

SU/23/17

January 31, 2023

**The Acting Chair's Summing Up  
Bangladesh—Requests for an Extended Arrangement Under the Extended Fund  
Facility, an Arrangement Under the Extended Credit Facility, and an Arrangement  
Under the Resilience and Sustainability Facility  
Executive Board Meeting 23/8  
January 30, 2023**

Executive Directors commended the Bangladesh authorities for their timely response to multiple global shocks. Directors agreed that a new ECF/EFF arrangement, with a concurrent RSF arrangement, would help preserve macroeconomic stability, advance the authorities' reform agenda, and build resilience to climate shocks, while helping catalyze additional official and private financing.

Directors underscored the need to create additional fiscal space to increase growth-enhancing social, development and climate spending sustainably. They recommended implementation of tax policy and revenue administration reforms to mobilize revenue, accompanied by measures to rationalize spending and improve spending efficiency, including reducing energy subsidies and improving the targeting of social assistance.

Directors highlighted the need to closely monitor inflation developments and urged the authorities to continue modernizing the monetary policy framework to promote macroeconomic stability and help manage inflation better. They suggested to gradually increase exchange rate flexibility and restore a single exchange rate market, and stressed the need to strengthen FX reserve management framework to build external resilience.

Directors emphasized that a more efficient financial sector is needed to provide liquidity to the most productive economic sectors. They underscored that the regulatory framework and supervision of the financial sector should be further strengthened to reduce vulnerabilities and support financial development.

Directors encouraged the authorities to expedite long-standing reform efforts to develop human capital and boost labor productivity, expand trade and FDI, and strengthen governance and the business climate, thus fostering stronger, more inclusive, and sustainable growth.

Recognizing the authorities' strong commitment to build climate resilience, Directors welcomed Bangladesh's request to access the RSF. They concurred that the RSF arrangement would help meet large climate financing needs and would help strengthen the institutional setup to enable large-scale climate investment, support the authorities' plan to mobilize additional private finance, and enhance financial sector assessment of climate risks. Directors also noted the importance of continued close collaboration with relevant development partners.