

**MANAGEMENT RESPONSE ON THE PROJECT PERFORMANCE AUDIT REPORT (PPAR)  
ON THE ROAD OVERLAY AND IMPROVEMENT PROJECT IN  
BANGLADESH (LOAN 1287-BAN[SF])**

On 23 November 2004, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Management and staff found the report well prepared and useful in highlighting some important issues and lessons learned from the *Road Overlay and Improvement Project* in Bangladesh.
2. The PPAR concluded that overall **sustainability** is rated as “less likely” mainly due to insufficiency of maintenance funds, especially to address the backlog of maintenance. We agree that provision of adequate maintenance funds is a key to sustainable development of the road sector. Hence, ADB and other donors in the sector recognized the road maintenance funding issue and jointly initiated a systematic approach to resolve the problem through establishing a sustainable road fund for maintenance, and provided interim support to reduce the backlog. On the Government side, the importance of road maintenance is specifically recognized by the National Land Transport Policy (NLTP) approved in April 2004. Supported by ADB and some other development partners, the Government has commenced preparatory work and taking steps towards establishing a road fund. This is considered a milestone towards sustainability in the road sector in accordance with the sector road map agreed between the Government and ADB. With the actions being taken by the Government and a considerable amount of additional resources particularly from bilateral donors identified, PPAR’s above rating for sustainability may not have reflected the progress adequately.
3. The PPAR recommends, in particular, that responsibility and accountability for road safety should be enhanced within road sector operational agencies, and that road safety should be incorporated more effectively into road evaluation rather than leaving it as an unquantified aspect, subordinate to technical and economic concerns. Given the importance of road safety in Bangladesh, safety enhancement components have been incorporated in all road projects provided since 1990. ADB’s subsequent road projects in Bangladesh have addressed the road safety issues as summarized in the following.
4. On **road safety**, *Jamuna Bridge Access Roads Project* (1996) supported road safety improvements in two aspects: (i) enhancing traffic engineering and management, and (ii) strengthening institutional capacity. Furthermore, *Southwest Road Network Improvement Project* (1999) supported education and public awareness campaigns and provided support for road safety education books and materials. Through policy dialogue, the project urged Roads and Highways Department (RHD) to establish an independent road design and safety circle (RDSC) which monitors road safety throughout RHD and prepares manuals for road safety and road design. RDSC also introduced a road safety audit program for RHD roads, and prepared a road safety manual with an institutionalized systematic method to identify hazards on new and existing roads.
5. On **Vehicle Inspection Center (VIC)**, the PPAR adequately assessed the performance of VIC component. Recognizing the same problem, *Southwest Road Network Development Project* (1999) required Bangladesh Road Transport Authority (BRTA) to lease to the private sector the operation and management of VICs constructed by the project. This requirement was not complied with because of poor institutional capacity and lack of expertise in BRTA. The

project completion report of the *Road Overlay and Improvement Project* (2002) found out that the real cause lay in poor institutional capacity and recommended ADB's further assistance to strengthen BRTA's capacity as a way to normalize and ultimately privatize the operation of VICs. On the basis of this recommendation, Road Network Improvement and Maintenance Project II (2003) includes a component to help BRTA (i) repair existing testing equipment and machinery, and (ii) privatize operations of five VICs.

6. We agree with the PPAR's recommendation to put the policy framework in place to address vehicle roadworthiness and emission control and make the proposed support for privatization of VICs successful. The sector road map and the Government's NLTP includes measures to strengthen legislation and policies, covering broader road sector issues including road safety, vehicle overloading and vehicle inspection, as identified by the PPAR. ADB will continue to have dialogues with the Government to establish the policy framework as recommended by the PPAR before proceeding with the privatization of VICs.