



# Technical Assistance Report

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## **PUBLIC**

Project Number: 56172-001  
Transaction Technical Assistance (TRTA)  
December 2022

## People's Republic of Bangladesh: Support for Preparation of South Asia Subregional Economic Cooperation Dhirasram Inland Container Depot Project

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**Asian Development Bank**

## CURRENCY EQUIVALENTS

(as of 2 December 2022)

Currency unit	–	Taka (Tk)
Tk1.00	=	\$ 0.00977
\$1.00	=	Tk 102.31

## ABBREVIATIONS

ADB	–	Asian Development Bank
CCBL	–	Container Company of Bangladesh Ltd.
DICD	–	Dhirasram Inland Container Depot
GHG	–	greenhouse gas
ICD	–	inland container depot
MOR	–	Ministry of Railways
NBR	–	National Board of Revenue
PPP	–	public—private partnership
SASEC	–	South Asia Subregional Economic Cooperation
TEU	–	twenty-foot equivalent unit

## NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh and its agencies ends on 30 June. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2022 ends on 30 June 2022.
- (ii) In this report, “\$” refers to United States dollars.

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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 56172-001	
<b>Project Name</b>	Support for Preparation of South Asia Subregional Economic Cooperation Dhirasram Inland Container Depot Project	<b>Department/Division</b>	SARD/SATC
<b>Nature of Activity Modality</b>	Project Preparation Regular	<b>Executing Agency</b>	Bangladesh Railway
<b>Country</b>	Bangladesh		
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>	
✓ Transport	Multimodal logistics		1.000
		<b>Total</b>	<b>1.000</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information<sup>1</sup></b>	
✓ OP2: Accelerating progress in gender equality		GHG Reductions (tons per annum)	0
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		Climate Change impact on the Project	Low
✓ OP5: Promoting rural development and food security		<b>ADB Financing</b>	
✓ OP6: Strengthening governance and institutional capacity		Adaptation (\$ million)	0.000
✓ OP7: Fostering regional cooperation and integration		Mitigation (\$ million)	0.000
		<b>Cofinancing</b>	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>	
SDG 9.1		Some gender elements (SGE)	✓
		<b>Poverty Targeting</b>	
		General Intervention on Poverty	✓
<b>4. Risk Categorization</b>	Complex		
<b>5. Safeguard Categorization</b>	Safeguard Policy Statement does not apply		
<b>6. Financing</b>			
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>	
<b>ADB</b>		<b>1.000</b>	
Transaction technical assistance: Technical Assistance Special Fund		1.000	
<b>Cofinancing</b>		<b>0.000</b>	
None		0.000	
<b>Counterpart</b>		<b>0.000</b>	
None		0.000	
<b>Total</b>		<b>1.000</b>	
<b>Currency of ADB Financing:</b> US Dollar			

<sup>1</sup> The project reduces greenhouse gas emissions. However, it does not fall under the eligibility criteria for climate mitigation finance as defined by the joint multilateral development bank methodology on tracking climate finance, which notes that not all activities that reduce greenhouse gases in the short term are eligible to be counted towards climate mitigation finance. Accordingly, greenfield fossil fuel projects are excluded, and climate mitigation finance is considered zero.

## I. THE ENSUING PROJECT

1. The proposed South Asia Subregional Economic Cooperation (SASEC) Dhirasram Inland Container Depot (DICD) Project will support construction of a new inland container depot (ICD) in the north of Dhaka with direct rail link to Chattogram Port and Indian borders. The project will apply the public-private partnership (PPP) scheme where a concessionaire will finance construction of the superstructure of DICD and procurement of cargo handling equipment, and will be responsible for operation and maintenance. The Asian Development Bank (ADB) will finance construction of the substructure of DICD.

2. The project will strengthen the national logistics network, enabling operation of more container freight trains connecting with the port and Indian borders. The project will contribute to modal shift toward environment-friendly and sustainable multimodal transport in Bangladesh. Also, it will alleviate road congestion in Dhaka by replacing the Kamlapur ICD in the city center once the DICD is operational. Accordingly, the project will reduce truck inflow and greenhouse gas (GHG) emission from logistics operation.

3. The project will be aligned with the following impacts: trade logistics improved, and export diversification advanced.<sup>1</sup> The project outcome will be capacity of container transportation by rail in Bangladesh increased. The project outputs will be: i) substructure of DICD constructed,<sup>2</sup> ii) National ICD Development Plan prepared; and iii) readiness of DICD operation and supervision advanced. The indicative amount of regular ordinary capital resources loan from ADB is \$250 million out of the total project cost of \$794.6 million. Investment by a PPP concessionaire is expected to be at \$108 million while Bangladesh Railway's counterpart financing is \$416.2 million.

## II. THE TECHNICAL ASSISTANCE

### A. Justification

4. DICD will be the largest ICD and the first full-fledged ICD with PPP component in Bangladesh. The proposed technical assistance will support the proposed technical assistance will assist MOR and Bangladesh Railway in (i) advancing project readiness by preparing an institutional, regulatory and operational framework with capacity development of government officials; and ii) creating enabling circumstances for private sector to invest in container logistics in Bangladesh.

5. **Existing constraints with container transportation by rail.** Kamlapur ICD is currently the only ICD handling containers transported by rail to and from Chattogram Port. It is already operating around its capacity with around 88,000 twenty-foot equivalent unit (TEU) throughput annually.<sup>3</sup> Its obsolete cargo handling equipment and limited land space impede smooth cargo handling operation. In the city center where Kamlapur ICD is located, regulations ban trucks to run in daytime to alleviate road congestion. As a result, Kamlapur ICD is constrained in container evacuation and suffer from congestion both inside and outside, leading to long waiting time for last mile connectivity.

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<sup>1</sup> Government of Bangladesh, Bangladesh Planning Commission. 2020. [The Eighth Five-year Plan](#). Dhaka

<sup>2</sup> Substructure includes soft soil treatment and earthworks with elevated ground level for disaster resilience. PPP concessionaire will finance superstructure to be built on top of the substructure as well as procurement of cargo-handling equipment. Superstructure includes pavement, buildings, lighting, and fence.

<sup>3</sup> Bangladesh Railway. 2022. Information Book 2020. Dhaka; Twenty equivalent unit is a unit to count container boxes. A 40-foot container is counted as two TEUs.

6. **Proposed Dhirasram Inland Container Depot.** Having four times as much capacity as Kamalapur ICD and being located out of the truck ban area, DICD will operate more efficiently, and accommodate more container freight trains and trucks. With its proximity to Gazipur city where ready-made garment industries are agglomerated, D

7. DICD's location along Dhaka–Chattogram railway corridor has strategic advantages as logistics hub of regional trade. Chattogram Port, as the busiest seaport in Bangladesh, handles more than 90% of international cargo of the country while Dhaka, as the capital and the largest city where production and consumption activities are accumulated, generates around 70% international cargos from or destined to Dhaka area. Because of its location, DICD is expected to be the gateway to international trade.

8. In addition, DICD will be a fundamental facility for Bangladesh–India bilateral trade. The new Bangabandhu Bridge (also called as the second Jamuna Bridge), under construction with support by Japan International Cooperation Agency, will enable fully loaded container freight trains to cross Jamuna River at 80 kilometers (km) northwest of DICD, and promote international container train operation directly plying Dhaka and Indian cities with broad gauge railway connection.

9. **Need to advance project readiness.** DICD will be the first full-fledged ICD in Bangladesh to be operated by a concessionaire under the supervision of the Ministry of Railways (MOR) and Bangladesh Railway. Besides infrastructure development, there are various issues to be determined for its smooth implementation and operation. The transaction TA will focus on urgently needed project preparation, which shall be completed prior to concessionaire selection and completion of the sovereign loan component. The TA will include capacity development of Bangladesh Railway, and preparation of national masterplans, regulatory framework for operation, and enabling circumstances for private sector to invest in the project, as discussed in paras. 10–17.<sup>4</sup>

10. **Need for national plans to guide inland cargo depot development in Bangladesh.** As there is no precedent case where a full-fledged ICD is developed with private financing in Bangladesh, there will be uncertainty risks for private sector to invest. Hence, developing business circumstance for DICD is an urgent task. Among others, MOR and Bangladesh Railway need to clarify national directions and government plans about container transport by rail, including national plans for ICD development, regulations of ICD operations, procedures related to ICD operations, and coordination for smooth last mile connectivity at ICD. Clarifying these plans and directions will enable or lower hurdles for private sector to invest in rail container transport business in Bangladesh.

11. **Need for a regulatory framework for Dhirasram Inland Cargo Depot operation.** DICD will be in a monopolistic position in ICD business and will affect the performance of the entire national logistics system. Therefore, DICD operation shall need to be properly monitored and regulated to ensure achievement of expected project impact. MOR plans to mandate itself as regulator and Bangladesh Railway to supervise the concessionaire of DICD during operation. However, MOR and Bangladesh Railway have not firmed up a scheme for regulating and supervising DICD operation. Because of the unclear strategic direction of the government, insufficient staff and management members, and lack of institutional setup, the Container Company of Bangladesh Ltd. (CCBL) has not been fully functional to fulfill its tasks since its incorporation in the logistics service in 2016.

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<sup>4</sup> The TA will first appear in the business opportunities section of ADB's website in December 2022.

12. **Need for capacity strengthening.** Though Bangladesh Railway operates freight and passenger trains, it has no experience in supervising or operating ICDs. Kamlapur ICD was constructed on Bangladesh Railway's land but is being operated by the Chittagong Port Authority (CPA) with cargo handling operation subcontracted to a private firm. Bangladesh Railway receives from CPA some portion of the revenue generated from the operation of Kamlapur ICD but is not directly involved in its management or supervision. By inauguration of DICD, MOR and Bangladesh Railway will need to have strengthened their capacity and set up institutional arrangement for DICD operation, including adequate staffing.

13. **Need for advancing preparation of government facilities.** DICD requires the necessary government facilities for DICD operation including on-site customs facility and equipment. Bangladesh Railway needs to facilitate discussion and determine the government facilities, office spaces, equipment, including the number of officials and staff required along with the schedule of installation by concerned ministries.<sup>5</sup> These need to be firmed up before selection of a concessionaire.

14. **Harmonization with customs modernization.** Customs efficiency is another key factor for smooth ICD operation. Various trade facilitation measures for streamlining customs procedures and cargo flows are being implemented by the National Board of Revenue (NBR) with support from ADB in parallel with the DICD project.<sup>6</sup> Bangladesh Railway will establish regular communication channel with NBR to discuss customs and ICD operation matters. It is expected that trade facilitation measures will maximize container handling capacity of DICD and at the Chattogram Port, and subsequently improve financial viability of DICD. The proposed TA will be implemented with proper communication with officers working on the trade facilitation program.

## **B. Outputs and Activities**

15. **Output 1: National Inland Container Depot development plan prepared.** The consultant will prepare the following plans: (i) National ICD Development Plan with gender mainstreaming features; (ii) action plan for streamlining container transport by rail; and (iii) CCBL's business plan. These plans will guide MOR, Bangladesh Railway, and CCBL in facilitating the container rail transport in Bangladesh, strengthen business for ICD operators and the DICD concessionaire in the long run and create enabling circumstances for private sector investment.

16. **Output 2: Readiness of Dhirasram Inland Cargo Depot operation and supervision advanced.** A consultant will be engaged to support MOR and Bangladesh Railway in (i) establishing an institutional framework for ICD construction, regulation, supervision, and administration; (ii) defining the role of Bangladesh Railway in the DICD project; (iii) determining required governmental facilities at DICD; (iii) supporting multimodal facilitation and coordination of DICD with other ministries; and (iv) conducting a study tour to learn best practices on ICD business.

17. The TA will support various innovations including the preparation of the first national ICD development plan, and institutional support for the first full-fledged ICD constructed and operated

<sup>5</sup> ADB. 2015. [Report and Recommendation of President to the Board of Directors: Subregional Transport Project Preparatory Facility - Additional Financing](#). Manila.

<sup>6</sup> ADB. 2022. [Report and Recommendation of President to the Board of Directors: South Asia Subregional Economic Cooperation Integrated Trade Facilitation Sector Development Program](#). Manila.



under a PPP scheme. It is expected that the TA will accelerate container freight transport by rail in Bangladesh through the ensuing DICD project.

### C. Cost and Financing

18. The TA financing amount is \$1,000,000 which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 7). The key expenditure items are listed in Appendix 1.

19. The government will provide counterpart support in the form of counterpart staff and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

### D. Implementation Arrangements

20. ADB will administer the TA. The Transport and Communications Division of ADB's South Asia Department will be responsible for the selection and evaluation of the consultants while Bangladesh Railway will supervise the consultants during implementation. The implementation arrangements are summarized in Table 1.

**Table 1: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	December 2022–September 2025		
Executing agency	The Ministry of Railway acting through Bangladesh Railway		
Implementing agency	Project Implementation Unit in Bangladesh Railway		
Consultants	To be selected and engaged by ADB		
	Firm: QCBS	total 58.3 person-months	\$820,000
	Individual: individual selection	6 person-months for international expertise	\$72,000
Advance contracting and retroactive financing	Advance contracting will be applied to recruitment of a consulting firm. Retroactive financing will not be applied.		
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Fixed assets, if any, will be turned over to the executing agency upon TA completion.		

Source: Asian Development Bank.

21. **Consulting services.** ADB will engage the consultants following ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.<sup>7</sup> A firm consultant will advance project readiness of the ensuing loans through implementation of the study including capacity development of Bangladesh Railway and CCBL. Individual consultants will be engaged to support Bangladesh Railway in the i) review of deliverables by the firm consultant for quality assurance; ii) preparation of documents for government procedures; and iii) communication with other agencies and stakeholders for project coordination. The consultants will procure goods as required for implementation of assignment, including office equipment.

<sup>7</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Amount
<b>A. Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	551.5
ii. National consultants	177.0
b. Out-of-pocket expenditures	
i. International and local travel	55.0
ii. Office space rental and related facilities	75.0
iii. Goods (rental and/or purchase) <sup>b</sup>	30.0
iv. Training, seminars, and conferences	5.0
v. Reports and communications	3.0
2. Training, seminars, and conferences	60.0
3. Contingencies	43.5
<b>Total</b>	<b>1,000.0</b>

Note: The technical assistance (TA) financing amount is \$1 million, of which contributions from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff, and other in-kind contributions. The value of the government contribution is estimated to account for 9.1% of the total TA cost.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 7).

<sup>b</sup> All assets and equipment procured under the TA will be handed over to the executing agency after completion of the TA activities

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=56172-001-TARreport>

1. Terms of Reference for Consultants