



Bangladesh: Third Urban Governance and Infrastructure Improvement (Sector) Project - Additional Financing

Project Name	Third Urban Governance and Infrastructure Improvement (Sector) Project - Additional Financing	
Project Number	39295-038	
Country	Bangladesh	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: Third Urban Governance and Infrastructure Improvement (Sector) Project - Additional Financing	
	Ordinary capital resources	US\$ 100.00 million
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 100.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Transport - Urban roads and traffic management Water and other urban infrastructure and services - Other urban services - Urban flood protection - Urban policy, institutional and capacity development - Urban sanitation - Urban slum development - Urban solid waste management - Urban water supply	
Gender Equity and Mainstreaming	Gender equity	
Description	With the additional financing the project will strengthen urban governance and improve urban infrastructure and service delivery in 35 pourashavas (municipalities) in Bangladesh. Building upon the successful implementation of earlier phases, the project will provide investment funds to pourashavas based on their governance performance. The project will develop towns with high growth potential in an integrated and holistic way both in terms of governance and infrastructure with an aim at making them model towns of the country. In addition to the focused interventions to these towns, the project will roll out application of governance performance criteria linked with fund allocation to all class-A pourashavas, in the country.	

Project Rationale and Linkage to Country/Regional Strategy

Urbanization. Rapid urbanization is widening the deficit in infrastructure and services. While the challenges of rapid urbanization in Bangladesh are well known and documented, they are even more acute in pourashavas. Addressing the dual challenge of infrastructure requirement and municipal governance improvement is essential to strengthen urban climate change resilience and reduce regional disparities across the country.

Urban infrastructure. Pourashavas are struggling to provide basic services including drinking water supply, sanitation, roads, drainage, solid waste management, and other urban amenities such as kitchen markets, street lights, and bus terminals. Although improvements have been made through earlier projects, including the first and second Urban Governance and Infrastructure Improvement (Sector) Projects (UGIIP), pourashavas still need significant investment support to improve municipal infrastructure and service delivery.

Urban governance. Pourashavas were characterized by inadequate governance, capacity constraints, lack of community participation in the planning, implementation, and management of projects and programs. With limited but effective incentives for pourashavas to improve their governance, the first UGIIP funded by ADB, introduced a performance-based fund allocation strategy through the urban governance improvement action plan (UGIAP) ensuring motivation for continued governance reforms while creating tangible development impacts in an integrated manner. With the UGIAP introduction pourashavas supported under UGIIP improved their governance in such areas as accountability and transparency, promotion of gender equity, poverty reduction, and financial management and sustainability.

Model town development. In the government's Seventh Five-Year Plan (2016-2020) urban development is a national priority to reduce urban poverty and improve living conditions through better city governance and service improvement. In line with this policy direction, UGIIP-3 supports strengthening of urban governance and improvement of urban infrastructure and service delivery in pourashavas (municipalities) in Bangladesh by providing investment support to pourashavas with high potential growth based on their governance performance. The additional financing will expand the well-performing UGIIP-3 and invest in (i) additional priority infrastructure and governance improvement for pourashavas under the current project, and (ii) infrastructure and governance improvement in five new pre-selected pourashavas. Performance-based fund allocation for all class-A pourashavas in the country, where class-B and -C pourashavas can voluntarily participate, will continued to be rolled-out under the additional financing.

Strengthening urban climate resilience. Climate change is a critical development issue for Bangladesh. Major climate risks for pourashavas include increase in temperature, intensity and frequency of rainfalls and wind loads, storm surges and riverine flooding. Rising sea levels may impact pourashavas in coastal zones and also intrude relatively far inland increasing the salinization of both groundwater and surface water. Pourashavas will need to enhance their institutional abilities to sustain operation and maintenance of infrastructure and services, specifically increasing the resilience of the poor and vulnerable people struggling to cope with even heavy rainfall, let alone the increasing extreme weather events.

The project is fully consistent with ADB's (i) urban operational addressing inclusiveness, environmental sustainability, and competitiveness, and (ii) Bangladesh country partnership strategy (CPS) which prioritizes inclusive and environmental sustainable growth, governance improvement, and climate and disaster resilient infrastructure and services.

Impact	Improved living environment in project towns
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Project Outcome

Description of Outcome	Improved municipal service delivery and urban governance in project towns
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Progress Toward Outcome

Implementation Progress

Description of Project Outputs	Municipal infrastructure improved and made gender and climate responsive Improved capacity of pourashavas in urban service delivery, planning, and financial management
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Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The project is classified as category B for environmental safeguards. For additional financing five draft initial environmental examinations were prepared for representative infrastructure investments including water supply, solid waste management, markets, roads, and drainage in accordance with ADBs Safeguard Policy Statement (SPS, 2009) and government laws. Subprojects are located outside sensitive and protected areas, and any construction impacts will be mitigated through implementation of environmental management plans included in contract documents. Significant environmental impacts are not foreseen in future subprojects, which will be guided by environmental subproject selection criteria outlined in the Environmental Assessment and Review Framework, and monitored as part of the semiannual safeguards monitoring report. Environmental safeguard implementation capacity of the executing agencies is sufficient from on-going and past UGIP projects, and will be supported by consultants for carrying out environmental-related tasks. Environmental Assessment and Review Framework was prepared to provide guidance for other subprojects.
Involuntary Resettlement	The project is categorized as B for involuntary resettlement. For additional financing no permanent involuntary land acquisition or physical displacement is identified from two sample pourashavas. A total of 4 acres of land from 5 land owners will be obtained through negotiated settlement. Temporary impacts by the sample road and drainage subprojects in terms of losing access to government lands for economic activities or residence are envisaged for total 53 affected shop owners and/or households. Two draft resettlement plans were prepared in consultation with the affected people to mitigate the impacts. The draft resettlement plans will be updated and finalized during detailed engineering design of subprojects. A due diligence report was prepared for a sample solid waste subproject confirming absence of involuntary resettlement and indigenous peoples impacts. Resettlement framework was prepared to provide guidance for other subprojects or in the event of unidentified involuntary resettlement impacts during project implementation period.
Indigenous Peoples	The project is categorized as C for Indigenous People impacts. No impacts on indigenous people's communities were identified in the sample pourashavas to be included under additional financing. The beneficiaries' population of the sample pourshavas is completely urban. The Indigenous People Planning Framework is updated to include the additional towns. The framework is to provide guidance in mitigating the IP impacts and prepare the required document as stipulated in ADB SPS, 2009, SR3.

Stakeholder Communication, Participation, and Consultation

During Project Design	Through the participation of the poor and women in pourashavas decision-making forums, such as the town-level coordination committee (TLCC), ward-level coordination committee (WLCC), Poverty Reduction and Slum Improvement Standing Committee (PR&SI), Women and Children (W&C) Affairs Standing Committee, the project will open a critical window of opportunities for the poor and women to raise their voices. Through a provision of project fund to slum improvement (SI) activities, footpaths, streetlights, toilets, tube wells, and dustbins will be supported and directly benefit the poor and women in the project area. Women friendly infrastructure will promote greater mobility for women. Project generated infrastructure work including construction will benefit the poor and vulnerable by providing short-term employment opportunities. Improved municipal services, e.g., health service, immunization activities, and water supply, will benefit poor and women.
During Project Implementation	Pourashavas are the implementing units of the project and TLCC is a consultative forum of pourashava decision-making. Adequate participation of civil society in project implementation will be ensured through TLCCs, WLCCs and inclusion in other committees. Focus Group Discussions and courtyard meetings will be conducted as part of awareness.

Business Opportunities

Consulting Services	Quality-and cost based selection 3,636 person-months \$6.80 million Individual consultant selection 510 person-months \$2.0 0million
Procurement	International competitive bidding, 7 contracts, \$2.2 million National competitive bidding, 220 contracts, \$189.0 million Shopping, 2 contracts, \$0.04 million

Responsible ADB Officer	Vogl, Alexandra
Responsible ADB Department	South Asia Department
Responsible ADB Division	Urban Development and Water Division, SARD
Executing Agencies	<i>Department of Public Health Engineering DPHE Bhaban, 14 Shaheed Captain Mansur Ali Sarani, Kakrail Dhaka, Bangladesh Local Government Engineering Department LGED Bhaban (Level 6), Agargaon Sher-e-Bangla Nagar, Dhaka 1207, Bangladesh</i>

Timetable

Concept Clearance	-
Fact Finding	16 Oct 2016 to 27 Oct 2016

MRM	26 Apr 2017
Approval	08 Aug 2017
Last Review Mission	-
Last PDS Update	10 Aug 2017

Project Page	https://www.adb.org/projects/39295-038/main
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