

Project Completion Note for co-financed Policy-Based Financings under the COVID-19 Crisis Recovery Facility (CRF)

Bangladesh: Bangladesh COVID-19 Active Response and Expenditure Support Program

1. Project Information

Project ID:	P000393	Instrument ID:	L0393A
Member:	Bangladesh	Region:	Southern Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	Loan	E&S category:	C
Co-financier(s):	Asian Development Bank		
Borrower:	People's Republic of Bangladesh		
Guarantor:	-		
Implementing Agency:	Ministry of Finance, Bangladesh		
Other entities involved:	Asian Development Bank		
Project Team Leader(s):	Sangmoo Kim, PTL		
Project Team Members:	Nicole Faith Blanco, Investment Analyst Jinghui Li, Project admin Bernardita Saez, Project Counsel Liu Yang, Alternate Counsel Rabindra Shah, OSD - Procurement Specialist Yogesh Malla, OSD - Financial Management Specialist Yang Shuai, OSD - Environment & Social Development Specialist Abhijit Sen Gupta, Senior Economist		
Site Visits by AIIB:	-		

2. Project Summary and Objectives

A loan of USD250 million ("Loan") for the COVID-19 Active Response and Expenditure Support (CARES) Program ("Program") to the People's Republic of Bangladesh was approved on May 20, 2020, under the COVID-19 Crisis Recovery Facility (CRF) operations. The Loan Agreement was signed on May 23, 2020, and became effective on June 10, 2020. This Program was co-financed with the Asian Development Bank (ADB) with an amount of USD500 million under ADB's Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO).

On March 8, 2020, the Government of Bangladesh (GOB) announced the National Preparedness and Response Plan as a robust and immediate response to the pandemic. It aimed to contain the pandemic threat by strengthening the public health system, widening social safety net coverage, and introducing economic stimulus. The GOB's response to the COVID-19 pandemic covered seven priority areas: (i) planning and coordination; (ii) strengthening surveillance, laboratory diagnosis, and screening at the points of entry; (iii) case finding, contact tracing, and quarantine; (iv) clinical case management; (v) infection prevention and control; (vi) risk communication and public awareness; and (vii) operational research. The GOB launched fiscal

countercyclical expenditure measures and a response plan amounting to USD11.2 billion in 2020.

The Program supplemented the government's economic stimulus packages through budget support to mitigate the severe adverse social and economic impact of the COVID-19 pandemic. Specifically, this Program (a) supported the worst-hit industries, including the export-oriented sectors and small and medium enterprises (SMEs), and (b) expanded and strengthened its social safety net for vulnerable groups, including low-income population, women, and children. The key outputs of the Program included protected employment opportunities and an expanded social safety net for vulnerable groups.

The Program is also supported by other development partners, such as the Japan International Cooperation Agency (JICA) and OPEC Fund for International Development.

3. Key Dates

Approval:	May 20, 2020	Signing:	May 23, 2020
Effective:	June 10, 2020	Restructured (if any):	-
Orig. Closing:	December 31, 2021	Rev. Closing (if any):	-

4. Disbursement Summary (US Dollar million)

a) Committed:	250.00	b) Cancelled (if any):	0.00
c) Disbursed:	250.00	d) Last disbursement: (amount /date)	250.00 / June 23,2020
e) Undisbursed (if any):	0.00	f) Disbursement Ratio (%) ¹ :	100.00

5. Estimated and Actual Costs

The Program's estimated cost fully matched the actual costs, as a fast disbursement on a single tranche was provided to the government on June 23, 2020.

6. Project Implementation, including major changes to the original Objective, Project Design, and Indicators

The Program was implemented timely and effectively. The budget expenditures were executed on time per the government's timeline, facilitating prompt delivery of financial and social services and meeting the target outputs.

The Design Monitoring Framework (DMF) was accurately and adequately designed and remained unchanged for the two-year implementation of the Program. There were no significant changes in the original objective, program design, and indicators.

¹ Disbursement Ratio is defined as the volume (i.e., the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

Recognizing the pandemic's impact on Bangladesh's economy, the government swiftly launched a response plan and strategic measures to mitigate the socio-economic impact on the economy, livelihood, and health, targeting the most vulnerable population, including women and senior citizens.

The poverty incidence was projected to increase due to the impact of the pandemic. It anticipated economic fallouts on the vulnerable groups of workers, including informal workers (around 59.2 million), ready-made garment (RMG) workers (more than one million lost jobs), returnee migrant workers (over 10 million Bangladesh national expected to return), and farm workers (25 million).

The Ministry of Finance reported that around 18.5 million poor and vulnerable people (with at least 51 percent women) benefited from at least one economic assistance program. Further, about 3.8 million workers (53 percent women) benefited from the extended salary support for the export-oriented business.

The Program had two major areas: (1) Social safety net for vulnerable groups expanded, and (2) Employment opportunities protected.

1. Social safety net for vulnerable groups expanded.

The first major area focused on helping the government support vulnerable groups during the pandemic. This included measures that assisted women and women-headed households that comprise most of the poor, vulnerable, and informal sectors. As the country grappled with economic disruptions, job losses, and reduced income opportunities, particularly those working in the informal sector, the poor and vulnerable were the ones severely impacted and pushed further below the poverty threshold. This has made it difficult for them to bounce back from COVID-19.

Under this area, the Program supported the government's aggressive measures and a sizable stimulus package to protect and fulfill the basic needs of people living below or near the poverty line and those engaged in informal work. Many of these government programs incorporated gender and social inclusion elements. It supported the expansion of social welfare programs such as the National Old Age Program or Old Age Allowance (OAA) program implemented by the Department of Social Services (DSS) under the Ministry of Social Welfare, benefiting 1.3 million senior citizens receiving TK6,000 per year; the Allowance Scheme for Widowed and Husband-deserted Distressed Women or Widow Allowance (WA) Program operated by the same division of the government, which enrolled a total of 775,000 eligible women receiving TK6,000 per year. These programs had expanded their coverage from 112 poorest *upazilas*² to 262 *upazilas*.

Moreover, the emergency food distribution and cash transfer/cash aid to vulnerable population were also supported. A total of 3.5 million low-income families (including 0.86 million households headed by women) received a Tk2,500 one-time cash transfer through mobile financial services, and 12.9 million low-income and vulnerable families received 20 kilograms of

² An *upazila* is an administrative region in Bangladesh, functioning as a sub-unit of a district. The *upazilas* are the second lowest tier of regional administration in Bangladesh. The administrative structure consists of divisions (8), districts (64), *upazilas* (495) and union parishads (UPs).

rice per month. Nonetheless, during the implementation, more time was needed to validate all the beneficiaries to avoid duplication and ensure data accuracy.

Medical healthcare workers were also covered under this area as the health sector faced many challenges during the pandemic. This included the increased workload due to the surge in COVID-19 cases, working long hours with inadequate rest, inadequate healthcare services, shortages in personal protective equipment (PPEs), and mental health issues worsened by anxiety about transmitting the virus to their families. This resulted in physical and mental exhaustion among most of the healthcare workers, having a higher risk of infections and deaths among them. Hence, two months' salary was given as an honorarium to 24,877 doctors, nurses, and other frontline medical workers.

2. Employment opportunities protected.

The second major area focused on protecting the worst-hit industry in Bangladesh. There have been significant economic repercussions for micro, small, and medium enterprises (MSMEs) and exports and import industries because of country-wide lockdowns, massive slowdown of economic activities, nationwide travel restrictions mobility, and disruption in the supply chain globally. The Program supported the government's several stimulus and emergency packages³ to offer economic relief to enterprises hardest hit by COVID-19. Under the emergency stimulus packages, the government dedicated a fund through subsidized zero-cost credit targeting the salary payment for RMG sector workers and employees on the verge of being furloughed or dismissed. This reform area also covered salary support and wage subsidies, benefiting over 3.8 million workers in export-oriented industries (with 53 percent women). The low-cost loan was also made available to farmers, MSMEs, and impact businesses, leading to a total of Tk551.86 billion loans (i.e., Tk375.47 billion loans provided to 3,619 businesses and Tk176.39 billion loans to 115,190 SMEs). These loans helped to preserve employment, support SMEs, and maintain the competitive edge of the country's export industries.

7. Results Achieved (Against the original indicators and/or revised indicators. RMF table will be exported on the last page of this PCN.)

As shown in the table below, seven of 11 indicators (64 percent) have exceeded the set target, while the remaining four are likely to achieve the target set.

Table 1. Design and Monitoring Framework

Results Chain	Performance Indicators	Program Achievements
Effect of the Program Adverse socio-economic impact to vulnerable groups reduced	By June 2022, national poverty incidence maintained at the 2019 level of 20.5% (Baseline: 20.5% in 2019)	Exceeded. As of May 2022, national poverty incidence was 18.5% below the 2019 level of 20.5%. (Power and Participation Research Center-BRAC Institute of Government

³ List of COVID-19 related stimulus packages are found in Appendix 2 of ADB Completion Report

		Development Survey 2022)
	By March 2021, 15 million poor and vulnerable people (of whom at least 40% are women) benefited from at least one economic assistance program under the government's coronavirus disease (COVID-19) response plan (May 2020 baseline: 0)	Exceeded. As of October 2021, 18.5 million poor and vulnerable people (of whom at least 51% were women) benefited from at least one economic assistance program. (MOF progress report Appendix 4)
	By September 2020, at least 1.5 million workers (of whom at least one economic assistance program under the government's coronavirus disease (COVID-19) response plan (May 2020 baseline: 0)	Exceeded. As of October 2021, 3.8 million workers (of whom 53% were women) in export-oriented industries benefited from extended salary support through the Program. (MOF progress report)
Reform Areas 1. Social safety net to vulnerable groups expanded	1a. By June 2020, at least 2,000 government doctors, nurses, and medical workers engaged in treating COVID-19 patients provided with special honorarium (May 2020 baseline: 0)	1a. Exceeded. 24,877 doctors, nurses, and other frontline medical workers received two months basic pay as honorarium. The payment of the honorarium is ongoing, and it will continue in FY2021–22. (MOF progress report)
	1b. By March 2021, at least 750,000 senior citizens newly enrolled in the National Old Age Program with monetary benefit of Tk500 per month provided (of whom 40% are women) (May 2020 baseline: 0) (OP1.1, OP2.3.2)	1b. Exceeded. 1.3 million senior citizens from 262 most poverty stricken <i>upazilas</i> newly enrolled in the National Old Age Program and received TK6,000 (Tk500 per month) of whom 46% are women. (MOF progress report)
	1c. By March 2021, at least 250,000 eligible women newly enrolled in the National Allowance Scheme for Widowed and Husband-deserted Distressed Women provided with monetary benefit of 500 per month (May 2020 baseline: 0) (OP1.1, OP2.3.2)	1c. Exceeded. 775,000 eligible women from 262 most poverty stricken <i>upazilas</i> newly enrolled in the National Allowance Scheme for Widowed and Husband-deserted Distressed Women or WA program and received TK6,000 (Tk500 per month). (MOF progress report)
	1d. By July 2020, Tk2,000 transferred to at least 2 million poor families across the country with a collection and reporting of beneficiary data disaggregated by sex (of whom 20% are families are headed by women) (May 2020 baseline: 0) (Op1.1, OP2.3.2)	1d. Exceeded. 3.50 million poor families (2.64 million male and 0.86 million female-headed households) received Tk2,500 one-time cash transfer among the selected 5 million families (25% families are headed by women). (MOF progress report)
	1e. By December 2020, at least 1 million poor and vulnerable families provided with food support of 20 kilograms per month during the pandemic emergency period (May 2020 baseline: 0) (OP1.1)	1e. Exceeded. The government has distributed 211,117 MT rice to approximately 12.93 million vulnerable families (70% male and 30% female-headed households) with 20 kg rice per month per family under the Special GR program. (MOF progress report)
	2. Employment opportunities protected	2a. By September 2020, at least Tk30 billion provided as wage subsidies to workers in export-oriented industries (of whom at least 50% are women) (May 2020 baseline: 0) (OP1.2.1, OP2.3.2)
	2b. By Dec 2021, at least Tk170	2b. Exceeded. Tk551.86 billion

	billion in loans with subsidized interest provided to the affected industries and sectors and micro, small, and medium-sized enterprises. By December 2021, at least Tk170 billion in loans with subsidized interest provided to the affected industries and sectors and micro, small, and medium-sized enterprises. (May 2020 baseline: 0) (OP1.2.1)	loans provided to the affected industries and micro, small, and medium-sized enterprises. Tk375.47 billion loans provided to 3,619 businesses in affected industries and Tk176.39 billion loans provided to 115,190 SMEs. (MOF progress report)
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Source: ADB Completion Report

8. Alignment to the objectives and principles of the COVID-19 Crisis Recovery Facility

The Program is consistent with the objectives and principles of the CRF and the AIIB's Articles of Agreement. It responded to Bangladesh's pressing need for emergency public healthcare financing and immediate fiscal and budgetary support to fill the financing gap. It supported social protection to preserve and restore productive human capital, targeting vulnerable groups. Aside from the immediate support for the government expenditure, the Program incorporated long-term measures to respond to future crises, including capacity development, better tools, strengthened monitoring and reporting, and a more robust policy framework.

Overall, this financing is part of AIIB's response to the call for a coordinated international response to counter the COVID-19 crisis. It prevented long-term damage to the productive capacity of Bangladesh's economy with a particular focus on the industries that COVID-19 has hardest hit.

9. Implementation of project-specific Environmental and Social instruments

The Program's environmental and social (E&S) risks and impacts were assessed based on ADB's Safeguard Policy Statement (SPS) provisions applicable to policy-based lending in lieu of AIIB's Environmental and Social Policy (ESP). Under such policy, the Program is categorized as C for environment, involuntary resettlement, and Indigenous Peoples. The Program had no significant adverse environmental or social safeguards impacts and had not triggered any ADB's Safeguard Policy requirements.

Gender. The Program was categorized as effective gender mainstreaming. It included gender-related targets that aimed to mitigate the negative effects of the COVID-19 pandemic on women, ensuring their food security, protecting them from infection, providing cash support, supporting their businesses, and ensuring the budget of the wage subsidies to workers in export-oriented industries. The Program has achieved all five gender-related performance targets and is assessed as successful at delivering gender equality results. All the activities are on track for successful completion on time, with sex-disaggregated data provided for project monitoring and evaluation purposes.

10. Lessons Learned

As one of the first operations approved under COVID-19 CRF, this Program has effectively assisted Bangladesh in addressing its emergency financial crisis. The AIIB team has been able to support preserving macroeconomic stability and cushioning the adverse effects of the pandemic on economic growth. The implementation of this operation offers valuable experience, with some key lessons outlined below:

Prompt and coordinated crisis response. With the CRF approved on April 16, 2020, just about five weeks after the announcement of the COVID-19 outbreak as a pandemic, the AIIB joined other multilateral development banks in coordinated pandemic responses. It has a financing envelope of USD5-10 billion over 18 months to help its sovereign and non-sovereign borrowers. The Bank responded rapidly and substantially to address the member countries' urgent needs and swiftly processed the CRF applications. As one of the initial operations approved under the CRF, the entire process, from screening committee approval on April 19, 2020, to Board approval, was completed within a month. This expedited timeline was also facilitated by the AIIB's decision to utilize the lead financier's project document, eliminating the need for a separate project document and minimizing errors and inconsistencies within the Program as the Bank also agreed to support the same priority actions. Also, the fund was immediately disbursed on June 23, 2020, months earlier than Indonesia COVID-19 Active Response and Expenditure Support Program CRF (P000391), to support the government's economic response and stimulus packages in addressing the adverse impacts of the COVID-19 pandemic.

Continuous engagement with the GOB. The GOB requested financing support during the pandemic to respond to the COVID-19 pandemic. AIIB and co-financiers responded quickly and effectively in committing and delivering the critical financing needed to mitigate the adverse socio-economic impacts. In understanding priority issues, fiscal measures, and financing development, several policy dialogues and continuous coordination and communication with the government have been done to inform policy decisions and program implementation, from which the AIIB team learned a lot. AIIB's engagement has been well-received by the government and ADB, effectively bridging a significant financing gap during a critical period in the government's economic initiatives. Following the loan approval on May 20, 2020, the AIIB team directly collaborated and followed up with the government to ensure the attainment of Program indicators. Further, the AIIB team can sustain and deepen the relationship with the government through direct engagement, high-level dialogues and discussion, and continuous support, particularly in restoring macroeconomic stability and adjusting the engagement to ensure consistency with the government's evolving reform priorities.

Cooperation with development partners. The Program's design monitoring framework was developed accurately, incorporating the necessary structural reform and agenda and the macroeconomic and financial vulnerability. This resulted from the solid foundation and understanding of the country's macroeconomic situation, structural reforms, and adverse impact of exogenous shocks, among others, in designing country solutions. ADB fully acknowledged, in their Program completion report, the strong partnership with and performance of AIIB during the development and processing of the Program. It also included monitoring activities both separately

and jointly with ADB. Furthermore, AIIB expedited the processing of the Program and ensured timely availability of funds.

11. Borrower's Feedback

The Borrower's feedback is attached as Annex.

12. Any Pending issues and Follow-up actions, if applicable

There are no pending issues or follow-up actions.

13. Achievement of Project Result

Overall, the Program was effective in achieving its intended results and outputs. It helped mitigate the socio-economic adverse impacts of the COVID-19 pandemic on the population and the country's economy. Specifically, the Program contributed to addressing poverty and reducing inequalities, accelerating progress in gender equality, and strengthening governance and institutional capacity. The Program exceeded its outcome targets, including decreasing the incidence of national poverty, providing economic assistance to poor and vulnerable people, and supporting workers in export-oriented industries. It also achieved its gender-related performance targets and implemented measures to protect vulnerable households and support business entities.

Annex: Feedback Questionnaire**1. Are the services and support provided by the Project Team professional, sufficient, and in time during project preparation and project implementation? Please provide some specifics or examples as an illustration.**

Absolutely. The Project Team has consistently demonstrated exceptional professionalism, providing comprehensive support and guidance throughout the project preparation and implementation phases. Their expertise and responsiveness have been instrumental in ensuring the project's smooth progress.

2. Is it convenient to access the Project Team's services and support? Please provide some specifics or examples as an illustration.

Yes, the Project Team has been remarkably accessible and responsive. They have readily accommodated our requests for communication and collaboration, making it easy to maintain open communication channels. Their availability via email, phone, and video conferences has been particularly beneficial.

3. Does the Project Team demonstrate flexibility and efficiency during project preparation and project implementation? Please provide some specifics or examples as an illustration.

The Project Team has consistently demonstrated remarkable flexibility and efficiency in adapting to changing project requirements and addressing unforeseen challenges. They have proactively identified potential issues and worked closely with us to develop effective mitigation strategies. Their ability to balance flexibility with efficiency has been crucial to the project's success.

4. What is the value addition of AIIB's financing in the Project?

AIIB's financing has played a pivotal role in enabling the project's implementation and ensuring its sustainability. Their timely and reliable support has provided us with the financial resources necessary to address the urgent needs arising from the COVID-19 pandemic. Moreover, AIIB's commitment to promoting sustainable development aligns perfectly with our national goals, making their financing even more valuable.

5. Will you consider working with the AIIB again in infrastructure development? Please provide a few specific reasons.

We would wholeheartedly consider working with the AIIB again in infrastructure development. Their professionalism, expertise, and commitment to partnership have been exceptional. They have consistently demonstrated a genuine understanding of our country's needs and priorities, making them a highly valued partner.

6. Do you have any suggestions to the Project Team and/or the AIIB for them to improve their operations in the future?

We encourage the Project Team to continue maintaining their high standards of professionalism, responsiveness, and flexibility. Their proactive approach to addressing potential issues and their willingness to adapt to changing circumstances have been invaluable. We also commend the AIIB for their commitment to fostering strong partnerships with recipient countries. Their efforts to understand and align with our national priorities have been instrumental in ensuring the success of our collaboration.

7. Other comments, such as comments on the reporting requirements, approval of project changes, etc.

The reporting requirements have been clear and well-structured, ensuring that the AIIB remains informed of the project's progress and impact. The approval process for project changes has been efficient and transparent, allowing for timely adjustments to address evolving needs. We appreciate the AIIB's commitment to maintaining open communication and providing timely feedback.