



### Project Summary Information

Date of Document Preparation: May 11, 2026

<b>Project Name</b>	Strengthening Economic Management and Governance Program (Subprogram 2)
<b>Project Number</b>	P001152
<b>AIIB member</b>	Bangladesh
<b>Sector/Subsector</b>	Others
<b>Alignment with AIIB's thematic priorities</b>	Other
<b>Status of Financing</b>	Under Preparation
<b>Objective</b>	To help Bangladesh mitigate the macroeconomic and social impacts of the Middle East conflict. It will help address urgent fiscal pressures arising from the conflict while also supporting medium-term structural reforms in economic management and resilience.
<b>Project Description</b>	<p>The Middle East conflict is creating significant macroeconomic and social pressures on Bangladesh due to its heavy dependence on imported energy and food, integration into global trade and supply chains, and reliance on remittances from Gulf Cooperation Council (GCC) countries. Rising oil and food prices have sharply increased import costs and inflation, while LNG imports alone could add USD2–4 billion annually under sustained high prices, despite expanded energy subsidies of about USD2 billion. Energy constraints are affecting key sectors, including manufacturing and the export-oriented garments industry, transport and logistics, and agriculture, while disruptions in GCC economies pose risks to remittances. These combined shocks are widening fiscal and external deficits (estimated at 4.3% of GDP in FY2026), increasing inflationary pressures, and constraining growth and employment, with poverty expected to rise to 8.7% and around 600,000 jobs at risk.</p> <p>The Program is proposed as a Policy-Based Co-financing (PBCF) in response to an eligible crisis under Asian Infrastructure Investment Bank's (AIIB) Approach to Emergency Response (2023) to provide emergency budget support to help the Government of Bangladesh (GoB) mitigate the macroeconomic and social impacts emerging from the conflict in the Middle East. The Program supports key reforms aimed at addressing structural constraints in economic management and resilience, focusing on: (i) fiscal management; (ii) state-owned enterprise (SOE) governance and investment climate; and (iii) trade policy and logistics.</p>

	<p>The Program will be co-financed with the Asian Development Bank (ADB) as Policy-Based Lending (PBL). ADB is expected to provide a sovereign-backed loan of USD750 million for this Program. The Program will be executed by the Finance Division of the Ministry of Finance and implemented by relevant ministries and agencies.</p>
<b>Expected Results</b>	<p>(i) Strengthened economic management and (ii) a transparent and accountable regulatory regime for private sector development.</p> <p>Overall, the Program will help address urgent fiscal pressures while strengthening domestic resource mobilization, improving public investment efficiency, and reducing cost and time overruns in infrastructure delivery, thereby supporting both immediate stabilization and long-term economic resilience.</p>
<b>Environmental and Social Category</b>	<p>ADB (lead co-financier of this Program) has categorized the Program as Category B for environment and Category C for involuntary resettlement and Indigenous Peoples. The provisions on environmental and social categorization in the Environmental and Social Policy of AIIB do not apply to this Program.</p>
<b>Environmental and Social Information</b>	<p><b>Applicable Policy and Categorization.</b> The Program will be co-financed with ADB as the lead co-financier. To ensure a harmonized approach to addressing the environmental and social risks (ES) risks and impacts of the Program, ADB's Safeguards Policy Statement (SPS) will apply to this Program. Therefore, the provisions on ES categorization in the Environmental and Social Policy (ESP) of AIIB do not apply to this Program. The policy actions primarily support financial policy and institutional and administrative reforms that do not trigger any land acquisition and involuntary resettlement impacts, or impacts on the livelihood system, culture and territories of Indigenous Peoples. ADB has categorized the Program as Category B for environment and Category C for involuntary resettlement and Indigenous Peoples.</p> <p><b>Environmental and Social Aspects.</b> An ES impact assessment matrix of the Program policy actions has been prepared in compliance with ADB's SPS, potential impacts and mitigation to address them are set out. ES assessment matrix will be disclosed on the Bank's website in a timely manner to inform the Member's consultation. Based on the ES assessment matrix, policy reforms are not expected to have direct adverse impacts; however, indirect impacts may arise. As a mitigation measure, environmental experts are incorporated into the institutional arrangement for policy implementation to advise against introduction of perverse incentives. Similarly, the implementation of the amended National Logistics Policy (LNP) (2025), in continuation of ADB's Subprogram 1, is expected to have downstream impacts from the logistics infrastructure development, though no location or quantum of development is prescribed. To mitigate this, the NLP requires downstream development to comply with national safeguard systems. Furthermore, a strategic environmental assessment is a requirement introduced in the master plan under the follow-on Subprogram 3.</p> <p><b>Gender Aspect.</b> A significant gap in Bangladesh's tax system is the absence of gender-disaggregated data, which limits the ability to analyze and address gender disparities in tax compliance and participation. Nevertheless, ADB's Subprogram 1 focused on foundational reforms to make the tax system more accessible for women: the National Board of Revenue</p>

	<p>(NBR) provided dedicated services for women across all tax circles, streamlined the dissemination of information on relevant laws and tax incentives, and established dedicated helpdesks in every tax circles. Under the Program, gender inclusion is further strengthened in selected reform areas. In tax administration, the NBR collected and disseminated gender-disaggregated data for tax analysis and included female officials across all training programs, strengthening the evidence base for gender analysis and women's participation in institutional capacity development. The Program also strengthened gender responsiveness in PPPs through updated screening tools and methodology that incorporate gender-responsive measures. These actions improve women's inclusion in fiscal administration, workplace participation, and investment processes.</p> <p><b>Program Grievance Redress Mechanism (GRM) and Monitoring Arrangement.</b> Individuals and communities who believe that they are adversely affected by the Program may submit complaints to the responsible government authorities and the appropriate local/national grievance mechanisms. The information about the GRM to be used will be timely disclosed in the appropriate manner. The Ministry of Finance (MOF) is Executing Agency, and the implementing agencies will include the Prime Ministry's Office, BIDA, MOC, MOSW, NBR, Planning Commission, PPPA, and Bangladesh Competition Commission. The MOF will coordinate with other government agencies to implement the operation. ADB will keep AIIB informed of Program implementation in accordance with the MoU between AIIB and ADB. For internal reporting purposes, AIIB will reflect results and attribution through a timely project implementation and monitoring report or PIMR, and at the Program's closure.</p>			
<b>Cost and Financing Plan</b>	<p>Total project cost: USD1,000 million  AIIB financing: USD250 million  ADB financing: USD750 million</p>			
<b>Borrower</b>	People's Republic of Bangladesh			
<b>Implementing Entity</b>	Finance Division, Ministry of Finance, Bangladesh			
<b>Estimated date of loan closing (SBF)</b>	September 2026			
<b>Contact Points:</b>	<b>AIIB</b>	<b>ADB</b>	<b>Borrower</b>	<b>Implementation Organization</b>
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<b>Date of Single Review Decision</b>	May 12, 2026
<b>Estimated Date of Financing Approval</b>	2026 Q2

<b>Independent Accountability Mechanism</b>	All complaints relating to compliance with ADB's SPS under this Program will be handled by ADB's Independent Accountability Mechanism (IAM). In accordance with AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions of such complaints to the PPM will not be eligible for consideration by the PPM. Information on ADB's Accountability Mechanism is available at: <a href="https://www.adb.org/who-we-are/accountability-mechanism/iamnet">https://www.adb.org/who-we-are/accountability-mechanism/iamnet</a> .
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