

Document:	<u>EB 2007/91/R.23</u>
Agenda:	<u>10(c)(i)</u>
Date:	<u>24 July 2007</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

E



Enabling the rural poor
to overcome poverty

President's report

Proposed loan to the People's Republic of Bangladesh for the

Finance for Enterprise Development and Employment Creation Project

Executive Board — Ninety-first Session
Rome, 11-12 September 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

Nigel Brett

Country Programme Manager
telephone: +39 06 5459 2516
e-mail: n.brett@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra

Governing Bodies Officer
telephone: +39 06 5459 2374
e-mail: d.mcgrenra@ifad.org

Contents

Abbreviations and acronyms	ii
Recommendation for approval	iii
Map of the project area	iv
Loan summary	v
I. The project	1
A. Main development opportunity addressed by the project	1
B. Proposed financing	1
C. Target group and participation	2
D. Development objectives	2
E. Harmonization and alignment	3
F. Components and expenditure categories	3
G. Management, implementation responsibilities and partnerships	3
H. Benefits and economic and financial justification	4
I. Knowledge management, innovation and scaling up	4
J. Main risks	5
K. Sustainability	5
II. Legal instruments and authority	5
III. Recommendation	5
Annex	
Important assurances included in the negotiated project loan agreement	6
Appendices	
I. Key reference documents	
II. Logical framework	

Abbreviations and acronyms

PKSF	Palli Karma-Sahayak Foundation
PO	partner organization
SLGA	subsidiary loan and grant agreement

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed loan to the Republic of Bangladesh for the Finance for Enterprise Development and Employment Creation Project, as contained in paragraph 35.

Map of the project area

Bangladesh

Finance for Enterprise Development and Employment Creation Project



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

People's Republic of Bangladesh

Finance for Enterprise Development and Employment Creation Project

Loan summary

Initiating institution:	IFAD
Borrower:	People's Republic of Bangladesh
Executing agency:	Palli Karma-Sahayak Foundation (PKSF), a government apex funding agency for NGOs
Total project cost:	US\$57.8 million
Amount of IFAD loan:	SDR 23.15 million (equivalent to approximately US\$35.0 million)
Terms of IFAD loan:	40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum
Cofinancier(s):	NGO partner organizations
Amount of cofinancing:	US\$0.7 million
Terms of cofinancing:	Grant
Contribution of borrower:	US\$22.0 million (PKSF)
Contribution of beneficiaries:	US\$60,000
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Proposed loan to the People's Republic of Bangladesh for the Finance for Enterprise Development and Employment Creation Project

I. The project

A. Main development opportunity addressed by the project

1. The Joint Donor Review of Microfinance in Bangladesh (February 2004) identified critical issues facing the microfinance sector in the country and proposed future roles for sector donors. One critical need identified in the review requiring loan support from donors was microenterprise development. Growth of small businesses is constrained by lack of capital and, in particular, lack of loan funds. Such businesses have been largely bypassed by the microfinance sector, which to date has focused mainly on landless households. The potential size of this microenterprise market is estimated at more than 5 million borrowers. By providing financial support to this "missing" segment of the national rural finance market, the project will reduce poverty by generating employment opportunities for over 200,000 individuals.

B. Proposed financing

Terms and conditions

2. It is proposed that IFAD provide a loan to the People's Republic of Bangladesh in the amount of SDR 23.15 million (equivalent to approximately US\$35.0 million) on highly concessional terms to help finance the Finance for Enterprise Development and Employment Creation Project. The loan will have a term of 40 years, including a grace period of 10 years, with a service charge of three fourths of one per cent (0.75 per cent) per annum.

Relationship to the IFAD performance-based allocation system (PBAS)

3. The allocation defined for Bangladesh under the PBAS is US\$57.0 million over the 2007-2009 allocation cycle. The proposed loan is well within the PBAS allocation.

Country debt burden and absorptive capacity of the State

4. The capacity of the Government of Bangladesh to service external debt is good. In 2006 total external debt declined to 33 per cent of GDP, and the debt service ratio has fallen from over 20 per cent in the 1980s to 8.6 per cent in 2006. The Government's repayment record for IFAD loans is exemplary.

Flow of funds

5. The IFAD loan will be channelled to a special account and a project account, both managed by Palli Karma-Sahayak Foundation (PKSF). Funds will flow to PKSF via a subsidiary loan and grant agreement (SLGA) signed between the Ministry of Finance and PKSF. The funds will be provided by PKSF to its partner organizations (POs) following standard PKSF systems and agreements.

Supervision arrangements

6. The IFAD loan will be directly supervised by IFAD.

Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies

7. No exceptions are foreseen.

Governance

8. The following planned measures are intended to enhance the governance aspects of the IFAD loan: (i) the selection of PKSF as the key partner – an operational, autonomous agency with an exemplary international reputation; (ii) PKSF has an outstanding monitoring system comprising visits to POs every three months; (iii) the

PKSF internal audit team conducts an annual audit of POs; and (iv) an external audit firm is engaged to verify the financial position of all POs.

C. Target group and participation

Target group

9. The direct beneficiaries of the project will be microenterprise owners that borrow project loan funds for investment, and who may also benefit from training and value-chain development initiatives. The project will directly benefit 117,700 microenterprise borrowers, selected from existing microcredit groups. It is anticipated that approximately 90 per cent of the borrowers will be women in the moderately poor section of rural society, i.e. consuming 1,800-2,100 calories per day and operating up to half an acre of agricultural land. The target group will also include 200,000 indirect beneficiaries, who are members of the "hard core poor", through employment generation by microentrepreneurs. The hard core poor are characterized as suffering from deprivation, having low food security and lacking basic assets such as land.

Targeting approach

10. PKSF POs will select borrowers for microenterprise loans based on standard PKSF targeting criteria. These include: (i) ensuring that borrowers have at least two years' prior membership in a microcredit group; and (ii) screening of borrowers through use of a loan application form to certify actual membership in the intended target group.

Participation

11. Building on the success of the PKSF approach of wholesaling credit to POs, the project will provide loans to 117,700 microentrepreneur borrowers. In addition, beneficiaries will participate in 60 value chain projects, enterprise workshops (6,300 borrowers), entrepreneurship training (3,150 women and 3,150 men) or production training (5,550 women and 5,550 men). They will also participate in the process of beneficiary monitoring and impact assessment.

D. Development objectives

Key project objectives

12. The project goal is to stimulate pro-poor growth to increase employment opportunities and reduce poverty. The project objective is to expand existing microenterprises and establish new ones.

Policy and institutional objectives

13. The project will aim to build the capacity of both PKSF and its POs to efficiently manage a microenterprise development programme. This not only includes lending services (with improved procedures and skills for borrower selection and risk management), but also complementary non-financial services. The value-chain development initiatives should result in some important innovations, while the monitoring and evaluation system will identify useful lessons for further development of the small business sector.

IFAD policy and strategy alignment

14. The project design responds directly to one of the major recommendations in the Bangladesh country programme evaluation (2005) – to support microenterprise development. It supports IFAD's strategic objective of enhancing access to financial services and the objective of the country strategic opportunities programme (COSOP) 2006 of increasing access by small rural entrepreneurs to markets and financial services. The project is in line with the IFAD Policy on Targeting, specifically in relation to its focus on employment generation for the very poor through microenterprise support. The project is also in line with the IFAD Rural Enterprise Policy in that it seeks to provide access to both financial and non-financial services such as entrepreneurship and business management training, has a strong emphasis on access to markets, includes attention to sustainability of services, and

takes into account the needs of women entrepreneurs. Regarding the IFAD Rural Finance Policy, the project's savings and credit programme is managed entirely by PKSf – an internationally acclaimed and fully autonomous financial apex institution – to ensure full post-project sustainability.

E. Harmonization and alignment

Alignment with national priorities

15. The project has been developed to support implementation of the Bangladesh Poverty Reduction Strategy (PRS) of October 2005. In particular, the PRS specifically calls for microcredit to be scaled up to meet the needs of growing microenterprises and small businesses. The PRS also calls for the development of entrepreneurship to assist poor people.

Harmonization with development partners

16. The project was developed to respond to one of the key recommendations of the Joint Donor Review of Microfinance in Bangladesh (February 2004). It was developed in close consultation with donor members of the Local Consultative Group on Finance. The project is complementary to and supportive of another important project in the rural finance sector: Promoting Financial Services for Poverty Reduction (PROSPER).

F. Components and expenditure categories

Main components

17. The project has three components: (i) microenterprise lending; (ii) strengthening of value chains; and (iii) project management and monitoring.

Expenditure categories

18. There are five expenditure categories: (i) goods and equipment (0.1 per cent); (ii) technical assistance, studies, training and contracted services (6.4 per cent); (iii) an on-lending credit fund (92.1 per cent); (iv) salaries and allowances (1.3 per cent); and (v) incremental operating expenses (0.1 per cent).

G. Management, implementation responsibilities and partnerships

Key implementing partners

19. These partners include: (i) PKSf; (ii) PKSf POs; and (iii) private-sector service providers such as agribusiness companies.

Implementation responsibilities

20. Overall responsibility for project implementation will rest with PKSf under the terms and conditions of an SLGA between PKSf and the Ministry of Finance. PKSf will mainstream project activities within the PKSf management structure, with the head of the microenterprise programme being responsible for project coordination. PKSf will follow its established system for working with POs, who will follow their own procedures in respect of management and microenterprise lending. PKSf will select POs to implement the project from among its 200 current partners. POs will have responsibility for the provision of microfinance services to the target group in the project area. PKSf may contract other organizations to provide training and other support to POs and microentrepreneurs, or to undertake surveys during implementation. Value chain proposals could be implemented jointly by POs and private-sector companies.

Role of technical assistance

21. Three value chain specialists will be recruited by PKSf to provide technical assistance during project implementation.

Status of key implementation agreements

22. In addition to the standard IFAD loan agreement, an SLGA is required for project implementation. A draft SLGA is included in the appraisal report and is finalized and signed by the Ministry of Finance and PKSf as a condition for loan effectiveness.

Key financing partners and amounts committed

23. The total project cost is US\$57.8 million over six years. Financing will be provided by IFAD (60.6 per cent), PKSF (38.1 per cent), and POs and beneficiaries (1.3 per cent). There is no donor cofinancing, and all financing is fully committed.

H. Benefits and economic and financial justification

Main categories of benefits generated

24. The main benefits will be increased production from farm and non-farm enterprises and improved livelihoods for microentrepreneurs and associated employees. Other benefits include greater household food security, improved nutrition, empowerment of women, access to financial services for the target group and improved capacity of POs to provide technical services in support of their microenterprise operations.

Economic and financial viability

25. Microenterprise models based on documentation from ongoing projects demonstrate that investments likely to be funded by loans are profitable for target group households. Projection of costs and returns for a hypothetical PO microenterprise office shows that microenterprise lending is viable, even with fewer borrowers per staff member than under traditional microcredit operations.

I. Knowledge management, innovation and scaling up

Knowledge management arrangements

26. Monitoring and evaluation will provide management information, maximize learning and demonstrate the achievement of project objectives. PKSF will be responsible for all monitoring and evaluation activities, with the POs providing regular reports in accordance with PKSF procedures. Information on lending and loan performance will come from PKSF's existing management information system. Additional information on subsector development and non-financial services will be collected by staff in PKSF's microenterprise programme. Sample surveys of microenterprises will be carried out to measure project outcomes in terms of benefits for entrepreneurs and their employees, together with ad hoc surveys and case studies. In addition, results and impact monitoring (in line with IFAD's Results and Impact Management System – RIMS) will gather more information on project impact on enterprise development, employment and poverty levels. Key monitoring results will be disseminated as part of a lesson-learning and policy dialogue process.

Development innovations promoted by the project

27. Although microenterprise lending is not new, the project will seek innovation in the way loans are evaluated and approved. With project resources, PKSF will hire expertise and hold workshops to identify better ways of managing risk and to develop approaches to "credit scoring" – i.e. assessing the creditworthiness of a loan applicant – that will be useful in microfinance. Other innovations regard non-financial services. Apart from access to credit funds, owners of microenterprises require services such as market-access and product-design/improvement assistance and training in production and management technologies. The lack of accounting and bookkeeping systems makes it very difficult to analyse the performance of businesses and thus to assess their capacity to borrow and invest. The project will work to improve access to such services, taking advantage of the resources generated from financial services to make such provision sustainable after the project ends.

Approach to scaling up

28. From the start, this project will be fully integrated within PKSF's mainstream microenterprise programme and will be managed by its existing microenterprise programme staff. The approach provides a built-in mechanism through which additional funds from PKSF and other sources can be used to further expand microenterprise lending.

J. Main risks

Main risks and mitigation measures

29. The project faces two main risks: (i) that the financial viability of microfinance may be undermined if the Government were to impose lower interest rate ceilings; and (ii) that POs may not be able to implement value chain projects effectively. The planned mitigation measures include: (i) regular monitoring of government policy on interest rates by the Local Consultative Group on Finance; and (ii) adoption of a flexible approach to implementation, with the possibility of switching funding from value chain projects to more straightforward training if necessary.

Environmental classification

30. Pursuant to IFAD's environmental assessment procedures, the project has been classified as a Category B operation in that it is unlikely to have any significant negative environmental impact.

K. Sustainability

31. Sustainability of the project has been assessed at three levels: PKSf, the POs, and the individual enterprises financed. At the level of PKSf, the institution has achieved operational and financial sustainability. At the level of POs, most POs are running their microfinance programmes entirely through loans from PKSf. Virtually all PKSf POs are able to cover their entire operational costs from service charge income, and most are also able to cover the cost of funds from PKSf – making them financially viable. At the level of individual enterprises, it is impossible to predict how many will succeed or fail. However, enterprise models have been prepared that justify confidence that POs will be able to run viable microenterprise lending programmes.

II. Legal instruments and authority

32. A project loan agreement between the People's Republic of Bangladesh and IFAD will constitute the legal instrument for extending the proposed loan to the borrower. Important assurances included in the negotiated agreement are attached as an annex.
33. The People's Republic of Bangladesh is empowered under its laws to borrow from IFAD.
34. I am satisfied that the proposed loan will comply with the Agreement Establishing IFAD.

III. Recommendation

35. I recommend that the Executive Board approve the proposed loan in terms of the following resolution:

RESOLVED: that the Fund shall make a loan to the People's Republic of Bangladesh in various currencies in an amount equivalent to twenty-three million one hundred and fifty thousand special drawing rights (SDR 23,150,000) to mature on or prior to 1 May 2047 and to bear a service charge of three fourths of one per cent (0.75 per cent) per annum, and to be upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Lennart Båge
President

Important assurances included in the negotiated project loan agreement

(Negotiations concluded on 04 July 2007)

Gender

1. The Government of the People's Republic of Bangladesh (the Government) will ensure that gender concerns are mainstreamed in all project activities throughout the project implementation period. The Government will ensure that: (i) the project promotes the role of women as agents of change in the local social and economic development; (ii) priority in training is given to women; (iii) the project encourages women to take on leadership roles and participate in decision-making both within the family and at the community level; and (iv) priority is given to qualified women to work as project staff for the project.

Backward Section of Population (BSP)

2. The Government will ensure that the concerns of the BSP are given due consideration in implementing the project and, to this end, will ensure that:
 - (a) the project is carried out in accordance with the applicable provisions of the relevant BSP national legislation;
 - (b) the BSP is adequately and fairly represented in all local planning for project activities;
 - (c) BSP rights are duly respected;
 - (d) BSP communities participate in policy dialogue and local governance;
 - (e) the terms of Declarations, Covenants and/or Conventions ratified by the Government on the subject are respected; and
 - (f) the project will not involve encroachment on traditional territories used or occupied by indigenous communities.

Monitoring

3. The lead project agency will monitor the project and, in partnership with POs, generate data and information on project activities and outcomes in a manner satisfactory to IFAD. The lead project agency will also perform results-and-impact monitoring to gather information on project impact, including rapid nutrition and asset surveys using IFAD's standard methodology.

Pest Management Practices

4. The Government will comply with the International Code of Conduct on the Distribution and Use of Pesticides and ensure that pesticides procured under the project do not include any pesticides classified as extremely hazardous or highly hazardous by the World Health Organisation.

Resource Protection

5. The Government will take all reasonable measures to ensure that existing laws are enforced to safeguard water, forest and wildlife resources in the project area. The Government will take all measures to ensure sustainability of the project without any detriment to the environment, promoting local participation during project implementation which is essential for environment sustainability.

Operation and Maintenance

6. The Government will ensure that adequate human and financial resources will be provided to support the operation and maintenance of project financed investments and the recurrent costs of the project operations both during and after the project implementation period, at least for the useful life of such investments.

Insurance

7. The Government will insure project personnel against health and accident risks in accordance with its customary practice in respect of its national civil service. The Government will insure all vehicles and equipment used in connection with the project against such risks and in such amounts as may be consistent with sound practice. The Government may, in either case, finance such insurance from the proceeds of the loan.

Key Project Staff

8. The Government will ensure that the supervising officer of the microenterprise programme of PKSF will be appointed as project coordinator and remain in such role until the project completion date, subject to satisfactory performance as appraised in accordance with the service rules of PKSF. The Government will further ensure that PKSF appoint and maintain on its staff three value chain specialists dedicated to the project throughout the project implementation period subject to satisfactory performance to be evaluated yearly by PKSF.

Legal Framework

9. The Government will continue to support the development and coming into force of an enabling legal environment for microfinance institutions in the project area.

Authorisations

10. The Government will provide any project party with such delegations of authority or other authorisations as may be required under its national procedures to implement the project in accordance with the project loan agreement.

Coordination

11. The Government will make effective arrangements to co-ordinate with other international agencies operating in the project area to ensure that: (i) uniform policies are adopted for the same sector or activity, such as extension methodology and staff incentives; (ii) project activities financed by different donors in the same province or district are carefully phased to avoid constraints on the available human and financial resources; (iii) the policy of decentralised development planning and financing continues throughout the project implementation period without any change which would have a material adverse effect on project implementation; (iv) the project financing from all financiers is in accordance with the agreed financing plan; and (v) the lessons learned from beneficiary impact assessments are given due consideration in future policy formulation at the provincial and national level.

Use of Project Vehicles and Other Equipment

12. The lead project agency will ensure that:
 - (a) the types of vehicles and other equipment procured under the project are appropriate to the needs of the project; and
 - (b) all vehicles and other equipment transferred to or procured under the project are dedicated solely to project use.

Fraud and Corruption

13. The Government will promptly bring to the attention of IFAD any allegations or concerns of fraud and/or corruption in relation to the implementation of the project of which it has knowledge or becomes aware.

Suspension

14. IFAD may suspend, in whole or in part, the right of the Government to request withdrawals from the loan account, upon the occurrence of any of the events set forth below provided, however, that if the audit has not been satisfactorily concluded within 12 months of the financial reporting period date, IFAD will suspend the right of the Government to request withdrawals from the loan account, or if:
- (i) The Subsidiary Loan and Grant Agreement (SLGA), or any provision thereof, has been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the project;
 - (ii) any competent authority has taken any action for the dissolution of the lead project agency or the suspension of its operations, or any action or proceeding has been commenced for the distribution of any assets of the lead project agency among its creditors;
 - (iii) the project implementation manual, or any provision thereof, has been waived, suspended, terminated, amended or otherwise modified without the prior consent of IFAD, and IFAD has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the project;
 - (iv) IFAD, after due consultation with the Government, has determined that the material benefits of the project are not reaching the target group, or are benefiting persons outside the target group;
 - (v) the Government and/or the lead project agency has(ve) defaulted in the performance of any additional covenant set forth in the project loan agreement, and IFAD has determined that such default has had, or is likely to have, a material adverse effect on the project;
 - (vi) IFAD has given notice to the Government that credible allegations of corrupt or fraudulent practices in connection with the project have come to the attention of IFAD and the Government has failed to take timely and appropriate action to address the matter to the satisfaction of IFAD; and
 - (vii) procurement is not being carried out in accordance with the project loan agreement.

Conditions Precedent to Effectiveness

15. The project loan agreement will become effective subject to the fulfilment of the following conditions precedent:
- (a) The lead project agency will have nominated the supervising officer of its microenterprise programme as the project coordinator;
 - (b) the lead project agency, through the finance division, Ministry of Finance of the Government, will have duly requested, in writing, the Central Bank to establish the Special Account for the project, to be operated by the lead project agency in accordance with the project loan agreement;
 - (c) the Government will have issued any necessary powers and/or delegation of authority to the lead project agency for the full operation of the Special Account;
 - (d) the lead project agency will have opened the project account;
 - (e) the lead project agency will have submitted to IFAD a plan, in accordance with PKSF policies and procedures, for the selection of suitable and interested NGOs as POs;

- (f) the lead project agency will have submitted a draft AWPB for the first project year to the Government and IFAD for approval, and such draft AWPB has been approved;
- (g) the SLGA has been approved by IFAD in draft; a copy of the signed SLGA, substantially in the form so approved, has been delivered to IFAD; and all conditions precedent to the effectiveness or validity thereof (other than the effectiveness of the loan documents) have been fulfilled;
- (h) the project loan agreement has been duly signed, and the signature and performance thereof by the Government has been duly authorised and ratified by all necessary administrative and governmental action; and
- (i) a favourable legal opinion, issued by the Government's Ministry of Law, Justice and Parliamentary Affairs in form and substance acceptable to IFAD, has been delivered by the Government to IFAD.

Key reference documents

Country reference documents

Poverty Reduction Strategy Paper (October 2005)

IFAD reference documents

Project Design Document (PDD) and Key Files (April 2007)

Bangladesh Country Programme Evaluation (2005)

COSOP (April 2006)

Administrative Procedures on Environmental Assessment

IFAD Strategic Framework 2007-2010

Reaching the Rural Poor: IFAD Policy on Targeting

IFAD Rural Enterprise Policy

IFAD Rural Finance Policy

Prerequisites of Gender-Sensitive Design (in Mainstreaming a Gender Perspective in

IFAD's Operations: Plan of Action 2003-2006)

Other miscellaneous reference documents

Joint Donor Review of Microfinance in Bangladesh (February 2004)

Logical framework

<i>Narrative summary</i>	<i>Verifiable indicators</i>	<i>Means of verification</i>	<i>Assumptions and risks</i>
Goal			
Pro-poor growth in order to increase employment opportunities and reduce poverty	<ul style="list-style-type: none"> - <u>Reduced stunting of children*</u> - <u>Household asset index*</u> - <u>Increased numbers of children at school</u> - Increased assets owned by women - <u>Improved food security</u> 	<ul style="list-style-type: none"> - RIMS anchor surveys - Project impact surveys 	<ul style="list-style-type: none"> - Overall economic situation remains stable - Real price of rice does not increase sharply
Purpose			
Expanding existing and establishing new microenterprises	<ul style="list-style-type: none"> - <u>Number of enterprises established</u> - Number of enterprises expanded (by gender of owner) - Percent of enterprises increasing employment - Total employment generated (male/female) – target of approx. 200,000 individuals. 	<ul style="list-style-type: none"> - Project impact surveys - Loan application form (baseline data) 	Small scale enterprises remain profitable relative to other opportunities and competitive with large-scale industries.
Outputs			
1. Increased lending by PKSF partner organizations to microenterprises	<ul style="list-style-type: none"> - <u>Number of microenterprise borrowers (m/f) increases by 117,000 (approx. 90 per cent women)</u> - <u>Value of outstanding microenterprise loans increases by BDT 4,489 m</u> - <u>Portfolio quality indicators remain acceptable</u> - <u>Number of PO staff rating training as satisfactory</u> - No. of POs with improved capacity to manage microenterprise lending 	<ul style="list-style-type: none"> - PKSF monitoring data - Project monitoring data 	<ul style="list-style-type: none"> - NGO-microfinance institution microenterprise lending able to compete with banks - New microfinance finance law and regulations remain supportive to expansion of microfinance sector
2. Improved access of microenterprises to complementary business development and value chain services	<ul style="list-style-type: none"> - Number of subsectors and enterprises supported by the project value chain projects - Number of enterprises accessing new markets - <u>Number of ME borrowers saying training satisfactory</u> - <u>Number of PO and PKSF staff rating training as satisfactory</u> 	Project monitoring data	PKSF and POs able to develop effective means of enabling access to improved value chains.
3. Subsector policies influenced through dissemination of knowledge and learning	<ul style="list-style-type: none"> - Reports on outcome of project with lessons learnt - Participation in discussion forums. - Number of subsector policy issues addressed 	Project reports	Project produces outcomes that generate useful lessons for the future.
Activities			
1. Microenterprise Lending <ul style="list-style-type: none"> - Microenterprise lending fund of BDT 3,676 million - Training of 1,350 PO staff in microenterprise lending - Development of risk management and credit scoring systems 	2. Value Chain Development Services <ul style="list-style-type: none"> - Implementation of 60 value chain projects by PO - Enterprise workshops for 6,300 borrowers - Entrepreneurship training for 3,150 women and 3,150 men - Production training for 5,550 women and 5,550 men - Subsector development training for 190 PO and 265 PKSF staff - Subsector and value chain studies (10) 	3. Project Management and Monitoring <ul style="list-style-type: none"> - Project integrated into PKSF mainstream microenterprise programme - RIMS anchor indicator surveys - Ad hoc studies and knowledge management - Impact evaluation surveys - Progress reports 	

Notes: Indicators underlined are the IFAD Results and Impact Management System (RIMS) indicators and those with * are the RIMS anchor indicators.

