1. Name of the Project

Country: People’s Republic of Bangladesh
Project: Upazila Governance and Development Project
Loan Agreement: December 13, 2015
Loan Amount: 14,725 million 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 Rural Development Sector in Bangladesh

In Bangladesh, despite the rapid economic development in recent years, 32% of the population, or approximately 47 million people live below the poverty line (2010). The problem was worse in rural areas, where 71% of the population, or approximately 105 million people resided, as these areas had a poverty rate of 35%, which was more than 10% higher than that of the urban areas. In order to facilitate development in rural areas with a higher poverty rate, it is urgent to strengthen the capacity of local government institutions to promote development projects and deliver public services that can meet the needs of residents.

The local government system in Bangladesh consists of four tiers in the following order from top to bottom: division, district, upazila, and union. Upazila parishads, which are approximately 500 in number nationwide, are expected to coordinate and incorporate the opinions of union parishads (closest local government institutions to residents); coordinate the local offices of ministries to provide public services, such as education, public health, and agricultural extension services; deliver other public services to meet the needs of residents; and carry out development projects. However, they have difficulties in providing these services to all residents because of the lack of financial resources for development, the lack of capacity of service providers and local government officials, and the dysfunction of the mechanism to understand and coordinate the needs of residents. Moreover, the poor collaboration between upazila parishads and union parishads or local offices of ministries / departments, as well as the inefficient use of limited public resources, has slowed down the development of basic infrastructure, such as rural roads, educational and health facilities, and the improvement of access to public services.

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

As the most important national development strategy, the Sixth Five Year Plan (from FY2011-2012 to FY2015-2016) aims to improve public services and promote decentralization as well as emphasizes the importance of strengthening the institutional and financial capacity of local government institutions including upazila parishads. The National Rural Development Policy 2001 also emphasizes the importance of the role of upazila parishads in coordinating
the local offices of ministries to provide public services to residents and promoting the participation of residents in the development processes undertaken by local government institutions. The Upazila Governance and Development Project (hereinafter referred to as “this Project”) is in line with these policies and objectives since it is designed to develop infrastructure and enhance the administrative capacity of local governments to meet the needs of residents.

(3) Japan and JICA’s Policy and Operations in the Rural Development Sector

The JICA Country Analysis Paper for Bangladesh (issued in April 2013) sets “overcoming social vulnerability” as a priority area and indicates that it is important to support the development of administrative capacity of local government institutions so that they can enhance their efficiency and improve their project performance. It is also stated that JICA will focus its support on the dissemination and deployment of the public-civic collaboration system developed through the past projects so as to improve the quality of public services and promote the participation of citizens in governance processes. The Participatory Rural Development Project Phase 2 (a technical cooperation project completed in 2010) utilized “Link Model”, a collaboration system between residents and local government institutions, to create a framework to reflect the opinions of villagers in development projects. This has enhanced the capacity of local government institutions, improving the efficiency and effectiveness of public services and strengthening the transparency of infrastructure development projects. The high efficiency and effectiveness of public services in the areas where Link Model had been introduced was proven quantitatively in a comparative study of vaccination programs conducted by the Department of Livestock Services in areas with and without the model. According to the study results, the vaccination coverage was approximately 20% higher in the area with Link Model than in the area without Link Model, and the average time required for immunization was approximately 30% shorter in the former area than in the latter area. Moreover, a resident survey regarding infrastructure development projects conducted by local government institutions implied that the ownership of residents and the recognition of the projects were approximately 15% and 12% higher, respectively, in the area with Link Model than in the area without Link Model. Furthermore, Link Model was highly recognized by the Ministry of Local Government, Rural Development and Cooperatives, and the system was partially adopted as Union Development Coordination Committee Meeting (UDCCM). This Project is designed to train local government officials on how to use UDCCM effectively in order to enhance the capacity of upazila parishads to coordinate the needs of residents.

The Country Assistance Program for Bangladesh (June 2012) also indicates that Japan will assist Bangladesh in strengthening governmental functions and improving public services in order to improve governance. Thus, this Project is consistent with the policy and analysis of the Japanese Government and JICA. Recent major cooperation projects are listed below.

- Loan assistance: South-Western Bangladesh Rural Development Project (2009) and
Northern Bangladesh Integrated Development Project (2012)

(4) Other Donor’s Activity

The United Nations Development Programme (UNDP) is implementing the Upazila Governance Project to assist 14 upazila parishads in enhancing their financial and administrative capacity and establishing legal systems. The UNDP is also carrying out the Union Parishad Governance Project. Meanwhile, the World Bank launched the Local Governance Support Project (LGSP) in 2006 to support the development of the financial and administrative capacity of union parishads. The LGSP is now in its second phase (2011 - 2016).

(5) Necessity of the Project

Aiming to improve the delivery of public services and enhance the administrative capacity of local government institutions, this Project is in line with the development policies of the Government of Bangladesh, the assistance policies of the Government of Japan and JICA, and the above-mentioned development issues; therefore, it is highly necessary and relevant to implement this Project.

3. Project Description

(1) Project Objective

The objective of the Project is to enhance the capacity of Upazila Parishad to deliver effective public services to citizens by supporting development works (rural roads, water supply, medical facilities, etc.) which better reflects demands of citizens and by providing capacity development trainings to public servants, thereby contributing to improving the lives of residents and reinforcing local government structure of Bangladesh.

(2) Project Site/Target Area

Throughout Bangladesh (64 districts, 489 upazilas)

(3) Project Components

1) Development and repair of basic infrastructure (e.g., rural roads, water supply and sewerage facilities, health facilities, and educational facilities)

2) Support for improvement in governance and implementing systems (e.g., training for capacity development of local government officials (district, upazila, and union parishad officials), external auditing, and a baseline surveys)

3) Consulting services (e.g., support for project management, support for development of basic infrastructure, monitoring, evaluation)
Regarding the component 1), target upazilas will be selected according to the evaluation and ranking of their financial and administrative capacity based on the performance indicators specified by the Upazila Parishad Act to assess the delivery of essential services. The Project will cover the top 100 upazilas in the first year and expand target upazilas by 100 every year from the second year onwards.

(4) Estimated Project Cost (Loan Amount)
17,217 million Yen (Loan Amount: 14,725 million Yen)

(5) Schedule
This Project is planned to run from December 2015 to February 2023 (87 months in total). Project completion is defined as when all the facilities start to operate (in February 2022).

(6) Project Implementation Structure
1) Borrower: The Government of the People’s Republic of Bangladesh
2) Guarantor: N/A
3) Executing Agency: Local Government Division, Ministry of Local Government, Rural Development and Cooperatives (LGD)
4) Operation and Maintenance System: LGD has extensive experience in ODA loan projects and has established a national system for operation and maintenance; therefore, it does not seem to have any problem. This Project will provide consulting services to local authorities involved in this Project to support their proper operation and maintenance including budget planning.

(7) Environmental and Social Consideration/Poverty Reduction/Social Development
1) Environmental and Social Consideration
   ① Category: FI
   ② Reason for Categorization:
      This Project is classified as Category FI, according to the JICA Guidelines for Environmental and Social Considerations (April 2010), because its sub-projects cannot be specified prior to JICA’s approval of funding and because those sub-projects are expected to have a potential impact on the environment.
   ③ Others/Monitoring:
      In this Project, the executing agency is to classify each sub-project according to the laws and regulations of Bangladesh and the JICA Guidelines for Environmental and Social Considerations (April 2010) and take necessary measures depending on the category while receiving support from consultants hired through this Project. None of the sub-projects will fall under the Category A.
2) Promotion of Poverty Reduction
   This Project is expected to offer direct benefits such as the creation of job
opportunities during the construction works and an increase in the economic opportunities after the development of basic infrastructure. This Project is also expected to improve the access to social services, contributing to poverty reduction.

3) Promotion of Social Development

This Project is planned to use the participation of women in decision-making process as a governance performance indicator in order to promote the involvement of women. The Project is also to use the frequency of UDCCs, development coordination meetings with the participation of residents, as an indicator in order to encourage residents to participate in the implementation and evaluation of this Project.

(8) Collaboration with Other Donors

This Project will be coordinated by LGD, particularly in terms of the implementation approach, performance indicators, and external auditing systems, with other initiatives taken by development partners supporting the enhancement of local government institutions, such as the World Bank and the United Nations Development Programme. Moreover, this Project will coordinate with the LGSP and others to strengthen the functions of Director, Local Government (DLG) and Deputy Director, Local Government (DDLG) assigned across the country.

(9) Other Important issues

JICA is planning to conduct a technical cooperation project to assist LGD in improving the legal framework for upazila parishads.

### 4. Targeted Outcomes

(1) Quantitative Effects

1) Performance Indicators (Operation and Effect Indicator)

Since this Project consists of sub-projects to develop small-scale infrastructure to be selected by upazila parishads across the country, it is difficult to set individual numerical targets. Therefore, this Project is to be evaluated by the increase or decrease in the indicators listed below from the baseline values to be determined from the data collected on a sample basis.

<table>
<thead>
<tr>
<th>Type</th>
<th>Indicator</th>
<th>Baseline (in 2016)</th>
<th>Target (in 2024) [Expected value two years after project completion]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural road facilities</td>
<td>Length of the roads constructed and rehabilitated (km)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Length of the bridges constructed and rehabilitated (m)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Water supply and sanitation facilities</td>
<td>Number of people who gained access to safe water (persons)</td>
<td>-</td>
<td>Increase</td>
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</tr>
<tr>
<td></td>
<td>Number of patients with water-related disease (persons per year)</td>
<td>-</td>
<td>Decrease</td>
</tr>
<tr>
<td>Agricultural production facilities</td>
<td>Planted area of major crops (ha)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Amount of fish caught (tons per year)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Health facilities</td>
<td>Number of outpatients (persons per year)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Number of beds (beds)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Educational facilities</td>
<td>Number of students with access to classroom facilities</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Enrollment rates in primary and secondary education</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Disaster management facilities</td>
<td>Number of people who can be accommodated in shelters (persons)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Number of people affected by floods (persons per flood event)</td>
<td>-</td>
<td>Decrease</td>
</tr>
<tr>
<td>Capacity development, training, and public relations activities</td>
<td>Number of upazila parishad officials who received training (persons per year)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Number of residents who participated in training and public relations activities (persons per year)</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Improvement of public service delivery and administrative capacity</td>
<td>Degree of public recognition of the role of upazila parshads</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td></td>
<td>Public satisfaction with public services</td>
<td>-</td>
<td>Increase</td>
</tr>
<tr>
<td>Promotion of participation of women</td>
<td>Number of training opportunities for women and meetings in which a certain amount of women participated (frequency per year)</td>
<td>-</td>
<td>Increase</td>
</tr>
</tbody>
</table>

(2) Qualitative Effects

Improvement in the quality of life of residents, improvement of administrative capacity, and enhancement of local governance

(3) Internal Rate of Return
The Economic Internal Rate of Return (EIRR) and the Financial Internal Rate of Return (FIRR) were not calculated because sub-projects could not be identified prior to the start of this Project. However, traffic infrastructure facilities in some target upazilas will be selected as samples in the implementation stage to tentatively estimate the EIRR after the termination of this Project.

5. External Factors and Risk Control

(1) Preconditions: None in particular.
(2) External Factors: None in particular.

6. Evaluation Results and Lessons Learned from Past Projects

(1) Results of Evaluation of Similar Past Projects

The results of the ex-post evaluation of Rural Areas Infrastructure Development Project (III) in Indonesia identified the following lessons: when the project consists of multiple sub-projects in different locations, it is essential to establish a well-structured management system and operate it in a proper manner. In particular, it is extremely important to divide the responsibilities in the hierarchical structure from local to central levels and ensure vertical and horizontal coordination between relevant organizations.

(2) Lessons for the Project

The above-mentioned lessons are applicable to this Project because it also consists of multiple small sub-projects to be implemented in different places over a wide area. Therefore, this Project is designed to provide consulting services and other necessary support to establish a proper supervising/monitoring mechanism based on the existing local administrative structure for the sub-projects, and create an implementation mechanism that can enable the executing agency to consolidate information.

7. Plan for Future Evaluation

(1) Indicators to be Used

1) Length of the roads constructed and rehabilitated (km)
2) Length of the bridges constructed and rehabilitated (m)
3) Annual average traffic per day (vehicles per day)
4) Number of days during which roads are impassable due to flooding (days per year)
5) Number of people who gained access to safe water (persons)
6) Number of patients with water-related disease (persons per year)
7) Planted area of major crops (ha)
8) Amount of fish caught (tons per year)
9) Number of outpatients (persons per year)
10) Number of beds (beds)
11) Number of students with access to classroom facilities
13) Enrollment rates in primary and secondary education
14) Number of people who can be accommodated in shelters (persons)
15) Number of people affected by floods (persons per flood event)
16) Number of upazila parishad officials who received training (persons per year)
17) Number of residents who participated in training and public relations activities (persons per year)
18) Degree of public recognition of the role of upazila parishads
19) Public satisfaction with public services
20) Number of training opportunities for women and meetings in which a certain amount of women participated (frequency per year)

(2) Timing of Next Evaluation:
   Two years after the completion of the Project (ex-post evaluation)