



Bangladesh: Railway Sector Investment Program - Tranche 2

Project Name	Railway Sector Investment Program - Tranche 2
Project Number	32234-043
Country	Bangladesh
Project Status	Approved
Project Type / Modality of Assistance	Loan
Source of Funding / Amount	Loan 2845-BAN: Railway Sector Investment Program - Tranche 2 Ordinary capital resources US\$ 150.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration
Drivers of Change	
Sector / Subsector	Transport - Rail transport (non-urban)
Gender Equity and Mainstreaming	Some gender elements
Description	The projects proposed for financing under the requested PFR are: 1. Financing of the funding gap due to cost overrun in the Tongi-Bhairab Bazar Double Track subproject under the first tranche; 2. Rehabilitation of yards and extension of loops at different stations in the Darsana - Ishurdi - Sirajganj Bazar section; and 3. Upgrading of Signaling at 11 Stations between Ishurdi and Darsana. 4. Supervision Consultancy Services
Project Rationale and Linkage to Country/Regional Strategy	1. A framework financing agreement (FFA) for the Railway Sector Investment Program (RSIP) was signed on 7 September 2006 between the Government of Bangladesh and the Asian Development Bank (ADB). The RSIP was approved on 10 October 2006 by ADB's Board of Directors as a multitranche financing facility (MFF) for \$430 million. The RSIP is based on the Government's Sector Roadmap and Investment Plan for 2007 2013 and will improve the performance of the railway sector by implementing (i) a reform project of sector policy, organizational, and capacity building reforms to make Bangladesh Railway (BR) more commercially focused, and improve governance and accountability; and (ii) an investment project of infrastructure and rolling stock capacity improvement investments to overcome capacity bottlenecks in sectors where such investments are both economically and financially viable, e.g., the Dhaka Chittagong and the Dhaka Darsana Khulna corridors. 2. The MFF is structured such that the reform project will provide continuous support to implement the agreed reform agenda, whilst the investment program will be supported by a series of four tranches. The reform and the investment projects are integrated as approval of subsequent tranches for investment subprojects is dependent on the implementation of specific reform actions agreed upon in the railway reform action plan in the FFA. 3. The first tranche under the MFF was approved on 13 February 2007 and comprises of two loans: (i) loan 2316 for \$100 million from ADB's ordinary capital resources to finance investment projects; and (ii) loan 2317 for \$30 million equivalent from ADB's special fund resources to finance the reform project. 4. The second tranche with a loan for \$150 million was scheduled for approval in January 2008. It will finance (i) construction of other subprojects in the Dhaka Chittagong corridor and Dhaka Darsana Khulna corridor studied and prepared under the first loan and that satisfy the agreed subproject selection criteria in the FFA, and (ii) construction supervision consulting services for the approved subprojects.
Impact	Efficient and safe railway transport in the Dhaka-Chittagong and Dhaka-Ishurdi-Darsana-Khulna/India corridor

Project Outcome

Description of Outcome	Improved railway transport capacity in the Dhaka-Chittagong and Dhaka-Ishurdi-Darsana-Khulna/India corridors
Progress Toward Outcome	1. Tongi-Bhairab Bazar Double Line Track Construction: ongoing . No Problem. 2. Rehabilitation of yards and extension of loops at different stations in the Darsana-Ishurdi-Sirajganj Bazar section. No problem 3. Upgrading of Signaling at 11 Stations between Ishurdi and Darsana package: ongoing. Supervision Consultancy Services: ongoing. No problem
Implementation Progress	
Description of Project Outputs	1. Tongi-Bhairab Bazar Double Track completed; 2. Signaling system Darsana-Ishurdi improved 3. Yards rehabilitated and loops extended in the Darsana-Ishurdi-Sirajganj Bazar section
Status of Implementation Progress (Outputs, Activities, and Issues)	1. Tongi-Bhairab Bazar Double Line Track Construction: ongoing . Progress is 88% as of 31 March 2015. 2. Rehabilitation of yards and extension of loops at different stations in the Darsana-Ishurdi-Sirajganj Bazar section. Progress is 38.5%. 3. Upgrading of Signaling at 11 Stations between Ishurdi and Darsana package: ongoing. Supervision Consultancy Services: ongoing. Progress stands at 22%.
Geographical Location	
Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C
Summary of Environmental and Social Aspects	
Environmental Aspects	<p>In accordance with ADB's Safeguard Policy Statement 2009, and the Environment Assessment and Review Framework for the MFF, tranche 2 is categorized as B for environmental impacts. Given that no construction work has started yet in the Tongi Bhairab Bazar Double Track project, for which the Initial Environmental Examination (IEE) report was prepared during the processing of tranche 1, due diligence on environment safeguards mainly focused on fulfillment of planning and pre-construction requirements. The updated EMP including mitigation costs has been included in the bidding documents. Monitoring checklists for monitoring EMP implementation during construction has been prepared by the supervision consultant. A renewed environmental clearance valid until June 2012 has been obtained from the Department of Environment for the Tongi Bhairab Bazar Double Track project.</p> <p>Activities under subproject 2 is limited to improving the signaling system with minimal physical construction, hence it is categorized as C for environmental impact. Subproject 3 involves rehabilitation of yards and extension of loops requiring generation construction wastes hence it has been categorized as B . Accordingly an environmental review report for subproject 2 and an IEE for subproject 3 have been prepared. Considering that the projects do not fall in any protected areas or other environmentally sensitive areas and there are minimal physical construction activities, there are no long term significant environmental impacts anticipated from the project.</p>
Involuntary Resettlement	<p>Tranche 2 is categorized as A for resettlement impacts due to the resettlement impacts from the Tongi Bhairab Bazar Double Track project, which is partially funded under tranche 2. The RP for this project has been prepared and approved by ADB under tranche 1. The RP has been updated due to the land price escalation and further approved by ADB and uploaded to the ADB website, According to the census, 14,512 persons will be affected by the project, out of which 509 households will have impact on residential structures. 1,099 households will have impact on commercial structures. These are mainly squatters. 348 households would lose narrow strips of agricultural land. The total land acquisition and resettlement budget for the subproject is Tk1,545 million.</p> <p>Details of compensation rates for the loss of land and structures, shifting assistance, income restoration assistance, and additional support provisions for the vulnerable groups are provided in the resettlement framework and also in the RP. Meaningful consultation and information disclosure during the preparation of RP with the project displaced persons including land acquisition and compensation process and to general public through the ADB website were undertaken. If during implementation any modification or additional land requirement or involuntary resettlement impacts are identified, a related RP will be prepared or modified in accordance with the applicable laws referred to in the RP, and prior approval of the ADB will be obtained before any further implementation of the relevant section of the subproject.</p> <p>No land acquisition or resettlement is required for subprojects 2 and 3, therefore due diligence reports have been prepared and were submitted together with the PFR.</p>
Indigenous Peoples	<p>The tranche is categorized as C as there is no impact on indigenous people. An indigenous people planning framework was prepared to address any unanticipated impacts on indigenous peoples during the implementation of existing subprojects or any additional subprojects. In accordance with the framework, if any significant impacts on indigenous people are identified, an indigenous peoples plan will be prepared and submitted to ADB for approval.</p>

Stakeholder Communication, Participation, and Consultation

During Project Design	<p>In the course of social assessment of the project influence area, a series of participatory consultations were held with program stakeholders and beneficiaries in various socioeconomic groups. Focus group discussions were organized at various locations with randomly selected groups of men, women, and indigenous people residing in the project areas. Sessions exclusively for women were also held. Informants articulated the perceived benefits from the railway improvement program. They were positive about the need for the program especially for improved accessibility for the villagers as well as better amenities reaching the households in the project influence area.</p> <p>Bangladesh Railway will organize further consultations with the project stakeholders and beneficiaries to apprise them of economic development in the program states. The perceptions and priorities of the people will be taken into consideration when finalizing the project design and preparing mitigation measures to address any risks.</p>
During Project Implementation	Consultation and participation will take place. No separate consultation and participation (C&P) plan is prepared however, approach for C&P is outlined in the resettlement framework and resettlement plan.

Business Opportunities

Consulting Services	Recruitment of consultants will be carried out in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). ADB will select the consultants and the executing agency will negotiate and contract with the consultants thus selected. This recruitment process will help to ensure that consulting services are available in a timely manner. The COSO-staff outposted to the Bangladesh Resident Mission will support all procurement activities.
Procurement	<p>Procurement will be carried out in accordance with ADB's Procurement Guidelines (2010, as amended from time to time). ADB will review documents and submission related to procurement at all major milestone prior to proceeding with the procurement process.</p> <p>The procurement rules for selection of contractors required by international financial institutions such as the ADB are considered sufficiently robust to deter corruption at the bid selection stage. National procurement regulation has also improved through the Public Procurement Act, 2006, and through related Public Procurement Rules (2008) with subsequent amendments and the establishment of a Central Procurement Technical Unit under the Implementation Monitoring and Evaluation Division of the Ministry of Planning. During implementation of the tranche, reports will be submitted to executing agencies and ADB in line with submission milestones to ensure the quality and timeliness of contractors' work.</p>

Responsible ADB Officer	Mohammad Nazrul Islam
Responsible ADB Department	South Asia Department
Responsible ADB Division	Bangladesh Resident Mission
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	-
Fact Finding	-
MRM	17 Nov 2011
Approval	22 Dec 2011
Last Review Mission	-
Last PDS Update	31 Mar 2015

Loan 2845-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
22 Dec 2011	27 Aug 2012	05 Nov 2012	30 Jun 2016	-	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	165.18		Cumulative Contract Awards			

ADB	150.00	22 Dec 2011	148.11	0.00	99%
Counterpart	15.18	Cumulative Disbursements			
Cofinancing	0.00	22 Dec 2011	142.29	0.00	95%

Project Page <http://www.adb.org/projects/32234-043/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=32234-043>

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