



# Bangladesh: Microenterprise Development Project – Additional Financing

Project Name	Microenterprise Development Project – Additional Financing	
Project Number	51269-002	
Country	Bangladesh	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan Technical Assistance	
Source of Funding / Amount	Loan: Microenterprise Development Project Additional Financing	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 50.00 million
	TA: Microenterprise Development Project Additional Financing	
	Technical Assistance Special Fund	US\$ 500,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Finance - Inclusive finance	
Gender Equity and Mainstreaming	Gender equity	
Description	<p>This project is an additional financing for Loan 3744-BAN: Microenterprise Development Project for \$50 million (equivalent to 44.63 million) from the ordinary capital resources which was approved on 26 November 2018. The project aimed to promote microenterprise development for inclusive economic growth and poverty reduction. It supported improving microenterprise access to finance through the Palli-Karma Sahayak Foundation (PKSF), an apex development finance and capacity building organisation; and its partner organisations (POs), which are selected microfinance institutions (MFIs). The overall implementation progress is 100%. The cumulative contract awards and disbursements are equivalent to 44.63 million. All loan disbursements and liquidation have been completed in December 2019. The PKSF has disbursed \$50 million (equivalent to 44.63 million) to its 77 Partner Organizations (POs) who have further disbursed \$50.85 million to 34,065 microenterprises (MEs) with an average loan size of \$1,493. This additional financing will provide much needed liquidity support to PKSF. It will benefit rural microenterprises which will restore economic activity, and boost incomes and consumption in rural areas. The major beneficiaries will be women. The sectors likely to benefit are agriculture, fisheries, livestock, small manufacturing, food processing, and services. In addition to promoting growth through forward linkages and developing product markets, the project when completed will be an effective driver for change in the rural economy, and can contribute to poverty alleviation by creating self-employment and wage-employment opportunities.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>COVID-19 pandemic has severely impacted the lives and livelihoods of people in Bangladesh. Due to the health pandemic and its associated economic shocks, many formal and informal workers have lost or are on the verge of losing their livelihoods in rural and urban areas. Many subsistence level people will be pushed back into poverty if alternative employment opportunities are not provided. PKSF, with its well-defined role of helping develop microenterprises is the perfect vehicle to support creation of new employment in existing and new microenterprises. Another aspect of the pandemic is the lack of liquidity support or loss of working capital in existing microenterprises. Supporting PKSF will also help protect employment in existing microenterprises that are suffering liquidity crisis and cash flow problems.</p>	
Impact	Growth of microenterprises expanded to provide forward linkages to agriculture and generate job opportunities (National Sustainable Development Strategy, 2010-2021) <sup>a</sup>	
Outcome	Microenterprises' access to MFI financing increased.	
Outputs	Funding to MFIs for microenterprise loans expanded. MFIs' capacity in microenterprise lending enhanced. MFIs' microenterprise development support extended.	
Geographical Location	Nation-wide	
<b>Safeguard Categories</b>		
Environment	FI-C	
Involuntary Resettlement	FI-C	
Indigenous Peoples	FI-C	
<b>Summary of Environmental and Social Aspects</b>		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
<b>Stakeholder Communication, Participation, and Consultation</b>		
During Project Design		
During Project Implementation		

Business Opportunities	
Consulting Services	Recruitment of consultants shall be governed by the principles and procedures laid down in ADB's Procurement Regulations for ADB Borrowers (2017, as amended from time to time).
Procurement	Procurement by subborrowers, if any, will be in accordance with the established private sector or commercial practices acceptable to ADB, as required in Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

Responsible ADB Officer	Varma, Jyotsana
Responsible ADB Department	South Asia Department
Responsible ADB Division	Bangladesh Resident Mission
Executing Agencies	<u>Bank and Financial Institutions Division-MOF</u> Bangladesh Secretariat Dhaka-1000 Bangladesh

Timetable	
Concept Clearance	20 Oct 2020
Fact Finding	14 Sep 2020 to 18 Oct 2020
MRM	26 Oct 2020
Approval	-
Last Review Mission	-
Last PDS Update	20 Oct 2020

Project Page	<a href="https://www.adb.org/projects/51269-002/main">https://www.adb.org/projects/51269-002/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=51269-002">http://www.adb.org/forms/request-information-form?subject=51269-002</a>
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