Bangladesh: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 3

Project Name: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 3
Project Number: 40540-019
Country / Economy: Bangladesh
Project Status: Proposed
Project Type / Modality of Assistance: Loan
Source of Funding / Amount: Loan: South Asia Subregional Economic Cooperation Dhaka-Northwest Corridor Road Project, Phase 2 - Tranche 3
Ordinary capital resources
US$ 300.00 million

Operational Priorities:
OP2: Accelerating progress in gender equality
OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
OP4: Making cities more livable
OP5: Promoting rural development and food security
OP6: Strengthening governance and institutional capacity
OP7: Fostering regional cooperation and integration

Sector / Subsector: Transport / Road transport (non-urban)
Gender: Effective gender mainstreaming

Description: On 24 October 2017, the Asian Development Bank (ADB) Board of Directors approved a multitranche financing facility (MFF) of $1,200 million to the People's Republic of Bangladesh for the South Asia Subregional Economic Cooperation (SASEC) Dhaka-Northwest Corridor Road Project, Phase 2. The executing agency is the Roads and Highways Department (RHD) of the Ministry of Road Transport and Bridges. The project improves the road connectivity of the Dhaka-Northwest international trade corridor. Three outputs will be delivered: (i) Elenga-Hatikamrul-Rangpur Road of the Dhaka-Northwest international trade corridor upgraded; (ii) RHD's institutional capacity in road operation and management enhanced; and (iii) road safety and gender-responsive features strengthened, and the cost overrun financed for the Joydeypur-Chandra-Tangail-Elenga Road of the Dhaka-Northwest international trade corridor under the SASEC Road Connectivity Project. The availability period of the MFF is up to 31 August 2027. The MFF comprises four tranches, finances slices of long-term contract packages. Each tranche finances slices of a group of contracts per the indicative tranche schedule, and the amount for each tranche is requested based on disbursement progress and projection. Preconstruction activities such as land acquisition, resettlement, and procurement were implemented in the first 3 years of the project. Tranche 1, comprising a regular ordinary capital resources (OCR) loan of $250 million and a concessional OCR loan of $50 million, financed the first slice of the project and was closed in Jan 2023. Tranche 2 comprising a regular ordinary capital resources (OCR) loan of $398.38 million was approved in Dec 2019 and is ongoing; finances the second slice of the project. The government requested $300 million loan for tranche 3, same as the original amount requested during project inception.

Project Rationale and Linkage to Country/Regional Strategy:
The government has three main policy documents for the road subsector: (i) the Seventh Five-Year Plan, fiscal year (FY) 2016-FY2020, (ii) the Road Master Plan, and (iii) the National Integrated Multimodal Transport Policy. Guided by these policies, the government is gradually upgrading the main corridors to facilitate international trade with and between Bhutan, India, Myanmar, and Nepal. However, the human, technical, and financial resource limitations of road agencies have hindered progress in eliminating the issues caused by limited road capacity, deteriorated road conditions, and the mixture of slow- and fast-moving traffic. The Seventh Five-Year Plan aims for a well-maintained, cost-effective, durable, and safe road network. Among the SASEC corridors, the government considers the Dhaka-Northwest international trade corridor as a priority. At the northwestern end of the corridor is the Burimari Land Port that provides a gateway to Bhutan through India. The trade volume at the land port was between 0.25 million and 1.0 million tons per year from FY2013 to FY2016, 4.5 million tons in FY2017, and 7.4 million tons in FY2018. Improving the transport infrastructure of the corridor is required to support the significantly increasing trade at the land port.

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

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

Outputs:
Elenga-Hatikamrul-Rangpur Road of the Dhaka-Northwest international trade corridor upgraded
RHD's institutional capacity in road operation and management enhanced

Geographical Location:

Safeguard Categories:

<table>
<thead>
<tr>
<th>Environment</th>
<th>B</th>
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<tbody>
<tr>
<td>Involuntary Resettlement</td>
<td>A</td>
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<tr>
<td>Indigenous Peoples</td>
<td>C</td>
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</tbody>
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Summary of Environmental and Social Aspects:

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation:
During Project Design
During Project Implementation
<table>
<thead>
<tr>
<th>Responsible ADB Officer</th>
<th>Leung, Wilson</th>
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<tbody>
<tr>
<td>Responsible ADB Department</td>
<td>Sectors Group</td>
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<tr>
<td>Responsible ADB Division</td>
<td>Transport Sector Office (5G:TRA)</td>
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<tr>
<td>Executing Agencies</td>
<td>Ministry of Road Transport and Bridges Roads and Highways Department</td>
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**Timetable**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tr>
<td>Concept Clearance</td>
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<tr>
<td>Fact Finding</td>
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<tr>
<td>MRM</td>
<td>03 Aug 2023</td>
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<tr>
<td>Approval</td>
<td></td>
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<td>Last Review Mission</td>
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<td>14 Dec 2022</td>
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**Project Page**

https://www.adb.org//projects/40540-019/main

**Request for Information**

http://www.adb.org/forms/request-information-form?subject=40540-019

**Date Generated**

30 September 2023

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