



Bangladesh: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1

Project Name	South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1												
Project Number	40540-017												
Country	Bangladesh												
Project Status	Approved												
Project Type / Modality of Assistance	Loan												
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 3592-BAN: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 250.00 million</td></tr><tr><td colspan="2">Loan 3593-BAN: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1</td></tr><tr><td>concessional ordinary capital resources lending / Asian Development Fund</td><td>US\$ 50.00 million</td></tr><tr><td colspan="2">Loan: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1</td></tr><tr><td>Japan International Cooperation Agency</td><td>US\$ 242.52 million</td></tr></table>	Loan 3592-BAN: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1		Ordinary capital resources	US\$ 250.00 million	Loan 3593-BAN: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1		concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million	Loan: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 1		Japan International Cooperation Agency	US\$ 242.52 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration												
Drivers of Change	Governance and capacity development Partnerships												
Sector / Subsector	Transport - Road transport (non-urban)												
Gender Equity and Mainstreaming	Effective gender mainstreaming												
Description	The project will improve the road connectivity and efficiency of Dhaka-Northwest international trade corridor. To ensure the sustainability of the outcome, an associated technical assistance is proposed to assist the government in updating its master plan for roads and improving its planning capacity.												

Project Rationale and Linkage to Country/Regional Strategy

Bangladesh reached lower middle-income status in July 2015. With its young and rapidly growing population, Bangladesh has the potential to become a major exporter of labor-intensive products. Its location between South and Southeast Asia provides the country good prospects of becoming a regional trading hub. But the country's transport infrastructure is inadequate, which raises costs, reduces competitiveness, and impedes intra-regional trade. As such, Bangladesh's successive 5-year development plans embed regional cooperation and integration, which the Asian Development Bank (ADB) supports through its projects in Bangladesh.

Transport infrastructure is the centerpiece of the ADB-supported South Asia Subregional Economic Cooperation (SASEC) program, which promotes regional prosperity. Since 2001, SASEC member countries have invested over \$9.17 billion in projects with a regional dimension, including 31 transport projects worth \$7.30 billion. SASEC transport investments in Bangladesh and neighboring member countries focus on developing South Asian Association of Regional Cooperation highway corridors. The SASEC Operational Plan, 2016-2025 identified 128 priority regional cooperation and integration transport projects worth about \$63 billion - of which 35 are in Bangladesh.

Among the subregional corridors, the government considers the Dhaka-Northwest international trade corridor on South Asian Association of Regional Cooperation highways 4 and 8 as top priorities. The corridor is the second busiest artery in Bangladesh after the Dhaka-Chittagong road. At the northwestern end of the corridor is the Burimari Land Port, which is managed by the Bangladesh Land Port Authority and provides a gateway to Bhutan through India. Improving the transport infrastructure is expected to significantly increase trade in the land port. ADB has been a partner of the government in improving the Dhaka-Northwest international trade corridor since 1994.

In 2012, ADB approved a \$198 million loan for the SASEC Road Connectivity Project, which is considered phase 1 of the proposed project, since there is strong correlation between the phase 1 and phase 2 segments of the Dhaka-Northwest international trade corridor. Phase 1 (i) increased road capacity on 70 kilometers (km) of the Joydeypur -Elenga section of the international trade corridor, (ii) improved operational efficiency of the Benapole and Burimari land ports, and (iii) enhanced the institutional capacity of the RHD.

In 2017, the government plans to start phase 2, which is to improve the 190 km section from Elenga through Hatikumrul to Rangpur. The proposed project will continue ADB support to the corridor. To manage the issues faced during phase 1, RHD has (i) set up a project implementation committee to review engineering designs; (ii) obtained government approval for the project proposal in advance to set up project implementation units (PIUs), prepare procurement documents, and initiate safeguard actions; and (iii) requested ADB support to update its Road Master Plan.

Impact An efficient and modern road transport system in Bangladesh achieved Subregional connectivity and trade improved

Project Outcome

Description of Outcome Road connectivity of the Dhaka-Northwest international trade corridor improved.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs Phase 2 of the Dhaka-Northwest international trade corridor (Elenga-Hatikumrul-Rangpur section) upgraded
RHD's institutional capacity in road operation and management enhanced
stronger road safety and gender-responsive features, and cost overrun for phase 1 of the Dhaka-Northwest international trade corridor (Joydeypur-Chandra-Tangail-Elenga) financed and completed.

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Chandra, Elenga, Hatikumrul, Jaydebpur, Rangpur, Tangail

Safeguard Categories

Environment	B
Involuntary Resettlement	A
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects The project is categorized as B as per ADB's Safeguards Policy Statement (SPS) 2009. An initial environmental examination (IEE) report, including an environmental management plan (EMP) for the Elenga-Hatikumrul-Rangpur Road, has been prepared. The other two components of the investment project (i) enhancement of the institutional capacity of the Roads and Highways Department in road operation and management, (ii) and financing of the cost overrun of the project (Phase 1: Joydeypur-Chandra-Tangail-Elenga) did not require the preparation of environmental assessment reports as there are no physical works involved in the first component. For the second component, an IEE report was already prepared during the processing of the Phase 1 project (Loan 2949).

Involuntary Resettlement	Given the significant resettlement impacts, the project is categorized as A for involuntary resettlement. The same categorization is expected for the subsequent tranches given that this is a time-slice approach and all activities have been appraised upfront.
Indigenous Peoples	The project is categorized as C as per ADB's Safeguard Policy Statement (2009). The alignment does not affect tribal lands, and the survey confirms that no indigenous person is affected. The same categorization is expected for the subsequent tranches given that this is an MFF with a time-slice approach and all activities have been appraised upfront.

Stakeholder Communication, Participation, and Consultation

During Project Design	These included 30 public consultation meetings, 15 focus groups discussions, and special consultations in sensitive areas. Moreover, close to 7,000 households were individually surveyed and informed about project impacts. The participatory process helped inform directly affected people and the residents at large about the project, its benefits, and impacts; also allowed for extensive feedback; and ensured that concerns were taken into account in the final design. Overall, people in the project area demonstrated a high level of support for the project.
During Project Implementation	TBD

Business Opportunities

Consulting Services	A project implementation consultant will be engaged for construction supervision and capacity development.
Procurement	The Mission and RHD discussed the procurement plan for the project. RHD proposed to follow the approach of SASEC Road Connectivity Project. A total of 8 to 10 packages of civil works will be procured.

Responsible ADB Officer	Lee, Dong Kyu
Responsible ADB Department	South Asia Department
Responsible ADB Division	Transport and Communications Division, SARD
Executing Agencies	<i>Local Government Engineering Department LGED Bhaban (Level 6), Agargaon Sher-e-Bangla Nagar, Dhaka 1207, Bangladesh Roads and Highways Department Sarak Bhaban Tejgaon, Dhaka-1208 Bangladesh</i>

Timetable

Concept Clearance	-
Fact Finding	-
MRM	30 May 2017
Approval	16 Nov 2017
Last Review Mission	-
Last PDS Update	17 Nov 2017

Loan 3592-BAN

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	663.92	Cumulative Contract Awards			
ADB	250.00	-	0.00	0.00	%
Counterpart	171.40	Cumulative Disbursements			
Cofinancing	242.52	-	0.00	0.00	%

Loan 3593-BAN

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage

Project Cost	50.00	Cumulative Contract Awards			
ADB	50.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

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Date Generated 22 November 2017

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