



# Nepal: Rural Enterprise Financing Project

Project Name	Rural Enterprise Financing Project										
Project Number	53144-001										
Country	Nepal										
Project Status	Proposed										
Project Type / Modality of Assistance	Loan Technical Assistance										
Source of Funding / Amount	<table border="1"> <tr> <td>Loan: Rural Enterprise Financing Project</td> <td></td> </tr> <tr> <td>concessional ordinary capital resources lending / Asian Development Fund</td> <td>US\$ 50.00 million</td> </tr> <tr> <td>TA: Rural Enterprise Financing Project</td> <td></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 500,000.00</td> </tr> <tr> <td>Financial Sector Development Partnership Special Fund</td> <td>US\$ 250,000.00</td> </tr> </table>	Loan: Rural Enterprise Financing Project		concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million	TA: Rural Enterprise Financing Project		Technical Assistance Special Fund	US\$ 500,000.00	Financial Sector Development Partnership Special Fund	US\$ 250,000.00
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Strategic Agendas	Inclusive economic growth										
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development										
Sector / Subsector	Finance - Inclusive finance - Small and medium enterprise finance and leasing										
Gender Equity and Mainstreaming	Gender equity										
Description	The project will promote and finance commercial agribusiness enterprises collective owned by small farmers (collective enterprises) and individual small enterprises (individual enterprises) through Small Farmers Development Bank (SFDB), an apex development bank owned by Small Farmers Agriculture Cooperatives (SFACs). SFDB provides wholesale loans to SFACs; then SFACs relend to their small farmer members. Under the project, SFACs will relend the loan proceeds to their members' collective enterprises and individual enterprises.										
Project Rationale and Linkage to Country/Regional Strategy	Rural poverty in Nepal is associated with (i) low productivity and limited return in the agriculture sector, and (ii) limited rural off-farm employment opportunities. Low productivity and limited return in the agriculture sector are attributed to (a) small and fragmented landholdings; (b) limited technology application; and (c) limited agriculture commercialization. Ineffective government policies and programs as well as underdeveloped rural infrastructure and limited access further hamper rural poverty reduction. To reduce rural poverty, it is necessary to transform the current subsistence nature of agriculture activities into value-added commercial activities. Such transformation will require external assistances including capacity building, business facilitation, financing and possibly, risk-sharing such as guarantees. The project will facilitate small farmers' commercialization with financial intermediation along with value chain development support.										
Impact	Socioeconomic transformation achieved to reduce poverty level through employment oriented economic activities (14th Three Year Economic Plan, 2017-2019)a										
Outcome	Small farmers engaged in rural enterprises and their incomes increased										
Outputs	Collective enterprises established and operationalized Individual enterprises financed and expanded Rural enterprise financing capacity enhanced										
Geographical Location	Nation-wide										
<b>Safeguard Categories</b>											
Environment	FI										
Involuntary Resettlement	FI-C										
Indigenous Peoples	FI-C										
<b>Summary of Environmental and Social Aspects</b>											
Environmental Aspects											
Involuntary Resettlement											
Indigenous Peoples											
Stakeholder Communication, Participation, and Consultation											
During Project Design											
During Project Implementation											
<b>Business Opportunities</b>											

Consulting Services	The nature of procurement involved under the subprojects shall be simple commodities that can be either procured directly or based on best commercial practices. SFDB has completed two projects with ADB and has reasonable capacity to implement such projects, accordingly, the procurement is categorized as B. Procurement by rural enterprises, if any, will be in accordance with the established private sector or commercial practices acceptable to ADB, as required in ADB's Procurement Policy (2017, as amended from time to time), Procurement Regulations for ADB Borrowers (2017, as amended from time to time), and Staff Instructions ADB Administrated Consulting Services.
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Responsible ADB Officer	Ozaki, Mayumi
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Ministry of Finance The Government of Nepal Singha Durbar Kathmandu, Nepal

Timetable	
Concept Clearance	29 May 2019
Fact Finding	10 Jun 2019 to 14 Jun 2019
MRM	05 Aug 2019
Approval	-
Last Review Mission	-
Last PDS Update	30 May 2019

Project Page	<a href="https://www.adb.org/projects/53144-001/main">https://www.adb.org/projects/53144-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=53144-001">http://www.adb.org/forms/request-information-form?subject=53144-001</a>
Date Generated	01 June 2019

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