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R123-19
Addendum 1
15 November 2019

Addendum to Document R123-19
Dhaka Mass Rapid Transit Development Project
Readiness Financing (Line 5, Southern Route)
(Bangladesh)

The following has been added as para. 3 in the cover memo of the above document:

"3. In response to the interest expressed by various Board members to discuss the first projects under new lending modalities, this proposal is circulated for full Board discussion."



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(For consideration by the Board on or about 27 November 2019)

R123-19
6 November 2019

Proposed Project Readiness Loan Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route) (Bangladesh)

1. The Report and Recommendation of the President (RRP: BAN 49258-002) on the proposed project readiness loan to Bangladesh for the Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route) is circulated herewith.
2. This Report and Recommendation should be read with (i) *Country Partnership Strategy: Bangladesh, 2016–2020*, which was circulated to the Board on 7 September 2016 (DOC.Sec.M26-16); and (ii) *Country Operations Business Plan: Bangladesh, 2020–2022*, which was circulated to the Board on 8 August 2019 (DOC.IN.220-19).
3. In response to the interest expressed by various Board members to discuss the first projects under new lending modalities, this proposal is circulated for full Board discussion.

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Report and Recommendation of the President to the Board of Directors

Project Number: 49258-002
November 2019

Proposed Project Readiness Loan People's Republic of Bangladesh: Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route)

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 November 2019)

Currency unit	=	taka (Tk)
\$1.00	=	Tk84.8600
Tk1.00	=	\$0.011784

ABBREVIATIONS

ADB	–	Asian Development Bank
BRT	–	bus rapid transit
DMTCL	–	Dhaka Mass Transit Company Limited
JICA	–	Japan International Cooperation Agency
km	–	kilometer
MRT	–	mass rapid transit
PAM	–	project administration manual
PPHPD	–	passengers per hour per direction
PRF	–	project readiness financing
RSTP	–	Revised Strategic Transport Plan
STP	–	Strategic Transport Plan

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., FY2019 ends on 30 June 2019.
- (ii) In this report, “\$” refers to United States dollars.

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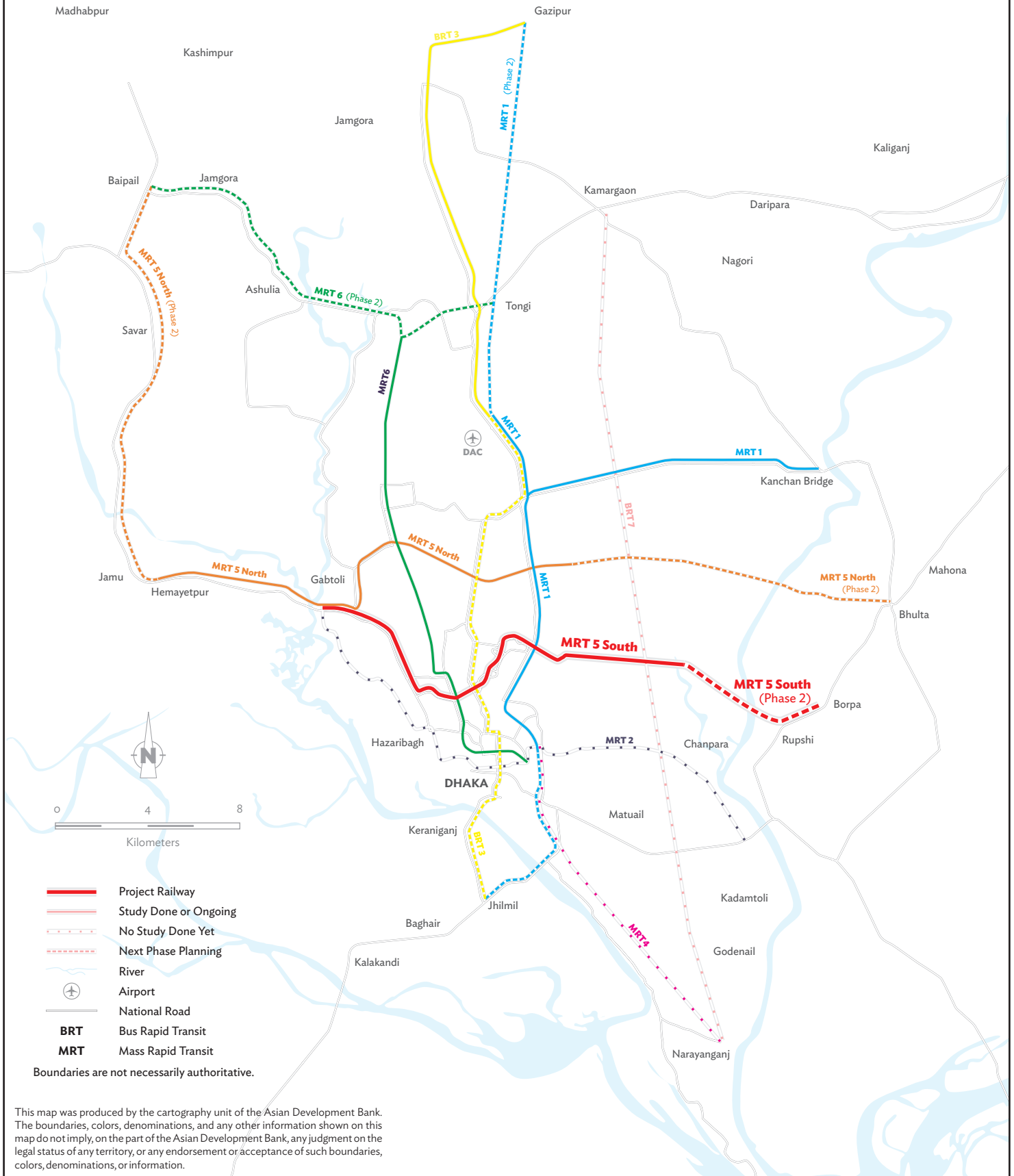
PROJECT READINESS FINANCING AT A GLANCE

1. Basic Data		Project Number: 49258-002	
Project Name	Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route)	Department/Division	SARD/SATC
Country	Bangladesh	Executing Agency	Dhaka Mass Transit Company Limited
Modality	Project Readiness Financing (Loan)		
Borrower	Government of Bangladesh		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=49258-002-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=49258-002-PortAtaGlance		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Transport	Urban public transport		33.26
		Total	33.26
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project	Low
✓ Making cities more livable			
Sustainable Development Goals		Poverty Targeting	
SDG 9.1		General Intervention on Poverty	✓
SDG 10.1			
SDG 11.2			
4. Risk Categorization:		Low	
5. Safeguard Categorization		Not Applicable.	
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		33.26	
Sovereign Project Readiness Financing (Concessional Loan): Ordinary capital resources		33.26	
Cofinancing		0.00	
None		0.00	
Counterpart		11.32	
Government		11.32	
Total		44.58	
Currency of ADB Financing: US Dollar			

BANGLADESH

DHAKA MASS RAPID TRANSIT DEVELOPMENT PROJECT

READINESS FINANCING (LINE 5, SOUTHERN ROUTE)



I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed project readiness loan to the People's Republic of Bangladesh for the Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route).

2. The project readiness financing (PRF) will support the preparation and high project readiness of the ensuing loan. The Dhaka Mass Rapid Transit Line 5 (Southern Route) will be constructed between Gabtoli and Dasherbandi stations with a length of about 17.4 kilometers (km). The PRF will prepare the detailed feasibility study, engineering design, and procurement document; and provide assistance in procurement-related processes.

II. PROJECT READINESS FINANCING

A. Rationale

3. The economy of Bangladesh has grown rapidly at an annual average rate of 6.5% since 2005. With the transformation of the country's economic structure from agriculture oriented to more value-adding manufacturing and service industries, the capital city of Dhaka plays a significant role as an industrial and commercial center. Dhaka contributes nearly 40% of the national gross domestic product and attracts migrants from other regions who are looking for better business and employment opportunities. Dhaka's population was 15.9 million in 2011, and increased at a rate of 3.9% from 2001 to 2011, well above the national growth rate of 1.4%.¹ The population is projected to further increase to 26.3 million in 2035.²

4. **Traffic conditions and challenges in Dhaka.** Despite its fast-growing population and corresponding traffic demand, Dhaka lacks an alternative mass transit network and relies heavily on road transport. Bangladesh Railway, the only railway system currently available in Dhaka, provides two commuter service lines—between Dhaka and Narayagonj, and Dhaka and Joydevpur—which carry a total of about 25,000 passengers per day.³ Almost all of the 15 million daily trips generated in the area are accommodated by road transport. An estimated 47% of passenger trips are made by buses and 14% by cars.⁴ The number of vehicles in Dhaka has been steadily increasing. About 140,000 vehicles were newly registered in 2017, including about 20,000 private cars.⁵ Traffic volume in Dhaka already exceeds the road capacity by 20% on average during peak hours, and by more than 100% on particular sections in the central areas, causing serious traffic congestion on major trunk roads.⁶ The average speed of travel by road is just 6.4 km per hour during morning peak hours. The total economic loss caused by traffic congestion is estimated at about 7% of the gross domestic product.⁷ Without further transport sector

¹ The population referred to here is that of the area under the Rajdhani Unnayan Karttripakkha (the Capital Development Authority of Bangladesh), which includes Dhaka city and its peripheral areas of 1,429 square kilometers.

² Government of Bangladesh, Dhaka Transport Coordination Authority. 2016. *Revised Strategic Transport Plan*. Dhaka.

³ The current railway system remains a minor traffic modality in Dhaka because of the (i) limited number of lines and stations, (ii) low frequency and timeliness of the commuter train services, (iii) low quality of railway facilities, and (iv) inconvenience of ticketing and intermodal functions.

⁴ Other major road traffic modes are rickshaw (32%), compressed natural gas (CNG) auto rickshaw/three wheelers (9%), and motorcycle (3%).

⁵ Bangladesh Road Transport Authority. 2018. *Number of Registered Motor Vehicles in Dhaka*. Dhaka.

⁶ The road pavement on major arterial roads in urban areas is in relatively good condition. However, traffic management and traffic demand control, including signaling systems and intersection management, could be improved, and currently contribute to the severe traffic congestion at several intersections.

⁷ S. Chakraborty. 2016. Traffic Congestion in Dhaka City and its Economic Impact. *Journal of Business Studies Special International Edition 2016*. University of Dhaka. pp. 45–68.

interventions in Dhaka, average peak hour travel speed is expected to further deteriorate to 4.5 km per hour, with a traffic volume to road capacity ratio of 3.7 projected for 2035 (footnote 2).

5. Dhaka is the country's economic and commercial center, with high movement of people and goods. Higher incomes enable an increasing number of people to buy cars, while there is limited potential to construct new or widen existing roads in the central areas of Dhaka without large-scale land acquisition and resettlement. Consequently, the government needs to provide efficient, high-quality public transport to reduce the traffic burden on the existing road network and shift traffic from private vehicles and low-capacity public buses.

6. **Government urban transport strategy.** The transport sector strategic priority in the government's Seventh Five-Year Plan is timely completion of critical transport links to improve connectivity.⁸ A top priority in urban transport is to lower road network congestion through appropriate investment and transport management, including mass rapid transit (MRT) development. In this context, the government formulated the Revised Strategic Transport Plan (RSTP) in 2016 as an urban transport master plan for Dhaka with a 20-year planning horizon through support from the Japan International Cooperation Agency (JICA).⁹ The RSTP intends to ensure mobility and access to vital urban services by providing a safe, equitable transport system that uses efficient public transport modes. Special attention is given to the development of a sustainable public transport system that is integrated with land use and urban development.¹⁰

7. The RSTP estimates that 1.0 million–2.6 million trips will be generated per day in 2035 between zones in central Dhaka.¹¹ The generated traffic across the zones will concentrate on limited trunk roads that mainly run north and south. Only new public transport modalities can be implemented along those trunk roads. Given this constraint, the master plan identifies six distinct public transport corridors with high passenger traffic demand that connect Dhaka's central business district with surrounding satellite regional centers. The high demand along these corridors requires public transport capacity of 18,000–46,000 passengers per hour per direction (PPHPD), which will be effectively accommodated only by a high-capacity transit system.¹² The RSTP proposes five MRT lines and two bus rapid transit (BRT) lines along the identified corridors.¹³ An efficient transit system will also help manage expanding urbanization through transit-oriented development and reduction of carbon dioxide emissions. These MRTs and BRTs are scheduled to be completed by 2035. The government has an action plan to advance the target of completion of three priority MRT lines (1, 5, and 6) to 2030 at the latest.

8. The first ever MRT network development in Bangladesh, including underground sections in congested areas, requires government intervention to ensure financial viability, allocate risks,

⁸ Government of Bangladesh, Planning Commission, General Economics Division. 2015. *7th Five-Year Plan, FY2016–FY2020: Accelerating Growth, Empowering Citizens*. Dhaka.

⁹ Government of Bangladesh, Dhaka Transport Coordination Board. 2005. *Strategic Transport Plan for Dhaka*. Dhaka. The Strategic Transport Plan (STP) was prepared in 2005 in cooperation with the World Bank. The STP includes the 20-year Urban Transportation Policy (2004–2024), which identifies priority issues such as improvement of mass transit systems (bus and rail transportation), development of urban expressways, and establishment of transport institutions.

¹⁰ The RSTP also proposed (i) a road network with three rings and eight radials to develop satellite regional centers and reduce through-traffic, and (ii) several short-term transport projects.

¹¹ The RSTP estimates the trips per day in 2035: 2.6 million between South Dhaka and West Dhaka, 1.1 million between West Dhaka and Gulshan, and 1.0 million between South Dhaka and Gulshan. Trips between central Dhaka and surrounding areas of Gazipur will increase to 0.4 million–0.6 million.

¹² Among several public transport options, buses accommodate up to 3,000–4,000 PPHPD; light rail transit, 4,000–15,000 PPHPD; automated guideway transit, 8,000–20,000 PPHPD; BRT 10,000–25,000 PPHPD; and MRT 25,000–50,000 PPHPD. Given traffic volume and growth forecasts, the MRT and BRT are considered the best options.

¹³ The proposal comprises MRT Line 1 (52 km), MRT Line 2 (40 km), MRT Line 4 (16 km), MRT Line 5 (35 km), and MRT Line 6 (41 km); and BRT Line 3 (42 km) and BRT Line 7 (36 km). The STP proposed three MRTs and three BRTs. However, the RSTP reviewed the STP in terms of traffic demand and integration of urban development.

and develop implementation and operations standards.¹⁴ The Dhaka Mass Transit Company Limited (DMTCL) was established in 2013 as a state-owned company to construct, operate, and maintain the MRT system in Dhaka and surrounding areas, and has begun preparing and implementing the priority MRT lines. However, establishing a high-capacity and quality public transport system requires huge financial resources and operational management capacity. Development partners have responded to government requests for assistance in preparing and operationalizing the system. In particular, JICA is supporting the construction of MRT Line 6 with hands-on technical cooperation and project preparation for MRT Line 1 and Line 5 (Northern Route). The Asian Development Bank (ADB) is providing assistance for the construction of BRT Line 3 (North), and a request has been received to finance MRT Line 5 (Southern Route).¹⁵ Currently, the World Bank is assisting only BRT Line 3 (South).

9. The planned MRT Line 5, with its north and south sections, will have daily boarding passengers of 1,478,600 and PPHPD of 28,340 in 2035 (footnote 2). Though demand is less compared to MRT Line 1 and Line 6 (which also runs north–south), the government places a high value on Line 5 as an essential and priority MRT line to create an effective public transport network in Dhaka, serving one of the few east–west corridors and providing intermodal stations with other MRT and BRT lines in the north–south direction. The DMTCL’s limited experience in implementing a complicated mass transit system, the technical and traffic management challenges of underground construction in congested areas, and anticipated soft-ground conditions at a depot location require preparation of a complete, high-quality engineering design for Line 5 (Southern Route) by leveraging international expertise with the assistance of ADB’s PRF.

10. **Value added by ADB assistance.** In line with the government’s strategy, ADB’s country partnership strategy, 2016–2020 aims to ease infrastructure constraints by undertaking transformational investments in key sectors, including transport.¹⁶ ADB places a high value on assistance for urban transport capacity expansion and efficiency improvements. In addition to the ongoing BRT Line 3 (North) project, ADB has supported a prefeasibility study of the proposed MRT Line 5 (Southern Route) under project preparation technical assistance.¹⁷ The prefeasibility study examined the traffic demand forecast, operational plan, preliminary alignment, locations of the stations and a depot, preliminary equipment specifications, preliminary safeguard surveys, cost estimates, and economic and financial analyses. The results confirmed the project’s high priority and economic viability.¹⁸ The proposed PRF will ensure high project readiness of the large-scale ensuing MRT Line 5 (Southern Route) project and mobilize financing resources required for the project’s engineering design. The proposed PRF is listed in ADB’s country operations business plan, 2020–2022 for Bangladesh.¹⁹

11. The ensuing project will align with ADB’s operational priorities under Strategy 2030 by providing (i) sustainable and climate-resilient urban transport with low levels of greenhouse gas emissions; (ii) an integrated approach for sustainable urban development through transit-oriented

¹⁴ The first MRT of Line 6 is all elevated. Line 1 and Line 5 will be the first MRT lines that include underground sections.

¹⁵ ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Loans, Technical Assistance Grant, and Administration of Loan and Grant to the People’s Republic of Bangladesh for the Greater Dhaka Sustainable Urban Transport Project*. Manila.

¹⁶ ADB. 2017. *Country Partnership Strategy: Bangladesh, 2016–2020*. Manila.

¹⁷ ADB. 2015. *Technical Assistance to the People’s Republic of Bangladesh for the Preparation of the Dhaka Metro Project*. Manila.

¹⁸ The prefeasibility study reviewed the 2035 demand forecast for Line 5. Daily boarding passengers will total 1,339,197, including 735,767 in the north section and 603,430 in the south section. The economic internal rate of return for Line 5 (Southern Route) is calculated at 18.90%.

¹⁹ ADB. 2019. *Country Operations Business Plan, Bangladesh 2020–2022*. Manila.

development;²⁰ (iii) safe, high-quality public transport with women-friendly designs; (iv) improved access to business and job opportunities, particularly for those living in surrounding areas; and (v) capacity development of the executing agency.²¹ These elements will be fully considered in the design phase under the PRF.

12. **Private sector involvement.** While DMTCL has the overall mandate for constructing, operating, and maintaining the MRT system, the PRF will also examine various options for private sector participation to leverage its efficiencies to yield better value for money. These include discrete unbundled elements such as automatic fare collection, maintenance contracts for rolling stock, and station maintenance. Non-farebox revenues from in-carriage and station advertising and commercial spaces will also be an area for private sector to yield value for the ensuing project.

B. Output and Activities

13. The PRF will ensure high readiness of the ensuing Dhaka Mass Rapid Transit Line 5 (Southern Route) project by delivering the following output.

14. **Output: Feasibility study, engineering design, and procurement support completed.** The PRF will support the preparation of a full-fledged feasibility study and engineering design for civil works and equipment components of MRT Line 5 (Southern Route).²² It will also provide support for carrying out topographical, geological, and hydrological investigations; traffic surveys; safeguard studies; economic and financial analyses; and other technical assessments needed for preparing the engineering design. Measures for climate and natural disaster resilience and features for the elderly, women, children, and people with disabilities will be integrated into the engineering design. Technical compatibility with other metro lines, where relevant, will be secured in the design specifications. The design will also include advanced technology, such as an automated ticketing and fare collection system with an integrated database for operations management. The PRF will help prepare procurement documents and activities in line with the ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The PRF will also support the executing agency by engaging individual consultants to review the consultant's engineering design proposal because an underground metro is a relatively new concept for the agency and Bangladesh.

C. Ensuing Project

15. The PRF will support the preparation of a large-scale project for MRT Line 5 (Southern Route). The ensuing project is anticipated to be financed through a multitranche financing facility, using the time-slice financing approach. The base cost of the ensuing project is preliminarily estimated at \$2.5 billion, and the indicative overall MFF amount will be determined over the course of project preparation, based on completed engineering design and identification of contingencies and potential cofinanciers. MRT Line 5 (Southern Route) will comprise a total length of about 17.4 km between Gabtoli and Dasherbandi stations.²³ The congested central area of Dhaka requires 12.8 km of underground section with 12 stations, while the remaining section will be elevated with four stations.²⁴ The project will be connected to Line 5 (North) at Gabtoli station. A depot will be

²⁰ Transit-oriented design involves integrated urban and public transport development that maximizes residential and commercial space within walking distance of public transport. It increases public transport (i) ridership and revenue, (ii) financial viability (through increased property values), and (iii) tax revenue (from value capture).

²¹ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

²² Detailed design will be prepared for the civil works for both the underground and elevated sections. The basic design will be prepared for the equipment components, including the rolling stocks, signaling communication system, power supply system, and electrical and mechanical equipment.

²³ The scope of the ensuing project may be changed subject to the engineering design under the proposed PRF.

²⁴ Of the 12 underground stations, Gabtoli station will be constructed under MRT Line 5 (North). Two stations located at the east end of the elevated section will not be in service at the outset because of low traffic demand.

constructed at the east end of the line near Dasherbandi station. The ensuing project will also include equipment components such as rolling stocks, signaling communication system, power supply system, escalators and elevators, screen doors, and maintenance equipment. Cofinancing opportunities will be actively sought in the course of the engineering design. The ensuing project is expected to be approved in 2023.

D. Cost Estimates and Financing Arrangements

16. The PRF is estimated to cost \$44.58 million (Table 1). Detailed cost estimates by expenditure category and by financier are included in the project administration manual (PAM).²⁵

Table 1: Summary Cost Estimates
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Feasibility study, engineering design, and procurement support completed	38.76
2. Recurrent costs ^c	1.27
Subtotal (A)	40.03
B. Contingencies^d	3.28
C. Interest During Implementation^e	1.27
Total (A+B+C)	44.58

^a Includes taxes and duties of \$10.05 million. The government will finance taxes and duties of \$10.05 million as cash contribution.

^b In mid-2019 prices as of April 2019.

^c Includes salaries of the executing agency employees assigned to the project and project management office administrative costs.

^d Physical contingencies computed at 5.0% of consulting services costs. Price contingencies computed at 1.6% on foreign exchange costs and 4.5% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^e Interest during implementation for the concessional ordinary capital resources loan has been computed at 2.0% per year.

Source: Asian Development Bank estimates.

17. The government has requested a concessional loan of \$33.26 million from ADB's ordinary capital resources to help finance project preparation and design activities. The loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter (the interest and other charges during implementation to be capitalized in the loan); and such other terms and conditions set forth in the draft loan and project agreements.

18. The summary financing plan is in Table 2. ADB will finance the expenditures in relation to consulting services as shown in the PAM. The government will finance taxes and duties and recurrent costs, for a total of \$11.32 million.

Table 2: Summary Financing Plan

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank		
Ordinary capital resources (concessional loan)	33.26	74.6
Government of Bangladesh	11.32	25.4
Total	44.58	100.0

Source: Asian Development Bank estimates.

²⁵ Project Administration Manual (accessible from the list of linked documents in Appendix 1).

19. The project readiness loan will be repaid according to the loan agreement. However, during the implementation of the PRF, the borrower may opt to refinance the project readiness loan under an ensuing, or ongoing loan with savings, in consideration of financial market conditions. Refinancing of the project readiness loan must take place before the first principal repayment date indicated in the amortization schedule of the loan agreement.

E. Implementation Arrangements

20. The implementation arrangements are summarized in Table 3 and described in detail in the PRF PAM (footnote 25). Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions. The consultant recruitment strategy shown in Table 3 considered maximizing value for money.

Table 3: Implementation Arrangements for Project Readiness Financing

Aspects	Arrangements		
PRF implementation period	December 2019–December 2023		
Estimated PRF completion date	31 December 2023		
Estimated loan closing date	30 June 2024		
Management			
(i) Oversight bodies	Ministry of Road Transport and Bridges		
(ii) Executing agency	Dhaka Mass Transit Company Limited		
(iii) Implementing unit	Project implementation unit in Dhaka Mass Transit Company Limited with 1 project director, 5 additional project directors, and project management and supporting staff		
Consulting services	Engineering design consultants (QCBS 90:10) with full technical proposal	566 person-months of international services and 998 person-months of national services	\$38.36 million
	Internal audit (QCBS 80:20) with simplified technical proposal	National firm(s) of chartered accountants to provide the service	\$0.14 million
	Individual consultants	6 person-months of international services and 18 person-months of national services	\$0.26 million
Advance contracting	Advance contracting will be used for consulting services under the PRF.		
Disbursement	Disbursements under the PRF will follow ADB's <i>Loan Disbursement Handbook</i> (2017, as amended from time to time) and detailed arrangements agreed between the government and ADB.		

ADB = Asian Development Bank, PRF = project readiness financing, QCBS = quality-and-cost-based selection.
Source: Asian Development Bank estimates.

III. DUE DILIGENCE

A. Technical

21. Consulting services under the PRF will use the prefeasibility study prepared under the project preparatory technical assistance as the basis for the design work. The terms of reference prepared for the consulting services cover the necessary surveys and investigations, engineering design, poverty and social assessment, climate risk and vulnerability assessment, preparation of safeguard documents, economic and financial analyses, and bid document preparation. Details of the terms of reference are described in the PAM.

B. Governance

22. The executing agency is the Dhaka Mass Transit Company Limited, which was established in 2013 as a state-owned company under the Ministry of Road Transport and Bridges

in accordance with Company Act 1994.²⁶ The DMTCL's governance structure includes a board of directors, with most members representing relevant government ministries. The DMTCL is mandated to establish, operate, and maintain the MRT system (including planning, survey, design, development, construction, and financing) in and around Dhaka city to meet the urban transport needs of Dhaka and neighboring areas.

23. The proposed PRF will finance consulting services only and will not involve pilot-testing activities; therefore, procurement risk is considered *low*. A financial management assessment was conducted in May 2019. The financial management risk is considered *moderate*. The assessment showed that, despite some staffing and internal audit challenges, the executing agency has acceptable financial management arrangements in place including procedures for making payments, financial reporting, and auditing financial statements. Although this is DMTCL's first project with ADB, the agency has had experience in working with JICA and is familiar with similar procurement and financial management processes and standards.

C. Safeguards

24. Since the proposed activities consist of consulting services only, activities have not been categorized per ADB's Safeguard Policy Statement (2009).²⁷ Safeguard classifications for the ensuing project are expected to be category A for both environment and involuntary resettlement. No adverse impacts from the ensuing project are expected for tribes, minor races, ethnic sects and communities.²⁸ The PRF will finance preparation of the necessary safeguard documents based on the surveys and engineering design.

IV. ASSURANCES

25. The government and the DMTCL have assured ADB that PRF implementation shall conform to all applicable ADB policies, including those concerning anticorruption measures, safeguards, gender, procurement, consulting services, and disbursement as described in detail in the PAM and loan documents.

V. RECOMMENDATION

26. I am satisfied that the proposed project readiness loan would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the loan of \$33,260,000 to the People's Republic of Bangladesh for the Dhaka Mass Rapid Transit Development Project Readiness Financing (Line 5, Southern Route), from ADB's ordinary capital resources, in concessional terms, with an interest charge at the rate of 2.0% per year during the grace period and thereafter; for a term of 25 years, including a grace period of 5 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft loan and project agreements presented to the Board.

Takehiko Nakao
President

6 November 2019

²⁶ Integrity due diligence conducted in May 2019 found no negative information on the DMTCL and its personnel.

²⁷ ADB. 2009. *ADB Safeguard Policy Statement*. Manila.

²⁸ May also refer to indigenous peoples as defined for operational purposes under Appendix 3 of ADB's SPS.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=49258-002-3>

1. Loan Agreement
2. Project Agreement
3. Project Administration Manual