

 Early Warning System

ADB-58020-001

Economic Transformation for the Least Developed Country Graduation  
Subprogram 1



### Quick Facts

|                                |  |
|--------------------------------|--|
| <b>Countries</b>               | Bangladesh                                     |
| <b>Financial Institutions</b>  | Asian Development Bank (ADB)                   |
| <b>Status</b>                  | Proposed                                       |
| <b>Bank Risk Rating</b>        | C  |
| <b>Borrower</b>                | Government of Bangladesh - Ministry of Finance |
| <b>Sectors</b>                 | Law and Government                             |
| <b>Investment Type(s)</b>      | Loan   |
| <b>Investment Amount (USD)</b> | \$ 400.00 million                              |
| <b>Project Cost (USD)</b>      | \$ 22,029.00 million                           |



### **Project Description**

According to the Bank's website, the government has requested an \$800 million policy-based loan (PBL) to be disbursed through two subprograms to implement its priority actions under the smooth transition strategy (STS) through well-sequenced reforms focusing on domestic resource mobilization (DRM), an enabling business environment, and export diversification. Subprogram 1 (\$400 million) from September 2023 to October 2024 will support the government in initiating the rationalization of direct tax expenditure, the automation and digitalization of direct tax collections, the simplification of the regulatory environment for doing business, and policy reforms related to trade openness and upstream engagement in logistics sector development. Subprogram 2 (\$400 million) from November 2024 to October 2025 will deepen the reforms initiated under subprogram 1, focusing on the rationalization of indirect tax expenditure, enhancing the automation and digitalization of indirect tax collections, strengthening the competition framework, deepening the reforms of tariff and nontariff barriers, and strengthening the logistics value chain for trade facilitation and promoting e-commerce.



## **Early Warning System Project Analysis**

The program focuses on policy and institutional reforms that do not entail involuntary resettlement or impact the livelihood systems, culture, and territories of Indigenous Peoples, and is thus classified category C for involuntary resettlement and Indigenous Peoples. The program does not envisage financing actions or reforms that would result in any environmental risks and impacts, and is classified category C for the environment.



### Investment Description

- Asian Development Bank (ADB)

The government's development financing needs are calculated based on estimated budget deficits of 4.5% in FY2025 (\$22,029.0 million); 5.1% in FY2026 (\$27,641.9 million); and 5.0% in FY2027 (\$30,378.9 million). The government has requested a loan of \$400 million from ADB's ordinary capital resources to help finance subprogram 1, which will support 1.8% of the budget deficit for FY2025. To bridge the gap, the government is exploring funding options from other development partners.



### Contact Information

*No contacts available at the time of disclosure.*

### ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



### Bank Documents

- [Economic Transformation for the Least Developed Country Graduation Subprogram 1: Concept Note](#)
- [Support to Economic Transformation for the Least Developed Country Graduation: Technical Assistance](#)