

 Early Warning System

ADB-51269-003

Microenterprise Financing and Credit Enhancement Project



### Quick Facts

<b>Countries</b>	Bangladesh
<b>Financial Institutions</b>	Asian Development Bank (ADB)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	C
<b>Voting Date</b>	2022-11-14
<b>Borrower</b>	Government of the People's Republic of Bangladesh
<b>Sectors</b>	Finance
<b>Investment Type(s)</b>	Advisory Services, Loan
<b>Investment Amount (USD)</b>	\$ 201.00 million
<b>Loan Amount (USD)</b>	\$ 200.00 million
<b>Grant Amount (USD)</b>	\$ 1.00 million
<b>Project Cost (USD)</b>	\$ 200.00 million



### Project Description

According to ADB, the proposed project will strengthen microfinance in Bangladesh by expanding access to finance for unbanked and underbanked microenterprises, especially microenterprises owned by women and those from regions affected by adverse climatic conditions. The project targets increased access to finance for microfinance institutions (MFIs), which are key lenders to microenterprises. The project will channel funds through Palli Karma Sahayak Foundation (PKSF), a state-owned wholesale microfinance and development organization, which will onlend to its partner MFIs. ADB will use the attached TA to help develop a pilot credit guarantee fund (CGF) at PKSF and develop partner MFIs' capacity to enhance women's entrepreneurship skills and promote environmentally responsible microenterprise financing through advisory services for those affected by climate risk. It builds on previous work by ADB in microfinance, including commercialization and digitalization of microfinance and inclusive insurance as well as providing financial support for microcredit development. The financial intermediary modality is used as it is the most appropriate to achieve the project objectives of (i) expanding microenterprises' access to finance, and (ii) expanding MFIs' sources of funding.

**Bank Rating:** FI-C



### Early Warning System Project Analysis

The ADB categorized the project E&S risks as follows:

**Environment - FI;**

**Involuntary Resettlement - FI-C;**

**Indigenous Peoples - FI-C.**



### Investment Description

- Asian Development Bank (ADB)

The project is estimated to cost \$200 million. The government has requested a concessional loan of \$200 million from ADB's ordinary capital resources to help finance the project. The loan will have a 25-year term, including a grace period of 5 years; an interest rate of 2.0% per year during the grace period and thereafter; and such other terms and conditions set forth in the draft loan and project agreements.

### 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.

- [Palli-Karma Sahayak Foundation](#) (Financial Intermediary)



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### Private Actors Description

As stated on the company's website, Palli Karma-Sahayak Foundation (PKSF) is an apex organization established by the government of Bangladesh in 1989. It is an specialized institution for poverty alleviation through employment generation.



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## Contact Information

Responsible ADB Officer      Gunawardhena, Manohari  
Responsible ADB Department      South Asia Department  
Responsible ADB Division      Public Management, Financial Sector and Trade Division, SARD  
Executing Agencies      Financial Institutions Division-MOF

## 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>.



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### Bank Documents

- [Climate Change Assessment](#) [Original Source]
- [Gender Action Plan](#) [Original Source]
- [Loan Agreement](#) [Original Source]
- [Microenterprise Financing and Credit Enhancement Project: Initial Poverty and Social Analysis](#) [Original Source]
- [Project Administration Manual](#) [Original Source]
- [Project Agreement](#) [Original Source]
- [Project Disclosure PDF](#) [Original Source]
- [Report and Recommendations to the President](#) [Original Source]
- [Technical Assistance Report](#) [Original Source]