The Second Urban Governance and Infrastructure Improvement (Sector) Project (the Project) supports the improvement of urban governance and of infrastructure and service delivery in pourashavas (secondary towns). The Project adopts the performance-based allocation of investment funds as an incentive mechanism for governance reform. Performance criteria are defined in six key areas of urban governance: (i) citizen awareness and participation, (ii) urban planning, (iii) womens participation, (iv) integration of the urban poor, (v) financial accountability and sustainability, and (vi) administrative transparency. Investment funds will be utilized to improve municipal transport, drainage, solid waste management, water supply, sanitation, municipal facilities, and basic services in slums. The project design is based on the lessons from the ongoing Urban Governance and Infrastructure Improvement (Sector) Project (UGIIP-1).