Early Warning System

ADB-54336-001

Supporting Post-COVID-19 Small-Scale Employment Creation Project

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Quick Facts

Countries	Bangladesh
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2021-11-17
Borrower	Government of the People's Republic of Bangladesh
Sectors	Finance, Law and Government, Technical Cooperation
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 150.90 million
Loan Amount (USD)	$ 150.00 million
Grant Amount (USD)	$ 0.90 million

Project Description

According to ADB documents, the project is a financial intermediation loan for a line of credit of up to $150 million from the ordinary capital resources of the Asian Development Bank (ADB) to the Government of Bangladesh. The fund will be relent to Bangladesh Bank, the central bank, for on-lending to participating financial institutions (PFIs). The PFIs will lend the funds to micro and small enterprises started or operated by targeted vulnerable groups—unemployed youth, returning migrant workers, and rural entrepreneurs—with a focus on women entrepreneurs. The transaction technical assistance (TA) totaling $900,000 will help strengthen the institutional capacity of Bangladesh Bank and PFIs and will support the project implementation. The project is included in ADB’s Bangladesh country operations business plan, 2021–2023.1

The project’s impact is rapid recovery from coronavirus disease (COVID-19) pandemic to restore employment, income, and economic activities.2 The project will have the following outcome: adverse economic effects of COVID-19 on migrants, youth, and rural entrepreneurs mitigated. The project’s outputs are (i) financial support to enterprises started or operated by migrants, rural enterprises, and youth from the formal banking sector increased; (ii) capacity of employment- supporting institutions strengthened; and (iii) action plan for promoting formal banking sector support for cottage, micro, and small enterprises (CMSEs) developed.

The project will help enhance the productivity and skills of the workforce, and create gainful employment opportunities, all of which are priority areas in ADB's country partnership strategy, 2016-2020 for Bangladesh, and is included in the country operations business plan, 2020-2022. The project is well aligned with the operational priorities of ADB's Strategy 2030. The project will help alleviate poverty by creating employment opportunities and supporting entrepreneurship (Operational Priority 1). The project will help strengthen governance and the institutional capacity of several key institutions crucial for employment creation (Operational Priority 6) and support gender equality by incorporating gender elements by providing inclusive financing and gender-sensitive capacity-building activities (Operational Priority 2). Moreover, in line with ADB's Strategy 2030, the project will help promote private sector development. Given the severe challenge of COVID-19, the needs of the country in all these areas take on much increased urgency and the impact of ADB support is magnified.

Early Warning System Project Analysis

The ADB categorized the project E&S risks as 'FI-C', and stated that given the environmental categorization of the project is FI-C, the implementing agency and the PFIs are disbursing funds to CMSEs in compliance with relevant environmental requirements.

Investment Description

- Asian Development Bank (ADB)

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 implementing agency (Bangladesh Bank) has been disbursing funds among the target group through 9 PFIs.

Contact Information

Responsible ADB Officer	Zhang, Dongdong
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Ministry of Finance Mr. M. Khurshed Alamm Economic Relations Division (ERD), MOF Sher-e-Bangla Nagar, Dhaka_1207 Bangladesh

Executing Agency - Finance Division, Ministry of Finance:

Dr. Md. Khairuzzaman Mozumder - Additional Secretary
Phone: +880 1711566958
Email: kzamanm@finance.gov.bd
Address: Bangladesh Secretariat, Dhaka-1000, Bangladesh

Implementing Agency - Bangladesh Bank

Mr. Md. Jaker Hossain - General Manager
Phone: +880 1731509242
Email: mjaker.hossain@bb.org.bd
Address: SME & Special Programmes Department, Dhaka-1000, Bangladesh

Asian Development Bank:

Mr. Sabyasachi Mitra - Director, Public Management, Financial Sector, and Trade Division South Asia Department
Phone: +63 2 8632 5514
Email: sabymitra@adb.org

Mr. Dongdong Zhang - Mission Leader, Principal Financial Sector Specialist
Phone: +63 85512366
Email: dzhang@adb.org

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

- Capacity Development for Post-COVID-19 Small-Scale Employment Creation: Technical Assistance Report [Original Source]
- Project Disclosure PDF [Original Source]
- Supporting Post COVID-19 Small Scale Employment Creation: Initial Poverty and Social Analysis [Original Source]
- Supporting Post- COVID-19 Small-Scale Employment Creation Project: Gender Action Plan [Original Source]
- Supporting Post- COVID-19 Small-Scale Employment Creation Project: Project Administration Manual [Original Source]
- Supporting Post- COVID-19 Small-Scale Employment Creation Project: Report and Recommendation of the [Original Source]

Media

- ADB Lends $150 Million for Small Enterprises in Bangladesh