

## 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<br><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;<br>Shonell Robinson, OSD - Financial Management Specialist;<br>Sheikh Naveed Ahmed, OSD - Social Development Specialist;<br>Zhixi Zhu, OSD - Environment Specialist;<br>Ting Wang, Project Counsel;<br>Guoping Yu, OSD - Procurement Specialist;<br>Andres Pizarro, Back-up PTL;<br>Chang Tian, Project admin |                       |                                 |
| Completed Site Visits by AIIB:    | Nov, 2021<br>November 25th, 2021 (virtual)<br>Jun, 2022<br>June 13-22, 2022 (13th-14th on site, 22nd virtual)<br>Jan, 2023<br>January 23rd to February 8th, 2023 (January 23rd to 27th on site, February 8th virtual)  |                       |                                 |
| Planned Site Visits by AIIB:      | Sep, 2023<br>on-site   |                       |                                 |
| Current Red Flags Assigned:       | 1  |                       |                                 |
| Current Monitoring Regime:        | Regular Monitoring   |                       |                                 |
| Previous Red Flags Assigned:      | 1  |                       |                                 |
| Previous Red Flags Assigned Date: | 2022/12  |                       |                                 |

### 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;

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

### 5. Project Implementation Update

The project maintains one red flag, highlighting the low disbursement ratio (0.25%, corresponding to front-end fee, on 26 May 2021) in the project. This is mainly due to the lengthy land acquisition process at the District Commissioner level. This has delayed the project execution for at least two years and continues to significantly affect the project implementation progress. Two years after project effectiveness, physical works have not started, and no land has been acquired. On the other hand, the procurement process is well advanced for all packages (works and consultancy services), with first contracts (one works and consultancy services) to be awarded in the next weeks, and first disbursements to follow suit. Furthermore, the tendering process for the remaining works packages is underway. The Bank Team is closely following the progress made on land acquisition, social safeguards and procurement through bi-monthly meetings with the PIU and the INGO and implementation site visits. The last hybrid virtual/physical mission was carried on from 23<sup>rd</sup> January to February 8<sup>th</sup>. The main outcomes of the site visit included: (a) assessing the challenges faced in the alignment covering 1.5 km in the Surma gate area through direct and meaningful stakeholder engagement with the affected community; (b) meeting with the District Commissioner and local RHD office on the progress of the rerouting of the disputed alignment and (c) Consultation and Communication with PAPs and stakeholders across other areas within the alignment; (d) assessing the performance of GRM and (e) the readiness of RP implementation. The Team plans to field the next supervision mission in the third quarter of 2023.

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| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|------------|-------------------|-----------------------------------|-------------|
|------------|-------------------|-----------------------------------|-------------|

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

|  |             |  |   |
|--|-------------|--|---|
| Component 1:<br>Construction works, equipment installation and O&M works   | No progress | <p>The project-level GRM is established since September 2022. The INGO has improved the lodging of complaints with the GRM.</p> <p>The main dispute regarding the realignment on a 1.5km road section in the WP02 contract package has been resolved, after consultations with PAPs and topographical surveys led by INGO and RHD. The DC's written decision was disclosed, confirming both sides of the road will be impacted. The realignment is being checked by RHD.</p> <p>The Resettlement Plan (including the entitlement matrix) will be finalized in the following weeks.</p> | <p>Adjustments in civil works design (SMVL widening in WP01 and WP03) and a revision in construction price indices were approved by PIC &amp; PSC in March. After AIB approval of the revised tender documents, RHD started the tendering procedure (still ongoing) for WP01 and WP03 with the Specific Procurement Notices for the two contracts advertised.</p> <p>On WP02, AIB cleared the Combined Financial and Technical Evaluation Report submitted by RHD. The proposals are now being verified at Ministry level. Award is expected in the next weeks.</p> |
| Component 2:<br>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 tendering procedure for CSC (SP01) is complete, with evaluation and draft negotiated contract cleared by AIB. The proposals are now being verified at Ministry level. Award is expected in the next weeks.</p> <p>CEIU's investigation on the CV appearing in the two proposals is still ongoing.</p>  |
| Component 3:<br>Project management support and capacity building   | N/A         | N/A  | N/A   |

**Financial Management:**

**Financial Management:**The project budget approved for Fiscal Year 2022/2023 was BDT 1,230 million (USD 13.20 million at exchange rate of BDT 93.2027 of 30 June 2022) and consisting of government counterpart fund of BDT 230 million (USD 2.47 million) and AIB fund of BDT 1,000 million (USD 10.73 million). As of June 30<sup>th</sup> (end of FY 2022/2023), only BDT 36 million have been spent. The remaining amount will be surrendered. The project budget for Fiscal Year 2023/2024 (covering both counterpart and AIB funds) approved by the government will be estimated for actual amount required for the fiscal year by Q3 2023. The FM training was conducted for the project staff in May 2023. An audit waiver for FY 2021/2022 was requested and granted, as no disbursement occurred. The project has not yet submitted the unaudited interim financial reports to be submitted on quarterly basis within one month after the end of the quarter. The project expects to submit first WA of USD 12.00 million in the third quarter of 2023 for the payment of mobilization advances for contract WP-02 and SP-01.

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**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 will follow the implementation of the GRM for workers in the next weeks.

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

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 data for the Results Monitoring Framework.

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**Remarks:**

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

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