Early Warning System

ADB-36200-024

Second Small and Medium-Sized Enterprises Development Project-Additional Financing

Second Small and Medium-Sized Enterprises Development Project-Additional Financing

Quick Facts

Countries	Bangladesh
Specific Location	Southwest area of Bangladesh
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	FI
Borrower	Government of Bangladesh - Bangladesh Bank
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 400.00 million

Project Description

According to the Bank's website, the overall project is estimated to cost $400 million, including additional financing of $133.3 million, of which Asian Development Bank (ADB) is providing $100 million loan from concessional ordinary capital resources. The Government of Bangladesh will finance $20 million, and the small and medium-sized enterprises (SMEs) will finance the balance of $13.3 million. A TA grant of $650,000, financed by the Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) ($500,000) and the Financial Sector Development Partnership Special Fund (FSDPSF) ($150,000), will be provided for the outreach and support program to the SMEs

The ongoing project, Loan 3367-BAN: SMEDP2, is aimed at accelerating the development of SMEs located outside the metropolitan areas of Dhaka and Chattogram, by improving their access to bank financing through onlending by the participating financial institutions (PFIs) to eligible small and medium-sized enterprises. Two-thirds of the fund of this project are reserved for the cottage, micro, and small enterprises, of which 15% are reserved for women entrepreneurs.

The ongoing project comprises (i) a financial intermediary loan of $200 million for a credit line to the Bangladesh Bank and (ii) a TA grant of $2 million to strengthen the capacity of SME entrepreneurs to access bank financing and SME support institutions. The Ministry of Finance (MOF) is the executing agency and Bangladesh Bank is the implementing agency.

ADB approved a loan of $200 million from its ordinary capital resources on 19 January 2016, which provides financing to eligible SME sector through Bangladesh Bank and eligible PFIs. The loan and project agreements were signed on 18 January 2017 and became effective on 27 November 2017 after some adjustment to the project design (Attachment 3). The original loan closing date of 30 June 2021 has been extended to 31 December 2022 because of the impact of coronavirus disease (COVID-19) pandemic. As of 30 June 2022, ADB has fully disbursed the loan component. The $2-million piggy-backed TA 9068-BAN: Strengthening Capacities of Small and Medium-Sized Enterprise Stakeholders to Access Bank Financing and Services, financed by JFPR, was approved on 19 January 2016, and became effective on 23 January 2017. Bangladesh Bank and SME Foundation were the two implementing agencies of the TA. The original TA closing date of 31 March 2019 was extended to 18 January 2021, and it was closed on 8 April 2021 with 91.3% fund utilization.

Investment Description

- Asian Development Bank (ADB)

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Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Bangladesh Bank (Financial Intermediary)

Private Actors Description

The Ministry of Finance (MOF) is the executing agency and Bangladesh Bank is the implementing agency.

Contact Information

No contacts available at the time of disclosure.

Responsible ADB Officer	Gunawardhena, Manohari
ponsible ADB Department	Sectors Group
Responsible ADB Division	Finance Sector Office (SG-FIN)
Executing Agencies	Ministry of Finance

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

Bank Documents

- Project Disclosure PDF

Other Related Projects

- ADB-36200-023 Second Small and Medium-Sized Enterprise Development Project