



## Bangladesh: Sustainable Projects

Project Name	Sustainable Projects		
Project Number	49074-001		
Borrower/Company	BRAC BANK LIMITED		
Country	Bangladesh		
Location			
Approval Number	LN7320-01/3278		
Type or Modality of Assistance	7444	Loan	USD 15.00 million Committed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	<b>Finance</b> - Finance sector development		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Portfolio Management Division, PSOD		
Responsible ADB Officer	Doukidis, Doukas		
Project Sponsor(s)	BRAC BANK LIMITED		
Description	ADB will provide a 5-year senior unsecured term loan to BRAC Bank of up to \$30 million. The proceeds will be used to finance socially and environmentally sustainable projects, which include (i) the construction or expansion of RMG factories that meet the high structural, fire, and electrical safety standards required by the accord or the alliance; and (ii) improvement of existing factories to meet any of the above standards. The loan will also fund construction of wastewater and ETPs in the industry sector, primarily in the textile and garment industry.		
Objectives and Scope	The objective of the proposed project is to (i) enhance health and safety standards of garment industry in Bangladesh; (ii) promote finance sector development; (iii) enhance environmental standards in the industry sector. The project will finance socially and environmentally sustainable projects, which include (i) the construction or expansion of RMG factories that meet the high structural, fire, and electrical safety standards required by the accord or the alliance; and (ii) improvement of existing factories to meet any of the above standards. The loan will also fund construction of wastewater and ETPs in the industry sector, primarily in the textile and garment industry.		
Linkage to Country/Regional Strategy	the Mid-Term Review of Strategy 2020, ADB aims to strengthen its support for the finance sector by supporting the development of financial infrastructure, institutions, and products and services. The project supports three priorities identified by the mid-term review of Strategy 2020 including (i) poverty reduction and inclusive economic growth; (ii) environment and climate change; and (iii) private sector development and operations. The project is aligned with the country partnership strategy (CPS) for Bangladesh for 2011-2015, which prioritizes private sector development to accelerate growth by developing the finance sector with an emphasis on clean energy, infrastructure finance and credit for SMEs. The CPS also notes that environmental considerations should be integrated into sector interventions. By financing wastewater treatment plants in industrial sector, the proposed project is in line with ADB's Water Operational Plan, which identified wastewater management services as one of the key elements of ADB's operations in the water sector.		

### Safeguard Categories

Environment

FI

Involuntary Resettlement	FI
Indigenous Peoples	FI

## Summary of Environmental and Social Aspects

Environmental Aspects	The borrower will be prohibited from using the proceeds of the ADB loan to finance projects that are category A under the Safeguard Policy Statement. The borrower will update its existing ESMS to ADB satisfaction before the first disbursement of the proposed loan. BRAC Bank will be required to increase its existing staff capacity to effectively carry out both the assessment and oversight. The enhanced screening process covers (i) fire safety aspects, including verification of accord and/or alliance corrective action plans, and screening out high risk factories; and (ii) environmental and social aspects, which include review of the social and labor audits conducted by the factories' buyers and compliance with local environmental regulations. Subprojects having high risk environment and safety issues will be excluded from financing. BRAC will review government certification, screen and monitor subprojects to ensure compliance with the national legislations, including those related to wastewater treatment plants and effluent treatment plants.
Involuntary Resettlement	The proposed ADB funded sub-loans of BRAC Bank will support mainly the construction or expansion of textile plants and improvement of existing plants to meet standard of fire and building safety which are likely to have minor impacts on involuntary resettlement.
Indigenous Peoples	The project is not expected to entail any significant impact on indigenous peoples.
Stakeholder Communication, Participation, and Consultation	Potential stakeholders include bank staff and their borrowers, national and local government, regulatory agencies, and the project beneficiaries (employees of textile factories, sustainable projects, including women). Consultation meetings were conducted by the bank with the relevant stakeholders, including the poor and vulnerable groups at the factories and surrounding communities.

## Timetable for assistance design, processing and implementation

Concept Clearance	31 Mar 2015
Due Diligence	
Credit Committee Meeting	-
Approval	16 Sep 2015
Last PDS Update	09 Nov 2015

Project Page	<a href="https://www.adb.org/projects/49074-001/main">https://www.adb.org/projects/49074-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=49074-001">http://www.adb.org/forms/request-information-form?subject=49074-001</a>
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