Early Warning System

AIIB-000344

Bangladesh: IDCOL Multi-Sector On-Lending Facility

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Quick Facts

Countries	Bangladesh
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2022-03-24
Borrower	Government of Bangladesh
Sectors	Energy, Infrastructure, Transport, Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 200.00 million
Loan Amount (USD)	$ 200.00 million
Project Cost (USD)	$ 570.00 million

Project Description

According to the bank's website, "The Project is a sovereign-backed financial intermediary loan to the People's Republic of Bangladesh, in which AIIB funds will be channeled through the Infrastructure Development Company Limited (IDCOL) to privately-owned companies to invest in eligible infrastructure projects in Bangladesh. The loan will provide IDCOL with long term financing, given the huge market demand and the need to scale up the availability of long-term funding for infrastructure projects. The Project envisages catalyzing commercial funding for public-private partnership (PPP) projects, thereby reducing the pressure of direct financing on the public budget and raising the quality and standards of infrastructure projects."

As stated in a recent report by Recourse, included in IDCOL's project pipeline is the 600MW Fenipower LNG power plant. Power generation from fossil fuels, including fossil gas, comprised more than 40% of IDCOL's loan portfolio in 2021.

Early Warning System Project Analysis

The AIIB categorized the project risk as FI.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Infrastructure Development Company Limited (IDCOL) (Financial Intermediary)

Contact Information

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ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides “an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB’s failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.” Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html.

Bank Documents

- Project Summary (February 21, 2020) [Original Source]

Community Documents

- STILL BANKROLLING CLIMATE CHANGE: How MDBs Support Fossil Gas through Financial Intermediary Investm