



Bangladesh: Third Capital Market Development Program

Project Name	Third Capital Market Development Program														
Project Number	45253-002														
Country	Bangladesh														
Project Status	Active														
Project Type / Modality of Assistance	Loan Technical Assistance														
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3318-BAN: Third Capital Market Development Program</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 150.00 million</td> </tr> <tr> <td colspan="2">Loan 3319-BAN: Third Capital Market Development Program</td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 100.00 million</td> </tr> <tr> <td colspan="2">TA 8994-BAN: Supporting Third Capital Market Development</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 400,000.00</td> </tr> <tr> <td>Republic of Korea e-Asia and Knowledge Partnership Fund</td> <td>US\$ 300,000.00</td> </tr> </table>	Loan 3318-BAN: Third Capital Market Development Program		Ordinary capital resources	US\$ 150.00 million	Loan 3319-BAN: Third Capital Market Development Program		concessional ordinary capital resources lending / Asian Development Fund	US\$ 100.00 million	TA 8994-BAN: Supporting Third Capital Market Development		Technical Assistance Special Fund	US\$ 400,000.00	Republic of Korea e-Asia and Knowledge Partnership Fund	US\$ 300,000.00
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Technical Assistance Special Fund	US\$ 400,000.00														
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Strategic Agendas	Inclusive economic growth														
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development														
Sector / Subsector	Finance - Money and capital markets														
Gender Equity and Mainstreaming	No gender elements														
Description	The specific objective of the proposed Capital Market Development Program III (CMDP III) is the enhanced capacity and size of the capital market that is grounded on a strong legal and regulatory framework. The CMDP III is scheduled to be approved by the Board soon after disbursement of the second and final tranche of the ongoing \$300 million CMDP II.														
Project Rationale and Linkage to Country/Regional Strategy	ADB's financial sector strategy for Bangladesh, which is included in the country partnership strategy and the new country operations business plan, is based on the Sixth Five-Year Plan, lessons from ADB's previous financial sector interventions, and coordination with other development partners. In line with the Sixth Five-Year Plan and ADB's Strategy 2020 priorities, capital market development and bond market development focusing on the provision of long-term infrastructure is one of ADB's focus areas in its Bangladesh public sector operations. Strategy 2020 includes support for capital market development as one of ADB's core operational priorities because it can facilitate private sector development and infrastructure development, which rely on the availability of long-term local currency funds for viable financial structures. The proposed program is fully aligned with the government's Sixth Five-Year Plan, ADB's Strategy 2020, and ADB's country partnership strategy with Bangladesh. A policy-based loan is proposed and justified in this case since it is targeted at a sector in which the government is firmly committed to reform, but in which significant economic, financial, and social costs are associated with the reform program and are likely to hinder its smooth and timely implementation without the additional support and inducement provided by a policy-based loan.														
Impact	A well-functioning financial system that supports basic capital and investment needs, as well as Bangladesh's longer term economic objectives.														

Project Outcome

Description of Outcome	Enhanced capacity and size of the capital market in a strong legal and regulatory framework
Progress Toward Outcome	

Implementation Progress

Description of Project Outputs	Strengthened market stability Enhanced market facilitation Enhanced supply measures Enhanced demand measures
Status of Implementation Progress (Outputs, Activities, and Issues)	First Tranche under Loan 3318-BAN released in December 2015. Second tranche under Loan 3318-BAN and first/last tranche under Loan 3319-BAN originally planned for June 2017 but tentatively moved to December 2017. Recruitment of consulting firm completed under TA 8994-BAN. TA agreement letter has been signed. However, TPP approval is awaited prior to mobilization of the consulting firm.
Geographical Location	

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The capital market reforms under the program are likely to have no adverse environmental impacts. Therefore, the program's environment category is assigned as C.
Involuntary Resettlement	The program has no involuntary resettlement impacts, the program's involuntary resettlement category is assigned as C.
Indigenous Peoples	The program's indigenous peoples category is also assigned as C.

Stakeholder Communication, Participation, and Consultation

During Project Design
During Project Implementation

Business Opportunities

Consulting Services	ADB will recruit a consulting firm to provide 17 person-months of international and 8 person-months of national consulting services. The consulting firm will provide its technical expertise in the field and back office support. Consultants will be recruited, using the quality- and cost-based selection method with a standard quality_cost ratio of 90:10 because of the highly specialized expertise needed. All consultants will be recruited in line with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). All the disbursements under the TA will be made in accordance with ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).
Procurement	not applicable

Responsible Staff

Responsible ADB Officer	Shah, Syed Ali-Mumtaz H.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	<i>Bank and Financial Institutions Division-MOF ARJIT@FINANCE.GOV.BD Bangladesh Secretariat Dhaka-1000 Bangladesh</i>

Timetable

Concept Clearance	25 Nov 2013
Fact Finding	08 Feb 2015 to 12 Feb 2015
MRM	03 Jul 2015
Approval	20 Nov 2015
Last Review Mission	-

Loan 3318-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Nov 2015	22 Nov 2015	11 Dec 2015	30 Jun 2018	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	150.00	Cumulative Contract Awards			
ADB	150.00	20 Nov 2015	80.00	0.00	53%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	20 Nov 2015	80.00	0.00	53%

Loan 3319-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Nov 2015	22 Nov 2015	11 Dec 2015	30 Jun 2018	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	100.00	Cumulative Contract Awards			
ADB	100.00	20 Nov 2015	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	20 Nov 2015	0.00	0.00	0%

TA 8994-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
20 Nov 2015	17 Jul 2016	17 Jul 2016	30 Jun 2018	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
400,000.00	300,000.00	0.00	0.00	0.00	0.00	700,000.00	20 Nov 2015	0.00

Project Page <https://www.adb.org/projects/45253-002/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=45253-002>

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