Early Warning System

WB-P512368

Dhaka MRT Development (Line-2) and Institutional Strengthening

Quick Facts

Countries	Bangladesh
Specific Location	Dhaka
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	A
Voting Date	2026-11-26
Borrower	Economic Relations Division; Ministry of Finance; Dhaka Mass Transit Company Limited
Sectors	Construction, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 70.00 million
Project Cost (USD)	$ 70.00 million

Project Description

According to the Bank's website, the objective of this project is to support inclusive and climate-resilient public transport by delivering preparatory work for MRT Line-2 and building Dhaka Mass Transit Company Limited's ability to plan, operate, and finance the metro system.

The proposed Dhaka Metro Line-2 initiative aims to establish a climate-resilient, inclusive, and high-impact urban transport solution for Dhaka through a Multi-phase Programmatic Approach (MPA). The Program will focus on both the construction of a new mass transit line - spanning approximately 23.5 kilometers with elevated and underground sections - and institutional strengthening of the Dhaka Mass Transit Company Limited (DMTCL). The first phase of this MPA aims to facilitate the technical, financial, and institutional groundwork required for the successful delivery of a mass rapid transit system that is resilient to climate risks and attractive to private investment.

The project is structured around three key components:
* Component 1: Feasibility Study, Detailed Design, and Bidding Documents Preparation. This component (estimated cost: USD55-60 million) supports the comprehensive technical and financial preparation for Dhaka MRT Line-2. Activities include a full feasibility study, detailed engineering and design (covering route alignment, station architecture, utility plans), traffic and ridership modeling, and the preparation of procurement strategies and tender documents. Integrated within this process are environmental and social assessments, climate and disaster risk analyses, and development of a robust financing strategy, incorporating mechanisms such as Transit-Oriented Development (TOD), Land Value Capture (LVC), and revenue securitization.
* Component 2: Institutional Strengthening and Financing Strategy. With an estimated cost of USD5-10 million, this component aims to enhance DMTCL's institutional capacity for metro planning, implementation, and operation. Key activities include creating a governance and operational roadmap, targeted capacity-building and training for staff, knowledge-sharing through workshops and international study tours, and development of a comprehensive funding and financing plan. This will cover farebox and real estate revenue, donor funding, PPP structuring, and accessing climate-linked financial instruments.
* Component 3: Contingent Emergency Response (CERC). This component establishes a dedicated mechanism for rapid mobilization and response in case of urgent needs or emergencies, ensuring project adaptability and resilience.Overall, the initiative aims for technical excellence, institutional resilience, and sustainable financing to underpin the creation of a modern, inclusive, and climate-resilient urban transit network in Dhaka.

Early Warning System Project Analysis

Under Phase 1, the project activities will be focused on preparation of detailed design, conducting feasibility studies, E&S risk assessments and required instruments and preparation of bid documents. The direct E&S risks and impacts of Phase 1 stem mainly from field-level activities necessary for conducting ESIA, feasibility study and detailed design. These activities—such as field surveys, geotechnical investigations, drilling, and sampling—may increase accident risks, disturb local environments, generate noise and dust, and create hazards for workers and residents. While direct impacts of Phase 1 are limited to these preparatory activities, the project carries significant downstream risks in Phase 2 due to the complex nature of works. Phase 2 will involve large-scale civil works in densely populated urban areas, which could result in substantial environmental and social impacts. These may include OHS risks, resource use concerns, water and soil pollution, impacts on sensitive ecological areas, etc. The environmental risk for Phase 1 is rated **Substantial** due to the nature of preparatory activities and associated fieldwork risks. The risk rating for Phase 2 is expected to be High, reflecting the anticipated complexity and scale of construction activities and their potential impacts on the environment.

The social risk of the Phase 1 activities is rated “ **Substantial**” at this stage. This phase will not directly finance construction but involves technical assistance (TA) for feasibility and design studies and strengthening institutional capacity for DMTCL. While social risk from labor influx is limited due to third-party contracts conforming to national labor laws, potential risks remain from stakeholder engagement, site visits, surveys, and investigations conducted along the congested roads in Dhaka City. Several of the TA activities require assessing future impacts such as land acquisition, displacement, loss of livelihood, community health and safety, cultural heritage, occupational health and safety, mobility for women, elderly and persons with disabilities, as well as risks of SEA/SH. Additional factors, such as political upheaval and economic instability, may increase the complexity of these issues. The TA activities include early engagement with community groups, especially disadvantaged populations also using a GRM. Social risk of activities in subsequent phases is anticipated high on the above considerations. Construction activities will involve large number of workers, inducing risks of OHS and CHS incidents, and labor influx. The high population density in Dhaka with diverse economic groups, elevates risks of contested claims and delayed compensation in land acquisition, displacement of people causing loss of housing and sources of income, mobility issues and access to services, and community grievances.

Investment Description

- World Bank (WB)

Total Project Cost: US$ 70.00 million
IDA Credit: US$ 70.00 million

Private Actors Description

Dhaka Mass Transit Company Limited, commonly known as DMTCL, is a government-owned company responsible for operating Dhaka Metro Rail, a mass rapid transit system in the Bangladeshi capital Dhaka and adjoining areas. The company was established on 3 June 2013.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Dhaka Mass Transit Company Limited	Client	-

Contact Information

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ACCESS TO INFORMATION

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Bank Documents

- Concept Environmental and Social Review Summary (ESRS) - Dhaka MRT Development (Line-2) and Institut
- Official Documents- Disbursement and Financial Information Letter for GFPP Grant E566-BD.pdf
- Official Documents- Implementation Agreement for GFPP Grant E566-BD.pdf
- Official Documents- Letter Agreement for GFPP Grant E566-BD.pdf