

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA54793

Project Name	Bangladesh Regional Waterway Transport Project 1 (P154511)
Region	SOUTH ASIA
Country	Bangladesh
Sector(s)	Ports, waterways and shipping (100%)
Theme(s)	Other trade and integration (50%), Trade facilitation and market access (50%)
Lending Instrument	Investment Project Financing
Project ID	P154511
Borrower(s)	People's Republic of Bangladesh
Implementing Agency	Bangladesh Inland Water Transport Authority
Environmental Category	A-Full Assessment
Date PID Prepared/Updated	07-Apr-2016
Date PID Approved/Disclosed	10-Apr-2016
Estimated Date of Appraisal Completion	19-Apr-2016
Estimated Date of Board Approval	16-Jun-2016
Appraisal Review Decision (from Decision Note)	The team has been authorized by the ROC on February 4, 2016 to move forward to Appraise the Project.

I. Project Context

Country Context

Regional and Country Context

1. In the last year, dramatic progress has been made on key regional cooperation issues along the “Eastern Corridor” of South Asia involving the BBIN (Bangladesh-Bhutan-India-Nepal) countries. In June 2015, the four countries signed the BBIN Motor Vehicle Framework Agreement which lifts considerably past restrictions on cross-border road transit for vehicles, passengers and cargo across the territories of the countries. The four countries are also in discussions regarding the Multi-modal Transport Agreement which will encompass cross-border transit by road, rail and inland waterways. In addition, also in June 2015, India and Bangladesh signed the Coastal Agreement which allows goods to move by sea from Kolkata in West Bengal to Chittagong Port in Bangladesh, and renewed the Protocol on Inland Water Transit and Trade (PIWTT) for five years with automatic renewal with additional ports of call and routes. They also agreed to seek international financing for development of the entire Bilateral Protocol Routes between the two countries with assured Least Available Depth (LAD) to ensure navigability of the routes year-round and including night-time navigation, as envisaged in the Bilateral Framework Agreement on Trade

and Transit. Meanwhile, landlocked Bhutan and Nepal have agreements in place with both India and Bangladesh to use the inland waterways (as well as roads, railways, and ports) in these two coastal countries to transport Bhutanese and Nepalese bilateral, international and transit trade.

2. These historic agreements have paved the way for the development of a regional integrated multimodal transport network with enormous potential to increase trade, people-to-people contact, and development of economic corridors. Goods can now move by sea or coastal route from Kolkata Port in West Bengal, India to Chittagong Port in Bangladesh, where bilateral and transit goods to Northeast India would travel by inland waterways from Chittagong Port to Dhaka and onwards to Ashuganj Port. At Ashuganj, the goods would be trans-shipped by road or rail to the border crossing at Akhaura-Agartala to Tripura State in Northeast India. Alternatively, the goods that arrive at Chittagong Port can take the road route to the Ramgarh-Sabroom border crossing, also on the border with Tripura State, Northeast India. The third route would be from Chittagong Port to Thegamukh-Kawrpucchuah on the border with Mizoram State, Northeast India. The map in Annex 2 illustrates the alternative multimodal routes linking West Bengal, India with landlocked Northeast India through the territory of Bangladesh. Goods headed from or for Bhutan can also use these same routes from Chittagong Port through Northeast India.

3. To support these encouraging trends in regional cooperation, the World Bank has developed and implemented since 2011 a continually evolving Regional program to support the BBIN countries to improve connectivity and trade potential along the “Eastern Corridor” of South Asia. The investments in the Regional Program are complemented by a significant regional technical assistance and analytical program. The investments include projects supporting regional connectivity for the BBIN countries through road, rail, ICT, and inland waterway connectivity and trade facilitation measures that aim to facilitate intra-regional trade as well as access to the sea and international markets for the landlocked countries and sub-regions namely Bhutan, Nepal, and Northeast India.

4. Bangladesh is the third largest economy in South Asia. It is amongst the most densely-populated countries in the world with a population of about 160 million in a land area of 147,570 square kilometers. Bangladesh’s economy grew well above the average for developing countries in recent years, averaging 6.2 percent since 2010. With a per capita GDP of US\$1,093, Bangladesh reached an important milestone by achieving lower middle income country (LMIC) status in 2015. Bangladesh has made remarkable progress in reducing extreme poverty; however significant challenges remain in its quest to eliminate extreme poverty. The creation of more and better jobs is a key challenge for eliminating poverty and boosting shared prosperity. Growth and employment associated with increased productivity, diversification, and value addition in agriculture and manufacturing supply chains needs to be strengthened.

5. Key to the success of Bangladesh’s growth and poverty reduction strategy is the improvement of the multimodal transport and logistics system in the country, with its neighbors and the rest of the world. High transport costs, low efficiency and excessive delays in the logistics chain increase trade costs and reduce the competitiveness of the country’s products. The Government’s Plan to address transport bottlenecks includes key activities to: (i) enhance the capacity of multiple key modes of transport including expanding the road network, increasing the capacity of Bangladesh Railways to carry freight, and increasing the capacity of the country’s inland waterways to carry freight and passengers; (ii) improving the capacity and performance of the country’s main sea port, Chittagong Port, while developing additional deep sea and higher capacity ports for the

longer-term; (iii) improving regional connectivity; and, (iv) improving banking, customs and clearance systems and procedures to decrease clearance times.

6. In addition, there are plans to expand intra-regional trade by improving connectivity with India, Bhutan and Nepal through road, rail and inland waterways. For inland waterways, the Government has prioritized the development and improved maintenance of 65 priority river routes, including the Bilateral Protocol Routes agreed between Bangladesh and India but also used for trade between Bangladesh, Bhutan and, in future Nepal.

Sectoral and institutional Context

7. Bangladesh's 2013 National Integrated Multimodal Transport Policy (NIMTP) recognizes that Bangladesh's planning of the last few decades has favored road transport, and investment in inland waterways (and railways) has been neglected. The policy commits to planning an environmentally sustainable multimodal transport system with attention to safety issues and equitable access for all. The objectives of the NIMTP include: reducing the cost of transport goods, so as to make goods and services within Bangladesh less costly, and aid export competitiveness; improving safety; taking advantages of Bangladesh's geographical position to trade in transport services and induce efficiency in the transport sector; reducing the negative environmental effects of transport; ensuring that transport meets social needs in terms of cost accessibility to all sectors of society; improving integration of the overall transport network and foster measures to make interchange between modes easier; and increasing alternative options for passenger and freight transport. The policy also prioritizes improving regional connectivity, greater private sector participation in the sector; and exploring innovative funding mechanisms to fund sustainable transport solutions. Within the framework of the NIMTP, the priorities for IWT are: (i) Increasing funding to improve navigability of rivers; (ii) Applying advanced technology and modern management principles, and developing human resources to improve dredging and hydrographic survey techniques to provide updated information on waterways; (iii) Investing in existing river ports, new ports, and inland cargo/container depots to improve cargo and passenger handling, improve interchange between water transport and other modes; and to provide door-to-door service for passenger and freight movement through coordination with cargo operators and other transport operators; (iv) Improving navigational aids and vessel tracking; (v) Enhancing efficiency and safety of all vessels including country boats; (vi) Strengthening research into more fuel-efficient vessels; and, (vii) Rationalizing regulatory agencies and updating regulations in the sector.

II. Proposed Development Objectives

The development objective of the Project is to improve Inland Water Transport (IWT) efficiency and safety for passengers and cargo along the Chittagong-Dhaka-Ashuganj Regional Corridor and to enhance sector sustainability.

III. Project Description

Component Name

Component 1: Improved Inland Waterway Navigation

Comments (optional)

This component shall include work to maintain and increase advertised depths and to delineate channel routes through provision of long-term navigation Performance-Based Contracts (PBCs). The 6 or 7-year Performance-Based Contracts will depart from the current practice of payments based on dredging volume which is unreliable and does not assure depth, and instead commits the

contractors to guarantee Year-Round Least Available Depth. A Supervision/Performance Monitoring Consultant will be contracted to monitor the performance of the contractors for the PBCs.

Component Name

Component 2: Improved Services at Priority Inland Waterway Terminals and Landing Stations

Comments (optional)

This component supports the development of two cargo terminals, four passenger terminals and 14 landing ghats. The facilities shall specifically incorporate the needs of women users (such as toilet facilities for women, women-only waiting rooms) and less abled users, and address safety-related issues for all users. BIWTA will also make suggested changes to operational guidelines to improve safety and experiences using inland water transport services. All investments under this component will also aim to enhance the climate change resiliency of terminals and landing stations, such as through design adaptations to account for the expected increased variation in river flows, more intense or frequent extreme storm events, etc.

Component Name

Component 3: Institutional Capacity Development and Sector Sustainability

Comments (optional)

A series of activities are proposed that will support BIWTA's overall enhancement of its management systems and human resources capacity for modern, efficient, and high quality management of the IWT sector in line with international standards, and to help BIWTA achieve long-term operational and financial sustainability. Activities to be supported include: (i) the development of River Information Systems to help BIWTA improve data collection for the planning, maintenance and development of IWT, as well as enhance climate resiliency of the IWT sector in Bangladesh by creating a more systematized baseline understanding of river hydrology and navigational implications, and, (ii) improvement of Human Resources capacity.

IV. Financing (in USD Million)

Total Project Cost:	387.70	Total Bank Financing:	360.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			27.70
International Development Association (IDA)			360.00
Total			387.70

V. Implementation

8. Bangladesh Inland Water Transport Authority is the implementation agency for the Project and is responsible for overall implementation, management and monitoring of the Project. BIWTA is an autonomous body established under the Ministry of Shipping. The authority was set up for development, maintenance and operations of inland water transport and waterways in Bangladesh. The institution functions through a formal structure of Board of Directors which is headed by a Chairman at the rank of Additional Secretary and supported by senior officials of Government of Bangladesh. BIWTA does not have recent experience in implementing donor-funded programs and managing large value performance-based contracts.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04	x	
Forests OP/BP 4.36	x	
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

Contact: Diep Nguyen-Van Houtte
 Title: Sr Transport. Spec.
 Tel: 473-7213
 Email: dnguyenvanhoutte@worldbank.org

Borrower/Client/Recipient

Name: People's Republic of Bangladesh
 Contact: Mr. Kazi Shofiquil Azam
 Title: Additional Secretary
 Tel: 88-02-9180675
 Email: addl-secy2@erd.gov.bd

Implementing Agencies

Name: Bangladesh Inland Water Transport Authority
 Contact: Mahmud Hasan Salim
 Title: Director of Planning
 Tel: 88-02-9563188
 Email: dpl@biwta.gov.bd

VIII. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-4500
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>