



Bangladesh: Railway Sector Investment Program - Tranche 3

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| Project Name | Railway Sector Investment Program - Tranche 3 | | |
| Project Number | 32234-053 | | |
| Country | Bangladesh | | |
| Project Status | Approved | | |
| Project Type / Modality of Assistance | Loan | | |
| Source of Funding / Amount | Loan 3097-BAN: Railway Sector Investment Program - Tranche 3 | | |
| | Ordinary capital resources | US\$ 100.00 million | |
| Strategic Agendas | Inclusive economic growth | | |
| Drivers of Change | | | |
| Sector / Subsector | Transport - Rail transport (non-urban) | | |
| Gender Equity and Mainstreaming | No gender elements | | |
| Description | <p>The objective of the Railway Sector Investment Program is to promote economic growth by improving the performance of the railway sector. This will be done by (i) implementing a program of organizational and policy reforms to improve BR's commercial orientation; and (ii) financing priority investments to overcome capacity bottlenecks in sectors where such investments are both economically and financially viable e.g. the Dhaka-Chittagong corridor.</p> <p>Impact and Outcome. The impact will be efficient and safe railway transport in Bangladesh and the outcome will be improved railway transport capacity in the main line network of Bangladesh Railway.</p> <p>Outputs. The outputs will be the commissioning of 50 broad gauge Passenger carriages and 100 meter gauge passenger carriages for Bangladesh Railway's main line network.</p> <p>Implementation Arrangements. Bangladesh Railway (BR) will be the executing agency, a dedicated Project Director under the Project Implementation Unit (PIU) for Investment Projects, which was established under the first tranche, will be responsible for the implementation of Tranche 3.</p> <p>Readiness for tranche implementation. An Appraisal Report with design documents for the rolling stock was prepared by consultants under Tranche 1 and the bid documents are ready to be issued.</p> | | |

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| Project Rationale and Linkage to Country/Regional Strategy | <p>A framework financing agreement (FFA) for the Railway Sector Investment Program (RSIP) was signed on 7 September 2006 between the People's Republic of Bangladesh (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, which was since then superseded by the Railway Master Plan 2010 2030 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.</p> <p>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.</p> <p>The FFA originally provided for an availability period for submission of periodic financing request (PFR) under the MFF until 1 December 2011 and for the last disbursement under the MFF until 31 December 2013. The government requested ADB by a letter dated 25 July 2011 to extend this availability period until 2017. Due to the limitation of the duration of MFFs to in general 10 years, ADB approved on 9 September 2011 an extension of the availability period until 10 October 2015 and for disbursements until 10 October 2016.</p> <p>The third PFR was received on 30 May 2013. The government requested for a loan of \$100 million OCR to finance 50 broad gauge passenger carriages and 100 meter gauge passenger carriages for BR's main line network. BR has submitted an appraisal report and an updated economic and financial analysis. The procurement of passenger carriages is within the key development objectives identified under the MFF and will increase the transport capacity of BR in critical sections with high demand for passenger transport. The procurement of passenger carriages satisfies the conditions as set forth in the FFA.</p> |
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| Impact | Efficient and safe railway transport in Bangladesh. |
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Project Outcome

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| Description of Outcome | Improved railway transport capacity in the main line network of Bangladesh Railway |
| Progress Toward Outcome | The signed contracts were received by ADB on 8 December 2014. |

Implementation Progress

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| Description of Project Outputs | New passenger carriages commissioned |
| Status of Implementation Progress (Outputs, Activities, and Issues) | ADB approved award for the 50 broad gauge passenger carriages on 15 Sep 2014 and for the 100 meter gauge passenger carriages on 18 Sep 2014. Contract was signed on 27 Nov 2014 for both packages. |
| Geographical Location | |

Safeguard Categories

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| Environment | C |
| Involuntary Resettlement | C |
| Indigenous Peoples | C |

Summary of Environmental and Social Aspects

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| Environmental Aspects | The third tranche involves solely the procurement of rolling stock that will operate on existing railway lines. According to the SPS (2009), the tranche is categorized as C for impacts on the environment, involuntary resettlement, and indigenous peoples. A review of environmental implications as required for environment category C projects has been carried out. |
| Involuntary Resettlement | The third tranche involves solely the procurement of rolling stock that will operate on existing railway lines. According to the SPS (2009), the tranche is categorized as C for impacts on the environment, involuntary resettlement, and indigenous peoples. A review of environmental implications as required for environment category C projects has been carried out. |
| Indigenous Peoples | The third tranche involves solely the procurement of rolling stock that will operate on existing railway lines. According to the SPS (2009), the tranche is categorized as C for impacts on the environment, involuntary resettlement, and indigenous peoples. A review of environmental implications as required for environment category C projects has been carried out. |

Stakeholder Communication, Participation, and Consultation

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| During Project Design | 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. |
| During Project Implementation | Bangladesh Railway organized 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 was taken into consideration in finalizing the project design and preparing mitigation measures to address any risks. Consultation and participation took 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. ADB approved award for the 50 broad gauge passenger carriages on 15 Sep 2014 and for the 100 meter gauge passenger carriages on 18 September 2014. Contract was signed on 27 November 2014 for both packages. |

Business Opportunities

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| Consulting Services | All consultants will be recruited according to ADB's Guidelines on the Use of Consultants. |
| Procurement | Procurement will be carried out in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). ADB will review documents and submission related to procurement at all major milestones prior to proceeding with the procurement process. The procurement rules for selection of contractors required by international financial institutions such as the ADB are considered sufficiently robust to deter corruption. 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. |
| 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

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| Concept Clearance | - |
| Fact Finding | - |
| MRM | 12 Nov 2013 |
| Approval | 09 Dec 2013 |
| Last Review Mission | - |
| Last PDS Update | 31 Mar 2015 |

Loan 3097-BAN

| Milestones | | | | | |
|-------------|--------------|------------------|-------------|---------|--------|
| Approval | Signing Date | Effectivity Date | Closing | | |
| | | | Original | Revised | Actual |
| 09 Dec 2013 | 06 Aug 2014 | 17 Sep 2014 | 09 Oct 2016 | - | - |

| Financing Plan | | Loan Utilization | | | |
|----------------|--------------------------------|----------------------------|-------|--------|----------------|
| | Total (Amount in US\$ million) | Date | ADB | Others | Net Percentage |
| Project Cost | 141.61 | Cumulative Contract Awards | | | |
| ADB | 100.00 | 09 Dec 2013 | 72.39 | 0.00 | 72% |
| Counterpart | 41.61 | Cumulative Disbursements | | | |
| Cofinancing | 0.00 | 09 Dec 2013 | 0.10 | 0.00 | 0% |

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| Project Page | http://www.adb.org/projects/32234-053/main |
| Request for Information | http://www.adb.org/forms/request-information-form?subject=32234-053 |
| Date Generated | 22 August 2015 |

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