each core city. In this way, the country promotes functional enhancement in core metropolitan areas. Since this project complies with the development policy and law stated above while contributing to the achievement of these goals, the country has given it high priority.

(3) Japan and JICA’s Aid Policy/Actual Performance in the Urban Development Sector
In JICA Country Analytical Work for Bangladesh (April 2013), "well-balanced urban growth in the context of urbanization" is defined as a key issue. The Japan’s Country Assistance Program for Bangladesh (June 2012) also identified "accelerated economic growth" as a priority area. Reinforcing government functions and administrative services are also identified in the policy in order to improve governance,
thus this project is consistent with Japan’s and JICA's aid policies and analysis. Major assistances provided recently to the country are listed below:

· Loan projects: Dhaka Mass Rapid Transit Development Project (2012), Karnaphuli Water Supply Project (Phase 2) (2012), etc.

4) Other Donors’ Activity

The Asia Development Bank (ADB) has supported infrastructure improvement projects in core metropolitan areas and surrounding areas since 2012. The World Bank established urban infrastructure development funds targeting core metropolitan areas in 1999, and continues provide supports to date, while building the capacity of municipal governments. The project will support four of eleven core metropolitan areas.

5) Necessity of the Project

The country’s largest commercial city, Chittagong, and four core metropolitan areas newly established after 2011 are important hubs for water and land transport. With a concentration of industries, these cities contain four of eight districts in Bangladesh dedicated to processing imported materials. Numerous Japanese-owned companies are located in these cities. In response to rapidly progressing urbanization and further concentration of industry to achieve economic growth, it is urgently necessary to develop urban areas that contribute to the creation of healthy business environments by improving infrastructure and enhancing municipal governments in core metropolitan areas. Therefore, the project aims to resolve these problems in line with the development policies of the Bangladeshi government as well as the support policies of Japanese government and JICA. Consequently, JICA's support for implementing this project is highly necessary and relevant.

3. Project Description

(1) Project Objectives

The objective of the project is to improve public services and promote economic opportunities in the target 5 City Corporations by strengthening the city governments’ administrative capacity and improving urban infrastructure, thereby contributing to the economic growth and better quality of life for urban residents.

(2) Project Site/Target Area

Narayanganj, Comilla, Rangpur, Gazipur, Chittagong

(3) Project Description

The project aims to improve urban infrastructure and administrative capacity as selected by the criteria shown below, based on the "infrastructure development program" formulated by the targeted core metropolitan areas.

1) Urban infrastructure development (e.g. city roads, elevated bridges, drainage facilities, and street lights)
2) Administrative and financial capacity improvements (city planning improvement and training programs focused on enhanced tax collection capacity)
3) Reinforcement for implementation systems (e.g. vehicle procurement)
4) Consultation services (e.g. detailed design, bidding support, supervision of construction work, improvement of governance and infrastructure, monitoring, and assessment)

(4) Total Project Cost 37.824 billion yen (Yen Loan Amount: 30.690 billion yen)

(5) Project Implementation Schedule
Planned between June 2014 and March 2020 (total of 70 months) Project completion is defined as the commencement of facility services (March 2019)

(6) Project Implementation 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 and municipalities of core metropolitan areas targeted by this project

(7) Environmental and Social Considerations, Poverty Reduction, and Social Development
1) Environmental and Social Considerations
   i. Category: B
   ii. Reason for Categorization: The Project is classified category B in accordance with JICA Guidelines for Environmental and Social Considerations (April 2010). There is no significant negative environmental and social impact caused by the Project both during the construction and operation phases.
   iii. Environmental Permit: The Environmental Impact Assessment (EIA) Report is required for sub-projects including bridges over 100 m and the construction of elevated bridges. Therefore, construction will be launched after obtaining approval from the Ministry of Environment and Forests (MoEF).
   iv. Anti-Pollution Measures: In accordance with the environmental management plan, preventive measures will be taken; this includes slope protection for water pollution as a result of soil runoff from mounds, grass establishment, drainage equipment, and water sprinkling for dust during construction. Therefore no major pollution is expected.
   v. Natural Environment: The project site is not located in or around sensitive areas such as national parks, and adverse impact on the natural environment is assumed to be minimal.
   vi. Social Environment: The project will involve no land acquisition or resident relocation, since it targets lands owned by core metropolitan areas.
   vii. Other/Monitoring: The environment will be monitored based on environmental monitoring for corrosion status, drainage conditions, traffic safety, and the like, by the executing agency while the construction is underway and municipalities of core metropolitan areas targeted by this project after service starts.
2) Promotion of Poverty Reduction: Each city will formulate measures to support slum improvement programs in each city with the aim of improving administrative and financial capacity.
3) Promotion of Social Development (e.g. Gender Perspective, Measures to Prevent Infectious Diseases Including AIDS, Participatory Development, Consideration for the Handicapped, etc.): Formulate and implement programs for gender-related issues as a part of improving administrative and financial capacity. Also, formulate a participatory development program for core metropolitan areas.

(8) Collaboration with Other Schemes and Donors:
In the five core metropolitan areas targeted by this project, a Technical Cooperation project for Development Planning entitled "Project for Developing Inclusive City Government for City Corporations (2012)" has been implemented since 2012 with the aim of formulating action programs for infrastructure improvement plans as well as administrative and financial capacity. The World Bank plans to provide assistance to the cities of Narayanganj, Comilla, and Rangpur. JICA will consolidate the
management of administrative and financial support targeting the three core metropolitan areas, and the World Bank will supply funds for infrastructure development based on the results of JICA's support. With regard to this project’s relationship to urban infrastructure development, target projects will be checked in advance to avoid overlap.

(9) Other Important Issues: In the sewage disposal, waste disposal technology, and urban planning fields, the possibility of collaboration with Japan’s local governments is under consideration. To improve the legal systems governing core metropolitan areas, a Project for Developing City Government for City Corporations (Yen Loan accessory project) is planned to start, while city planning advisers aiming to reinforce city planning capacity in core metropolitan areas are being considered.

<table>
<thead>
<tr>
<th>4. Project Benefits</th>
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<tbody>
<tr>
<td>1) Quantitative benefits</td>
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<tr>
<td>1) Evaluation Indicators (Operation and Effect Indicator) Operation and effect indicators are set per sub-project category and investigated based on samples.</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Sub-project category</th>
<th>Indicators (unit)</th>
<th>Baseline</th>
<th>Target (2021) Two years after completion</th>
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<tbody>
<tr>
<td>Road-related facilities</td>
<td>Annual average traffic volume per day (cars/year)</td>
<td>-</td>
<td>Increased</td>
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<td></td>
<td>Average hours required</td>
<td>-</td>
<td>Decreased</td>
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<td></td>
<td>Average costs needed for travel (TK/travel)</td>
<td>-</td>
<td>Decreased</td>
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<tr>
<td>Drainage facilities</td>
<td>Operation rate (%)</td>
<td>-</td>
<td>Increased</td>
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<tr>
<td></td>
<td>Number of days roads are impassible due to flooding (days/year)</td>
<td>-</td>
<td>Decreased</td>
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<tr>
<td></td>
<td>Number of people affected by floods in living areas (persons/year)</td>
<td></td>
<td>Decreased</td>
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<tr>
<td>Water supply/sanitation facilities</td>
<td>Water supply volume (days/m³)</td>
<td>-</td>
<td>Increased</td>
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<tr>
<td></td>
<td>Population with access to safe water (number of persons)</td>
<td>-</td>
<td>Increased</td>
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<tr>
<td>Bus/truck terminals</td>
<td>Average number of bus/truck arrivals/departures (vehicles/day)</td>
<td>-</td>
<td>Increased</td>
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<tr>
<td></td>
<td>Average number of people used (number of people/day)</td>
<td>-</td>
<td>Increased</td>
</tr>
<tr>
<td>Improving street lights</td>
<td>Street lights in operation (number of street lights)</td>
<td>-</td>
<td>Increased</td>
</tr>
<tr>
<td></td>
<td>Annual traffic accidents (number of accidents/year)</td>
<td>-</td>
<td>Decreased</td>
</tr>
<tr>
<td>Schools that can be used as cyclone shelters</td>
<td>Shelter capacity (number of people)</td>
<td>-</td>
<td>Increased</td>
</tr>
<tr>
<td></td>
<td>People affected by floods (number of people/event)</td>
<td>-</td>
<td>Decreased</td>
</tr>
<tr>
<td>Improving administrative capacity</td>
<td>Training program participation (number of people/year)</td>
<td>-</td>
<td>Increased</td>
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<tr>
<td>Promoting expansion of economic opportunities</td>
<td>Business licenses issued (number of licenses/year)</td>
<td>-</td>
<td>Increased</td>
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</tbody>
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Indicators and criteria will be set after conducting baseline surveys for each sub-project.

2) Internal Rate of Return (IRR): Economic Internal Rate of Return (EIRR) is calculated based on samples taken during the implementation phase.

(2) Qualitative benefits

Improve economic growth of urban areas and quality of life for residents.

5. **External Risk Factors and Risk Control**

Delays in civil engineering work due to natural disasters such as floods.

6. **Lessons Learned from Past Projects**

(1) Results of Evaluations of Similar Past Projects

The ex-post evaluation results for the Small-scale Infrastructure Rehabilitation and Upgrading Project II in Sri Lanka demonstrates that establishing appropriate implementation, project management, and monitoring systems is important for projects with a significant number of sub-projects in several sectors. The ex-post evaluation results for the Programme for Construction of Multipurpose Cyclone Shelters (Bangladesh) demonstrate that securing electricity and safe drinking water for shelters to prepare for disasters is necessary.

(2) Lessons for the Project

This project includes a significant number of sub-projects implemented in several sectors. Establish a system for managing and monitoring administrative and financial services in each core city targeted to achieve a consolidated management system controlled by the LGED, while receiving consultation services based on the lessons learned from previous projects. Since this project includes the construction of schools that can be used as cyclone shelters, the basic design for the buildings includes installation of solar panels and tanks for holding rainwater based on lessons learned from previous projects. This will allow the project to secure a power supply and safe water when disasters strike.

7. **Plans for Future Evaluation**

(1) Indicators for Future Evaluation:

- 1) Annual average traffic volume per day (cars/year)
- 2) Average hours required
- 3) Average costs needed for travel (TK/travel)
- 4) Operation rate (%)
- 5) Number of days roads are impassible due to flooding (days/year)
- 6) Number of people affected by floods in living areas (persons/year)
- 7) Water supply volume (days/m³)
- 8) Population with access to safe water (number of persons)
- 9) Average number of bus/truck arrivals/departures (vehicles/day)
- 10) Average number of people used (number of people/day)
- 11) Street lights in operation (number of street lights)
- 12) Annual traffic accidents (number of accidents/year)
- 13) Shelter capacity (number of people)
- 14) People affected by floods (number of people/event)
- 15) Training program participation (number of people/year)
- 16) Business licenses issued (number of licenses/year)
- 17) Economic Internal Rate of Return (EIRR) (%) (to be calculated in the future)
18) Number of Gender Committee meetings (times/year)

(2) Timing of Next Evaluation: Two years after completion