



SUSTAINABLE ENTERPRISE PROJECT

MAKING MICROENTERPRISES CLEAN AND GREEN

BASIC INFORMATION

APPROVAL DATE:

**March 29
2018**

END DATE:

**June 30
2023**

TOTAL COMMITMENT:

\$110 million

IMPLEMENTING AGENCIES:

Palli Karma-Sahayak Foundation (PKSF)

OVERVIEW

Microenterprises diversify economic activity and contribute significantly to poverty alleviation. In Bangladesh, half of population depend for livelihoods on 7 million existing microenterprises. These microenterprises account for 90 percent of all economic enterprises in the country. However, there is little evidence that these microenterprises are growing sustainably. They often impact the environment negatively.

Bangladesh is also known for its success in pioneering approaches that support microenterprises. Organisations such as Palli Karma-Sahayak Foundation (PKSF), an apex microcredit funding and capacity building organization established by the Government to reach out to the poor, started microenterprise loan programs in 2001, implemented through 178 Partner Organizations throughout the country. The **Sustainable Enterprise Project** is supporting this partnership with the government to help microenterprises adopt cleaner technologies.



CHALLENGE

Cumulatively, the impact of microenterprises on the environment are substantial. The contamination due to microenterprises are often unduly high because they lack investment in technology to reduce their footprint. Microenterprises are also highly exposed to risks induced by climate change. They typically operate within very narrow profit margins and are often forced to prioritize short-term profitability over environmental sustainability, occupational health risks and long-term financial sustainability. Poor access to market and access to finance are notable barriers.

Other challenges include a) pollution, contamination and climate resilience; b) information and knowledge gaps about the markets, technologies; (c) capacity gaps of microenterprises, communities and microfinance institutions; (d) poor regulatory environment, such as lack of certification and safety standards; high cost of regulating microenterprises through enforcement; and (e) low access to finance.

APPROACH

The project will help about 20,000 microenterprises adopt environmentally friendly practices in the manufacturing and agribusiness sectors. It will provide loans to microenterprises for innovative, environmentally sustainable technologies and practices and for shared amenities to reduce pollution and reduce pollution environmental degradation. It will help promote basic safety standards, certify eco-labeled products, low-polluting, cleaner, greener technologies.

It will enhance access to finance for environmentally friendly microenterprises in targeted sectors through sub-loans. This will, in turn, lead to adoption of innovative and environmentally-friendly technologies and practices, reduce environmental impacts, and strengthen existing environmentally sustainable practices. The project will also provide access to long-term financing to microenterprises for clean and efficient technology. The Project will help Bangladesh create quality jobs, improve competitiveness, and boost growth while improving environmental sustainability and resilience to climate change.

TOWARDS THE FUTURE

Although the project has only been under implementation phase for a year, it has made good progress. More sub-projects will be approved in the coming years. The design of the project is well recognized, and other development partners may add resources to this project.



EXPECTED RESULTS

In the first call for proposals, **11** partner organizations with sub-projects have been selected.

3,000 microenterprises will be supported in the first year. One-third of these are expected to be owned by women.