

**FRAMEWORK FINANCING AGREEMENT  
SASEC Dhaka–Northwest Corridor Road Project, Phase 2**

**Parties** This Framework Financing Agreement (“FFA”) dated 12 July 2017 is between People’s Republic of Bangladesh (“Bangladesh”), and Asian Development Bank (“ADB”).

**MFF Investment Program** Bangladesh is committed to and will implement the SASEC Dhaka–Northwest Corridor Road Project, Phase 2, a standalone project, which is described in Schedule 1 hereto.

The total cost of the Dhaka–Northwest Corridor Road Project, Phase 2 over the period 2017 to 2027 is expected to be \$1,672,600,000 equivalent.

**Multitranche Financing Facility** The Multitranche Financing Facility (the Facility) is intended to finance the Project, under the Investment Plan as a large-scale stand-alone project applying the time-slice approach, and any additional component directly linked to the Project, provided that such components comply with the criteria set out in Schedule 4 hereto and that understandings set out in this FFA are complied with.

These may include:

- (i) Road improvement component
- (ii) Institutional enhancement component

This FFA does not constitute a legal obligation on the part of ADB to commit any financing. ADB has the right to deny any financing request made by Bangladesh, cancel the uncommitted portion of the Facility, and withdraw Bangladesh’s right to request any financing tranche under the Facility. Financing tranches may be made available by ADB provided matters continue to be in accordance with the general understandings and expectations on which the Facility is based and which are laid out in this FFA.

This FFA does not constitute a legal obligation on the part of Bangladesh to request any financing. Bangladesh has the right not to request any financing under the Facility. Bangladesh also has the right at any time to cancel any uncommitted portion of the Facility.

Bangladesh and ADB may exercise their respective rights to cancel the Facility or any uncommitted portion thereof, and ADB may exercise its right to refuse a financing request, by giving written notice to such effect to the other parties. The written notice will provide an explanation for the cancellation or refusal and, in



the case of a cancellation, specify the date on which the cancellation takes effect. ADB may cancel the facility or reject a financing request when there is a material noncompliance with ADB policies or FFA undertakings; or there are undue delays in the submission of the financing requests or the implementation of the investment program.

### ***Financing Plan***

The financing plan for the **Dhaka–Northwest Corridor Road Project, Phase 2** is summarized below.

| <b>Financing Source</b>           | <b>Total (\$)</b> | <b>Share (%)<br/>of Total</b> |
|-----------------------------------|-------------------|-------------------------------|
| Asian Development Bank            | 1,200.0           | 71.7                          |
| Government of Bangladesh          | 472.6             | 28.3                          |
| <b>Total (Investment Program)</b> | <b>1,672.6</b>    | <b>100.0</b>                  |

### **Financing Terms**

ADB will provide loans and may administer cofinancing to finance the project under the Investment Plan, as and when the latter are ready for financing, provided, Bangladesh is in compliance with the understandings hereunder, and the components are in line with those same understandings. Each loan and administered cofinancing will constitute a tranche.

Each tranche may be financed under terms different from the financing terms of previous or subsequent tranches. The choice of financing terms will depend on the project, capital market conditions, and ADB's financing policies, all prevailing on the date of signing the legal agreement for such tranche.

Tranches may be provided in sequence or simultaneously, and some may overlap in time with each other.

Commitment charges or guarantee fees are not payable on the Facility. They are payable only on financing actually committed by ADB as a loan or guarantee. ADB rules on commitment charges, which are in effect when the legal agreements are signed for a tranche, will apply with respect to such tranche.

### ***Amount***

The maximum financing amount available under the Facility is one billion two hundred million US Dollar (\$1,200,000,000). It will be provided in individual tranches from ADB's Ordinary Capital Resources in regular and/or concessional loans.

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### ***Availability Period***

The last date on which the Facility may be utilized is 31 December 2027. The last financing tranche is expected to be executed no later than 31 December 2024.

### ***Terms and Conditions***

Bangladesh will cause the proceeds of each tranche to be applied to the financing of expenditures of the Investment Program, in accordance with conditions set forth in this FFA and the legal agreements for each tranche.

#### **Execution**

The Executing Agency will be Roads and Highways Department. The Executing Agency will implement the Investment Plan in accordance with the principles set forth in Schedule 1 to this Agreement, and as supplemented in the legal agreements for each tranche.

#### **Periodic Financing Requests <sup>1</sup>**

Bangladesh may request, and ADB may agree, to provide loans or administer cofinancing under the Facility to finance the Investment Plan and its related components upon the submission of a Periodic Financing Request (PFR). Each PFR should be submitted by Bangladesh. Bangladesh will make available to the Project Executing Agency, the proceeds of the tranche in accordance with the related PFR, and the legal agreements for the tranche.

Each individual tranche will be for an amount of no less than fifty million US Dollar (\$50,000,000), or its equivalent. ADB will review the PFR[s] and, if found satisfactory, prepare the related legal agreements.

The components for which financing is requested under the PFR will be subject to the selection criteria set out in Schedule 4 hereto, satisfactory due diligence, and preparation of relevant safeguard and fiduciary frameworks and other documents. The Facility will be implemented in accordance with the general framework set out in Schedule 3 to this FFA, and the Facility Administration Manual agreed between Bangladesh and ADB.

Until notice is otherwise given by Bangladesh, the Senior Secretary or Secretary or Additional Secretary or Chief, Joint Secretary or Joint Chief, Deputy Secretary or Deputy Chief, Senior Assistant Secretary or Senior Assistant Chief, Assistant Secretary or Assistant Chief of Economic Relations Division, Ministry of Finance will be Bangladesh's authorized representative for purposes of

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<sup>1</sup> Consider having the PFR acknowledged by the intermediary and final recipient of the proceeds. Describe the onlending arrangements, if any.




executing PFRs.

**General Implementation Framework**

The Facility will be implemented in accordance with the general framework set out in Schedule 3 hereto.

**Procedures**

Tranches to be provided under the Facility will be subject to following procedures and undertakings:

- (i) Bangladesh will have notified ADB of a forthcoming PFR in advance of the submission of the PFR.
- (ii) Bangladesh will have submitted a PFR in the format agreed with ADB.
- (iii) ADB may, in its sole discretion, decline to authorize the negotiation and execution of any legal agreement for a tranche.
- (iv) If ADB confirms acceptance of the PFR, the legal agreements will be negotiated and executed by the parties.

**PFR information**

The PFR will substantially be in the form attached hereto, and will contain the following details:

- (i) Loan or cofinancing amount;
- (ii) Description of components to be financed;
- (iii) Cost estimates and financing plan;
- (iv) Implementation arrangements specific to the components;
- (v) Confirmation of the continuing validity of and adherence to the understanding in this Agreement;
- (vi) Confirmation of compliance with the provisions under previous Loan Agreement(s), as appropriate; and
- (vii) Other information as may be required under the Facility Administration Manual, or reasonably requested by ADB.

**Safeguards <sup>2</sup>**

Attached as Schedule 5 are references to the Safeguard Frameworks that will be complied with during the implementation of the Facility.

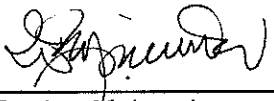
ADB's Safeguard Policies in effect as of the date of signing of legal agreements for a tranche will be applied with respect to the components financed under such financing tranche.

<sup>2</sup> ADB. 2009. *Safeguard Policy Statement*. Manila.




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| <b>Procurement</b>  | All works, goods and services to be financed under the Facility will be procured in accordance with ADB's <i>Procurement Guidelines</i> (2015, as amended from time to time).   |
| <b>Consulting Services</b>  | All consulting services to be financed under the Facility will be procured in accordance with ADB's <i>Guidelines on the Use of Consultants</i> (2013, as amended from time to time).   |
| <b>Advance contracting;<br/>Retroactive financing</b>             | Under each tranche, ADB may, subject to its policies and procedures, allow on request (a) advance contracting of works, goods and services, and consulting services, and (b) retroactive financing of eligible expenditures for works, goods and services, and consulting services, up to 20% of proposed individual loan, incurred prior to loan effectiveness but not earlier than 12 months before the date of signing of the related legal agreement. The client acknowledges that any approval of advance contracting and/or retroactive financing will not constitute a commitment by ADB to finance the related project. |
| <b>Disbursements</b>  | Disbursements will be made in accordance with ADB's <i>Loan Disbursement Handbook</i> (2015, as amended from time to time).   |
| <b>Monitoring, Evaluation,<br/>and Reporting<br/>Arrangements</b> | <p>Schedule 2 hereto sets as the Design and Monitoring Framework for the Facility, against which the implementation effectiveness will be evaluated.</p> <p>Further monitoring, evaluation and reporting arrangements to be complied with are provided in the Implementation Framework in Schedule 3.</p>   |
| <b>Undertakings</b>   | Attached as Schedule 6 are the undertakings provided by Bangladesh.   |

People's Republic of Bangladesh

By   
 Jiban Ranjan Majumder  
 Chief  
 Economic Relations Division

ASIAN DEVELOPMENT BANK

By   
 Kazuhiko Higuchi  
 Country Director  
 Bangladesh Resident Mission

## SCHEDULE 1

### MFF CONSTITUENTS

#### A. Road Map

1. The transport system of Bangladesh consists of roads, railways, and inland waterways, maritime shipping facilities, and civil aviation.<sup>1</sup> Road transport's modal share is over 70% for passenger traffic and 60% for freight. Traffic grew at an average rate of above 8% per year. The road network is managed by two ministries, the Ministry of Road Transport and Bridges (MRTB) and the Ministry of Local Government, Rural Development and Cooperatives (MOLGRDC). The development of road subsector is guided by three policy documents: (i) the Seventh Five Year Plan (SFYP, 2016–2020) approved in 2015,<sup>2</sup> (iii) the Road Master Plan (RMP, 2007-2027) approved in 2009, and (ii) the National Integrated Multimodal Transport Policy (NIMTP) approved in 2013.

2. The Government's Vision 2021 intends to reach middle-income status by the 50<sup>th</sup> anniversary of the nation in 2021.<sup>3</sup> To achieve this, the SFYP aims to accelerate economic growth, employment generation and rapid poverty reduction and therefore aims to raise the annual average growth rate to 7.4%. The growth is intended to be inclusive, pro-poor, adapt well to the urban transition and be environmentally sustainable so that by the end of the SFYP, poverty and extreme poverty will be substantially lowered. The SFYP will ensure that complimentary strategies and policies are in place to make the growth path inclusive, responsive and adaptable to the ongoing transformations, resilient to climate change, and sustainable over the long term without damaging the natural environment.

3. The SFYP recognizes importance of modern transportation and communication for achieving the target growth rate and therefore aims to improve the multimodal transport network. The key elements of the transport sector strategy under SFYP are as follows: (i) fast-tracking transformational infrastructure investments, (iii) promoting regional connectivity and the Asian Highway Projects, (iii) reforming the public-private partnership strategy (i) enhancing the strategic planning capacity to identify priority transport investments. The SFYP envisages an efficient and modern road transport system to play a vital role to achieve the targets of Vision 2021, and emphasized that, in addition to the physical targets for expanding the road network, a major objective is to have well-maintained, cost-effective, durable and safe road network.

4. The RMP was launched in 2009, although it covers a period from 2007 to 2027. The RMP presents a 20-year investment program to road sector, with seven objectives: (i) protect the value of RHD's road and bridge assets, (ii) improve the connectivity of the road network, (iii) enhance and develop the strategic road network to meet economic and traffic growth targets, (iv) improve the Zila Road Network to enhance the country's growth centers, (v) improve road safety and reduce road accidents, (vi) provide environmental and social protection, and (vii) outline the institutional improvements required for RHD to deliver the above. In 2013, the government approved NIMTP to clarify the directions of integrating different modes of transport.

<sup>1</sup> Bangladesh has about 271,000 kilometers (km) of roads, including about 21,000 km of major roads; 2,835 route-km of railways; 3,800 km of perennial waterways (about 6,000 km during the monsoon); seaports at Payra, Mongla, and Chittagong; and three international airports and eight domestic airports.

<sup>2</sup> General Economics Division, Planning Commission, Government of the People's Republic of Bangladesh. 2015. *Seventh Five Year Plan (FY2016–FY2020)*. Dhaka.

<sup>3</sup> Planning Commission, Government of the People's Republic of Bangladesh. 2012. *Perspective Plan of Bangladesh 2010-2021: Making vision 2021 a reality*. Dhaka.

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Under the NIMTP, the government aims to improve transport services, minimize transport costs, and integrate transport services with the regional transport network.<sup>4</sup>

5. In the last two decades since 1994, the government is gradually upgrading the main transport corridors to facilitate the international trades with and between India, Myanmar, Bhutan and Nepal. However, due to limited capacity and deteriorated conditions, road infrastructure becomes a major bottleneck on many subregional trade corridors. The road capacity is further constrained by the mixture of slow and fast-moving traffic. The limitation of road agencies in human, technical, and financial resources has limited its capacity in addressing the bottleneck issues.

6. **South Asia Subregional Economic Cooperation.** The ADB-supported South Asia Subregional Economic Cooperation (SASEC) program is a project-based partnership that promotes regional prosperity by improving cross-border infrastructure connectivity for transport and energy, facilitating faster and less costly trade among member countries, developing industrial and economic corridors, and strengthening regional economic cooperation.<sup>5</sup> Since 2001, SASEC member countries have invested over \$9.17 billion in 46 projects with a regional dimension,<sup>6</sup> including 31 projects worth \$7.30 billion in the transport sector.<sup>7</sup> Transport infrastructure is the centerpiece of SASEC investment: improving multimodal regional connectivity and moving goods rapidly, reliably, and cheaply through trade and transport facilitation is fundamental to unlocking economies of scale and increasing competitiveness. Intraregional trade is constrained by poor physical connectivity, congested border-crossing points and ports, as well as weak logistics infrastructure and performance. While SASEC transport investments in Bangladesh and neighboring member countries focus on the development of South Asian Association of Regional Cooperation (SAARC) Highway Corridors 4 and 8 to improve subregional connectivity and enhance cross-border trade, other complementary SASEC projects and initiatives support development of transport facilitation agreements and trade facilitation reform and modernization measures to further boost opportunities for increased subregional trade. The SASEC Operational Plan, 2016–2025 identifies a total of 128 priority RCI transport projects, worth an estimated \$63 billion, that will contribute to subregional multimodal connectivity through coordinated and phased implementation.

7. The Government of Bangladesh is committed to promote the country's role in subregional connectivity, and closely monitor the status of project implementation.<sup>8</sup> From Bangladesh's perspective, the main challenges facing the implementation of subregional transport projects are: (i) securing funds for restoring missing links, (ii) harmonizing the standards for design, services, and safety, and (iii) overloading controls. Accordingly, assistances from development partners are required to address these challenges.

8. **Dhaka–Northwest International Trade Corridor.** Among the subregional corridors, the government considers as one of the top priorities the Dhaka–Northwest international trade corridor on SAARC Highway 4 and 8, which also forms part of the Asian Highway 2. ADB has

<sup>4</sup> Roads Division, Ministry of Communication, Government of the People's Republic of Bangladesh. 2013. *National Integrated Transport Policy*. Dhaka.

<sup>5</sup> SASEC comprises Bangladesh, Bhutan, India, the Maldives, Myanmar, Nepal, and Sri Lanka.

<sup>6</sup> The Bangladesh component of the overall SASEC portfolio comprises 13 projects worth over \$2.72 billion.

<sup>7</sup> The Bangladesh component of the SASEC transport portfolio comprises 10 projects worth \$2.27 billion.

<sup>8</sup> Road Transport and Highways Division, Ministry of Road Transport and Bridges, Government of the People's Republic of Bangladesh. 2016. *Regional Road Connectivity: Bangladesh Perspective*. Dhaka.

been a long-term partner with the government in improving the Dhaka-Northwest international trade corridor. The following investments are those directly related to road transport.

- (i). **Loan 1298-BAN: Jamuna Bridge Project.** In 1994, ADB approved a \$200 million loan for Jamuna Bridge Project, which partly financed the 4.8 km 4-lane Bhangabandhu Bridge on Jamuna River, and in the middle of Dhaka-Northwest international trade corridor.<sup>9</sup> With the bridge completed in 1998, for the first time, the eastern and western halves of Bangladesh were connected by a permanent Jamuna River crossing.
- (ii). **Loan 1478-BAN (SF): Jamuna Bridge Access Roads Project.** During the construction under Jamuna Bridge Project, ADB approved in 1996 a \$72 million loan to improve 77 km of roads.<sup>10</sup> The project was successfully completed in 2001.

9. In 2016, the corridor carries a traffic volume of 15,000 to 20,000 vehicles per day, excluding two- and three-wheelers, making it the second busiest artery in Bangladesh after the Dhaka–Chittagong road. At the northwestern end of Dhaka–Northwest international trade corridor is Burimari Land Port, being managed by the Bangladesh Land Port Authority. The land port provides a gateway to Bhutan through India, and is expected to see significant increase in trade with the improvement of subregional corridor infrastructures. To improve the subregional transport and trade, the government has decided to upgrade the corridor to four-lane standard with features of slow-moving vehicular traffic (SMVT) lanes, road safety, and gender-responsiveness. Due to the required large financing and implementation resources, the government plans to improve the corridor in three phases: (i) Phase 1: Joydeypur–Chandra–Tangail–Elenga Section and the Burimari Land Port, (ii) Phase 2: Elenga–Hatikamural–Rangpur Section, and (iii) Phase 3: Rangpur–Burimari Section.

10. **Phase 1: Joydeypur–Chandra–Tangail–Elenga Section.** In 2012, a \$198 million loan for SASEC Road Connectivity Project (Loan 2949-BAN) was approved. The project outputs are (i) increased capacity of key section of an international trade corridor: 70 km of Joydeypur–Chandra–Tangail–Elenga section, (ii) Improved operational efficiency of land ports (Benapole and Burimari), and (iii) Enhanced institutional capacity of RHD in developing and maintaining roads and bridges. The project is performing well based on the following criteria: (i) delivery of expected outputs, (ii) satisfactory implementation progress, (iii) satisfactory compliance with safeguard policy requirements, (iv) successful management of risks, and (v) on track rating.

11. However, it is estimated that the Phase-1 project faces a financing gap of \$150 million due to (i) the materialized foreign exchange risks on SDR against dollar and Bangladesh taka and the financing charges and fees (about \$33.5 million), (ii) enhanced road safety and gender-responsive features (about \$34.3 million), and (iii) the contract prices higher than the engineer's estimates and the price (about \$ 82.2 million). Other lessons from Phase 1 include: (i) the quality of engineering design should be assured through systematic reviews, (ii) the procurement of civil works should be advanced to minimize the start-up delays, (iii) the government should timely release of the counterpart funds for land acquisition and resettlement, utility shifting, and civil works, (iv) safeguard actions should be advanced to the extent possible, and (v) institutional enhancement requires long-term, consistent, and flexible supports.

<sup>9</sup> ADB. 1994. *Loan 1298-BAN: Jamuna Bridge Project*. Manila.

<sup>10</sup> ADB. 1996. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to the People's Republic of Bangladesh for Jamuna Bridge Access Roads Project*. Manila.

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12. **Phase 2: Elenga–Hatikamural–Rangpur Section.** The government plans to start the phase 2 investment in 2017 by improving the next section of the Dhaka–Northwest international trade corridor, from Elenga through Hatikamural to Rangpur, a total length of 190 km excluding the Bangabandhu bridge. To address the issues facing Phase 1, the government has (i) established a technical expert panel to review the engineering design, (ii) obtained the government's approval for the project proposal in advance, which allows the establishment of project implementation units, preparation of procurement documents, and initiation of safeguards actions, and (iii) requested ADB's support to update its road master plan.

13. **The Proposed Project: Dhaka–Northwest Corridor Road Project, Phase 2.** The proposed project will continue ADB's support to the corridor. The impact will be (i) an efficient and modern road transport system in Bangladesh achieved, and (ii) subregional connectivity and trade improved. The outcome will be road connectivity and efficiency of the Dhaka–Northwest international trade corridor improved.

14. The proposed project will deliver three outputs: (i) Dhaka–Northwest international trade corridor (phase 2: Elenga–Hatikamural–Rangpur) upgraded, (ii) institutional capacity of RHD in road operation and management enhanced, and (iii) enhanced road safety and gender-responsive features and cost overrun for Dhaka–Northwest international trade corridor (phase 1: Joydepur–Chandra–Tangail–Elenga) financed. The three outputs will be achieved through three components: (i) phase-2 road improvement, (ii) project management and institution enhancement, and (iii) phase-1 road improvement.

## **B. Strategic Context**

15. Bangladesh has achieved sustained growth of more than 6.3% per year since FY2007. Poverty has halved since 2000, meeting an important Millennium Development Goal target. The gender gap has narrowed, and the country has made progress in providing access to health and basic social services. With its young, rapidly growing population, Bangladesh has the potential to become a major exporter of labor-intensive products. The progress achieved in health and education is helping increase the productivity and competitiveness of the young labor force. The country has the advantage of being located between South and Southeast Asia, providing good prospects of becoming a regional trading hub. The major challenges facing Bangladesh now include: (i) accelerating the annual rate of growth to 7% and above to move closer to upper middle-income status, (ii) diversifying the economic base and creating new sources of growth, (iii) making growth more inclusive and reducing poverty by creating jobs and supporting rural development, (iv) increasing transparency and accountability by addressing institutional and policy weaknesses, and (v) reducing vulnerabilities to environmental degradation and climate change.

16. However, addressing infrastructure deficiencies remains a top priority in Bangladesh. Transport depends heavily on road transport, with little integration among various transport modes. Poor transport infrastructure raises costs, reduces competitiveness, and is a major barrier to expanding intra-regional trade. Population growth in urban areas has been more than double national population growth, and cities are heavily congested with an acute shortage of urban services. Without adequate energy, transport, and utility infrastructure, urban centers lose productivity and competitiveness.

17. ADB has adopted a broad-based approach to respond flexibly to the needs and demand of the country over the country partnership strategy (CPS) period (2016–2020). ADB will support: (i) easing infrastructure constraints in key sectors, such as energy, transport, and urban

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development; (ii) creating conditions for greater private sector participation to attract investment; (iii) enhancing the productivity, and skills of the workforce; (iv) increasing the productivity of agriculture and creating gainful rural employment opportunities outside agriculture; (v) helping Bangladesh take advantage of its location as regional transport and trade hub; (vi) managing environmental and climate change-related vulnerabilities; and (vii) addressing institutional capacity constraints and improving governance. Individual interventions in each area will be based on careful consideration of the core strengths of ADB, and the role of other development partners.

18. ADB assistance is strongly aligned with the government's Vision 2021 and its Seventh Five-Year Plan, which lays out a roadmap for higher, sustainable and inclusive growth. ADB engagement complements the strategies of other development partners by taking a sector-wide approach and pursuing common policy dialogues.

19. ADB's future regional cooperation and integration operations in Bangladesh will be guided by the SASEC Operational Plan 2016–2025, which will focus on multimodal transport connectivity, trade facilitation, energy trade, and cross-border economic corridor development, and in coordination with ADB operations under other regional cooperation and integration initiatives such as the Greater Mekong Subregion Economic Cooperation Program and the Central Asia Regional Economic Cooperation Program. ADB will support Bangladesh in strengthening road, rail, and maritime connectivity with neighboring countries along key trade routes. As part of the ADB-assisted SASEC platform for regional power trade and interconnection arrangements, Bangladesh will expand power sharing arrangements with India, and possibly with Bhutan and Nepal (via India). ADB will assist the trade facilitation efforts of the Government of Bangladesh through logistics infrastructure and services improvements, as well as the implementation of the Bangladesh–Bhutan–India–Nepal Motor Vehicles Agreement. ADB support for the development of economic corridors centered on Dhaka will create synergies and complementarities with existing and planned economic corridors in other SASEC countries, as well as in countries under the Greater Mekong Subregion Economic Cooperation Program.

### **C. Policy Framework**

20. While according high priority to the implementation and completion of transformational transport projects, the SFYP highlights the objective to have a well-maintained, cost-effective, durable and safe road network with the following actions:

- (i) improving road safety situation in the country by achieving 50 per cent reduction in road traffic accident fatalities by 2020 in line with the UN Decade of Action for Road Safety;
- (ii) gradually developing the existing interrupted highways to uninterrupted arterial roads by adopting two-tiered access controlled layout configuration for segregating mobility and accessibility functions of highways;
- (iii) constructing interchange facility that should increase overall capacity of the highways, besides highway widening at the major junctions;
- (iv) achieving arterial highway configuration by reducing carriageway side-frictions and conflicting usages of highway, adopting strict roadside land use development and right of way control policies;
- (v) reducing maintenance frequency of highways by selectively using concrete pavement;
- (vi) developing coastal embankment and/or polder infrastructures as climate-resilient infrastructure to save all sorts of assets within the protection area; and
- (vii) implementing road damage monitoring system with enforcement of penalties for

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violation to address the issue of road damage from overloading.

21. To implement the actions identified in the SFYP, RHD is implementing an Institutional Development Action Plan, to strengthen its capacity on road safety management, road asset management, overloading control, and other related areas. The RMP was prepared by RHD under MRTB, and covers key areas of road sector operation, such as (i) road asset management, (ii) connectivity improvement, (iii) strategic road network, (iv) zila roads, (v) road safety, (vi) social and environmental impacts, and (vii) institutional development. However, the plan does not adequately consider the needs for development of subregional corridors and rural roads. A midterm review and update is due after 10 years of implementation.

22. Local Government Engineering Department (LGED) of MOLGRDC has no active road master plan as of now, but regularly prepares the 4-year rolling business plan and annual work program as the general planning exercise. A rural road and bridge maintenance policy developed in 2013 provides the operational guidance for LGED.

23. Therefore, after ten years of implementation, the RMP is now due for midterm review and update, and needs to expand the scope by elaborating the subregional corridor highways, and including the rural roads. The government requested ADB to assist in this exercise and to support the expansion of road master plan coverage by including the subregional corridor highways, the major bridges under the Bangladesh Bridge Authority, and the rural roads under the LGED.

24. The proposed project will support the government in strengthening RHD's capacity of research and training, and subregional corridor management in terms road safety management, road asset management, and overloading control. An attached technical assistance will help RHD and LGED in updating the RMP and strengthening the planning capacity.

#### D. Investment Plan

25. The project is estimated to cost \$1,672.6 million (Table 1), including taxes and duties, physical and price contingencies, interest, and other charges during implementation.

**Table 1: Project Investment Plan**  
(\$ million)

| Item  | Amount <sup>a</sup> |
|---|---------------------|
| <b>A. Base Cost<sup>b</sup></b>                               |                     |
| 1. Phase-2 Road Improvement                                   | 1,060.7             |
| 2. Project Management and Institutional Enhancement           | 93.4                |
| 3. Phase-1 Road Improvement                                   | 155.9               |
| <b>Subtotal (A)</b>   | <b>1,310.0</b>      |
| <b>B. Contingencies<sup>c</sup></b>                           | <b>284.5</b>        |
| <b>C. Financing Charges During Implementation<sup>d</sup></b> | <b>78.1</b>         |
| <b>Total (A+B+C)</b>  | <b>1,672.6</b>      |

<sup>a</sup> Includes taxes and duties of \$95.7 million to be financed from ADB loan resources, and \$50.8 million from government resources.

<sup>b</sup> In 2017 prices.

<sup>c</sup> Physical contingencies computed at 10% for civil works. Price contingencies computed at about 1.5% on foreign exchange costs and about 6% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest and commitment charges. Interest during construction for regular ADB loans from ordinary capital resources has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5%. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount. Interest

during construction for concessional ADB loans from ordinary capital resources has been computed at 2% per annum. There is no commitment charge for concessional ADB loans from ordinary capital resources.  
Source: Asian Development Bank and Roads and Highways Department estimates.

## E. Financing Plan

26. The government has requested an MFF in an amount of up to \$1,200,000 from ADB's ordinary capital resources to help finance a part of the project.<sup>11</sup> The MFF will consist of several tranches, subject to the government's submission of related periodic financing requests, execution of the related loan and project agreements for each tranche, and fulfillment of terms and conditions and undertakings set forth in the framework financing agreement. The financing plan is in Table 2. The MFF combines regular and/or concessional OCR financing up to the aggregated MFF amount. The provision of any concessional OCR will be balanced by a corresponding reduction in available regular OCR (and vice versa), with total financing provided under the MFF not to exceed the aggregated MFF total of \$1,200 million equivalent. On the same corridor, JICA-funded Western Bangladesh Bridge Improvement Project will construct six bridges with harmonized design standards of the proposed project. It is estimated that the construction cost of the six bridges is about \$9 million.

27. **Time-slice financing.** The financing plan and an indicative tranche schedule are in Table 2. The MFF will finance slices of long-term contract packages under the investment program. Each tranche will finance slices of a group of contracts for works, goods, and/or consulting services. Each contract is sliced according to the indicative tranche schedule. The amount of each tranche will be requested according to the disbursement progress and projection. The tranche schedule is based on the disbursement projection to improve the disbursement ratio and minimize financing charges. The preconstruction activities, such as land acquisition, resettlement, and procurement, will be all advanced to the first 2–3 years of the investment program. The government has completed preparation and due diligence for the project.

**Table 2: Financing Plan**

| Source  | Amount                    |                           |                           |                           | Total                  |                       |
|---|---------------------------|---------------------------|---------------------------|---------------------------|------------------------|-----------------------|
|   | Tranche 1<br>(\$ million) | Tranche 2<br>(\$ million) | Tranche 3<br>(\$ million) | Tranche 4<br>(\$ million) | Amount<br>(\$ million) | Share of<br>Total (%) |
| Asian Development Bank                            | 300.0                     | 300.0                     | 300.0                     | 300.0                     | 1,200.0                | 71.7                  |
| Ordinary capital resources<br>(concessional loan) | 50.0                      |                           |                           |                           | 50.0                   | 3.0                   |
| Ordinary capital resources<br>(regular loan)      | 250.0                     | 300.0                     | 300.0                     | 300.0                     | 1,150.0                | 68.7                  |
| Government  | 171.4                     | 100.0                     | 100.0                     | 101.2                     | 472.6                  | 28.3                  |
| <b>Total</b>                                      | <b>471.4</b>              | <b>400.0</b>              | <b>400.0</b>              | <b>401.2</b>              | <b>1,672.6</b>         | <b>100.0</b>          |

Source: Asian Development Bank and Roads and Highways Department estimates.

<sup>11</sup> Taxes and duties of about \$95.7 million for civil works, equipment, and consulting services, will be financed from Asian Development Bank (ADB) loan resources to help offset the financial burden of counterpart funds by the government, especially for land acquisition and resettlement. The amount of taxes and duties to be financed by ADB (i) is below the reasonable threshold identified during the country partnership strategy preparation process, (ii) represents only 7.97% of the investment plan, and (iii) applies only to ADB-financed expenditures. The financing of taxes and duties is considered material and relevant to the project's success.

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## SCHEDULE 2

### DESIGN AND MONITORING FRAMEWORK FOR THE FACILITY

| Impacts the Project is Aligned with  |  |  |  |
|--|--|--|--|
| An efficient and modern road transport system in Bangladesh achieved (7th Five-Year Plan, FY2016–FY2020) <sup>a</sup>  |  |  |  |
| Sub-regional connectivity and trade improved (7th Five-Year Plan, FY2016–FY2020) <sup>a</sup>  |  |  |  |
| Results Chain  | Performance Indicators with Targets and Baselines  | Data Sources and Reporting   | Risks  |
| <b>Outcome</b><br>Road connectivity of the Dhaka–Northwest international trade corridor improved   | By 2028<br>a. Use of project roads (average daily vehicle-km in the first full year of operation) reaches 8.31 million (2016 baseline: 4.20 million vehicle-km)  | a. Project performance report by RHD   | Liquidity issues cause fund allocated for operations and maintenance to be diverted for other uses |
| <b>Outputs</b><br>1. Dhaka–Northwest international trade corridor (phase 2: Elenga–Hatikumrul–Rangpur) upgraded<br><br>2. Institutional capacity of RHD in road operation and management enhanced<br><br>3. Enhanced road safety and gender-responsive features, and cost overrun for Dhaka–Northwest international trade corridor (phase 1: Joydepur–Chandra–Tangail–Elenga) completed and/or | By 2027<br>1a. 190 km of road upgraded with climate resilient design (2016 baseline: 0 km)<br><br>1b. Gender-responsive infrastructure, including 380 lane-km of SMVT lane, 7.5 lane-km of footpath, 25 foot-over bridges, and 39 underpasses constructed (2016 baseline: zero)<br><br>2a. One road research and training center at Dhaka and three road operation units for road safety, maintenance and overloading control along the corridor established (2016 baseline: 0)<br><br>2b. Road master plan updated (2016 baseline: not applicable)<br><br>3a. 70 km of road upgraded with enhanced road safety and gender features (additional 2 flyovers, 2 bridges for slow moving vehicles, 6 underpasses, and 30 lane-km of footpath) (2016 baseline: 0 km)<br><br>3b. Knowledge product on | 1a-b. Project performance report by RHD<br><br>2a. Project performance report by RHD<br><br>2b. Road master plan<br><br>3a. Project performance report by RHD<br><br>3b. Report of project | Unstable security and political conditions cause delay in project implementation                   |

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| Results Chain | Performance Indicators with Targets and Baselines                      | Data Sources and Reporting | Risks |
|---------------|--|----------------------------|-------|
| financed      | the project's gender impact disseminated (2016 baseline: not produced) | implementation consultants |       |

#### Key Activities with Milestones

1. Dhaka–Northwest international trade corridor (phase 2: Elenga–Hatikumrul–Rangpur) upgraded
  - 1.1 Engagement of project implementation consultants by December 2017
  - 1.2 Bidding process for civil works completed by December 2018
  - 1.3 Construction of all civil works completed by December 2025
  - 1.4 Implementation of performance-based maintenance
2. Institutional capacity of RHD in road operation and management enhanced
  - 2.1 Prepare the action plan to establish the road operation and training center by June 2018
  - 2.2 Prepare the action plan to establish the road operation units along Dhaka–Northwest corridor by December 2018
  - 2.3 Bidding process for works and supply contracts completed by 2019
  - 2.4 Update the road master plan by 2019
  - 2.5 Implement the action plans by 2025
  - 2.6 Implementation of road maintenance, road safety, and overloading control functions through road operation units
3. Enhanced road safety and gender-responsive features and cost overrun for Dhaka–Northwest international trade corridor (phase 1: Joydepur–Chandra–Tangail–Elenga) financed
  - 3.1 Complete the civil works for Dhaka–Northwest corridor phase 1 by 2018
  - 3.2 Complete and disseminate the impact evaluation study on gender responsiveness by 2019
  - 3.3 Conduct workshop with RHD management on the results of the impact evaluation study and develop follow up actions as appropriate by 2025

#### Project Management Activities

Project implementation unit established by Q1 2017; project progress reports submitted quarterly; and project completion report submitted within 6 months of loan closure.

#### Inputs

ADB: \$1,200,000,000 (multitranche financing facility), \$2,000,000 (technical assistance grant)  
Government: \$472,600,000

#### Assumptions for Partner Financing

Japan International Cooperation Agency will finance the Western Bangladesh Bridge Improvement Project through a loan of JPY 29,340 million, as collaborative cofinancing.

RHD = Roads and Highways Department, SMVT = slow moving vehicular traffic.

<sup>a</sup> Government of Bangladesh, Planning Commission, General Economics Division. 2015. *7th Year Plan, FY2016–FY2020: Accelerating Growth, Empowering Citizens*. Dhaka.

Source: Asian Development Bank.

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## **SCHEDULE 3**

### **IMPLEMENTATION FRAMEWORK**

#### **A. Project Implementation Arrangements**

1. The Executing Agency will be the Roads and Highways Department (RHD). A project implement unit (PIU), headed by an Additional Chief Engineer, will be established for the project. The steering committee, chaired by the Secretary, Road Transport and Highways Division, Ministry of Road Transport and Bridges (MRTB) will monitor project implementation, and provide support for interagency coordination.

2. RHD will be supported by the Project Implementation Consultant for the administration of civil works contracts and the implementation of institutional enhancement actions. The project implementation consultant will support RHD on (i) construction supervision, and (ii) institutional enhancement.

#### **B. Fund Flow**

3. The loan proceeds will be disbursed in accordance with ADB's Loan Disbursement Handbook (2015, as amended from time to time). The project is funded by ADB on direct payment to civil works contracts and consulting services, or reimbursement basis as appropriate. The statement of expenditure (SOE) procedure will be used to reimburse eligible expenditure for payments. SOE records will be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. GOB will make adequate budget allocations to RHD for project implementation. Other disbursement methods as outlined in ADB's Loan Disbursement Handbook can also be adopted, if requested by GOB and RHD.

#### **C. Accounting, Auditing and Reporting**

4. RHD shall ensure that proper accounts and records are maintained and audited in a timely manner to adequately identify the use of loan proceeds in such manner and details as may be specified under each Loan Agreement and Project Agreement(s).

5. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011). After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements within 14 days of their endorsement by posting them on ADB website. The Audit Management Letter will not be disclosed.

#### **D. Project Performance Monitoring and Evaluation**

6. Within 3 months from the effective date of this FFA, RHD will develop a Project Performance Monitoring System (PPMS) for the project. The PPMS will monitor and evaluate the impacts, outcomes, outputs and activities in relation to the targets and milestones set for the investment program and projects under the investment program.

7. RHD will provide ADB:



- (a) within 45 days from the close of each quarter, with quarterly progress reports on the respective components of the project and the Investment Program. Such reports shall include information on progress made during the period of review pursuant to the preceding paragraph of this Schedule, a summary financial account for the project, changes, if any in the implementation schedule, problems or difficulties encountered and remedial actions taken, anticipated problems and the proposed remedial measures, and work to be undertaken in the following period; and
- (b) a Project completion report within 3 months of completion of the project and a facility completion report within 3 months of the completion of the Investment Program. These reports shall cover a detailed evaluation of the projects and the Investment Program respectively covering the design, costs, contractors and consultants' performance, social and economic impact, economic rate of return, and other details as may be requested by ADB.

#### **E. Project Review**

8. ADB and RHD shall meet regularly as required, to discuss the progress of the Project and any changes to implementation arrangements or remedial measures required to be undertaken towards achieving the objectives of the project. ADB and RHD will undertake an inception mission soon after the legal agreements for any tranches are declared effective; thereafter, regular reviews will follow at least annually. As necessary, special loan administration missions will be fielded, under which any changes in scope or implementation arrangement may be required to ensure achievement of Project objectives.

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## SCHEDULE 4

### SELECTION CRITERIA AND APPROVAL PROCESS FOR COMPONENTS

#### A. Selection Criteria

1. The components will meet the following selection criteria:
  - (i) The component will be technically feasible, least-cost and with a detailed report supporting such feasibility;
  - (ii) The component will be economically feasible and financially sustainable, and its estimated economic internal rate of return will be equal to or higher than 9%, based on the economic analysis to be conducted in accordance with ADB's *Guidelines for the Economic Analysis of Project* (2017, as amended from time to time);
  - (iii) The component will be environmentally sound and include measures to mitigate any possible environment impacts. A component will not be selected if it is located within or close to an environmentally sensitive area, such as wildlife sanctuary, national park, or other areas having significant ecological function. A component categorized as 'A' for environmental impact in accordance with the ADB Safeguard Policy Statement, 2009 (SPS) will not be considered under the Facility;
  - (iv) The component will be socially sound and include measures to mitigate any social impacts. A poverty and social analysis of the component area of influence will be conducted in accordance with ADB's Handbook for Poverty and Social Analysis;
  - (v) A component categorized as 'A' for impact on indigenous peoples in accordance to the SPS will not be considered under the Facility;
  - (vi) GOB will have allocated sufficient counterpart funding to implement the component timely and efficiently in accordance with the overall implementation schedule; and;
  - (vii) For each component, all necessary government approvals and agreements between government agencies will be obtained, including MORTB, Ministry of Railway, and other relevant central and state government agencies, as applicable.

#### B. Approval Procedures

2. All components will be processed in accordance with the procedure set out below:
  - (i) MORTB and RHD will select a component from road sector priorities, and will prepare the feasibility study and detail design, including technical analysis, engineering design, cost estimates, and economic and financial analyses.



- (ii) RHD will prepare all required safeguard planning documents including all appropriate checklists, Initial Environment Examination including Environment Management Plan, Resettlement Plan, Indigenous Peoples Plan, and any relevant due diligence reports, as required. The documents will be prepared in accordance with EARF, RF and IPPF for each component proposed to be financed under the Facility.<sup>14</sup>
- (iii) RHD will check compliance with the selection criteria, and for those found compliant with the selection criteria; RHD will request the GOB to provide its approval.
- (iv) Upon the approval of GOB, RHD will submit the proposal to ADB for approval. After reviewing the proposal and relevant safeguard documents, if ADB finds that the proposal satisfies the eligibility criteria and procedures, ADB will approve the component. If ADB finds that the proposed component does not satisfy the eligibility criteria and procedures, or does not comply with ADB's safeguard policies, ADB may (a) advise RHD on remedial actions to be taken for the proposed component in order for it to comply or (b) reject the component.
- (v) Upon clearance of the proposal by ADB, RHD will proceed with the tendering as guided by ADB Procurement Guideline.
- (vi) If any time during the implementation the engineering or non-engineering design is modified to affect social or environmental impact, all related safeguard planning documents for such road will be modified accordingly and undergo clearance by ADB.

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<sup>14</sup> Preparation of these documents should be done in parallel and concurrently with the preparation of road designs.

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## **SCHEDULE 5**

### **POVERTY AND SOCIAL DIMENSIONS AND SAFEGUARD REQUIREMENTS**


1. Bangladesh will ensure that all the requirements prescribed in this Schedule, and the following social and safeguard frameworks and plans that have been prepared with respect to the Facility and the first tranche and of which ADB has been provided full copies, and which are deemed incorporated herein by reference, are complied with during the processing and implementation of the components under the Facility.

- (i) environmental assessment and review framework dated 22 May 2017,
- (ii) resettlement framework dated 22 May 2017,
- (iii) indigenous peoples development framework dated 22 May 2017,
- (iv) environmental management plan, resettlement plan, and indigenous peoples development plan dated 22 May 2017 for the first tranche, and/or
- (v) gender action plan dated 22 May 2017.

2. The frameworks cover the Facility-specific information and requirements in accordance with ADB's safeguard policies: (i) the general anticipated impacts of the components or projects likely to be financed under the MFF on the environment, involuntary resettlement, and indigenous peoples; (ii) the safeguard criteria that are to be used in selecting components, projects; (iii) the requirements and procedure that will be followed for screening and categorization, impact assessments, development of management plans, public consultation and information disclosure, and monitoring and reporting; and (iv) the institutional arrangements (including budget and capacity requirements) and the client's and ADB's responsibilities and authorities for the preparation, review and clearance of safeguard documents.

3. Prior to the preparation of each PFR, the applicability and relevance of each safeguard framework for environmental assessment, involuntary resettlement, and indigenous people will be reviewed by GOB and RHD and updated to ensure relevance and consistency with applicable country legal frameworks and ADB's safeguard policies, as amended from time to time.

4. In all cases, for each new PFR preparation, the client will review ongoing projects to check on the status of compliance with the social and safeguard plans and frameworks, and submit the review reports to ADB, together with other required safeguard documents relevant to the components included in the tranche being processed. In any case if major noncompliance is discovered in the course of the review of ongoing projects, a corrective action plan will be prepared and submitted to ADB.



## SCHEDULE 6

1. Definitions of the terms used in this FFA are those as included in the relevant Loan Agreement. Bangladesh shall ensure, and shall cause the Roads and Highways Department (RHD) to ensure the following:

### Implementation Arrangements

2. Bangladesh shall, and shall cause RHD to, remain committed to implementation of the South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 ("Investment Program") and achieve its outputs and outcome in a timely manner.

3. In the event of any change in the road map, policy framework, Investment Program, or financing plan for the Investment Program, Bangladesh shall, and will cause RHD to, assess with ADB the potential impact on the Investment Program and evaluate any change in scope, amendment, or continuation, as appropriate, of the Investment Program.

4. Bangladesh shall take all actions, including provision of funds (including any residual funds for completion of project contracts), facilities, services and other resources necessary or appropriate to enable RHD to perform its obligations under the legal agreements for each tranche, and for timely completion of the projects under the Facility.

5. Bangladesh shall make available to RHD all counterpart fund required for timely and effective implementation of the project under the Investment Program, including, without limitation, any funds required to keep the Road Operation Unit fully equipped and fully staffed in accordance with the requirements set out in the FAM, to mitigate unforeseen environmental and social impacts, and to meet additional costs arising from design changes, price escalation in construction costs and/or other unforeseen circumstances

6. Bangladesh shall, and will cause RHD to, implement the Investment Program and the projects of the Investment Program in accordance with the detailed arrangements set forth in the FAM. Any subsequent change to the FAM shall become effective only after approval of such change by the government, RHD and ADB.

7. Bangladesh and RHD shall ensure that the implementation of the each projects under the Investment Program and Facility is in compliance with the undertakings and assurances concerning, Environmental Safeguards, Indigenous Peoples Safeguards, Involuntary Resettlement Safeguards, gender policy, labor standards, and prohibited investments as set out in Schedule 5 of this FFA and the loan agreement for each tranche under the Investment Program.

8. Bangladesh shall cause RHD to employ sufficient staff for the duration of the Investment Program with adequate and relevant expertise in the field of project management, financial management, engineering, procurement, environmental and social safeguards implementation. RHD shall ensure that all staff employed for the project are equipped with adequate office space, facilities, equipment, support staff and telecommunications and management information systems for the entire duration of the project.

9. Bangladesh shall cause RHD to keep the PIUs equipped with the necessary office space, facilities, equipment, support staff and management information systems for the entire duration of the project. Bangladesh and RHD shall undertake best efforts to ensure that the

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same persons will continue to be assigned to key positions in the PIUs for the entire duration of the project, including, without limitation, the directors or heads of the PIUs.

### Safeguards

10. Bangladesh shall ensure or cause RHD to ensure that the preparation, design, construction, implementation, operation and decommissioning of the projects and all project facilities under the Investment Program comply with (a) all applicable laws and regulations of Bangladesh including relating to environment, health, and safety; (b) the environmental safeguards as set out in ADB's Safeguard Policy Statement ("SPS"); (c) the environmental assessment and review framework; and (d) all measures and requirements set forth in the relevant initial environmental examination and environment management plan, and any corrective or preventative actions with respect to environment set forth in a safeguards monitoring report.

11. Bangladesh shall ensure, or cause RHD to ensure, that works do not commence until and unless environmental clearance, satisfactory in form and content to ADB, in respect of the relevant site has been received from the Department of Environment.

12. Bangladesh shall ensure or cause RHD to ensure that all land and all rights-of-way required for each project and project facilities are made available to the works contractor in accordance with the schedule agreed under the related works contract and all land acquisition and resettlement activities are implemented in compliance with (i) all applicable laws and regulations of Bangladesh to land acquisition and involuntary resettlement; (ii) the involuntary resettlement safeguards as set out in the SPS; (c) the resettlement framework; and (d) all measures and requirements set forth in the respective resettlement plan and safeguard planning document, and any corrective or preventive actions with respect to land acquisition and involuntary resettlement set forth in any safeguards monitoring report.

13. Bangladesh and RHD shall not award works contract for the Project which involves involuntary resettlement impacts for the project until RHD has prepared and submitted to ADB the final resettlement plan based on the project's detailed design, and obtained ADB's clearance of such resettlement plan.

14. Bangladesh shall ensure, or cause RHD to ensure, that each project does not involve risks or impacts to the tribes, minor races, ethnic sects and community peoples within the meaning of the SPS. In the event that the project does have any such impact, the Bangladesh shall take, or cause the RHD to take, all steps required to ensure that the Project complies with (a) all applicable laws and regulations of the Bangladesh relating to tribes, minor races, ethnic sects and community peoples; (b) the Indigenous Peoples Safeguards; and (c) the indigenous peoples planning framework.

### Social

15. Bangladesh shall ensure that works contracts (i) follow all applicable labor laws of Bangladesh and that these further include provisions to the effect that contractors (a) carry out HIV/AIDS awareness programs and disseminate information at worksites on risks of sexually transmitted diseases and HIV/AIDS as part of health and safety measures for those employed during construction; (b) follow and implement all statutory provisions on labor (including not employing or using children as labor, equal pay for equal work), health, safety, welfare, sanitation, and working conditions. Such contracts shall include clauses for termination in case



of any breach of the stated provisions by the contractors.

16. Bangladesh shall ensure that RHD announce the Investment Program and business opportunities associated with the Investment Program on its website. In addition, the website shall at least disclose the following information in relation to goods and services procured for the Investment Program: (i) the list of participating bidders; (ii) the name of the winning bidder; (iii) the amount of the contracts awarded; and (iv) the goods and services procured.

17. Bangladesh shall (a) ensure that a 6-year performance-based maintenance provision is incorporated in the bidding documents for the works, and in the contracts for the works which ADB will review and approve; and (b) provide adequate financing for that purpose.

#### Road Safety

18. Bangladesh shall ensure that the RHD implement road safety measures taking into account findings and recommendations of the design and the supervision consultants.

#### Governance and Anticorruption

19. Bangladesh and RHD will (i) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to Investment Program; and (ii) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation, and as included in detail in the FAM.

20. Bangladesh shall (i) ensure that the anticorruption provisions acceptable to ADB, Bangladesh and RHD are included in all bidding documents and contracts financed by ADB in connection with projects under the Facility, including provisions specifying the right of ADB to review and examine the records and accounts of the RHD, and all contractors, suppliers, consultants, and other service providers as they relate to the projects under the Facility and as included in detail in the FAM, and (ii) Bangladesh and RHD shall allow and assist ADB's representatives to carry out random spot-checks on the work in progress and utilization of funds for the projects under the Facility.

21. All components are selected and approved in accordance with the selection criteria and approval process set out in Schedule 4 to the FFA and all documents forming the basis for screening, selection and processing of components are made available to ADB upon request and are kept available for such purposes for a minimum period of 5 years from the date of the relevant project completion report.

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