

Bangladesh : IDCOL Multi-Sector On-Lending Facility

1. Project Information

Project ID:	P000344	Instrument ID:	L0344A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Multi-sector	Sub-sector:	Multi-subsector
Instrument type:	<input checked="" type="checkbox"/> Loan:200.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	
ES category:	FI	Borrowing Entity:	Ministry of Finance, Bangladesh
Implementing Entity:	Infrastructure Development Company Limited		
Project Team Leader:	Suyez Pinto		
Responsible DG:	Ke Fang		
Responsible Department:	IMD		
Project Team Members:	Liu Yang, Project Counsel; Duran Moy, Alternate Counsel; Guoping Yu, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist; Victoriano Macasaquit, OSD - Social Development Specialist; Dale Pham, OSD - Environment Specialist; Rauful Sworan, PMA; Julian Su, Back-up PTL		
Completed Site Visits by AIIB:	Nov, 2023 The 5th Tripartite Portfolio Review Meeting (TPRM) was held in Bangladesh on 6 November 2023.		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/05		

2. Project Summary and Objectives

Project Objective:

The project objective is to promote infrastructure investment by providing long-term financing to the private sector in Bangladesh. It is aligned with Bangladesh's goal to bridge its infrastructure deficit and achieve sustainable growth, as highlighted in Bangladesh's Perspective Plan 2021-2041.

Project Description:

The project is financed by a loan to the People's Republic of Bangladesh (Bangladesh), which will be onlent to Infrastructure Development Co. Ltd (IDCOL). IDCOL will further onlend to private-owned companies (sub borrowers) in Bangladesh, to support eligible infrastructure projects (subprojects). The project will provide IDCOL with additional resources for long-term financing, given the huge market requirement and the need to scale up the

availability of long-term financing for infrastructure projects in Bangladesh. IDCOL will be responsible for the identification, selection, appraisal, approval (Category A eligible subprojects will require prior review and approval from AIIB), and monitoring of the sub-loans and sub-borrowers, and will take the associated sub-borrower's credit risk.

IDCOL will be responsible for the implementing the project in accordance with the policies and procedures of the Government of Bangladesh (GoB) and AIIB. The eligibility criteria for sub-loans and sub-borrowers, environmental and social (ES) requirements, other AIIB's policy requirements, reporting and monitoring requirements, among others, will be guided by the Project Operational Manual (POM).

IDCOL is a government-owned non-banking finance institution (NBFI). Since its inception, IDCOL has been playing a major role in bridging the financing gap for developing large infrastructure projects in Bangladesh and now stands as a market leader. The primary objective of the company is to promote private sector participation in infrastructure investment and operations.

3. Key Dates

Approval:	Mar. 24, 2022	Signing:	Apr. 26, 2022
Effective:	Oct. 26, 2022	Restructured (if any):	
Orig. Closing:	Sep. 30, 2027	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	30.50	Latest disbursement (amount/date):	20.00/Aug. 28, 2023
Undisbursed:	169.50	Disbursement Ratio (%) ¹ :	15.25

5. Project Implementation Update

After two extensions of effectiveness deadline in August and October, the facility has become effective on October 26, 2022 with all conditions for effectiveness being met. The Project Implementing Entity (IDCOL) has been actively sourcing projects. Four sub-projects were sent to AIIB for approval of allocation.

- Allocation Request 1:** The first allocation request from IDCOL for Energon Renewables (BD) Limited (EBRL) has been reviewed and approved on 13 June 2023 for allocation under the facility. The project requires USD 50 million subloan for a 100MW solar plant located in Mongla, Bagerhat, Bangladesh with expected loan tenor of 15 years. We are currently awaiting disbursement request from IDCOL.
- Allocation Request 2:** The allocation request for Intraco Solar Power Limited was approved on 9 June 2023 and currently the facility has been fully disbursed with a total disbursement amount of USD 30 million. The project is a 30MW solar plant located in Lalmonirhat, Bangladesh. The expected loan tenor is 15 years including 2 years of grace period.
- Allocation Request 3:** The allocation request for the third project called Dhaka RAD Elevated Expressway Company Limited (Rampura-Amulia-Demra (RAD) Expressway Project) has been approved on 23 October 2023. The requested facility amount is USD 20 million with a tenor of 20 years. The Project involves designing, building and operating of a 13.5km four-lane highway, including 9km elevated section and 4.5km at-grade section, to upgrade an existing two-lane road with undivided carriageway.

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

4. **Allocation Request 4:** IDCOL has submitted the fourth allocation request of USD 16 million for a sub-project named Sirajganj Economic Zone Limited (SEZL) - a 1,035.9 acres Private Economic Zone at Sirajganj, Bangladesh. The project is currently being reviewed by AIIB.

Components	Physical Progress	Environmental & Social Compliance	Procurement
\$200.00 Loan to Bangladesh MOF to be implemented by IDCOL to finance the infrastructure sector	On track	Intraco Solar – Energon Renewables - NA RAD Expressway - NA	Intraco Solar – Energon Renewables – NA RAD Expressway - NA

Financial Management:

Financial Management – Since project effectiveness, there has not been any observation of deficiencies in the FM arrangement and performance of the Project. Given that the first disbursement took place in June 2023, the first Unaudited Interim Financial Report (IUFR) and audit report for the period ended December 31, 2023, will become due to the Bank on February 14th and June 30th, 2024 respectively.

Notes: Disbursement amount is USD 30.5M (USD 30M for Intraco Solar and USD 500K was charged as front-end fee)

6. **Status of the Grievance Redress Mechanism (GRM)**

IDCOL as a financier maintains a functional GRM mechanism. Below is the link of GRM portal of IDCOL:

<https://idcol.org/contact/complaints> and Call Center: 16653

Grievance Redress Officer
Mr. M. Maftun Ahmed
Company Secretary, IDCOL
UTC Buiding (Level -16)
08 Panthapath, Kawran Bazar, Dhaka-1215.
Phone: 9102171-8

As confirmed by IDCOL team, there is no GRM issue in both project and subproject level.

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

Remarks:

AIIB has so far disbursed USD 30M for Intraco Solar which mobilized USD 10.49M private capital (in form of equity). Actual private capital mobilization is lower than expected (i.e., USD 23 million) as IDCOL's disbursement request was for a smaller size sub-project.

Project Objective Indicators	Indicator level	Unit Measure of	Cumulative Target Values														Frequency	Responsibility	Comments	
			Baseline		2023		2024		2025		2026		2027		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
Greenhouse gas emissions reduced	Portfolio	Ton of CO2 equivalent	2023	0											2027			Annual	IDCOL	
Number of infrastructure projects financed	Project	Number	2023	0	1	1	3		5		5		5		2027	5		Annual	IDCOL	
Number of renewable energy projects financed	Project	Number	2023	0	1	1	2		2		2		2		2027	2		Annual	IDCOL	
Private Capital Mobilized	Project	USD Million	2023	0	23	10.49	69		114		114		114		2027	114		Annual	IDCOL	
Number of jobs created (disaggregated by gender)	Project	Number	2023	0											2027			Annual	IDCOL	

Project Intermediate Indicators	Indicator level	Unit Measure of	Cumulative Target Values														Frequency	Responsibility	Comments	
			Baseline		2019		2020		2021		2022		2023		End Target					
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual