



ASIAN DEVELOPMENT BANK

Bangladesh: South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project

Project Name	South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project
Project Number	46168-001
Country	Bangladesh
Project Status	Approved
Project Type / Modality of Assistance	Loan Technical Assistance
Source of Funding / Amount	Loan 3169-BAN: South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project Ordinary capital resources US\$ 400.00 million Loan 3170-BAN: South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project Asian Development Fund US\$ 105.00 million Loan: South Asia Subregional Economic Cooperation Railway Connectivity: Akhaura-Laksam Double Track Project European Investment Bank US\$ 175.00 million TA 8731-BAN: Capacity Development of Bangladesh Railway for Project Implementation Technical Assistance Special Fund US\$ 600,000.00 Nordic Development Fund US\$ 400,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Partnerships
Sector / Subsector	Transport - Rail transport (non-urban)
Gender Equity and Mainstreaming	Effective gender mainstreaming
Description	The project will support the Government of Bangladesh in upgrading the 72-kilometer (km) Akhaura Laksam section of the Dhaka Chittagong railway corridor to a double track railway line with modern signaling equipment. The section is part of a major subregional corridor and the Trans-Asia Railway network. The project will also (i) improve 11 railway stations and (ii) strengthen the capacity of the railway sector in project management and implementation as well as in accessing climate mitigation funds. By increasing the capacity of a major international trade corridor, the project will boost the national economy and facilitate subregional cooperation and trade. The project was endorsed by the SASEC Trade Facilitation and Transport Working Group in a meeting held in Singapore on 30 October 2013.

Project Rationale and Linkage to Country/Regional Strategy	<p>Bangladesh has the potential to become a transport and transshipment center for the subregion. It borders India and Myanmar and is close to the landlocked countries of Bhutan and Nepal. Together with the Bhangabandhu Bridge over River Jamuna (the Jamuna Multipurpose Bridge) and the provision of access to Chittagong Port, the Dhaka Chittagong corridor can facilitate trade between Bangladesh and with the northeastern states of India, the Indian state of West Bengal, Bhutan, and Nepal, creating the potential to attract more foreign and domestic investments to the country. Bangladesh is located on major international trade corridors, as identified in the South Asia Association for Regional Cooperation (SAARC) Regional Multimodal Transport Study and the Trans-Asian Railway network. However, the market share of the railway in the subregional transport is low; only 11.9% or 876,855 tons of Bangladesh's imports from India and only 1.1% or 17,832 tons of exports from Bangladesh to India were transported by rail in 2011. Only one passenger train operating two times a week links Dhaka the capital of Bangladesh with Kolkata in India, and on average only one freight train per day crosses the border. In comparison, Bangladesh Railway was operating 289 passenger and 48 freight trains per day in FY2011/12 for the domestic market. The main reasons for the limited cross-border rail traffic are missing links and congestion in main domestic railway corridors, which do not allow operating additional trains for domestic and international traffic. Dhaka and Chittagong are the two major metropolitan areas of Bangladesh. Dhaka is the main commercial and administrative center of the country, while Chittagong is the primary seaport, accounting for about 90% of imports and exports. More than a quarter of Bangladesh's population of 142 million lives in the Dhaka Chittagong corridor. Travelling by railway in Bangladesh is more safe, energy efficient, environmentally friendly, and reliable than other modes of transport; railway transport is also considered more comfortable than long-distance buses. Intercity trains operated by Bangladesh Railway are very popular. Thus, the occupancy of intercity trains is very high, especially in the east zone (98%); intercity trains in the Dhaka Chittagong corridor are usually sold out. About 40% of Bangladesh Railway's passengers travel by intercity trains, which accounts for more than 75% of passenger revenue. The high demand for intercity service in the Dhaka Chittagong corridor cannot be met fully because of insufficient line capacity, thus, no additional trains can be scheduled to tap into these lucrative markets for Bangladesh Railway with high revenue potential. Because Bangladesh's economy is growing by more than 6%, a rising demand for domestic and regional railway transport is expected, but it cannot be satisfied with the existing limited infrastructure.</p> <p>The Chittagong Port handled 1.44 million twenty-foot equivalent unit (TEU) containers in 2012. According to the traffic forecast in the base case scenario of the Strategic Master Plan for Chittagong Port, the number of containers handled is expected to increase to 2.94 million TEU by 2020, to 6.09 million TEU by 2030, and to 10.20 million TEU by 2043, which means an average growth of 6.5% per year compared with an annual growth of 10.1% from 2002 to 2012. The number of containers transported by Bangladesh Railway between Chittagong Port and the Dhaka Inland Container Depot has however been stagnant, and Bangladesh Railway transported about 67,000 TEU in 2012. Bangladesh Railway's market share was declining to less than 10%; it cannot maintain its market share mainly because of the capacity constraints in the Dhaka Chittagong corridor, which limits the number of container trains between Chittagong Port and the Dhaka Inland Container Depot to two daily trains.</p> <p>About 203 km out of the 321 km Dhaka Chittagong railway line is still only single track, constraining the demand to increase the number of trains in the corridor. There are two projects under construction for laying double tracks on the railway line: (i) the 64 km Tongi Bhairab Bazar section is financed by ADB's Railway Sector Investment Program , and (ii) the 61 km Chinki Astana Laksam section is financed by the Japan International Cooperation Agency. Both projects are scheduled to be completed in 2015. The Government of India finances the construction of the second Bhairab and the second Titas river bridges with about 7 km of approach railway lines. India is also supporting the construction of the Akhaura Agartala railway line on a grant basis, which will link the Dhaka Chittagong railway corridor to the Indian state of Tripura. Thus, the only remaining 72 km single track section between Akhaura and Laksam will become the critical bottleneck for domestic and subregional traffic in this corridor.</p> <p>The government's Sixth Five-Year Plan, 2011 2015, therefore, assigns the highest priority to increasing the capacity of the Dhaka Chittagong corridor by completing double tracking on the entire corridor, which accounts for more than 40% of all passenger journeys by railway in Bangladesh. The project is, therefore, in line with the government's transport sector development strategy and ADB's country partnership strategy, 2011 2015. The strategy aims to reduce high transport and logistical costs to overcome the economic isolation of large parts of the country from national and regional markets through improvements of strategic links on the main corridors facilitating subregional trade, such as the Dhaka Chittagong.</p>
Impact	Improved domestic and subregional trade-flow and passenger movement in Bangladesh.
Project Outcome	
Description of Outcome	Improved railway transport system in Bangladesh.
Progress Toward Outcome	
Implementation Progress	
Description of Project Outputs	<ol style="list-style-type: none"> 1. Upgraded railway infrastructure 2. Improved capacity of Bangladesh Railway in project management and implementation 3. Improved project implementation unit in Bangladesh Railway
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	

Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C
Summary of Environmental and Social Aspects	
Environmental Aspects	<p>There are no environmentally sensitive features in the project. Hence, it has been categorized as B in accordance with ADB's Safeguard Policy Statement (2009). Accordingly, an initial environmental examination following the requirements of ADB's Safeguard Policy Statement has been prepared for the project and disclosed on the ADB website. Key environmental impacts associated with the construction of tracks alongside already existing tracks, stations, and access roads are minor and mainly restricted to the construction stage. The anticipated environmental impacts during construction are related to dust, noise, public health, the temporary restriction of access particularly near community areas and related safety issues, sourcing and transport of construction materials, embankment construction, the removal of trees within the right-of-way, the generation of waste from the reconstruction of existing stations and construction camps, and the siltation and contamination of rivers and streams from the bridge construction works. During operation, the main impacts will be related to increased noise due to the doubling of daily train traffic. Mitigation measures to avoid, minimize, and mitigate these impacts have been included in the environmental management plan (EMP). The bidding documents have clauses on environment safeguard requirements and include the EMP. Meaningful consultations have been conducted throughout the project preparation stage and all concerns of the affected persons and stakeholders have been incorporated in the initial environmental examination and the EMP. A grievance redress mechanism is proposed to continue receiving feedback and complaints from affected parties and addressing them during the construction stage. An environment safeguards unit will be established within Bangladesh Railway to oversee the implementation of all safeguard activities under Bangladesh Railway. An environmental focal person will be appointed from the unit for the project. This person will be supported by an environment specialist under the construction supervision consultant's (CSC) team. The environment specialist in turn will be supported by on site staff for each contract package for day-to-day monitoring of the EMP implementation. An initial training-cum-coordination workshop on implementing environment safeguards under the project will be organized by Bangladesh Railway with technical support from the CSC and ADB, as necessary. Continued on-the-job training will be conducted by the CSC or ADB, as necessary, during project implementation.</p>
Involuntary Resettlement	<p>58.43 hectares of private land will be acquired. 2,180 households (10,408 persons) will be affected, out of which 830 will lose their homesteads and 317 will lose more than 10% of their assets. A Resettlement Plan was prepared based on ADB's Safeguard Policy Statement and the 1982 Bangladesh Acquisition and Requisition of Immovable Property Ordinance II. The Resettlement Plan outlines the provisions for compensations at replacement cost, as well as other assistance measures including livelihood and income restoration. The Resettlement Plan budget is \$87.50 million equivalent. The Resettlement Plan will comply with ADB's information disclosure requirements and will be disclosed at the local level and on Bangladesh Railway's website. Screening for impacts on indigenous people was conducted during project preparation, which confirmed that no indigenous peoples are present in the project area. Affected persons were fully consulted on the project alignment and station design. Bangladesh Railway is experienced in implementing a Resettlement Plan, as demonstrated recently by the implementation of the Resettlement Plan for the Tongi Bhairab Bazar double track project. The project implementation unit will have a resettlement unit, headed by a chief engineer and supported by at least two resettlement officers based in each district (Brahmanbaria and Comilla). Moreover, the implementation of the resettlement plan will be conducted by an experienced nongovernment organization. The implementation will be supervised and internally monitored by the resettlement unit and externally monitored by the CSC, which will have national and international resettlement experts in its team.</p>
Indigenous Peoples	-
Stakeholder Communication, Participation, and Consultation	
During Project Design	<p>Community meetings and focus group discussions was organized as part of the poverty and social analysis. The local consultative meetings involved all relevant stakeholders including representatives of the poor and other socially excluded groups (e.g., women, indigenous people, etc) to disseminate the information as well as to get the feedback about the project design and its potential impacts. Other key stakeholders such as the relevant line departments, local government representatives and NGOs was also consulted. Consultations will also be undertaken with the affected households and communities during the course of the census survey and socioeconomic survey for the preparation of the safeguards planning documents.</p> <p>In general, project stakeholders and beneficiaries had a positive attitude towards the project and viewed it as a key factor in improving local infrastructure, opportunities for business development, and connections with other parts of the country and neighboring countries and basic services, such as education and health care, trade and commerce, and tourism. However, they had some observations on some sections of the proposed alignment design of the railway tracts and stations selected to be built under the project. To the extent possible, the concerns and priorities of the people have been taken into consideration when finalizing the project design and preparing mitigation measures to address any risks.</p>

During Project Implementation	Bangladesh Railway will organize further consultations with the project stakeholders and beneficiaries during implementation. An NGO will be engaged to assist Bangladesh Railway. Disclosure of project activities and relevant information will be undertaken in a public and consultative manner to ensure adequate participation of civil society organizations. The draft Environmental Impact Assessment and the Resettlement Plan have been shared with the affected persons and communities living in the area of influence. Moreover, the final versions was disclosed on ADB and Bangladesh Railway's websites as well as locally in the districts' administrative offices in the local language (Bangla). Consultation and participation took place. The approach is outlined in the resettlement plan. However, no separate consultation and participation plan will be prepared.
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Business Opportunities

Consulting Services	All consultants will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The Government has requested ADB to carry out the consultant selection on its behalf. The Government will carry out the contract negotiations and sign the contract.
Procurement	All procurement of goods and works will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). All contracts to be funded in whole or part by the EIB shall (i) be open to all Member States of the EU as well as the ADB member countries and (ii) be subject to EIB prior review in accordance with Annex 2 to the EIB Guide to Procurement.

Responsible ADB Officer	Markus Roesner
Responsible ADB Department	South Asia Department
Responsible ADB Division	Transport and Communications Division, SARD
Executing Agencies	<i>Bangladesh Railway (BR)JBRLPCON@CITECHCO.NET</i> Railway Div., Ministry of Communication Rail Bhavan, Abdul Gani Road Dhaka, Bangladesh

Timetable

Concept Clearance	02 Jul 2012
Fact Finding	16 Mar 2014 to 25 Mar 2014
MRM	25 Jun 2014
Approval	30 Sep 2014
Last Review Mission	-
Last PDS Update	19 Mar 2015

Loan

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	300.00	Cumulative Contract Awards			
ADB	0.00	-	0.00	0.00	%
Counterpart	125.00	Cumulative Disbursements			
Cofinancing	175.00	-	0.00	0.00	%

Loan 3169-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2014	28 Jun 2015	-	30 Jun 2023	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	700.00	Cumulative Contract Awards			
ADB	400.00	30 Sep 2014	0.00	0.00	0%
Counterpart	125.00	Cumulative Disbursements			

Cofinancing	175.00	30 Sep 2014	0.00	0.00	0%
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Loan 3170-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2014	28 Jun 2015	-	30 Jun 2023	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	105.00	Cumulative Contract Awards			
ADB	105.00	30 Sep 2014	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	30 Sep 2014	0.00	0.00	0%

TA 8731-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2014	-	-	31 Dec 2018	-	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
600,000.00	400,000.00	0.00	0.00	0.00	0.00	1,000,000.00	30 Sep 2014	0.00

Project Page <http://www.adb.org/projects/46168-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=46168-001>

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