

## Bangladesh : Bangladesh Sustainable Economic Recovery Program (Subprogram 1)

### 1. Project Information

Project ID:	P000528	Instrument ID:	L0528A
Member:	Bangladesh	Region:	Southern Asia
Sector:	Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 USD million <input type="checkbox"/> Guarantee	Co-financier(s):	Asian Development Bank
ES category:	C	Borrower:	Ministry of Finance, Bangladesh
Implementing Entity:	Ministry of Finance, Bangladesh		
Project Team Leader:	Sangmoo Kim		
Project Team Members:	Christopher Damandl, Project Counsel; Bernardita Saez, Alternate Counsel; Yogesh Malla, OSD - Financial Management Specialist; Sheikh Naveed Ahmed, OSD - Social Development Specialist; Sheikh Naveed Ahmed, OSD - Environment Specialist; Chitambala Sikazwe, OSD - Procurement Specialist;		
Completed Site Visits by AIIB:			
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:			
Previous Red Flags Assigned Date:			

### 2. Project Summary and Objectives

The proposed Program (Subprogram 1) aims to help the Government of Bangladesh implement policy reforms to accelerate economic recovery from the COVID-19 pandemic. It is a policy-based financing to help the government implement reforms to accelerate economic recovery from the 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 (CSME) and associated employment, in line with initiatives of country's Eighth Five Year Plan, 2021–2025. This is to be supported under AIIB's COVID-19 Crisis Recovery Facility (the Facility) and co-financed with the Asian Development Bank (ADB).

### 3. Key Dates

Approval:	Oct. 21, 2021	Signing:	Oct. 22, 2021
Effective:	Nov. 25, 2021	Restructured (if any):	
Orig. Closing:	Dec. 31, 2021	Rev. Closing (if any):	

### 4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	250.00	Most recent disbursement	250.00/Jan. 06, 2022

		(amount/date):	
Undisbursed:	0.00	Disbursement Ratio (%) <sup>1</sup> :	100.00

#### 5. Project Implementation Update

This Program is approved to be supported under the COVID-19 Crisis Recovery Facility of the Bank and co-financed with the ADB. The loan was made effective on Nov 25, 2021 and fully disbursed on Jan 6, 2022. All policy reforms (prior actions) have been fully met.

Components	Physical Progress	Environmental & Social Compliance	Procurement	Financial Management
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#### 6. Status of the Grievance Redress Mechanism (GRM)

There will be no specific GRM for this policy-based loan. However, the complaints or concerns will be handled through existing complaint handling mechanisms of the Government of Bangladesh.

#### 7. Results Monitoring

See Section 5.

##### Project Objective Indicators #1

Indicator 1a: The government approved the guidelines for the launch of sharia-compliant treasury instruments and issued at least one sharia-compliant treasury bond.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

##### Project Objective Indicators #2

Indicator 1b: The government secured parliamentary approval and has amended the Income Tax Ordinance, 1984 for all holders of TIN (except those taxpayers who do not have a taxable income but have obtained a TIN for the purpose of sale of land or acquiring a credit card) to submit an annual income tax return for FY2021 and for each year thereafter.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

##### Project Objective Indicators #3

Indicator 1c: NBR has rolled out the use of a simplified income tax return form for use by marginal taxpayers to file returns for FY2021 and for each year thereafter.

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

**Project Objective Indicators #4**

Indicator 1d: NBR issued an order to mandate the exchange of information between its income tax and VAT division, enabling the use of data from either division's database for a more comprehensive audit of firms and business entities selected for audit by either division.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

**Project Objective Indicators #5**

Indicator 1e: NBR completed the commissioning of at least 1,000 EFD, requiring businesses to use them for issuing electronic tax invoices for every sale transaction.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

**Project Objective Indicators #6**

Indicator 1f: NBR issued an order and implemented the piloting of electronic deduction of income tax at source system in 4 (of 29) tax zones.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

**Project Objective Indicators #7**

Indicator 1g: The government issued an order to expand the use of the G2P platform such that: (i) benefits transfers for all new enrolments from 1 July 2021 will only be permitted through the G2P platform; and (ii) All remaining currently enrolled beneficiaries receiving payments outside the G2P platform will be progressively migrated to the G2P platform by 30 June 2022.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

**Project Objective Indicators #8**

Indicator 1h: The government-initiated closure of SOEs in select sectors, commencing with orders to close jute mills, that were incurring losses, with effect from 1 July 2020; and allocated Tk35 billion to pay for all outstanding dues and arrears to workers who were

retrenched.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

#### Project Objective Indicators #9

Indicator 1i: The government, through its budget circular for FY2022, issued a policy directive to line ministries that no increases in ministry-wise Annual Development Program allocations will be permitted during the year.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

#### Project Objective Indicators #10

Indicator 2a: (i) The government implemented a new refinance scheme entitled "Refinance Scheme, 2020, for lowincome professionals, farmers, and marginal/micro businessmen", and directed Bangladesh Bank to allocate Tk30 billion, and earmarked 25% for women borrowers; and (ii) To enhance access to credit for women CMSME entrepreneurs and restoring the sustainable economic recovery through term loans / investment, Bangladesh Bank amended the Small Enterprise Refinance Scheme by allowing up to TK15 billion (instead of Tk8.5 billion) at a concessional interest rate of 7% instead of 9%.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

#### Project Objective Indicators #11

Indicator 2b: The Bangladesh Bank (i) implemented a Credit Guarantee Scheme/Fund of Tk20 billion to launch the credit guarantee facilities under the stimulus package; and (ii) issued a circular by earmarking at least 5% of portfolio guarantee limit for participating financial institutions for women-owned units.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

#### Project Objective Indicators #12

Indicator 2c: Bangladesh Bank implemented a refinancing scheme for loans to CMSME startups with relaxations to the requirements for collateral and allocated 10% for women entrepreneurs.

Year	Target	Actual	Comments, if any
Nov. 01, 2021	No	-	
Sep. 01, 2023	Yes	Yes	

#### Intermediate Result Indicators #1

n/a

<b>Year</b>	<b>Target</b>	<b>Actual</b>	<b>Comments, if any</b>
Nov. 01, 2021	n/a	n/a	

**Remarks:**

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