



ASIAN DEVELOPMENT BANK

## Bangladesh: MFF - Railway Sector Investment Program (Subproject 1)

Project Name	MFF - Railway Sector Investment Program (Subproject 1)								
Project Number	32234-023								
Country	Bangladesh								
Project Status	Approved								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table><tr><td colspan="2"><b>Loan 2316-BAN: MFF - Railway Sector Investment Program (Subproject 1)</b></td></tr><tr><td>Ordinary capital resources</td><td>US\$ 100.00 million</td></tr><tr><td colspan="2"><b>Loan 2317-BAN: MFF - Railway Sector Investment Program (Subproject 1)</b></td></tr><tr><td>Asian Development Fund</td><td>US\$ 30.00 million</td></tr></table>	<b>Loan 2316-BAN: MFF - Railway Sector Investment Program (Subproject 1)</b>		Ordinary capital resources	US\$ 100.00 million	<b>Loan 2317-BAN: MFF - Railway Sector Investment Program (Subproject 1)</b>		Asian Development Fund	US\$ 30.00 million
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Asian Development Fund	US\$ 30.00 million								
Strategic Agendas	Inclusive economic growth								
Drivers of Change	Governance and capacity development								
Sector / Subsector	Transport - Rail transport (non-urban)								
Gender Equity and Mainstreaming	No gender elements								
Description	The Railway Sector Investment Program which is based on the Government's Sector Roadmap and Investment Plan for 2007-2013 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 Dhaka-Darsana-Khulna corridors where it can support major direct investment. The reform and the investment projects are integrated as approval of investment subprojects will be dependent on the implementation of specific sector reform actions.								
Project Rationale and Linkage to Country/Regional Strategy	Efficient transport is essential to achieve higher levels of economic growth needed for sustainable poverty reduction in Bangladesh. BR has been losing market share and consequently making financial losses thus relying on Government budgetary support. This financial support has not been enough to allow for additional investment needed in critical corridors such as the Dhaka-Chittagong and Dhaka-Darsana-Khulna corridors to overcome capacity constraints leading to poor operational performance of the railways. This in turn causes it to lose market railways will ease the pressure on land since Bangladesh has a very high population density and land is scarce. It will also ease the pressure on the road network, which is congested in key corridors and thus benefit transport as a whole. This will require capital investments and reforms to ensure that the investments lead to a sustainable improvement in BR's operational and financial performance.								
Impact	Promote sustainable national economic growth and poverty reduction in Bangladesh. It will achieve this by improving rail transport efficiency and capacity.								
<b>Project Outcome</b>									
Description of Outcome	Improve the performance of the railways sector through enhanced efficiency								

Progress Toward Outcome	<p>L2316: Construction of the Tongi-Bhairab Bazar Double Track was awarded on 27 July 2011, and the project is now under implementation.</p> <p>L2317: Bid docs for the procurement of videoconferencing equipment and other software and hardware approved by ADB on 15 September 2014.</p> <p>The actions as agreed upon in the reform program for BR are under implementation.</p> <p>(1) Restructure BR by Lines of Business (LOB) - An outsourcing/divestiture plan for non-core services has been developed and approved. Performance of LOBs being reviewed.</p> <p>(2) Improve financial governance system - New Acctg and Financial Mgt system implemented in Oct 2013 through ERP software based on the new accounting architecture.</p> <p>(3) Improve human resource governance system - Job description of the LOB Heads has already been approved on 22 Mar 2011. LOB Heads now working according to the job description. Additional modules of the ERP IT System are rolled out progressively and nationwide coverage of the system is under implementation.</p> <p>(4) Improve BR operation and maintenance practices and performance - TA Consultants submitted reports to improve maintenance practices for track and signaling system in Feb 2008, rolling stock in May 2008, and improving train operations efficiency in May 2008 and April 2010. The reports were sent to respective departments to implement at field level. New manuals on New Signalling, Way and Works and LWR, and Operations have been approved. Completion report sent to ADB in July 2013.</p>
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Implementation Progress	
Description of Project Outputs	<p>2316: Double track between Tongi and Bhairab Bazar completed</p> <p>2317: BR becomes a commercially focused rail service provider</p> <p>2317: BR corporate governance is improved</p> <p>2317: BR safety record is improved</p>
Status of Implementation Progress (Outputs, Activities, and Issues)	<p>L2316: The physical progress of the Tongi-Bhairab Bazar Double Track project is 88% as of 31 Dec 2014.</p> <p>Loan 2317: The software for enterprise resource planning and safety equipment have been procured, and requisite training was completed in 2014. Installation and commissioning of various computer, hardware and networking equipment were completed in December 2014. Procurement of videoconferencing equipment and recruitment of the consultants for Enterprise Resource Planning (ERP) software implementation are ongoing. Ministry of Railways (MoR) approved the "Recommendation on Tariff Structure of Bangladesh" report on 9 December 2014. Activities on implementation of Tariff Structure (Tariff Reform) are ongoing. MoR has given in-principle approval for the corporatization of container services on 16 April 2014. The proposal was brought up at the Cabinet Division but has been returned to MoR with the advice of getting comments from the Ministry of Public Administration and Finance. The proposal is being reviewed by both Ministries.</p>
Geographical Location	

Safeguard Categories	
Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
Environmental Aspects	<p>Transport, especially vehicle emission, is the highest contributor to Bangladesh's air pollution problems. Improving the railway network will contribute significantly to reducing air pollution associated with vehicle emission especially in Chittagong, Dhaka and Khulna. The other expected potential environmental impacts are related to improving access, which will lead to increasing uncontrolled exploitation of natural resources. However, the gradual improvement in enforcing the Environmental Conservation Act, 1995 is expected to minimize the potential uncontrolled exploitation of natural resources and the environment. Nonetheless, implementation of the Investment Program has environmental consequences due to its physical intervention such as construction of railway networks. In this context, the Investment Project is categorized as a B project in accordance with ADB's Environment Policy, 2002. The initial environmental examination of the sample subproject systematically illustrates the potential environmental impacts, proposed mitigation measures, and how to implement the mitigation measures. The assessment of impacts at the subproject level will become an integral part of managing the Investment Project. The initial environmental examination for the Tongi Bhairab Bazar (64 km) section (as a sample subproject) shows that the environmental impacts associated with construction of additional tracks and formation of additional embankment, including bridge construction, are temporary and will occur only during construction. These impacts require mitigation measures that are manageable and mostly can be incorporated into construction works. 16 Therefore, the environmental management and monitoring plan, which clearly describes the required mitigation measures, will be incorporated in the bidding document to ensure that the contractors implement the mitigation measures properly. The plan provides overall guidance to address environmental impacts related to the sample subproject. For the follow-up subprojects, an environmental assessment review framework was prepared to guide the impacts assessment procedure.</p>

Involuntary Resettlement	The Project will lead to loss of agricultural land and structures both commercial as well as residential, and loss of livelihoods in many cases. To mitigate this adverse impact on the affected population, a resettlement plan was prepared for the core subproject. To address the resettlement impacts of noncore subprojects, a resettlement framework was prepared. Subproject resettlement plans have been prepared during implementation.
Indigenous Peoples	No indigenous people will be adversely affected by the Project.

#### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

#### Business Opportunities

Consulting Services	International and national consultants will be required to support the reform and investment projects of the Investment Program. The consultants financed under the MFF loans will be engaged using ADB's quality- and cost-based selection procedures in accordance with ADB's Guidelines on the Use of Consultants. The Government has asked ADB to select the consultants.
Procurement	All contracts will use international competitive bidding. Procurement will be in accordance with ADB's Procurement Guidelines.

Responsible ADB Officer	Mohammad Nazrul Islam
Responsible ADB Department	South Asia Department
Responsible ADB Division	Bangladesh Resident Mission
Executing Agencies	<i>Bangladesh Railway (BR)Md. ANM KHASRURail Bhaban, Dhaka, Bangladesh</i>

#### Timetable

Concept Clearance	06 Jun 2000
Fact Finding	30 May 2004 to 04 Jun 2004
MRM	15 Jul 2004
Approval	13 Feb 2007
Last Review Mission	-
PDS Creation Date	18 Mar 2008
Last PDS Update	31 Mar 2015

#### Loan 2316-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Feb 2007	15 Feb 2007	24 Apr 2007	30 Jun 2011	09 Oct 2016	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	132.50	Cumulative Contract Awards			
ADB	100.00	13 Feb 2007	91.88	0.00	92%
Counterpart	32.50	Cumulative Disbursements			
Cofinancing	0.00	13 Feb 2007	95.46	0.00	95%

#### Loan 2317-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
13 Feb 2007	15 Feb 2007	24 Apr 2007	30 Jun 2011	09 Oct 2016	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	30.00	Cumulative Contract Awards			
ADB	30.00	13 Feb 2007	22.45	0.00	76%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	13 Feb 2007	17.46	0.00	59%

Project Page	<a href="http://www.adb.org/projects/32234-023/main">http://www.adb.org/projects/32234-023/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=32234-023">http://www.adb.org/forms/request-information-form?subject=32234-023</a>
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