Updated Project Information Document (PID)

<table>
<thead>
<tr>
<th>Project Name</th>
<th>BANGLADESH-Rural Transport Improvement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region</td>
<td>South Asia Regional Office</td>
</tr>
<tr>
<td>Sector</td>
<td>Roads and highways (80%); Agricultural marketing and trade (20%)</td>
</tr>
<tr>
<td>Project ID</td>
<td>P071435</td>
</tr>
<tr>
<td>Supplemental Project</td>
<td>PEOPLE'S REPUBLIC OF BANGLADESH</td>
</tr>
<tr>
<td>Borrower(s)</td>
<td>LOCAL GOVERNMENT ENGINEERING DEPARTMENT</td>
</tr>
<tr>
<td>Address</td>
<td>Address: Local Government Engineering Department, 7/B Agargaon, Dhaka, Bangladesh</td>
</tr>
<tr>
<td>Contact Person</td>
<td>Mr. Md. Shahidul Hassan, Chief Engineer</td>
</tr>
<tr>
<td>Tel</td>
<td>880-2-811-6817</td>
</tr>
<tr>
<td>Fax</td>
<td>880-2-811-6390</td>
</tr>
<tr>
<td>Email</td>
<td><a href="mailto:ce-lged-@bangla.net">ce-lged-@bangla.net</a></td>
</tr>
<tr>
<td>Environment Category</td>
<td>A</td>
</tr>
<tr>
<td>Date PID Prepared</td>
<td>May 20, 2003</td>
</tr>
<tr>
<td>Auth Appr/Negs Date</td>
<td>March 31, 2003</td>
</tr>
<tr>
<td>Bank Approval Date</td>
<td>June 19, 2003</td>
</tr>
</tbody>
</table>

1. Country and Sector Background

Bangladesh, with a population of about 131 million (2002 estimate) and an area of about 148 thousand square km, is one of the most densely populated countries in the world. With about 84 percent of the population and about 90 percent of the country's poor living in rural areas, it also has one of the lowest rates of urbanization in the world. Although Bangladesh has experienced an annual Gross Domestic Product (GDP) growth rate of about 4 percent during the last decade, this has only led to a marginal decline in the official poverty rate. This means that, with about 50 percent of its population living below the official poverty line, Bangladesh currently has the third largest number of people classified as 'poor' in the world after India and China.

Bangladesh has an extensive and diversified transport system which now includes 220,539 km of roads, about 2,700 km of railroads, about 6,000 km of waterways, two major seaports and eight airports. Both the quality and connectivity of the road network has improved considerably during the past two decades. This has led to an increase in transport demand in the 90's of about 8 percent per annum. Today the road network consists of: (a) 3,086 km of National Highways (NH); (b) 1,751 km of Regional Highways (RH); (c) 7,543 km of Zila Roads (ZR) (former Feeder Roads A); (d) 23,434 km of Upazila Roads (UZR) (former Feeder Roads B); (e) 68,639 km of Union Roads (UR) (former Rural Roads 1); and (f) about
114,126 km of Village Roads (VR) (former Rural Roads 2 and 3). An additional 1960 km of roads still remain to be re-classified. The Roads and Highways Department (RHD) is responsible for the management of the primary road network (NHs, RHs and ZRs) while LGED is responsible for the management of the secondary road network (UZRs and URs). The tertiary road network (primarily VRs), is the responsibility of LGIs, with technical support from LGED.

The improvement of rural infrastructure in general, and of rural transport infrastructure in particular, is an important element of the Government of Bangladesh's (GOB) long term strategy to reduce the incidence of rural poverty by improving the infrastructure endowment of the rural economy. This strategy has been supported since 1984 by the implementation of the recommendations/findings of the Rural Infrastructure Strategy Study (RISS). The RISS has helped to formulate GOB's long-term strategy of supporting the rural economy through a coherent set of rural infrastructure development projects, financed with both domestic and donor resources. Consistent with this strategy, GOB has invested about US$2.4 billion in over 40 rural infrastructure development projects over the last ten years.

**SECTOR ISSUES**

The major sector issues facing the rural infrastructure sector in Bangladesh are as follows:

- **Poor quality and carrying capacity of rural infrastructure:** Despite the large investments that have been made to develop the country's road network, its condition remains far from satisfactory. The riding quality, geometric standards and carrying capacity of part of the secondary and tertiary road networks remains poor. Only 13,000 km of UZRs are of all weather standard, and most of the URs remain unpaved. This makes large portions of the secondary and tertiary road networks impassable during the rainy season. Furthermore, the secondary and tertiary road networks still have about 140,000 m of missing minor structures that prevent continuous through access.

- **Inadequate funding and weak management of rural transport infrastructure maintenance:** Inadequate road maintenance funding remains a major issue in Bangladesh. Based on the findings of the 2001/2002 public expenditure review commissioned by IDA, there was an annual maintenance funding shortfall of about US$9.0 million (about Tk 522.0 million) for the secondary road network. This represented a gap of about 28 percent of the total maintenance funding requirements.

- **Insufficient integration of trade and rural transport services:** Transport and trade are vital elements of the rural and national economy. Although roads increasingly (relative to other transport modes) carry the majority of rural passengers and freight, inland water transport, together with rural markets that are located on river banks, continue to play an important role in the rural economy. To maximize the transport sectors contribution to overall economic growth, it is increasingly necessary to better integrate the development of transport and trade facilities. Of the 6,000 rural markets presently in Bangladesh, approximately 2,100 have been identified as Growth Center Markets (GCM) which significantly contribute to the marketing and sale of agricultural products. One third of these rural markets are located on river banks with adjoining river jetties. A more integrated transport and trade approach to the improvement of rural roads, markets, and river jetty facilities would deliver significant positive impacts on agricultural growth and rural and non-rural incomes.

- **Overlapping functional responsibilities in the management of the road network:** The road classification system in Bangladesh has in the past fostered duplication of responsibility between RHD and LGED in the management of the various parts of the road network. It has also distorted the allocation of scarce budgetary resources. GOB has finalized new guidelines for a more systematic
secondary and tertiary road network classification and responsibility framework. The full implementation of these new guidelines is critical for progress towards sustainable improvements in the management of the respective parts of the road network.

- **Limited local capacity to manage and fund rural infrastructure:** The capacity of LGIs to fund and manage the development and maintenance of rural infrastructure remains weak, despite the enactment of LGI revenue raising powers and increasing devolution of local infrastructure management responsibilities. For example, routine maintenance continues to be implemented directly by LGED while contractors, under LGED's management, carry out periodic maintenance. Furthermore, there is limited involvement at present by local government and communities in the planning and management processes for these maintenance operations.

2. **Objectives**
The development objectives of the project are to provide rural communities with improved access to social services and economic opportunity, and to enhance the capacity of relevant government institutions to better manage rural transport infrastructure.

3. **Rationale for Bank's Involvement**
IDA has been a major partner in the development of Bangladesh's road sector and has established effective dialogue with GOB and the road sector agencies - LGED and RHD. More specifically, IDA has funded a share of GOB's rural infrastructure development program through two rural roads improvement projects - RRMIMP-I and RRMIMP-II. This means that IDA has accumulated strong expertise in the sector and is well positioned to assist GOB in implement its strategy of improving the sector's performance. IDA's involvement in the Bangladeshi road sector combines: (a) long term capital to support sector investments; (b) a combination of lending instruments and advisory services for accelerating institutional and policy reforms; and (c) capacity to ensure that social and environmental concerns are fully addressed in sector development.

4. **Description**
The project funds the following eight components: (a) improvement (minor widening and strengthening) of about 1,100 km of existing UZRs; (b) improvement of about 500 km of existing URs; (c) construction of about 15,000 m of missing minor (less than 30 meters) bridges/culverts on URs; (d) periodic maintenance/rehabilitation of about 1,500 km of UZRs; (e) improvement of about 150 existing rural markets and construction/improvement of 45 river jetties; (f) implementation of Resettlement Framework (RF), Environmental Management Framework (EMF), Resettlement Action Plans (RAP), Environmental Management Plans (EMP) and Indigenous People's Development Plans (IPDP) associated with the civil works components; (g) consultant services to assist in the design, supervision and monitoring of the civil works components; and (h) technical assistance to build up LGED's and selected LGI's capacity in transport infrastructure planning and financing, maintenance management, quality assurance, transport safety, financial and project management, performance monitoring and evaluation.

5. **Financing**

<table>
<thead>
<tr>
<th>BORROWER</th>
<th>Total ( US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER</td>
<td>$65.00</td>
</tr>
<tr>
<td>IBRD</td>
<td>$190.00</td>
</tr>
<tr>
<td>IDA</td>
<td>$190.00</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$255.00</td>
</tr>
</tbody>
</table>
6. Implementation

Project oversight and coordination: A steering committee chaired by the Secretary of the Local Government Division (LGD) of the Ministry of Local Government, Rural Development and Cooperatives (MOLGRDC) has been established to coordinate and monitor the project.

Implementing agency: The overall implementation of the project will be the responsibility of LGED which is the executing department of the MOLGRDC. With the exception of a pilot tertiary road maintenance component, which will be managed jointly by LGED and targeted UPs, all other project components will be fully implemented by LGED.

Project management: A Project Management Unit (PMU) has been established within LGED to coordinate all project preparation and implementation activities. A Project Coordinator (PC) (Additional Chief Engineer level) supported by two Project Managers (PM) (Superintending Engineer level) have been put in charge of managing and coordinating the day-to-day project implementation activities. The two PMs will be supported by staff working on a full time basis on project implementation, with expertise in social, environmental, procurement and financial management matters. Some of the project preparation and implementation staff already have experience in implementing previous IDA or other similar donor assisted projects.

A Project Preparation Consultant (PPC) assisted LGED in the identification of project components and design of the first year's civil works program. LGED has selected internationally experienced Design, Supervision and Monitoring Consultant (DSM) to assist it in the preparation of the engineering and bidding documents for the subsequent years civil works programs. Furthermore, the DSM consultants will assist LGED in monitoring and supervising the civil works components of the project. Quality Audit (QA) consultant services will also be engaged by LGED to assist in monitoring the construction quality of all of the civil works components with particular focus on the structures on URs component.

Financial Management: The financial management arrangements for the project should be more than adequate. This is because LGED already has substantial experience with IDA financial management, disbursement procedures and financial reporting requirements. The audit reports for on going as well as recently completed IDA funded projects have been submitted in a timely manner. Furthermore, during the implementation of the RRMIMP-II, LGED has successfully maintained a Second Generation Special Account (SGSA) to facilitate payment flows to dispersed locations and contractors. With the development by LGED of computerized Unified Financial Management System (UFMS) and the posting of staff with previous experience in handling the financial management aspects of IDA assisted projects.

7. Sustainability

To ensure the sustainability of GOB's large investments in rural transport infrastructure, the project will assist in implementing the following: (a) improving resource generation at the national and local levels to close the maintenance funding gap to ensure sustainability of rural transport infrastructure; (b) mainstreaming of more cost-effective maintenance management systems to ensure sustainability of the secondary and tertiary road networks; (c) progressively building up the capacity of LGIs and user groups to better utilize and manage their rural transport infrastructure assets; and (d) strengthening the role of LGED to assist GOB and local government in developing, maintaining and managing rural transport infrastructure.

Furthermore, the project will also continue to support a community-based, demand driven approach in developing markets/river jetties/structures on URs to strengthen the ownership and hence sustainability of developing such infrastructure. This participatory feature of the project and the focus on capacity building of UPs will contribute to infrastructure and social capital formation - a key ingredient to
8. Lessons learned from past operations in the country/sector

To varying degrees, previous road projects in Bangladesh have suffered from: (a) delays in procurement decisions by respective Ministries; (b) delays in handing-over of the construction sites to contractors due to delays in completing land acquisition; (c) weak design, engineering and construction supervision standards; (d) inadequate attention to the provision of sufficient number of structures on the secondary road network; (e) lack of economies of scale, and procurement problems due to small contract packages; (f) inadequate preparation and management of the social and environmental aspects of civil works; and (g) weak involvement of users and local bodies to ensure transparency, and appropriate investment prioritization.

As a result of the experience gained in the sector, the project incorporates the following key lessons: (a) early and comprehensive preparation of engineering, social, environmental, participatory planning and institutional aspects to ensure quality at entry; (b) up front procurement actions to ensure high degree of implementation readiness (about 20 percent of the project works will be ready for award by credit effectiveness); (c) substantial completion of site readiness before civil works contracts are approved to ensure smooth contract implementation; (d) integrated improvement/construction/rehabilitation of UZR, URs, markets and critical river jetties to maximize synergistic benefits; (e) construction of missing minor structures to improve connectivity; (f) targeted capacity building initiatives to increase the role of LGIs and communities in planning and management of local trade and transport infrastructure; and (g) strengthening of LGED portfolio-wide monitoring and evaluation processes to improve performance management and public accountability.

9. Environment Aspects (including any public consultation)

**Issues**: The project should make a positive contribution to the quality of the environment in rural Bangladesh by improving health and safety conditions, as well as enhance accessibility to rural infrastructure and services. However, adverse environmental impacts could occur if the civil works are not properly planned, designed and implemented. Most of the possible adverse impacts are construction-related and are limited to the civil works sites. The potential environmental impacts in the ‘UZR/UR’ and ‘structures on UR’ civil works include: (a) borrow area operation and re-development; (b) location and operation of bitumen mixing sites and construction camps; and (c) disposal of debris and bituminous waste and slope stabilization. The ‘rural market’ and the ‘river jetty’ civil works components include issues such as adequate drainage, wastewater and solid waste management and related health issues. Some of the civil works could be located in or near forests, wetlands or other ecologically sensitive areas. Whenever or if such cases do occur, their environmental impacts will need to be managed using appropriate mitigation measures. If debris disposal is not properly managed for the UZR road improvement works in the hilly areas of the project, it could cause increased erosion and impact drainage patterns.

All potential impacts—including indirect and long-term impacts—have been identified in the Environmental Assessment (EA) carried out during the preparation phase, and will be addressed through an Environmental Management Framework (EMF) during the implementation phase. The EA has been based on case studies of a credible sample of proposed civil works, and on the experience gained through implementation of two similar IDA-funded projects (RRMIMP-I and RRMIMP-II).

The EA has recommended the following: (a) enhancements to the preparation (planning and design), implementation and supervision arrangements; (b) mitigation strategies for identified environmental impacts; (c) capacity improvement within LGED to effectively integrate environment management in planning and implementation of the civil works components; and (d) training of the LGED and other
stakeholders, including supervision consultants and contractors on environment management issues. In addition, the EA has made specific recommendations concerning changes to the current LGED environmental guidelines, standards and regulations, which are designed to improve the medium and long term environmental management practices for all of the LGED-managed civil works. All of these recommendations have been included in the EMF.

10. List of factual technical documents:

11. Contact Point:

   Task Manager
   Fabio Galli/Mohi Uz Zaman Quazi
   The World Bank
   1818 H Street, NW
   Washington D.C. 20433
   Telephone: 1-202-4581890/764-302
   Fax: 1-202-5222418

12. For information on other project related documents contact:
   The InfoShop
   The World Bank
   1818 H Street, NW
   Washington, D.C. 20433
   Telephone: (202) 458-5454
   Fax: (202) 522-1500
   Web: http://www.worldbank.org/infoshop

Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

Tables, Charts, Graphs:

Processed by the InfoShop week ending: 05/20/2003

For a list of World Bank news releases on projects and reports, click here