

Bangladesh : Bangladesh COVID-19 Emergency and Crisis Response Facility

1. Project Information

Project ID:	P000415	Instrument ID:	L0415A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Finance/Liquidity	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:300.00 USD million <input type="checkbox"/> Guarantee	Co-financier(s):	
ES category:	FI	Borrower:	People's Republic of Bangladesh
Implementing Entity:	Bangladesh Bank		
Project Team Leader:	Suyez Pinto		
Project Team Members:	Christopher Damandl, Project Counsel; Liu Yang, Alternate Counsel; Chitambala Sikazwe, OSD - Procurement Specialist; Shonell Robinson, OSD - Financial Management Specialist; Zhixi Zhu, OSD - Environment & Social Development Specialist;		
Completed Site Visits by AIIB:	None		
Planned Site Visits by AIIB:	Jun, 2022 Video calls proposed with borrower		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2021 Q2		

2. Project Summary and Objectives

Objective: To support credit expansion and reduce liquidity constraints brought on by the COVID-19 pandemic to Cottage, Micro, Small & Medium Enterprises (CMSMEs) in Bangladesh on a sound macroeconomic basis.

Financing plan: The implementation period is from February 2021 to February 2024. The loan will have a final maturity of 8 years, including a grace period of 3 years.

Summary: The project will be supported by a sovereign-backed loan to the People's Republic of Bangladesh. The Ministry of Finance as the Executing Agency will on-lend the loan proceeds to PIU. PIU will provide loans to participating FIs (PFIs) as refinance against the loans disbursed to Cottage, Micro, Small & Medium Enterprises (CMSMEs). PIU will select PFIs and, PFIs will select CMSMEs based on certain financial and non-financial requirements (eligibility criteria) agreed between AIIB and the PIU, which are documented in the Project Agreement and Operations Manual of the Project.

3. Key Dates

Approval:	Jan. 28, 2021	Signing:	Feb. 26, 2021
Effective:	May. 27, 2021	Restructured (if any):	
Orig. Closing:	Feb. 29, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:	0.00	Cancellation (if any):	0.00
Disbursed:	25.00	Most recent disbursement (amount/date):	25.00/Nov. 05, 2021
Undisbursed:	275.00	Disbursement Ratio (%) ¹ :	8.33

5. Project Implementation Update

The project is supported by a sovereign-backed loan to the People's Republic of Bangladesh (the Borrower). The Ministry of Finance (MOF) is an Executing Agency acting on behalf of the Government of Bangladesh. The project will be implemented by Bangladesh Bank (The Central Bank of Bangladesh) (BB). The MOF will then on-lend the loan proceeds in the BDT equivalent under a subsidiary loan agreement to BB (Subsidiary Loan).

BB will provide loans to PFIs (Refinancing Loans) as refinance against the loans (sub-loans) disbursed to Cottage, Micro, Small & Medium Enterprises (CMSMEs) (Sub-borrowers). The sub-loans will be used for working capital financing comprising employee wages, inventory, payments on short-term debt and other day-to-day operating expenses.

BB has created a Project Implementation Unit (PIU) for the Project in SME & Special Programmes Department of Bangladesh Bank. It will be responsible for accreditation of PFIs by evaluating against the eligibility criteria, receiving, reviewing and approving PFIs' refinance requests. It will monitor the utilization and repayments of the Refinancing Loans and submit Project progress reports to AIIB quarterly. It is responsible for overall coordination with PFIs and monitor PFIs' compliance with the Participation Agreements. It will also be responsible for preparing disbursement projections and send withdrawal applications to AIIB in accordance with AIIB requirements. The project will be guided by an Operational Manual (OM) agreed between BB and the Bank. The OM includes implementation arrangement, eligibility criteria, and operational procedures for monitoring, reporting, financial management and ES risk management.

The project has made first disbursement of USD25 million on November 5, 2021. The PIU is in full operation, reviewing PFI eligibility, making refinancing to PFIs from their side. Prior to first disbursement, AIIB project team has received the eligible PFI list for AIIB's prior review and approval. AIIB project team has approved 25 PFIs by now. No reports due as of Dec 2021.

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
BB will provide loans to PFIs (Refinancing Loans) as refinance against the loans (sub-loans) disbursed to CMSMEs (sub-borrowers). The sub-loans will be used for working capital financing comprising employee	The project has made first disbursement of USD25 million on November 5, 2021. AIIB project team has approved 25 PFIs by now	BB's "Guidelines on Environmental & Social Risk Management (ESRM Guidelines) for Banks and Financial Institutions in Bangladesh" (ESRM). is applicable for this	No comments	No reports due yet.

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.

wages, inventory, payments on short-term debt and other day-to-day operating expenses.		Project.		
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6. Status of the Grievance Redress Mechanism (GRM)

A Project-level Grievance Redress Mechanism have been established at the Project Implementing Unit (PIU) and Participating FI (PFI) levels based on the existing GRMs. The PIU has established GRM system to address concerns/complaints/grievances associated through its Financial Integrity and Customer Services Department (FICSD). FICSD is the existing grievance channel in BB which will be used in this project. PFIs have their own GRMs in accordance with respect Environmental and Social Management System (ESMS).

No complaints have been received by the GRM.

7. Results Monitoring

see below

Project Objective Indicators #1

Percentage of nonperforming loans in the PFIs' portfolio refinanced through AIIB facility

Year	Target	Actual	Comments, if any
Nov. 06, 2022	<=5%	n/a	Not yet due
Nov. 06, 2023	<=5%	n/a	Not yet due
Nov. 06, 2024	<=5%	n/a	Not yet due

Project Objective Indicators #2

Number of eligible sub-borrowers receiving financing

Year	Target	Actual	Comments, if any
Nov. 06, 2022	1500	n/a	Not yet due
Nov. 06, 2023	2800	n/a	Not yet due
Nov. 06, 2024	4000	n/a	Not yet due

Project Objective Indicators #3

Percentage of loan value in cottage, micro and small enterprises

Year	Target	Actual	Comments, if any
Nov. 06, 2022	70%	n/a	Not yet due
Nov. 06, 2023	70%	n/a	Not yet due
Nov. 06, 2024	70%	n/a	Not yet due

Project Objective Indicators #4

Percentage of loan value in medium enterprises

Year	Target	Actual	Comments, if any
Nov. 06, 2022	30%	n/a	Not yet due
Nov. 06, 2023	30%	n/a	Not yet due
Nov. 06, 2024	30%	n/a	Not yet due

Intermediate Result Indicators #1

Number of sub-borrowers with women owners or with one or more women in executive positions

Year	Target	Actual	Comments, if any
Nov. 06, 2022	400	n/a	Not yet due
Nov. 06, 2023	720	n/a	Not yet due
Nov. 06, 2024	1040	n/a	Not yet due

Intermediate Result Indicators #2

Number of PFIs

Year	Target	Actual	Comments, if any
Nov. 06, 2022	30	n/a	Not yet due
Nov. 06, 2023	30	n/a	Not yet due
Nov. 06, 2024	30	n/a	Not yet due

Intermediate Result Indicators #3

Number of jobs created/retained by sub-borrowers (disaggregated by gender)

Year	Target	Actual	Comments, if any
Nov. 06, 2022	M-10000 F-2000	n/a	Not yet due
Nov. 06, 2023	M-20000 F-4000	n/a	Not yet due
Nov. 06, 2024	M-30000 F-6000	n/a	Not yet due

Remarks: