

Bangladesh : Sylhet to Tamabil Road Upgrade Project

1. Project Information

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|-----------------------------------|--|-------------------|---------------------------------|
| 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 | Co-financier(s): | |
| ES category: | A | Borrowing Entity: | Ministry of Finance, Bangladesh |
| Implementing Entity: | Roads and Highways Department, Government of Bangladesh | | |
| Project Team Leader: | Andres Pizarro (Responsible DG: Rajat Misra; Responsible Department: INF1) | | |
| Project Team Members: | Jawad Bentabet, Team Member; Shonell Robinson, OSD - Financial Management Specialist; Sheikh Naveed Ahmed, OSD - Social Development Specialist; Zhixi Zhu, OSD - Environment Specialist; Ting Wang, Project Counsel; Guoping Yu, OSD - Procurement Specialist; Chang Tian, Project admin | | |
| Completed Site Visits by AIIB: | NONE Jun, 2022 Regular | | |
| Planned Site Visits by AIIB: | NONE Jan, 2023 Regular | | |
| Current Red Flags Assigned: | 1 | | |
| Current Monitoring Regime: | Regular Monitoring | | |
| Previous Red Flags Assigned: | 1 | | |
| Previous Red Flags Assigned Date: | 2022/06 | | |

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; 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;

COMPONENT 3) Project management and capacity building; 3.1) Provision to the PIU of project management support; 3.2) Provision of training, capacity building and institutional development for operating and maintaining the RHD road network.

Passengers and freight transportation to and from Tamabil City and crossing the Tamabil border from both the India and Bangladesh borders will benefit from the project. Moreover, tourists to the Tamabil area, individuals, households, and small shop owners are also expected to benefit from the project. Indirectly, the cement and garment and other industries in Bangladesh as well as the mining industry in India are expected to benefit from the improved road services.

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: | 0.00 | Cancellation (if any): | 0.00 |
| Disbursed: | 1.01 | Most recent disbursement (amount/date): | 1.01/May. 26, 2021 |
| Undisbursed: | 402.99 | Disbursement Ratio (%) ¹ : | 0.25 |

5. Project Implementation Update

Following the project implementation support mission (June 2022, see Aide-Memoire), it was agreed to set a bi-monthly follow-up meeting between RHD PIU, INGO and AIIB. Meetings actually occurred on September 1st, 15th, 29th, October 13th and December 8th. These meetings aimed to review improvements made on Environmental and Social safeguards, Technical and Procurement aspects, as established in the Aide-Memoire action plan. A full fledge project implementation support mission is planned for January 2023.

Environmental and Social safeguards:

- A GRM was established in line with AIIB requirements. It is published on RHD website and disclosed to PAPs and various stakeholders through a variety of communication channels including focus group discussions (FGDs), and public consultations. Once the RP is approved by the ministry, the GRM will be further updated.
- A design related concern pertaining to 1.5 km road segment under WP02 was raised by the PAPs with the RHD. Specifically, the PAPs raised concern about the alignment (regarding the 1.5 km) and its potential impacts. As a result, RHD and the RP implementing NGO conducted detailed site visits. Two alternative alignments were proposed, however the PAPs continued to disagree with the proposal. The matter was escalated by the RHD to the local Member of Parliament and the District Commissioners (DC) office. The Sylhet Road division and the DCs office are currently working together to revise the alignment considering the local people's concerns and requests. This process is expected to take some time. The RP for this particular segment will be updated once the alignment is finalized.
- The process of updating the RP is at an advanced stage and the client is expected to share the updated RP Technical Review in the coming months.
- After Sylhet flash flood events during 2022 monsoon season, Project Steering Committee (PSC) requested in late September to assess the project bridges and culvert design to its resilience to climate change. A technical report (was provided by RHD Design Unit on this issue (received on December 8th). Following the project implementation support mission (June 2022, see Aide-Memoire), it was agreed to set a bi-

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.

monthly follow-up meeting between RHD PIU, INGO and AIIB. Meetings actually occurred on September 1st, 15th, 29th, October 13th and December 8th. These meetings aimed to review improvements made on Environmental and Social safeguards, Technical and Procurement aspects, as established in the Aide-Memoire action plan. A full fledge project implementation support mission is planned for January 2023.

- Dhaka Sylhet Road project plans to build a flyover junction at its end. The adjacent WP01 project section will be impacted. This would lead WP01 to be shortened by around 1.5km. RHD works in relation with DSR PM to finalize reallocation of land between the two projects.

Procurement

- RHD has requested if AIIB agreed in principle to an amendment to the legal agreement for a loan increase (PIU letter dated 8th September 2022), to which AIIB replied with a non-objection letter (dated 10th October 2022). This increase results from adjustments in civil works design (SMVL widening in WP01 and WP03) and a revision in construction price indices. After PIC & PSC approval on these updates, RHD will start the tendering procedure for WP01 and WP03 packages and revise the DPP according to actual financial proposals. The revised DPP will also cover the additional loan amount, disbursement methods and costing related to the internal audit arrangement. Once the DPP is revised, the PIU will request the legal agreement amendment with the necessary amounts
- RHD started W02 technical evaluation. However, complaints were received against the tender process. The Bank Team also received a complaint on Nov. 9, 2022, and acknowledged to the complainant receipt of the complaint, reported the case to CEIU since it is potentially related to Prohibited Practice, and forwarded it to the PIU for action on Nov. 10, 2022. The complainant alleges that one of the tenderers has misrepresented its qualifications in its tender and had poor contract performance in its past experience etc. PIU sent a request to RHD Chief Engineer Office for re-evaluation (dated 23rd November 2022), and informed the Bank of its request for re-evaluation on the same day. However, there has been no updated information on approval of RHD Chief Engineer Office and the re-evaluation as yet.
- Technical evaluation of CSC (SP01) has also started. However, two bidders presented the same CV for the same position, which is not permissible according to issued Request for Proposals (RFP). Through clarifications both bidders provided the expert's email of consent, but the expert replied he only provided consent to one of the two bidders. Therefore, the clarifications provided proved insufficient to solve the issue. AIIB has escalated to CEIU for further investigations since it is potentially related to Prohibited Practices and advised the PIU to evaluate and score "0" to both bidders on the same expert according to RFP on Nov. 1, 2022, which is to respond to the client's request. CSC evaluation will take place in parallel, as per CEIU guidance, and necessary adjustments will take place once the investigation is concluded. In this regard, AIIB gave no-objection to extend the proposal validity period (see official AIIB letter sent to PIU, dated 7th November 2022). However, no technical evaluation report has been received.
- Finally, the GOB is not likely to approve the purchase of vehicles (GP04) in 2023, due to the increase in fuel prices and the priority given to the COVID crisis.

| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|---|-------------------|--|---|
| Component 1: Construction works, equipment installation and O&M works | No progress | GRM established since September 2022 RP updating process is at an advanced stage. Along with updated socioeconomic census, additional consultation and communication has been carried out. A design related concern pertaining to 1.5 km road segment under WP02 was raised by the PAPs with | There have been adjustments in civil works design (SMVL widening in WP01 and WP03) and a revision in construction price indices. After PIC & PSC approval on these updates, RHD will start the tendering procedure for WP01 and WP03 packages and revise the DPP according to actual financial proposals. |

| | | | |
|--|-----|--|--|
| | | <p>the RHD. Specifically, the PAPS raised concern about the alignment (regarding the 1.5 km) and its potential impacts. The Sylhet Road division and the DCs office are currently working together to revise the alignment considering the local people's concerns and requests. This process is expected to take some time. The RP for this particular segment will be updated once the alignment is finalized.</p> | <p>RHD started W02 technical evaluation. However, after complaints received against the tender process, PIU sent a request to RHD Chief Engineer Office for re-evaluation. The Bank Team also received the complaint on Nov. 9, 2022, and acknowledged to the complainant receipt of the complaint, reported the case to CEIU since it is potentially related to Prohibited Practices, and forwarded it to the PIU for action on Nov. 10, 2022. The PIU informed the Bank of its request for re-evaluation on Nov. 23, 2022. However, no updated information on approval of RHD Chief Engineer Office and the re-evaluation.</p> |
| <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</p> | N/A | N/A | <p>Technical evaluation of CSC (SP01) has also started. However, two bidders presented the same CV for the same position, which is not permissible according to issued Request for Proposals (RFP). Through clarifications both bidders provided the expert's email of consent, but the expert replied he only provided consent to one of the two bidders. Therefore, the clarifications provided proved insufficient to solve the issue. AIIB has escalated to CEIU for further investigations, and advised the PIU to evaluate and score "0" to both bidders on the expert according to RFP on Nov. 1, 2022 as per the client's request. No technical evaluation report has been received.</p> |
| <p>Component 3: Project management support and capacity building</p> | N/A | N/A | <p>Bidding</p> |

Financial Management:

Financial Management: According to FY 2022 Government approved project budget, disbursement is expected to be 11 MUSD in 2023. This corresponds to mobilization payments for CSC and WP02 (10% of their respective amounts).

6. Status of the Grievance Redress Mechanism (GRM)

A GRM was established in line with AIIB requirements and published on RHD website and disclosed to PAPs and various stakeholders through a variety of communication channels including FGDs, and public consultations. Once the RP is approved by the ministry, the GRM will be further updated

7. Results Monitoring

The M&E will be carried out by the Monitoring and Evaluation Circle of the Bangladesh Road Research Laboratory (BRRL) and the Implementation Monitoring and Evaluation Division (IMED) of the Planning Commission. The PIU team will provide the indicators for the Results Monitoring Framework.

Project Objective Indicators #1

1. Reduced Journey Time on Sylhet - Tamabil Road a) Average journey time for (HGV) trucks (hours)

| Year | Target | Actual | Comments, if any |
|---------------|-----------|---------|------------------|
| Jan. 01, 2021 | 3 hours | 3 hours | |
| Jan. 01, 2026 | 2.5 hours | N/A | |

Project Objective Indicators #2

1. Reduced Journey Time on Sylhet - Tamabil Road b) Average journey time for passenger cars (hours)

| Year | Target | Actual | Comments, if any |
|---------------|---------|---------|------------------|
| Jan. 01, 2021 | 2 hours | 2 hours | |
| Jan. 01, 2026 | 1 hour | N/A | |

Project Objective Indicators #3

1. Reduced Journey Time on Sylhet - Tamabil Road c) Average journey time for buses (hours)

| Year | Target | Actual | Comments, if any |
|---------------|-----------|-----------|------------------|
| Jan. 01, 2021 | 2.5 hours | 2.5 hours | |
| Jan. 01, 2026 | 1 hour | N/A | |

Project Objective Indicators #4

2. Road Safety a) Safety rating: Number of hazardous locations (number of points)

| Year | Target | Actual | Comments, if any |
|------|--------|--------|------------------|
|------|--------|--------|------------------|

| | | | |
|---------------|---|-----|--|
| Jan. 01, 2021 | 3 | 3 | |
| Jan. 01, 2026 | 0 | N/A | |

Intermediate Result Indicators #1

1. Road surface quality

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | FAIR | FAIR | |
| Jan. 01, 2023 | BAD | N/A | |
| Jan. 01, 2024 | BAD | N/A | |
| Jan. 01, 2025 | GOOD | N/A | |
| Jan. 01, 2026 | GOOD | N/A | |

Intermediate Result Indicators #2

2. Domestic Employment created directly from civil works (number of jobs)

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | 1,620 | 0 | |
| Jan. 01, 2023 | 3,210 | N/A | |
| Jan. 01, 2024 | 4,360 | N/A | |
| Jan. 01, 2025 | 1,620 | N/A | |
| Jan. 01, 2026 | 70 | N/A | |

Intermediate Result Indicators #3

3. Accounted works completion rate (accumulated rates) (Percent)

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | 15 | 0 | |
| Jan. 01, 2023 | 45 | N/A | |
| Jan. 01, 2024 | 85 | N/A | |
| Jan. 01, 2025 | 90 | N/A | |
| Jan. 01, 2026 | 100 | N/A | |

Intermediate Result Indicators #4

3. Accounted works completion rate (accumulated rates) (Percent) a) Earthwork completion rate (Percent)

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | 40 | 0 | |
| Jan. 01, 2023 | 90 | N/A | |
| Jan. 01, 2024 | 98 | N/A | |
| Jan. 01, 2025 | 100 | N/A | |

| | | | |
|---------------|-----|-----|--|
| Jan. 01, 2026 | 100 | N/A | |
|---------------|-----|-----|--|

Intermediate Result Indicators #5

3. Accounted works completion rate (accumulated rates) (Percent) b) Pavement completion rate (Percent)

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | 5 | 0 | |
| Jan. 01, 2023 | 20 | N/A | |
| Jan. 01, 2024 | 80 | N/A | |
| Jan. 01, 2025 | 100 | N/A | |
| Jan. 01, 2026 | 100 | N/A | |

Intermediate Result Indicators #6

4. Technical standards for maintenance inspection

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | N | N | |
| Jan. 01, 2023 | Y | N/A | |
| Jan. 01, 2024 | Y | N/A | |
| Jan. 01, 2025 | Y | N/A | |
| Jan. 01, 2026 | Y | N/A | |

Intermediate Result Indicators #7

5. GRM operational with registry of complaints and record of response times

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | Y | Y | |
| Jan. 01, 2023 | Y | N/A | |
| Jan. 01, 2024 | Y | N/A | |
| Jan. 01, 2025 | Y | N/A | |
| Jan. 01, 2026 | Y | N/A | |

Intermediate Result Indicators #8

6. Number of public consultations organized (accumulated)

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2022 | 3 | 0 | |
| Jan. 01, 2023 | 5 | N/A | |
| Jan. 01, 2024 | 7 | N/A | |
| Jan. 01, 2025 | 9 | N/A | |
| Jan. 01, 2026 | 10 | N/A | |

Intermediate Result Indicators #9

7. Number of staff trained for O&M contract management (Accumulated)

| Year | Target | Actual | Comments, if any |
|---------------|---------------|---------------|-------------------------|
| Jan. 01, 2022 | 0 | 0 | |
| Jan. 01, 2023 | 0 | N/A | |
| Jan. 01, 2024 | 5 | N/A | |
| Jan. 01, 2025 | 15 | N/A | |
| Jan. 01, 2026 | 15 | N/A | |

Remarks:

As this is a mid-year review there are no new indicators.
