Early Warning System

ADB-49094-001

Railway Rolling Stock Project

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Quick Facts

Countries	Bangladesh
Financial Institutions	Asian Development Bank (ADB)
Status	Active
Bank Risk Rating	C
Voting Date	2015-09-30
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million

Project Description

DESCRIPTION

The proposed project will improve railway transport capacity in Bangladesh on key corridors such as the Dhaka -Chittagong and Dhaka- Khulna main line corridors by financing additional rolling stock (locomotives, passenger carriages, and related equipment). The new rolling stock will enable Bangladesh Railway to satisfy steadily growing demand and increase its market share.

The impact will be efficient and safe railway transport in Bangladesh, aligned with the Sixth Five-Year Plan (2011 2015). The outcome will be increased railway transport capacity in the main line network of Bangladesh Railway.

The project has two outputs. Output 1 comprises the procurement and commissioning of new rolling stock consisting of approximately 264 passenger carriages and 10 diesel electric locomotives for Bangladesh Railway's meter gauge main line network. Output 2 comprises the procurement and commissioning of new equipment consisting of approximately four relief cranes, two train washing plants, and one simulator for loco-master training.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

Historically, the railway enjoyed a monopoly as a carrier and carried most of the country''s commodities and passengers. With the gradual emergence of road transport, the railway began losing market share, which declined from 30% in 1975 to a mere 4% in 2005 for both passenger and freight transport. Despite a growing demand for transport, Bangladesh Railway''s market share in passenger and freight transport has declined due to a lack of investment in infrastructure and rolling stock (its transport capacity is the same as it was in 1975). Railway travel in Bangladesh is safer, more energy-efficient and reliable, and has a lower environmental impact than other modes of transport. Railway transport is also considered more comfortable than long-distance buses. Intercity trains operated by Bangladesh Railway are very popular. Occupancy is very high, especially in the east zone (98%); intercity trains in the Dhaka -Chittagong corridor are usually sold out. About 40% of Bangladesh Railway''s passengers travel by intercity trains, which account for more than 75% of passenger revenue. The high demand for intercity service in the Dhaka -Chittagong corridors cannot be fully met and no additional trains can be scheduled to tap into the lucrative market for Bangladesh Railway due to insufficient line capacity and rolling stock availability.

The government''s Sixth Five-Year Plan (2011 2015) includes the improvement of railways as energy efficient multimodal transport systems to reduce carbon emissions. The Railway Sector Master Plan towards 2030, approved in 2013, noted the railway sector must significantly improve its efficiency and service quality, and establish better connectivity in order to survive as a viable mode of transport. The government''s strategy is to increase Bangladesh Railway''s market share from 4% to 15% in freight transport, from 10% to 15% in container transport between Dhaka and Chittagong Port, and from 4% to 10% in passenger transport. The railway will focus on lucrative market segments and provide (i) long-distance passenger traffic via intercity trains, (ii) long-haul freight traffic along selected corridors, and (iii) container traffic (mainly between Dhaka and Chittagong Port). To achieve this, the government is (i) augmenting line capacity along main corridors; (ii) procuring modern locomotives, passenger carriages, and freight wagons; and (iii) reforming Bangladesh Railway, introducing a modern financial management system, improving operation and maintenance, and establishing a human resource management system.

The project is part of ADB''s railway sector development strategy to support a series of investment projects in infrastructure, railway reform, and institutional capacity development to improve overall transport capacity. Adding rolling stock to Bangladesh Railway's fleet will enable it to use its enhanced infrastructure capacity by running additional passenger trains, and thereby satisfy the increasing demand for trips by train. The project is in line with ADB's country partnership strategy for Bangladesh, 2011 2015, which aims to reduce high transport and logistical costs in support of sustainable and inclusive economic growth by connecting all parts of the country with national and regional markets.

Investment Description

- Asian Development Bank (ADB)

Loan 3301-BAN: Railway Rolling Stock Project
Ordinary capital resources US$ 200.00 million

Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

CONTACTS

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Bank Documents

- Loan Agreement (Ordinary Operations) for Loan 3301-BAN: Railway Rolling Stock Project [Original Source]
- Project Disclosure PDF
- Railway Rolling Stock Project: Initial Poverty and Social Analysis [Original Source]
- Railway Rolling Stock Project: Procurement Plan [Original Source]
- Railway Rolling Stock Project: Project Administration Manual [Original Source]
- Railway Rolling Stock Project: Report and Recommendation of the President [Original Source]
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