Early Warning System

AIIB-001152

Bangladesh: Strengthening Economic Management and Governance Program (Subprogram 2)

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Quick Facts

Countries	Bangladesh
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	U
Voting Date	2026-06-01
Borrower	People's Republic of Bangladesh, Mirana Mahrukh
Sectors	Finance, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 250.00 million
Loan Amount (USD)	$ 250.00 million
Project Cost (USD)	$ 1,000.00 million

Bangladesh: Strengthening Economic Management and Governance Program (Subprogram 2)

Project Description

According to bank's website, the proposed project aims 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. 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.

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. 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.

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Total project cost: USD1,000 million

AIIB financing: USD250 million

ADB financing: USD750 million

Contact Information

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ADB

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan 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 AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó 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 (May 11, 2026) (English) [Original Source]