



# Bangladesh: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Sector Development Program

Project Name	South Asia Subregional Economic Cooperation Integrated Trade Facilitation Sector Development Program												
Project Number	53260-001												
Country	Bangladesh												
Project Status	Proposed												
Project Type / Modality of Assistance	Loan Technical Assistance												
Source of Funding / Amount	<table><tr><td colspan="2">Loan: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Sector Development Program</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 100.00 million</td></tr><tr><td colspan="2">Loan: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Program</td></tr><tr><td>concessional ordinary capital resources lending / Asian Development Fund</td><td>US\$ 50.00 million</td></tr><tr><td colspan="2">TA: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Program</td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 1.00 million</td></tr></table>	Loan: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Sector Development Program		Ordinary capital resources	US\$ 100.00 million	Loan: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Program		concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million	TA: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Program		Technical Assistance Special Fund	US\$ 1.00 million
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Technical Assistance Special Fund	US\$ 1.00 million												
Strategic Agendas	Inclusive economic growth Regional integration												
Drivers of Change	Governance and capacity development Knowledge solutions Private sector development												
Sector / Subsector	Industry and trade - Industry and trade sector development												
Gender Equity and Mainstreaming	Some gender elements												
Description	<p>The proposed South Asia Subregional Economic Cooperation (SASEC) Integrated Trade Facilitation Program (the Program) will help improve Bangladesh's border infrastructure and trade facilitation environment, thereby contributing to the national goals of promoting and diversifying exports. The Program will support Bangladesh's implementation of the World Trade Organization's (WTO's) Trade Facilitation Agreement (TFA), a set of new, binding international standards, and related best practices on transport and trade facilitation. The Program will also support for the Government of Bangladesh to establish and improve border infrastructure, which will reduce the cost and time of cross-border transactions. This aligns with the government's ongoing customs reform and modernization initiatives, the SASEC Operational Plan 2016-2025, and one of the country partnership strategy's (CPS) priority areas, deepening regional cooperation and integration.</p> <p>The proposed Program will help speed up clearances, improve compliance, focus essential resources on cargo carrying higher risk, strengthen infrastructure, and lead to better administration of customs laws and regulations (by initial introduction or by supporting more effective and deeper implementation). The key measures in this regard could include (i) pre-arrival and paperless processing; (ii) strengthened risk management; (iii) post-clearance audit; (iv) authorized economic operator (AEO)/trusted trader programs; (v) establishment of national single window; (vi) expedited shipments; (vii) improvements in inland clearance system, transit and transshipments; (viii) temporary importation systems; (ix) expanding the scope of advance rulings; and (x) equipping customs laboratories. These measures provide opportunities to enhance trade facilitation sector efficiency and performance, consistent with the objective of the government.</p>												
Project Rationale and Linkage to Country/Regional Strategy	<p>The Doing Business Survey by the World Bank shows significant inefficiencies in border operations in Bangladesh, ranked as 176 out of 190 countries. Specifically, there is excessive physical examinations of cargo, (almost 100%), manual input of documents, including duplication of documents previously submitted, even though a customs information technology (IT) system exists and little use of pre-lodgement and assessment of customs declaration and associated documents before the cargo arrives at the border post. This indicates an absence of the implementation of World Customs Organization (WCO) and WTO international standards relating to risk assessment of cargo, and the use of the WCO data model to improve efficiency of customs procedures.</p> <p>Modernization of customs and trade facilitation are essential in the current competitive trade environment, but the country is behind other South Asian countries. In the World Bank's logistics performance index (LPI), weakness is apparent in many areas of the global performance of Bangladesh. Its overall LPI score in 2018 was 2.58 out of 5. Its country rating is 100, as compared to 160 countries. For the same reasons previously mentioned, specifically the lack of the use of risk management principles, the need to submit manual documents for every shipment, the lack of use of pre-lodgement of information, adequate personnel and effective IT facilities, Bangladesh showed weakness in 4 out of 5 categories of logistics performance index (LPI); namely, customs, infrastructure, international shipments, quality logistics services and tracking and tracing. It showed average score in one category, timeliness. Customs, for example scored 2.3 out of 5 and ranked overall 121 out of 160 in the 2018 LPI study.</p> <p>Thus, there is need to implement the next phase of customs modernization reforms, as part of the wider trade facilitation agenda to improve the efficiency of trade, promote exports, support the implementation of the WTO TFA and make the reforms sustainable through capacity building and institutional strengthening. The impact of the reforms already initiated can be made more beneficial by promoting better on-the-ground implementation.</p>												
Impact	Region's trade and commerce expanded												
Outcome	Faster, cheaper, more predictable and more secure cross-border trade in Bangladesh achieved.												
Outputs	Customs legal framework improved and aligned with international standards. Cargo clearance processes made efficient, predictable, transparent, and automated Institutional capacity strengthened Trade and transport infrastructure improved												
Geographical Location	Nation-wide												

Safeguard Categories	
Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	

Business Opportunities	
Consulting Services	ADB will engage an international consulting firm following ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The consulting services will be implemented in 5 months by a team of international and national experts.
Procurement	Procurement required for the investment part of the sector development program is small works to build custom building and facilities and improve pavement of short road sections. Procurement risk is low. However, the National Board of Revenue will require additional procurement support from procurement specialists of Resident Mission. BLPA and RHD are considered to have adequate resources and institutional capacity to deal with such low risk and simple procurement.

Responsible ADB Officer	Nakane, Masato
Responsible ADB Department	South Asia Department
Responsible ADB Division	Regional Cooperation and Operations Coordination Div, SARD
Executing Agencies	<p>Bangladesh Land Port Authority  Bangladesh Sthala Bandar Kartripaksha TCB Building, 1 Karwan Bazar  Bangladesh Railway  16 Abdul Gani Road  Bangladesh Railway, Rail Bhaban,  Dhaka, Bangladesh</p> <p>Local Government Engineering Department  LGED Bhaban (Level 6), Agargaon  Sher-e-Bangla Nagar,  Dhaka 1207, Bangladesh</p> <p>Ministry of Finance  Economic Relations Division (ERD), MOF  Sher-e-Bangla Nagar, Dhaka 1207  Bangladesh</p> <p>Ministry of Road Transport and Bridges  The Roads and Highways Department  Dhaka, Bangladesh</p> <p>Ministry of Shipping  Bldg #6, Bangladesh Secretariat  Dhaka 1000, Bangladesh</p> <p>National Board of Revenue  Rajashwa Bhaban Segunbagicha, Dhaka 1000  Bangladesh</p> <p>Roads and Highways Department  Sarak Bhaban  Tejgaon, Dhaka-1208  Bangladesh</p>

Timetable	
Concept Clearance	28 Nov 2019
Fact Finding	25 May 2020 to 29 May 2020
MRM	30 Jul 2020
Approval	-
Last Review Mission	-
Last PDS Update	02 Dec 2019

Project Page	<a href="https://www.adb.org/projects/53260-001/main">https://www.adb.org/projects/53260-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=53260-001">http://www.adb.org/forms/request-information-form?subject=53260-001</a>
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