



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
BANGLADESH INVESTMENT PROMOTION AND FINANCING FACILITY PROJECT II (IPFF II)  
APPROVED ON APRIL 5, 2017  
TO  
PEOPLE'S REPUBLIC OF BANGLADESH

FINANCE, COMPETITIVENESS AND INNOVATION

SOUTH ASIA

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**ABBREVIATIONS AND ACRONYMS**

FA	Financing Agreement
GoB	Government of Bangladesh
ICT	Information and communications technology
IPFF	Investment Promotion and Financing Facility
PDO	Project Development Objective
PPPA	Public Private Partnership Authority
TA	Technical Assistance
SDR	Special Drawing Rights
SUF	Scale-Up Facility



**BASIC DATA**

**Product Information**

Project ID P159429	Financing Instrument Investment Project Financing
Original EA Category Financial Intermediary Assessment (F)	Current EA Category Financial Intermediary Assessment (F)
Approval Date 05-Apr-2017	Current Closing Date 30-Apr-2024

**Organizations**

Borrower PEOPLE'S REPUBLIC OF BANGLADESH	Responsible Agency
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**Project Development Objective (PDO)**

Original PDO

The PDO is to increase long-term financing for infrastructure and to build capacity of the local financial institutions for promoting private sector-led infrastructure financing in Bangladesh.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-60040	05-Apr-2017	05-Nov-2017	22-Jan-2018	30-Apr-2024	100.00	57.88	47.25
IDA-60050	05-Apr-2017	05-Nov-2017	22-Jan-2018	30-Apr-2024	156.15	137.29	21.47

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. In the backdrop of substantial infrastructure gaps in the country, Bangladesh Investment Promotion and Financing Facility II (IPFF II) Project was approved by the World Bank Board in April 2017 as a follow-on to the initial IPFF Project with the same objective of increasing long-term financing for infrastructure and to build capacity of the local financial institutions for promoting private sector-led infrastructure financing in Bangladesh.
2. The project has disbursed USD 195 million (74 percent of total project allocation) against on-lending to sub-projects in diverse sectors including renewable energy, port, industrial parks, waste management, and information and communications technology (ICT). The current project ratings for achievement of the Project Development Objective (PDO), implementation progress, project management, procurement, and monitoring and evaluation (M&E) are moderately satisfactory, while financial management is rated satisfactory. The overall risk of the project remains substantial. The project closing date is April 30, 2024.
3. On March 14, 2023, the Government of Bangladesh (GoB) requested the World Bank to repurpose USD 100 million (equivalent) from IPFF II component 1 (Credit No. 6005-BD) with a view to recommitting the amount to other strategic priorities. The restructuring was processed on March 26, 2023. Following the resultant partial cancellation, the total allocation under IPFF II component 1 decreased by the same amount. As such, the available project allocation stands at USD 256.7 million, comprising USD 100 million equivalent under Credit No. 6004-BD (IDA Scale-Up Facility or SUF, originally denominated in Euro) and USD 156.7 million equivalent under Credit No. 6005-BD.
4. The implementation of and disbursement against component 2 (“Technical Assistance” or TA activities) (Credit No. 6004-BD), continues to be slow, especially against the amount allocated for the Public Private Partnership Authority (PPPA). This has resulted in a revised procurement plan with reduced allocation for PPPA. As such, there will be unspent allocation of approximately USD 7.0 million under the TA component.

## II. DESCRIPTION OF PROPOSED CHANGES

5. **Reallocation between components:** On April 27, 2023, the GoB requested the World Bank to reallocate USD 7.0 million (equivalent) of IDA funding from component 2 to component 1, given the slow disbursement of the allocation under component 2, resulting in confirmed unspent balance by the project closing date. In addition, USD 1.5 million (equivalent) of unutilized GoB counterpart funding will also be reallocated from component 2 to component 1. This restructuring will process the reallocation between components. This will also be reflected through amendment of the Financing Agreement (FA).
6. **Changes in financing percentages:** The partial cancellation processed on March 26, 2023, and the proposed reallocation between components 1 and 2, warrant a change in the financing percentage between component categories, as well as between IDA and SUF, which this restructuring will address through an amendment to the FA. The financing percentage for IDA 6004 and 6005 was fixed based on each of these two credit’s shares of allocation in the overall allocation. Since there has been a cancellation under IDA 6005, the financing percentage under both the credits would change. After considering the cancellation as of March 14, 2023, and the reallocation of USD 7.0 million from category 2 to category 1 under IDA 6005, the revised financing percentages work out to 59 percent under IDA 6004 and 41 percent under IDA 6005. Since this is on account of cancellation, this change in financing percentage is made applicable from the date of cancellation (i.e.) from March 14, 2023.



**7. Changes to Results Framework:**

- a. The Mid-Term Review Mission (January 2021) noted that the supported infrastructure subprojects are expected to contribute to the creation of a significant number of full-time jobs by the project closing date, and that during a forthcoming project restructuring, this metric would be included in the Results Framework as an Intermediate Outcome Indicator (IOI). This restructuring will introduce a new IOI on “Jobs supported by IPFF II (Number)” with a baseline of ‘zero’ and target number of 10,000.
- b. In the aide memoire for the implementation support mission conducted in November 2022, it was agreed with the project authorities that the IOI on “Female beneficiaries from IPFF II” will be redefined to replace “directly benefiting from” with “directly employed by”, where such direct employment would exclude short-term construction labor. This restructuring will process this revised IOI definition.

**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓



Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

**IV. DETAILED CHANGE(S)**

**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Long-Term Infrastructure Financing Component	303.70	Revised	Long-Term Infrastructure Financing Component	312.20
Technical Assistance Component	13.00	Revised	Technical Assistance Component	4.50
<b>TOTAL</b>	<b>316.70</b>			<b>316.70</b>

**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-60040-001   Currency: EUR				
iLap Category Sequence No: 1	Current Expenditure Category: Facility Loans-Infra Financing			
94,164,000.00	38,912,081.60	94,164,000.00	28.00	59
iLap Category Sequence No: FEF	Current Expenditure Category: FRONT END FEE			
236,000.00	236,000.00	236,000.00		
<b>Total</b>	<b>94,400,000.00</b>	<b>39,148,081.60</b>	<b>94,400,000.00</b>	



# The World Bank

Bangladesh Investment Promotion and Financing Facility Project II (IPFF II) (P159429)

IDA-60050-001 | Currency: XDR

iLap Category Sequence No: 1	Current Expenditure Category: Facility Loans-Infra Financing			
107,108,650.00	81,013,885.64	112,288,950.00	72.00	41
iLap Category Sequence No: 2	Current Expenditure Category: Gds exc. vch,Wrks,NCS,CS,OC,Trng			
7,400,000.00	723,440.59	2,219,700.00	100.00	100.00
<b>Total</b>	<b>114,508,650.00</b>	<b>81,737,326.23</b>	<b>114,508,650.00</b>	



**Results framework**

**COUNTRY: Bangladesh**

**Bangladesh Investment Promotion and Financing Facility Project II (IPFF II)**

**Project Development Objectives(s)**

The PDO is to increase long-term financing for infrastructure and to build capacity of the local financial institutions for promoting private sector-led infrastructure financing in Bangladesh.

**Project Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Increasing long-term financing for infrastructure &amp; building capacity of the local fin. institutions</b>								
Equity investments from private sector entrepreneurs under IPFF II (Amount(USD))	0.00		10,000,000.00	15,000,000.00	35,000,000.00	20,000,000.00	15,000,000.00	95,000,000.00
Long term debt financing for infrastructure under IPFF II (Amount(USD))	0.00		40,000,000.00	60,000,000.00	100,000,000.00	120,000,000.00	86,700,000.00	406,700,000.00
Total investments in infrastructure under IPFF II (Amount(USD))	0.00		80,000,000.00	100,000,000.00	150,000,000.00	160,000,000.00	120,000,000.00	610,000,000.00
Private Capital Mobilized (Amount(USD))	0.00		20,000,000.00	50,000,000.00	75,000,000.00	75,000,000.00	40,000,000.00	260,000,000.00





Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Long-Term Infrastructure Financing Component</b>								
Financing volumes through innovative financial instruments deployed for financing of infrastructure (Amount(USD))		0.00	5,000,000.00	10,000,000.00	10,000,000.00	3,000,000.00	2,000,000.00	30,000,000.00
At least 20 domestic financial institutions use IPFF II credit line (Number)		0.00	3.00	5.00	5.00	5.00	2.00	20.00
Female beneficiaries from IPFF II (Number)		0.00	20.00	30.00	50.00	80.00	20.00	200.00
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>Redefined to replace “directly benefiting from” with “directly employed by”, where such direct employment would exclude short-term construction labor.</i>							
Affected citizens' satisfaction with infrastructure subprojects (Percentage)		0.00	75.00	75.00	75.00	75.00	75.00	75.00
PFI's maintain eligibility criteria (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00	100.00
Jobs supported by IPFF II (Number)		0.00						10,000.00
<b>Action: This indicator is New</b>	<b>Rationale:</b> <i>The Mid-Term Review (January 2021) noted that the supported infrastructure subprojects are expected to contribute to the creation of a significant number of full-time jobs by the Project Closing Date, and that during a forthcoming project restructuring, this metric would be included in the Project Results Framework as an intermediate indicator.</i>							



Indicator Name	PBC	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
<b>Technical Assistance Component</b>								
The capacity of financial institutions participating in IPFF II to undertake financial analysis of infrastructure projects is strengthened - number of staff trained (Number)		0.00	50.00	80.00	50.00	10.00	10.00	200.00
Environmental assessments are undertaken for all infrastructure projects financed under the facility in coordination with the DoE (Percentage)		0.00	100.00	100.00	100.00	100.00	100.00	100.00
E&S capacity developed; staff trained (Number)		0.00	30.00	100.00	50.00	10.00	10.00	200.00



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