

# Bangladesh: Urban Sector and Water Supply and Sanitation

- This **sector assistance program evaluation**<sup>1</sup> covers work done over 2001–2008<sup>2</sup> by ADB, as well as other development partners. ADB's collaboration with the **Department for International Development**, the Japanese Government, and the **World Bank** regarding a **joint country strategy in 2005**, led to this evaluation initiative.

## Background

Bangladesh's urban context is dominated by growth poles Dhaka and Chittagong, and has another two major cities in Khulna and Rajshahi. However, Bangladesh has a further 300 or so secondary towns (pourashavas) with population of 15,000–500,000, and the number is growing. Infrastructure investments are not keeping pace with the growth of the urban population, and the Government lacks funds and arrangements for operation and maintenance of existing infrastructure and services. With the local governments languishing due to lack of budgets and decision-making powers, the economic conditions are not very buoyant and, in many cases, the environmental and social conditions are poor.

## Summary of Findings<sup>3</sup>

Urban poverty was on the decline, from 20% to 15% in 2005; while rural poverty had dropped from 38% to 29%. However, the number of slums was on the rise, and many aspects of the urban environment had deteriorated, with *safe* water supply covering only 50%–60% of the urban population, even when perhaps 85% had access to an improved source. The coverage in sanitation (latrines, toilets) and hygienic behavior had improved significantly, from 32% at the start of the period to 36% in 2006. The evaluation regarded it unlikely that urban sector programs of the development partners had played a large role in the decline of urban poverty or the economic growth achieved. The amount of financing and other support provided to Bangladesh were probably insufficient for this. The economic growth achieved over the period was likely the result of “trickle down” effects of overall economic growth in

urban areas, e.g., the development of the garment industry, good harvests in recent years, and the increasing quantum of remittances from the overseas labor force. Aid projects focused on decongesting and developing urban areas did have positive effects on urban living conditions. The comparatively minor investments from Government and funding agencies outside Dhaka were assessed as generally insufficient to create a major improvement in the urban environment.

## Summary of Ratings

Using the **Independent Evaluation Department's rating system**, this evaluation of the urban sector<sup>4</sup> and water supply and sanitation finds the Asian Development Bank's (ADB's) program in the two sectors in the 2000s *successful*. Programs of other major partners such as the Department for International Development (DFID), Japanese government, and World Bank were assessed but no overall rating was given.

The **top-down assessment** regarded ADB sector positioning, ADB contribution to sector results, and ADB performance all as *satisfactory*. ADB responded well to the evolving development challenges and priorities of the Government, built on its comparative advantage, and designed its program in a manner that by and large took into consideration the support available from other aid agencies. It was the biggest player in the two sectors. However, it played the role of leader among aid agencies less effectively; not all opportunities for more effective leveraging of the Government may have been grasped. ADB's program contributed modestly to the reduction in urban poverty; and substantially to improvements in public health,

environment (notably in flood protection and drainage), social relations, and institutional development in the project towns.

Based on the **bottom-up assessment**, ADB's program in the urban sector and WSS was *partly successful*. ADB's role as the agency with the highest financial support has been *relevant*. ADB has remained engaged over the decade, has expanded its program, and took a lead role in the 2005 joint country strategy work and in the 2007 partnership agreement with Dhaka and Chittagong. The program offered by the development partners has also been *relevant*. In the secondary towns, the interventions by ADB, DFID, the World Bank, and some other agencies have been *effective*, with very few investments being wasted or underutilized as far as this evaluation has been able to determine. In urban water supply, the challenges are still daunting. Development partners' and, specifically, ADB's interventions in water supply and sanitation (WSS) are assessed as *effective* on balance. Aid harmonization in the sector has progressed over the years but could have developed faster; prior to 2005, not much was achieved. In the context of weak institutional capacity, and in the absence of collaboration within an overall framework (sector development program) or sector-wide approach, the development partners continue to rely on project implementation units and large, *ad hoc* capacity development programs. This has considerable transaction costs and cannot address systemic issues such as civil service conditions and recurrent budgets. This evaluation assesses the aid programs, including ADB's, as being *less efficient*. There is little external support for operation and maintenance budgets in either of the sectors. In view of all of this, the sustainability of the various external investments is *less likely*. There is little reason to rate ADB-funded projects higher in terms of their sustainability.

Lessons identified from this evaluation include the need for development partners to support those financing mechanisms that engender greater municipal accountability, as well as promote local resource mobilization to ensure the sustainability of subprojects. Also, good options for project cofinancing in the urban sector and WSS in Bangladesh exist due to the large number of secondary towns, the large number of subsectors, and the variety of needs and potential in the two sectors.

## Recommendations

- ADB should put emphasis on economic, sector, and thematic work in (i) Dhaka water supply; (ii) pourashava water supply, flood protection, and urban infrastructure; (iii) urban transport; and (iv) decentralization or devolution of powers to local governments.
- To support the first recommendation above, ADB should assign more human resources to the Bangladesh Resident Mission, dedicated to the urban sector, and consider posting a specialist with a brief to enhance policy dialogue with other aid agencies and the Government. The size of the current and future urban sector and WSS loans and grants merits this.
- ADB should consider the relationship among ADB, the Local Government Engineering Department, and the Bangladesh Municipal Development Fund (BMDF), notably in terms of the complementarity of their assistance with that provided by the BMDF. Financing conditions should be harmonized.

## Feedback

**ADB Management's response** and the **Chair's Summary of the Development Effectiveness Committee Discussions** are not required for this evaluation. The study was completed in July 2009.

- <sup>1</sup> ADB. 2009. *Urban Sector and Water Supply and Sanitation in Bangladesh: An Exploratory Evaluation of the Programs of ADB and Other Aid Agencies*. Sector Assistance Program Evaluation. Manila. Available: [www.adb.org/Documents/Reports/SAPE/BAN/SAP-BAN-2009-02/SAP-BAN-2009-02.pdf](http://www.adb.org/Documents/Reports/SAPE/BAN/SAP-BAN-2009-02/SAP-BAN-2009-02.pdf)
- <sup>2</sup> This includes operations that were started or completed at any point over this period.
- <sup>3</sup> This evaluation does not provide a full rating of the development partners' performance over the decade, although it has made assessments of various aspects.
- <sup>4</sup> This study largely follows the conventional definition of urban development as used by multilateral development banks when they set out to provide development policy lending or investment projects to cities and towns. The definition does not include direct economic development in urban areas, but covers improving enabling conditions for such economic development, and the provision of public goods and the uplift of slum populations. Urban energy supply is not included, but development of bus and truck terminals and of markets is.