

Technical Assistance Report

Project Number: 40540-016
Transaction Technical Assistance (TRTA)
September 2017

People's Republic of Bangladesh: Updating the Road Master Plan

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

CURRENCY EQUIVALENTS

(as of 1 September 2017)

Currency unit	–	taka (Tk)
Tk1.00	=	\$0.01231
\$1.00	=	Tk81.2250

ABBREVIATIONS

ADB	–	Asian Development Bank
LGED	–	Local Government Engineering Department
RHD	–	Roads and Highways Department
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh and its agencies ends on 30 June. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2016 ends on 30 June 2016.
- (ii) In this report, "\$" refers to US dollars.

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I. THE PROPOSED PROJECT

1. Following 10 years of sound and sustained growth, Bangladesh reached lower middle-income status in July 2015. 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. Overcoming infrastructure deficiencies remains a top priority; poor transport infrastructure raises costs, reduces competitiveness, and is a major barrier to expanding intra-regional trade. Regional cooperation and integration are embedded in Bangladesh's successive five-year development plans. The Asian Development Bank (ADB) supports regional cooperation and integration projects in Bangladesh.¹ The recently launched South Asia Subregional Economic Cooperation (SASEC) Operational Plan, 2016–2025 has registered 35 potential transport projects in Bangladesh, the second largest number among the six SASEC countries.²

2. The transport system of Bangladesh consists of roads, railways, inland waterways, maritime shipping facilities, and civil aviation.³ Road transport's modal share is over 70% for passenger traffic and 60% for freight. Traffic has been growing at an average rate of over 8% per year. The road network is managed by two ministries, the Ministry of Road Transport and Highways and the Ministry of Local Government, Rural Development and Cooperatives. The development of the road subsector is guided by three policy documents: (i) the Seventh Five Year Plan (FY2016–FY2020) approved in 2015,⁴ (ii) the National Integrated Multimodal Transport Policy approved in 2013, and (iii) the Road Master Plan (2007–2027) approved in 2009. Under the National Integrated Multimodal Transport Policy, the government aims to improve transport services, minimize transport costs, and integrate transport services with the regional transport network.⁵ Since 1994, the government has gradually upgraded the main transport corridors to facilitate international trade with and between Bhutan, India, Myanmar, and Nepal. However, the limited capacity and deteriorated conditions of the road infrastructure led to major bottlenecks on many subregional trade corridors. The road capacity is further constrained by the mixture of slow and fast-moving traffic. The road agencies' limited human, technical, and financial resources has in turn lessened their capacity to remove the bottlenecks.

3. Among the policy documents guiding the road subsector, the Road Master Plan, approved in 2009, is due for an update. It was prepared by the Roads and Highways Department (RHD) and covers key areas of road sector operation, such as (i) road asset management, (ii) connectivity improvement, (iii) strategic road network, (iv) zila (district) 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.

¹ ADB. 2016. *Country Partnership Strategy: Bangladesh, 2016–2020*. Manila.

² ADB. 2016. *South Asia Subregional Economic Cooperation Operational Plan: 2016–2025*. Manila.

³ 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 Mongla and Chittagong; and three international and eight domestic airports.

⁴ Government of the People's Republic of Bangladesh, Planning Commission, General Economics Division. 2015. *Seventh Five Year Plan (FY2016 –FY2020): Accelerating Growth, Empowering Citizens*. Dhaka.

⁵ Government of the People's Republic of Bangladesh, Ministry of Communication, Roads Division, 2013. *National Integrated Transport Policy*. Dhaka.

4. **Dhaka–Northwest International Trade Corridor.** Among the subregional corridors, the government considers as one of its top priorities the Dhaka–Northwest international trade corridor on South Asian Association of Regional Cooperation highways 4 and 8, which also forms part of the Asian Highway 2.⁶ 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 a significant increase in trade with the improvement of subregional corridor infrastructure. However, the old and deteriorated land port facility, the limited capacity, and the weak institutional capacity of Bangladesh Land Port Authority will hamper the efficiency of cross-border transport, and ultimately hinder the growth of subregional trade.

5. The project impact will be that (i) an efficient and modern road transport system in Bangladesh is achieved, and (ii) subregional connectivity and trade are improved. The outcome will be that road connectivity and efficiency of the Dhaka–Northwest international trade corridor are improved. Three outputs will be delivered: (i) Dhaka–Northwest international trade corridor (Elenga–Hatikumrul–Rangpur) upgraded; (ii) institutional capacity of the Roads and Highways Department (RHD) for road operation and management enhanced; and (iii) stronger road safety and gender-responsive features, and the cost overrun for phase 1 of the Dhaka–Northwest international trade corridor (Joydeypur–Chandra–Tangail–Elenga) financed and completed.⁷ To ensure the sustainability of the outcome, associated technical assistance (TA) is also proposed to support the government in updating its Road Master Plan and improving its planning capacity.

6. The project is estimated to cost \$1,672.6 million, including taxes and duties, physical and price contingencies, interest, and other charges during implementation. The government has requested an MFF in an amount of up to \$1,200 million from ADB’s ordinary capital resources to help finance a part of the project. 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 first tranche of the MFF will comprise a concessional loan of \$50 million, and a regular loan of \$250 million. The TA will be provided along with the project.⁸

II. THE TECHNICAL ASSISTANCE

A. Justification

7. The current Road Master Plan was launched in 2009 by the RHD in response to the direction given by the National Land Transport Policy of 2004. It presents a 20-year investment program for the road subsector, with seven objectives: (i) protect the value of the 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 (district)

⁶ Due to the required large financing and implementation resources, the government plans to improve the corridor in three phases: (i) Joydeypur–Elenga Section and the Burimari Land Port, (ii) Elenga–Hatikumrul–Rangpur Section, and (iii) Rangpur–Burimari Section.

⁷ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Administration of Loan and Technical Assistance Grant to the People’s Republic of Bangladesh for South Asia Subregional Economic Cooperation Road Connectivity Project*. Manila (Loan 2949-BAN).

⁸ The project and the TA are included in ADB. 2016. *Country Operations Business Plan: Bangladesh, 2017–2019*. Manila. The project’s title was changed to reflect its location and nature.

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 the RHD to deliver the above. The Road Master Plan of 2009 is due for an update.

8. For rural roads, the Local Government Engineering Department (LGED) has no active road master plan as of now, but regularly prepares the 4-year rolling business plan and annual work program as a general planning exercise. A rural road and bridge maintenance policy developed in 2013 is the operational guidance for LGED. To facilitate a more comprehensive and holistic approach, the government has requested ADB's assistance to expand the scope of the Road Master Plan by including the subregional corridor highways managed by the RHD and the rural roads under LGED.

9. In addition, the RHD will need support in key project implementation activities. Lessons from previous road projects indicate that implementation delays are most likely caused by the pre-construction activities, including procurement and land acquisition and resettlement. To ensure the timely completion of these activities, the project implementation unit was established staffed adequately, but most staff lack the experience of implementing the procurement and land acquisition and resettlement activities. External support is therefore required.

10. The transaction TA will help (i) update the Road Master Plan, (ii) enhance the capacity of RHD and LGED for planning, and (iii) facilitate and monitor the key project implementation activities, such as procurement and land acquisition.⁹ Since multidisciplinary knowledge and experience is required for completing the TA tasks, the government wants ADB to directly select and supervise the consultants. Through the exercise, ADB will continue to work closely with the government on policy dialogue and institutional enhancement.

B. Outputs and Activities

11. The major outputs and activities are summarized in Table 1.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Delivery Dates	Key Activities with Milestones
1. Road Master Plan updated	June 2019	1.1 Review the existing planning activities and documents by June 2018 1.2 Review and update the road inventory and classification by December 2018 1.3 Update the Road Master Plan by June 2019
2. Planning capacity of RHD and LGED enhanced	June 2023	2.1 Develop the planning tools for RHD and LGED by June 2019 2.2 Conduct training for RHD and LGED on the planning tools by December 2019 2.3 Assist RHD and LGED in preparing the annual planning documents until June 2023
3. Procurement and land acquisition and resettlement activities facilitated and monitored	June 2019	3.1 Facilitate and monitor the completion of procurement activities by June 2019 3.2 Facilitate and monitor the completion of land acquisition and resettlement by June 2019

LGED = Local Government Engineering Department, RHD = Roads and Highways Department.

Source: Asian Development Bank.

⁹ The TA first appeared in the business opportunities section of ADB's website on 28 April 2017.

C. Cost and Financing

12. The TA is estimated to cost \$2,000,000, financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-6). The key expenditure items are listed in Appendix 1.

13. The government will provide counterpart support in the form of counterpart staff, available data and reports, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

14. ADB will administer the TA. Its South Asia Department will select, supervise, and evaluate consultants.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	January 2018–December 2023		
Executing agencies	Roads and Highways Department, and Local Government Engineering Department		
Implementing agency	South Asia Department, ADB		
Consultants	To be selected and engaged by ADB		
	Quality and cost-based selection	192 person-months	\$1,750,000
	Individual consultant selection	24 person-months	\$50,000
Advance contracting	All contracts		
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Fixed assets, if any, will be turned over to the executing agency upon TA completion.		

ADB = Asian Development Bank, TA = technical assistance.

Source: Asian Development Bank.

15. **Consulting services.** The TA will recruit a team of consultants through an international consulting firm with expertise in transport planning, road engineering, traffic engineering, road safety, economic and financial analysis, and structure engineering, for updating the Road Master Plan and strengthening the planning capacity of RHD and LGED. It will also recruit individual consultants with expertise in procurement, land acquisition and resettlement, and other area(s) as required, for facilitating and monitoring key project implementation activities. All contracts will be input- or output-based with liquidation of advanced funds. The consultants will be engaged by ADB in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time).¹⁰

¹⁰ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
A. Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	1,104.00
ii. National consultants	349.8
b. Out-of-pocket expenditures	
i. International and local travel	29.4
ii. Office space rental and related facilities	32.2
iii. Goods (rental and/or purchase)	5.0
iv. Surveys	240.0
v. Training, seminars, and conferences	10.0
vi. Reports and communications	2.0
vii. Miscellaneous administration and support costs	27.6
2. Contingencies	200.0
Subtotal (A)	2,000.0
Total	2,000.0

Note: The technical assistance (TA) is estimated to cost \$2,000,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, data, reports, and other in-kind contributions.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-6).

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=40540-016-TARreport>

1. Terms of Reference for Consulting Services