



Concept Paper

Project Number: 54307-001
April 2021

Proposed Programmatic Approach and Policy- Based Loan for Subprogram 1 and Technical Assistance Grant People's Republic of Bangladesh: Sustainable Economic Recovery Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 March 2021)

Currency unit	–	taka (Tk)
Tk1.00	=	\$0.01181
\$1.00	=	Tk84.69

ABBREVIATIONS

ADB	–	Asian Development Bank
CMSME	–	cottage, micro, small and medium-sized enterprise
COVID-19	–	coronavirus disease 2019
FY	–	fiscal year
GDP	–	gross domestic product
NBR	–	National Board of Revenue
OP	–	operational priority
PBL	–	policy-based loan
PEFA	–	public expenditure and financial accountability
PFM	–	public financial management
SME	–	small and medium-sized enterprises
SOE	–	state-owned enterprise
TA	–	technical assistance
VAT	–	value-added tax

NOTES

- (i) The fiscal year (FY) of the Government of Bangladesh and its agencies ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 30 June 2021.
- (ii) In this report, “\$” refers to United States dollars.

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PROGRAM AT A GLANCE

1. Basic Data		Project Number: 54307-001	
Project Name	Sustainable Economic Recovery Program (Subprogram 1)	Department/Division	SARD/SAPF
Country	Bangladesh	Executing Agency	Ministry of Finance
Borrower	Government of Bangladesh		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=54307-001-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=54307-001-PortAtaGlance		
2. Sector		ADB Financing (\$ million)	
✓ Public sector management	Public expenditure and fiscal management		250.00
		Total	250.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities		GHG reductions (tons per annum)	0.000
✓ Accelerating progress in gender equality		Climate Change impact on the Project	Low
✓ Strengthening governance and institutional capacity			
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.a		Effective gender mainstreaming (EGM)	✓
SDG 5.c			
SDG 10.4		Poverty Targeting	
SDG 17.3		General Intervention on Poverty	✓
4. Risk Categorization:	Complex		
5. Safeguard Categorization	Environment: C	Involuntary Resettlement: C	Indigenous Peoples: C
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		250.00	
Sovereign Programmatic Approach Policy-Based Lending (Regular Loan):		250.00	
Ordinary capital resources			
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		250.00	
Note: An attached technical assistance will be financed on a grant basis by the Technical Assistance Special Fund (TASF-7) in the amount of \$500,000.			
Currency of ADB Financing: US Dollar			

I. THE PROPOSAL

1. The proposed Sustainable Economic Recovery Program is a policy-based loan (PBL) to help the Government of Bangladesh implement reforms to accelerate economic recovery from the coronavirus disease (COVID-19) pandemic by enhancing: (i) fiscal space through improved public financial management (PFM) for revenue and public expenditure, and (ii) enabling environment to foster the growth of cottage, micro, small and medium-sized enterprises (CMSMEs) and associated employment, in line with initiatives of the Eighth Five Year Plan, 2021–2025.¹ The program supports Asian Development Bank (ADB) Strategy 2030 operational priority (OP) 1, addressing remaining poverty and reducing inequalities; OP2, accelerating progress in gender equality; and OP6, strengthening governance and institutional capacity.² A programmatic approach will finance two subprograms for \$250 million each to be implemented during 2021–2023, enabling flexibility in aligning policy actions with the changing macroeconomic situation.³ The program is fully aligned with the country partnership strategy for Bangladesh, 2016–2020.⁴

2. To provide COVID-19 support to Bangladesh, ADB realigned the financing priorities of its country operations business plan to include PBLs covering social protection and economic recovery. ADB's immediate actions to support urgent healthcare activities, and budget support for immediate expenditure in critical areas, helped Bangladesh mitigate the socio-economic impact of pandemic and stimulate economic recovery.⁵

II. PROGRAM AND RATIONALE

A. Background and Development Constraints

3. **Economic and social impact of COVID-19.** The pandemic has severely impacted the economy, with the growth rate of gross domestic product (GDP) in fiscal year (FY) 2020 estimated at 5.2%, (compared to the pre-pandemic target of 8.2%), much lower than the average annual growth of 7.6% from FY2016 to FY2019. Headcount poverty (\$3.20/day) is estimated to increase to 33.3%, compared to 31.5% under a non-pandemic scenario in 2020.⁶

4. **Fiscal impact of COVID-19.** The FY2020 fiscal deficit is estimated at 5.5% of GDP and ADB projects the FY2021 fiscal deficit at 6.0% of GDP.⁷ The fiscal deficit is expected to overshoot the government's target of 5% of GDP at least until FY2023 owing to low resource mobilization and high spending pressure on relief and recovery measures. There is a downside risk to the previously stable fiscal outlook from fiscal risks emanating from contingent liabilities related to the

¹ The program is in Appendix 4 of ADB. 2020. [Country Operations Business Plan: Bangladesh, 2021–2023](#). Manila. The title has changed from “Mitigating Medium and Long Term Economic and Social Impact of COVID-19 Program” to “Sustainable Economic Recovery Program.” For the key theme of the Eighth Five Year Plan, see Government of Bangladesh. 2020. [Eighth Five Year Plan, July 2020–June 2025: Promoting Prosperity and Fostering Inclusiveness](#). Dhaka. Such public investment will crowd in private investment and stimulate broad-based economic revival.

² ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient and Sustainable Asia and the Pacific](#). Manila.

³ An initial draft of the design and monitoring framework is in Appendix 1.

⁴ ADB. 2016. [Country Partnership Strategy: Bangladesh, 2016–2020](#). Manila. The new country partnership strategy, 2021–2025 is under preparation and is expected to be considered by the ADB Board of Directors in July 2021.

⁵ In 2020, ADB approved two loans and one additional financing: the COVID-19 Active Response and Expenditure Support Program for \$500 million, cofinanced by the Asian Infrastructure Investment Bank for \$250 million, the Japan International Cooperation Agency for ¥35 billion, and OPEC Fund for \$70 million. ADB approved additional financing of \$50 million for the Microenterprise Development Project. ADB. 2020. [COVID-19 Active Response and Expenditure Support Program](#). Manila; ADB. 2020. [COVID-19 Response Emergency Assistance Project](#). Manila; and ADB. [Microenterprise Development Project](#). Manila.

⁶ Bulan, J., R. Hasan, A. Martinez, and I. Sebastian. 2020. COVID-19 and Poverty: Some Scenarios. Unpublished note prepared for ADB.

⁷ Government of Bangladesh, Ministry of Finance. 2020. [Monthly Report on Fiscal Position](#). October. Dhaka.

economic fallout on state-owned enterprises (SOEs) and weak public sector banks. The government has adopted a sound macroeconomic policy stance during the Eighth Five Year Plan, targeting a fiscal deficit of 5% of GDP over the medium-term, an annual inflation of 5.1%, and a moderate level of current account deficit to ensure external sector stability. At about 36% of GDP in FY2019, outstanding public debt is much lower than comparator economies but is expected to increase given the expected widening of the fiscal deficit.⁸ The Eighth Five Year Plan has identified critical actions to drive economic recovery from COVID-19 including (i) strengthening social protection delivery, (ii) creating jobs in CMSMEs through providing low-cost loans, (iii) enhancing the tax-GDP ratio, and (iv) improved public expenditure management.⁹

5. Public financial management reform. Based on the 2016 public expenditure and financial accountability (PEFA) assessment, the government is implementing the PFM reform action plan, 2018–2023 covering 14 reform areas.¹⁰ To achieve its challenging medium- to long-term goals of economic growth, employment and poverty reduction, Bangladesh needs to increase its public expenditure well beyond the 15.4% of GDP achieved in FY2019.¹¹ The 2020 progress report of the PFM reform action plan highlighted key areas of pending reforms, providing a basis for the proposed PBL.¹² The binding constraint to increasing public expenditure is the low tax–GDP ratio, averaging 8.8% of GDP in FY2016–2019 (and estimated at 7.9% for FY2020 because of the pandemic), lower than the developing economy average of 15% of GDP.¹³ Shortfalls in revenue and curtailment of budgeted expenditure are regular annual occurrences.

6. Low domestic resource mobilization. The Eighth Five Year Plan stressed the low revenue mobilization as a principal risk in financing critical public expenditure needs. The tax–GDP ratio declined during the seventh five-year plan because of a narrow tax base with low coverage and large-scale exemptions, and a weak and outdated tax administration.¹⁴ A major section of the economy is still informal, beyond the reach of the tax regime. Weak tax compliance is prevalent, with limited digitalization of tax administration, and lack of systems harmonization between income tax and value-added tax (VAT) wings of NBR. Islamic banks hold about 25% of domestic savings but are unable to invest in government bonds because of the lack of sharia-compliant treasury instruments.¹⁵

7. Allocative inefficiency and targeting. Sizable efficiency gains can be obtained by better public expenditure management to maximize efficiency in utilizing scarce public resources. Significant weaknesses include: (i) non-integration of budgets, with development and non-development budgets prepared separately causing their suboptimal allocation; (ii) weak monitoring and control leading to frequent and significant cost and time overruns in investment projects; (iii) inefficient and cumbersome benefits transfers with slow progress in the use of digital

⁸ In 2019, public debt as a percentage of GDP was 43.4 for Viet Nam and 36.9 for Philippines.

⁹ From FY2021 to FY2023, the World Bank is expected to provide \$750 million; and the European Union €113 million in budget support for PFM reform programs.

¹⁰ Government of Bangladesh. 2018. *PFM Action Plan 2018-2023*. Dhaka. Government of Bangladesh. 2016. *Public Expenditure and Financial Accountability*. Dhaka. These include budget forecasting, revenue mobilization, debt management, budgeting, public investment, performance management, integrated financial management information system, pensions, state-owned enterprises, financial reporting, audit, parliamentary oversight, procurement, and PFM reforms leadership, coordination and monitoring.

¹¹ Philippines achieved a public expenditure to GDP ratio of 19.4% and Viet Nam 29.1% in 2019.

¹² Government of Bangladesh. 2020. *PFM Action Plan Progress Report*. Dhaka.

¹³ For fiscal year ending in 2019, Philippines achieved 14.5% and Viet Nam 18.8%.

¹⁴ Eighth Five-Year Plan (Table 5.4). Against a target of 12.3% of GDP over 5 years, actual tax revenue was 8.6%.

¹⁵ Bangladesh Bank. 2020. *Developments in Islamic Banking in Bangladesh: April–June 2020*. Dhaka. Islamic banks can only invest in financial instruments yielding a return on a share of the profit or loss on the underlying assets.

platforms at only 15%; and (iv) recurrent allocations required to loss-making SOEs reaching Tk15.1 billion (0.3% of revised budget in FY2020).

8. **Impact on cottage, micro, small, and medium-sized enterprises.** According to a survey conducted after the pandemic began, two-thirds of CMSMEs had cash reserves sufficient to sustain themselves for four months.¹⁶ CMSMEs with weak access to formal credit, including those run by women, are facing increased liquidity problems with loan disbursements declining by 27.60% in the third quarter of 2020 compared to the same period in 2019. About 7.8 million CMSMEs in the country account for around 25% of the GDP, two-thirds of the employment in the private sector and support the livelihoods of 31.2 million people. With more than 70% of the establishments in rural areas, CMSMEs strongly support rural development and poverty reduction.

9. **Constraints in access to credit and liquidity for small businesses.** Limited access to affordable finance is one of the critical constraints to CMSME growth in Bangladesh. Many CMSMEs lack access to credit from the formal banking system and are compelled to borrow at higher costs from micro-finance institutions or informal non-banking channels. Banks are reluctant to lend to them because of higher administrative costs, lack of risk management tools such as credit guarantees, lower credit quality, weak collateral, and poor quality business plans.¹⁷ The challenges in accessing formal credit are compounded for businesses run by women.¹⁸

B. Policy Reform and ADB's Value Addition

10. **Policy reform.** This PBL supports reforms to (i) strengthen PFM systems, and (ii) create a favorable environment for enhanced access to finance for CMSME, and is aligned with key Eighth Five Year Plan priorities: rapid economic and social recovery from COVID-19 by (i) increasing the tax–GDP ratio to 12.3% in FY2025 from 8.9% in FY2019,¹⁹ (ii) increasing the public investment–GDP ratio to 9.24% in FY2025 from 8.03% in FY2019, (iii) reforming SOEs to minimize subsidies that drain the public exchequer; and (iv) promoting CMSME growth to create employment opportunities.²⁰ The reforms will focus on two areas:

11. **Reform area 1: Public financial management systems strengthened.** Under subprogram 1, to improve domestic resource mobilization, the government will (i) mandate the use of electronic fiscal devices for VAT invoice generation;²¹ (ii) introduce information-sharing between the VAT and income tax wings; (iii) appoint a committee to perform detailed cost-benefit analysis of income tax exemptions; and (iv) promote the digitalization of tax administration by establishing a withholding tax unit in one zone. The government will also diversify financing sources and issue sharia-compliant treasury instruments. To improve expenditure management, the government will (i) issue orders to transfer social security benefits through digital platforms; (ii) close some loss-making SOEs and settle all liabilities including compensation to the retrenched workers;²² and (iii) mandate the submission of annual progress reports of capital investment projects for adequate fund allocation for their operations. Under subprogram 2, the government will further strengthen domestic resource mobilization through (i) mandatory

¹⁶ LightCastle Partners. 2020. *CMSME Stimulus and Refinancing*. Dhaka.

¹⁷ ADB's lending pipeline includes a PBL for strengthening the banking sector to address non-performing loans. Only 32% of a Tk200 billion pandemic stimulus package for CMSME has been disbursed as of October 2020.

¹⁸ About 15% of the CMSME borrowers are led by women.

¹⁹ Tax reforms envisage overhaul of tax laws and tax administration, modernizing VAT and income tax.

²⁰ The PBL will complement the World Bank's support under its ongoing program-for-results. World Bank. 2018. *Strengthening Public Financial Management Program to Enable Service Delivery*. Washington DC.

²¹ By compelling online VAT invoice generation, these devices, connected to a central server maintained by the NBR, will minimize the risk of tax evasion that is now occurring due to offline invoicing.

²² The units belong to Bangladesh Jute Mills Corporation, which accounted for 24% of total SOE losses in FY2019.

requirement for income tax return submission for taxpayers meeting certain criteria; (ii) expand the use of electronic fiscal devices for VAT invoice generation; (iii) withdraw selected income tax exemptions identified as unproductive; (iv) risk-based VAT audits; (v) mainstream information sharing between income tax and VAT wings; and (vi) expand digitalization of tax administration through mandatory online income tax and VAT payments for taxpayers meeting certain criteria, and expanding the online management of withholding tax to 3 more zones. For improved expenditure management, the government will (i) strengthen budget allocation system to ensure timely completion of capital investment projects; (ii) merge the annual development program and non-development program budgets; and (iii) develop a comprehensive strategy for SOE reform. The PFM reform roadmap will be updated by comprehensive revision of the PFM reform action plan and updated PEFA assessment.

12. Reform area 2: Access to finance for underserved market segments improved. Under subprogram 1, the government will introduce a (i) partial credit guarantee scheme for cottage, micro, and small enterprises to improve the offtake of the stimulus package; (ii) refinance scheme for low-income earners, farmers, and micro-business, including women entrepreneurs; and (iii) refinancing scheme for startup CMSME borrowers. Under subprogram 2, the government will (i) develop a framework to create a specialized credit guarantee institution under the Bangladesh Bank's regulatory supervision and evaluating the sustainability of the credit guarantee mechanisms; and (ii) promote the use of movable assets as collateral.

13. ADB's value addition. Key lessons from past PBLs include designing policy interventions after detailed stakeholder consultations and ensuring full government buy-in of the policy reforms. ADB will support program implementation through a technical assistance (TA) program, bring its experience in design and implementation of similar programs in Asia, and maintain high program design quality. ADB's support for PFM diagnostic work by jointly conducting the PEFA assessment and the review of the PFM reform action plan with the World Bank and other development partners will help identify reform areas for ADB's longer term engagement.

C. Impact of the Reform

14. The impact of the program is aligned with the government's overarching objective to facilitate a rapid recovery from the COVID-19 pandemic and generate employment by supporting economic activities, particularly for the poor and vulnerable.²³ The reform program will create fiscal space for enhanced public investment and foster a favorable environment for sustainable CMSME growth.

D. Development Financing Needs and Budget Support

15. Based on preliminary discussions on the government's development financing requirements, ADB will provide a PBL adopting the programmatic approach of \$500 million with two subprograms from ADB's ordinary capital resources as budget support. Subprogram 1 (\$250 million) will finance 1.05% of the estimated FY2022 fiscal deficit of \$23.88 billion, and subprogram 2 (\$250 million) will finance 0.94% of the estimated FY2023 fiscal deficit of \$26.51 billion.

E. Implementation Arrangements

16. Subprogram 1 will be implemented from March 2020 to March 2021, and subprogram 2 from April 2021 to March 2023. All subprogram 1 policy actions have been complied with by March 2021. The executing agency will be the Ministry of Finance. A steering committee chaired by a

²³ Government of Bangladesh. 2020. [Eighth Five Year Plan, July 2020–June 2025: Promoting Prosperity and Fostering Inclusiveness](#). Dhaka.

senior official from the Finance Division will provide oversight, with members from the NBR, Financial Institutions Division, and the Bangladesh Bank. ADB will conduct regular policy dialogue and monitor program implementation through periodic progress reports and review missions. A post-program partnership framework will help effectively monitor the continued achievement of program outcomes and design of the next phase of reforms. The PBL proceeds will be withdrawn in accordance with ADB's *Loan Disbursement Handbook* (2017, as amended from time to time).

III. TECHNICAL ASSISTANCE

17. An attached transaction TA is proposed to support the government's efforts to implement second subprogram policy actions including (i) updating the PEFA and PFM reform action plan, (ii) developing a framework for establishing an alternative agency to deliver credit guarantees under the Bangladesh Bank's supervision and evaluation of the value addition by credit guarantees, (iii) improving oversight over public investment management, and (iv) strengthening institutional capacity of the implementing agencies. The TA is estimated to cost approximately \$550,000 of which \$500,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-7).²⁴ The TA report will be finalized during the fact-finding mission. The implementation arrangements for the TA will be aligned with those of the program.

IV. DUE DILIGENCE REQUIRED

18. Due diligence will assess (i) the technical and institutional capacity of key implementing agencies, including PFM and governance, and identify needs for capacity building support; (ii) the economic viability of the proposed policy actions; (iii) risk management systems to manage accumulation of non-performing loans while expanding lending to CMSMEs; (iv) any other risks to the banking sector; and (v) impact on poverty and social aspects. The safeguard classifications are expected to be C for environment, involuntary resettlement, and indigenous people.

V. PROCESSING PLAN

A. Risk Categorization

19. The proposed program is categorized *complex* because the loan size is \$500 million.

B. Resource Requirements

20. About 30 person-months of staff and 5 person-months of staff consultant resources are required.

C. Processing Schedule

21. Major processing milestones are listed in the table.

Proposed Processing Schedule

Milestones	Expected Completion Date
Reconnaissance mission ^a	March 2021
Management review meeting	June 2021
Loan negotiations	June 2021
Board consideration	August 2021
Loan effectiveness	August 2021

^a The project team will seek approval to upgrade the mission to a loan fact-finding mission after PCP approval.
Source: Asian Development Bank

²⁴ An additional \$100,000 from the TA project Integrated Fiduciary Risk Assessments and Strengthening Country Systems will fund part of the cost of conducting the PEFA assessment.

VI. KEY ISSUES

22. There are no key issues.

DESIGN AND MONITORING FRAMEWORK
(Initial Draft)

Country's Overarching Development Objectives			
Facilitate a rapid recovery from the coronavirus disease (COVID-19) pandemic and generate employment by supporting economic activities, particularly for the poor and vulnerable. (Bangladesh Eighth Five Year Plan) ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Effect of the Reform Create fiscal space for enhanced public investment and foster a favorable environment for sustainable CMSME growth.	By 2023^b a. Disbursement of loans to CMSMEs by banks and microcredit institutions increases by at least 20% over the baseline (2019 baseline: Tk3,027 billion) (OP1.2.1). b. Public investment–GDP ratio increases to 8.68% (June 2019 baseline: 8.03%) (OP 6.1.3). c. At least 10,000 EFD installed and commissioned for automated VAT invoice generation (March 2020 baseline: not applicable). (OP 6.1.3). d. At least 5,000 new loans approved under a new refinancing scheme for startups (March 2020 baseline: not applicable) (OP 1.2.1).	a. and d. Bangladesh Bank reports b. and c. Ministry of Finance reports	Abrupt changes in government priorities leads to delays in program implementation.
Reform Areas under Subprogram 1 1. Public financial management systems strengthened.	Indicative Policy Actions By March 2021 1.1 Order mandating the use of electronic fiscal devices for VAT invoice generation issued (March 2020 baseline: not issued) (OP 6.1.3). 1.2 Withholding tax unit established in one zone (March 2020 baseline: not established) (OP 6.1.3) 1.3 Order issued to transfer social security benefits through digital platforms by Ministry of Finance (March 2020 baseline: not issued) (OP 6.1.3). 1.4 Order closing loss-making SOEs issued by Ministry of Jute and Textiles (March 2020	1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10 Ministry of Finance reports 1.4 Ministry of Jute and Textiles report.	Resistance by business to use electronic fiscal devices delays automation of VAT invoice generation.

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>baseline: not issued) (OP 6.1.3).</p> <p>1.5 Order mandating submission of annual progress reports of all capital investment projects approved by Ministry of Finance (March 2020 baseline: not issued). (OP 6.1.3).</p> <p>1.6 Bangladesh Government Investment Sukuk Guidelines issued (March 2020 baseline: not applicable) (OP 1.3.3).</p> <p>By March 2023</p> <p>1.7 Order for mandatory income-tax return submission, online income tax and VAT payments for specified taxpayers issued by the Ministry of Finance (March 2020 baseline: not applicable) (OP 6.1.3).</p> <p>1.8 Order withdrawing selected income tax exemptions issued by the Ministry of Finance (March 2020 baseline: not applicable). (OP 6.1.3).</p> <p>1.9 Budget circular for FY2023 issued for integrating annual development program and non-development budgets (March 2020 baseline: not applicable) (OP 6.1.4).</p> <p>1.10 Assessment report of public expenditure and financial accountability issued (March 2020 baseline: not applicable) (OP 6.1.4).</p>		
2. Access to finance for underserved market segments improved.	<p>By March 2021</p> <p>2.1 Bangladesh Bank launched a new refinance scheme for low-income earners, farmers, and marginal or micro-business owners (March 2020 baseline: not applicable) (OP 1.2.1).</p> <p>2.2 Bangladesh Bank amended the stimulus package guidelines to allow up to Tk15 billion to women entrepreneurs at a</p>	<p>2.1, 2.2, 2.4 Bangladesh Bank reports</p> <p>2.3, 2.5 Ministry of Finance reports</p>	

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	<p>concessional interest rate to benefit xx women (March 2020 baseline: not applicable) (OP 1.2.1, OP 2.1.3).</p> <p>2.3 Government contributed Tk20 billion seed money to fund partial credit guarantee to CMSME loans under stimulus package (March 2020 baseline: not applicable) (OP 1.2.1, OP 1.3.3).</p> <p>By March 2023</p> <p>2.4 Framework to create a specialized credit guarantee institution under Bangladesh Bank's supervision and evaluating the sustainability of the credit guarantee mechanism developed (March 2020 baseline: not developed). (OP 6.1.2).</p> <p>2.5 Collateral protection law submitted to parliament to promote the use of movable assets as collateral (March 2020 baseline: not submitted). (OP 6.1.2).</p>		

Budget Support

ADB: \$250 million Subprogram 1 (OCR)
 \$250 million Subprogram 2 (OCR)
 ADB: \$500,000 (technical assistance grant)

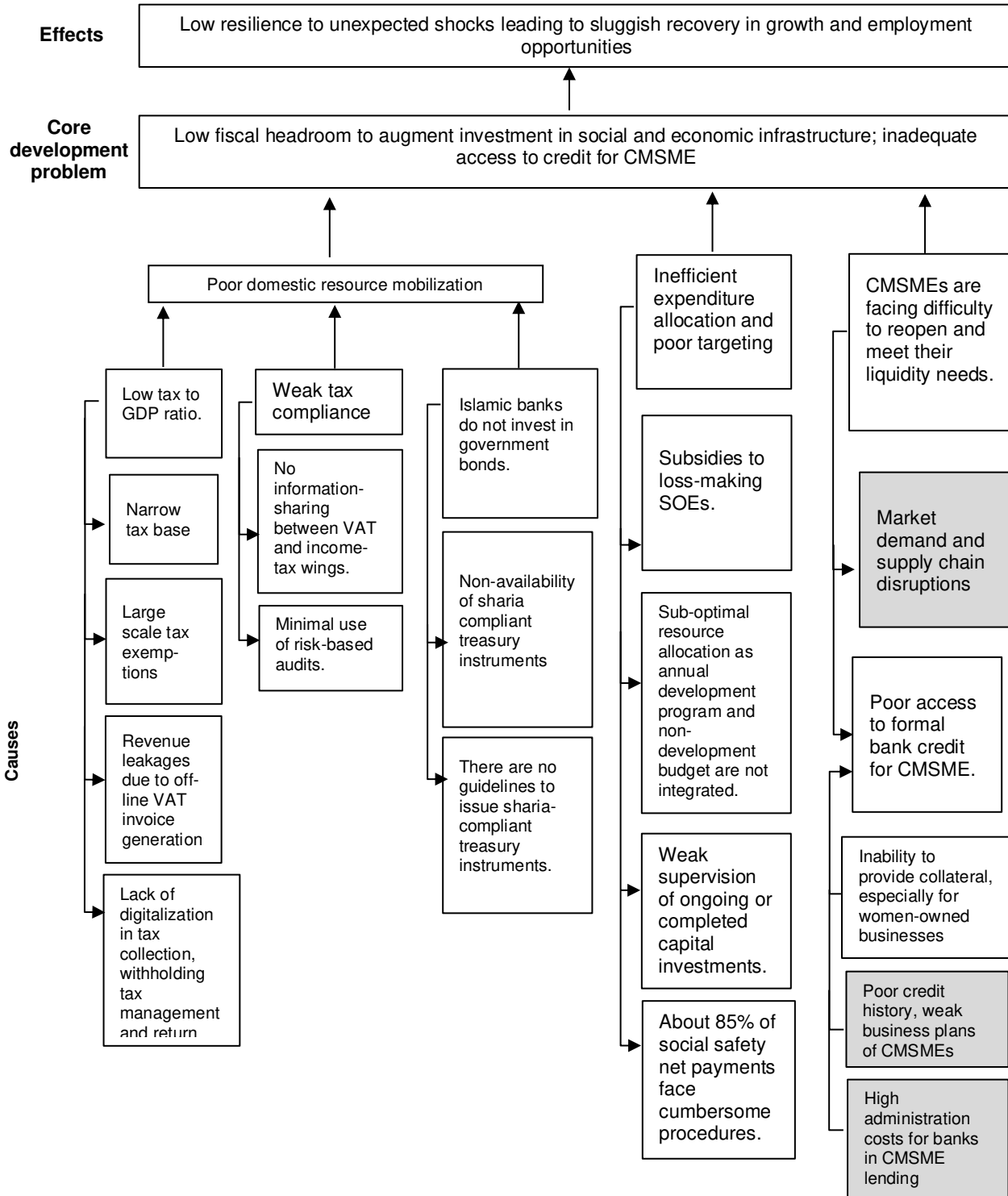
CMSME = cottage, micro, small, and medium-sized enterprises; EFD = electronic fiscal devices; FY = fiscal year; GDP = gross domestic product; OCR = ordinary capital resources; OP = operational priority; SME = small and medium enterprises; VAT = value-added tax.

^a Government of Bangladesh. 2020. [Eighth Five Year Plan, July 2020–June 2025: Promoting Prosperity and Fostering Inclusiveness](#). Dhaka.

^b The baseline year is 2019 as 2020 figures are affected by the coronavirus disease (COVID-19) pandemic.

Source: Asian Development Bank.

PROBLEM TREE



CMSME = cottage, micro, small and medium-sized enterprise; SOE = state-owned enterprises; VAT = value-added tax.

Note: Shaded boxes list causes that this policy loan does not address.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=54307-001-ConceptPaper>

1. Initial Poverty and Social Analysis