

Project Summary Information Sovereign-Backed Financings

Project Summary Information

Date of Document Preparation/Updating: 06/14/23	
Project Name	Bangladesh Sustainable Economic Recovery Program (Subprogram 2)
Project Number	P000750
AIIB member	Bangladesh
Sector/Subsector	CRF-Economic Resilience/PBF
Alignment with AIIB's thematic priorities	Other COVID-19 Crisis Recovery Facility
Status of Financing	Approved
Objective	To help the Government of Bangladesh implement critical policy reforms to accelerate economic recovery from the COVID-19 pandemic.
Project Description	The Program will be a policy-based loan (PBL) to further advance the key reform agenda and deepen policy reforms supported under the Subprogram 1 in order to: (i) create additional fiscal space needed for higher expenditures on critical social and physical infrastructure by strengthening Public Financial Management systems; and (ii) improve access to finance for underserved market segments, i.e., cottage, micro, small, and medium-sized enterprises (CMSMEs) and associated employment, in line with the Bangladesh Eighth Five Year Plan, 2021–2025. This is to be supported under AIIB's COVID-19 Crisis Recovery Facility (the Facility) and co-financed with the Asian Development Bank (ADB).
Expected Results	The Program will help promote economic resilience and foster a favorable environment for sustainable CMSME growth.
Environmental and Social Category	ADB Category C for Environment, Involuntary Resettlement and Indigenous Peoples (similar to Category C if AIIB's ESP were applicable).

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Environmental and Social Information	<p>The Program will be co-financed with ADB as the lead cofinancier, and the Program’s Environmental and Social (ES) risks and impacts have been assessed in accordance with ADB’s SPS applicable to PBL. AIIB’s Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to PBL operations. Therefore, as permitted by the decision of the Board of Directors set forth in the Decisions to Support the Facility, AIIB will apply the provisions of ADB’s SPS to this PBL in lieu of the ESP. This will provide for a harmonized approach to addressing the ES risks and impacts of the Program.</p> <p>Based on the ES assessments carried out according to the SPS requirements, no adverse impacts have been identified concerning involuntary resettlement, indigenous peoples or the environment. Therefore, ADB has categorized the Program as Category C for involuntary resettlement, indigenous peoples, and environment. An ES risk assessment on the policy matrix was also undertaken, along with ES due diligence to ensure no outstanding ES issues remain and to provide guidance on the ES aspects for future reforms of state-owned enterprises.</p> <p>The Program has been categorized by ADB as “effective gender mainstreaming” at entry, as it widens the access to finance for women entrepreneurs, particularly in CMSMEs, with the introduction and modification of refinance programs and credit guarantee schemes with an appropriate earmark for catering to women entrepreneurs. The Program will further strengthen gender aspects to remove bias against female-earned income, enhance gender focus in budget allocation and execution, as well as improve financial literacy of female borrowers.</p>		
Cost and Financing Plan	<p>Total Project Cost: USD800 million Indicative financing plan: AIIB: USD400 million (50%); ADB: USD400 million (50%)</p>		
Borrower	People’s Republic of Bangladesh		
Implementing Entity	Ministry of Finance, Bangladesh		
Estimated date of loan closing	December 2023		
Contact Points:	AIIB	ADB	Borrower/Implementation Organization
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Date of Concept Decision	May 10, 2023		
Date of Appraisal Decision	May 10, 2023		
Estimated Date of Financing Approval	June 13, 2023		

Independent Accountability Mechanism	<p>AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to policy-based operations such as this one. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's Independent Accountability Mechanism (IAM) addresses issues raised by persons adversely affected by an ADB-assisted project and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS. Information on ADB's IAM is available at: https://www.adb.org/site/accountability-mechanism/main.</p>
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