



Project Summary Information

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Project Name	Sustainable Private Capital Infrastructure Financing
Project Number	P000742
AIIB member	People's Republic of Bangladesh
Sector/Subsector	Multi-sector / Multi-subsector
Alignment with AIIB's thematic priorities	Green Infrastructure, Private Capital Mobilization
Status of Financing	Approved
Objective	To promote sustainable infrastructure projects in Bangladesh by providing mid to long-term financing to the private sector, thereby fostering sustainable economic growth.
Project Description	<p>The proposed Project is a senior unsecured term loan of USD50 million to City Bank PLC (CBL) to finance multi-sector infrastructure and energy-efficient sub-projects in Bangladesh. CBL will use the loan proceeds from AIIB to extend financing to sub-borrowers involved in infrastructure development and energy-efficient activities across the country.</p> <p>Established in 1983, CBL is a leading private commercial bank headquartered in Dhaka, Bangladesh. Known for its universal banking approach, CBL offers a wide range of services, including retail, corporate, small and medium-sized enterprise (SME), women, and digital banking, along with asset management, equity brokerage, and securities. CBL also specializes in Islamic banking, investment banking, and remittance services, with a strategic focus on expanding its retail and SME segments to diversify its portfolio.</p>
Expected Results	The Project has a multi-sector focus, and its specific contribution to AIIB's Result Monitoring Framework will only be determined once the sub-projects have been approved and funded.
Environmental and Social Category	FI
Environmental and Social Information	Applicable Policy and Categorization. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL) and Environmental and Social Standards (ESSs), applies to this Project. With the arrangement involving the provision of funds through an FI, the Project has been placed in Category FI, whereby AIIB delegates to CBL

the decision-making on the use of AIIB's funds in so far as the infrastructure sub-projects meet the conditions to be agreed upon with CBL. This includes the selection, appraisal, approval, and monitoring of sub-projects and oversight of the sub-borrowers and sub-projects in line with AIIB's ESP requirements. Coal mining, coal transportation, coal-fired power plants, and infrastructure services that inclusively support these activities and gas-related sub-projects or investments will be excluded.

Environmental and Social Instruments. The environmental and social (E&S) instrument for this Project will be CBL's Environmental and Social Management System (ESMS), enhanced as required to comply with the AIIB's ESP. The Environmental and Social Risk Management (ESRM) Policy of CBL currently serves as its ESMS ([Guideline-on-Environmental-and-Social-Risk-Management.pdf](#)), including the core procedure and implementation arrangement for its every transaction, lending activities, management processes, and other CBL operations. For AIIB on-lending, CBL has agreed to prepare an enhanced ESMS to define the process for E&S screening, categorization, appraisal, contracting and monitoring sub-loans supported by AIIB loan proceeds according to the ESP and specify the applicability of AIIB ESF for higher risk activities. The CBL's commitment to enhance its ESMS has been incorporated into an Environmental and Social Action Plan (ESAP) agreed upon by CBL, which will be part of the loan agreement. The enhanced ESMS will be submitted to AIIB for review and approval, and will be disclosed by the Client and AIIB before the first utilization of the loan proceeds by CBL.

Environmental and Social Issues. The loan is expected to support sub-projects in multiple infrastructure sub-sectors, including renewable energy and digital infrastructure. The sub-projects potential E&S risks and impacts will be mostly from the construction activities and the operations, such as the impact on the sensitive E&S area, physical and economic displacement due to permanent or temporary land and/or right-of-way acquisition, health and safety, impacts from associated facilities and impacts on biodiversity and Indigenous communities, among others. Any of these may trigger Higher Risk categorization and prior review by AIIB. The review and clearance process by CBL and AIIB will be a condition precedent to using AIIB funds for CBL's initial disbursement to the sub-borrowers. CBL will be required to prepare an annual E&S performance report of its sub-projects for submission to AIIB based on the agreed format. In addition, prior review and consent of AIIB will be required for the first three sub-projects and all Category A sub-projects or other sub-projects that involve Higher Risk Activities before funds are allocated to these sub-projects. The categorization of the sub-projects will follow the principles set out in the enhanced ESMS for AIIB loan proceeds.

Environmental and Social Capacity and Resources. CBL's ESRM Policy governs its E&S impact assessment and practices. It has an existing ESMS developed and enhanced over time through its collaboration with international financing institutions such as IFC, DEG, FMO, and the Global Climate Partnership Fund (GCPF), among others. It has a dedicated sustainable finance committee and sustainable finance unit with trained staff at headquarters who retain responsibility for

E&S assessment for transactions and established processes to integrate the findings of E&S assessment into the lending review process. The E&S team conducts regular training and development for new staff, relationship managers, risk managers, associated officials, and credit admin managers. Additionally, the MCDF grant will finance the enhancement of CBL's ESMS to ensure alignment with AIIB's ESP, given that financing infrastructure sub-projects is new to CBL. The Training Need Assessment and Capacity Building Plan are part of the capacity-building initiatives of the Project.

Occupational Health and Safety (OHS), Labor and Employment Conditions. The sub-projects will conform with the OHS and labor laws and standards of Bangladesh and the enhanced ESMS. As agreed in the ESAP, for all solar power sub-projects, CBL will review the sub-borrowers' supply chain information and screen for potential adverse labor and working conditions involving their suppliers. AIIB's E&S specialists will closely monitor CBL's documentation of its due diligence for solar power sub-projects following the ESAP and the Project's legal agreement terms.

Stakeholder Engagement, Consultation, and Information Disclosure. CBL is committed to fostering positive contributions to the community and its stakeholders. CBL publishes a Sustainability Report,¹ which provides information about the company's progress in ESG matters and its performance. To comply with the AIIB's ESP, CBL will disclose an overview of the standalone ESMS, specifically regarding the AIIB loan proceeds. Additionally, sub-borrowers will disclose their E&S instruments for Category A at least 60 calendar days before the final approval of the sub-project activity. CBL will continue to disclose its E&S performance on its website in a timely manner, as well as its Annual Sustainability Report.

Project Grievance Redress Mechanism (GRM). The Project has an existing Complaint Management Cell managed by a selected compliance team to receive complaints and related reports/issues, which will be used as the Project GRM. The enhancement of ESMS will also include further enhancement of the GRM to ensure the system is functional. CBL will require its sub-borrowers to establish a functional sub-project-level GRM as early as possible and before the commencement of subproject activities. Information of established GRMs, including the Bank's Project-affected People's Mechanism (PPM) will be disclosed timely in both English and Bangla, and in an appropriate manner.

Monitoring and Supervision Arrangement. CBL has a dedicated E&S Manager and Risk Management (RM) staff who conduct E&S risk monitoring visits. The results of these visits are documented in the monitoring report, which CBL uses to follow up with sub-borrowers. A similar arrangement will be incorporated into the standalone ESMS for AIIB loan proceeds, with the possibility of conducting more frequent monitoring visits and reporting for higher risk activities based on the agreed format. In addition, AIIB specialists will undertake regular implementation support missions twice a year as part of E&S

¹ [Sustainability Report | City Bank \(citybankplc.com\)](https://www.citybankplc.com/sustainability-report)

	capacity support to CBL, especially for the review and clearance of infrastructure sub-projects E&S documents, as stipulated in the ESAP. The lender's advisor will also commission independent E&S monitoring and review for large transactions.
Cost and Financing Plan	Term loan of USD50 million
Borrower	City Bank PLC
Estimated date of last disbursement (NSBF)	Q2 2026

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Date of Concept Decision	06/07/2023		
Date of Appraisal Decision	10/14/2024		
Date of Financing Approval	01/22/2025		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRM or AIIB Management's processes. Information on AIIB's PPM is available at: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html
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