



<b>1. Project Data:</b>		<b>Date Posted :</b> 04/28/2003	
<b>PROJ ID:</b> P009518		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Second Rural Roads & Markets Improvement	<b>Project Costs (US\$M)</b>	218.0	196.4
<b>Country:</b> Bangladesh	<b>Loan/Credit (US\$M)</b>	153.1	141.9
<b>Sector(s):</b> Board: TR - Roads and highways (89%), Agricultural marketing and trade (9%), Sub-national government administration (2%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> C2927			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b> SDC (Swiss Development Corporation)	<b>Closing Date</b>	03/31/2002	03/31/2003

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**2. Project Objectives and Components**

**a. Objectives**

The overall objectives of Second Rural Roads and Markets Improvement and Maintenance Project (RRMIMP) were to (a) increase rural employment and incomes; and (b) reduce rural poverty by establishing an improved and sustainable rural transport and trading infrastructure. The specific objectives were: -

1. remove physical bottlenecks, improve quality, and reduce costs in rural transport and marketing;
2. create employment and income generating opportunities among the rural poor and particularly disadvantaged women;
3. promote participation of local communities and Non-government Organizations (NGOs) in project activities;
4. increase institutional capacity for efficient rural infrastructure management, including maintenance; and
5. facilitate rehabilitation of rural roads, markets, bridges and small jetties which had been damaged by major floods in 1998.

**b. Components**

The latest costs of \$196.4 million comprised:

1. Improvement and Upgrading of Feeder Roads Type B (FRB), including bridges, culverts and tree planting: \$54.1 million (27.6%);
2. Maintenance of Roads: \$8.8 million (4.5%);
3. Construction of Drainage Structures on Rural Roads (SSR): \$71.9 million (36.6%);
4. Improvement of Rural Markets \$10.3 million (5.2%);
5. Rehabilitation/ Construction of River Jetties (Ghats): \$1.9 million (1%);
6. Pilot Program to Improve Non-Motorized Transport (NMT): \$.3 million (.2%);
7. Supply of Equipment: \$6.0 million (3.1%);
8. Institutions and Human Resource Development (HRD): \$3.5 million (1.8%);
9. Implementation Support: \$14.9 million (7.8%);
10. Flood Damage Rehabilitation Works; \$24.2 million (12.6%); and
11. Implementation Support for Flood Damage Rehabilitation Works: \$.6 million (.3%)

**c. Comments on Project Cost, Financing and Dates**

IDA provided 75% of the funding and the local government bodies had to put up 10-20% of structure costs to signal their financial stake and ownership. Following severe flooding in 1998, a supplemental IDA credit of SDR 14.2 million was approved in 1999 for repair and reconstruction of physical facilities and replacement of equipment as a result of flooding the previous year. The new component (11) targeted 100km of FRBs, 5600m of bridges and culverts, 70 markets and 3 ghats.

**3. Achievement of Relevant Objectives:**

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1. The SAR had projected a 55% increase in passenger km and a 104% increase in tonne-km in the three years following completion - observed rates in a socioeconomic survey of an earlier similar project (RRMIMP1) have exceeded these targets. Social and Economic Monitoring and Evaluation (SEME) showed a decrease in transport cost of 41% for passengers and 33% for cargo.
2. A total of 78,000 (25,000 at appraisal) person years of employment were created by civil construction and maintenance, 25% of which was female. Moreover, as a result of the project 13,000 destitute women are currently employed by the Local Government Engineering Department (LGED) for maintenance work. Consumption and the percentage above the poverty line increased significantly more rapidly than in control areas.
3. Participation in design and implementation of rural infrastructure was successful. SSRs, which comprised 42% of the cost of the original project were selected using participatory processes.
4. The Rural Infrastructure Maintenance Cell (RIMC) in LGED established a planned routine and periodic maintenance system for the feeder and rural roads network in the project area and the rest of the country. Mobile Maintenance Teams (MMTs) were developed and manned by Labor Contracting Societies run by poor workers. Substantial achievements under the institutional development component included training, organizational changes in LGED and a number of studies including a major socioeconomic impact survey conducted by the Bangladesh Institute for Development Studies.
5. The restoration of feeder roads, markets, bridges and jetties damaged by floods were completed on schedule. An economic analysis of 13 selected roads and 5 markets yielded ERRs of 57% for roads and 35%, corresponding appraisal estimates being 40% and 20%.

#### 4. Significant Outcomes/Impacts:

- The project was very successful and completed on time within budget, despite major natural disasters in 1998 and 2000. The achievements of 3 of the 5 objectives (1,2 and 5) are rated "highly satisfactory" Nearly all of the physical targets for road infrastructure were exceeded and both motorized and non -motorized traffic increased more than expected at appraisal.
- LGED's performance was highly satisfactory and coordination of the efforts of 10 donors to support rural infrastructure investment and build capacity was very effective, building on several decades of experience.
- Management of previously problematic areas such as local resource mobilization, impact monitoring, land acquisition, road standards, maintenance and community participation improved greatly as a result of the project, and new processes and procedures were implemented and disseminated throughout the country.
- This was the first LGED project to use the Bank's Operational Directive on Involuntary Resettlement and the first not to use NGOs for implementation but to bring the functions "in-house."

#### 5. Significant Shortcomings (including non-compliance with safeguard policies):

There were no major shortcomings but some weaknesses in implementation :-

- Maintenance funding was inadequate and the shortfall was 30% for FY 2001-2, but has improved to a projected 13% for FY 2002-3.
- Operation and management of markets still needs improvement and the increase in lease values of 7.5% was well below the projected 40%.
- There was insufficient LGED attention to and Bank supervision of the small but complex NMT component.
- The participatory planning and design was weak in managing environmental issues. In addition information management detailing losses suffered by project-affected persons was consistently inadequate.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Satisfactory	Satisfactory	
<b>Institutional Dev .:</b>	Substantial	Substantial	
<b>Sustainability:</b>	Likely	Likely	
<b>Bank Performance:</b>	Satisfactory	Satisfactory	
<b>Borrower Perf .:</b>	Satisfactory	Satisfactory	
<b>Quality of ICR:</b>		Satisfactory	

**NOTE:** ICR rating values flagged with '\*' don't comply with OP/BP 13.55, but are listed for completeness.

#### 7. Lessons of Broad Applicability:

1. Large projects like this require a long time for preparation (more than 3 years) even though they follow-on from successful projects. This improves the smoothness of implementation but there are ways of reducing start up time such as appointing design staff before effectiveness, retaining the agency's earlier project team and starting land acquisition earlier.
2. The number of contracts was overwhelmingly large; in future projects works in nearby areas should be packaged in one contract.
3. To be effective a programmatic Sector Environmental Assessment requires detailed guidelines for planning, design and implementation.

4. In Bangladesh the current land acquisition procedures are outdated, time consuming and provide opportunities for corruption.
5. Regular monitoring systems (SEME) and socioeconomic impact studies should be synchronized through a common survey framework. The ToR for studies needs to be coordinated to draw synergies between the two activities and exploit comparative advantages.

**8. Assessment Recommended?**  Yes  No

**9. Comments on Quality of ICR:**

Excellent - very well-organized, clearly presented and complete.