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Report No: PAD4707

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR560.5 MILLION
(US\$753.45 MILLION EQUIVALENT)

TO THE

PEOPLE'S REPUBLIC OF BANGLADESH

FOR AN

ACCELERATING TRANSPORT AND TRADE CONNECTIVITY IN EASTERN SOUTH ASIA –
BANGLADESH PHASE 1 PROJECT

AS PHASE 1 OF AN ACCELERATING TRANSPORT AND TRADE CONNECTIVITY IN EASTERN
SOUTH ASIA MULTIPHASE PROGRAMMATIC APPROACH

WITH AN OVERALL FINANCING ENVELOPE OF US\$1,128.45 MILLION EQUIVALENT

June 1, 2022

Transport Global Practice
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2022)

Currency Unit = Bangladesh Taka
(BDT)

US\$1 = BDT 86.665

SDR 1 = US\$1.3443

FISCAL YEAR

July 1 - June 30

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
ASYCUDA	Automated System for Customs Data
BBIN	Bangladesh, Bhutan, India, and Nepal
BCIM-EC	Bangladesh, China, India, Myanmar Economic Corridor
BLPA	Bangladesh Land Port Authority
BRCP	Bangladesh Regional Connectivity Project
CBM	Coordinated Border Management
CBW	Common Bonded Warehouse
CE	Citizen Engagement
CERC	Contingent Emergency Response Component
CPF	Country Partnership Framework
CCH	Custom House Chattogram
CEVTA	Customs, Excise and VAT Training Academy, Chattogram
CBRA	Cross-Border Regulatory Agency
CRMC	Customs Risk Management Commissionerate
e-ABMS	Electronic Automated Border Management Systems
EIRR	Economic Internal Rate of Return
E&S	Environmental and Social
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Review Summary
EU	European Union
FM	Financial Management
GDP	Gross Domestic Product
GoB	Government of Bangladesh
Gol	Government of India
GoN	Government of Nepal
GRM	Grievance Redress Mechanism
GHG	Greenhouse Gas
GRID	Green, Resilient, and Inclusive Development
IA	Implementing Agency
ICT	Information and Communications Technology
ICP	Integrated Check Post
ICD	Inland Container Depot
IDA	International Development Association
ITS	Intelligent Transport System
IUFR	Interim Unaudited Financial Report
LDC	Least Developed Country
km	Kilometer(s)
M&E	Monitoring and Evaluation
MPA	Multiphase Programmatic Approach
MVA	Motor Vehicle Agreement



MTR	Mid-Term Review
NBR	National Board of Revenue
NSW	National Single Window
NER	Northeast Region (of India)
NGO	Non-Governmental Organization
NPV	Net Present Value
OP	Operational Plan
PAD	Project Appraisal Document
PCC	Project Coordination Committee
PDO	Project Development Objective
PIU	Project Implementation Unit
PLR	Performance Learning and Review
PMQA	Project Management and Quality Assurance
PPSD	Project Procurement Strategy for Development
PrDO	Program Development Objective
PSC	Project Steering Committee
PV	Photovoltaic
RAP	Resettlement Action Plan
RHD	Roads and Highways Department
RICE	Regional Integration, Cooperation, and Engagement
RMG	Ready Made Garments
RSSAT	Road Safety Screening and Appraisal Tool
SAARC	South Asian Association for Regional Cooperation
SASEC	South Asia Subregional Economic Cooperation
SEA	Sexual Exploitation and Abuse
SEP	Stakeholder Engagement Plan
SH	Sexual Harassment
SORT	Systematic Operations Risk-Rating Tool
SPC	Shadow Price of Carbon
SPS	Sanitary and Phytosanitary
STEP	Systematic Tracking of Exchanges in Procurement
TraCED	Trade Competitiveness for Export Diversification
TFA	Trade Facilitation Agreement
TIR	Transports Internationaux Routiers
ToR	Terms of Reference
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTO	World Trade Organization



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Bangladesh, Nepal	Accelerating Transport and Trade Connectivity in Eastern South Asia – Bangladesh Phase 1 Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P176549	Investment Project Financing	High

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
28-Jun-2022	30-Jun-2028	30-Jun-2029
Bank/IFC Collaboration	Joint Level	
Yes	Complementary or Interdependent project requiring active coordination	

MPA Program Development Objective

The Program Development Objective (PrDO) is to increase the efficiency and resilience of trade and transport along selected regional corridors in eastern South Asia.

MPA Financing Data (US\$, Millions)



MPA Program Financing Envelope	1,450.95
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Proposed Project Development Objective(s)

The development objective is to increase the efficiency and resilience of trade and transport along selected corridors in Bangladesh

Components

Component Name	Cost (US\$, millions)
Digital Systems for Trade	24.85
Green and Resilient Transport and Trade Infrastructure	952.85
Institutional and policy strengthening for transport and trade	68.25
Contingency Emergency Response	0.00

Organizations

Borrower: People's Republic of Bangladesh

Implementing Agency: Bangladesh Land Port Authority (BLPA)
National Board of Revenue (NBR)
Roads and Highways Division (RHD)

MPA FINANCING DETAILS (US\$, Millions)

MPA Program Financing Envelope:	1,450.95
of which Bank Financing (IBRD):	0.00
of which Bank Financing (IDA):	1,128.45
of which other financing sources:	322.50

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	1,045.95
Total Financing	1,045.95



of which IBRD/IDA	753.45
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	753.45
IDA Credit	753.45

Non-World Bank Group Financing

Counterpart Funding	292.50
Borrower/Recipient	292.50

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Bangladesh	753.45	0.00	0.00	753.45
National PBA	318.45	0.00	0.00	318.45
Regional	435.00	0.00	0.00	435.00
Total	753.45	0.00	0.00	753.45

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2022	2023	2024	2025	2026	2027	2028	2029
Annual	0.00	15.83	61.44	130.83	153.63	177.81	153.33	60.58
Cumulative	0.00	15.83	77.27	208.10	361.73	539.54	692.87	753.45

INSTITUTIONAL DATA

Practice Area (Lead)

Transport

Contributing Practice Areas

Macroeconomics, Trade and Investment



Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● Moderate
9. Other	● Moderate
10. Overall	● Substantial
Overall MPA Program Risk	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

(Section I.A.1 of Schedule 2 to the FA) By no later than three (3) months of the Effective Date, the Recipient shall establish and thereafter maintain throughout the course of Project implementation, a Project Coordination Committee (PCC), responsible for, inter alia, providing strategic and policy direction on all Project activities, with a mandate, functions, composition and resources, as set forth in the Project Operations Manual (POM).

Sections and Description

(Section I.A.2 of Schedule 2 to the FA) By no later than three (3) months after the Effective Date, the Recipient shall establish and thereafter maintain, throughout the period of implementation of the Project, in each of the Implementing Agencies, a Project Steering Committee, with a mandate, functions, composition and resources, as set forth in the POM, to provide strategic and policy direction, review implementation progress and facilitate coordination of Project activities.



Sections and Description

(Section I.A.3 of Schedule 2 to the FA) By no later than three (3) months after the Effective Date, the Recipient shall establish and thereafter maintain, throughout the period of implementation of the Project, in each of the Implementing Agencies, a Project Implementation Unit (“PIU”) with a mandate, functions, composition and resources, as set forth in the POM. Without limitation on the foregoing, each PIU shall: (i) be headed by one (1) Project director; (ii) supported by Deputy Project Directors; and (iii) be composed of relevant technical experts, and specialists in, inter alia, procurement (including qualified government procurement officers), financial management, environment and social.

Sections and Description

(Section I.B of Schedule 2 to the FA) The Recipient shall prepare, approve and adopt, the NBR POM through NBR and the RHD POM through RHD, respectively, no later than six (6) months from the Effective Date, and the BLPA POM through BLPA pursuant to Section III.B.1(b) of this Schedule 2, in form and substance satisfactory to the Association.

Sections and Description

(Section IV of Schedule 2 to the FA) 1. The Recipient shall, and shall cause the Implementing Agencies to: (a) ensure that the CCTV cameras procured under Part 1 of the Project shall be financed and implemented in accordance with the relevant annual work plans and budget, pursuant to a program set forth in the POM, exclusively for the benefit of enhanced border management system of the land border agencies; (b) ensure that the Project’s activities involving collection, storage, usage, and/or processing of Personal Data collected under the Project shall be done in accordance with the best international practice, and ensure legitimate, appropriate and proportionate treatment of such data; (c) in the event that, during the implementation of the Project, the approval of any new legislation regarding Personal Data protection may have an impact on the activities financed by the Project, ensure that a technical analysis of said impact is conducted, and that the necessary recommendations and adjustments, are implemented, as appropriate; and (d) except as may otherwise be explicitly required or permitted under this Agreement, or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 to this Agreement, ensure that such information, report or document does not include Personal Data.

Conditions

Type	Financing source	Description
Disbursement	IBRD/IDA	No withdrawal shall be made: (1) for goods (excluding vehicles), works, non-consulting services, consulting services, Operating Costs and Training for Parts 1.1, 1.2, 2.1, 3.4 of the Project implemented by BLPA



		<p>under Category (1), unless and until the BLPA POM has been adopted, in form and substance acceptable to the Association; or (2) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures: (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (5); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association.</p>
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I. STRATEGIC CONTEXT

1. **This Project Appraisal Document (PAD4707) describes the overall Accelerating Transport and Trade Connectivity in Eastern South Asia (ACCESS) Multiphase Programmatic Approach (MPA) Program.** The ACCESS Program (or “Program”) encompasses two phases with an estimated total program cost of US\$1,450.95 million and spanning over three countries (Bangladesh, Nepal and Bhutan) with three projects. The IDA MPA financing envelope is US\$1,128.45 million, including US\$753.45 million for Bangladesh and US\$275 million for Nepal in Phase 1, and US\$100 million for Bhutan in Phase 2. Estimated counterpart financing amounts to US\$322.5 million. The scope of the Program’s Phase 1 project for Bangladesh is presented in Annex 1 hereto. The scope of the Program’s second Phase 1 project for Nepal (P177902) is described in a separate PAD (PAD4784) and submitted for approval in parallel to this Program approval request.

A. Regional Context

2. **Regional trade in eastern South Asia continues to lag.** The deepening relationship among the countries of eastern South Asia (Bangladesh, Bhutan, India, and Nepal; in following also referred to as “Region”) on regional trade and transport is reflected by the increasing number of regional and bilateral connectivity agreements.¹ However, although trade between them increased from US\$3 billion in 2005 to over US\$18 billion in 2019, opportunities for growth through regional trade remain largely untapped. In South Asia, regional trade is around 5 percent of total trade, which compares poorly with East Asia and Sub-Saharan Africa, where regional trade accounts for 50 percent and 22 percent of total trade, respectively.² The unexploited potential for regional trade is estimated at 93 percent for Bangladesh, 9 percent for Bhutan, 50 percent for India, and 76 percent for Nepal.³

3. **Low regional trade reflects the high cost of connectivity.** Several countries in the region trade on better terms with distant economies than with their neighbors. The World Bank’s 2021 Connecting to Thrive-report estimates that it is about 15–20 percent less expensive for a company in India to trade with a company in Brazil or Germany than with a company in Bangladesh.⁴ Several factors account for the high cost, including inadequate transport and trade infrastructure, cumbersome regulations, manual processes, and protective tariffs and non-tariff barriers. The Trade Restrictiveness Index, which captures the trade policy distortions that each country imposes on its import bundle, shows South Asia with the greatest protection compared to any other region.

4. **The impact of poor connectivity manifests itself the most in landlocked countries and regions.** Goods from Bhutan, Nepal, and the Northeast Region (NER) of India suffer delays when passing through to seaports in neighboring Bangladesh and India. Transit restrictions lead to long diversionary routes, increasing the costs of transport and trade and pushing up the prices of imported, essential and non-essential consumer goods, as well as the prices of inputs. For example, goods from Agartala (NER) travel 1,600 kilometers (km) through the Siliguri corridor to reach Kolkata Port instead of 450 km through Bangladesh, or the even shorter 200 km to Chattogram Port, which would result in 80 percent lower transport costs.

5. **Connectivity with East Asia has gained momentum.** The Act East Policy of the Government of India (GoI) has spurred a deepening cooperation with neighboring countries. The GoI has also accorded priority to the regional integration agenda under its ‘Neighborhood First’ policy, recognizing that regional integration, or lack thereof, has implications for India’s economic development. The NER is central to India’s regional integration efforts, given its strategic location at the crossroads of India, Bangladesh, Nepal, Bhutan, Myanmar, and the rest



of Southeast Asia. These initiatives have manifested in an upsurge of investments to improve connectivity in the NER, as well as between India and Bangladesh, and India and Myanmar. A host of connectivity projects are underway in the NER, including expansion of national highways, state roads, and railways. The India-Myanmar-Thailand trilateral highway, the Kaladan Multimodal Transit Transport project, and the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) have become priorities in both South and East Asia.

6. **The expected graduation from Least Developed Country (LDC) status is a testament to the development progress in Bangladesh, Bhutan and Nepal.** LDC graduation is expected to help attract investment and spur economic activity but will also bring challenges caused by the phasing-out of preferential market access. For Bangladesh, for example, the loss of preferences in key markets could lead to an annual reduction in exports by as much as 11 percent (approximately US\$6 billion).⁵ Countries will need to find new drivers of exports and growth, which will require concerted efforts to develop contemporary transport and trade facilitation systems, underpinned by a conducive policy environment.

7. **The COVID-19 pandemic has highlighted the need to modernize trade facilitation.** The crisis led to uncoordinated border closures and restrictions on transport operations in eastern South Asia. Supply chains were disrupted, and demand weakened, resulting in contractions in trade. Trade disruptions in Nepal led to a 19.7 percent drop in imports during FY20, whereas for Bangladesh, exports declined by 18.5 percent.⁶ Globally, the pandemic has highlighted the benefits of technological progress, with evidence suggesting that sectors with a higher degree of digitization adapted more effectively to social distancing and lockdown requirements. Intensifying these structural changes can be the basis of robust, resilient, and sustainable economic recovery.⁷

8. **South Asia's competitiveness in the global marketplace is impacted by the productivity of its human capital.** With women accounting for half the potential talent base, a country's competitiveness is significantly linked to women's ability to contribute to and participate in the economy, including as traders.⁸ According to a World Bank analysis, trade can improve women's lives by creating new jobs and increasing their bargaining power in society.⁹ South Asia has among the lowest women's entrepreneurship rates in the world,¹⁰ and it is estimated that less than 5 percent of South Asian women are involved in regional and global trade.¹¹ A study found that none of the 100 surveyed female-owned or female-operated firms in Bangladesh's textile and apparel industry or processed agri-food industry were directly involved in cross-border trade.¹² To ensure that trade enhances opportunities for everyone, regardless of gender, policymakers need to address constraints to engage in trade and assess the impact of trade rules on various groups of people and develop evidence-based policy responses that facilitate cross-border trade.¹³

9. **Seamless connectivity can bestow significant economic gains.** Estimates by the World Bank suggest that Bangladesh's exports to India could increase by 182 percent from the current levels, and India's exports to Bangladesh by 126 percent, if the countries implement a free trade agreement. Improving transport connectivity between the two countries could increase exports even further, yielding a 297 percent increase in Bangladesh's exports to India and a 172 percent increase in India's exports to Bangladesh. For India, the gains would be especially pronounced in the NER states bordering Bangladesh (such as Assam, Meghalaya, Mizoram, and Tripura), as well as West Bengal. Bhutan and Nepal can be expected to see similar results. A 40 percent reduction in trade costs in Nepal could yield welfare gains of 56 percent of gross domestic product (GDP).¹⁴ These estimates are underpinned by global evidence on the benefits of reducing transport and trade costs. For example, a one-day reduction in travel time could lead to a nearly 10 percent increase in exports.¹⁵



B. Sectoral and Institutional Context

Technology adoption

10. **Trade in eastern South Asia is paper-heavy.** Trade often requires the physical submission of paper documents that fall within and outside of the regulatory requirements. This runs counter to the need to reduce face-to-face interactions, which has become imperative in the context of the COVID-19 pandemic. The costs associated with obtaining, submitting, and having documents checked or processed by different jurisdictions can account for as much as 3 percent of the total cost of trade.¹⁶ While many countries in South Asia are moving towards digitization of trade processes, large gaps remain. Bhutan, for example, has implemented only 28 percent of the 31 key trade facilitation and paperless/digital trade measures identified by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).¹⁷

Transport and logistics infrastructure

11. **Seamless regional connectivity requires an integrated transport network capable of handling demand efficiently.** However, despite the region's large road, rail, and waterway networks, the degree of multimodal freight movement is limited at the national level, and even less for cross-border freight traffic. Each of the modes of transport has largely evolved separately, with only nascent efforts to facilitate multimodal transport operations. An effort will therefore be required to strengthen the road, waterway, and railway networks and develop freight markets that allow more efficient coexistence and interfaces between the transport modes. This also entail providing last-mile connectivity by improving congested and less-developed road sections connecting to international borders and other trade gateways.

12. **Road corridors are critical for regional trade.** Road transport on key trading corridors in the region carry approximately 70 percent of total freight. Despite significant investments in recent years, the road infrastructure remains poor when judged by international standards. Apart from the Indian networks, the regional road corridors are generally two-lane roads, usually operating at or near maximum capacity. In many cases the roads are only capable of handling small two or three axle rigid vehicles, resulting in higher transport costs, and are unsuitable for the carriage of containers. A World Bank study on logistics in Bangladesh¹⁸ showed that pervasive congestion and delays across the national logistics system doubles standard trucking costs and that 11 to 36 percent of the economic costs of transport are due to inadequate road infrastructure. Logistics is also undermined by poor road safety performance. Road crash deaths and injuries in eastern South Asia have been on a sharp upward trajectory. Road safety conditions on regional corridors mirror the nature and scale of conditions prevalent on national highways.

13. **Inland connectivity challenges are substantial for landlocked countries.** Nepal and Bhutan lack the scale of international trade volumes to sustain multiple trade corridors within their territories, and therefore focus on select strategic routes. In Nepal, the Kathmandu-Birgunj corridor and the East-West Highway, which carry more than 95 percent of trade in goods via land, are operating beyond capacity at several sections. Connectivity infrastructure and ongoing transport projects in Nepal are concentrated in the country's east to facilitate connectivity with India's eastern seaports of Kolkata, Mongla, and Visakhapatnam. The Government of Nepal (GoN) is now prioritizing infrastructure on the western side to enable the development of transit routes to India's western seaports, which offer the shortest route from western Nepal. While Bhutan is generally well



connected in an east-west direction in its northern part, the country lacks adequate north-south links, many of which are in poor condition and face the risk of landslides.

14. Trade gateways lack adequate capacity. Crossing the India-Bangladesh border at Petrapole-Benapole, the most important border post between the two countries, can take several days for trucks carrying freight.¹⁹ In contrast, the time to cross borders handling similar volumes of traffic in other regions of the world, such as East Africa, is less than six hours. Long and unpredictable border crossing times are often caused by a mismatch in handling capacity. For example, the Petrapole Integrated Check Post (ICP) in India has the capacity to handle up to 750 export trucks per day but clears only 370 trucks, which is the maximum handling capacity of the Benapole land port in Bangladesh. Bhutan is overly reliant on the Phuentsholing border crossing for trade with India and third country trade; there have been recent efforts to develop additional crossing points for trade. Similarly, most of Nepal's land-based freight is routed through three border points, namely Birgunj (50 percent), Bhairahawa (20 percent), and Biratnagar (15 percent).

15. Women traders must navigate inadequate facilities and procedures at border points, as well as border officials' lack of gender sensitization.²⁰ Since female traders often deal with small volumes of produce and have limited funds, their goods and clearances are given lower priority, making their lives as traders even more difficult.²¹ Delays and the complex procedures for the clearance of shipments also contribute to difficulties for small traders (many of which are women-led enterprises), increasing incentives to trade informally. A study in Bangladesh showed that 80 percent of surveyed women entrepreneurs in the garment sector raised concerns about the number of forms required for trade licenses.²² A key hurdle for women to engage in trade is the lack of knowledge of trade regulations, licensing, and awareness of services available online. This knowledge gap makes women traders more likely to face discrimination, longer processing times, and higher costs.²³

16. Improved transport connectivity can aggravate human trafficking, which is increasing at an alarming rate in South Asia. According to the United Nations Office on Drugs and Crime, eight percent of detected victims of human trafficking for the purposes of sexual exploitation in South Asia are trafficked across borders.²⁴ Women and girls are often trafficked into or through India from Nepal and Bangladesh, facilitated by the porous borders. However, human trafficking also occurs through official border crossings, which to a large extent lack measures to prevent, interdict, and suppress trafficking.

17. The need for sustainable, green, and resilient transport services is critical. Providing sustainable transport and logistics infrastructure and services will become an even bigger challenge due to natural disasters, which are likely to become more intense and frequent. In India for example, extreme river floods are expected to affect an additional 13 to 34 million people by the 2040s. In Nepal, modeling suggests that the number of people annually affected by river flooding could more than double by 2030 because of climate change. Governments therefore need to improve resilience planning practices at the network level; develop hydrometeorological information infrastructure (land, atmosphere, and ocean), basic public weather services, forecasting, and multi-hazard early warning systems; and make infrastructure assets resilient and green.

18. Non-resilient systems spawn negative economic and socioeconomic impacts. For instance, annual utilization losses incurred by businesses in Bangladesh and Nepal from the lack of resilient and reliable transport are estimated to be approximately US\$800 million and US\$100 million, respectively. The incremental cost of making infrastructure investments resilient is as low as about 3 percent of overall infrastructure investment



needs. Further, energy- and water-efficient buildings are higher-value, lower-risk assets than standard structures, and can decrease operational costs by up to 37 percent.²⁵

Policy, regulatory, and procedural impediments

19. **The return on investment in infrastructure and systems is undermined by policy, regulatory, and procedural impediments to regional trade.** High tariffs, paratariffs, and non-tariff barriers are part of the problem. Simple average tariffs in Bangladesh and India are more than twice the world average. Complicated and non-transparent non-tariff measures — policy measures other than tariffs that affect the free flow of goods and services across borders — add to the high trade costs.

20. **Inefficient border processes severely impact trade facilitation.** For example, it is common that 80-100 percent of goods are selected for physical customs examination. Bangladesh does not utilize green lane clearance (defined as no additional customs intervention). Nepal's green lane clearance is at 30 percent, but this is not improving clearance times for low-risk traders since there is little difference between the green and yellow lanes, as both require documents to be submitted and endorsed. Border delays also occur outside of the regulatory processes, such as with cargo handling, movement, and storage.

21. **Weaknesses in sanitary and phytosanitary (SPS) systems hinder trade.** SPS measures and other technical barriers to trade account for 85 percent of all non-tariff barriers in South Asia.²⁶ To expand agriculture exports, investments are required in infrastructure, equipment, and human resources to certify that goods meet the required standards in key regional and global export markets. For example, laboratories in Nepal and Bhutan are not internationally accredited and therefore their trading partners, including India, do not recognize their certifications. This results in traders having to undergo costly and time-consuming rounds of inspections in accredited laboratories in India. Mutual recognition agreements for the acceptance of test reports are also lacking, which adds clearance time for obtaining certificates related to standards.

22. **Cooperation between landlocked and transit countries is key to eliminating connectivity constraints.** Transit rights for trucking could transform transport and trade facilitation. The Bangladesh-India-Nepal Motor Vehicle Agreement (MVA),²⁷ once implemented, will facilitate the cross-border movement of cargo and passengers. The economic benefits from removing all border frictions on the movement of trucks between countries would be vast. The World Bank estimates that full transport integration between India and Bangladesh, where exports and imports would be cleared at destination, could lead to an increase in national income by 16.6 percent in Bangladesh and 7.6 percent in India. The MVA framework agreement and the protocols have, however, some critical gaps, including the absence of a common transit system. For example, if countries adopted the Transports Internationaux Routiers (TIR) Convention, which is currently ratified only by India, goods could move across borders and customs cleared at final destination.

23. **Bangladesh, India, and Nepal have committed to implementing the World Trade Organization (WTO) Trade Facilitation Agreement (TFA).** Effective implementation of the TFA will have a positive impact on the logistics supply chain and contribute to facilitating the movement of goods across borders. India has reported to the WTO that it has implemented 78.2 percent of its commitments. The World Bank's TFA tracking tool shows that Nepal and Bangladesh increased their alignment to the TFA during 2015-2019 — from 22 to 55 percent for Nepal and from 23 to 53 percent for Bangladesh.



C. Relevance to Higher Level Objectives

24. **The Program is aligned with the World Bank Group (WBG) Country Partnership Frameworks (CPFs) for Bangladesh, Bhutan, India and Nepal.** It will contribute towards Focus Area 1 (Growth and Competitiveness) of the Bangladesh CPF 2016-2020 discussed by the Board on April 5, 2016 (No. 103723-BD) and extended to FY22 by the Performance Learning and Review (PLR), by supporting the upgrading of infrastructure, systems, and processes for trade and transport. It is consistent with Focus Area 2 (Resilience) of the Bhutan CPF 2021-2024 discussed by the Board on January 14, 2021 (No. 154927-BT), by building climate resilience into the design of infrastructure and enhancing trade resilience, and with Focus Area 2 (enhancing competitiveness and enabling job creation) of the India CPF 2018-2022 discussed by the Board on September 20, 2018 (No. 126667-IN). It is aligned with Focus Areas 2 (Private Sector-Led Jobs and Growth) and 3 (Inclusion and Resilience) of the Nepal CPF FY2019-2023 discussed by the Board on August 7, 2018 (No. 83148-NP) and the corresponding PLR dated January 17, 2022 (No. 168048-NP) by supporting transport connectivity, trade competitiveness, and climate-resilient and low carbon solutions to the transport network. The Program is also consistent with the WBG's strategy for South Asia Regional Integration, Cooperation, and Engagement (RICE), which places priority on transport connectivity and trade facilitation.

25. **The Program will support key aspects of the respective development plans of the eastern South Asian countries.** The Government of Bangladesh's (GoB's) 8th Five Year Plan for 2020-June 2025 (Promoting Prosperity and Fostering Inclusiveness) places importance on reforms to improve trade competitiveness and enable trade-led growth. Similarly, the Program will contribute to the GoB's proposed Mujib Climate Prosperity Plan Decade 2030, which highlights the criticality of building longer-term resilience. The Royal Government of Bhutan plans to fast track the implementation of its 12th Five-Year Plan, which emphasizes the agriculture and infrastructure sectors. The GoN's 15th Periodic Plan, Nationally Determined Contribution to the Paris Climate Accords, and the Sustainable Development Goals all seek to enhance internal and cross-border interconnectivity, promote green growth, and build resilience to climate change and shocks from disasters. The Program is also aligned with the GoI's Act East Policy, which aims to reduce the relative economic and physical isolation of the NER, and Gati Shakti, the GoI's master plan for multimodal connectivity.

26. **The Program is aligned with the March 2021 World Bank strategy document from COVID-19 Crisis Response to Resilient Recovery - Saving Lives and Livelihoods while Supporting Green, Resilient, and Inclusive Development (GRID) Approach.** The proposed Program activities contribute to Pillar 3 on Ensuring Sustainable Business Growth and Job Creation, and Pillar 4 on Strengthening Policies, Institutions, and Investments for Rebuilding Better. A key objective of the Program is to develop sustained cross-border connectivity, which is vital not only for post-pandemic recovery but also for building supply chain resilience that can facilitate the uninterrupted flow of goods and services during crises. The Program further contributes to the development of infrastructure that is disaster resilient and green.

D. Multiphase Programmatic Approach

27. **The Program is designed as a horizontal regional MPA.** The complex nature of regional connectivity requires a multidimensional engagement in each of the countries to make meaningful progress.



(i) Rationale for using MPA

28. **The MPA is the most appropriate mechanism to support the Governments' goals of reducing trade and transport costs through an adaptive and continuous engagement.** It has a number of advantages compared to several standalone projects with multiple borrowers, as discussed below.

29. **The MPA sends a strong signal to the Governments and development partners of the World Bank's commitment to the regional connectivity agenda in eastern South Asia.** Countries rely on extra-regional, advanced markets as the destination of their exports and are vulnerable to their economic fluctuations, as well as global supply chain challenges. Recognizing the importance of strengthening regional demand and rebalancing markets and sources of supply, the countries of eastern South Asia have been developing formal agreements that strengthen interconnectedness. The Bangladesh-India-Nepal MVA, when finalized, will gradually reduce impediments to the flow of transport services across borders and support the adoption of common rules, standards, and laws for trade and transport. The nature of standalone projects would mean losing the opportunity to support and speed up the harnessing of regional synergies and cooperation through infrastructure and policy harmonization.

30. **The MPA will enable the World Bank to anchor the regional agenda in a holistic program, while offering tailored national approaches.** The Program will comprise financing, knowledge generation, and a peer-to-peer learning and convening platform, which will contribute to the common objective of reducing trade and transport costs in eastern South Asia. Infrastructure gaps in transport networks may be reduced through stand-alone projects, but the MPA offers the possibility of gradually building complementary policies and institutions, leading to more efficient outcomes. This approach will allow greater coherence, which may spawn co-financing opportunities for development partners. The MPA also allows—and encourages—adjustments based on learned implementation experience within the framework of the Program Development Objective (PrDO). Further, balancing customs control and trade facilitation at border points (within and between countries) and, eventually facilitating cross-border data sharing between border agencies, requires a comprehensive regional approach with a shared objective and a common platform. The World Bank's experience with regional projects in South Asia has shown that addressing such challenges are difficult without a multiple country program approach, as single country regional projects are often implemented in isolation.

31. **The MPA will provide opportunities for scaling up.** While the Program is initially focused on a narrow set of high priority investments in each country, the longer-term ambition of the Program is greater. The Program is supporting several pilots (e.g., border management approaches and systems) that may be scaled up depending on performance and needs. The Program is also supporting preparatory studies (such as feasibility and design, and environmental and social assessments) to develop a pipeline of regional projects.

(ii) Program Results Chain

32. **The Program focuses on alleviating three key constraints to enhancing regional connectivity and trade:** (i) manual and paper-based trade processes; (ii) non-resilient, unsafe, and congested transport and trade infrastructure; and (iii) restrictive policies, regulations, processes, and inadequate human capacity to support cross-border trade and transport. The following results chain presents a causal chain of World Bank investments to the impacts of the Program.



ACCESS MPA Program - Theory of Change



Impact

Reduced trade and transport cost, leading to greater regional trade and connectivity

Program Outcome

Increased efficiency and resilience of regional trade and transport along selected regional corridors in eastern South Asia

Intermediary Outcomes

- Increased throughput at border points along select regional corridors
- Reduction in travel time along select regional corridors
- Reduction in annual fatalities along select regional corridors
- People provided with improved climate resilient road access along select regional corridors

Outputs

Digital systems for trade

- Increased digitization and automation of trade processes
- Cross-border data-sharing initiated
- Reduction of touch points and human interaction
- Enhanced transparency

Green and resilient transport and trade infrastructure

- Increased capacity for freight handling and customs processing at key border and customs points
- Enhanced road connectivity along priority corridors and to trade gateways
- Adoption of green and climate-resilient construction

Institutional and Policy Strengthening for Transport and Trade

- Cross-border trade processes streamlined
- Contact-free and paper-free processing accelerated
- Risk-management practices adopted for customs
- MVA priority actions implemented

Activities

- Provide Automated Border Management Systems
- Provide Centralized MIS for monitoring of land port performance
- Conduct feasibility and design studies of ITC systems
- Design and procure ITC contracts

- Upgrade 112 km of 2-lane highway to safer & resilient 4-lane corridors
- Construct efficient and resilient trade infrastructure at three border points
- Develop green and resilient customs infrastructure
- Conduct feasibility and design studies
- Design and procure construction contracts

- Provide TA for WTO TFA and Customs Modernization Strategic Action Plan
- Conduct trainings for women traders on trade fundamentals
- Provide TA for MVA implementation
- Establish regional coordination and learning platform
- Conduct capacity assessments
- Conduct project preparation studies

Critical Assumptions:

(a) No significant political shifts during the program implementation; (b) no serious natural disaster during program implementation; (c) timely completion of key pre-construction activities (land acquisition, etc.); (d) sustained ownership of trade and transport modernization; and (e) realization of development partners' projects as described in section C (role of partners) and program map.



(iii) Program Development Objective

33. The PrDO is to increase the efficiency and resilience of trade and transport along selected regional corridors in eastern South Asia.

PrDO level indicators:

1. Increased freight throughput at priority border points along select regional corridors (percentage)
2. Reduction in travel time along select regional corridors (percentage)
3. Reduction in annual fatalities along select regional corridors (percentage)
4. People provided with improved climate-resilient road access along select regional corridors (number)

(iv) Program Framework

34. **The total cost of the ACCESS MPA Program is US\$1,450.95 million, of which the IDA financing envelope is US\$1,128.45 million.** The Program is anchored around three components, namely: (i) Digital Systems for Trade; (ii) Green and Resilient Transport and Trade Infrastructure; and (iii) Institutional and Policy Strengthening for Transport and Trade. These components will be common across all projects in the Program, with the specific scope of activities adjusted for each country. The Program includes two phases, comprising of projects in Bangladesh and Nepal (Phase 1) and Bhutan (Phase 2). Financing for India projects under the MPA Program can also be considered in the future (subject to a request from the GoI), such as for transport corridors and logistics facilities in the NER. Each project is expected to be implemented over a period of five to six years. The overall Program duration is estimated to be seven years.

Table 1: MPA financing		Amount (US\$ million)
MPA Program Total Cost		1,450.95
MPA Program IDA Financing Envelope		1,128.45
MPA Program counterpart funding		322.50
Phase 1: Bangladesh	Total Project Cost	1,045.95
	of which IDA	753.45
	National	318.45
	Regional	435.00
	of which counterpart funding	292.50
Phase 1: Nepal	Total Project Cost	305.00
	of which IDA	275.00
	National	108.00
	Regional	167.00
	of which counterpart funding	30.00
Phase 2: Bhutan	Total Project Cost	100.00
	of which IDA	100.00

35. **Phase 1 (FY22)** will comprise US\$1,028.45 million in IDA financing for Bangladesh (P176549, US\$753.45 million) and Nepal (P177902, US\$275 million), including a total of US\$602 million from the World Bank’s Regional IDA window. It will support: (i) the development of Electronic Automated Border Management Systems (e-ABMS) in Bangladesh and Nepal, (ii) the resilient improvement of the Sylhet-Charkai-Sheola (43 km) section of the BCIM-EC in Bangladesh, (iii) improvements to the Butwal-Gorusinghe-Chanauta (69 km) section along the western part of the East-West Highway in Nepal, (iv) resilient upgrading of land ports and customs infrastructure, and (v) technical assistance to support the implementation of the WTO TFA, MVA, customs modernization, and coordinated border management (CBM).

36. **Phase 2 (FY23)** will comprise US\$100 million in IDA financing for Bhutan. The project will support (i) upgrades to select road sections; (ii) development of an integrated transport terminal; (iii) select trade facilitation measures; (iv) improvements to transport, trade, and digital infrastructure from a safety and resilience perspective; and (v) enhancement of hydromet, early warning, and climate service delivery.



37. **Scaling up what works.** Depending on satisfactory performance of the Program, lessons learned, and needs of the countries, the proposed Program would consider scaling up the investments through available World Bank financing instruments. This may include for Bangladesh, (i) additional trade infrastructure (based on the feasibility and design studies included in Phase 1), (ii) a roll out of the e-ABMS to all land ports, (iii) last-mile connectivity to trade gateways (based on the feasibility and design studies in Phase 1) and broaden the support for TFA implementation through the Ministry of Commerce. For Nepal, it may include improvement of additional sections of the East-West Highway and upgrading of logistics infrastructure (based on the feasibility and design studies in Phase 1). If there is a need to significantly expand the scope of the Program in a country, the World Bank may also consider processing a standalone vertical MPA for that country.

38. **The Program will involve and benefit all countries of eastern South Asia.** The participating countries share an extensive land border with India, with Bhutan and Nepal depending on India for transit of their goods trade. While India is not yet a formal participant, the Program design is strongly aligned with India's regional connectivity policies and investments. At the policy level, the Program will complement Gol's priority initiatives such as the Act East policy and Gati Shakti and contribute to reducing the relative isolation of the NER. It will leverage connectivity agreements such as the Bangladesh-India-Nepal MVA, the Bangladesh-India Protocol on Inland Water Transit and Trade, and India's transit and trade treaties with Bhutan and Nepal. At the investment level, the Program complements existing Gol programs to enhance land border crossings and road connectivity. The ICP Program under the Land Port Authority of India is designed to facilitate land-based trade by upgrading border stations, or ICPs. Many of these ICPs are adjacent to the Program-supported land ports for which the designs are being coordinated and optimized. Similarly, the Bharatmala, a Gol-funded road and highways program, is upgrading border and international connectivity roads that complements the Program's road corridor investments.

39. **India is also expected to play a key role in the regional coordination and peer-to-peer learning platform, which builds on several existing bilateral and multi-lateral exchanges at the agency-level.** The Program platform offers an opportunity to maximize the joint impact of the various technological, infrastructure, and policy initiatives that India and participating countries are introducing to facilitate trade. There are also synergies with the countries' TFA implementation, which is a key focus of the Program, and an area where the World Bank is extending technical assistance to India through the India Trade Facilitation Support Program (P174654).



Table 2: Program Framework

Phase #	Project ID	Sequential or Simultaneous	Phase's Proposed DO	IPF or PforR	Estimated IBRD Amount (US\$ million)	Estimated IDA Amount (US\$ million)	Estimated Other Amount (US\$ million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
1	P176549 & P177902	Simultaneous	To increase the efficiency and resilience of trade and transport along selected corridors in Bangladesh and Nepal	IPF	0.00	1,028.45	322.50	June 28, 2022	High & Substantial
2	-	Simultaneous	To increase the efficiency and resilience of trade and transport along selected corridors in Bhutan	IPF	0.00	100.00	0	June 1, 2023	TBD
Total					0.00	1,128.45	322.50		
Financing Envelope							US\$1,450.95		
Board Approved Financing Envelope							US\$ 1,128.45		



(v) **Learning Agenda**

40. **A phased approach to the development of regional transport connectivity and trade facilitation will allow for an ambitious and adaptive learning agenda across and within phases.** This agenda will be used to adjust or introduce new practices and innovations to maximize the benefits of the Program.

41. **The learning agenda will be anchored in cross-border and in-country platforms for cooperation and knowledge sharing.** A regional peer-to-peer learning platform will be established by the World Bank to facilitate learning on key aspects of border management, customs, transport, transit, and infrastructure resilience. This will include specific learning from implementation as well as bringing in good global practice examples for the benefit of all countries in eastern South Asia. At the country level, coordination committees will be established to serve a similar purpose. The learning agenda will prioritize learning in the following areas:

42. **Coordinated border management.** Mechanisms are needed to improve operational efficiency at land ports to complement investment interventions. The Program will pilot the CBM concept in Bangladesh, which entails a coordinated approach by border control agencies to enhance efficiency in managing trade and travel flows, while adhering to compliance requirements. Support to build capacity within the Bangladesh Land Port Authority (BLPA), the key government agency responsible for land port operations, will be an integral part of the CBM pilot. The overall effectiveness of the pilot will be determined by time release studies (supported by the project), which are designed to improve performance of the clearance process, and evaluation by the project coordination committee. Lessons from the rollout, and the successes and challenges of the pilot will be shared on the regional peer-to-peer learning platform, with the aim of facilitating learning across countries.

43. **Digitization and automation.** With most countries in eastern South Asia aspiring to move towards paperless trade and greater use of digital tools in transport management, the digitization and automation agenda will be a central feature of the Program. The Program will pilot an e-ABMS in Bangladesh and Nepal, while India is implementing a Land Port Management System using its own funding. The e-ABMS or similar system may also be explored in Bhutan. The pilots will be initiated during the first two years of implementation, allowing sufficient time to glean initial efficiency gains by the projects' mid-term review (MTR), and to compare impact between countries. Following the MTR, the e-ABMS can be adjusted and rolled out to additional land ports.

44. **Green and resilient highway corridor development.** Promoting more integrated planning and development practices along regional trade corridors is critical to ensure long-term sustainability and resilience of investments and trade growth, while minimizing the current degradation of the ecosystems of these corridors. The Program will adopt and implement an innovative green and resilient highway corridor concept in Nepal, based on a landscape-level development approach. The Nepal project will support an integrated planning and development approach for the East-West Highway corridor that will consider risks related to wildlife, climate, forests, and social/human factors. The successful implementation of this concept will be measured by the development and approval of a national strategy and the implementation of mitigating interventions at the landscape level. Support will be provided by the project to build the capacity of key stakeholders not only at the central level, but also at the provincial level. The learning plan will support dissemination of the concept, good practices and challenges, technical designs, and cross-sectoral collaboration modalities with all participating countries via the Program's regional peer-to-peer learning platform. Learning



activities will target cross-sectoral governmental agencies as well as civil society organizations, training institutions, and academia.

45. **Private Sector Mobilization.** Bangladesh, India, and Nepal have experience in land port concessions with varying degrees of success, from which lessons can be shared. The Program presents an opportunity to mobilize private sector participation in the development and operation of land ports. Existing land port concessions will be evaluated to gauge the reasons for the mixed track record of the privately operated land ports. The intent is to enhance the operational efficiency of land ports based on good international practices that can be adopted by the current and future projects.

II. PROGRAM DESCRIPTION

46. **This section describes the ACCESS Program at the program level.** Project details for the two countries participating in Phase 1 of the Program, are provided in Annex 1 (Bangladesh) and in a separate PAD (Nepal - PAD4784). Project details for Bhutan, for which financing estimates are included in the Program components below, will be presented in a separate PAD in Phase 2.

A. Program Components

47. The components described below comprise a menu of options that countries can tailor to respond to their country context and their respective challenges related to regional transport and trade facilitation.

Component 1: Digital Systems for Trade (US\$36.00 million, IDA financing of US\$30.20 million)

48. **This component will support the transformation of the cross-border clearance process through the provision of digital solutions and automation to manage the projected increase in trade.** The digital solutions will be designed to eliminate manual and paper-based processes, resulting in faster border crossing times. Digital systems are especially relevant in the context of the COVID-19 pandemic, where it has become imperative to reduce touch points and human interaction, and to build resilience to future pandemics and other crises. At select borders, the Program will deploy a CBM model, an approach that encourages collaboration among all border management entities – regulatory and non-regulatory - to facilitate cross-border trade.

49. **e-ABMS.** This subcomponent will support the development of a multiagency e-ABMS aimed at improving the processes of the land border agencies, such as cargo handling, storage, tariff calculation, and levy payment procedures. It will involve the procurement of an information and technology (IT)-based solution, comprising development, installation, testing, and implementation. The solution will include intelligent transport system (ITS)-related hardware, such as closed-circuit television (CCTV) cameras for enhanced port operations. The e-ABMS will enable electronic tracking of truck entry and exit, electronic queuing, smart parking, and deploy an intelligent transport system to improve traffic flows inside the ports, thereby reducing congestion. The e-ABMS will leverage trade data systems such as the National Single Window (NSW) and customs systems such as United National Conference on Trade and Development (UNCTAD) Automated System for Customs Data (ASYCUDA) World to provide opportunities for further connectivity and improved service delivery among the border management community. The e-ABMS is expected to provide complementary electronic services to traders, customs brokers, and freight operators to help fill a significant gap in the digitization of border processes. This



subcomponent will also support the development of management information systems that allow for enhanced automated service delivery options and will provide opportunities to track key performance measures for trade.

Component 2: Green and Resilient Transport and Trade Infrastructure (US\$1,328.65 million, IDA financing of US\$1,030.15 million)

50. This component will support green and resilient transport and trade infrastructure development along the corridors that serve as the backbone of the physical and economic integration of eastern South Asia.

51. **Transport infrastructure.** This subcomponent will support the upgrading of road sections along select regional corridors. It will strengthen weak road links in the transport network in eastern South Asia and enhance the integration of landlocked Bhutan and Nepal with the gateway countries of Bangladesh and India. This will largely entail upgrading the existing two-lane single carriageways to four-lane dual carriageways to meet the projected increase in traffic demand. The Program will support the provision of safety features and service lanes (for lower speed vehicles and non-motorized transport) in areas where traffic is characterized by fast-moving through-traffic and slow-moving local traffic. Multi-modal transport links, collector roads, and multimodal freight terminals may be considered in potential future scale up projects.

52. **Trade infrastructure.** This subcomponent will support the upgrading of infrastructure at trade gateways that are critical for regional and global trade. Trade infrastructure includes land ports, inland container depots (ICDs), customs houses, and other logistics facilities. Infrastructure modernization will be premised on digitization, contact-free and paper-free processing (described in Component 1), and revised workflows and patterns of interaction between trade agencies and traders through process re-engineering. Infrastructure will be designed with facilities for women officials and traders.

53. **Resilient construction.** Land ports and customs houses will be designed and constructed as climate resilient and green facilities, including, where appropriate, solar co-generation combining photovoltaic (PV) and solar thermal technologies, rainwater harvesting systems, and energy and water efficient fixtures. Roads and bridges under the Program will be built to a higher climate resilience standard. This will include resilience measures such as embankment protection and elevation above the flood line, slope stabilization, landscape-level risk mitigation, and developing bridges for an increased flood return period. Pavements will be designed to withstand higher temperatures through an adjustment in bitumen mix design and pavement type selection.

54. **Road safety.** The Program will support evidence-based road safety interventions using a “safe system approach” to demonstrate the impact on reducing road crash deaths and injuries. Road safety designs will consider, where appropriate, the segregation of slow-moving vehicles, division of bidirectional traffic, and gateway treatments for schools, hospitals, and market areas; traffic calming at the interfaces of highways with urban and rural access roads; adequate bus bays and truck laybys; road safety furniture, crash barriers, road markings, and signage; and pedestrian crossing facilities and footpaths at market areas and in urban locations. The traffic calming measures will increase the safety of vulnerable users, thus incentivizing non-motorized transport in the slow-moving vehicle traffic lanes.

Component 3: Institutional and Policy Strengthening for Transport and Trade (US\$86.30 million, IDA financing of US\$68.10 million)



55. **This component is anchored in the implementation of the WTO TFA, simplification and harmonization of customs procedures under the World Custom Organization (WCO) Revised Kyoto Convention, and national customs modernization plans.** Technical assistance will be provided to advance risk management, transit facilitation, customs cooperation, simplifying paperwork, and harmonizing customs requirements. The Program will support sustained capacity building on contemporary border management practices in Program countries and knowledge exchange between regional peers to support border agency cooperation, and cross-border collaboration on the digitization of trade and transport. Support will be extended for training programs for women traders on trade related policies, regulations, and processes and to introduce policy and regulatory simplification for the benefit of women traders. Technical assistance will also be provided to Bangladesh and Nepal to enhance their readiness for implementation of the Bangladesh-India-Nepal MVA.

56. **A key strategic feature of the Program is the development of next-generation regional projects.** This will include comprehensive trade gateway connectivity assessments to improve the congested and less-developed transport sections that lead to ports, rail and inland water terminals, and international borders, as well as the provision of feasibility and design studies for additional land port and customs infrastructure, and other priority sections of the regional road network.

B. Program Beneficiaries

57. **The Program is expected to have physical, economic, social, and environmental benefits at the regional, national, and local levels.** It will contribute to unlocking the economic potential in eastern South Asia through improved conditions for connectivity and trade along corridors within and between countries. The Program will have differentiated impacts on trade flows and economic activity in the participating countries. Landlocked Nepal and Bhutan, with small domestic markets, will benefit from easier cross-border movement, and potentially lower costs to access seaports in India and Bangladesh, for their regional and global trade. For Bangladesh, the Program investments will enhance bilateral and regional trade through higher capacity and increased efficiency for cross-border trade and passenger movements, especially with India. Significant benefits from the Program investments would also accrue to India. Indian businesses involved in regional trade would benefit from reduced transit times at the country's busiest border points and regional corridors, leading to lower trade and transport costs for its regional trade.

58. **The primary beneficiaries will be road users, consumers of tradable goods and services, and owners and employees of firms producing tradable goods and services in the countries included in the Program.** One focus of the Program will be to facilitate skills development for women on rules and regulations related trade, with the aim of bringing more women traders into formal trade networks. Small- and medium-sized farmers and enterprises who typically suffer from inefficiencies (because of the high unit costs of their shipments) are likely to benefit the most from improved trade and transport infrastructure. As the COVID-19 pandemic and rising inflation has placed an additional strain on the supply chains for food and other essential goods, the benefits of reduced logistics costs are expected to be especially heightened. In addition, livelihoods created by civil works undertaken by the Program will be particularly beneficial for the most vulnerable segments of the population, who usually work as manual laborers (such as in construction). It is estimated that the civil works for the Sylhet-Charkai-Sheola road could generate 3.5-million-person days of employment.

59. **These direct and indirect users will benefit from efficient transportation, logistics infrastructure and services, and trade services.** Interventions aimed at making the project roads safer will benefit the direct users



and communities residing next to the corridors by reducing injuries and the loss of lives from road crashes. Such measures are expected to significantly benefit vulnerable road users. The specific anticipated outcomes for women and other marginalized groups in the Program countries include improved opportunities for skilled employment and infrastructure designs that accommodate their requirements.

C. Rationale for Bank Involvement and Role of Partners

60. **The World Bank is well positioned to support countries in eastern South Asia by bringing in international expertise to spawn good practices that are central to the design and implementation of the Program.** The World Bank has knowledge and expertise in efficient border management approaches, customs processes, trade digitization and automation, road safety innovations, and climate resilient infrastructure. The World Bank can leverage its expertise in implementing large, complex, multisectoral projects in the region and elsewhere. It brings its experience in preparing and deploying physical and digital infrastructure interventions, coupled with complementary softer trade and transport facilitation, to maximize development impacts while avoiding pitfalls in tackling multi-country interventions.

61. **The Program design and implementation has benefitted from the insights from WBG technical assistance and studies, which complement the learning agenda and the rationale for involvement, such as:** (i) Connecting to Thrive: Challenges and Opportunities of Transport Integration in Eastern South Asia; (ii) Border Modernization, Process Review and Technical Innovation Audit for Bangladesh and Nepal; (iii) Regional Transport Sector and Trade Review for BBIN countries; and (iv) the International Finance Corporation's (IFC) Trade Competitiveness for Export Diversification (TraCED, 602137) which supports, *inter alia*, risk management, tariff modernization, and bonded warehouse reforms.

62. **The Program builds synergies with other regional initiatives, primarily the South Asia Subregional Economic Cooperation (SASEC) led by the Asian Development Bank (ADB).** Trade facilitation and transport improvement activities under the Program will be included in the SASEC Operational Plan (OP), which is regularly updated and approved by the finance ministers of the SASEC countries. This holistic and collaborative approach ensures complementarity in infrastructure and IT systems investments and capacity-building efforts.

63. **The Program will leverage ongoing investments addressing connectivity bottlenecks along South Asian Association for Regional Cooperation (SAARC) road corridors 1, 4, 5, 8.** These corridors are key routes for regional freight, notably by providing connectivity for Bangladesh and Nepal in east-west and north-south directions and facilitating seaport connectivity for landlocked countries or territories. As illustrated in the Program map (Annex 3), investments include ongoing World Bank projects, government projects, and operations funded by development partners, primarily ADB, Japan International Cooperation Agency, and Asian Infrastructure Investment Bank. In Bangladesh, this includes the ADB-financed Dhaka-Northwest corridor and Dhaka-Sylhet Corridor Road Investment Project, and the Asian Infrastructure Investment Bank-financed Sylhet-Tamabil road. In Nepal, it includes the ADB-financed SASEC Cooperation Highway Improvement Project and SASEC Roads Improvement Project—both along the East-West Highway. In India, it includes the ADB-financed SASEC Road Connectivity Investment Program and Northeastern State Roads Investment Program as well as connectivity projects under the Gol's Bharatmala. The Program will also complement and enhance the development impact of the World Bank-financed Western Economic Corridor and Regional Enhancement Program, the Bangladesh Regional Connectivity Project (BRCP), the Bangladesh Regional Waterway Transport



Project, the Nepal Strategic Road Connectivity and Trade Improvement Project, and the Jal Marg Vikas IWT and Meghalaya Integrated Transport Sector Projects in India.

D. Lessons Learned and Reflected in the Program Design

64. **The Program is informed by the lessons and recommendations of the World Bank’s Independent Evaluation Group (IEG) study on regional integration.** This study points to the MPA as an appropriate mechanism for regional integration programs and highlights the need to further use the World Bank’s convening power and develop coordination platforms to promote collective actions. Accordingly, a regional coordination and peer-to-peer learning platform will be established under the Program.

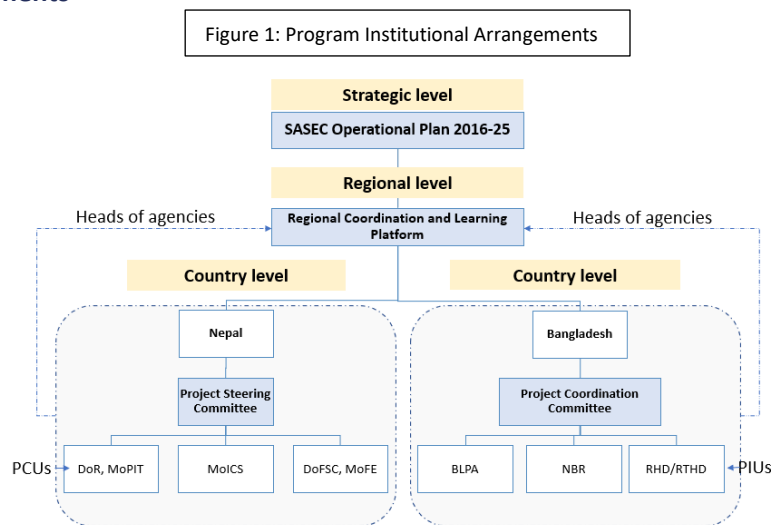
65. **The Program design reflects experience that suggests cargo clearance times are largely determined by the performance of the weakest link in the trade/border processing chain.** Communication among the cross-border regulatory agencies and logistics providers is critical to achieving trade flow efficiencies. To contribute to improved cargo release times and increased transparency for the trader community, the project will support a combination of infrastructure, systems—and critically—streamlined and coordinated processes for trade. Lessons from the World Bank’s global experience in the design and management of land ports have been reflected in the Program’s design to reconcile the two objectives of effective control and trade facilitation. This entails ensuring that infrastructure and institutional capacity specifically support the adoption of modern border management and is informed by a re-engineering of systems and procedures.

66. **Effective implementation of multisectoral projects requires dedicated coordination platforms.** Learning from project implementation experience in the region, the projects will establish multisectoral committees to ensure sustained coordination among implementing agencies (IAs).

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

67. **The Program will be implemented by national agencies and ministries responsible for managing the countries’ roads, land ports, customs, and trade.** Each agency will establish and maintain project implementation units (PIUs) or project coordination units (PCUs): (i) headed by a Project Director; (ii) staffed by fulltime technical experts and specialists in procurement, financial management (FM), environmental, health and social aspects, and monitoring and evaluation (M&E); and (iii) responsible for day-to-day implementation. Where available, existing implementation units with experience in the





implementation of World Bank-funded projects will be retained and strengthened. Project coordination or steering committees will be established to provide strategic and policy direction, review implementation progress, and facilitate the coordination of project activities.

68. **Regional coordination and peer-to-peer learning platform.** This will comprise the heads (chairperson, executive director, or the like) of the land port authorities and other government agencies involved in cross-border trade. The platform is intended to serve as a forum for knowledge sharing and peer-to-peer learning between countries that are part of the Program. It will: (i) engender a common understanding of each country's priorities; (ii) jointly identify and address bottlenecks at border crossings; (iii) ensure that land port designs are optimized and synchronized; and (iv) build support for cross-border data sharing. The platform will be facilitated by the World Bank and receive catalytic support from an ongoing World Bank-executed Technical Assistance Trust Fund project that aims to promote informal dialogue to foster a better mutual understanding of national and regional priorities.

B. Results Monitoring and Evaluation Arrangements

69. **The IAs in each country will be responsible for monitoring progress, outcomes, and results indicators.** Progress and performance will be monitored and evaluated semi-annually at the national level against the outcome and output indicator targets in the Results Frameworks. This will also include a qualitative assessment of performance with respect to the quality of works, governance and transparency in procurement and contract management, and compliance with the commitments related to fiduciary, environmental and social safeguards, as agreed through Environmental and Social Management Frameworks (ESMF) and the Environmental and Social Commitment Plans (ESCP).

70. **Monitoring indicators apply both at the Program and project levels (Phase 1).** These indicators will be replicated in Phase 2 (and potential future scale up projects) to allow the effective measurement of the outcomes and results and will be aggregated to provide cumulative results at the Program level. Progress on results and implementation will be monitored on a routine basis throughout the life of the Program.

71. **An MTR of the Program will be conducted jointly by the participating countries to assess overall implementation progress towards meeting the PrDO and to take any corrective measures.** The joint MTR will also facilitate cross learning. Prior to the Program MTR, each country under their project will have project specific MTRs (conducted 40 months after effectiveness) and prepare a detailed report describing implementation progress and progress towards meeting the PrDO and the intermediate outcomes. The MTR will be facilitated by the World Bank under the regional coordination platform.

72. **An important contribution of the Program is to enhance the longer-term performance monitoring of border crossings and corridors.** Through investments in the e-ABMS, the Program will seek to automatically capture average border wait times, cargo throughput and other indicators gauging trade efficiency. Efforts will be made to integrate the e-ABMS with corridor monitoring systems (for example, electronic cargo tracking systems) that are being developed at the regional level to capture the travel time across the Program corridors.

C. Sustainability



73. **Sustainability is a core objective of the Program.** The emphasis on building institutional capacity, as well as bringing in international good practices in trade facilitation (digitization and automation in particular), and green and resilient construction, will strengthen the participating countries' ability to develop quality, reliable, sustainable, and resilient infrastructure. The investments will be sustained through the adequate allocation of government resources. In the road sector, five- to six-year performance-based maintenance contracts, funded by national governments, will ensure client ownership and the sustainability of investments. Such arrangements are also expected to incentivize the contractors to ensure better quality of construction to keep the assets in good quality through the contract duration and thus reduce life cycle costs. The Program will also seek to enhance revenues for annual operation and maintenance costs. For example, it will support a review of the tariff rates for land ports to help ensure that adequate resources are provided for the maintenance of the infrastructure. A manual will be developed, and training will be provided under each of the projects (by the design firms) for the operation and maintenance of the green and climate-resilient customs infrastructure.

IV. PROGRAM APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Analysis

(i) Digital Systems for Trade

74. **The digitization and automation of trade processes is critical to achieving faster and more transparent border clearance.** A key global lesson from the COVID-19 pandemic is that digital systems are vital for business continuity of critical supply lines, notably trade gateways and the associated logistics chains. More widespread adoption of digital technologies in countries' trade chains, coupled with investments in transport and trade infrastructure, will contribute to reducing trade costs. Global evidence also points to paperless trade providing significant economy-wide savings, including direct savings to traders in the form of lower compliance costs, and indirect savings from the seamless movement of goods, lower inventory costs, and more optimal use of transport and logistics infrastructure.

75. **The Program will build on ongoing efforts (supported by the World Bank) to digitize trade processes.** This includes the development of NSWs in Bangladesh and Nepal to provide single-entry points for the submission of all regulatory trade documents. Improving processes that fall both within and outside of the regulatory requirements by customs, land border authorities, and other border management partners will contribute to the overall efficiency of cross-border trade flows. Optimizing border processes, followed by digitization and automation (such as the e-ABMS) of administrative and operational processes such as cargo handling, storage, parking, traffic management within land port areas, tariff calculation, and levy payment procedures, and the sharing of valuable data among border management partners will contribute to trade flow efficiencies and trade chain health and security.

(ii) Green and Resilient Transport and Trade Infrastructure

76. **Infrastructure enhancement to ensure adequate space for import and export consignments is integral to efficient border management and is required when shipments are detained for various regulatory or**



legislative purposes. For example, if an agriculture-based import consignment arrives without a phytosanitary certificate, the shipment may be held until such regulatory requirements are met. However, a demand for more infrastructure space may also represent systemic inefficiencies that are resulting in cargo clearance delays. For example, trade processes at the Bhomra land port in Bangladesh are manual and paper based. As such, the investment in trade infrastructure will follow a re-engineering of processes and systems and will be designed specifically to support the adoption of modern border management to reconcile the objectives of effective control and trade facilitation. Technical studies point to the need to upgrade the regional road network and it is appropriate to upgrade existing two-lane single carriageways along regional corridors to meet the projected increase in traffic demand. Strengthening the weak links in the road network in the region will enhance the integration of landlocked Bhutan and Nepal with the gateway countries of Bangladesh and India.

(iii) Institutional and Policy Strengthening for Transport and Trade

77. **The Program is anchored in countries' implementation of the WTO TFA, which is designed to expedite the movement, release, and clearance of goods.** Program interventions will address several barriers that are preventing the seamless movement of cross-border trade – as identified and stipulated in the TFA – with a strong focus on risk management and border agency collaboration. A risk-based approach to cargo inspection is one of the most effective ways of reducing dwell times at trade gateways. Under a contemporary risk management framework, customs make determinations on the need for inspection controls following an initial screening of all information supplied by traders and other trade chain entities. Many automated systems allow for the assignment of shipments into one of four basic risk-based selectivity paths: (i) green path for shipments requiring no additional review, as they are deemed low risk; (ii) yellow path for those that require further paperwork review; (iii) red path for shipments that require a physical inspection and paperwork review, as they are deemed higher risk; and (iv) blue path for shipments selected for a post-clearance audit.

78. **Enhancing countries' preparedness for MVA implementation.** The Connecting to Thrive-report highlighted that the Bangladesh-India-Nepal MVA, if strengthened, could transform regional transportation in eastern South Asia. However, it cautioned that the benefits of the MVA will not be maximized unless the various policy, infrastructure and technical elements are addressed. To this end, the Program will extend support to developing standard operating procedures, provision of training and awareness programs, assessments of systems and processes needed for permits for authorized operators, vehicle inspection and certification, and temporary admission compliance, and assessments of infrastructure requirements along the MVA corridors.

Economic Analysis

79. **The economic analysis for the Program employs different methodologies depending on the type of investment financed.** This includes improvements of trade infrastructure, systems, and processes, or upgrades of sections of highways supporting regional connectivity. The cost-benefit analysis for each type of investment relies mainly on direct costs and benefits, though indirect costs or benefits related to changes in greenhouse gas emissions will be calculated and their impact captured in the net present value (NPV) and economic internal rate of return (EIRR) of the specific component. More information on the economic analysis of the Bangladesh and Nepal projects are provided in their PADs.



B. Fiduciary

80. The specific FM and procurement arrangements pertaining to the implementation of the projects in each country are described in the respective PADs.

(i) Financial Management

81. **FM under the Program will be carried out in accordance with the World Bank Directive: FM Manual for World Bank Investment Project Financing (last revised in February 2017).** The agencies specified in each country project will be responsible for maintaining adequate FM arrangements.

(ii) Procurement

82. **All goods, works, non-consulting services, and consulting services required for the Program and to be financed from the proceeds of the IDA credit will be procured in accordance with the World Bank Procurement Regulations for IPF Borrowers (dated July 1, 2016, and as revised in November 2020), and the provisions of the Financing Agreement and Procurement Plan.** Procurement will also be subject to the World Bank’s Anticorruption Guidelines (dated October 15, 2006, revised in January 2011, and as of July 1, 2016). The projects under the MPA Program will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions and complaint.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

83. **The major environmental and social (E&S) risks and impacts of the Program (Phase 1) are described in the key risks section** (paragraph 89). These risks are mitigated through the use of a combination of frameworks and site-specific Environmental and Social Framework (ESF) instruments. Environmental and Social Impact Assessments (ESIA) have been prepared for the Sylhet-Charkai-Sheola Road and the Burimari land port in the Bangladesh project. For the Nepal project, an ESIA and Resettlement Action Plan (RAP) have been prepared for the Butwal-Gorusinghe road. For sub-projects where feasibility and detail design are yet to reach a mature level, ESMF, Resettlement Policy Framework (RPF) and Indigenous Peoples Planning Framework (Nepal only) have been prepared to guide the screening, assessment and management of the potential environmental and social impacts, as well as to prepare the site-specific instruments. All ESF instruments have been disclosed both on Governments and World Bank’s external websites.

84. **The IAs for the Bangladesh and Nepal projects are currently implementing World Bank-financed projects, and hence have experience with the World Bank’s E&S requirements.** Each IA will have a PIU/PCU with



dedicated E&S specialists. In addition, the Program will include a comprehensive training and capacity development plans for the IAs. The key issues of the borrowers' capacity building are included in the ESCPs.

E. Citizen Engagement

85. **The Program includes a robust Citizen Engagement (CE) approach:**(i) extensive consultations, including with local communities and civil society organizations; (ii) satisfaction surveys to track beneficiary satisfaction of project investments, with specific attention to frequent users and local users; and (iii) Grievance Redress Mechanisms (GRMs) for all PIUs/PCUs to address and resolve grievances. Each project's results framework includes CE related indicators to measure the satisfaction of the beneficiaries/users and as well as share of grievances received that are processed within the stipulated service standards.

F. Gender

86. **The Program will adopt several approaches to enhance the participation of women entrepreneurs in trade.** The Program has identified four key entry points that can be applied across countries.

- i. **Policies.** The Program will support the simplification of trade procedures that can benefit women traders (who tend to own and lead smaller businesses), including establishing special desks/portal for women traders to process documents and tariff policy considerations for setting up and expanding businesses.
- ii. **Skills.** The Program will support tailored training programs targeting women traders and entrepreneurs. Tailored trainings for women traders will increase their awareness and understanding of trade fundamentals and enhance hands-on expertise in IT-enabled trade related services. The training will cover sector-specific industry standards and certification requirements and business incubator programs to support women entrepreneurs' entry and movement up trade value chains. In line with global evidence, trainings will carefully target the needs of individual entrepreneurs.²⁸
- iii. **Infrastructure.** Trade and transport infrastructure will be designed with special facilities for women officials and traders, e.g., childcare centers, designated service desks, and Water, Sanitation, and Hygiene (WASH) facilities for women. At select regional transport corridors, it will also support market facilities for women entrepreneurs.
- iv. **Human trafficking.** The Program will engage non-governmental organizations (NGOs) or other organizations to carry out awareness-raising programs at select border points and conduct training programs on human trafficking for border agencies, local officials, and other parties along border areas.

V. GRIEVANCE REDRESS SERVICES

87. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-



compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VI. KEY RISKS

88. **The overall risk to the achievement of the ACCESS Program development objectives is Substantial.** Description of project and country specific risks – as presented in SORT tables (in datasheet) – can be found in Annex 1 for Bangladesh and in a separate PAD for Nepal (PAD4784). Program level risks are discussed below.

89. **Environmental and social risks – High.** E&S risks for MPA Phase 1 are rated High for the Bangladesh project and Substantial for the Nepal project. The major risks for the Bangladesh Phase 1 Project are related to land acquisition and resettlement at the Sylhet-Charkai-Sheola road and the Benapole and Bhomra land ports. The Nepal Phase 1 Project mainly includes upgrading of the Butwal-Gorusinghe-Chanauta highway sections and major bridges from two to four lanes, within the existing Right of Way, which will involve limited impacts relative to forest degradation, wildlife mobility, loss of habitat, land acquisition, and health and safety concerns. The risks are mitigated through the implementation of the Environmental and Social Management Plans (ESMPs), the Environmental and Social Management Frameworks (ESMFs), the Resettlement Policy Frameworks (RPFs), other relevant ESF instruments, and the implementation of an integrated landscape approach to address environmental and wildlife risks along some of the identified corridors in the Program.

90. **Institutional capacity for implementation and sustainability - Substantial.** The multiplicity of agencies and uneven institutional capacity require robust inter-agency coordination within and across countries which could delay implementation. The risks will be mitigated by capacity building activities. However, the residual risk remain substantial as these will take time to mature.

91. **Technical design - Substantial.** The Program is multisectoral and multi-dimensional, comprising digital systems, infrastructure, and soft measures to facilitate regional trade and transport connectivity. The efficiency of border crossings and customs demands a better balance between control, revenue targets, and trade facilitation. This risk is mitigated through the monitoring of mutually agreed targets that favor trade facilitation.



VII. RESULTS FRAMEWORK AND MONITORING²⁹

Results Framework
COUNTRY: Bangladesh

Accelerating Transport and Trade Connectivity in Eastern South Asia – Bangladesh Phase 1 Project

Project Development Objective(s)

The development objective is to increase the efficiency and resilience of trade and transport along selected corridors in Bangladesh

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Increased efficiency in trade			
PrDO: Increased freight throughput at border points along select regional corridors (Percentage)		0.00	20.00
Increased freight throughput at select border points in Bangladesh (Percentage)		0.00	30.00
Increase in customs clearance through green channel (Percentage)		0.00	60.00
Reduction in physical inspection through red channel (Percentage)		25.00	10.00
Efficiency in transport infrastructure			
PrDO: Reduction in travel time along select regional corridors (Percentage)		0.00	30.00
Reduction in travel time along the project corridor (Percentage)		0.00	30.00



Indicator Name	PBC	Baseline	End Target
PrDO: Reduction in annual fatalities along select regional corridors (Percentage)		0.00	30.00
Reduction in annual fatalities along the project corridor (Percentage)		0.00	40.00
Reduction in vehicle operating costs along the project corridor (Percentage)		0.00	20.00
Resilient connectivity			
PrDO: People provided with improved climate resilient road access along select regional corridors (Number)		0.00	2,900,000.00
People provided with improved climate resilient road access along the project corridor (Number)		0.00	1,800,000.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Digital Systems for Trade			
Land ports with Automated Border Management Systems (Number)		0.00	3.00
Green and Resilient Transport and Trade Infrastructure			
Roads rehabilitated (CRI, Kilometers)		0.00	43.00
Trade infrastructure facilities upgraded climate resilient standard (Number)		0.00	5.00
Green building accreditation for customs infrastructure (Yes/No)		No	Yes



Indicator Name	PBC	Baseline	End Target
Trade infrastructure constructed with facilities for women (Percentage)		0.00	100.00
Share of grievances received that are processed within the stipulated service standards (Percentage)		0.00	80.00
Percentage of people, including women reported separately, that are satisfied infrastructure facilities (Percentage)		0.00	80.00
Institutional and Policy Strengthening for Transport and Trade			
Reduction in Bangladesh's Nominal Protection Rate (Percentage)		27.10	20.00
Number of women traders and entrepreneurs trained in trade fundamentals (Number)		0.00	2,500.00
Share of trained women traders demonstrating increased understanding of trade procedures and IT-enabled services (Percentage)		0.00	70.00
Customs officials trained on modern customs practices (Number)		0.00	7,000.00
Share of trained customs officials that are women (Number)		0.00	15.00
Reduction in the physical presence of stakeholders at Customs ports by introducing e-customs facilities. (Percentage)		0.00	60.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
PrDO: Increased freight throughput at border points along select regional corridors	Indicator to measure the efficiency of program supported land ports or	Beginning, mid-term and	Border agencies (BLPA in	Border agencies (BLPA in Bangladesh and NITDB in Nepal) collects data of	BLPA and NITDB



	ICDs, measured by average of cargo tons that are moved through the land ports per hour of operations. Benapole Land Port (Bangladesh) and Birgunj ICD (Nepal), the two largest border crossings in terms of value will be used as proxies. The baseline for Benapole is 791 tons/hr and Birgunj is 190 tons/hr. The baseline will be validated within the first six months of implementation. The indicator will be adjusted at MTR to incorporate targets of MPA Phase 2.	closing	Bangladesh and NITDB in Nepal)	freight volumes at all land ports/ICDs	
Increased freight throughput at select border points in Bangladesh	Indicator to measure the efficiency of Bhomra, Benapole, and Burimari land port, measured by the average cargo tons that are moved through the land ports per hour of operations. The baselines are as follows (throughput tons/hr): Benapole (791); Bhomra (1,188), Burimari (1,595)	At the start, mid-term and end of the Project	DPR	BLPA collects data of freight volumes at all land ports.	BLPA



Increase in customs clearance through green channel	Measure the percentage of consignments Custom House, Chattogram that are cleared through green channel (defined as no additional review as consignments are deemed low risk)	At the start, mid-term and end of the Project	ASYCUDA World.	Data will be collected from Inspection Act Module of ASYCUDA World.	NBR
Reduction in physical inspection through red channel	Measure the percentage (reduction) of consignments that are cleared at Custom House, Chattogram through red channel (defined shipments requiring a physical inspection and paperwork review)	At the start, mid-term and end of the Project	ASYCUDA World.	Data will be collected from Inspection Act Module of ASYCUDA World.	NBR
PrDO: Reduction in travel time along select regional corridors	Indicator to measure reduction of average travel time after completion of road improvement. Nepal baseline: 83 minutes. Bangladesh baseline: 103 minutes. The indicator will be adjusted at MTR to incorporate targets of MPA Phase 2.	At the start and after completion of works	Economic analysis and assessment after works completion	Review of the Project and consultants' reports	Roads departments in MPA countries.
Reduction in travel time along the project corridor	Indicator to measure the reduction of average travel time for vehicles after completion of the Sylhet-Charkai-Sheola road.	At the start and after completion of works	DPR	Review of the Project and consultants' reports	RHD



	Baseline is 103 minutes				
PrDO: Reduction in annual fatalities along select regional corridors	The indicator will capture the safety of transportation the highways improved by the Program. Bangladesh baseline: 26 fatalities/year on project road; Nepal baseline: 95 fatalities/billion veh-km. The indicator will be adjusted at MTR to incorporate targets of MPA Phase 2.	At the start of and after completion of works.	Respective countries roads authorities and police	Official road crash data and and supervision consultant	Respective countries roads authorities
Reduction in annual fatalities along the project corridor	The indicator will capture the safety of transportation on 43 km of highway (Sylhet-Charkai-Sheola) improved by the project. Based on data received from DPR, baseline is estimated to be 26 fatalities/year.	At the start of and after completion of works.	RHD, BRTA and and Police reports	Official road crash data and and supervision consultant	RHD
Reduction in vehicle operating costs along the project corridor	Indicator to measure reduction of average vehicle operating costs after completion of Sylhet-Charkai-Sheola road improvement. Baseline: 45BDT/km	At the start and after completion of works.	DPR and Assessment after works completion	Review of the Project and consultants' reports.	RHD
PrDO: People provided with improved climate resilient road access along select	The number of people expected to have direct	At the start and at the	Project Progress	Assessment of the number of people	RHD (Bangladesh), and



regional corridors	access to an improved climate-resilient highway corridor along Sylhet-Charkai-Sheola section in Bangladesh and Butwal-Gorusinghe-Chanauta section in Nepal will be assessed. The indicator will be adjusted at MTR to incorporate targets of MPA Phase 2. Target for Bangladesh is 1,800,000 people. Target for Nepal is 1,100,000 people.	end of the program.	Report	expected to have direct access to an improved climate-resilient highway corridors in along Sylhet-Charkai-Sheola section (BD) and Butwal-Gorusinghe-Chanauta section (NP) based on population statistical data in the catchment area	DCID, DoR (Nepal)
People provided with improved climate resilient road access along the project corridor	The number of people expected to have direct access to an improved climate-resilient highway corridor along Sylhet-Charkai-Sheola section will be assessed.	At the start and at the end of the project	Project Progress Report	Assessment of the number of people expected to have direct access to an improved climate-resilient highway corridor along the Sylhet-Charkai-Sheola section based on population statistical data in the catchment area	RHD



Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Land ports with Automated Border Management Systems	Indicator to track the progress of implementation of the e-ABMS at Benapole, Bhomra, and Burimari land ports	Annually	Project Progress Reports	Project Progress Reports	BLPA
Roads rehabilitated		Annually	Supervision consultant	Project progress reports	RHD
Trade infrastructure facilities upgraded climate resilient standard	Indicator to measure the number of trade infrastructure facilities upgraded to climate resilient standards	End of the project	Project management and supervision consultants	Project Progress Reports	BLPA, NBR
Green building accreditation for customs infrastructure	Indicator to evaluate the achievement of certified green Building for Custom House, Chattogram and Training Academy, Chattogram	End of project	Project progress reports	Review of Project progress reports	NBR
Trade infrastructure constructed with facilities for women	Indicator to track that infrastructure facilities are built with with facilities for women (separate toilets, WASH facilities, separate resting/waiting rooms, service desk for women	End of the Project	Progress Reports	Review of Progress Reports	BLPA, NBR



	and day-care center)				
Share of grievances received that are processed within the stipulated service standards	The indicator measures the functionality of the grievance redress mechanism for the Project. Standards for different type of grievances to be set up as a part of the GRM processing protocols.	Annually	Project Progress Report	Collated based on GRM reports	RHD, BLPA, NBR
Percentage of people, including women reported separately, that are satisfied infrastructure facilities	Indicator to measure the increase/decrease in level of satisfaction of the users of infrastructure facilities after completion of construction works. Survey will take into consideration key parameters of access and quality. There should be at least a 20% increase in satisfaction. Average satisfaction level will be calculated. The baseline and target values will be validated based on field surveys/assessments.	Start and end of project (baseline and end line)	Satisfaction survey report	Satisfaction survey	NBR, BLPA, RHD
Reduction in Bangladesh's Nominal Protection Rate	Indicator to monitor the Nominal Protection Rate in Bangladesh	Annually	NBR and Bangladesh Trade and Tariff Commission.	Nominal Protection Rate assessed annually by Bangladesh Trade and Tariff Commission.	NBR



Number of women traders and entrepreneurs trained in trade fundamentals	Indicator to measure the number of participants attending training events completed on trade fundamental	Annually	NBR	Project progress reports	Review of Project progress reports
Share of trained women traders demonstrating increased understanding of trade procedures and IT-enabled services	Indicator measures the share of participating women traders who demonstrate better understanding of trade related policies, processes and IT-enabled services. A pre- and post-training test will be conducted with the threshold $\geq 70\%$ score on post training test to measure increase in knowledge.	At the start and at the end of the project	Project Progress Report	Pre and post training assessment	NBR
Customs officials trained on modern customs practices	The indicator will measure the number of customs officials who will be trained on modern customs practice. The target (7000) is 60% of serving customs officials (12,286). Women represent less than 10% of customs officials	Mid-term and end of project	NBR training academy	project progress reports	NBR
Share of trained customs officials that are women	The indicator will measure the number of women customs officials who will be trained on modern	Mid-term and end of project	NBR training academy	Project progress reports	NBR



	customs practices. The target 15%; women represent less than 10% of total number customs officials				
Reduction in the physical presence of stakeholders at Customs ports by introducing e-customs facilities.	Indicator to measure the impact of e-customs facilities by a significant reduction of the physical presence of the stakeholders at Customs ports. Baseline to be established by stakeholder surveys on physical presence.	End of the project	NRB electronic ledgers and stakeholder surveys on physical presence	Review of electronic ledgers and stakeholder surveys	NBR



ANNEX 1: ACCESS – BANGLADESH PHASE 1 PROJECT (P176549)

I. Strategic Context

a. Country Context

1. **Bangladesh has made rapid social and economic progress in recent decades and reached lower middle-income status in 2015.** Annual GDP growth averaged close to six percent since 2000. Strong labor market gains contributed to a sharp decline in poverty, with the national poverty rate falling from 48.9 to 24.5 percent between 2000 and 2016, while extreme poverty declined from 34.3 to 13.0 percent.³⁰ However, the pace of poverty reduction slowed in recent years even as growth accelerated, particularly in urban areas and in the west of the country. After a decade of improvements, progress on shared prosperity slowed between 2010 and 2016, with annual consumption growth of the bottom 40 percent trailing that of the overall population (1.2 versus 1.6 percent).

2. **While growth decelerated in FY20, the country weathered the pandemic shock and the growth rebounded in FY21.** The initial phase of the pandemic in early 2020 disrupted the supply of intermediate goods from China, reducing manufacturing output. As the pandemic intensified abroad, export orders from Europe and the United States declined precipitously. The government implemented control measures that resulted in a sudden stop of economic activity in many sectors. Consequently, real GDP growth decelerated to 3.4 percent in FY20. A recovery emerged in FY21, as after movement restrictions were progressively lifted. GDP growth rebounded to 6.9 percent in FY21. Exports grew by 9.2 percent as Ready-Made-Garment (RMG) export orders were reinstated, and factories remained open despite recurrent lockdowns. On the demand side, growth was primarily supported by private consumption, underpinned by a recovery in labor income and robust remittance inflows. Growth in imports of consumer goods and capital goods point to a broad-based recovery. Declining imports and large official remittances inflows, which increased by over a third in FY21, contributed to a balance of payments (BoP) surplus in FY21. Inflation was contained, reaching 5.6 percent by the end of FY21.

3. **The COVID-19 pandemic has put the substantial poverty reduction gains of the past decade at risk, and vulnerability to economic shocks has risen.** Poverty increased from 13.9 percent in FY19 to an estimated 18.1 percent in FY20, using the international poverty rate (\$1.9 in 2011 PPP). A nationally representative phone survey showed income losses and high levels of self-reported food insecurity in FY20³¹. In poor areas of Dhaka and Chittagong, surveys showed that adults who stopped working due to the COVID-19 pandemic were 11 percent more likely to report food insecurity. As growth strengthened in FY21, household surveys point to a gradual recovery in employment and earnings. Estimated poverty remained flat, although food security improved across the country.

4. **GDP growth is expected to decelerate modestly to 6.4 percent in FY22, as per World Bank projections.** While economic disruptions related to the COVID-19 pandemic are waning, a sharp increase in commodity prices and rising uncertainty in European markets due to the war in Ukraine are expected to weigh on growth. Inflation rose to 6.3 percent in April 2022. Global price increases in imported consumer products and freight costs, together



with exchange rate depreciation, are likely to keep prices of imported items elevated. The current account balance widened in the first nine months (July-March) of FY22 as 32.9 percent increase in exports was not enough to offset the 43.9 percent surge in imports and 17.7 percent decline in official remittance inflows. The balance of payments deficit rose to US\$3.1 billion during the same period, putting downward pressure on exchange rates and foreign exchange reserves. Gross foreign exchange reserves declined in FY22 but remained adequate at US\$44.1 billion as of May 9, 2022. Subject to external risks, GDP growth is expected to remain resilient with 6.8 percent growth in FY23, supported by a recovery in investment and strong domestic demand. Official remittance inflows are expected to rise in FY23, as higher oil prices underpin demand for workers in the Gulf countries. The war in the Ukraine may contribute to rising commodity prices (oil, natural gas, fertilizer, grains), which could increase the current account deficit. Fiscal expenditures on subsidies may rise, depending on the extent of price adjustments.

5. Bangladesh’s vulnerability to the effects of climate change further threatens its recovery and potential for future growth. The Global Climate Risk Index ranked Bangladesh as the world’s seventh most-affected country during the period 2000-2019.³² Rising temperatures leading to more intense and unpredictable rainfalls during the monsoon season and the already high probability of catastrophic cyclones are expected to further increase, resulting in increased tidal inundation. Flooding in Bangladesh is a near-constant phenomenon, recurring with varying magnitude and intensity, affecting a greater portion of the population than any other natural hazard. Floods and riverbank erosion in Bangladesh affect about one million people annually and can be substantially higher. Once every three to five years, up to two-thirds of Bangladesh is inundated by floods.

b. Sectoral and Institutional Context

6. Bangladesh is well placed to play an important role in regional trade and logistics networks, and as a transit country in South Asia. In the South Asian Association for Regional Cooperation (SAARC) Regional Multimodal Transport Study, six of the 10 priority road corridors traverse Bangladesh. There are corridors and associated border crossing points that connect Bangladesh to neighboring countries that involve all modes of transport (road, rail, and inland waterways). Some corridors connect West Bengal, India, and the western region of Bangladesh to landlocked Bhutan, Nepal, and the NER of India. Bangladesh can also facilitate movements between South Asia and Myanmar and the rest of East Asia. The decision of the GoB to grant India, Nepal and Bhutan access to Chittagong and Mongla Ports will dramatically reduce the distance to a maritime port for NER and provide alternative ports for Nepal and Bhutan. The benefits to Bangladesh would be significant, enabling the country earn revenues from port, rail, and road transport services.

7. Bangladesh shares a 4,100-km border with India, making cooperation between the two countries an imperative. The two countries have signed more than 20 cooperation agreements in recent years, including establishing a Special Economic Zone for Indian firms, initiating trans-border bus services, providing direct connectivity between the seaports of East India and Bangladesh through the Coastal Shipping Agreement, and renewing the Bangladesh-India Protocol on Inland Water Transit and Trade. India has also extended Lines of Credit for regional infrastructure connectivity, underscoring the centrality of Bangladesh as a regional trade and transit partner for India.

8. Bangladesh’s logistics system is characterized by congestion, lack of reliability, and governance challenges, along with weak multimodal connectivity and limited use of digital systems. Of the 10 indicators on the Bangladesh’s Business Climate Index, cross-border trade facilitation performed the worst (49.43 on a scale of 100). Other major trade barriers cited in the index include regulatory complexities and poor road connectivity.³³



Technology adoption

9. **A significant proportion of Bangladesh’s international trade procedures and processes are manual.** This requires submission of paper documents in multiple copies to the various government agencies regulating trade. Such tasks introduce a layer of complexity, delay border clearances frequently, provide opportunities for rent seeking, and act as a costly impediment to the private sector, negatively influencing the trade and investment environment. With support from the World Bank, Bangladesh is implementing a National Single Window (NSW), which is focused on the regulatory trade requirements. While the NSW will substantially reduce the time taken to meet the regulatory requirements associated with import and export activities, the administrative and operational processes of the Bangladesh Land Port Authority (BLPA) and other border agencies - responsible for cargo handling, storage, tariff calculation, levy payment procedures, and traffic management within land ports - are also vital for the overall efficiency of trade flows.

10. **The BLPA lacks a harmonized port management system that is common across land ports.** It currently has three separate solutions for port management systems in three land ports. The systems are web-based, deployed and hosted locally, and provide similar functionalities. However, there is a lack of harmonization among the systems and there is no integration with United Nations Conference on Trade and Development (UNCTAD) Automated System for Custom’s Data (ASYCUDA) World. BLPA also does not have a Management Information System (MIS) linked with the individual systems.

Transport and logistics infrastructure

11. **Over the past decade, as exports have doubled and imports have almost tripled, infrastructure has come under increasing strain.** Bangladesh’s ability to increase its competitiveness, diversify its exports, and integrate into global and regional value chains depends on efficient transport and logistics infrastructure and services.

12. **The Bangladesh road network needs considerable investments for upgrading and maintenance to improve capacity and climate resilience.** The primary road network is congested and in poor condition, operating at or near maximum capacity and is unable to keep up with the rapidly increasing demand. The average speed on the primary network is less than 30 km per hour. Road conditions are expected to deteriorate further from climate disasters if resilience enhancement measures are not implemented adequately. The poor road conditions result in high logistics costs, constraining Bangladesh from playing a more active role in regional integration. It is estimated that pervasive congestion across the national logistics system in Bangladesh increases standard trucking costs by 100 percent.

13. **Logistics performance issues are compounded by frequent road crashes, which account for about 11 percent of truck operating costs.** Before the COVID pandemic, global studies indicate that road crashes killed more than 4,000 people and seriously injured or disabled an estimated 200,000 in Bangladesh every year. Between 1990 and 2017, the increase in road crash fatalities per capita was three times higher in Bangladesh than in the South Asia region. The low but rapidly growing motorization rate (2.5 times increase from 2014 to 2017) poses a serious threat to road safety, and unless rapid, scaled-up road safety investments are made, a continued upward trend in fatalities and injuries is inevitable.

14. **Bangladesh’s trade infrastructure, such as land ports and custom houses, is inadequate to accommodate**



the existing and projected trade volumes. The inadequate infrastructure at land ports, coupled with inefficient, manual, and paper-based processes - contributes to delays at border points for traded goods. Delays of four to five days at the busiest border points between Bangladesh and India are common. Further, rapidly growing trade volumes have overburdened the Custom House, Chattogram, which was initially constructed in 1920. The customs house is of vital importance to Bangladesh's trade, processing 90 percent of the country's import and export declarations (13,000 per day) and servicing more than 45,700 unique traders per year.

15. **Infrastructure in Bangladesh is vulnerable to flooding and extreme precipitation, and climate change will aggravate the situation.** Road damage from the exceptional flood of 1998 alone accounted for 15 percent of total damages (about 0.7 percent of GDP). The 2007 floods damaged over 14,000 km of roads and washed away 849 bridges, 14 union council buildings and eight growth centers in 46 districts, with a rehabilitation cost of US\$134 million. Infrastructure vulnerability to climate impacts is exacerbated by generally poor design standards that do not account for increasing climate impacts, variable construction quality, and the lack of adequate maintenance.

Policy, regulatory, and procedural impediments

16. **Bangladesh has taken important measures to advance trade facilitation.** This includes the ratification of the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) in 2016, which aims to expedite the movement, release, and clearance of goods. The National Board of Revenue (NBR) is implementing the Customs Modernization Strategic Action Plan 2019-2022 to simplify and modernize customs operations.

17. **While Bangladesh has made significant progress in adopting trade facilitation measures, more remains to be done to enhance trade efficiency.** Soft barriers include reliance on paper, inefficient customs procedures, and a lack of harmonization of transportation and transit protocols. Bangladesh has completed 53 percent of its TFA implementation commitments, but no implementation date has been set for the Category C measures related to risk management, authorized economic operators, pre-arrival processing, post-clearance audit, and border agency collaboration.

18. **Process steps at land ports need to be rationalized.** There is little communication (electronic or otherwise) between the customs and BLPA on what goods are present at any given time at the land ports. Arriving goods for import are normally discharged from trucks and unless they are perishable, are stored in warehouses under the jurisdiction of the BLPA before customs clearance begins. This has created a system of "border men" that collect documents from truck drivers on the Indian side of the border prior to arrival, and "proxy" customs and freight (C&F) agents standing in line to ensure that the slot is kept while the C&F agents interact with the NBR or other government agencies elsewhere. Such human facilitation highlights the need for improved processes.

19. **Despite tariff reductions over the past 25 years, average tariffs in Bangladesh are still twice the South Asia average and three times that of export-oriented Asian peers.** Paratariffs, including regulatory and supplementary duties, which have risen since 2000, double the average tariff rate and sharply increase the protection of key domestic sectors like transportation, textiles and RMGs, footwear, and agribusiness. As a result, domestic producers lack incentives to reduce costs, innovate, and internationalize. A World Bank study estimates that replacing the current tariff and para-tariff measures by a flat combined border tax of 10 percent would raise consumers' real incomes by 11 percent and lift 11 million people out of poverty³⁴.

Barriers to women's participation in trade



20. **Women comprise only 10 percent of all business owners in Bangladesh, and female majority-owned enterprises comprise a mere 1.7 percent of formal enterprises.**³⁵ Moreover, their firms are smaller, have lower survival rates, and are concentrated in fewer sectors (primarily wholesale and retail trade of textiles) than firms in the formal sector that are owned by male entrepreneurs. From the recent IFC-led stakeholder orientation programs for women-owned businesses on the fundamentals of exports and imports, it was observed that most women are grappling with just starting a business (with issues such as trade licensing, access to credit), with exporting and importing only distant ambitions³⁶. As a result, women-owned firms are far less likely than men-owned firms to be directly involved in trade, as they are unable to capture export opportunities to the same extent as their male counterparts. A key underlying constraint is limited knowledge and information on trade-related regulations and services, especially those available online.³⁷ Further, the COVID-19 pandemic laid a disproportionate hardship on female-owned firms, starting from more widespread and longer temporary closures to difficult decisions regarding workforce reductions.³⁸

c. Relevance to Higher Level Objectives

21. This is discussed in Section I(C) of the main text of this PAD.

II. Project Description

22. The project development objective (PDO) is fully aligned with the results chain of the ACCESS Program.

a. Project Development Objective

PDO Statement: The PDO is to increase the efficiency and resilience of trade and transport along selected corridors in Bangladesh.

PDO Level Indicators: Progress against the PDO will be measured through the following outcome-level indicators:

1. Increased freight throughput at select border points in Bangladesh (percentage)
2. Increase in customs clearance through green channel (percentage)
3. Reduction in physical inspection through red channel (percentage)
4. Reduction in travel time along the project corridor (percentage)
5. Reduction in vehicle operating costs along the project corridor (percentage)
6. Reduction in annual fatalities along the project corridor (percentage)
7. People provided with improved climate-resilient road access along the project corridor (number)

b. Project Components

23. The project components are within the scope of the Program components described in the main text. The following describes the activities for Bangladesh. Details on the project's climate co-benefits are provided in the separate climate technical note accessible in the Program's project files.

Component 1. Digital Systems for Trade (US\$24.85 million, IDA financing of US\$21.10 million) will support the



development and improvement of IT-enabled services for trade, to reduce touch points and human interaction, enhance transparency, reduce congestion, and truck idling, resulting in faster border clearance time and greater cargo throughput. It will finance:

- *Subcomponent 1(a)* – Designing, supplying, developing, installing, configuring, and testing of an electronic automated border management system for Benapole, Bhomra, and Burimari land ports;
- *Subcomponent 1(b)* – Designing, supplying, developing, installing, configuring, and testing of a centralized management information system that provides real-time information and monitoring of land port performance;
- *Subcomponent 1(c)* – Providing an e-learning portal for risk management and supporting software for risk profiling to enhance risk management practices;
- *Subcomponent 1(d)* – Developing an e-learning platform for the Customs, Excise and VAT Training Academy, Chattogram (CEVTA); and
- *Subcomponent 1(e)* – Designing and delivering of training modules for Subcomponents 1(c) and 1(d) of the project.

Component 2. Green and Resilient Regional Transport and Trade Infrastructure (US\$952.85 million, IDA financing of US\$679.05 million) will support green, resilient, and inclusive trade and transport infrastructure development along key regional corridors in Bangladesh. It will finance:

- *Subcomponent 2(a)* – Developing efficient and resilient land ports at Benapole, Bhomra, and Burimari to meet increasing trade and traffic demand;
- *Subcomponent 2(b)* – Constructing a state of the art green-building certified, resilient Custom House Chattogram (CCH) with enhanced capacity to process rapidly growing trade volumes with required infrastructure, collaborative laboratory and other facilities including facilities for women (including, among others, service desk, day-care center, separate Water, Sanitation and Hygiene (WASH) facilities);
- *Subcomponent 2(c)* – Developing a state of the art green-building certified and resilient CEVTA to institutionalize the NBR’s capacity building programs and enable continuous human resource development;
- *Subcomponent 2(d)* – Carrying out a feasibility, detailed design, supervision and interior design consultancy for the CCH and CEVTA;
- *Subcomponent 2(e)* – Upgrading the Sylhet-Charkhai-Sheola Section (43 km) from a two-lane single carriageway to a climate-resilient four-lane dual carriageway, connecting Sheola Land Port with the Sylhet-Dhaka Highway; and
- *Subcomponent 2(f)* – Installing of climate-resilient optical fiber cable ducts and an intelligent transport system for the road section, designed to improve availability and reliability of broadband connectivity.

Component 3. Institutional and Policy Strengthening for Transport and Trade (US\$68.25 million, IDA financing



of US\$53.30 million) will support Bangladesh’s implementation of the WTO Trade Facilitation Agreement, Customs Modernization Strategic Action Plan, and preparation for Motor Vehicle Agreement implementation. It will finance:

- *Subcomponent 3(a)* – Supporting the implementation of the NBR’s priorities for customs modernization through the provision of technical assistance for (i) tariff modernization, in particular, tariff policy analysis, formulation and phased implementation of tariff policy; (ii) bond modernization, in particular, formulation of a Bond Manual rationalizing and consolidating the policy regulations for bonded warehouses and introducing policy regime for common bonded warehouse and scoping for duty drawback and exemption office automation; (iii) introducing green channel clearance through risk management, authorized economic operator and trusted trader programs; (iv) formation and operationalization of a national single window commissionerate; (v) effective application of pre-arrival processing; and (vi) implementation of post-clearance audit; (vii) developing training modules for CEVTA, business plans and customs, human resources, development strategies for improved services to all stakeholders, including women traders and (viii) preparation of the Customs Modernization Strategic Action Plan 2023-2026;
- *Subcomponent 3(b)* – Organizing training programs for women traders on rules and regulations related to trade, and IT-enabled trade related services;
- *Subcomponent 3(c)* – Providing of technical assistance to the NBR for project management and quality assurance, conducting feasibility and detail design studies for custom houses, associated environment and social standards studies, and other assessments, surveys, and data collection and capacity building programs;
- *Subcomponent 3(d)* – Providing technical assistance to the BLPA for conducting feasibility and detail design studies for land ports, associated environment and social standards studies and awareness programs, studies and capacity building in relations to land port modernization; and
- *Subcomponent 3(e)* – Providing technical assistance to the RHD to advance the Recipient’s preparedness and subsequent implementation of the MVA, preparatory studies for next-generation regional roads projects, environmental and social standards studies, other assessments, studies and surveys and capacity building activities.

Component 4. Contingent Emergency Response (CERC) (IDA financing: Zero) will provide support for an immediate response to an eligible crisis or emergency, as needed.

c. Project Beneficiaries

24. **The project beneficiaries mirror the ACCESS Program beneficiaries.** These include road users, consumers of tradable goods and services, and owners and employees of firms producing tradable goods and services, especially small and medium-sized farmers and enterprises who typically suffer from trade inefficiencies. Further details are provided in the main text of this PAD (Section I(B)).

d. Results Chain



25. The project results chain is reflected in the Theory of Change of the Program and is presented in the main text of this PAD (Section I(D)(ii)).

e. Rationale for Bank Involvement and Role of Partners

26. **The project provides a unique opportunity to take a holistic approach to regional transport connectivity and trade facilitation.** The project has the potential to demonstrate improved trade outcomes through improved border agency coordination, border management, use of digital systems, and skills development. The WBG adds value by bringing in multi-sector technical expertise from the transport and trade global practices to implement a complex project drawing on experience from similar multisectoral projects in Bangladesh and elsewhere in the region.

27. **Potential for involving other multilateral development institutions.** The project provides an opportunity for other development partners to support downstream financing resulting from the project preparation studies.

III. Implementation Arrangements

a. Institutional and Implementation Arrangements

28. **The project will be implemented by the BLPA, NBR, and Road and Highways Department (RHD).** Each Implementing Agency (IA) will establish and maintain project implementation units (PIUs) that will be: (i) headed by a Project Director; (ii) staffed by full-time technical experts and specialists in procurement, financial management (FM), environmental, health and social aspects, and monitoring and evaluation (M&E); and (iii) responsible for the day-to-day implementation of their respective parts of the project, including preparing financial and project reports, and annual work plans and budgets. The GoB will establish and maintain a Project Coordination Committee (PCC) to provide strategic direction on project activities and review progress. The roles and responsibilities of each PIU, as well as specific fiduciary, safeguards, technical, and monitoring guidelines, will be detailed in the Project Operations Manual (POM). The BLPA, NBR, and RHD are expected to be the IAs for the CERC component, unless the Emergency Response Operations Manual specifies otherwise. Annex 2 provides more details on the implementation arrangements.

b. Results Monitoring and Evaluation Arrangements

29. **The BLPA, NBR, and RHD will be responsible for monitoring project progress, outcomes, and results indicators.** Progress and performance of the project will be monitored and evaluated semi-annually against the outcome and output indicators of the Results Framework. This will also include qualitative assessment of project performance with respect to the quality of works, governance and transparency in procurement and contract management, and compliance with the commitments related to fiduciary, environmental and social safeguards, as agreed through the ESMF and the ESCP. Project outcomes will be aggregated to provide cumulative results at the Program level and contribute the achievement of the Program Development Objective (PrDO) as presented in the main text of this PAD (Section III(B)) and in the Results Framework.

c. Sustainability



30. **The project has a strong emphasis on building institutional capacity, as well as following international good practices in border management and digitization and automation, and green and resilient infrastructure development.** Strengthening of the trade and transport agencies, alongside regular training, is expected to endow them with the requisite capacities to manage their policies, programs, and implementation more effectively in the future. The investments, activities, and results will also be sustained through adequate allocation of resources by the GoB. For example, the construction contracts for the Sylhet-Charkhai-Sheola road section will include six-year performance-based maintenance funded by GoB, which will enhance the sustainability of the investments.

IV. Project Appraisal Summary

a. Technical, Economic and Financial Analysis

Technical Analysis

Digital Systems for Trade

31. **Improving the efficiency of trade processes and procedures is critical for optimizing the operations of land ports in Bangladesh.** An in-depth business process analysis (BPA) of the existing processes at the project land borders and their connections to selected cross-border regulatory agencies (CBRAs) and other cross-border trade stakeholders has identified areas for modernization and streamlining. This will contribute to a new working norm in which face-to-face interactions and the submission of paper-based documents are minimized or eliminated. The project will provide BPLA with efficient IT-driven platforms at land ports as well as a centralized system for performance monitoring to enable it to perform cargo handling, storage, tariff calculation, levy payment procedures, and traffic management efficiently in a time-sensitive environment. The e-ABMS platform will expand system access, thereby enabling the strategic exchange of electronic data amongst public and private stakeholders involved in the trading process. It will include intelligent transport system (ITS)-related hardware such as closed-circuit television (CCTV) cameras for enhanced port operations. The project will also support development of e-learning portals for the CEVTA and the Customs Risk Management Commissionerate (CRMC) and supporting software for risk profiling with uninterrupted data interchange.

32. **Digitized automated trade systems will enhance the continuation of cross-border trade during future disasters, such as floods, cyclones, or other climate-induced disasters.** Similarly, e-learning platforms to be developed by the NBR will enable the continuation of teaching and learning during any future disasters. Online platforms will be secured through data recovery and backup systems in the existing national data centers and the use of cloud-based services will ensure continued availability and prevent data loss in the event of a natural or human-made disaster.

Green and Resilient Transport and Trade Infrastructure

33. **Increasing the capacity and efficiency of the Benapole, Bhomra, and Burimari land ports, the three largest land ports in Bangladesh, is important for trade competitiveness.** The land ports will be designed to support the adoption of modern border management in order to reconcile the objectives of effective control and trade facilitation. Benapole-Petrapole is the largest land border crossing in South Asia in terms of freight traffic and value of goods. It handles about 80 percent of Bangladesh's total trade with India through land routes and is facing



severe congestion. A recent condition report for Benapole found many of the infrastructure facilities constructed 25-35 years ago to be unsafe, structurally deficient and in urgent need of replacement or rehabilitation. Capacity enhancement of Bhomra land port is key priority with demand expected to increase substantially with the completion of the Padma Bridge; Bhomra is on the shortest route from Kolkata to Dhaka. Burimari is the third largest land port and is the designated land port for trade with Bhutan.

34. **Rapidly growing trade volumes have over-burdened the existing facilities at the CCH.** The CCH manages 90 percent of Bangladesh’s import and export declarations per day (13,000). It is also expected to support trade between India and NER as per the cooperation agreement signed between Bangladesh and India as well as the projected quadrupled trade with the completion of the Bay Terminal, Patenga Container Terminal, and Matarbari Deep Sea Port. As initiatives are underway in Bangladesh to modernize cross-border trade processes, including the digitization of data flow and automation, the NBR will undertake a BPA to inform proposed business procedure improvements, revised workflows, and human interaction between the CBRAs and trader entities at the CCH, based on current border process modernization initiatives.

35. **Trade infrastructure will be constructed to meet climate-resilient standards to withstand climate risks.** The risks are especially severe in Chattogram with its low-lying coastal geographic features that expose it to a range of hazards, including cyclones and tidal surges (primary risks), as well as waterlogging, saltwater intrusion, and flash floods. For the land ports (located at Jessore, Satkhira, and Lalmonirhat districts), flooding, cyclones, and extreme heat have been identified as highly likely in the near future. Engineering measures such as low-impact development combined with rainwater harvesting to ensure minimal disruption from excessive precipitation and flooding; careful selection of materials to reduce albedo; controlling solar gain through site or building changes such as green roofs, white roofs, integrated green cover on walls; provision of adequate insulation and ventilation; reduction of lighting; arrangement of multiple buildings to benefit from mutual shading; provision of screened, shaded outdoor living areas to provide additional relief from heat; use of moisture-resistant materials to prevent damage from flooding; and floor height elevation above flood level to prevent disruption from excessive precipitation will be adopted to improve the climate resilience of the trade infrastructure. Green features, including solar cogeneration combining photovoltaics (PV) and solar thermal technologies, a rainwater harvesting system, and energy- and water-efficient fixtures will be included. Green-building certification will be sought for the customs infrastructure.

36. **The Sylhet - Charkhai - Sheola Road (43 km) connects Sheola land port with the Sylhet-Dhaka Highway (N2), which is part of Asian Highway 1 and 2.** The project road is also part of a strategic regional corridor, the Bangladesh-China, India-Myanmar Economic Corridor which extends from Kolkata, India to Kunming, China. The current road section is mostly a two-lane single carriageway regional highway without a hard shoulder and with visible signs of pavement deterioration. The pavement commonly shows alligator cracks, potholes, raveling, wheel path rutting, edge breaks, and signs of deformation caused by both traffic load and climatic factors, which are likely to increase with rising global temperatures. The current geometric design has sharp turns at times where speed restriction is the only option to ensure safe passage of vehicles through these sections. The proposed design—conversion from a two-lane single carriageway to a climate-resilient four-lane dual carriageway, with separate service lanes for slow-moving vehicles and vulnerable users on 19 km of the project road on both sides of the carriageway—improves capacity, the geometric design of the road (both horizontal and vertical curves) and addresses the drainage needs considering additional precipitation during the design period from climate change. Intersections will be improved mainly with roundabouts, channelization, and grade separation. The pavement is



designed mostly as flexible pavement for a 20-year service life but the service roads at specific urban sections are designed as rigid pavement to address site-specific needs.

37. **Climate resilient road construction.** The project road will be built to a higher climate resilience standard to mitigate the impact of moderate to severe flash floods, which occur regularly at some locations, such as near the Sheola bridge on the Kushiara river. A combination of vegetation, geotextile placement, and other bioengineering solutions will be used for slope and embankment protection. The pavement will be designed to withstand higher temperatures through adjustment of the bitumen mix design (using binders with a higher softening point, including polymer modification of bitumen, selection of a stronger aggregate skeleton), the pavement type used (polymer modified asphalt pavement and rigid pavement at the service roads in select urban areas), and increasing the albedo of the road surface. Existing bitumen and aggregates will be recycled and reincorporated into the new pavement layers, decreasing the amount of aggregates and other road materials required to be transported over long distances to the site and reducing associated emissions. The new road surface will be raised significantly above the highest flood level to mitigate the risk of damage from overtopping. Bridges, culverts, and other drainage structures will be designed to accommodate increased flows, provide scour and erosion protection, and resist damage from overtopping. The roadside and road subsurface drainage networks will be substantially improved. This comprehensive set of measures, from the design to the construction and maintenance phases, will substantially increase the infrastructure’s readiness and resilience to natural hazard events.

38. **Road safety.** The inclusion of service lanes for lower-speed vehicles and non-motorized transport on 19 km of the road section will improve road safety. Major pedestrian destinations will be equipped with continuous footpaths with sufficient crossing facilities. Deployment of ITS features along the project corridor will help manage incidents, enhance safety, guide travelers during inclement weather conditions, and reduce congestion (thus reducing carbon emissions). The World Bank’s Road Safety Screening and Appraisal Tool (RSSAT) estimated a net reduction of about 50 percent in fatalities from the proposed improvement of the Sylhet-Charkai-Sheola road.

Institutional and policy strengthening for transport and trade

39. **The project will address several barriers that are preventing the seamless movement of cross-border trade – as identified and stipulated in the WTP TFA and Customs Modernization Strategic Action Plan.** The establishment and operationalization of the Customs Risk Management Commissionerate (CRMC) will entail infrastructure development planning, capacity building program, legal support, and development of standard operating procedures. The automated risk management software, supported by the ongoing Bangladesh Regional Connectivity Project (BRCP), will enable the effective functioning of the CRMC and help customs to introduce green channel and reduce physical inspections. Authorized economic operator and trusted trader programs will be rolled out, prearrival processing, and post-clearance audits will be functional, which will lead to reduced clearance times.

40. **The project will support the NBR in developing an implementation plan for national tariff policy, coupled with capacity building of officials for subsequent policy updating and amendments to the policy.** This is expected to lead to the preparation and implementation of a prioritization plan for tariff rationalization and implementation by the NBR, taking into consideration export diversification, sector competitiveness, job creation, investment, LDC graduation and economic recovery from the COVID-19 Pandemic. Development of the tariff rationalization plan requires significant capacity improvement in simulation, revenue modeling, and other statistical analysis which will be supported by the project.



41. **Private sector participation.** The project will seek to improve the enabling environment for private sector investments in common bonded warehouse (CBW) facilities. Bonded warehouses are considered one of the success factors behind the growth of the RMG sector and the GoB is seeking to expand such facilities to non-RMG sectors to promote export diversification. An initial assessment by International Finance Corporation (IFC) estimated that 40 CBWs need to be developed by the private sector in strategic locations around Bangladesh. Project support will be extended for a CBW feasibility study to be financed and operated by the private sector, and for technical assistance to enable the policy changes required for the licensing, renewal, management, and audit of CBWs.

42. **Implementation of the Bangladesh-India-Nepal MVA is expected to start after the first year of project implementation.** Bangladesh needs to enhance preparedness for its implementation. Technical assistance under the project will support the formulation of an implementation action plan; provision of training and awareness programs; and assessments related to vehicle inspection and certification, road worthiness certification, and infrastructure requirements along MVA routes (recreation places, repair facilities, refueling centers). The project will also provide support for studies and technical assistance to introduce a transit system (such as the TIR), which would help streamline border crossing procedures and save time at borders.

43. **The project has a strong focus on skills development with the provision of online and onsite learning on modern customs and border management practices.** For example, the e-learning portal, training of trainers and on the job training for the CRMC will support customs to train officials on a recurring basis. The e-learning platform at the CEVTA will house all training modules on WTO TFA measures and good border clearance practices and therefore ensure sustainability of capacity-building programs supported by the World Bank and multiple development partners working on TFA issues. A skills development program for women traders through the CEVTA will enable them to participate more in cross-border trade.

Economic Analysis

44. **There are three key types of investments proposed within the project:** (i) capacity and efficiency improvements at Benapole, Bhomra and Burimari land ports which encompass infrastructure as well as port systems and processes, (ii) upgrade and capacity expansion of the CCG and CEFTA; and (iii) upgrade and expansion of the Sylhet - Charkhai – Sheola Road (43 km), which connects Sheola land port with the Sylhet-Dhaka Highway (N2) and supports regional trade and connectivity. Different methodologies have been adopted depending on the type of investment financed by a component, such as the volume and time-sensitivity of trade and transaction flows, and traffic. The performance of the investments is assessed over the life cycle of the assets created using a cost-benefit analysis that accounts for the direct and indirect costs and benefits generated by the project. The period of analysis for each investment type varies and reflects the duration of the costs and benefits associated with the specific investment.

45. **Investments at the Burimari land port were found to be viable with an economic internal rate of return (EIRR) of 19.6 percent and net present value (NPV) of US\$167 million at a discount rate of 12 percent.** The investment remained viable under different scenarios including the worst-case of a 20 percent increase in costs and similar decrease in benefits. The EIRR in the latter case was 12.2 percent and the NPV US\$107 million while the benefit-cost ratio declined to 2.4 from the base case of 3.6. The NPV and EIRR for the other two ports at Benapole and Bhomra will be calculated during implementation, following the methodology applied for Burimari.



46. **The NPV of the upgrade of the CCH, including the laboratory and training facilities, is estimated at US\$86.34 million with an EIRR of 19 percent.** The investment remains viable with an estimated NPV of US\$21.47 million and an EIRR of 14 percent when costs increase, and benefits decline by 20 percent each.

47. **The base case for the upgrade of the Sylhet-Charkai-Sheola Road, evaluated at a 12 percent discount rate, yields an NPV of US\$137.7 million and an EIRR of 16.8 percent.** In various scenarios where costs and benefits were changed by 15 percent, the investments remained viable. This was also true for the worst case, with the NPV remaining positive at US\$28.7 million and the EIRR decreasing to 13 percent when both costs increase, and benefits decline by 15 percent. Road sector investments have been evaluated using the Highways Development and Management (HDM 4) model software.

48. **The RSSAT was applied to estimate the changes in road related fatalities and assess the safety related costs and benefits with and without the investments in the Sylhet-Charkai-Sheola road.** The results of this analysis indicate a project safety impact (PSI) of 0.94.

49. **Next, gross and net greenhouse gas (GHG) emissions were estimated, and the cost of carbon was calculated using the high and low price of carbon, following the 2017 Guidance Note on the Shadow Price of Carbon (SPC).** These calculations were incorporated in the economic analysis and the results prepared with and without the costs of carbon. The EIRR and NPV have been calculated: (i) without SPC; (ii) with the low value of SPC; and (iii) with the high value of SPC along with benefits from road safety as well as savings in vehicle Operating Costs (VOC) and travel time. These results are shown in Table 1 below.

Table 1: Sylhet-Charkai-Sheola Road Economic Analysis – Summary

	EIRR (%)			NPV (US\$ million)		
	Base Case (without RSSAT, SPC)	Including RSSAT and SPC		Base Case (without RSSAT, SPC)	Including RSSAT and SPC	
		Low SPC	High SPC		Low SPC	High SPC
Base	16.8	17.4	17.6	137.7	142.3	147.8
Costs increase and benefits decrease by 15 percent	13.1	13.6	13.8	28.7	45	49.6

b. Fiduciary

(i) Financial Management

50. **The project will benefit from leveraging the experience of the BLPA, NBR, and RHD in managing the FM activities under existing World Bank-financed projects.** Nevertheless, continuous capacity building will be needed to address prevalent generic weaknesses due to the lack of professionally qualified FM specialists, weak internal



control environment, lack of effective internal audit activity, delay in resolving external audit observations, lack of inventory and asset management, etc. The results of the FM capacity and risk assessment and the corresponding mitigation measures are summarized in the Key Risks section. Annex 2 summarizes the FM arrangements.

(ii) Procurement

51. **All goods, works, non-consulting services, and consulting services required for this project and to be financed out of the proceeds of the IDA credit will be procured in accordance with the World Bank Procurement Regulations for IPF Borrowers, and the provisions of the Financing Agreement and Procurement Plan.** Procurement will also be subject to the World Bank's Anticorruption Guidelines. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions and complaints.

52. **All project IAs have experience in implementing transport and trade facilitation projects, including high-value contracts.** The BLPA, NBR, and the RHD PIUs are each expected to assign a qualified staff responsible for their respective procurement under the project. They will be assisted by procurement consultants who will also provide capacity building to the project officials. The IAs will also engage consultants (firms and individuals) for associated technical services, including detailed designs, Environmental and Social Impact Assessments (ESIAs), supervision, training and capacity building, and M&E.

53. **The results of the World Bank's procurement capacity and risk assessment of the IAs are summarized in the Key Risks section.** Further details on procurement are provided in Annex 2.

c. Environmental and Social

54. **The environmental and social risks (E&S) and impacts of the project are rated High, primarily because of social risks.** The key E&S risks and impacts of the project are land acquisition and involuntary resettlement at the Sylhet-Charkai-Sheola road and Bhomra and Benapole land ports, and occupational and community health and safety. A summary of environmental and social aspects is provided below. Further details are described in the project's ESRS.

55. **Environmental aspects.** The environmental risks and impacts of the Sylhet-Charkai-Sheola road are assessed to be Substantial and are largely manageable, as the civil works will be carried out on an existing road without any significant risks and impacts on environmentally sensitive receptors, such as natural or critical habitats. The project area is largely agricultural, and the related risks and impacts are typical for medium- to large-sized construction works with known engineering and housekeeping measures, which will be adopted and implemented by the project. Project activities under the BLPA and NBR are expected to have limited environmental risks and impacts, as most of the civil works are for the rehabilitation of existing infrastructure. The anticipated environmental and social impacts and risks during construction are those typically associated with civil works, such as air, noise, water and soil pollution, wastewater, solid and hazardous material waste generation, as well as labor, occupational health, and safety risks of workers and nearby communities. During operation, the expected environmental and social impacts and risks will be minor wastewater and solid-hazmat waste management issues related to the operation of offices. These are likely to be mostly temporary and reversible, with a low probability of serious adverse effects to human health or the environment.



56. **Social aspects.** The Sylhet-Charkai-Sheola road construction involves land acquisition of about 314 acres. The total number of physically and economically affected households is 4,362, with 17,884 project affected persons. The anticipated land acquisition for the BLPA is about 100 acres (Bhomra 40 acres, Benapole 50 acres, and Burimari 3 acres). At Benapole and Bhomra land ports, it involves involuntary resettlement-related impacts on legal landowners, informal occupants, businesses, tenants, homesteads, and residential and commercial buildings. The Burimari land port involves minor involuntary resettlement impacts. The proposed rehabilitation and improvement of customs infrastructure under the NBR will take place within the existing footprints inside the project area with no land acquisition requirements, or physical or economic displacement. All land acquisition costs are funded by the GoB.

57. **The project adopts a combination of a framework approach and site-specific ESIA.** An ESMF for the BLPA and NBR project activities, which along with the other required ESF documents, provides guidance for implementation, has been prepared and disclosed³⁹. Burimari land port is at a more advanced level of feasibility and design (compared to Benapole and Bhomra), and a separate ESIA has been prepared and disclosed⁴⁰. The ESIA for the Sylhet-Charkai-Sheola road have been prepared, consulted upon, and disclosed⁴¹. The executive summaries of the above were translated into the local language (Bangla) and were disclosed on the websites of each of the respective IAs. The RPF, the Stakeholder Engagement Plan (SEP), the labor management procedure, and the ESCP along with the updated ESMF and ESIA were prepared, consulted upon, and disclosed at project appraisal⁴². The approved E&S instruments will also be made available in all field offices during project implementation.

58. **The relevant provisions on E&S risk management, along with the timing for the site-specific ESIA and Resettlement Action Plans (RAPs), are mentioned in the Borrower’s ESCP.** All three IAs have experience of implementing World Bank-funded projects: the NBR and BLPA under safeguards policies, and the RHD under the ESF. Additional capacity building measures (such as training and staffing) are included in the ESCP.

59. **Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH):** The SEA/SH risk is assessed as Substantial based on the World Bank’s Good Practice Note on SEA and SH in major civil works and the related risk rating tool. The risks from labor influx exists because the potential construction sites are located in the proximity of educational establishments, and the BLPA and RHD have major resettlement. Human and sex trafficking targeting girls and women is common in the border areas. A project-specific SEA/SH Action Plan includes the following risk mitigation and management measures: (i) dedicated SEA/SH experts at the BLPA and RHD PIUs and a gender or social development expert at the NBR; (ii) incorporation of the necessary provisions in the bid documents; (iii) establishment of a code of conduct for the project workers; (iv) an SEA/SH-compliant GRM with specific protocols for handling SEA/SH grievances; (v) provisions for service providers with the BLPA and RHD; and (vi) awareness-raising activities on SEA/SH among the beneficiary communities, stakeholders, and IAs.

d. Gender

60. The project will adopt the overall Program approach to address gender disparities in trade and transport.

i. **Policies.** Through its support to the NBR and BLPA for enhanced trade facilitation, the project will support simplified trading across border facilities for women traders and introduce policy and regulatory simplification through the National Trade Facilitation Committee working group for women traders (supported under the BRCP);



- ii. **Infrastructure.** The project will support the BLPA and NBR to construct trade infrastructure with gender specific features, such as separate toilets and WASH facilities for women. The CCH will have childcare facilities and a designated service desk for women;
- iii. **Skills.** The project will support the NBR CEVTA in providing training programs on trade related policies, regulations, and processes as well as IT-enabled services that will target women traders and entrepreneurs. The project includes a results indicator measuring the increased level of knowledge of the participating women through a pre- and post-training test; and
- iv. **Human trafficking.** The project will support the BLPA to engage a nongovernmental organization or other organization to carry out awareness-raising programs at the Benapole and Bhomra land ports and conduct training programs on human trafficking for border agencies and local officials. The border points have been selected because an ongoing study on human trafficking in Bangladesh has highlighted Jashore as a location where multiple forms of trafficking occur.

e. Citizen Engagement (CE)

61. **The project will engage with stakeholders over the implementation period, based on the specific Stakeholder Engagement Plans (SEPs) prepared by the IAs.** Extensive consultations have taken place with the transport and trade stakeholders, local communities, civil society organizations, and relevant government departments during different stages of project preparation and the development of the SEPs; these consultations will continue during project implementation. The project plans to conduct satisfaction surveys to track beneficiary satisfaction of project investments, with specific attention to frequent users (such as transporters, passengers, and traders), local users (such as slow-moving vehicles in the case of the Sylhet-Charkai-Sheola road) from neighboring communities and especially those taking part in the training programs under the project. All IAs have developed site and PIU-level Grievance Redress Mechanisms (GRMs) in their respective SEPs. Information related to the GRM process will be available on bulletin boards at project sites and offices. The project’s Results Framework includes specific CE-related indicators to measure the satisfaction of beneficiaries and users as well as the share of grievances received that are processed within the stipulated service standards.

V. Key Risks

62. The overall risk to achieving the PDO is rated Substantial. The main risks are discussed below.

63. **The environmental and social risks - High.** This rating is primarily because of the social risks, which are rated High because of the scale of land acquisition and involuntary resettlement at the Sylhet-Charkai-Sheola road and the Benapole and Bhomra land ports. The environmental risks are assessed as Substantial, as there are no significant adverse and irreversible impacts that transcend beyond the physical footprints of the project nor on biodiversity values or ecosystem services of importance. Mitigation measures to control potential environmental and social risks and impacts will outlined in the ESMP to be prepared in accordance with the ESMF. There will also be third-party monitoring to ensure that E&S instruments for all components are implemented and corrective actions are undertaken when required.



64. **SEA/SH risks - Substantial.** Although no significant labor influx is expected during construction, as most unskilled and semi-skilled workers will be recruited locally, most of the construction sites are likely to be in proximity of educational institutions which increases the SEA/SH risks. The PIUs will have dedicated SEA/SH specialists on their respective teams to assist in managing the related risks. A Gender and SEA/SH Action Plan is prepared for the project that details the relevant mitigation measures, both preventive and curative on SEA/SH risks, sexually transmitted diseases, and human trafficking concerns, along with specific actions to promote gender and women empowerment.

65. **Fiduciary risks - Substantial.** The residual procurement and FM risks are rated Substantial. Procurement risks include inadequate preparation of technical requirements (technical designs, specifications, terms of reference, etc.), inordinate delays during bid evaluation and contract award, weak contract management, and the generally weak governance environment. Key mitigation measures are: (i) completion of technical prerequisites and land acquisition (for land ports) before bids can be invited; (ii) all procurement must follow established timelines for the completion of key milestones in the procurement process as per the agreement between the GoB and the World Bank; and (iii) an adequate number (at least two) qualified staff will be assigned by each IA to carry out procurement under their respective component.

66. **Key FM risks include:** (i) difficulty in timely recruiting qualified FM personnel; (ii) a poor internal control environment; (iii) inordinate delays in resolving external audit observations; and (iv) lack of efficient inventory and asset management etc. Mitigation measures include: (i) advanced procurement of FM personnel to ensure this recruitment is finalized by project effectiveness; (ii) carry out periodic Internal Audits to assess the operational efficiency and suggest recommendations to strengthen internal control environment through implementation of an agreed action plan; (iii) strengthen the inventory maintenance procedure; (iv) introduce effective asset management system to ensure optimum usage and safeguarding of assets; and (v) arrange for periodic bipartite/tripartite meetings involving the project, the ministry, and external auditors (Foreign Aided Project Audit Directorate, FAPAD).

92. **Institutional capacity for implementation and sustainability risks - Substantial.** The multisectoral nature of the project demands close coordination of government agencies. Currently, there is a lack of internal coordination between the stakeholder agencies with trade facilitation activities often identified and selected independently along with departmental silos through separate ministries without a comprehensive, coordinated, and continuous planning process. This risk will be mitigated through the national project coordination mechanism to be established under the project. However, it may take time for this coordination body to act effectively.

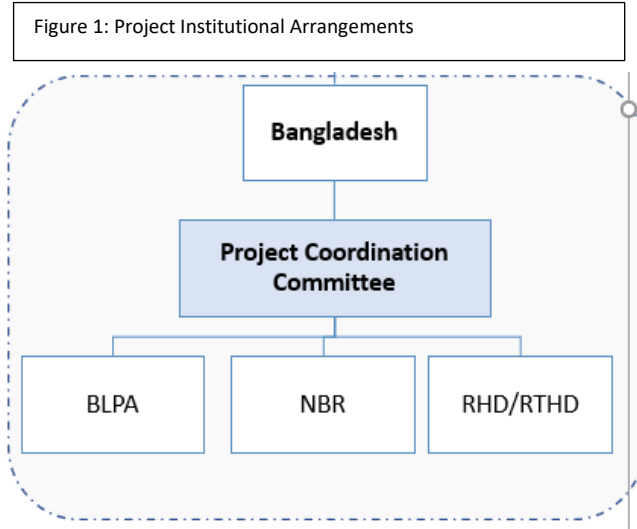
93. **Technical design risks - Substantial.** The project will introduce innovative and new concepts for digitization and automation, green and resilient infrastructure. These risks will be mitigated by engaging consulting firms with international experience in IT systems, engineering design, contract management, and quality assurance. The PIUs will also be supported through extensive training and capacity building activities on selected priority areas and project management. However, the residual risk at project initiation remain substantial as these will take time to mature.



ANNEX 2: Implementation Arrangements and Support Plan (Bangladesh)

Project Administration and Oversight

1. The Government of Bangladesh will implement the project through the BLPA, Ministry of Shipping; the NBR, Ministry of Finance; and the RHD, Ministry of Road Transport and Bridges. The GoB will establish and maintain a Project Coordination Committee (PCC) that includes the heads of the BLPA, NBR, and the RHD and the respective Project Directors (PDs). It will meet at least every six months to provide strategic and policy direction on all project activities, and review project implementation progress. The respective IAs would each establish and maintain Project Steering Committees (PSCs) to provide strategic and policy direction, review implementation progress, and facilitate the coordination of project activities. The project will be implemented through three PIUs at the respective IAs, each headed by a PD supported by Deputy Project Directors and adequate technical, fiduciary, and safeguards staff.



Procurement

2. Procurement under the project will include a variety of goods, works, and non-consulting and consulting services. Three Works packages will be procured by the RHD for the construction of the Sylhet-Charkai-Sheola road. Eight Works packages have been identified by the BLPA for the upgrading of the Benapole, Bhomra, and Burimari land ports. Supervision and contract management of the civil works construction under the RHD and BLPA will be carried out by an internationally recruited independent supervision firm. The NBR will procure two works contracts for a CEFTA and CCH for which a pre-feasibility study has been finalized. An internationally recruited firm will be engaged by NBR to conduct the full feasibility and design study, and supervision of the works. During implementation, a Project Management and Quality Assurance (PMQA) firm will be engaged to assist the NBR with implementation to ensure adequate engineering capacity, technical skills, and compliance with the policies and guidelines of the GoB and the World Bank. Goods and information systems expected to be procured include the e-ABMS (by BLPA), customs lab equipment (by NBR), ITS-related equipment (by RHD), and solar panels and green materials under the BLPA and NBR project components. For the procurement of solar panels and components, the World Bank’s standard provisions against use of forced labor shall be required in the procurement and contract documents, including the ‘Forced Labor Performance Declaration’ and ‘Forced Labor Declaration’. Consultant services under the project are expected to include design and supervision firms for the RHD, NBR, and BLPA’s works, the PMQA firm for the NBR, and individual consultants for fiduciary and technical support to the PIUs and to conduct technical studies.

3. The appropriate procurement methods and approaches for each procurement activity will be specified in the procurement plans of the respective IAs. A Project Procurement Strategy for Development (PPSD) document has been prepared, which covers all project IAs, along with the initial project procurement plans. The



PPSD spells out the procurement arrangements and contract management plans, including the related risks and mitigation measures. The initial procurement plans specify each contract to be financed under the project with the procurement method, market approach, estimated cost, established timelines for completion of the key milestones in the procurement process, and the World Bank’s review requirements. The procurement plans will be uploaded and maintained in STEP and updated at least annually (or when necessary) during implementation. A General Procurement Notice will be published on the World Bank’s website and in United Nations Development Business Online.

Financial Management

4. **Planning and budgeting.** The PIUs (of BLPA, NBR, and RHD) will be responsible for the overall FM performance of their respective projects. The FM Specialist and Accounts Officer assigned to each of the PIUs will carry out the day-to-day FM functions. Budget preparation and execution will use the GoB’s integrated budgetary and accounting system (iBAS++).
5. **Financial authorization processes:** The existing country system for financial delegation, segregation of duties, and approval and authorization processes will be followed for the implementation of the project.
6. **Financial reporting.** The PIUs will generate annual financial reports from iBAS++ by August 30 each year for audit. Interim Unaudited Financial Reports (IUFRs) will be generated from iBAS++ and submitted by each PIU to the World Bank within 45 days from the end of each quarter. Until the time these reports can be generated from iBAS++, the PIUs will prepare them using their respective systems.
7. **Fund flow.** Each PIU will open a Designated Account (DA) with a national commercial bank in the form of a Convertible Taka Special Account (CONTASA) to receive funds from IDA for project implementation. IDA funds will flow to the three DAs based on withdrawal applications submitted by the respective PIUs to the World Bank by the authorized signatories of the respective agencies. An alternative signatory arrangement will be made for each PIU for the submission of withdrawal applications to ensure unhindered flow of funds. The PIUs will be responsible for submitting disbursement/replenishment applications to the World Bank. For the BLPA and NBR, IUFR-based disbursement will be used, while disbursement will be Statement of Expenditure-based for the RHD, which is the current method of disbursement for the RHD in other World Bank-financed projects.
8. **External audit.** The FAPAD will conduct separate audits of the Annual Financial Statements of each IA. The auditors will express their opinion on each of the project financial statements in accordance with international standards of auditing and submit the reports to the World Bank within six months of the end of each fiscal year. In addition, the auditors are required to provide a detailed management letter containing their observations on internal controls and compliance with the financial covenants as laid out in the Financing Agreement for each of the PIUs. There is no pending audit report for any of the projects funded by IDA under the three IAs.
9. **Internal audit.** The PIUs will prepare Terms-of-Reference (TORs) for the internal audits and share them with the World Bank for review and endorsement. Two internal audits by external firms will be conducted during the life of the project, the first after the second year of implementation and the second after the fourth year of implementation.
10. **GoB counterpart financing.** GoB funding includes land acquisition and resettlement, staff salaries, utilities,



utility shifting, vehicles, fuel, VAT, taxes exceeding fifteen (15) percent of the total financing amount, and all costs associated with VAT and other taxes for RHD and NBR's subcomponent 2b and 2c. GoB funding would be on a parallel financing basis.

Implementation Support Strategy

11. **The World Bank will support project implementation based on the risks identified and the mitigation measures proposed in the risk section.** The Bank will undertake regular semi-annual implementation support missions to confirm project performance and areas of concern. These missions will, inter alia, be based on the reports of the IAs. The World Bank team will include specialists in key functional areas, such as technical, fiduciary management, safeguards, and project management.

12. **Support will be provided through regular communication, review of documents, semi-annual support reviews, and thematic reviews.** Project progress and performance will be monitored and evaluated semi-annually against the outcome and output indicators established and agreed as part of the Results Framework. Such M&E shall also include a qualitative assessment of the project's performance concerning the quality of works, governance and transparency in procurement and contract management, and compliance with the commitments related to fiduciary, environmental, and social safeguards as agreed, for example, through the ESMF and the ESCP. The M&E strategy will be pivoted on the timely conduct of studies and assessments to establish baseline and progress data.

13. **A Mid-Term Review (MTR) will be conducted 40 months from credit effectiveness.** The MTR will assess the overall implementation performance and progress towards the achievement of PDO, and if necessary, recommendations for amendments to the project will be discussed and proposed. As noted in the main text of this PAD, a joint Program MTR will also be conducted to monitor progress towards meeting the PrDO.



ANNEX 3: Program Map





Endnotes

- ¹ For example, the MVA, the BD-IN Protocol on Inland Water Transit and Trade, the BD-IN coastal shipping agreement
- ² Herrera Dappe, M. and C. Kunaka. 2021. *Connecting to Thrive: Challenges and Opportunities of Transport Integration in Eastern South Asia*. International Development in Focus. Washington, DC: World Bank
- ³ United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). 2016. *Unlocking the Potential of Regional Economic Cooperation and Integration in South Asia*. New Delhi: UNESCAP
- ⁴ Herrera Dappe, M. and C. Kunaka. 2021. *Connecting to Thrive*.
- ⁵ Government of Bangladesh, General Economic Division (GED). 2020. *Impact Assessment and Coping up Strategies of Graduation from LDC Status*. Dhaka
- ⁶ WBG. 2020. *South Asia Economic Focus Fall 2020; Beaten or Broken: Informality and COVID-19*. Washington, DC.
- ⁷ ADB (Asian Development Bank). 2021. *Asian Economic Integration Report, Making Digital Platforms Work for Asia and the Pacific*.
- ⁸ Solotaroff, J, et al. 2019. *Voices to Choices*. WBG.
- ⁹ Livani T., N. Rizwan, and S. Kathuria. 2019. "Inclusive Regional Trade: Promoting the Economic Empowerment of Women in the BBIN Region." *ANTYAJAA: Indian Journal of Women and Social Change*
- ¹⁰ Livani T., N. Rizwan, and S. Kathuria. 2019. "Inclusive Regional Trade."
- ¹¹ WTO (World Trade Organization). 2021. *Empowering South Asian Women Entrepreneurs through Trade and Technology*.
- ¹² Nora, L., H. Reyes, F. Jahan, T. Livani, and A. Lonnberg. 2021. *Women's Participation, Constraints, and Opportunities for Trade in Bangladesh*. Washington, D.C: WBG.
- ¹³ WBG. 2020. *Women and Trade: The Role of Trade in Promoting Gender Equality*. Washington, DC.
- ¹⁴ UNESCAP. 2016. *Unlocking the Potential of Regional Economic Cooperation and Integration in South Asia*. New Delhi: UNESCAP.
- ¹⁵ Hummels, D. and G. Schaur. 2013. "Time as a Trade Barrier." *The American Economic Review* 103(7): 2935-59. American Economic Association.
- ¹⁶ Organization for Economic Co-operation and Development (OECD). 2015.
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- ¹⁸ Herrera Dappe, M. 2016. *Moving Forward: Connectivity and Logistics to Sustain Bangladesh's Success*. WBG.
- ¹⁹ Herrera Dappe, M. and C. Kunaka. 2021. *Connecting to Thrive*.
- ²⁰ Bangladesh Women Chamber of Commerce and Industry. 2021. *National Seminar on "Promoting Women Entrepreneurship through Improving Regional Cooperation."*
- ²¹ Nora, L. et al. 2020. *Women's participation, constraints, and opportunities for trade in Bangladesh*. WBG.
- ²² De, P., S. Raihan, and S. Kathuria. 2012. *Unlocking Bangladesh-India Trade: Emerging Potential and the Way Forward*. World Bank.
- ²³ Business Initiative Leading Development (BUILD). 2019. *Baseline Survey to Measure Time, Cost and Process Requirements Related to Export and Import for Women-Owned Enterprises*.
- ²⁴ UNODC (United Nations Office on Drugs and Crime). 2016. *Global Report on Human Trafficking*.
- ²⁵ International Finance Corporation (IFC). 2021. *Green Buildings: A Finance and Policy Blueprint for Emerging Markets*.
- ²⁶ ADB and UNCTAD (United Nations Conference on Trade and Development). 2008. *Quantification of Benefits from Economic Cooperation in South Asia*.
- ²⁷ Bhutan signed the MVA framework agreement, but its parliament has yet to ratify it. Bangladesh, India, and Nepal have ratified the agreement.
- ²⁸ Bardasi, E; Gassier, M; Holla, A; Goldstein, M P..2017. *The profits of wisdom: the impacts of a business support program in Tanzania*. WBG
- ²⁹ The Results Framework (RF) comprises both Program and Bangladesh Project Indicators. Due to technical issues, the RF references the PDO (not PrDO)
- ³⁰ Household Income and Expenditure Surveys, 2000/01 and 2016/17.
- ³¹ Genoni, Maria Eugenia; Khan, Afsana Iffat; Krishnan, Nandini; Palaniswamy, Nethra; Raza, Wameq Azfar.2020. *Losing Livelihoods: The Labor Market Impacts of COVID-19 in Bangladesh*. Washington, D.C.: World Bank Group. <https://imagebank2.worldbank.org/search/32399436>
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- ³⁵ Solotaroff, J, et al. 2019. *Voices to Choices*. WBG.
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- ³⁷ BUILD. 2019. *Baseline Survey to Measure Time, Cost and Process Requirements*.
- ³⁸ Hyland, J. et al. 2021. *Female Owned Firms during the COVID-19 Crisis*. World Bank.
- ³⁹ Disclosed on January 24, 2022, and January 25, 2022, on the World Bank website and in Bangladesh, respectively.
- ⁴⁰ Disclosed on April 25, 2022, and May 3, 2022, in Bangladesh and World Bank website, respectively.
- ⁴¹ Disclosed on January 24, 2022, and January 25, 2022, World Bank website and in Bangladesh, respectively.
- ⁴² Disclosed on April 25, 2022, and May 3, 2022, in Bangladesh and World Bank website, respectively.