

Bangladesh : Sylhet to Tamabil Road Upgrade Project

1. Project Information

Project ID:	P000153	Instrument ID:	L0153A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Transport	Sub-sector:	Roads
Instrument type:	<input checked="" type="checkbox"/> Loan:404.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	A	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Roads and Highways Department, Government of Bangladesh		
Project Team Leader:	Jawad Bentabet		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Jawad Bentabet, Team Member; Shonell Robinson, OSD - Financial Management Specialist; Ting Wang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Roberto Tordecilla, OSD - Social Development Specialist; Md Towshikur Rahman, Team Member; David Rollinson, OSD - Environment Specialist; Andres Pizarro, Back-up PTL; Chang Tian, Project admin		
Completed Site Visits by AIIB:	Nov, 2021 November 25th, 2021 (virtual) Jun, 2022 June 13-22, 2022 (13th-14th on site, 22nd virtual) Jan, 2023 January 23rd to February 8th, 2023 (January 23rd to 27th on site, February 8th virtual) Nov, 2023 November 2nd to 10th, 2023 (virtual and physical)		
Planned Site Visits by AIIB:	Apr, 2024 Regular site visit (physical)		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2023/06		

2. Project Summary and Objectives

The project's objective is to improve intercity connectivity in Bangladesh and cross-border connectivity between Bangladesh and India, by upgrading Bangladesh National Highway N2 between Sylhet and Tamabil.

The project will upgrade National Highway N2 between the city of Sylhet to the Tamabil border point from a two-lane single carriageway to a two-lane dual carriageway highway. The project will finance;

COMPONENT 1) Road construction and operation and maintenance works:

- 1.1) Civil works for road widening and new lanes for slow-moving vehicles;
- 1.2) Traffic surveillance and traffic management equipment;
- 1.3) Operation and maintenance;
- 1.4) Building workshops of bitumen emulsion processing;

COMPONENT 2) Consulting services;

- 2.1) Construction supervision consulting services;
- 2.2) Feasibility studies, environmental and social safeguards and preliminary designs for selected priority roads of the RHD (Road and Highway Department) network;

3. Key Dates

Approval:	Apr. 03, 2020	Signing:	Oct. 26, 2020
Effective:	May. 26, 2021	Restructured (if any):	
Orig. Closing:	Nov. 15, 2025	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	112.87	Cancellation (if any):	0.00
Disbursed:	8.47	Latest disbursement (amount/date):	7.46/Nov. 22, 2023
Undisbursed:	395.53	Disbursement Ratio (%) ¹ :	2.10

5. Project Implementation Update

Two and half years after project effectiveness (on 26 May 2021), the project is gradually accelerating. Key achievements in the last six months include (i) the signing of the works package 02 (WP02) contract, and Construction Supervision Consultancy Service (CSC) contract, (ii) the procurement of the remaining major two works packages (WP01 and WP03), also in an advanced stage with combined evaluation reports currently being prepared, (iii) submission of the first withdrawal application (WA) and the first cash disbursement on the project (approximately USD 7.5 million), (iv) establishment of the functional grievance redress committee (GRC), and (v) completion of updating the Resettlement Plan (RP). This RP is an updated version of the initial RP prepared in 2019. The implementing NGO was appointed in early 2022, and has prepared the RP based on census, socioeconomic survey, and inventory of losses, from data collected between April 2022 and January 2023, and outcomes of the stakeholders consultations meetings and focus group discussions. It includes a revised RP implementation schedule and a livelihood restoration program. The development of an IT-based monitoring system to track the implementation of the RP is being discussed, with a first component (GRM mobile phone application) to be ready in the next few months. Despite the progress made, the project is still facing several issues. The key challenges remain in the following areas (i) the slow progress of land acquisition, (ii) the possibility of delays in the approval of WP01 and WP03 due to the national parliamentary election (scheduled in early January 2024), and (iii) the possibility of delays in the approval of the updated RP. Given the slow progress of land acquisition, the project objective is unlikely to be achieved by the project closure (November 2025). The Bank Team is closely following the progress of land acquisition, resettlement activities, mobilization of the contractors, and ongoing procurement through fortnightly meetings with the PIU in the presence of the INGO. In last November 2023, the Bank team carried out a physical implementation support

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

mission. The team had in-depth discussion with the PIU and INGO officials on all of the pertaining issues of the project including the LA, procurement, and financial management compliance. The team also met with the Chief Engineer of the RHD and additional secretary of the Road Transport and Highways Division (RTHD) and apprised the officials with the project progress. The team sought RHD and RTHD's further cooperation and guidance in approving the RP and expediting the procurement process of the WP01 and WP03 works packages. The team also met the additional deputy commissioner of the Sylhet (representative and responsible for land acquisition of Sylhet Deputy Commissioner's office) virtually. While the team thanked the DC office for their kind efforts and cooperation in making the LA progress, requests were made highlighting the criticality of the approval of some of the portions on an urgent basis. If the land is not acquired on time, contractors may have to wait before continuing the works on other sections. The PIU, the NGO, the CSC and the contractors will jointly lead on-site surveys in the next months to identify where the land is available for works, build a schedule of works, to minimize the risk of interrupting them and cope with land acquisition delays. These will be submitted to the Bank Team for their review. The Bank team also took part in the Tripartite review meeting (held on November 6, 2023), and apprised the Economic Relations Division (ERD) about the gradual progress being made by the PIU in recent times. The Team plans to carry out the next supervision mission in the second quarter of 2024 and plans to increase the number of on-site visits as the actual works are about to begin and two additional civil works contractors are expected to be mobilized in the next few months.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Construction works, equipment installation and O&M works	No progress. The WP02 contractor will be mobilized on December 1, 2023.	The project-level GRM is established and operational since September 2022. A grievance mobile phone application is being developed to enhance the effectiveness of the grievance mechanism. Moreover, a workers GRM is being established by RHD. AIIB reviewed and cleared the Resettlement Plan (RP) in October. According to the census and socioeconomic survey, a total of 4860 affected units, including 222 CPRs structures and 2,232 households, will be affected by the project implementation. Cut off dates have been declared for both title and non-titleholders on April 12, 2022. Upon Ministry's approval of the RP, RHD will be able to start the payment of compensation and deliver on other livelihood restoration measures as per the entitlement matrix of the RP to Project Affected people, including non-titleholders. The Deputy Commissioner is responsible for providing payments to the titleholders for loss of land, structures etc.	WP02 contract was awarded and signed on August 17, 2023. The financial tenders of WP01 and WP03 tenderers have been opened. The two packages are planned to be signed by April 2024. The procurement process of this WP04 package (Establishment of O&M Plant at Sylhet Road Division) will commence once the CSC is engaged. CSC will finalize the detailed design, specification, estimation and preparation of the tendering for WP04.

		<p>WP02 contractor is in the process of being deployed to start civil works along the portion of an alignment where no land acquisition is required.</p> <p>WP02 contractor will be required to undergo training on the Code of Conduct, Occupational Health and Safety (OHS) standards, and the GRM before commencing construction activities. The C-ESMPs is being reviewed.</p> <p>The Gender Action Plan (GAP) will be simultaneously developed and implemented.</p>	
Component 2: Consulting services (i) Construction supervision for the works; and (ii) Feasibility studies, environmental and social safeguard studies, and preliminary designs for selected priority road network links	N/A	N/A	<p>The CSC contract (SP01) has been signed in September 2023 and is expected to be mobilized in January, 2024.</p> <p>CEIU's investigation on the curriculum vitae CV appearing in the two proposals is still ongoing. (Section 12 for details)</p>
Component 3: Project management support and capacity building	N/A	N/A	<p>These activities (O&M consultant, OPBRC training) have not been reflected in the procurement plan and have not started. The need of these activities will be further evaluated in the coming missions.</p>

Financial Management:

Financial Management: The approved budget for FY 2023-24 is BDT 1,040 million (USD 9.61 million at exchange rate of BDT 108.223 of June 30, 2023) consisting of government counterpart fund of BDT 191.50 million (USD 1.77 million) and AIIB fund of BDT 848.50 million (USD 7.84 million). The approved budget of AIIB fund is not sufficient for the estimated disbursement of USD 23.43 million. The budget needs to be revised for payment of projected amount from AIIB fund. The expenditures of BDT 56.45 million (about USD 0.61 million at average exchange rate of the fiscal year) up to FY 2022-23 and BDT 13.18 million (about USD 1.20 million) up to November 6, 2023, in FY 2023/24 from GoB counterpart fund have been incurred. The Interim Unaudited Financial Reports (IUFR) required to be submitted on quarterly basis within 45 days from the end of the quarter have not been submitted so far. As the Office of the Controller General of Accounts (CGA) checks all the supporting documents before issuing cheques for payment of expenditures, there is no practice of conducting internal audit. The extension for submission of audit report for the period from October 26, 2020, to June 30, 2023, up to December 31, 2023, has been granted on June 19, 2023. The disbursement of USD 1.01 million has been made for the front-end fee on May 26, 2021. The commitment fee of USD 2.49 million and

interest of USD 0.07 million payable up to June 14, 2023, have not been reported as disbursement under category 3 as the GoB paid the commitment fee and interest. The commitment fee and interest payable from June 15, 2023, will be capitalized and reported disbursement under category 3. The disbursements of the WAs of BDT 285,609,229.88 (USD 2,586,806) and USD 4,846,518.26 for the mobilization advance for WP02 Works Contract were made on November 22 and 21, 2023 respectively. The project has also projected disbursement of USD 16.00 million in second quarter and USD 4.00 million in the fourth quarter of FY 2024.

6. Status of the Grievance Redress Mechanism (GRM)

The GRM is functional and established in line with AIIB requirements. Grievance Redress Procedures and GRC contact details are published on RHD website ([http://rhd.portal.gov.bd/site/page/5be085b2-4bee-4f19-b6fc-8a03dea47a67/Grievance--Redress-Mechanism-\(GRM\)](http://rhd.portal.gov.bd/site/page/5be085b2-4bee-4f19-b6fc-8a03dea47a67/Grievance--Redress-Mechanism-(GRM))). The GRM is disclosed to PAPs and various stakeholders through a variety of communication channels including Focus Group Discussions and public consultations. The Team is also following the implementation of the GRM for workers.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		2025		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target				Actual	Year
Average travel time for (HGV) trucks on Sylhet Tamabil Road	Project	Hours	2020	3	NA		NA		NA		NA		NA		2.5		2025	2.5		Before/After	RHD	
Average travel time for passenger vehicles	Project	Hours	2020	2	NA		NA		NA		NA		NA		1		2025	1		Before/After	RHD	
Average travel time for buses	Project	Hours	2020	2.5	NA		NA		NA		NA		NA		1		2025	1		Before/After	RHD	
Safety Rating: Number of Hazardous locations	Project	Nos.	2020	3	NA		NA		NA		NA		NA		0		2025	0		Before/After	RHD	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values															Frequency	Responsibility	Comments		
			Baseline		2020		2021		2022		2023		2024		2025		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target				Actual	Year
Road riding quality	Project	Text	2020	Fair	Fair	Fair	Fair	Fair	Bad	Fair	Bad	Fair	Good		Good		2025	Good		Yearly	RHD	Physical works not started
Domestic employment created directly from the civil works	Project	Labor Year	2020	0	0	0	1620	0	3210	0	4360	0	1620		70		2025	NA		Yearly	RHD	Physical works not started
Accounted works completion rate (accumulated rates)	Project	Percent	2020	0	0	0	15	0	45	0	85	0	90		100		2025	100		Yearly	RHD	Physical works not started
Accounted works completion rate (accumulated rates), including a. Earthwork completion rate	Project	Percent	2020	0	0	0	40	0	90	0	98	0	100		100		2025	100		Yearly	RHD	Physical works not started
Accounted works completion rate (accumulated)	Project	Percent	2020	0	0	0	5	0	20	0	80	0	100		100		2025	100		Yearly	RHD	Physical works not started

rates), including b. Pavement completion rate																						
Technical standards for maintenance inspection	Project	Y/N	2020	N	N	N	N	N	Y	N	Y	N	Y		Y		2025	Y		Yearly	RHD	
GRM operational with registry of complaints and record of response times	Project	Y/N	2020	N	N	N	Y	N	Y	Y	Y	Y	Y		Y		2025	Y		Yearly	RHD	The GRM was established and disclosed in September 2022. Information about GRM was disseminated through consultation and communication with PAPs and stakeholders. 33 cases have been formally received so far, all resolved within 21 days.
No. of public consultations organized	Project	Number	2020	2-3	2-3	0	3	0	2	35	2	10	2		1		2025	9		Yearly	RHD	Along with 2 public consultations, 8 Focus Group Discussions were carried out in the year of 2023 (up until November).
No. of public consultations organized a. Number of women only consultations	Project	Number	2020	0	0	0	1	0	1	0	1	0	1		0		2025	4		Yearly	RHD	
No. of Staff trained for O&M contract management	Project	Number	2020	0	0	0	0	0	0	0	5	0	15		15		2025	>=15		Yearly	RHD	