



Bangladesh: South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 - Tranche 1

Project Name

South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 - Tranche 1

Project Number

46452-003

Country / Economy

- Bangladesh

Project Status

Active

Project Type / Modality of Assistance

- Loan
- Technical Assistance

Source of Funding / Amount

Loan 3438-BAN: South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 - Tranche 1

Source	Amount
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Ordinary capital resources	US\$ 210.00 million
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Loan 3439-BAN: South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 - Tranche 1

Source	Amount
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Asian Development Fund	US\$ 90.00 million
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TA 9193-BAN: Capacity Development for Project Implementation Management

Source	Amount
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Technical Assistance Special Fund	US\$ 1.00 million
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Loan: South Asia Subregional Economic Cooperation Chittagong-Cox's Bazar Railway Project, Phase 1 - Tranche 1

Source	Amount
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Export-Import Bank of Korea	US\$ 99.04 million
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Strategic Agendas

- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

Drivers of Change

- Gender Equity and Mainstreaming

- Governance and capacity development

Sector / Subsector

- **Transport** / Rail transport (non-urban)

Gender

Effective gender mainstreaming

Description

The SASEC Chittagong-Cox's Bazar Railway Project, Phase 1 (the Project) will support the government of Bangladesh in constructing the new, 102 kilometers (km) Dohazari-Cox's Bazar section of the Chittagong-Cox's Bazar railway corridor in southeastern Bangladesh. The government is upgrading the 47 km section Chittagong-Dohazari with its own funds. The project will also strengthen the capacity of the railway sector in project management and implementation. By connecting the Cox's Bazar district to Bangladesh's railway network, the project will not only boost the national economy through further development of Cox's Bazar into a major tourist destination, but also facilitate access for the population and products to subregional markets and trade. The Chittagong-Cox's Bazar railway corridor is part of the Trans-Asia Railway network. The project has been endorsed by the SASEC trade facilitation and transport working group meeting held in Tokyo on 26 November 2015.

Project Rationale and Linkage to Country/Regional Strategy

Cox's Bazar is developing towards becoming a major domestic and regional tourist destination. To date, tourists can travel to Cox's Bazar only by car and bus using the two-lane national highway or in a very limited scale by air. More than 9 million annual bus trips from Chittagong to Cox's Bazar are made and around 1.875 million incoming tourists are visiting Cox's Bazar city annually, which stay in the more than 200 Hotels and numerous guesthouses and dormitories in Cox's Bazar. Tourism in Cox's Bazar is expected to grow by at least 5% annually and the government of Bangladesh intends to develop Cox's Bazar to a regional tourist hub and seaside resort benefiting from its more than 120 km of sandy beaches, while it intends to develop other areas of the district and the Chittagong Hill Tracts into eco-tourist destinations.

The development of tourism in Cox's Bazar district is expected to contribute significantly to the economic growth in the district and generate employment in the tourist sector and supporting sectors. As tourists are visiting Cox's Bazar mainly from the urban centers in Bangladesh, such as Dhaka, which is located 470 km north of Cox's Bazar or Comilla and Chittagong, it is expected that the market share of the railway for the tourist traffic will be high at around 50% of incoming trips currently using buses; the project will hence help to reduce greenhouse gas emissions and improve road safety by the expected modal shift of tourists from road to rail. Special tourist trains will be operated to accommodate the demand.

In addition, a significant local demand from the around 2.2 million population of the Cox's Bazar district is expected from trips related to work, education or for social, medical and administrative reasons. To accommodate this local demand, all stations will be equipped with multimodal facilities and local as well as mail trains will operate on the line. Demand from freight is expected inbound and outbound. Inbound will be mainly supplies for the district and the tourist sector in Cox's Bazar, while outbound freight will cover goods from the district, such as salt, fish products and timber.

Facilities for cargo handling for freight trains will be integrated in the Ramu Station, around 12 km outside of the Cox's Bazar terminal and at the national highway N1 Chittagong-Cox's Bazar-Teknaf, which is located at the border to Myanmar. The Project is part of the Trans-Asia Railway network and by constructing the line in dual gauge, it will also provide future direct connectivity by railway towards northeastern India and to Bhutan and Nepal through the Indian railway network, which is constructed mostly in broad gauge.

Road map. The government's Vision 2021 intends to reach middle-income status by the 50th anniversary of the nation in 2021. To achieve this, the Seventh Five Year Plan (SFYP, 2015-2020) aims to accelerate economic growth, employment generation and rapid poverty reduction and therefore aims to raise the annual average growth rate to 7.4%. The Project is part of the government's strategy to connect more districts of the country to the railway network. It will further support the objectives to (i) generate employment through development of the tourist sector in Cox's Bazar, (ii) improve the subregional connectivity and trade, (iii) increase the market share of the railway system especially for long-distance passenger and freight traffic and (iv) improve the multimodal integration of different modes of transport.

Strategic Context. The SFYP includes the improvement of railways as energy efficient multimodal transport systems to reduce carbon emissions. It also refers to the establishment of proper regional rail connectivity as a major investment priority. The government's strategy in the SFYP intends to increase Bangladesh Railway's market share from 4% to 15% in freight transport, and 4% to 10% in passenger transport.

Impact

Efficient and safe railway transport in Bangladesh

Improved subregional connectivity and trade

Project Outcome

Description of Outcome

Transport system in the Chittagong-Cox's Bazar corridor improved by connecting Cox's Bazar district to the national and subregional railway network

Progress Toward Outcome

As of 30 June 2023, the overall civil work Progress is 86.98%.

Implementation Progress

Description of Project Outputs

New railway line commissioned

Project implementation capacity of Bangladesh Railway strengthened

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

The Physical progress for Lot -1 and Lot-2 is 88.80% and 94.72% respectively as of 30 September 2023. The overall physical progress is 91.76%.

Civil works ongoing.

Signaling and Telecommunications design and interface matters are well advanced. Installation of HDPE ducting is completed approximately 172.560 km (75.03%) of the alignment. Delivery of Optical Fiber Cable complete (230 Km.). Deliveries of S&T equipment is nearly complete. Indoor work is around 85% at Dulahazara, 85% at Islamabad, 80% at Chakaria and 80% at Harbang stations. Outdoor works is around 36% at Dulahazara and 30% at Islamabad. Overall construction work of signaling work is around 30% completed.

Civil works ongoing.

This is currently being monitored.

This is currently being monitored.

This is currently being monitored.

Geographical Location

Chittagong, Cox's Bazar

Safeguard Categories

Environment

A

Involuntary Resettlement

A

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

Studies to prepare this investment program will be undertaken by the TA loan and PPTA. The tasks include (i) assessing the environmental and social safeguard impact of the project, and (ii) preparing safeguard documentation for the project and review the safeguard categorization for the project. A resettlement framework, resettlement plans, an environmental assessment framework, an indigenous people framework and indigenous peoples plans, if required, will be prepared in accordance with the ADBs Safeguard Policy Statement (2009), government guidelines, regulations and policies. Estimates of emission reduction as a result of the investment program will be calculated and the potential for carbon-funding of subprojects under the Investment Program will be explored.

Involuntary Resettlement

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Indigenous Peoples

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Stakeholder Communication, Participation, and Consultation

During Project Design

Bangladesh Railway, various line departments, project beneficiaries, local communities in the project influence area, among others. The Projects will benefit the poor and the vulnerable by providing increased employment and market opportunities, improved means of transport and better access to social service facilities. In case any involuntary resettlement impacts are identified during the planning stage, these will also be mitigated through provisions in the Safeguard Policy Statement, national laws and policies. Most of the beneficiaries, especially the vulnerable and the women headed households, will be consulted during the resettlement planning stage and while conducting the poverty and social assessment.

During Project Implementation

The project will help improve people's access to and use of opportunities, services, resources and assets which will further empower them. Throughout the project cycle meaningful consultations will be held with the project beneficiaries providing them information regarding the project design and implementation. This will further empower the communities. The project will benefit all socio economic categories as they can easily commute from one place to another.

Business Opportunities

Consulting Services

All consultants are to be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). Two consulting firms have been recruited under the loan, namely for construction supervision and project management. For the construction supervision consulting contract, an estimated 4,056 person-months (653 international, 3,403 national) of consulting services are required; for the project management consulting contract, an estimated 1,860 national person-months of consulting services are required. Consulting firms were selected using the quality- and cost-based selection (QCBS) method with a standard qualitycost ratio of 90:10. This is to ensure high quality of consulting firms recruited

for the highly specialized tasks to supervise and manage a multidisciplinary greenfield railway project.

Procurement

All advance contracting and retroactive financing have been undertaken in conformity with ADB Procurement Guidelines (2015, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing was subject to ADB approval. The borrower and Bangladesh Railway have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

Advance contracting was carried out for goods and services, works, and consulting services.

Retroactive financing for eligible expenditures up to the equivalent of 20% of each ADB loan under the Facility, incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement.

Bangladesh Railway has adequate organizational and staff capacity to carry out procurement of goods, works and consulting services and strong experience with the procurement for government and donor-funded projects; Bangladesh Railway has also successfully completed recent works projects and hence, has good experience in contract management. All bids and proposals are evaluated by BR's Tender Evaluation Committee (TEC) and Proposals Evaluation Committee (PEC) comprising five qualified and experienced in-house members together with two external members from organizations outside the communication sector. The procurement approval process is well-defined and simplified and involves reasonable time till award of contracts. Bangladesh Railway has already established a PIU and appointed a project director for the project, who have initiated procurement steps under the advance contracting modality. ADB played an active facilitation role in the bidding process to ensure timeliness and quality in the process, and engaged its own consultants to help with this work.

The civil works contracts for construction of the Chittagong-Cox's Bazar railway project were procured in accordance with the international competitive bidding procedure with ADB's prior review of bid documents and major steps in the procurement process during bid evaluation.

Contact

Responsible ADB Officer
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Responsible ADB Department
Sectors Group
Responsible ADB Division
Transport Sector Office (SG-TRA)
Executing Agencies
Bangladesh Railway

Timetable

Concept Clearance	17 Dec 2013
Fact Finding	-
MRM	01 Jun 2016
Approval	30 Sep 2016
Last Review Mission	-
Last PDS Update	30 Nov 2023

Funding

Loan 3438-BAN

			Milestones		
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2016	21 Jun 2017	25 Sep 2017	30 Jun 2024	-	-

Financing Plan

Total (Amount in US\$ million)	
Project Cost	610.00
ADB	210.00
Counterpart	400.00
Cofinancing	0.00

Loan Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	01 Jul 2024	195.12	0.00	93%
Cumulative Disbursements	01 Jul 2024	209.87	0.00	100%

Loan 3439-BAN

			Milestones		
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2016	21 Jun 2017	25 Sep 2017	30 Jun 2024	30 Jun 2025	-

Financing Plan

Total (Amount in US\$ million)	
Project Cost	90.00
ADB	90.00

Counterpart 0.00

Cofinancing 0.00

Loan Utilization

	Date	ADB	Others	Net Percentage
Cumulative Contract Awards	01 Jul 2024	53.97	0.00	60%
Cumulative Disbursements	01 Jul 2024	51.77	0.00	58%

TA 9193-BAN

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Sep 2016	20 Feb 2018	20 Feb 2018	31 Dec 2024	-	-

Financing Plan/TA Utilization

ADB	Cofinancing	Counterpart				Total
		Gov	Beneficiaries	Project Sponsor	Others	
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00

Cumulative Disbursements

Date	Amount
01 Jul 2024	996,734.72

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory

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Date Generated 11 July 2024

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