



Economic Relations Division
Ministry of Finance
Sher-e-Bangla Nagar
Dhaka-1207

D.O. No 09.00.0000.123.14.023.17-226

Dated 12 July 2017.....

PERIODIC FINANCING REQUEST

To: Asian Development Bank
6 ADB Avenue
Mandaluyong City, Metro Manila

ATTENTION: Director General, South Asia Department
Fax Number +63 2 636 4444

Sir/Madam:

SASEC Dhaka–Northwest Corridor Road Project, Phase 2: Periodic Financing Request 1

Please refer to the Framework Financing Agreement for SASEC Dhaka–Northwest Corridor Road Project, Phase 2 dated 12 July 2017 between Asian Development Bank (ADB) and People's Republic of Bangladesh. Expressions defined in the FFA shall have the same meanings herein.

Pursuant to the provisions of the FFA, the People's Republic of Bangladesh ("the Borrower") requests ADB to process this PFR for a tranche, in the form of a concessional loan from its Ordinary Capital Resources, and a regular loan from its Ordinary Capital Resources. The proposed financing amounts, terms, conditions, and financing plan are specified in Attachment A hereto. This tranche is to finance (i) 10% of the progress towards road improvement for Elenga–Rangpur section, (ii) project management and institution enhancement, and (iii) enhanced road safety and gender-responsive features and cost overrun for Joydepur–Elenga section, which is described in the RRP and the linked documents.

By: People's Republic of Bangladesh

Dr. Jiban Ranjan Majumder
Chief
Economic Relations Division

Attachment

Project Description The SASEC Dhaka–Northwest Corridor Road Project, Phase 2 is a stand-alone project with a time-slice approach. The part of the Project proposed for financing under the requested PFR is:

The tranche will finance (i) 10% of the progress towards road improvement for Elenga–Rangpur section, (ii) project management and institution enhancement, and (iii) enhanced road safety and gender-responsive features and cost overrun for Joydepur–Elenga section.

The Design and Monitoring Framework for this tranche is in Annex 1. Additional details are provided in the draft RRP and the linked documents.

Cost Estimates and Financing Plan The total cost to be financed under tranche 1 is estimated at \$471.4 million, inclusive of taxes, duties, and interest and other charges on the loan during construction. The detailed cost estimates and financing plan are in Annex 2.

(\$ million)

Component	Government of Bangladesh	ADB (OCR)	ADB (COL)	Total
Land Acquisition and Resettlement, Utility Shifting, and Project Management	149.9			149.9
Works and Goods: Elenga–Rangpur (Phase 2)		93.6		93.6
Consulting Services: Elenga–Rangpur (Phase 2)			47.7	47.7
Works and Consulting Services: Joydepur–Elenga (Phase 1)	21.5	139.9		161.4
Financing Charges		16.5	2.3	18.8
Total	171.4	250.0	50.0	471.4

Loan Amount and Terms

The request is for (i) a concessional loan of \$50 million from the Ordinary Capital Resources (OCR) of the Asian Development Bank (ADB), with a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter (the interest and other charges during construction to be capitalized in the loan); and such other terms and conditions set forth in the draft loan agreement, and (ii) a regular loan of \$250 million from the OCR of ADB provided under ADB's London interbank offered rate (LIBOR)-based lending facility, with a 25-year term, including a grace period of 5 years; an annual interest rate determined in accordance with ADB's LIBOR-based lending facility; a commitment charge of 0.15% per year (the interest and other charges during construction to be capitalized in the loan); and such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average maturity of the regular loan is 15.25 years, and the maturity premium payable to ADB is 0.10% per year.



Period of Loan/Guarantee Utilization	The physical progress to be financed under tranche 1 is expect to be achieved by 31 December 2020 for the regular OCR loan and by 31 December 2023 for the concessional OCR loan. No disbursements from the loan account will be requested or made later than 30 June 2021 for the regular OCR loan and 30 June 2024 for the concessional OCR loan.
Advance Contracting	Advance contracting is requested for works, goods and services, and consulting services.
Retroactive Financing	Retroactive financing is requested for the eligible expenditures for works, goods and services, and consulting services, not exceeding the amount of \$50 million for the regular OCR loan and \$10 million equivalent (20% of the loan amounts for tranche 1), incurred before loan effectiveness, but not earlier than 12 months before the signing of the legal agreement.
Implementation Arrangements	The Executing Agency will be the Roads and Highways Department. Detailed implementation arrangements are in the context of the Facility Administration Manual.
Procurement and Consulting Services	The procurement plan is attached as Annex 3. Terms of reference for the engagement of consultants under this tranche are part of the Facility Administration Manual.
Confirmation of Continuing Validity of and Adherence to Provisions of FFA, Previous Agreements, and the Design and Monitoring Framework	The Borrower confirms that the understandings set out in the FFA have been adhered, and remain true to date.
Readiness of the Project for Implementation	The detail design and bidding documents for the project have been completed. Bidding is to be advertised in Q3 2017.
Safeguards	As part of project preparation, resettlement plans (accessible from the list of linked documents) and an IEE report ((accessible from the list of linked documents) have been prepared for Project 1.



DESIGN AND MONITORING FRAMEWORK FOR TRANCHE 1

Impacts the Project is Aligned with An efficient and modern road transport system in Bangladesh achieved (7th Five-Year Plan, FY2016–FY2020) ^a Sub-regional connectivity and trade improved (7th Five-Year Plan, FY2016–FY2020) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Outcome Road connectivity and efficiency of the Dhaka–Northwest international trade corridor improved	By 2028 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	The government does not provide adequate funds for operation and maintenance expenses.
Outputs 1. Dhaka–Northwest international trade corridor (phase 2: Elenga–Hatikumrul–Rangpur) upgraded 2. Institutional capacity of RHD in road operation and management enhanced 3. Enhanced road safety and gender-responsive features, and cost overrun for Dhaka–Northwest international trade corridor (phase 1: Joydepur–Chandra–	By 2024 1a. 10% progress towards upgrading 190 km of road climate resilient design (2016 baseline: 0%) 1b. 10% progress towards constructing gender-responsive infrastructure, including 380 lane-km of SMVT lane, 7.5 lane-km of footpath and 25 foot-over bridges constructed (2016 baseline: 0%) 2a. Business models for road research and training center and road operation units for road safety, maintenance and overloading control developed (2016 baseline: 0) 2b. Road master plan updated (2016 baseline: not applicable) 3a. 70 km of road upgraded with enhanced road safety and gender features, including additional 2 flyovers, 2 bridges for slow moving vehicles, 6 underpasses, and 30 lane-km of footpath (2016 baseline: 0 km)	1a-b. Project performance report by RHD 2a. Project performance report by RHD 2b. Road master plan 3a. Project performance report by RHD	Unstable security and political conditions cause delay in project implementation.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting	Risks
Tangail–Elenga) financed	3b. Knowledge product on the phase-1 project's gender impact produced (2016 baseline: not produced)	3b. Report of project 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 Civil works start by January 2019 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 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 the impact evaluation study on gender responsiveness by 2020 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: \$300,000,000 (loan), \$2,000,000 (technical assistance grant) Government: \$171,400,000			
Assumptions for Partner Financing Not Applicable			

SMVT = slow moving vehicular traffic.

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

Source: Asian Development Bank.

PROCUREMENT PLAN

Basic Data

Project Name: SASEC Dhaka-Northwest Corridor Road Project, Phase 2	
Project Number: 40540-016	Approval Number:[TBD]
Country: BANGLADESH	Executing Agency: Road and Highway Department, Ministry of Road Transport and Bridge
Project Procurement Classification: B	Implementing Agency:
Procurement Risk: Moderate	
Project Financing Amount: \$ 1,672,600,000 ADB Financing: \$1,200,000,000 Non-ADB Financing: \$472,600,000	Project Closing Date: [TBD]
Date of First Procurement Plan June 2016	Date of this Procurement Plan: April 2017

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$15,000,000 and above	
National Competitive Bidding (NCB) for Goods	Between \$100,000 and \$1,999,999	
Shopping for Goods	Up to \$99,999	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Individual Consultant Selection	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$ million)	Procurement Method	Review	Bidding Procedure	Advertise -ment Date	Comments
MP-1	Two lots						
WP-05	Elenga Intersection to East Roundabout of Bangabandhu Bridge (13.6 KM)	80.16	ICB	Prior	1S2E	Q3/2017	Large works
WP-06	West roundabout of Bangabandhu Bridge to Hatikumrul (19.8 KM)	84.25	ICB	Prior	1S2E	Q3/2017	Large works



Package Number	General Description	Estimated Value (\$ million)	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
MP-2	Three lots						
WP-07	Hatikumrul to Mirzapur Bazar (28.3 KM)	106.79	ICB	Prior	1S2E	Q3/2017	Large works
WP-08	Mirzapur bazaar to Banani roundabout (22.5 km)	66.30	ICB	Prior	1S2E	Q3/2017	Large works
WP-09	Banani roundabout to Makamtala (25.3 km)	86.45	ICB	Prior	1S2E	Q3/2017	Large works
MP3	Three lots						
WP-10	Mokamtala to Polashbari UZ HQ (29.9 km)	112.08	ICB	Prior	1S2E	Q4/2017	Large works
WP-11	Polashbari UZ HQ to Borodarga bus stand (27.2 km)	75.73	ICB	Prior	1S2E	Q4/2017	Large works
WP-12	Borodarga bus stand to Rangpur Parkermore (23.8 km)	68.29	ICB	Prior	1S2E	Q4/2017	Large works
GP-01	Supply of New Vehicles (Jeep)	1.40	NCB	Prior		Q3/2017	Supply

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

The following table lists consulting services contracts for which the recruitment activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value (\$ million)	Recruitment Method	Review	Advertisement Date	Type of Proposal	Comments
1	Project Implementation Consultants	47.68	QCBS	Prior	Q1/2017	FTP	Int'l Firm [90:10]

4. Goods and Works Contracts Estimated to Cost Less than \$1 Million and Consulting Services Contracts Less than \$100,000 (Smaller Value Contracts)

The following table groups smaller-value goods, works and consulting services contracts for which the activity is either ongoing or expected to commence within the next 18 months.

Goods and Works								
Packag e Number	General Descrip- tion	Estima- ted Value (\$m)	No. of Contra cts	Procure- ment Method	Review	Biddin g Proce- dure	Adver- tisement Date	Comment s
GP-02	Supply of new vehicles (Pickup)	0.55	1	NCB	Prior		Q3/2017	
GP-03	Supply of new vehicles (mini-bus)	0.03	1	Shoppin g	Prior	Quotati on from at least 3 supplier s	Q3/2017	
GP-04	Supply of new vehicles (motor- cycles)	0.07	1	Shoppin g	Prior	Quotati on from at least 3 supplier s	Q3/2017	
GP- 05/06/10 /11/12	Office Equipment and Furniture	0.21	6	Shoppin g	Prior	Quotati on from at least 3 supplier s	Q3/2017	
GP- 07/08/09 /13	Computers & Comm. Eqpt	0.09	4	Shoppin g	Prior	Quotati on from at least 3 supplier s	Q3/2017	

Consulting Services								
Packag e Number	General Descrip- tion	Estima- ted Value (\$m)	No. of Contract s	Procur e-ment Method	Review	Bidding Proce- dure	Adver- tisement Date	Comment s
N/A								

B. Indicative List of Packages Required Under the Project

The following table provides an indicative list of goods, works and consulting services contracts over the life of the project, other than those mentioned in previous sections (i.e., those expected beyond the current period).

Goods and Works								
Packag e Number	General Descrip- tion	Estima- ted Value (\$m)	No. of Contr acts	Procure- ment Method	Review	Bidding Proce- dure	Adver- tisement Date	Comment s
WP-13	Hatikumrul Interchang e Imprvmt.	31.69	1	ICB	Prior	1S2E	Q1/2019	Large works

WP-14	Inst. Devt. of RHD (est. of RRTC)	12.67	1	ICB	Prior	1S2E	Q1/2019	Large works
WP-15	Establishment of Road Operation Units	17.33	1	ICB	Prior	1S2E	Q1/2019	

Consulting Services								
Package Number	General Description	Estimated Value (\$m)	No. of Contracts	Procurement Method	Review	Bidding Procedure	Advertisement Date	Comments
N/A								

C. List of Awarded and On-going, and Completed Contracts

The following tables list the awarded and on-going contracts, and completed contracts.

1. Awarded and Ongoing Contracts

Goods and Works							
Package Number	General Description	Estimated Value (\$ million)	Awarded Contract Value (\$ million)	Procurement Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
SASEC-RC P/ICB/W-01-03	Improvement of Joydevpur-Chandra-Tangail-Elenga Road (N4) to a 4-Lane Highway						Procured under Loan 2949-BAN. Contract var. to be funded by MFF Tranche 1
WP-01	Vogra bazaar intersection to Kaliakoir bypass intersection (18.9 km)	66.1	89.57	ICB	Q3/2014	Q2/2015	Proposed contract variation amt. = \$27.93M
WP-02	Kaliakoir Bypass to Dullamari road (18.00 km)	52.8	81.94	ICB	Q3/2014	Q2/2015	Proposed contract variation amt. = \$27.93 m
WP-03	Dullamari road to Tangail (22.40 km)	51.5	82.48	ICB	Q3/2014	Q2/2015	-

Consulting Services							
Package Number	General Description	Estimated Value (\$ million)	Awarded Contract Value (\$ million)	Procurement Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
PIC	Project Implementation Consultants	13.0	12.74	QCBS	Q3 / 2012	04-DEC-13	Recruited under Loan 2949-BAN

2. Completed Contracts

Goods and Works							
Package Number	General Description	Estimated Value (\$ million)	Awarded Contract Value (\$ million)	Procurement Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
NONE							
Consulting Services							
Package Number	General Description	Estimated Value (\$ million)	Awarded Contract Value (\$ million)	Procurement Method	Advertisement Date	Date of ADB Approval of Contract Award	Comments
NONE							

D. Non-ADB Financing

The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.

Goods and Works				
General Description	Estimated Value \$m (cumulative)	Estimated Number of Contracts	Procurement Method	Comments
Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments
NGO Services	1.38	1	QCBS	GoB fund; contract awarded April 2017

National Competitive Bidding

A. Regulation and Reference Documents

1. The procedures to be followed for national competitive bidding shall be those set forth for the National Open Tendering Method in *The Public Procurement Rules, 2008* (as updated and pursuant to *The Public Procurement Act, 2006* issued by the Government of Bangladesh) with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the Procurement Guidelines.

B. Procurement Procedures

1. Eligibility

2. The eligibility of bidders shall be as defined under section I of the Procurement Guidelines; accordingly, no bidder or potential bidder should be declared ineligible for reasons other than those provided in section I of the Guidelines, **as amended from time to time**.

2. Advertising

3. The posting of NCB specific notices for contracts valued at less than \$1 million on ADB's website is not required but is highly recommended.

3. Location of Bid Submission

4. Submission of bids to 'primary' and 'secondary' locations, or 'multiple droppings' of bids, shall not be required or allowed. Advertisements and bidding documents shall specify only one location for delivery of bids.

4. Bid Price as Percentage of Estimate

5. Bids shall not be invited based on percentage above or below the estimated cost, and contract award shall be based on the lowest evaluated bid price of responsive bid from eligible and qualified bidder.

5. Lottery

6. A lottery system shall not be used to determine a successful bidder, including resolving deadlocks.

6. Rejection of All Bids and Rebidding

7. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

C. Bidding Documents

7. Anti-Corruption

8. Definitions of corrupt, fraudulent, collusive and coercive practices shall reflect the latest ADB Board-approved Anti-Corruption Policy definitions of these terms and related additional provisions (such as conflict of interest, etc.).

8. Qualification Requirements

9. Qualification criteria and specific requirements must be explicitly stated in the bidding documents and applied consistently during bid evaluation.

9. Rejection of Bids

10. A bid shall not be rejected on the grounds that its bid price is not within a percentage range above or below the contract estimate.

10. ADB Policy Clauses

11. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

12. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that the Borrower shall reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question.

13. A provision shall be included in all bidding documents for NCB works and goods contracts financed by ADB stating that ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices or any integrity violation in competing for, or in executing, ADB-financed contract.

14. No preference of any kind shall be given to domestic bidders for works.

