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**PROJECT ADMINISTRATION MEMORANDUM**

**ON**

**LOAN 2150-BAN**

**TO THE**

**PEOPLE'S REPUBLIC OF BANGLADESH**

**FOR THE**

**SMALL AND MEDIUM ENTERPRISE SECTOR DEVELOPMENT (TA LOAN)**

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*This Project Administration Memorandum (PAM)  
provides a practical implementation manual for the  
SMESDP, with particular reference to the TA loan.*

**September 2005**

**CURRENCY EQUIVALENTS**

(as of September 2005)

Currency Unit	–	Bangladesh Taka (Tk)
Tk1.00	=	\$0.0153
\$1.00	=	Tk65.56

**ABBREVIATIONS**

ADB	–	Asian Development Bank
BB	–	Bangladesh Bank
BDS	–	business development services
BSCIC	–	Bangladesh Small and Cottage Industries Corporation
BSTI	–	Bangladesh Standards and Testing Institution
CPCU	–	central program coordination unit
DOE		Department of Energy
FBCCI		Federation of Bangladesh Chambers of Commerce and Industries
IA		implementing agency
MOF	–	Ministry of Finance
MOF-FD	–	Finance Division of Ministry of Finance
MOI	–	Ministry of Industries
PFI	–	participating financial institution
RMG	–	readymade garment
SCITI	–	Small and Cottage Industries Training Institute
SEDF	–	Southasia Enterprise Development Facility
SEF	–	Small Enterprise Fund
SME	–	small and medium enterprise
SMESDP	–	SME Sector Development Program
SOE		statement of expenditures
TA	–	technical assistance
W/A		withdrawal application

**NOTES**

- (i) The fiscal year (FY) of the Government ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends.
- (ii) In this report, "\$" refers to US dollars.

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**LOAN PROCESSING HISTORY**

<b>Milestones</b>	<b>Dates</b>
Reconnaissance/Pre-Fact Finding Missions	14-27 Jul 2003 20 Sep – 06 Oct 2003
Fact Finding Mission	29 Feb –10 Mar 2004
1 <sup>st</sup> Management Review Meeting	16 Jul 2004
Appraisal Mission	06 – 22 Sep 2004
2 <sup>nd</sup> Management Review Meeting	05 Nov 2004
Loan Negotiations	20-21 Nov 2004
Board Consideration and Approval	20 Dec 2004
Loan Agreement Signing	26 Jan 2005
Loan Effectiveness	20 Jun 2005

## I. PROJECT DESCRIPTION

### A. Overall Objectives and Scope

1. The Technical Assistance (TA) loan will provide technical advice and resources needed to build capacity and assist in program implementation to achieve the stated outcomes of the Program. The scope of the TA loan includes: (i) conduct of studies to rationalize government assistance to the small and medium enterprise (SME) sector including the restructuring, phaseout, or strategic reorientation of concerned agencies under the Ministry of Industries (MOI) providing services to SMEs, and to review and rationalize credit assistance directly administered by government agencies and public financial institutions; (ii) SME web portal/virtual front office design and development; (iii) establishment and operation of helpline outreach centers; (iv) capacity building for SME entrepreneurs, particularly in rural areas, and for women entrepreneurs, displaced workers, and credit staff of participating financial institutions (PFIs) dealing with the SME sector; (v) upgrading of the product certification system; (vi) integrated SME database development; and (vii) environmental assessment and monitoring.

### B. Rationale, Scope and Approach

2. The rationale, scope, and approach of each of the components of the TA loan are as follows:

3. **Rationalization of Government Assistance to SMEs.** The TA loan will deliver the following outputs, among other things: (i) a diagnostic analysis of Bangladesh Small and Cottage Industries Corporation (BSCIC) and its restructuring plan or phaseout plan, together with a timebound roadmap; (ii) restructuring plans for Small and Cottage Industries Training Institute (SCITI) and Bangladesh Standards and Testing Institution (BSTI) or plans for their strategic reorientation; (iii) recommendations on the rationalization of existing SME credit facilities provided by the Government; and (iv) conceptual design of clusters and industrial parks.

4. **Design and Development of SME Web Portal/Virtual Front Office.** The SME web portal will (i) disseminate information about SMEs in Bangladesh such that any local or foreign buyer or investor can easily reach the SMEs and initiate any business relationship; (ii) facilitate E-governance and provide online information for SMEs on government facilities and services, such as requirements for business registration, licensing and product certification; and (iii) contain a library of SME-related information, such as a list of providers of business development services (BDS) and link to the SME database. This will require a wide-area network connecting remote nodes located in districts outside Dhaka with the data center in the SME Cell at MOI.

5. **Establishment and Operation of SME Helpline Outreach Centers.** This component will assist in establishing SME helpline outreach centers at the district offices of BSCIC and facilities of the Dhaka and Chittagong chambers of commerce and industry to provide advisory support to facilitate SME access to government services, including registration and licensing. The helpline outreach centers will be linked to the SME web portal to facilitate their services to SMEs.

6. **Targeted SME Capacity Building.** SCITI, in collaboration with the Federation of Bangladesh Chambers of Commerce and Industries (FBCCI), district chambers and line associations of FBCCI, accredited women entrepreneurs' associations, National Association of

Small and Cottage Industries of Bangladesh, and helpline outreach centers where available, will carry out suitable and affordable training programs targeted for (i) entrepreneurs and small enterprises in rural areas; (ii) women entrepreneurs; (iii) displaced workers in the readymade garment (RMG) industry; and (iv) PFIs under the Small Enterprise Fund (SEF), or other financial institutions that may wish to avail of these training services. The TA loan will strengthen capacity of SCITI to implement these training programs on a continuing basis. In addition, the TA loan will provide capacity-building assistance for PFIs to establish or improve their SME financing systems and procedures and adopt new financing modalities such as cash-flow-based lending, and movable asset-based secured transactions to enhance their SME credit operations. The principle of cost recovery will guide the planning and implementation of the targeted SME training programs. There could be exceptions to the principle in cases that involve very small and rural participants who do not have the immediate capacity to pay regular training fees but who could influence the direction and pace of SME development in their communities.

**7. Upgrading of Product Certification System to International Standard.** Assistance in terms of advice, capacity building, and equipment facilities will be provided to improve the quality of product certification system in Bangladesh to international standard in collaboration with the planned project of the European Commission and United Nations Industrial Development Organization. Certification services to SMEs will be facilitated. The TA loan will also assist BSTI in conducting campaigns to promote the importance of product certification among SMEs and help guide SMEs through the certification process.

**8. Development of Integrated SME Database.** Consulting inputs will be needed for the planning, design, and development of an SME database. Using a registry of SMEs as sampling frame, a nationwide survey will be conducted to capture attributes of the SMEs. The database design will define SME populations and their characteristics by industry, sector, geographic location, and development contributions, e.g., employment and value added.

**9. Environmental Assessment and Monitoring.** This TA loan component will assist in building up capacity of the central program coordination unit (CPCU) at the Finance Division of the Ministry of Finance (MOF), the implementing agencies (IAs) of SME sector development program (SMESDP), in particular MOI and the Bangladesh Bank (BB), and PFIs to ensure compliance with the environmental safeguard policy of the Asian Development Bank (ADB). PFIs will be assisted in setting up an environmental impact monitoring system.

### **C. Project Components and Outputs**

10. The main features of each of the components of the TA loan are summarized below.

<b>Component 1: Rationalization of Government Assistance to Small and Medium Enterprises (SME)</b>	
<u>Objective</u>	
1.	The objectives are to enhance the efficiency and effectiveness and to introduce innovative approaches for the delivery of government assistance to the SME sector.
<u>Scope</u>	
2.	The consulting work entails three components: (i) restructuring plan of select concerned agencies under the MOI which provide services to SMEs, (ii) rationalization of existing government credit facilities to SMEs, and (iii) conceptual design and development of clusters and industrial parks. The first component covers (i) the review of government assistance to SMEs and their effectiveness; (ii) the review of the role of the select agencies including BSCIC in delivering assistance to SMEs and the causes of their poor performance; (iii) determination of approaches and alternatives that provide the best prospect of deepening on a sustainable basis the Government's assistance to SMEs; (iv) preparation of a restructuring plan or orderly phaseout plan as appropriate; (v) estimation of the fiscal impact of staff rationalization and redeployment and costs to the Government of the restructuring option selected; and (vi) preparatory work for implementation of long-term restructuring activities. The second component covers (i) inventory taking of objectives, scope, and terms of the existing credit facilities to SMEs managed by various public

institutions including BB, nationalized commercial banks, specialized development banks, and development financial institutions engaged in social development activities, (ii) identifying indicators to measure the effectiveness, outreach, and impact of such assistance, (iii) recommending credit delivery mechanisms to reach out to SMEs especially the ones in rural areas, and (iv) recommending innovative approaches for providing SME assistance including ways of dealing with collateral, providing credit enhancement, and insurance. The third component will review existing lines of production and business activities in Dhaka and Chittagong and prepare a plan for the development of promising industries or business sectors into clusters or industrial parks.

#### Procurement and Consulting Services

3. Computers and software, Internet and networking facilities, office equipment, transport, books and publications will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. This TA component will require the services of two international and two domestic consultants: international restructuring expert (15 person-months), international SME strategic development specialist (5 person-months), domestic corporate financial specialist (10 person-months), and domestic SME credit specialist (10 person-months). The consultants will be recruited on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants

### **Component 2: SME Web Portal and Virtual Front Office Development**

#### Objective

1. The objective is to develop an SME web portal/virtual front office to provide two-way information on market opportunities to domestic SMEs and foreign buyers regarding domestic SME products and services, provide linkage for domestic SMEs to foreign markets, and facilitate access by SMEs to government services.

#### Scope

2. The scope of work comprises web site development and management of information. The former will require the expertise for (i) preparation of written materials to be incorporated into the web portal upon its launching; (ii) design of the information layout; and (iii) development of programs and creation of web pages taking into consideration existing SME web sites and portals in other countries. The latter will cover updating the web site information and handling inquiries. The web portal will have access to the SME database. Further, the TA will carry out a campaign to promote public awareness; and a training program on the maintenance and usage of the web site. Counterpart staff of MOI will undergo training to update and maintain the web site.

#### Procurement and Consulting Services

3. Computers, Internet and networking facilities will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. The services of an international web technical designer (1 person-month) and a domestic communications specialist (5 person-months) will be required. The consultants will be recruited on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants*, and other arrangements for the engagement of domestic consultants satisfactory to ADB.

### **Component 3: Establishment and Operation of SME Helpline Outreach Centers**

#### Objective

1. The objective is to establish SME helpline outreach centers at the district offices of BSCIC to assist SMEs in their organizational and operational activities. The centers will provide advisory support to facilitate access to government services as well as provide basic office support facilities, and a feedback mechanism for SME concerns.

#### Scope

2. The plan is to form the centers initially in Dhaka and Chittagong, and in at least half of the country's districts by end-2007. BSCIC will assign full-time personnel who will undergo training and operate the centers in close collaboration with the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Dhaka Chamber of Commerce and Industry, Chittagong Chamber of Commerce and Industry, and other district chambers and line associations of FBCCI. Training will be provided for the staff to run the facilities.

3. There will be a committee co-chaired by highest officials of BSCIC and FBCCI to oversee the centers at the national level and provide guidance for future development. At the district level, the co-chairs of a committee will be the head of the BSCIC district office and the president of the district chamber, with members including representatives from the municipality and SMEs in the area. FBCCI or its chamber member will be requested to assign a full-time staff in each center. The operating budget of the centers will be mainly funded from the resources of BSCIC with contribution from the chambers and associations. However, the centers will be allowed to charge reasonable fees for services rendered, such as documentation services, and use of business facilities.

#### Procurement and Consulting Services

4. Computers and software, Internet and networking facilities, office equipment, transport, books, and publications will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

5. The TA component will require the services of an international SME public-private interface advisor (6 person-months) and two domestic SME business advisors (30 person-months). The consultants will be recruited on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements for the engagement of domestic consultants satisfactory to ADB.

#### **Component 4: Targeted SME Capacity Building**

##### Objectives

1. The objectives are to (i) train and build up the capacity of SMEs located in rural areas, and women entrepreneurs; (ii) retrain the displaced workers in the RMG industry to be reemployed; (iii) encourage PFI lending to SMEs through the development of appropriate systems and procedures for SME financing and capacity building of SME credit staff; and (iv) strengthen capacity of SCITI to effectively implement the training programs on a sustainable basis.

2. This TA component has four subcomponents, as summarized below. A consulting firm will be engaged to work on each of the four subcomponents in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements for the engagement of domestic consultants satisfactory to ADB. However, the same firm may be engaged for more than one component. Quality-and-cost-based selection (QCBS) method will be used. Full technical proposal will be used for the subcomponent for capacity-building assistance to PFIs because the consulting work will require innovative techniques tailored to meet requirements of each PFI. Simplified technical proposal will be used for the other subcomponents, which will possibly be combined under one contract.

#### **Subcomponent 4.1: Rural-Based Enterprises Training**

##### Objective

1. The objective of this subcomponent is to train and build the capacity of SMEs, particularly those in the rural areas.

##### Scope

2. The TA will (i) determine training needs of SMEs in rural areas; (ii) assess adequacy of existing training programs; (iii) formulate practical and affordable training programs; (iv) design training delivery mechanism to reach out to such SMEs; (v) support a faculty development and training of trainers program of SCITI; (vi) foster coordination between SCITI, and district offices of BSCIC, chambers, and associations to carry out training programs on a sustainable basis; (vii) design ways to promote awareness of training programs through various channels including the SME web portal and helpline outreach centers; and (viii) study existing revenues and costs structure of SCITI and recommend how to adopt the principle of cost recovery for implementation of the targeted SME training programs on a sustainable basis. There could be exceptions to the principle in cases that involve very small rural participants who do not have the immediate capacity to pay regular training fees but who could influence the direction and pace of SME development in their communities.

##### Procurement and Consulting Services

3. Computers and software, audio-visual equipment, teaching aids, furniture for classrooms and seminar and conference rooms, office equipment, transport, books and publications for library, and teaching materials will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. An international human resource development specialist (10 person-months), will formulate the framework for the various task items discussed above, guide a long-term domestic training specialist, (20 person-months) on the pilot testing and implementation of various phases of the capacity-building subcomponent, and periodically provide oversight inputs on the implementation work carried out by the training specialist.

#### **Subcomponent 4.2: Women Entrepreneurs Training**

##### Objective

1. The objective of the sub component is to train women entrepreneurs in the urban and rural areas throughout the country.

##### Scope

2. The TA will (i) review and assess the effectiveness of existing and past women training programs and lessons learned; (ii) design specific programs catered to the needs of women entrepreneurs; (iii) conduct training programs in collaboration with SCITI, women entrepreneurs' associations, district offices of BSCIC, and chambers; (iv) recommend sustainable training delivery mechanisms; (v) facilitate a forum for women employees and entrepreneurs to express their capacity-building needs and other concerns; and (vi) promote awareness of and participation in the training programs.

##### Procurement and Consulting Services

3. Teaching materials and equipment, books and publications, and transport will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. An international human resource development specialist (5 person-months), will formulate the framework for the various task items discussed above, guide a long-term domestic training specialist, (10 person-months) on the



pilot testing and implementation of various phases of the capacity-building subcomponent, and periodically provide oversight inputs on the implementation work carried out by the training specialist.

#### **Subcomponent 4.3: Skills Retraining of Displaced RMG Workers**

##### Objective

1. The objective of this component is to provide skills training to displaced RMG workers to prepare them for re-employment.

##### Scope

2. This component will design the retraining program based on the needs by both the displaced RMG workers looking for work and the enterprises looking for personnel to hire. The skills required by the enterprise sector will be analyzed and defined, and based on the information on the workers in the database, candidates will be screened and training provided prior to actual hiring. Arrangements will be made for prospective employers to pay for a share of the training cost even before actual hiring, and for the full cost of the training if workers are hired. Design of the training programs will be in consultation with different stakeholders, including BSCIC. Collaboration will be forged with other external agency-funded programs such as the Job Opportunities and Business Support Program funded by the United States Agency for International Development, which is actively providing BDS in identified industry subsectors, and with nongovernment organizations such as the Association for Social Advancement that is assisting enterprises that have graduated from the level of micro business operations.

##### Procurement and Consulting Services

3. Teaching materials and equipment, books and publications, and transport will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. An international retraining and reemployment advisor (10 person-months), a domestic skills training expert (21 person-months), a domestic skills analyst (6 person-months), and a local survey firm will be recruited under this subcomponent.

#### **Subcomponent 4.4: Development of SME Lending Capability of Participating Financial Institutions**

##### Objective

1. The objective of this subcomponent is to build the capacity of PFIs participating in SEF and train their credit staff in SME lending and advisory services.

##### Scope

2. The TA will cover two main areas, (i) capacity building of PFIs under the SEF in terms of systems and procedures for their SME lending operations, and (ii) training of SME credit staff to promote understanding of SMEs and enhance their skills and capabilities to provide guidance to SME credit applicants in strengthening their business plans and preparing financial projections, analyze credit applications, effectively monitor SME loan portfolio performance including compliance with safeguard policies, and provide handholding assistance to SMEs. The capacity building will lead to the establishment or improvement of SME lending systems and procedures and the enhanced capacity of SME finance units equipped with in-house business advisory services for SMEs. PFIs would have to refer to outside BDS providers for more extensive services. The TA will also provide an orientation program for accredited BDS providers that will interface with PFIs to tailor their BDS to the PFI requirements.

##### Procurement and Consulting Services

3. Teaching materials and equipment, books and publications, computer equipment and teaching software, e.g., credit scoring software, and transport will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. An international SME finance operations specialist (18 person-months), an international SME finance training expert (4 person-months), a domestic SME finance operations consultant (15 person-months), and a domestic SME finance training consultant (7 person-months) will be recruited for this subcomponent.

#### **Component 5: Upgrading of Product Certification System**

##### Objective

1. The objectives are to provide assistance in upgrading Bangladesh product certification system to international standard and to build up capacity of BSTI to enhance the effectiveness of its certifying function so that Bangladeshi products that bear its certification mark will be acceptable to importers.

##### Scope

2. The TA will provide consulting assistance to evaluate BSTI's laboratory facilities for product testing of a select group of products that have a strong export potential. The consultant will assess BSTI's conformities in product-specific testing and recommend corrective actions. BSTI will invite a team of assessors from foreign accreditation bodies, particularly those in the primary export markets for the Bangladesh-made products, to assess if the testing accreditation facilities meet their requirements. BSTI staff will receive hands-on training by working with the consultant. Study tour to visit foreign accreditation bodies will be arranged as part of capacity building. The TA will also help develop marketing and public relations campaigns to promote awareness of the importance of certification among SMEs to enhance their export potential, especially to developed markets.

#### Procurement and Consulting Services

3. Laboratory equipment and testing facilities, computers and software, and office equipment will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. The TA will engage the services of a consulting firm in accordance with ADB's *Guidelines on the Use of Consultants*. An international consultant (5 person-months) and a domestic consultant (5 person-months) will be recruited. QCBS selection method will be used. Full technical proposal will apply because a specific capacity-building program will have to be tailored to address BSTI's problems and meet its requirements.

### **Component 6: Integrated SME Database Development**

#### Objective

1. The objective is to develop an integrated SME database and build the capacity to maintain it. This TA loan component will have two key outputs, (i) creation of a directory of SMEs from an inventory of available data sources, and (ii) design and development of the SME database.

#### Scope

2. The Bangladesh Bureau of Statistics is completing the processing of the 2001 Census of Non-Farm Economic Activities (Urban) and 2003 Census of Non-Farm Economic Activities (Rural), and will be publishing the Census report by end-2004. Primary data for nonagricultural enterprises (small, medium, and large) from the census will be supplemented by other data sources from relevant government agencies and private surveys to produce a directory that gives a listing of SMEs with name, address, nature of business, industry, (main product/service according to the International Standard Industrial Classification, and some other basic information.

3. Using the directory of SMEs as sampling frame, large-scale nationwide sample surveys will be conducted to obtain data on attributes of SMEs such as employment (with gender breakdown) and output. Such data will be captured in an integrated SME database, which will facilitate conduct of policy research on such areas as the causal relationships between growth and performance of SMEs and poverty reduction, and impact and effectiveness of government policies. The database will be designed, tested, and developed with appropriate procedures on its access, use, and controls to safeguard it from unauthorized access and loss or corruption of data.

#### Procurement and Consulting Services

4. Computers, information technology, and communications equipment and software, office equipment, and transport needed for survey work will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

5. This TA loan component will require the services of an international economic statistician (12 person-months), a domestic database design expert (18 person-months), and a team of national survey enumerators. The TA will engage the services of a consulting firm in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. QCBS method and simplified technical proposal will be used.

### **Component 7: Environmental Assessment and Monitoring**

#### Objective

1. The objective is to assist in building up capacity of the executing agency, IAs, and PFIs to ensure compliance with ADB's environmental safeguard policy.

#### Scope

2. The consultant will (i) explain the ADB safeguard policy on environment to the EA, IAs, and PFIs to enhance their understanding; (ii) develop capability of IAs to monitor the compliance with the ADB's *Environmental Policy*; (iii) assist PFIs in assessing the environmental impact of SME applicants and setting up an environmental impact monitoring system; and (iv) train PFI staff in conducting environmental impact monitoring.

#### Procurement and Consulting Services

3. Training materials and computer equipment and software will be procured following ADB's *Guidelines for Procurement*. Supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures under the Government's Public Procurement Regulations, 2003 and acceptable to ADB.

4. The TA will engage the services of an international environmental specialist (4 person-months) and a domestic environmental specialist (3 person-months). The consultants will be recruited on an individual basis in accordance with ADB's *Guidelines on the Use of Consultants*, and other arrangements for the engagement of domestic consultants satisfactory to ADB.

11. Terms of reference for TA loan components are in Appendix 1. Wherever possible, the scope of work and provision of TA resources should have conscious aspects relating to enhancing the related position of women entrepreneurs and workers. For example, there should

be institutional linkages with various government agencies to deal with women issues, and provide services and support to women entrepreneurs.

## II. COST ESTIMATES AND FINANCING PLAN

### A. Cost and Financing Plan

12. The total cost of the TA loan project is estimated at \$8.46 million equivalent, of which \$5.0 million equivalent will be financed by ADB, and \$3.46 million equivalent by the Government, and the project beneficiaries including SMEs, PFIs, training participants, chambers, and associations, as summarized in Table 3. For the SME targeted training and the helpline outreach centers, it is assumed that chambers and associations under the umbrella of the FBCCI will contribute under a public-private partnership arrangement. The contributions of the private sector will be by way of fees for training and advisory services and use of facilities. Detailed cost estimates and the financing plan are in Appendix 2.

13. ADB will provide the TA loan of SDR3.318 million (\$5 million equivalent) from its Special Funds resources for a term of 32 years, including a grace period of 8 years, interest rate of 1% per annum during the grace period and 1.5% per annum thereafter, and other terms and conditions set out in the TA Loan Agreement to cover the total foreign exchange cost and part of the local currency cost. The TA loan will finance consulting services, procurement of equipment, workshops and seminars, surveys, and report preparation. Interest during the implementation period will be capitalized. The TA loan will be implemented over 3 years and the loan closing date is expected to be 31 December 2008.

## III. IMPLEMENTATION ARRANGEMENTS

### A. Executing Agency

14. The Finance Division of MOF (MOF-FD) is the executing agency of the TA loan. Overall coordination of SMESDP is the responsibility of CPCU.

### B. Implementing Unit

15. **MOI is the IA for the TA Loan.** The SME Cell will oversee the implementation of the TA loan to ensure the timely recruitment and effective supervision of consultants. The SME Cell will closely coordinate with and submit required reports to the CPCU.

## IV. IMPLEMENTATION SCHEDULE

16. The completion date is expected to be 31 December 2008 (Appendix 3).

## V. PROCUREMENT

17. Procurement of goods and services will be in accordance with ADB's *Guidelines for Procurement*. Each supply contract for equipment, computers, vehicles, or materials estimated to cost the equivalent of more than \$500,000 will be awarded on the basis of international competitive bidding. Each supply contract estimated to cost the equivalent of \$500,000 or less (other than minor items) will be awarded on the basis of international shopping, and supply contracts valued at \$100,000 equivalent or less may be procured based on local procedures

under the Government's Public Procurement Regulations, 2003 and acceptable to ADB (Appendix 4).

**Table 1: Summary of Technical Assistance Loan Cost and Financing (US\$)**

Source	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank Financing</b>			
Component 1: Rationalization of Government Assistance to SMEs	673,000	183,000	856,000
Component 2: Development of Web Portal and Virtual Front Office	45,000	70,000	115,000
Component 3: Establishment of Helpline Outreach Centers	209,000	263,000	472,000
Component 4: Targeted SME Capacity Building			
Rural Enterprise Training	297,000	175,000	472,000
Women Entrepreneurs Training	161,000	85,000	246,000
Retraining of Displaced Readymade Garment Workers	298,000	257,000	555,000
Development of SME Lending Capability of PFIs	655,000	170,000	825,000
Component 5: Upgrading of Product Certification System	379,000	58,000	437,000
Component 6: Integrated SME Database Development	441,000	330,000	771,000
Component 7: Environmental Assessment and Monitoring	124,000	47,000	171,000
<b>Interest during Implementation Period</b>	80,000	0	80,000
<b>Subtotal (A)</b>	<b>3,362,000</b>	<b>1,638,000</b>	<b>5,000,000</b>
<b>B. Government and Beneficiaries Financing</b>			
Component 1: Rationalization of Government Assistance to SMEs	0	290,000	290,000
Component 2: Development of Web Portal and Virtual Front Office	0	70,000	70,000
Component 3: Establishment of Helpline Outreach Centers	0	480,000	480,000
Component 4: Targeted SME Capacity Building			
Rural Enterprise Training	0	500,000	500,000
Women Entrepreneurs Training	0	260,000	260,000
Retraining of Displaced Readymade Garment Workers	0	540,000	540,000
Development of SME Lending Capability of PFIs	0	840,000	840,000
Component 5: Upgrading of Product Certification System	0	150,000	150,000
Component 6: Integrated SME Database Development	0	270,000	270,000
Component 7: Environmental Assessment and Monitoring	0	60,000	60,000
<b>Subtotal (B)</b>	<b>0</b>	<b>3,460,000</b>	<b>3,460,000</b>
<b>Total</b>	<b>3,362,000</b>	<b>5,098,000</b>	<b>8,460,000</b>

**Table 2: Key Functions of the Implementing Agency**

Implementing Agency	MOI
<b>Key Functions</b>	
<ul style="list-style-type: none"> <li>SME Cell in MOI shall provide secretariat support, initially to the SME Task Force, and subsequently to the SME Advisory Panel in drafting the SME Policy and Development Framework and Action Program</li> <li>SME Cell to undertake policy research and prepare reports for consideration by the Guidance Committee, NCIB.</li> <li>MOI to prepare quarterly progress reports on the TA Loan and submit such reports to MOF-FD for submission to ADB.</li> </ul>	

## VI. CONSULTING SERVICES

18. Recruitment of consultants to be financed from the proceeds of the ADB loan will be in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the selection and engagement of domestic consultants (Appendix 5). A total of 95 person-months of international and 160 person-months of domestic consultants will

be required. The quality-and-cost-based selection method will be used for the recruitment of consulting firms for targeted SME capacity building, upgrading of the product certification system, and integrated SME database development. Individual consultants will be recruited for other components. The breakdown of consulting inputs and selection method for each component are summarized in Table 3.

**Table 3: Summary of Consulting Services and Selection Method**

<b>Technical Assistance Loan Component</b>	<b>International (months)</b>	<b>Domestic (months)</b>	<b>Total (months)</b>	<b>Selection Method</b>
1. Rationalization of Government Assistance	20	20	40	Individual
2. Development of Web Portal and Virtual Front Office	1	5	6	Individual
3. Establishment of Helpline Outreach Centers	6	30	36	Individual
4. Targeted SME Capacity Building	47	79	126	Firm by QCBS
Rural Enterprise Training	10	20	30	
Women Entrepreneurs Training	5	10	15	
Retraining of Displaced Readymade Garment Workers	10	27	37	
Development of SME Lending Capability of PFIs	22	22	44	
5. Upgrading of Product Certification System	5	5	10	Firm by QCBS
6. Integrated SME Database Development	12	18	30	Firm by QCBS
7. Environmental Assessment and Monitoring	4	3	7	Individual
<b>Total</b>	<b>95</b>	<b>160</b>	<b>255</b>	

QCBS = quality-and-cost-based selection method

19. Under the targeted SME capacity-building component, full technical proposal will be used for the PFI capacity-building assistance subcomponent, while simplified technical proposal will be used for the other subcomponents, which will possibly be combined under one contract. Full technical proposal will also apply to the upgrading of the product certification system component while simplified technical proposal will be used for the integrated SME database development component.

## **VII. DISBURSEMENT PROCEDURES**

20. Disbursements for the TA loan will be subject to imprest account and direct payment procedures in accordance with ADB's *Loan Disbursement Handbook* dated January 2001. An imprest account will be established at a commercial bank approved by the MOF. The imprest account will be replenished as eligible expenditures are incurred and liquidated. The initial advance to the imprest account will be based on estimated expenditures for the first 6 months of the project loan or 10% of the respective loan amount (i.e., \$500,000 equivalent), whichever is lower. The imprest account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook*, and detailed arrangements as agreed by the Government and ADB. ADB's statement of expenditures procedures may be used to reimburse eligible expenditures and to liquidate advances made into the imprest account in accordance with ADB's *Loan Disbursement Handbook*. Statement of expenditures procedures will be applicable to individual payments amounting to \$50,000 or less. Disbursement letter is attached as Appendix 6.

21. The following procedure should be followed:

- (i) MOF to provide list of authorized signatories for the withdrawal applications; ADB requires the Borrower's representative designated in the Loan Agreement to furnish sufficient evidence of the authority of the person(s) designated to sign the withdrawal applications (W/As) together with their authenticated signatures.

- (ii) Evidence of authority of the person(s) designated to sign W/As must reach ADB before MOF submits the W/As from implementing agencies. MOF to coordinate submission of all W/As from implementing agencies to ADB or ADB's BRM in duplicate.

22. For imprest account funds, MOF has to submit to ADB all W/As in duplicate. The following procedures should be observed:

- (i) For initial advance, provide all details as required in form ADB-IFP-EES (see ADB Loan Disbursement Handbook, Appendix 20).
- (ii) Estimated expenditures should normally be based on the amount of contracts awarded and to be awarded in the next six months. For expenditures related to operational costs, the amount should be linked to the project's budget provisions. No supporting documents are required.
- (iii) For replenishment of advances, the IA will consolidate claims until the amount being withdrawn is at least \$100,000 equivalent, or an amount advised by ADB.
- (iv) To liquidate advances provided into the imprest account, the statement of expenditures (SOE) procedure may be used.
- (v) Any individual payment to be liquidated under the SOE procedure shall not exceed the equivalent of \$50,000.
- (vi) Where SOE is not allowed, MOF to submit all evidence of payment, invoices bill of lading, or work certificates.
- (vii) In all the above cases, MOF to attach a bank statement from MOI maintaining the Imprest Fund and the bank reconciliation of the Imprest Fund Account.

23. W/A will have to be filled out for each different currency in which withdrawal is requested. The W/A and the corresponding SOE Summary Sheets should be signed by authorized representative(s) of the Borrower and should be presented in two copies.

24. A meeting held on 20 July 2005 (Appendix 7) between MOF-FD, BB, MOI and ADB's BRM representative agreed on the following:

- (i) An imprest account will be opened by MOF and maintained in a commercial bank (Sonali Bank).
- (ii) MOI will open and maintain a project operating account in a commercial bank (BASIC Bank).
- (iii) Joint Secretary (Banking Policy), Finance Division (who heads CPCU) will be the signing authority of the W/As, to be submitted to the ADB.
- (iv) MOI will be responsible for the preparation of draft W/A and the collection of all supporting documentation.
- (v) Upon receipt from ADB of the replenishment for the imprest account, MOF-FD will transfer the requisite amount to MOI's project operating account.
- (vi) MOI will take necessary action for Annual Development Programme allocation for their part of the project. Following the existing procedure of getting Development Budget Code Number from the Development Wing of the Finance Division, MOI will submit proposals to the Programme Coordinator and Joint Secretary (Banking Policy) for the authorization of the Reimbursable Project Aide expenditure from the Annual Development Programme (2005-2006) allocation and also to transfer the

amount from the CONTASA account to the project operating account opened by the MOI.

25. MOF-FD will handle payments for all foreign cost expenditures including payments in foreign currency to international consultants. MOI will handle payments for all local cost expenditures including payments in taka to domestic consultants and local purchases.

**Table 4**

<b>ALLOCATION AND WITHDRAWAL OF LOAN PROCEEDS</b> <b>(Strategic Support to the SME Sector, Training and Capacity Building Project)</b>					
CATEGORY				PERCENTAGE OF ADB FINANCING	
Number	Item	Amount Allocated [SDR] Category	Subcategory	Percentage	Basis for Withdrawal from the Loan Account
1	Office Equipment	352,000			
1A	Domestic		94,000	100	percent of local expenditure*
1B	Foreign		258,000	100	percent of foreign expenditure
2	Vehicles	98,000		100	percent of local expenditure*
3	Trainings and Seminars	113,000		100	percent of local expenditure*
4	Consulting Services	2,166,000			
4A	Domestic		509,000	100	percent of local expenditure*
4B	Foreign		1,657,000	100	percent of foreign expenditure
5	Reports and Communications	164,000		100	percent of local expenditure*
6	Interest Charge	53,000		100	percent of amounts due
7	Unallocated	372,000		100	percent of amounts due
	Total	3,318,000			

\*Exclusive of local taxes

## **VIII. REPORTING REQUIREMENTS**

26. **Reporting.** MOF-FD will monitor implementation of SMESDP. Through the CPCU, MOF-FD will prepare quarterly a consolidated progress report on the SMESDP, including a BB report on accredited PFIs and review of utilization of SEF, in a format acceptable to ADB that gives information on implementation progress, issues encountered, and measures taken to resolve them, and the status of compliance with loan covenants. The progress reports will be submitted to ADB not later than 30 days after the end of the relevant quarter. MOF-FD will submit to ADB a completion report for SMESDP within 3 months of the end of the program period. The completion report will provide a detailed evaluation of the SMESDP design and implementation including performance of the IAs, associated government entities, consultants, and the socioeconomic and outreach impact of the Program.

## **IX. AUDITING REQUIREMENTS**

27. **Accounting and Auditing.** MOF-FD will keep a record of the utilization of the SMESDP loans and will ensure that the record keeping and accounting done by the IAs follow accounting and financial management procedures acceptable to ADB. The IAs will maintain separate records and accounts for the SMESDP loan components, which will be audited annually in accordance with sound accounting standards by independent auditors acceptable to ADB. Annual audited reports and financial statements, in English, will be submitted to ADB within 6 months after the end of each fiscal year. The auditor's opinion of that part of the examination relating to the imprest account should be separately set out in the auditor's report.

## X. MAJOR LOAN COVENANTS

28. In addition to the standard conditions, the following major covenants are included in the Loan Agreement. These covenants are directly related to the Program and are considered essential to ensure its successful implementation.

Specific Covenants	Agencies Responsible	Deadline for compliance	Reference	Remarks
<b>Audit</b> – To submit annual audited reports within 6 months after the end of each fiscal year.	MOI	Dec 2006	Article IV, Section 4.02, LA	Not yet due
<b>Reporting (quarterly/completion)</b> – To submit reports (quarterly and project completion report) to ADB on the implementation and performance of the IA, associated government entities, consultants, and socioeconomic and outreach impact of the program.	MOF-FD	Continuing	Article IV, Section 4.03, LA RRP, para 101.	Not yet due
<b>Variation</b> – If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to ADB for prior approval.	MOF-FD	As required	Schedule 5, para 6©, LA	Not yet due

## XI. ANTICORRUPTION

29. The Project is subject to ADB's Anticorruption Policy. Anyone coming across evidence of corruption associated with the project is required to contact ADB's Office of the General Auditor, which will investigate allegations. Further information on ADB's anticorruption policy is available through ADB's website: <http://www.adb.org> (and selecting 'anticorruption' as topic), or directly through: <http://www.adb.org/Documents/Policies/Anticorruption/default.asp>.

## XII. KEY PERSONS INVOLVED IN THE PROGRAM

30. All official communication related to the Program should be addressed to the following key personnel:

Names	Company	Position	Address	Telephone / Fax No./ Email address
TBD	ADB	Director	No. 6 ADB Avenue, Mandaluyong, Phil.	T-632-6325369 F-632-6362337 Email: @adb.org
Virgilio T.Velasco	ADB	Sr. Financial Economist	No. 6 ADB Avenue, Mandaluyong, Phil.	T-632-6324398 F-632-6362337 Email: <a href="mailto:vtvelasco@adb.org">vtvelasco@adb.org</a>



Renato Limjoco	ADB	Lead Financial Specialist	No. 6 ADB Avenue, Mandaluyong, Phil.	T-632-6324444 F-632-6362337 Email: <a href="mailto:rlimjoco@adb.org">rlimjoco@adb.org</a>
Md. Quddus Khan	MOF-FD	Joint Secretary (Banking Policy)	Bangladesh Secretariat, Dhaka	T-7165526 F-8615581
Mohammad Ayub Miah	MOI	Joint Secretary, SME Cell	Shilpa Bhaban, Dhaka	T-9563556 F-9563553 Email: <a href="mailto:ayubmiah@hotmail.com">ayubmiah@hotmail.com</a>

## **TERMS OF REFERENCE OF TECHNICAL ASSISTANCE LOAN COMPONENTS**

1. The TA Loan is provided for improving the effectiveness of Government assistance for the SME sector and facilitating SMEs' access to various support services including capacity building and support infrastructure for SMEs. The TA loan will provide technical advice and resources needed for capacity building and assistance in program implementation to achieve the stated outcomes of the SMESDP.

2. The TA Loan comprises 7 components which are listed below. Component 5 for Targeted SME Capacity Building has 4 subcomponents. The terms of reference for all components and subcomponents are discussed in this supplementary appendix.

1. Rationalization of Government Assistance to SMEs
2. Development of Web Portal and Virtual Front Office
3. Establishment of Helpline Outreach Centers
4. Targeted SME Capacity Building
  - 4.1 Rural Enterprise Training
  - 4.2 Women Entrepreneurs Training
  - 4.3 Retraining of Displaced RMG workers
  - 4.4 Development of SME Lending Capability of PFIs
5. Upgrading of Certification Process
6. Integrated SME Database Development
7. Environmental Assessment and Monitoring

### **A. Component 1: Rationalization of Government Assistance to SMEs**

3. The consulting work entails the: (1) review of Government assistance to SMEs and their effectiveness; (2) review of the role of the selected institutions in delivering assistance to SMEs and the causes of poor performance; (3) determination of approaches and alternatives that provide the best prospect of deepening on a sustainable basis the Government's assistance to SMEs; (4) if there are adequate merits, the preparation of a restructuring plan for existing institutions concerned with SMEs, or (5) if otherwise, the formulation of an orderly phase-out plan and consideration of options for strategic support to the SME sector; and (6) estimation of the fiscal impact of staff rationalization and redeployment and costs to the Government of the restructuring option selected; and (7) preparatory work for implementation of long-term restructuring activities. On a parallel basis, there will be (i) a review of the existing SME credit facilities under the control of public institutions, with the end in view of improving their effectiveness or phasing out, as the case may be, and (ii) a study and recommendation for conceptual design and development of clusters and industrial parks.

4. The consultants should carry out: (a) diagnostic analysis of public institutions; (b) determine if a public institution is to be restructured; (c) if the institution merits restructuring, prepare a restructuring plan; (d) if not, formulate the steps for its orderly phase-out and the strategic alternatives in continuing to deliver the important services needed by the SME sector; (e) prepare for the implementation of the restructuring option to be selected; and (f) analysis of alternative structures, modes for providing support to SMEs and the requisite resources needed.

5. There will be a team of two international and two national consultants. The international Restructuring Expert will also be the team leader. The international SME Strategic Development Specialist will focus on alternative structures and mechanisms for providing support to SMEs,

including the establishment of an SME Foundation. The national consultants will assist the international consultants in carrying out their tasks. They have their respective principal responsibilities covering two specialist areas: (a) corporate finance, and (b) SME credit.

**a. Restructuring Expert (international, 15 person months)**

6. The tasks of the Restructuring Expert and Team Leader, who will be an international consultant, are to:

- (i) assume full responsibility for the timely submission of the deliverables that meet quality standards;
- (ii) draw up the work plan for the consulting team and supervise their work;
- (iii) lead discussions and interaction with the Government, management and staff of the institution involved, a sample of the institution's existing and prospective clientele, and officers of business associations;
- (iv) ensure that the consulting process will result in full ownership by the institution and the Government;
- (v) analyze the organizational structure, human resource capacity and capabilities to carry out activities under its mandate, and relationship with other organizations and agencies including other government agencies, chambers and associations, and financial institutions;
- (vi) review the activities implemented by other public sector institutions related to the promotion of SMEs and identify the institution's mandated activities which may overlap with those of other agencies;
- (vii) suggest principles and approach to make the institution an effective entity;
- (viii) with respect to a possible restructuring plan of a designated institution, in collaboration with all stakeholders:
  - a. formulate the vision and mission statements;
  - b. recommend changes in policies, including the required legislation;
  - c. develop a strategic framework for restructuring, including various options to consider;
  - d. prepare timebound roadmap for the roll-out and build-up of each product service under the different restructuring alternatives, including (1) the goal for each product service; (2) the detailed implementation steps; timebound inputs from the Government and its various agencies, indicating the nature and financial resources needed for the inputs; (3) the performance indicators used to track implementation progress and data sources for documenting the actual performance;
  - e. propose the organization structure and other governance arrangements to implement the roadmap, including the identified champion(s) that will implement the proposed restructuring;
  - f. prepare staffing plan ;
- (ix) in particular, propose restructuring options for SCITI in order to strengthen its capacity and provide the facilities for the training of SMEs;
- (x) formulate, recommend and help implement short-term measures, pending the adoption of the long-term restructuring action agenda, to strengthen the governance of the institution;
- (xi) define the institutional and fiscal impact of a staff rationalization plan, and outlines the alternative retraining and redeployment modes;
- (xii) integrate the analytical work and recommendations of other members of the consulting team into distinct reports that cover the (a) Diagnostic of Public

Institution to Restructure, (b) Restructuring Plan (Including the Preparation Plan for Initiation of Restructuring and the Evaluation of Options for Supporting SMEs, and (c) Adjustment Costs;

- (xiii) assist the Government and the institution in the appropriate tasks needed to prepare for the implementation of short-term governance strengthening measures and long-term restructuring activities, actively help in coordinating their implementation and develop a detailed work plan to carry out these tasks;
- (xiv) if restructuring is not warranted, present alternative structures for providing support to the SME sector; and
- (xv) assess various credit facilities and credit programs of public agencies and recommend how to rationalize them including phasing them out or improving their effectiveness and performance.

7. The Restructuring Expert should have the following qualifications:

- (i) at least 10 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions, and (d) cottage, small and medium enterprises;
- (ii) familiarity with SME development strategies, policies, and programs of developing countries and appropriate experience relevant to the components of SMESDP;
- (iii) at least ten years' hands-on experience in carrying out quality diagnostic, recommendations and restructuring plans for governmental or private institutions;
- (iv) a keen analytical mind with a holistic appreciation of institutional systems-wide issues and realistic resolution alternatives;
- (v) documented past quality work that demonstrates the capacity to carry out the basic tasks defined;
- (vi) post-graduate degree in public administration, business, economics, or finance; and
- (vii) proficiency in oral and written English.

**b. SME Strategic Development Specialist  
(international, 5 person-months)**

8. The SME Strategic Development Specialist will closely work with the Restructuring Expert in carrying out the above tasks and in formulating recommendations on the alternative structures and modes for providing support to SMEs, including the proposed SME Foundation, and the requisite resources needed.

9. The SME Strategic Development Specialist will be primarily responsible for the following activities:

- (i) analyze coverage, impact and position of entrepreneurial identification and development activities of BSCIC;
- (ii) conduct SWOT analysis and assessment of sustainability and cost-effectiveness of entrepreneurial development activities and programs;
- (iii) analyze relevant donor community's experience with BSCIC, SCITI, and other public institutions that directly interface with SMEs;
- (iv) recommend ways of to recover costs of training programs of SCITI and make SCITI sustainable;
- (v) consider and recommend cost recovery measures for BSCIC and other public institutions;
- (vi) prepare strategic framework relating to entrepreneurial development;
- (vii) prepare organizational, staffing and human resource development, and operational planning for the SME Foundation;
- (viii) prepare time-bound roadmaps for roll-out and build-up;
- (ix) delineate proposed organizational structures of public institutions providing service to SMEs; and
- (x) review existing lines of production and business activities of SMEs in Dhaka and Chittagong. Identify three or four lines of production or industries with potential to be developed into clusters or industrial parks and conduct gap analysis to of their weaknesses that constrain their productivity. Prepare a plan to develop the clusters or industrial parks.

10. The SME Strategic Development Specialist should have the following qualifications:

- (i) at least 10 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions, and (d) cottage, small and medium enterprises;
- (ii) familiar with SME development strategies, policies, and programs of developing countries and appropriate experience relevant to the components of SMESDP;
- (iii) at least ten years' hands-on experience in carrying out quality diagnostic, recommendations and restructuring plans for governmental or private institutions;
- (iv) familiar with (a) operational processes of business organizations; (b) organizational structures, reorganizations, downsizing and staffing plans; (c) re-training and redeployment of redundant personnel;
- (v) exposure to (a) reform programs relating to SME enabling environment in developing countries, (b) interventions relating to the enhancement of SME access to business information, (c) interventions relating to increasing SME access to sustainable credits, and (d) SME training programs;
- (vi) documented past quality work that demonstrates the capacity to carry out the basic tasks defined;
- (vii) post-graduate degree in public administration, business, economics, or finance; and
- (viii) proficient in oral and written English.

**c. Corporate Financial Specialist (national, 10 person months)**

11. The Corporate Financial Specialist has principal responsibility for:

- (i) gathering basic information for the team's consulting work on the selected public institutions servicing SMEs, including:
  - a. annual and related reports for 1999-2003 and interim for 2004;
  - b. national budget information;
  - c. highlights of the extent of authority of the Board of Directors and what needs to be referred to the Government;
  - d. synthesis of relevant minutes of Board of Directors' meetings for 1999 to date;
  - e. institution-wide, departmental and product service-specific strategies, plans, policies, programs, studies, operational reports, budgets and financial statements;
  - f. organization charts;
  - g. reorganization studies and plans;
  - h. inventory of physical facilities/assets;
  - i. human resource complement;
  - j. policy and operational manuals;
  - k. marketing and other client-related brochures and materials;
  - l. reports on clients;
  - m. other relevant materials and information;
- (ii) detailed review of strategies, policies and procedures especially those relating to marketing, pricing and cost recovery for the key activity or groups of activities of the institution;
- (iii) analysis of revenues and expenses including the financial standing of the entire organization and the breakdown of revenues and expenses by key activities;
- (iv) financial analysis of coverage, impact and cost-effectiveness of institution-wide and specific initiatives relating to specific product services, including an explanation of the causes of their comparative performance;
- (v) analysis of sustainability of different product services;
- (i) evaluation of previous donor assistance and identification of any factors which may impede the effectiveness of such assistance and any lessons relevant to the institution's reorganization or restructuring in the future;
- (vi) suggestions of principles and approach to make the institution an effective entity;
- (vii) recommendations on which product services to focus on to ensure product service and institutional sustainability;
- (viii) recommendations on the restructuring options and positioning to consider;
- (ix) recommendations on downsizing and training/redeployment of physical, financial and human resources;
- (x) financial projections (together with underlying assumptions), carried out in collaboration with other team members, of (a) revenues and expenditures, (b) capital expenditures, and (c) balance sheets;
- (xi) appropriate inputs for the Diagnostic, Choice of Institution to Restructure, Restructuring Plan, Preparation Plan for Initiation of Restructuring, Evaluation of Options for Supporting SMEs and Adjustment Costs (cost to the Government);
- (xii) assistance to the Restructuring Expert in the formulation, recommendation and implementation of short-term measures, pending the adoption of the long-term restructuring action agenda, to strengthen the governance of the institution; and
- (xiii) preparation of financial projections and budgets for the SME Foundation.

12. The Corporate Financial Specialist should have the following qualifications:

- (i) at least 5 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions, and (d) cottage, small and medium enterprises;
- (ii) familiar with SME development strategies, policies, and programs of developing countries and appropriate experience relevant to the components of SMESDP;
- (iii) familiar with (i) strategic and financial analysis of institutional business plans, budgets and financial statements; and (ii) formulation of business plans, including projections of income statements and balance sheets;
- (iv) at least five years' hands-on experience in carrying out quality diagnostic, recommendations and restructuring plans for governmental or private institutions;
- (v) preferably having access to staff resources to support the consultant's tasks;
- (vi) a keen analytical mind with a holistic appreciation of institutional systems-wide issues and realistic resolution alternatives;
- (vii) documented past quality work that demonstrates the capacity to carry out the basic tasks defined;
- (viii) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, or finance; and
- (ix) proficient in oral and written English and Bengali.

**d. SME Credit Specialist (national, 10 person months)**

13. The SME Credit Specialist will be responsible for:

- (i) mapping out all Government financing assistance for SMEs and cottage industries, including the credit facilities of Bangladesh bank, credit programs of the nationalized commercial banks and special banks (see Annex A), and report on their utilization and effectiveness;
- (ii) assessment report and recommendations on rationalizing the SME credit facilities and programs of public institutions;
- (iii) analysis of retail and corporate lending and leasing products offered locally and their suitability to cater to the SME clientele;
- (iv) in-depth analysis of demand and supply of SME credit including undertaking of surveys;
- (v) demand-supply gap estimation and analysis; and
- (vi) assisting the International SME Strategic Development Specialist in the work related to the conceptual design and development of clusters and industrial parks.

14. The SME Credit Specialist will have the following qualifications:

- (i) at least 5 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME formulation, implementation and coordination of SME development and financing programs, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions, and (d) cottage, small and medium enterprises;

- (ii) exposure to interventions relating to increasing SME access to sustainable credits;
- (iii) familiarity with SME development strategies, policies, and programs of developing countries and appropriate experience relevant to the components of SMESDP;
- (iv) a keen analytical mind with a holistic appreciation of institutional systems-wide issues and realistic resolution alternatives;
- (v) documented past quality work that demonstrates the capacity to carry out the basic tasks defined;
- (vi) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, or finance; and
- (vii) proficient in oral and written English and Bengali.

Outputs/Deliverables	Target Date
<b>Team/Team Leader</b>	
Work Plan for the Team	21 days from commencement
Diagnostic	90 days from commencement
Restructuring Plan (Including Preparation for Initiation or Restructuring, Evaluation of Options for Supporting SMEs and Adjustment Costs)	
Draft	150 days from commencement
Comments on Draft	30 days from report submission
Final Report	30 days from comments
Assessment of Public Sector Credit Programs	210 days from commencement
SME Foundation Plan	360 days from commencement
<b>SME Strategic Development Specialist</b>	
Inputs for the Diagnostic	60 days from commencement
Inputs for the Restructuring Plan	90 days from commencement
Inputs for the SME Foundation Plan	300 days from commencement
<b>Corporate Financial Specialist</b>	
Inputs for the Diagnostic	60 days from commencement
Inputs for the Restructuring Plan	90 days from commencement
Inputs for the SME Foundation Plan	300 days from commencement
<b>SME Credit Specialist</b>	
Report on Public Sector Credit Programs	180 days from commencement

## B. Component 2: Development of Web-portal and Virtual Front Office

15. This component comprises web-portal development and web-portal management of information. Web-portal development involves: preparation of written materials to be incorporated into the web-portal; design of information layout; design of the logo and aesthetics; writing the programs and creating the web pages; and design of the database architecture and application tier. Web-portal management encompasses updates of the web-portal information and handling of inquiries.

16. Aside from the need to design and develop the web-portal, there is also a need to carry out (a) a communications campaign to increase awareness among the business and financial community in general, and the SME sector in particular; and (b) a training program on the maintenance and usage of the web-portal. Counterpart staff of the MOI will undergo appropriate training to update and maintain the web-portal.



17. The services of an international Web Technical Designer (1 person-month) and a national Communications Specialist (5 person-months) will be required for the development and launching of an SME website.

**a. Web-portal Designer (international, 1 person-months)**

18. The Web-portal Designer will carry out the following.

- (i) interact with the SME Advisory Panel and government ministries, different business chambers and associations (including NASCIB), members of the donor community, and ADB on the desired content of the web-portal;
- (ii) research different web-portals and portals on SMEs in other countries, among others, Singapore, the Republic of Korea, Thailand, Japan, etc.
- (iii) undertake a comparative evaluation of the proposed web-portal with other web-portals and web-portals;
- (iv) develop a logical set of major subject headings and sub-headings for the web-portal;
- (v) collect the information content for the different subject headings and sub-headings;
- (vi) draft the content to be included in the different subject headings and sub-headings;
- (vii) interface with the web-portal development company, integrated database, and other information sources on the development of the web-portal;
- (viii) provide the expertise of the Interaction Designer, Visual Designer, Web Developer and Backend Developer;
- (ix) develop the web-portal and required linkages, and prepare a manual for its maintenance and use;
- (x) training of the designate staff of the SME Development Window Secretariat to (a) maintain the web-portal and update the information and (b) act as trainers/demonstrators in the use of the web-portal; and
- (xi) training of different business organizations and their members, BDS providers, local consulting/research companies in the use of the web-portal.

19. The qualifications of the Web-portal Designer are:

- (i) at least 7 years' experience in web-portal development;
- (ii) can demonstrate web-portals actually developed;
- (iii) in-depth knowledge of SME web-portals developed in other countries; and
- (iv) adequate staffing to carry out the required work on web-portal development.
- (v) demonstrated ability in interfacing with different groups;
- (vi) English speaking proficiency;
- (vii) excellent writing skills in English; and
- (viii) at least a Bachelor's degree in business or economics.

**b. Communications Specialist (national, 5 person-months)**

20. The Communications Specialist will handle the program to instill awareness of the web-portal, would have the following responsibilities:

- (i) develop an overall communications program to generate the awareness needed among the target groups;
- (ii) drafts and distribute press releases;
- (iii) prepare and distribute leaflets on the web-portal;
- (iv) make arrangements for coverage by the broadcast media;
- (v) organize demonstration meetings with various business organizations that have SME activities; and
- (vi) develop various modes for sustaining the awareness of the web-portal.

21. The Communications Specialist must have the following qualifications:

- (i) at least 5 years in hands-on exposure to the development and implementation of a communications program in Bangladesh;
- (ii) familiarity with the local network of media companies and professionals;
- (iii) excellent speaking proficiency and writing skills in English; and
- (iv) at least a Bachelor's degree in business or economics.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>Web-portal Designer</b>	
Draft design for the web-portal	10 days from commencement
Web-portal developed and documented	25 days from commencement
<b>Communications Specialist</b>	
Communications program	10 days from commencement

**C. Component 3: Establishment of Helpline Outreach Centers**

22. The objective of this TA loan component is to establish SME helpline outreach centers at the district offices of the BSCIC (without prejudice to the restructuring of BSCIC if warranted) to assist SMEs in their organization and expansion activities. This is designed to take advantage of the existing infrastructure of BSCIC. The centers will have three functions in assisting SMEs: (a) advisory support to facilitate access by SMEs to Government services including provision of relevant information on laws and regulations and the Government's registration and licensing requirements; (b) basic office support facilities, e.g., computers, email, fax and copiers; and (c) a feedback mechanism for SME concerns. The goal is to form the centers initially in Dhaka and Chittagong and eventually in at least more than half of the country's districts.

23. A basic and important function of the center is to act as a depository of information and data that are vital to providing SMEs strategic knowledge and know-how to help them with the effective operation of their businesses and satisfying compliance requirements. The helpline outreach center will be equipped to assist SME entrepreneurs access information from the SME web-portal. The center will have the important task of assisting the entrepreneurs with concerns in establishing and growing their businesses. Foremost among its services will be the facilitation of registration and other regulatory hurdles. The center will provide a forum for linking entrepreneurs with BDS providers, sources of technology, financing, and market prospects. The center will act as an SME listening post, i.e., collaborating with business chambers in receiving

suggestions and complaints of local entrepreneurs and bringing the issues to the MOI SME Cell for proper action.

24. BSCIC will assign full-time personnel who will undergo training and operate the centers in close collaboration with FBCCI and business chambers at the city and district levels who are expected to provide professional support and private sector orientation. The training program for the BSCIC personnel will include: the use of computers, email and Internet; navigating and demonstrating the full capability and use of the SME web-portal; familiarity with the helpline outreach center's information database that would be useful to SMEs; linking to appropriate governmental offices for business registration and continued/growing operation; linking SMEs to business chambers for marketing and supply prospects; linking with BDS providers; and soliciting and conveying feedback from SMEs on their concerns.

25. The BSCIC Chairman with the assistance of FBCCI, DCCI, and CCCI will oversee the operation of the centers at the national level, and in Dhaka and Chittagong respectively. At the district level, the head of the BSCIC district office and the president of the district chamber will collaborate, with members including possibly one representative from the Municipality and two representatives from the district SME sector consisting of eminent entrepreneurs in the area. The operating budget of the centers will be funded from the resources of the BSCIC as well as counterpart support from FBCCI, DCCI and CCCI. However, the centers will charge reasonable fees for services rendered, such as documentation services, assistance in business registration, provision of information leaflets, sale of project profiles, use of business facilities, and the like.

26. There will be international Public-Private Interface Adviser and two long-term national SME Business Advisers who will assist in the formation and operation of the centers.

**a. SME Public-Private Interface Adviser  
(international, 6 person-months)**

27. The tasks of the SME Public-Private Interface Adviser are:

- (i) formulate the initial business plan for the development and operation of the SME helpline outreach centers, detailing the: objectives; functions; the collaborative arrangements involving BSCIC, FBCCI, DCCI, and CCCI and district chambers; roles and duties of the oversight and advisory executive committee; the support staff's responsibilities; duties of the officers and staff of FBCCI, DCCI, CCCI and district chambers; budgets; and pricing for the services offered by the centers;
- (ii) prepare (a) the detailed list for the business information database and materials on: national and local policies; laws and regulations that impact on SMEs; information about government programs and incentives that are designed to assist specific sectors; available financing programs of interest to SMEs, e.g., SEF; database of businesses that serve as vital inputs to policy makers and SMEs; information on BDS providers such as SME consultants, trainers and resource persons; and aids to prospective entrepreneurs and investors; and (b) written materials, where appropriate, to supplement the list prepared under (a);
- (iii) specify the services directly contributing to the tasks of establishing and growing the SMEs, especially the facilitation of registration and other regulatory hurdles and modalities for linking entrepreneurs with BDS providers, sources of technology, financing, and market prospects;

- (iv) arrange for the training, to be made available under another TA loan component, of the personnel of SME helpline outreach centers in the interactive use of the SME web-portal;
- (v) design the feedback mechanism on SME concerns and interactive process leading to the resolution of issues;
- (vi) conduct launching and assessment workshops for all of the stakeholders in the SME helpline outreach centers to ensure that all parties are aware of and prepared for the smooth functioning of the centers;
- (vii) periodically review and assess the operation of the centers so as to identify implementation issues and provide recommendations for their strengthening, including possible revisions or refinements in the implementation arrangements to ensure the attainment of the objectives of the centers; and
- (viii) periodically help bring to the attention of relevant parties, e.g., the government, ADB and business chambers, and the concerns of SMEs, including the recommended resolution of the issues.

28. The workload of the SME Public-Private Interface Adviser will be uneven and intermittent, i.e., heavier in first 6 months when two pilot helpline centers are being put up and lighter in succeeding months for other centers. The launching workshop will brief all stakeholders on the helpline outreach centers to ensure that they all understand the objectives, different roles and responsibilities, accountabilities, resources needed, and other important elements. The stakeholders will include representatives from: MOF, MOI, MOC, BB, BSCIC, FBCCI, DCCI, CCCI, and other major chambers, SME groups, district chambers, participating financial institutions (PFIs) and the donor community.

29. The SME Public-Private Interface Adviser should have the following qualifications:

- (i) at least 10 years experience in development work in emerging economies related to private sector development, with exposure to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least bachelor's degree, preferably post-graduate degree, in public administration, business, economics or finance, and proficiency in oral and written English;
- (iii) familiarity with SME development strategies, policies and programs of developing countries;
- (iv) exposure to (a) reform programs relating to SME enabling environment, (b) interventions relating to the enhancement of SME access to business information, (c) interventions relating to increasing SME access to sustainable credits, and (d) SME training programs;
- (v) familiarity with the content of and access to SME web-portals; and
- (vi) appropriate hands-on experience relevant to the components of SMESDP; and
- (vii) demonstrated ability to collaborate with counterparts from a developing country.

**b. SME Business Advisers**  
**(two national consultants, 30 person-months total)**

30. The tasks of the SME Business Adviser are, in general, to focus on the tasks directly related to BSCIC with respect to the duties of the SME Public-Private Interface Adviser and, in particular to:
- (i) assist in the formulation of the business plan for the development and operation of the SME helpline centers, with special reference to the inputs involving BSCIC;
  - (ii) update annually the business plan of the SME helpline outreach centers;
  - (iii) help in the preparation of the list for the SME database and materials, with special reference to the inputs involving BSCIC;
  - (iv) assist in the specification of the services directly contributing to the tasks of establishing and growing the SMEs, with special reference to the BSCIC inputs;
  - (v) assist in the arrangement for the training, to be made available under another SMESDP TA loan component, of the BSCIC personnel of SME helpline outreach centers in the interactive use of the SME web-portal;
  - (vi) assist in the operation of the feedback mechanism on SME concerns and issues resolution;
  - (vii) assist in the launching and assessment workshops of the SME helpline centers;
  - (viii) assist in the periodic review and assessment of the operation of the centers;
  - (ix) closely interact with the Office of the BSCIC Chair to ensure productive collaboration on the operation of the centers; and
  - (x) prepare a monthly summary of relevant activities, developments and issues relating to the centers.
31. The SME Business Adviser should have the following qualifications:
- (i) at least 7 years experience in private sector development in Bangladesh in general, preferably with exposure to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
  - (ii) at least bachelor's degree, preferably post-graduate degree, in public administration, business, economics or finance, and proficient in oral and written English and Bengali;
  - (iii) familiarity with SME development strategies, policies and programs of Bangladesh and appropriate local hands-on experience relevant to the components of SMESDP;
  - (iv) preferably some exposure to (a) reform programs relating to SME enabling environment in Bangladesh, (b) interventions relating to the enhancement of SME access to business information in Bangladesh, (c) interventions relating to increasing SME access to sustainable credits in Bangladesh, and (d) SME training programs in Bangladesh;
  - (v) familiarity with the policies and operation of BSCIC;
  - (vi) familiarity with the content of and access to SME web-portals; and
  - (vii) demonstrated ability to collaborate with SMESDP counterparts in Bangladesh.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>SME Public-Private Interface Adviser</b>	
Business Plan for SME helpline outreach centers	
Draft	90 days from commencement
Final	120 days from commencement
Detailed list for business information database and materials	30 days from commencement
Specification of services directly contributing to tasks of establishing and growing SMEs	30 days from commencement
Review and assessment of operation of the centers	120 days and 180 days from commencement
Report on the concerns of SMEs	120 days and 180 days from commencement
<b>SME Business Advisers</b>	
Annual updating of Business Plan	Dec. 2005; Dec. 2006; Dec. 2007
Monthly summary of relevant activities, developments and issues relating to the centers	Within 7 days from month end

#### **D. Component 4: Targeted SME Capacity Building**

32. SME entrepreneurs need to develop their managerial skills and technical know-how in various areas. Currently, Small and Cottage Training Institute (SCITI) under BSCIC functions as a training arm for small and cottage industries. However, SCITI lacks qualified faculty members and trainers and it has very limited outreach with its own premises in Dhaka and training conducted in other parts of the country in collaboration with BSCIC's respective local offices.

33. The consultants under Component 1: Rationalization of Government Assistance to SMEs will study the organizational structure as well as revenues and costs of SCITI's operations and recommend ways to improve SCITI's operations and develop the organization into an effective training institute operated on a sustainable basis. The consultants under this component will focus on the training activities of SCITI and build up its capacity to deliver training services especially to (i) rural-based SMEs; (ii) women entrepreneurs; (iii) displaced garment workers; and (iv) participating financial institutions under the Small Enterprise Fund (SEF).

34. This component has 4 subcomponents, as summarized below. Since the targeted training of entrepreneurs in rural areas and women entrepreneurs and the skills training of displaced readymade garment workers will require innovative techniques to reach out to the prospective trainees, and capacity building of PFIs will need special expertise in the areas of SME financing, systems for lending operations, and business development services to SMEs, quality-based selection method of consultants will be used.

##### **Subcomponent 4.1: Rural Enterprise Training**

35. The objectives of this component are to (i) determine the entrepreneur-recognized training needs for managerial skills, including those of women entrepreneurs, and business systems; (ii) assess the adequacy of training delivery system of various groups, such as SCITI; (iii) formulate realistic, practical and affordable training programs, complete with syllabi and methodologies, that focus on those needs; and (iv) carry out a series of training programs in a manner that involves BSCIC, FBCCI, district chambers, and accredited Bangladeshi women entrepreneurs' associations, with the end in view of transmitting eventually the capacity for

independently replicating the training programs especially in the rural areas (availing of the services of helpline outreach centers where available).

36. There will be a team of international and national consultants to design the specifications and implement the training programs to be adopted. The Human Resource Development Specialist, an international consultant, will formulate the framework for the various task items discussed in the paragraph above, guide the Training Specialist, a long-term national consultant, on the pilot testing and implementation of various phases of this training component of the TA loan and periodically provide oversight inputs on the implementation work carried out by the Training Specialist.

**a. Human Resource Development Specialist  
(international, 10 person-months)**

37. The Human Resource Development Specialist will be responsible for the following tasks:

- (i) Design and implement survey questionnaire for entrepreneur-recognized training needs for managerial skills and business systems, taking into account the views of stakeholders, especially SME entrepreneurs in the rural areas.
- (ii) Assess the adequacy of training delivery system of SCITI and other training organizations and groups in rural areas;
- (iii) Formulate realistic, practical and affordable training programs, complete with syllabi and methodologies that focus on those needs.
- (iv) Formulate a realistic, practical and affordable training program for trainers, complete with syllabi and methodologies.
- (v) Build up capacity of SCITI's faculty and training staff to extend their outreach to SMEs in rural areas.
- (vi) Conduct the training programs for the trainers including SCITI's programs.
- (vii) Conduct the initial training programs for SMEs.
- (viii) Supervise and monitor the subsequent training programs for SMEs.
- (ix) Assess the performance of trainers in carrying out the training programs for SMEs.
- (x) Devise a system for eliciting a feedback from training program participants with the objective of revising the framework and approach on subsequent training programs.
- (xi) Carry out workshops for the trainers with the objective of eliciting feedback from the trainers and revising as appropriate, the targeted training programs for SMEs in rural areas.
- (xii) Recommend a mechanism to foster coordination between SCITI, and district offices of BSCIC, FBCCI, and accredited women entrepreneurs' associations to carry out training programs on a sustainable basis.
- (xiii) Design ways to design ways to disseminate information of training programs through various channels including SME Web-portal/Virtual Front Offices where available to enhance awareness among SMEs in the rural areas.
- (xiv) Provide reports on the foregoing tasks.

38. The Human Resource Development Specialist should have the following qualifications:

- (i) at least 10 years experience in development work in emerging economies related to private sector development in general, preferably with exposure in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work in emerging economies preferably in South Asia;
- (iii) familiarity with SME development strategies, policies and programs of developing countries and appropriate hands-on experience relevant to the components of SMESDP;
- (iv) exposure to (a) reform programs relating to SME enabling environment, (b) interventions relating to the enhancement of SME access to business information, (c) interventions relating to increasing SME access to sustainable credits;
- (v) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, finance, sociology and psychology, and proficiency in oral and written English; and
- (vi) demonstrated ability to collaborate with counterparts from a developing country.

**b. Training Specialist (national, 20 person-months)**

39. The Training Specialist will undertake the following:

- (i) Assist the Human Resource Development Specialist in all tasks.
- (ii) Interface with local counterparts in the absence of the Human Resource Development Specialist.
- (iii) Organize meetings of/with stakeholders concerning the design and implementation of the survey questionnaire for entrepreneur-recognized training needs for managerial skills and business systems.
- (iv) Provide notes on the adequacy of training delivery system of various groups, such as SCITI, for consideration by the Human Resource Development Specialist.
- (v) Provide notes on realistic, practical and affordable training programs for SMEs located in rural areas for consideration by the Human Resource Development Specialist.
- (vi) Provide notes on a realistic, practical and affordable training program for trainers for consideration by the Human Resource Development Specialist.
- (vii) Assist the Human Resource Development Specialist in conducting the training program for the trainers.
- (viii) Assist the Human Resource Development Specialist in conducting the first two training programs for SMEs.
- (ix) Assist in monitoring the subsequent training programs for SMEs.
- (x) Assist in carrying out workshops for the trainers with the objective of eliciting feedback from the trainers and revising, as appropriate, the training programs for SMEs.
- (xi) Provide reports on the foregoing tasks.



40. The SME Training Specialist should have the following qualifications:

- (i) at least 10 years experience in private sector development in Bangladesh in general, preferably with exposure in particular to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work in Bangladesh;
- (iii) familiarity with SME development strategies, policies and programs of Bangladesh and appropriate local hands-on experience relevant to the components of SMESDP;
- (iv) preferably some exposure to (a) reform programs relating to SME enabling environment in Bangladesh, (b) interventions relating to the enhancement of SME access to business information in Bangladesh, (c) interventions relating to increasing SME access to sustainable credits in Bangladesh, and (d) SME training programs in Bangladesh;
- (v) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, or finance, and proficiency in oral and written English and Bangladeshi; and
- (vi) demonstrated ability to collaborate with SMESDP counterparts.

Outputs/Deliverables	Target Date
<b>Firm (Team/Team Leader)</b>	
Work plan	21 days from commencement
<b>Firm (Human Resource Development Specialist)</b>	
Design of survey questionnaire for entrepreneur-recognized training needs	21 days from commencement
Report on the adequacy of training delivery of SCITI and others	60 days from commencement
Documentation on training programs for entrepreneurs and trainers	90 days from commencement
Training performance, feedback and implementation reports	Quarterly

#### **Subcomponent 4.2: Women Entrepreneurs Training**

42. Women have a lower participation rate in entrepreneurship than men. Mainstream government policies and programs do not take in account specific needs of women entrepreneurs. Training available to the general community of women entrepreneurs is confined to the management of production units, basic bookkeeping, and product development, while training in areas of preparing bankable proposals and marketing is still limited. Training programs available are usually pre-designed and do not address specific needs of women.

43. Women are handicapped in obtaining bank credit because they normally do not own real estate property. Women do not have much opportunity to move around outside their homes. Women entrepreneurs face difficulties in obtaining business license and registration, have poor network and lack control of their resources. Women entrepreneurs have general difficulty in launching and expanding activities beyond the typically modest trading or handicraft-based businesses.

44. To promote development of women entrepreneurs, the TA will (i) review and assess the effectiveness of existing women training programs; (ii) design separate specific programs catered to meet unique needs of women entrepreneurs; and coordinate with accredited; (iii) carry out training programs in collaboration with SCITI, accredited Bangladeshi women

entrepreneurs' associations, district offices of BSCIC, and FBCCI; (iv) recommend ways to set up training delivery mechanism to women entrepreneurs on a sustainable basis; and (iv) enhance awareness of the training programs among women entrepreneurs.

**a. Human Resource Development Expert  
(international, 5 person-months)**

45. The Human Resource Development Expert will be responsible for the following tasks:

- (i) In collaboration with the international consultant on rural-based SME training, design and implement survey questionnaire for entrepreneur-recognized training needs for managerial skills and business systems, taking into account the views of stakeholders, especially women entrepreneurs, and assess the adequacy of training delivery system of SCITI and other training organizations and groups;
- (ii) Formulate realistic, practical and affordable training programs on women entrepreneurial development, complete with syllabi and methodologies that focus on those needs.
- (iii) Formulate a realistic, practical and affordable training program for trainers, complete with syllabi and methodologies.
- (iv) Conduct the training program for the trainers.
- (v) Conduct the initial training programs for women entrepreneurs.
- (vi) Supervise, monitor, and evaluate effectiveness of the training programs for women entrepreneurs.
- (vii) Assess the performance of trainers in carrying out the training programs for women entrepreneurs.
- (viii) Devise a system for eliciting a feedback from training program participants with the objective of revising the framework and approach on subsequent training programs.
- (ix) Carry out workshops for the trainers with the objective of eliciting feedback from the trainers and revising as appropriate, the training programs for women entrepreneurs.
- (x) Design ways to enhance awareness of and participation in training programs among women entrepreneurs including availing of the services of SME Web-portal/Virtual Front Offices where available, and linking training programs with credit facilities.
- (xi) Provide reports on the foregoing tasks.

46. The Human Resource Development Expert should have the following qualifications:

- (i) at least 10 years experience in development work in emerging economies related to private sector development in general, preferably with exposure in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work, with focus on women in business, in emerging economies preferably in South Asia;
- (iii) familiarity with SME development strategies, policies and programs of developing countries and appropriate hands-on experience relevant to the components of SMESDP;
- (iv) exposure to (a) reform programs relating to SME enabling environment, (b) interventions relating to the enhancement of SME access to business

- information, (c) interventions relating to increasing SME access to sustainable credits;
- (v) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, finance, sociology and psychology, and proficiency in oral and written English; and
- (vi) demonstrated ability to collaborate with counterparts from a developing country.

**b. Training Specialist (national, 10 person-months)**

47. The Training Specialist on women entrepreneurship will undertake the following:

- (i) Assist the Human Resource Development Specialist in all tasks.
- (ii) Interface with local counterparts in the absence of the Human Resource Development Specialist.
- (iii) Organize meetings of/with stakeholders concerning the design and implementation of the survey questionnaire for entrepreneur-recognized training needs for managerial skills and business systems.
- (iv) Provide notes on the adequacy of training delivery system of various groups, such as SCITI, for consideration by the Human Resource Development Specialist.
- (v) Provide notes on realistic, practical and affordable training programs for SME and women entrepreneurs for consideration by the Human Resource Development Specialist.
- (vi) Provide notes on a realistic, practical and affordable training program for trainers for consideration by the Human Resource Development Specialist.
- (vii) Assist the Human Resource Development Specialist in conducting the training program for the trainers.
- (viii) Assist the Human Resource Development Specialist in conducting the first two training programs for SME and women entrepreneurs.
- (ix) Assist in monitoring the subsequent training programs for SME and women entrepreneurs.
- (x) Assist in carrying out workshops for the trainers with the objective of eliciting feedback from the trainers and revising, as appropriate, the training programs for SME and women entrepreneurs.
- (xi) Provide reports on the foregoing tasks.

48. The Training Specialist on women entrepreneurship should have the following qualifications:

- (i) at least 10 years experience in private sector development in Bangladesh in general, preferably with exposure in particular to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work, with focus on women entrepreneurship, in Bangladesh;
- (iii) familiarity with SME development strategies, policies and programs of Bangladesh and appropriate local hands-on experience relevant to the components of SMESDP;
- (iv) preferably some exposure to (a) reform programs relating to SME enabling environment in Bangladesh, (b) interventions relating to the enhancement of

- SME access to business information in Bangladesh, (c) interventions relating to increasing SME access to sustainable credits in Bangladesh, and (d) SME training programs in Bangladesh;
- (v) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, or finance, and proficiency in oral and written English and Bangladeshi; and
  - (vi) demonstrated ability to collaborate with SMESDP counterparts.

Outputs/Deliverables	Target Date
<b>Firm (Team/Team Leader)</b>	
Work plan	21 days from commencement
<b>Firm (Human Resource Development Expert)</b>	
Design of survey questionnaire for training needs of entrepreneurs, especially women entrepreneurs	21 days from commencement
Report on the adequacy of training delivery of SCITI and others	60 days from commencement
Documentation on training programs for entrepreneurs and trainers	90 days from commencement
Training performance, feedback and implementation reports	Quarterly

### Subcomponent 4.3: Retraining of Displaced RMG Workers

49. For a skills retraining program for RMG workers to be effective, there are a number of important principles to consider. These principles include: a demand-driven approach to skills development program planning; consideration of workers' preferences; short gestation and definitive employment take-out; donor collaboration; and cost recovery principle. The application of these principles might not always hold true, particularly in the case of layoff RMG workers who are unable to find a suitable hiring employer who would shoulder the cost of the training. The program should have flexibility in addressing these situations.

50. A demand-driven approach will take into account the definition of the skills required by the enterprise sector, the screening and preliminary hiring of the worker by employers themselves prior to training, the actual training undertaken by the worker prior to re-employment and the post-training re-entry into the gainfully employed. The skills development program would take the complementary preferences of workers. These preferences would cover the type of skills or activity and the geographical location. There would be a matching of demand requirements with supply preferences, with the former being the final allocating mechanism in job placements. The arrangement to have the employer agree to hiring a worker to be sent out for training will tend to ensure a short gestation period between two jobs.

51. The principal objective of the program is to produce a training program that would allow displaced RMG workers to be gainfully re-employed, while providing the enterprise sector with a pool of workers with adequately calibrated skills to meet expanded personnel requirements. There will be a deliberate focus on women workers since they comprise most of the RMG workers.

52. The scope of work of a consulting team would cover:

- (i) defining the profile of the supply of person-specific RMG workers, in particular, the age, current employer, experience and relevant background, skills level and location preferences;
- (ii) defining the profile of the enterprise demand for additional personnel, in particular, the skills needed, location and compensation from (a) SMEs, especially the “emerging SMEs” or “missing middle”, and (b) larger enterprises;
- (iii) the design of appropriate trainers’ training program, labor training program, costing, logistics, scheduling, implementation and communications program;
- (iv) program implementation and monitoring, specifying the roles and resources emanating from (a) BSCIC, (b) the donor community, e.g., JOBS, (c) partner organizations, e.g., the Association for Social Advancement; and
- (v) the development, maintenance and updating of the database.

53. Some of the prototypes of skills to develop could possibly include:

- (i) functional literacy;
- (ii) job searching skills development;
- (iii) simple production processes for major non-RMG areas of activities, esp. marketing, clusters of SME activities and principal growth areas, e.g., information technology, agro-based industries, leather products and others;
- (iv) marketing/sales-related support functions: e.g., counter sales, customer relations, operation of cash register, issuance of receipts, and other simple marketing/sales related functions;
- (v) finance-related support functions: e.g., bookkeeping, invoice preparation, collection follow up, deposit slip preparation, bank statements review, preparation of payment orders/documents, check preparation, and other simple finance functions; and
- (vi) administration-related support functions: e.g., payroll preparation, filing up personnel related information (days/hours worked, years of service, sick and vacation leaves, etc.), preparation of procurement papers, filing up inventory control information and other simple administration functions.

54. There will be a team of one international and three national consultants. The international consultant, Retraining and Re-employment Adviser, will also be the team leader. The national consultants are: (a) Skills Training Expert; (b) Skills Analyst; and (c) Database Specialist. The Re-training and Reemployment Adviser and the Skills Training Expert will be engaged for the three-year life of the TA, while the engagement of the Skills Analyst and Database Specialist will be from the commencement up to the submission of all deliverables and their consideration prior to the actual implementation of the skills re-training program.

**a. Retraining and Reemployment Adviser/Team Leader  
(international, 10 person months)**

55. The Retraining and Reemployment Adviser, an international consultant, has the following tasks:

- (i) assumes full responsibility for the timely submission of the deliverables that meet quality standards;
- (ii) draws up the work plan for the consulting team;

- (iii) supervises the work of the consulting team;
- (iv) interfaces with the Government, ADB, the donor community and business chambers on the implementation of the consulting work;
- (v) presents the profile of the supply of person-specific RMG workers;
- (vi) presents the profile of the enterprise demand for additional personnel;
- (vii) recommends the design of an appropriate trainers' training program, labor training program, costing, logistics, scheduling, and implementation;
- (viii) recommends a communications program;
- (ix) presents the specifications of the roles and resources emanating from BSCIC, the donor community, and partner organizations; and
- (x) ensures that the database to be developed will meet the requirements of Government, ADB, the donor community, business chambers and displaced RMG workers.

56. The Retraining and Reemployment Adviser should have the following qualifications:

- (i) at least 10 years experience in development work in emerging economies related to private sector development in general, preferably with exposure in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work in emerging economies preferably in South Asia;
- (iii) familiarity with SME development strategies, policies and programs of developing countries and appropriate hands-on experience relevant to the components of SMESDP;
- (iv) exposure to (a) reform programs relating to SME enabling environment, (b) interventions relating to the enhancement of SME access to business information, (c) interventions relating to increasing SME access to sustainable credits;
- (v) exposure to and familiarity with human resource development programs, including training;
- (vi) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, finance, sociology and psychology, and proficiency in oral and written English; and
- (vii) demonstrated ability to collaborate with counterparts from a developing country.

**b. Skills Training Expert (national, 21 person months)**

57. The Skills Training Expert will have the following responsibilities:

- (i) fully supports the Retraining and Reemployment Adviser in the design of training programs and mobilization of collaborating resources;
- (ii) formulates the design of a realistic, practical and affordable trainers training program and workers' training program, complete with syllabi and methodologies, based on the findings of the Skills Analyst and consultation with different stakeholders, viz, the Government (including BSCIC), ADB, the donor community and business member organizations;
- (iii) draws up the costing, logistics, scheduling, and implementation;
- (iv) presents the specifications of the roles and resources emanating from BSCIC, the donor community, and partner nongovernmental organizations;

- (v) coordinates the implementation of: (a) the trainers training program and labor training program in close collaboration with BSCIC; and (b) collaborative arrangements with the Government, donor community, partner organizations and other groups;
- (vi) conducts the training program for the trainers;
- (vii) conducts the initial training programs for workers;
- (viii) supervises and monitors the subsequent training programs for workers;
- (ix) assesses the performance of trainers in carrying out the training programs for workers;
- (x) devises a system for eliciting a feedback from training program participants with the objective of revising the framework and approach on subsequent training programs.
- (xi) carries out workshops for the trainers with the objective of eliciting feedback from the trainers and revising as appropriate, the training programs for workers;
- (xii) mobilizes collaborating resources, coordinates the logistics, communications program, scheduling, and implementation of the training programs, in close collaboration with BSCIC;
- (xiii) ensures that the re-training and re-employment database are regularly updated; and
- (xiv) provides reports on the foregoing tasks.

58. The Skills Training Expert should have the following qualifications:

- (i) at least 10 years experience in development work in Bangladesh related to private sector development in general, preferably with exposure in particular, to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work in Bangladesh, especially manpower training;
- (iii) familiarity with SME development strategies, policies and programs of developing countries and appropriate hands-on experience relevant to the components of SMESDP;
- (iv) exposure to (a) reform programs relating to SME enabling environment, (b) interventions relating to the enhancement of SME access to business information, (c) interventions relating to increasing SME access to sustainable credits;
- (v) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, finance, sociology and psychology, and proficiency in oral and written English and Bengali; and
- (vi) demonstrated ability to collaborate with counterparts in Bangladesh.

**c. Skills Analyst (national, 6 person months)**

59. The Skills Analyst will have the following responsibilities:

- (i) fully support, by way of information inputs, the Retraining and Reemployment Adviser in the overall task of defining the (a) profile of the enterprise demand for additional personnel, in particular, the skills needed, location and compensation from: (1) SMEs, especially the "emerging SMEs" or "missing middle"; and (2) larger enterprises; and (b) the supply of person-specific RMG workers, in

- particular, the age, current employer, experience and relevant background, skills level and location preferences;
- (ii) identify the universe and sample of (a) enterprises, consisting of (1) “emerging SMEs” or “missing middle”, and (2) larger enterprises that would require additional personnel; and RMG exporters that would be affected adversely by the MFA expiry and sample of RMG workers who would likely need re-training and re-employment;
  - (iii) in collaboration with a local survey firm, design questionnaires to be used in tabulating information on: (a) the profile of the enterprise demand for additional personnel, in particular, the skills needed, location and compensation; and (b) the current employment levels of RMG exporters, the likely layoffs that would occur over a defined period of time, the steps being taken to retrain and re-deploy the personnel to be laid off, the profile of RMG workers, in particular, the age, current employer, experience and relevant background, skills level and location preferences;
  - (iv) coordinate with the local survey firm the implementation of the survey, to ensure the quality and timely completion of the survey;
  - (v) develop the strategy and framework for the development of the integrated database on the enterprise demand for additional personnel, in particular, the skills needed, location and compensation from: (1) SMEs, especially the “emerging SMEs” or “missing middle”; and (2) larger enterprises; and (b) the supply of person-specific RMG workers, in particular, the age, current employer, experience and relevant background, skills level and location preferences;
  - (vi) prepare the user and technical design specifications for the workers’ skills database;
  - (vii) specify data linkages with other statistical systems in Bangladesh;
  - (viii) develop the workers’ skills database design;
  - (ix) prepare menu-driven program to access the workers’ skills database, generate reports, and download data;
  - (x) prepare user procedures, including security measures to protect the integrity of the database, and specifies controls to ensure authorized access;
  - (xi) prepare database maintenance routines, including back-up procedures;
  - (xii) recommend how to organize for operation and maintenance of the database, including the option of contracting it out to a private entity;
  - (xiii) prepare a comprehensive report on the database project;
  - (xiv) conduct workshops and roundtable discussions with stakeholders to brief them on the progress of work and findings and recommendations; and
  - (xv) submit a comprehensive report on the finding and analysis to the Re-training and Re-employment Adviser.

60. The Skills Analyst should have the following qualifications:

- (i) at least 10 years experience in private sector development in Bangladesh in general, preferably with exposure in particular to SME development programs and implementation, and collaborative work with (a) host country governments, (b) business member organizations, (c) multilateral and/or bilateral donor institutions;
- (ii) at least 5 years experience in human resource development work in Bangladesh, in general, and skills training, in particular;
- (iii) experience in design of large database systems;



- (iv) familiarity with the statistical systems at the Bangladesh Bureau of Statistics and business member organizations;
- (v) familiarity with SME development strategies, policies and programs of Bangladesh and appropriate local hands-on experience relevant to the components of SMESDP;
- (vi) preferably some exposure to (a) reform programs relating to SME enabling environment in Bangladesh, (b) interventions relating to the enhancement of SME access to business information in Bangladesh, (c) interventions relating to increasing SME access to sustainable credits in Bangladesh, and (d) SME training programs in Bangladesh;
- (vii) at least bachelor's degree preferably post-graduate degree in public administration, business, economics, or finance, and proficiency in oral and written English and Bangladeshi; and
- (viii) demonstrated ability to collaborate with SMESDP counterparts.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>Firm (Team/Team Leader)</b>	
Work plan	21 days from commencement
<b>Firm (Retraining &amp; Reemployment Adviser/Team Leader)</b>	
Communications program	30 days from commencement
Specifications of roles and resources emanating from BSCIC, the donor community, and partner organizations	30 days from commencement
Reports on various tasks	Quarterly
<b>Firm (Skills Training Expert)</b>	
Design of trainers training program and workers' training program, including costing, etc.	45 days from commencement
<b>Firm (Skills Analyst)</b>	
Design of survey questionnaire for profiles	45 days from commencement
Strategy, framework and specifications for database for profiles, skills, data access, user procedures, and maintenance routines	60 days from commencement
Information on the profile of enterprise demand for and supply of RMG workers	180 days from commencement

#### **Sub component 4.4: Developing SME Lending Capability of PFIs**

61. It is a common perception among financial institutions (FIs) that SME lending is of greater credit and operating risks than those associated with typical commercial bank credits. This is because of lack of familiarity with SMEs and their operations, limited training and experience of staff, and inadequacies of systems and procedures for properly processing and administering SME loans. Such risks can be managed. By doing so, the FIs will be able to respond more actively to the credit needs of SMEs. SME lending can enhance the quality of the portfolios of PFIs and contribute to the account profitability of SME clients.

62. However, there are entrepreneurs, particularly those who are women and located in rural areas, who are not familiar, for example among others, with the conceptualization and preparation of a business plan that would satisfy the requirements of FIs. The PFIs under SEF are in a unique position to help and reach out to these entrepreneurs. Furthermore, many BDS providers are not directly linked to the requirements of PFIs, a situation that would tend to reduce the effectiveness and raise the cost of business development services. Such link needs to be established.

63. The objectives of this capacity building sub-component are to (a) familiarize concerned PFIs about lending to SMEs, including women entrepreneurs; (b) reduce the credit and operating risks related to SME credits; (c) develop among SME finance staff of PFIs the basic skills in providing guidance to SMEs in dealing with their operational problems particularly the functional areas of production, finance, marketing and human resource development; (d) improve systems and procedures of PFIs for appraising SME projects and managing the SME loan portfolio; and (e) provide an orientation program for accredited BDS providers that will interface with PFIs, with the aim of tailoring their BDS output to the PFI requirements.

64. This sub-component will build the capacity of the PFIs and capability of their SME finance staff through advisory support. The capacity building will include PFI-imbedded BDS and business clinics for SME clients. These are in-house services that involve advice tailored to specific borrowers specifically to strengthen specified aspects of a project proposal and business plan or responding to focused issues concerning project submission, or covering broad subjects common PFI borrowers such as policies, requirements, and conditions concerning SME sub-loans/sub-leases. The PFI would have to refer to outside BDS providers more extensive issues that may not be within the capacity or time resources of the PFI staff.

65. The development of the SME lending capacity of PFIs should have a deliberate module addressing the relevant issues affecting and needs of women entrepreneurs. PFIs and women associations will identify potential women borrowers through promotional and awareness building campaign including linkages with micro-finance agencies to attract women borrowers.

66. The TA will cover two main areas, (a) capacity building of PFIs under the Small Enterprise Fund (SEF) in terms of enhancing systems and procedures for their SME lending operations, and (b) training of SME finance staff to promote understanding of SMEs and enhance their skills and capabilities to provide guidance to SME credit applicants in strengthening their business plans and preparing financial projections, analyze credit applications, and effectively monitor SME loan portfolio performance including compliance with safeguard policies. The TA will also provide an orientation program for accredited BDS providers that will interface with PFIs to tailor their BDS to the PFI requirements.

**a. SME Finance Operations Specialist  
(international, 18 person-months)**

67. The SME Finance Operations Specialist will carry out the following tasks to strengthen SME lending systems and procedures of PFIs.

- (i) review credit policy and procedures for credit application and appraisal in PFIs including SME lending policy and procedures (if any);
- (ii) support PFIs in preparing a business plan to set up a dedicated SME finance unit or to expand their SME client base;
- (iii) design and assist PFIs in the implementation of SME lending procedures and systems including credit appraisal, credit risk classification/ rating system, system for collateral valuation and security risk assessment, account monitoring and control, loan administration, and loan recovery;
- (iv) develop appropriate systems and criteria for analyzing SME loan applications, credit screening, and investigation;
- (v) review the effectiveness of the steps taken by PFIs to internalize their BDS service capability in collaboration with the SME Finance Training Expert;

- (vi) monitor the financial performance of the PFI SME loan portfolio including information about nonperforming loans; and
- (vii) analyze legal and regulatory impediments to SME lending.

68. The SME Finance Operations Specialist should have the following qualifications:

- (i) at least 10 years of work experiences in banking and credit operations of financial institutions;
- (ii) at least 5 years of work experiences in the areas of banking or financial sector in a developing country preferably in South Asia;
- (iii) strong knowledge and experiences in developing credit risk management policies, systems and procedures for SME financing;
- (iv) exposure to financial sector programs;
- (v) at least bachelor's degree, preferably master's degree in business, finance, accounting, or economics;
- (vi) demonstrated ability to collaborate with counterparts from a developing country; and
- (vii) proficiency in oral and written English.

**b. SME Finance Training Expert (international, 4 person-months)**

69. The SME Finance Training Expert will train SME credit staff of PFIs and provide technical advice on the development of the PFI-imbedded BDS services. In particular, the SME Finance Training Expert will:

- (i) carry out training need assessment of PFI SME credit staff;
- (ii) develop a syllabus for workshops for the PFI SME credit staff in consultation with the BB (the implementing agency for the SEF) and SCITI (the training institute at BSCIC) to cover the following areas:
  - (a) appropriate techniques for SME loan analysis, monitoring, and recovery;
  - (b) the elements and construction of a business plan and reconstruction of the financial statements of sub-borrowers leases; basics of credit scoring and its potential development within each PFI;
  - (c) analysis of cash flow generating capacity of SME borrowers/ lessees;
  - (d) basic credit appraisal and credit risk management;
  - (e) basics of credit scoring and its potential development within each PFI; and
  - (f) preparation of a business plan and simplified financial statements including cash flow projections of sub-borrowers/ lessees;
- (iii) carry out the above training programs for SME finance staff;
- (iv) carry out training of trainers programs to build up capacity of trainers, and monitor performance of the trainers to ensure the programs will be carried out on a sustainable basis;
- (v) develop guidelines for PFI-imbedded BDS extended to clients, mindful of resource limitations within PFIs, the need to maintain lending objectivity and the desirability of referring clients to BDS providers for more substantive work not within the internal capacity of PFIs;
- (vi) train SME finance staff in implementing such guidelines to provide basic advisory BDS to SMEs;
- (vii) determine requirements for BDS to support SME credit application and enhance SME access to credit; and convey such requirements to BDS providers; and

- (viii) provide advice to SCITI or other appropriate training institutes on the extension of the outreach of the programs to branches of PFIs and the appropriate amount of fees to be charged.

70. The SME Finance Training Expert should have the following qualifications:

- (i) at least 10 years of work experience in banking and credit operations of financial institutions;
- (ii) at least 5 years of work experience in the areas of banking or financial sector in a developing country preferably in South Asia;
- (iii) strong knowledge and experiences in the areas of credit risk management policies, systems and procedures regarding SME financing of financial institutions in developing countries;
- (iv) experiences in carrying out training programs in the areas of banking and finance in developing countries;
- (v) strong knowledge in the areas of BDS;
- (vi) exposure to financial sector programs and interventions relating to the provision of BDS;
- (vii) at least bachelor's degree, preferably master's degree, in business, finance, accounting, or economics;
- (viii) demonstrated ability to collaborate with counterparts from a developing country; and
- (ix) proficiency in oral and written English.

**c. SME Finance Operations Consultant (national, 15 person-months)**

71. The SME Finance Operations Consultant will do the following tasks:

- (i) coordinate with PFIs to gather and synthesize background materials on the credit risk management policies, systems and procedures of PFIs, including their lending underwriting criteria;
- (ii) gather and synthesize background materials on sample business plans and financial statements submitted by clients to PFIs;
- (iii) provide information about the legal and regulatory framework on SME financing as well as significant developments and market situation related to SME financing in Bangladesh;
- (iv) gather information about the volume and performance of SME lending businesses of PFIs; and
- (v) assist with the SME Finance Operations Specialist in carrying out his/her tasks.

72. The SME Finance Operations Consultant should have the following qualifications:

- (i) at least 10 years of work experiences in banking and credit operations of financial institutions in Bangladesh;
- (ii) strong knowledge and experiences related to credit risk management policies, systems, and procedures of financial institutions in Bangladesh;
- (iii) preferably some exposure to interventions relating to increasing SME access to sustainable credits in Bangladesh;
- (iv) at least bachelor's degree, preferably master's degree, in business, finance, accounting, or economics;

- (v) demonstrated ability to collaborate with SMESDP counterparts in Bangladesh; and
- (vi) proficiency in oral and written English and Bangladeshi.

**d. SME Finance Training Consultant (national, 7 person-months)**

73. The SME Finance Training Consultant will carry out the following tasks:

- (i) gather information about existing training programs in banking and finance in Bangladesh;
- (ii) assist the International SME Training Expert in carrying out training need assessment and developing a syllabus for the training programs;
- (iii) recommend a list of BDS providers to collaborate on the training program for PFI SME lending;
- (iv) help conduct workshops for the staff of PFIs and selected BDS providers;
- (v) arrange all logistics relating to training/workshops;
- (vi) participate in the training of trainers program to ensure the sustainability of the programs;
- (vii) assist the International SME Finance Training Expert in conducting the training programs for SME finance staff;
- (viii) coordinate with SCITI or other training institutes to ensure the outreach of the training programs to SME finance staff in branches of PFIs;
- (ix) review the effectiveness of the steps taken by PFIs to internalize their BDS service capability within the context defined above; and
- (x) assist the International SME Training Expert in carrying out his/her assignments.

74. The SME Finance Training Consultant should have the following qualifications:

- (i) at least 10 years of work experiences in banking and credit operations of financial institutions in Bangladesh;
- (ii) strong knowledge and experiences related to credit risk management policies, systems, and procedures of financial institutions in Bangladesh;
- (iii) experiences in conducting training programs, preferably some exposure to SME credit training programs in Bangladesh;
- (iv) preferably some exposure to interventions relating to increasing SME access to sustainable credits in Bangladesh;
- (v) strong knowledge of BDS providers in Bangladesh;
- (vi) at least bachelor's degree, preferably master's degree, in business, finance, accounting, or economics;
- (vii) demonstrated ability to collaborate with SMESDP counterparts in Bangladesh; and
- (viii) proficiency in oral and written English and Bangladeshi.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>Firm (Team/Team Leader)</b>	
Work plan	21 days from commencement
<b>Firm (SME Finance Operations Specialist)</b>	
Systems and criteria for analyzing SME loan applications, credit screening, and investigation	45 days from commencement
Report on internalization of BDS within PFIs	Quarterly
Report on the performance of SME portfolios of PFIs	Quarterly
Analysis of legal and regulatory impediments to SME lending	90 days from commencement
<b>Firm (SME Finance Training Expert)</b>	
Syllabus for workshops for the PFI SME staff	30 days from commencement
Guidelines for PFI-imbedded BDS extended to clients	60 days from commencement
<b>Firm (SME Finance Operations Consultant)</b>	
Synthesis of business plans and financials of PFI clients	60 days from commencement
Information on (a) legal and regulatory framework of SME financing; and (b) volume and performance of SME lending of PFIs	90 days from commencement
<b>Firm (SME Finance Training Consultant)</b>	
Review report on BDS internalization by PFIs	60 days from commencement

## **E. Component 5: Upgrading of Product Certification System**

75. BSTI is an autonomous organization under the MOI, which performs the task of formulating national standards for industrial, food and chemical products, conducting the necessary product testing and issuing the corresponding certification. Though BSTI's certification mark is mandatory for an extensive list of items to assure quality of products and protect consumers, its seal of quality has not gained credibility both at home and abroad, impeding the ability of exporters to market their products. In some cases, enterprises have to go through expensive and time-consuming process to seek test certificates from foreign certification bodies.

76. Accessibility of BSTI has also been cited as a problem as their field offices are located in divisional towns only. There are many products produced by small manufacturers that do not qualify under BSTI standards, but are available in the market. SMEs do not find it necessary to obtain certification due to lengthy procedures and lack of effective enforcement by BSTI staff. At the same time, BSTI does not have any program to help SMEs in attaining the standard requirements. Nor does it have marketing campaigns to create awareness of its services among SMEs.

77. Assistance will be provided to improve the quality of certification process in Bangladesh. The current system of technical evaluation and certification of BSTI for selected product groups/processes will be upgraded to meet international standards. Certification services to SMEs will be facilitated. The TA loan will also assist BSTI in conducting marketing and public relations campaign to promote awareness of the importance of product certification among SMEs to enhance their potential to sell their products especially in other developed markets.

78. BSTI will need substantial capacity building to enhance the effectiveness of its certifying function so that products that bear its certification mark will be acceptable to certification bodies of countries that import from Bangladesh.

79. This TA component will recruit the services of a consulting firm with extensive experience in quality certification and will provide testing laboratory equipment. The services of

an international Certification Expert and a local consultant will be needed for this TA component.

**a. Certification Expert (international, 5 person-months)**

80. The Certification Expert will undertake the following tasks.

- (i) evaluate BSTI's laboratory facilities for product testing of a select group of products produced by SMEs that have strong export demand potential;
- (ii) assess BSTI's certifications based on product-specific testing;
- (iii) recommend corrective actions for BSTI testing procedures;
- (iv) recommend laboratory equipment to be procured in consultation with experts under the European Commission/UNIDO Bangladesh Quality Support Programme;
- (v) develop a specific capacity building program for BSTI staff; and
- (vi) recommend and help arrange study tours for BSTI staff and other personnel involved in the certification process to foreign accreditation bodies.

81. The Certification Expert should have the following qualifications:

- (i) at least 10 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME development programs and implementation;
- (ii) at least 5 years hands-on experience in carrying out quality diagnostic and certification services for governmental or private institutions;
- (iii) post-graduate degree in engineering or relevant science; and
- (iv) proficient in oral and written English.

**b. Certification Engineer (domestic, 5 person-months)**

82. The Certification Engineer will undertake the following tasks.

- (i) help in evaluating BSTI's laboratory facilities for product testing of a select group of products produced by SMEs that have strong export demand potential;
- (ii) provide support to the international Certification Expert in assessing BSTI's certification based on product-specific testing and recommend corrective actions;
- (iii) liaise with assessors from foreign accreditation bodies visiting Bangladesh to assess if the testing and accreditation facilities meet their requirements; and
- (iv) assist in developing a capacity building program for BSTI staff.

83. The Certification Engineer should have the following qualifications:

- (i) at least 5 years experience in development work related to private sector development in general, preferably with exposure, in particular, to SME formulation, implementation and coordination of SME development programs;
- (ii) at least 5 years of hands-on expertise in the environmental issues;
- (iii) masters or graduation degree in engineering or relevant science; and
- (iv) proficient in oral and written English and Bengoli.

Outputs/Deliverables	Target Date
<b>Firm (Team/Team Leader)</b>	
Work plan	21 days from commencement
<b>Firm (Certification Expert)</b>	
Evaluation of BSTI's laboratory facilities/certifications and appropriate recommendations	90 days from commencement
Recommended capital expenditures	120 days from commencement
Capacity building program for BSTI staff	150 days from commencement

## F. Component 6: Integrated SME Database Development

84. The objective of this TA loan component is to develop an integrated SME database and build the capacity to maintain it. The technical assistance will have two subcomponents, each having specific outputs. The first subcomponent is to undertake an inventory and assessment of data sources, and create a directory of SMEs. The second subcomponent is to design and develop the SME database, undertaking surveys to obtain data elements concerning attributes of the SMEs included in the database. It is important the SME database will have gender-disaggregated data, i.e. number of women entrepreneurs and women employees, as well as their status in the organization structure (operating vs. management level). The database should have the capability to generate gender-disaggregated reports.

85. The Bangladesh Bureau of Statistics has completed processing of the 2001 Census of Non-farm Economic Activities (Urban) and 2003 Census of Non-farm Economic Activities (Rural). It is anticipated that from the Census primary data for nonagricultural enterprises from the census, an initial listing of SMEs can be extracted, with basic information on name, address, total persons employed, and main product/service according to ISIC classification. This can be supplemented by other data sources (BSCIC, City and Municipal Corporations, Registrar of Joint Stock Companies, National Board of Revenue, industry associations, private sector survey funded by the United Kingdom's Department for International Development (*Report on the National Private Sector Survey of Enterprises in Bangladesh*), United States Agency for International Development, and other donors. The output will be a directory that gives a listing of SMEs with name and address of the SME, nature of business, industry, and some basic information.

86. Using the directory of SMEs as sampling frame, there will be large-scale nationwide sample surveys to obtain data on attributes of SMEs such as employment (with gender breakdown), output, value added, foreign exchange generation, taxes paid, cost of production, and production capacity. Such data will be captured in an integrated SME database, which will facilitate conduct of policy research on such areas as the causal relationships between growth and performance of SMEs and poverty reduction, and effectiveness of government policies. Gender analysis using data from the surveys and database may provide insights into (i) broader social and economic impact of the growth of women entrepreneurs; (ii) the multiplier effects on employment and incomes of women-run businesses; and (iii) effects on consumption and incidence of poverty, on employees of women-run enterprises. The directory itself will be updated with data obtained from the surveys, i.e. addition of new enterprises, deletion of old enterprises that have stopped operating, updated/corrected locations and addresses and nature of business of existing enterprises.



87. The database will be designed, tested, and developed; and appropriate procedures on their access and use and controls to safeguard it from unauthorized access and loss or corruption of data.

88. A consulting firm in collaboration with a local survey company will be engaged. The firm will provide services for a total of 14 person-months of international and 20 person-months of domestic consultants. Survey enumerators will distribute survey forms/questionnaires and collect the survey data.

**a. Economic Statistician/Team Leader (international, 12 person-months)**

89. The tasks of the Economic Statistician are:

- (i) oversee the overall planning and setting up of the integrated database;
- (ii) determine methodology (ies) to be used for conducting the survey;
- (iii) assess the completeness and quality of available data on SMEs in relation to data needs;
- (iv) prepare a report describing the status of data concerning SMEs and recommend an approach on how to proceed in developing an integrated SME database, and estimate the costs of design, development and maintenance of the database;
- (v) confirm with concerned ministries, SME Task Force, and SME Advisory Panel the data elements to be included in the database that describe the SME characteristics, performance indicators, and developmental contributions in collaboration with the Database Design Expert;
- (vi) help design census/survey questionnaire to capture the data elements, using the SME directory as mailing list or sampling frame;
- (vii) coordinate with the Ministry of Industries and the Bangladesh Bureau of Statistics on conduct of the census or survey, and contracting out the fieldwork; and
- (viii) conduct workshops and roundtable discussions with stakeholders to brief them on the progress of work and findings and recommendations.

90. The Economic Statistician, with local support in survey work, should have at least 5 years experience in economic statistical survey work, and have been involved in research work concerning SMEs in Bangladesh and/or other developing countries.

**b. Database Design Expert (national, 18 person-months)**

91. The services of a local firm will be recruited to conduct surveys. The tasks of the Database Design Expert employed by the local firm are to:

- (i) identify the actual and potential data sources on SMEs, indicating details of data available, whether these are updated regularly, and when;
- (ii) prepare a progress report on inventory of data sources on SMEs;
- (iii) prepare an initial directory of SMEs;
- (iv) expand the directory, using listings from other sources and cleaning up the combined lists by eliminating duplications and spurious records;
- (v) conduct interviews as necessary to verify names, addresses, etc.;
- (vi) contribute to preparing the census/survey questionnaires;
- (vii) prepare the user and technical design specifications for the SME database;
- (viii) specify data linkages with other statistical systems in Bangladesh;

- (ix) coordinate with the MOI and Bangladesh Bureau of Statistics on processing of census/survey questionnaires;
- (x) supervise the creation of the SME database;
- (xi) prepare menu-driven program to access the SME database, generate reports, and download data;
- (xii) prepare user procedures, including security measures to protect the integrity of the SME database and accordingly specify controls to ensure authorized access;
- (xiii) prepare database maintenance routines, including back-up procedures;
- (xiv) recommend how to organize for operation and maintenance of the SME database, including the option of contracting it out to a private entity;
- (xv) prepare a report on the SME database project; and
- (xvi) help conduct workshops and roundtable discussions with stakeholders to brief them on the progress of work and findings and recommendations.

92. The Database Design Expert, backed up by qualified technical staff, should have at least 7 years experience in design of large database systems. The consultant should have familiarity with the statistical systems at the Bangladesh Bureau of Statistics and at other government agencies including the National Board of Revenue.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>Firm (Team/Team Leader)</b>	
Work Plan for the Team	21 days from commencement
<b>Firm (Team/Team Leader)</b>	
First Component	
Inventory and assessment of data sources	60 days from commencement
Directory of SMEs	450 days from commencement
Second Component	
Design of database	90 days from commencement
Database as developed, documented and launched	450 days from commencement
<b>Firm (Economic Statistician/Team Leader)</b>	
Report on data status, development strategy and costs	60 days from commencement
Census/survey design	90 days from commencement
<b>Firm (Database Design Expert)</b>	
Report on inventory data sources on SMEs	30 days from commencement
Initial directory of SMEs	420 days from commencement
User procedures and maintenance routines	390 days from commencement
Recommendation on operation and maintenance of database	390days from commencement
Report on database project	480 days from commencement

## **G. Component 7: Environmental Assessment and Monitoring**

93. The requirements for financial intermediation loan projects are (i) an appropriate environmental management system; (ii) environmental assessment of financial intermediation loans; and (iii) reporting on environmental assessment of financial intermediation loans to be included in the RRP that is submitted to the ADB Board for approval. The focus of the environmental assessment is on due diligence of the financial intermediary and its environmental management system.

94. Industries (those producing goods) are subject to Environment Conservation Act 1995 being implemented by Department of Energy (DOE) and Environment Conservation Rules 1997 promulgated by DOE in 1997 which requires industries to apply for DOE environmental clearance (there are other related legislation like Factories Act 1965 and Factory Rules 1979

and sector-specific Acts). Screening and environmental classification is the responsibility of DOE.

95. Safeguard policies of ADB on environment, resettlement and indigenous people will apply for SEF. Most PFIs do not have systematic procedures for assessment.

96. This TA loan component will provide training on environmental assessment and monitoring to FIs participating in SEF on environmental safeguards and protection. Assistance will be given to establish environmental management systems and monitoring. Training will also be provided to Bangladesh Bank in its capacity as manager of SEF in environmental compliance monitoring. There should be a module that would provide training to FIs in formulating a Gender Action Plan and monitoring compliance with that plan.

97. International Environmental Specialist and a national Environmental Analyst will be engaged to build up capacity of the Bangladesh Bank and PFIs to ensure that the ADB safeguard policy on environment is complied with.

**a. Environmental Specialist (international, 4 person-months)**

98. The Environmental Specialist will undertake the following tasks:

- (i) explain the ADB safeguard policy on environment to Bangladesh Bank and PFIs to enhance their understanding;
- (ii) analyze problems of SMEs in meeting environmental standards and propose ways of mitigating them;
- (iii) develop capability of BB to monitor the compliance with the ADB safeguard policy on environment;
- (iv) assist PFIs in assessing environmental impact of SME applicants and setting up environmental impact monitoring system; and
- (v) train PFI staff in conducting environmental impact monitoring.

99. The Environmental Specialist should have the following qualifications:

- (i) at least 5 years experience in development work related to private sector development, in general, preferably with exposure, in particular, to SME development programs and implementation;
- (ii) at least 10 years of hands-on working expertise in environmental issues;
- (iii) at least bachelor's degree in environment or environment-related fields;
- (iv) familiar with safeguard policy on environment of multinational financial institutions; and
- (v) proficient in oral and written English.

**b. Environmental Analyst (domestic, 3 person-months)**

100. The Environmental Analyst will undertake the following tasks.

- (i) gather and review information of environmental assessment capacity of the Bangladesh Bank and PFIs;
- (ii) assist the expatriate consultant in assessing environmental impact of SME applicants and setting up environmental impact monitoring system; and

- (iii) facilitate the training of PFI staff by the expatriate consultant in conducting environmental impact monitoring.

101. The Environmental Analyst should have the following qualifications:

- (i) at least bachelor's degree, preferably post-graduate degree in engineering, environment or environment-related fields;
- (ii) at least 7 years of hands-on expertise in the environmental issues; and
- (iii) proficient in oral and written English and Bengoli.

<b>Outputs/Deliverables</b>	<b>Target Date</b>
<b>Firm (Team/Team Leader)</b>	
Work plan	15 days from commencement
<b>Firm (Environmental Specialist)</b>	
Analysis of SME problems in meeting environmental standards and recommendations thereon	90 days from commencement
Methodology for PFI environmental impact assessment and monitoring	120 days from commencement
<b>Firm (Environmental Analyst)</b>	
Information on environmental assessment capacity of BB and PFIs	90 days from commencement

**TECHNICAL ASSISTANCE LOAN COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. ADB Financing</b>			
<b>Component 1: Rationalization of Government Assistance to SMEs</b>			
i. Consultant Remuneration and Per Diem	496	87	583
ii. International and Local Travel	50	6	56
iii. Seminars and Workshops	0	18	18
iv. Reports and Communication	0	10	10
v. Equipment and Transport	50	41	91
vi. Contingencies	77	21	98
<b>Subtotal (1)</b>	<b>673</b>	<b>183</b>	<b>856</b>
<b>Component 2: SME Web Portal and Virtual Front Office Development</b>			
i. Consultant Remuneration and Per Diem	25	22	47
ii. International and Local Travel	10	1	11
iii. Seminars and Workshops	0	15	15
iv. Reports and Communication	5	5	10
v. Equipment and Transport	0	19	19
vi. Contingencies	5	8	13
<b>Subtotal (2)</b>	<b>45</b>	<b>70</b>	<b>115</b>
<b>Component 3: Establishment and Operation of SME Helpline Outreach Centers</b>			
i. Consultant Remuneration and Per Diem	149	126	275
ii. International and Local Travel	8	1	9
iii. Seminars and Workshops	0	21	21
iv. Reports and Communication	0	15	15
v. Equipment and Transport	30	70	100
vi. Contingencies	22	30	52
<b>Subtotal (3)</b>	<b>209</b>	<b>263</b>	<b>472</b>
<b>Component 4: Targeted SME Capacity Building</b>			
<b>Subcomponent 4.1: Rural-Based Enterprises Training</b>			
i. Consultant Remuneration and Per Diem	233	98	331
ii. International and Local Travel	12	2	14
iii. Seminars and Workshops	0	15	15
iv. Reports and Communication	0	10	10
v. Equipment and Transport	18	30	48
vi. Contingencies	34	20	54
<b>Subtotal (4.1)</b>	<b>297</b>	<b>175</b>	<b>472</b>
<b>Subcomponent 4.2: Women Entrepreneurs Training</b>			
i. Consultant Remuneration and Per Diem	118	49	167
ii. International and Local Travel	8	1	9
iii. Seminars and Workshops	0	10	10
iv. Reports and Communication	5	5	10
v. Equipment and Transport	12	10	22
vi. Contingencies	18	10	28
<b>Subtotal (4.2)</b>	<b>161</b>	<b>85</b>	<b>246</b>
<b>Subcomponent 4.3: Skills Retraining of Displaced RMG Workers</b>			
i. Consultant Remuneration and Per Diem	242	142	384
ii. International and Local Travel	12	2	14
iii. Seminars and Workshops	0	14	14
iv. Reports and Communication	0	40	40
v. Equipment and Transport	10	30	40
vi. Contingencies	34	29	63
<b>Subtotal (4.3)</b>	<b>298</b>	<b>257</b>	<b>555</b>
<b>Subcomponent 4.4: Development of SME Lending Capability of PFIs</b>			
i. Consultant Remuneration and Per Diem	543	111	654
ii. International and Local Travel	28	3	31
iii. Seminars and Workshops	0	12	12
iv. Reports and Communication	0	10	10

Item	Foreign Exchange	Local Currency	Total Cost
v. Equipment and Transport	9	15	24
vi. Contingencies	75	19	94
<b>Subtotal (4.4)</b>	<b>655</b>	<b>170</b>	<b>825</b>
<b>Component 5: Upgrading of Product Certification System</b>			
i. Consultant Remuneration and Per Diem	123	25	148
ii. International and Local Travel	12	1	13
iii. Seminars and Workshops	0	10	10
iv. Reports and Communication	0	10	10
v. Equipment and Transport	200	5	205
vi. Contingencies	44	7	51
<b>Subtotal (5)</b>	<b>379</b>	<b>58</b>	<b>437</b>
<b>Component 6: Integrated SME Database Development</b>			
i. Consultant Remuneration and Per Diem	298	74	372
ii. International and Local Travel	20	1	21
iii. Seminars and Workshops	0	47	47
iv. Surveys, Reports, and Communication	12	110	122
v. Equipment and Transport	60	60	120
vi. Contingencies	51	38	89
<b>Subtotal (6)</b>	<b>441</b>	<b>330</b>	<b>771</b>
<b>Component 7: Environmental Assessment and Monitoring</b>			
i. Consultant Remuneration and Per Diem	98	14	112
ii. International and Local Travel	12	1	13
iii. Seminars and Workshops	0	8	8
iv. Reports and Communication	0	10	10
v. Equipment and Transport	0	9	9
vi. Contingencies	14	5	19
<b>Subtotal (7)</b>	<b>124</b>	<b>47</b>	<b>171</b>
<b>Interest during Implementation Period</b>	<b>80</b>	<b>0</b>	<b>80</b>
<b>Subtotal (A)</b>	<b>3,362</b>	<b>1,638</b>	<b>5,000</b>
<b>B. Government and Beneficiary Financing</b>			
<b>Component 1: Rationalization of Government Assistance to SMEs</b>			
- Government Financing	0	290	290
<b>Subtotal (1)</b>	<b>0</b>	<b>290</b>	<b>290</b>
<b>Component 2: SME Web Portal and Virtual Front Office Development</b>			
- Government Financing	0	35	35
- Contribution of Chambers and Business Associations	0	35	35
<b>Subtotal (2)</b>	<b>0</b>	<b>70</b>	<b>70</b>
<b>Component 3: Establishment and Operation of SME Helpline Outreach Centers</b>			
- Government Financing	0	240	240
- Contribution of Chambers and Business Associations	0	240	240
<b>Subtotal (3)</b>	<b>0</b>	<b>480</b>	<b>480</b>
<b>Component 4: Targeted SME Capacity Building</b>			
<b>Subcomponent 4.1: Rural-Based Enterprises Training</b>			
- Government Financing	0	200	200
- Training Fee Contribution of SMEs/Entrepreneurs	0	150	150
- Matching Contribution of Chambers and Business Associations	0	150	150
<b>Subtotal (4.1)</b>	<b>0</b>	<b>500</b>	<b>500</b>
<b>Subcomponent 4.2: Women Entrepreneurs Training</b>			
- Government Financing	0	100	100
- Training Fee Contribution of SMEs/Entrepreneurs	0	100	100
- Matching Contribution of Chambers and Business Associations	0	60	60
<b>Subtotal (4.2)</b>	<b>0</b>	<b>260</b>	<b>260</b>
<b>Subcomponent 4.3: Skills Retraining of Displaced RMG Workers</b>			
- Government Financing	0	240	240

Item	Foreign Exchange	Local Currency	Total Cost
- Training Fee Contribution of Training Participants	0	100	100
- Matching Contribution of Prospective Employers, Chambers and Business Associations	0	200	200
<b>Subtotal (4.3)</b>	<b>0</b>	<b>540</b>	<b>540</b>
<b>Subcomponent 4.4: Development of SME Lending Capability of PFIs</b>			
- Government Financing	0	250	250
- Matching Contribution of PFIs	0	590	590
<b>Subtotal (4.4)</b>	<b>0</b>	<b>840</b>	<b>840</b>
<b>Component 5: Upgrading of Product Certification System</b>			
- Government Financing	0	150	150
<b>Subtotal (5)</b>	<b>0</b>	<b>150</b>	<b>150</b>
<b>Component 6: Integrated SME Database Development</b>			
- Government Financing	0	270	270
<b>Subtotal (6)</b>	<b>0</b>	<b>270</b>	<b>270</b>
<b>Component 7: Environmental Assessment and Monitoring</b>			
- Government Financing	0	60	60
<b>Subtotal (7)</b>	<b>0</b>	<b>60</b>	<b>60</b>
<b>Government Financing</b>	<b>0</b>	<b>1,835</b>	<b>1,835</b>
<b>Beneficiary Financing</b>	<b>0</b>	<b>1,625</b>	<b>1,625</b>
<b>Subtotal (B)</b>	<b>0</b>	<b>3,460</b>	<b>3,460</b>
<b>Total (A + B)</b>	<b>3,362</b>	<b>5,098</b>	<b>8,460</b>

ADB = Asian Development Bank, PFI = participating financial institution, RMG = readymade garment, SME = small and medium enterprise, TA = technical assistance.

Source: Asian Development Bank staff estimates.

**PROJECT IMPLEMENTATION SCHEDULE**

<b>Item</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
1. Rationalization of Government Assistance to SMEs				
2. SME Web Portal/Virtual Front Office Development				
3. Establishment and Operation of SME Helpline Outreach Centers				
4. Targeted SME Capacity Building				
1. Rural-Based Enterprise Training				
2. Women Entrepreneurs Training				
3. Skills Retraining Displaced RMG Workers				
4. Development of SME Lending Capability of PFIs				
5. Upgrading of Product Certification System				
6. Integrated SME Database Development				
7. Environmental Assessment and Monitoring				