



Project Summary Information

Date of Document Update: May 20, 2020	
Project Name	Bangladesh COVID-19 Active Response and Expenditure Support (CARES) Program
Project Number	P000393
Country	People's Republic of Bangladesh
Sector/Subsector	Others / Exceptions
Status of Financing	Approved on May 20, 2020
Project Description	<p>This Program is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the Asian Development Bank (ADB) as a policy-based loan under ADB's Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO). Being a densely populated country with a large number of internal and external migrant workers, Bangladesh is very vulnerable to the spread of COVID-19. The country has already faced significant healthcare challenges in combatting the COVID-19 pandemic. The number of COVID-19 cases in the country has been significantly increasing; as of May 6, 2020, number of confirmed cases are 11,719. On Mar 25, 2020, the Government of Bangladesh (GoB) imposed a lockdown which has been extended till May 30, 2020, and is likely to extend further as this crisis continues to evolve rapidly, and the ultimate fallout is difficult to predict.</p> <p>The pandemic has seriously impacted the country's economy. The extended closure of business establishments and offices as well as other social distancing measures result in simultaneous supply and demand shocks, with production, consumption, trade and investment all at a standstill. The traditional growth engines of the country's economy – export-oriented industries, remittances and small and medium enterprises (SMEs) have all ground to a halt. As a result, the poor and the vulnerable will likely bear the brunt of the impact. Thus, the GoB has undertaken fiscal countercyclical expenditure programs to strengthen healthcare services, and provide direct support for the poor and vulnerable groups and for businesses to protect jobs.</p> <p>The Program is expected to increase GoB's spending on crisis measures with a focus on social and economic protection. The following key outputs are expected: (i) employment opportunities are protected; and (ii) social safety net to vulnerable groups expanded.</p>

Objective	The objective of the Program is to provide the GoB with budget support to mitigate the severe adverse social and economic impact of the COVID-19. Specifically, the program will help the Government to support the worst-hit industries, including the export-oriented industries and SMEs and expand and strengthen its social safety net for the vulnerable groups.
Expected Results	<p>The Program is expected to mitigate the potential economic shock from the COVID-19 pandemic by extending onward assistance to the industries and the vulnerable groups.</p> <ul style="list-style-type: none"> (i) By June 2022, national poverty incidence maintained at the 2019 level of 20.5% (Baseline: 20.5% in 2019) (ii) By March 2021, 15 million poor and vulnerable people (of whom at least 40% are women) benefitted from at least one economic assistance program under the government’s coronavirus disease (COVID-19) response plan (May 2020 baseline: 0) (iii) By September 2020, at least 1.5 million workers (of whom at least 50% are women) in export-oriented industries benefitted from extended salary support through the Program (May 2020 baseline: 0) (iv) By December 2021, at least Tk170 billion (i.e equivalent approximate USD 2 billion) in loans with subsidized interest provided to the affected industries and sectors and micro, small, and medium-sized enterprises. (May 2020 baseline: 0)
Environmental and Social Category	ADB has categorized this Program under its Safeguards Policy Statement (SPS) as Category C for environment, involuntary resettlement and Indigenous Peoples.
Environmental and Social Information	<p>AIIB’s ESP was designed to apply to investment projects and has no provisions for its application to policy-based lending operations. Accordingly, the proposed Program, which is co-financed with the ADB as lead cofinancier, has been prepared in accordance with the provisions of ADB’s SPS applicable to policy-based lending as permitted by AIIB’s Board of Directors’ Decisions to Support the AIIB COVID-19 Crisis Recovery Facility. This will ensure a harmonized approach to addressing the environmental and social (ES) risks and impacts of the program.</p> <p>Under its SPS, ADB has categorized the Program as Category C for environment, involuntary resettlement, and Indigenous Peoples on the basis of an assessment of the countercyclical expenditures to be supported by the Program. These focus on expanding and strengthening social safety nets for the most vulnerable groups and are not expected to have any adverse environmental or social impacts. The proposed Program has also been categorized by ADB as “effective gender mainstreaming at entry”, as it strengthens the government’s response to the COVID-19 outbreak by addressing gender and social inclusion needs. ES monitoring will be conducted based on guidelines and check lists determined by ADB.</p>

Cost and Financing Plan	Program cost: USD 750 million Financing Plan: <ul style="list-style-type: none"> • AIIB loan: USD 250 million • ADB loan: USD 500 million 			
Borrower	People's Republic of Bangladesh			
Implementing Entity	Ministry of Finance			
Estimated Loan Closing Date	December 2021			
Contact Points	AIIB		ADB	Borrower
Name	Sangmoo Kim	Raqib Ahmed Chowdhury	Dongdong Zhang	Md. Shahriar Kader Siddiky
Title	Senior Investment Operations Specialist	Investment Operations Specialist	Principal Financial Sector Specialist, SARD	Joint Secretary Economic Relations Division Ministry of Finance
Email Address	sangmoo.kim@aiib.org	raqib.chowdhury@aiib.org	dzhang@adb.org	wingchief-asia@erd.gov.bd
Estimated Date of Concept Decision	May 2020			
Estimated Date of Appraisal Decision	May 2020			
Estimated Date of Financing Approval	May 2020			
Independent Accountability Mechanism	AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to policy-based operations such as this one. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted project and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS.			