Report Number: ICRR0024302

1. Project Data

Project ID	Project Name
P163250	Sustainable Enterprise Project
Country	**Practice Area(Lead)**
Bangladesh	Environment, Natural Resources & the Blue Economy

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-62090	30-Jun-2023	104,890,641.53
Bank Approval Date	**Closing Date (Actual)**	
29-Mar-2018	29-Feb-2024	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	110,000,000.00	0.00
Revised Commitment	110,000,000.00	0.00
Actual	104,890,641.53	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Shashidhara Laxman Kolavalli	Avjeet Singh	Avjeet Singh	IEGSD (Unit 4)

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) is stated identically in the Legal Agreement (p. 5) and PAD (p. 17) as “to increase the adoption of environmentally sustainable practices by Targeted Microenterprises.”

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project had three components.

Component 1: Enhancing Services and Enabling Systems (Appraised: US$24 million; Actual: IDA US$21.64 million)

1.1 Support for Enabling Systems

Provision of Grants to Partner Organizations (PO) to support augmentation of eco-labelling and premium market access for Targeted Microenterprises, the implementation of non-revenue generating common services, the carrying out of environmental management standards and practices and assessment of Targeted Microenterprises and the carrying out of implementation activities relating to Sub-loans under Component 2 of the project.

1.2 Capacity Development of Microenterprises

Provision of grants to Partner Organizations provide technical assistance to Targeted Microenterprises to incorporate environmental practices and standards in their businesses, including technical assistance on access to technology for conducting low polluting, greener and cleaner resource efficient businesses and preparing business plans considering economic benefits and climate hazard situations.

1.3 Investing in Revenue Generating Common Services

Provision of Common Service Loans to Partner Organizations to build shared infrastructure to support Targeted Microenterprises in enhancing their business efficiency and reduce environmental degradation while being financially viable, including the construction and/or development of design labs, artificial insemination centers, tissue culture services, micro-storages and organic composting services.

Component 2: Strengthened Access to Finance for environmentally friendly and resilient microenterprises (Appraised: US$93 million [IDA: US$75 million; PKSF: US$18 million]; Actual: US$93 million [IDA: US$75 million; PKSF: US$18 million])

2.1 Adoption of Innovative and Environmentally Friendly Technologies and Practices

Provision of sub-loans to Targeted Microenterprises with negative environmental impacts and proven technical solutions to reduce said impact to move their existing businesses and take up new businesses towards the adoption of environmentally sustainable practices.

2.2 Strengthening of Environmentally Resilient (Green) Microenterprises

Provision of sub-loans to Targeted Microenterprises with existing environmentally sustainable practices and low polluting technologies/processes to strengthen said existing practices, technologies and/or processes and their resilience in areas affected by climate change.

Component 3: Project Management, Communication and Knowledge Management and Monitoring & Evaluation (Appraised: US$13 million [IDA: US$11 million; PKSF: US$2 million]; Actual: US$8.56 million [IDA: US$6.56 million; PKSF: US$2 million])

Provision of technical assistance to carry out Project implementation management activities, build capacity within the Project Implementing Entity, and carry out Project knowledge management, and monitoring and evaluation activities.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost

The project was appraised to cost US$130 million; the actual cost was US$124.89 million.

Financing

The project was funded through an IDA grant of US$110 million.

Borrower Contribution

The borrower contributed US$20 million as committed at appraisal.

Dates

The project was approved in March 2018 and became effective in August 2018. The Mid-Term review was conducted in June 2021. The project was originally expected to close in June 2023, but it closed in February 2024.

Restructuring

March 2023: The project went through one level 2 restructuring to extend the loan closing date by eight months to compensate for the time lost through COVID-19 induced restrictions.

3. Relevance of Objectives

Rationale

Country Context

At the time of appraisal, Bangladesh had experienced strong economic growth since the turn of the century, reducing poverty significantly – the poverty head count ratio (based on international poverty line at US$1.90 per day) fell from 44.2 percent in 1991 to 13.8 percent in 2016 (ICR, para 1). Micro enterprises (MEs) had played a critical role in the economy, accounting for more than half of the total employment in all enterprises, creating self and wage- employment opportunities for the poor. Surveys showed that households with microenterprises had higher per capita incomes (ICR, para 2).

The growing number of MEs, however, raised concerns about their environmental impact and vulnerability to climate risks. Small industries contributed significantly to air and water pollution because of their sheer numbers and use of environmentally inefficient technologies (ICR, para 3). The MEs that produced environmentally sustainable goods faced obstacles in reaching higher value markets, adopting cleaner methods, and accessing suitable financing and business registration services. Although the Government of Bangladesh (GOB) was dedicated to promoting a greener, cleaner, and climate-resilient economy, its focus had been on export-oriented industries with few initiatives targeting the microenterprise sector (ICR, para 4).

Country Strategy

The PDO was relevant to GOB's 2010-2012 National Sustainable Development Strategy, with its vision of combined economic, social, environmental goals, and the seventh Five-Year plan (2016-202), which emphasized pro-poor economic growth while recognizing that in Bangladesh poverty, growth and environmental sustainability are inextricably linked (ICR, para 5). The PDO remains relevant to the Country Climate Development Report (CCDR), which highlights the importance of transitioning to a green, resilient, inclusive growth model, focusing on greener infrastructure planning and development as drivers of productivity and growth (ICR, para 20).

World Bank Strategy

The PDO was consistent with objectives of Country Partnership Framework (CPF) for FY2016-2020 as it addressed the three pillars: growth and competitiveness, social inclusion, and climate and environmental management (ICR, para 7). At closing, the PDO remained relevant to Bank's CPF for 2023-2027 which will support GOB's goal to become an upper middle income country by 2013, by helping the country address key barriers to green growth. The PDO is relevant to achieving objective 8 (enhanced sustainability and productivity in the use of natural capital for climate-smart green growth) through adoption and promotion of climate resilient Resource Efficient and Cleaner Production (RECP) business practices and greener technologies (ICR, para 18)

The level at which the PDO is pitched

The PDO to increase the adoption of environmentally sustainable practices (ESPs) was pitched at an intermediate results level in the theory of change. Achieving the PDO had the potential to lead to a more dynamic, lower polluting resources efficient, and resilient microenterprise sector, the longer term objective. The ICR notes that the PDO was deliberately pitched at an intermediate outcome level because the project activities were dispersed and at a scale inadequate to bring about measurable environmental changes (para, 57).

Summary: Bangladesh experienced strong economic growth since the turn of the century, which enabled it to reduce poverty significantly. Microenterprises, which accounted for more than half of the employment in enterprises, played a key role in creating wage and self-employment opportunities for the poor. But their large numbers and the inefficient technologies they used raised concerns about the impact they would have on the environment and their vulnerability to climate shocks. The PDO to increase the adoption of environmentally sustainable practices among them was substantially relevant to GOB's strategy to transition to greener growth models and World Bank's strategy to help in promoting RECP business practices.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
To increase the adoption of environmentally sustainable practices by Targeted Microenterprises.

Rationale
Theory of Change (ToC)

The project sought to address the obstacles faced by MEs in agriculture and manufacturing in adopting sustainable practices. The ToC (ICR, para 8) hypothesized that activities, such as, (i) raising awareness by giving MEs and consumers access to information on Resource Efficient and Cleaner Production (RECP) technologies, (ii) offering technical support to MEs to replace outdated technologies with resource efficient alternatives, and (iii) establishing environmentally sustainable common services and facilities, producing outputs, such as, number of microenterprises that signed the loan agreement, the proportion of them offered capacity development, and microenterprise clusters provided with common services and would lead the MEs to adopt ESPs thereby creating a more dynamic, lower polluting, resources efficient, and resilient MEs, although the achievement of the final outcome was not measured by any indicator.

The ToC was plausible if some assumptions held: (i) recognizing that they can benefit from producing environmentally sustainable goods and the offer of financial support encourage MEs to adopt the ESPs, and (ii) the building of common services in their clusters encourages MEs to make use of the facilities.

Output

- 65,124 Microenterprises signed loan agreements with PKSF under the project, exceeding the target of 40,000; Of them, 84 percent were women owned, exceeding the target of 30 percent
- 91 percent of the MEs that have signed loans under the project were provided with capacity-building support to adopt environmental practices, exceeding the target of 70 percent; Of them, 52 percent of the women owned MEs that have signed loans under the project were provided with capacity-building support to adopt environmental practices, exceeding the target of 30 percent
- 25 micro enterprise clusters were provided with common services, meeting the target of 25

Outcomes

- 48,845 Microenterprises Targeted by the project adopted at least one environmentally sustainable practice, exceeding the target of 20,000
- 66 percent of the targeted beneficiaries rated the project interventions “satisfactory” or above, exceeding the target of 60 percent
- 95 percent of targeted microenterprises continue to adopt environmentally sustainably practices, exceeding the target of 40 percent; Among them, 90 percent of the female-headed MEs, who received a SEP loan continued to adopt environmentally sustainable practices for more than 12 months, exceeding the target of 30 percent

The project met or exceeded the targets for the number of beneficiaries adopting one or more of the practices, their satisfaction with project interventions, and the share of those who adopt the practices continuing to do so for than twelve months. The data for assessing the outcomes were drawn from the M&E system, Midterm evaluation, and the final evaluation survey (ICR, para 22).

Nearly three-quarters of the MEs that signed the loan agreement had adopted at least one ESP – on average, they had adopted approximately three ESPs of the twenty ESPs eligible for financing (ICR, para 24). The Bank team confirmed in an exchange on November 15, 2024, that the MEs that signed the loan agreement were required to adopt at least one of the recommended ESPs. The ESPs included those that improved resource use, reduced pollution, and built climate resilience (for example, installation of solar panels or air circulation systems) or improved occupational health and safety (OHS) (for example, installation of first aid boxes and fire management tools or building sanitation facilities). The eligible practices were identified in consultation with beneficiary POs and MEs. Although the project began with the intention of supporting only the ESPs, OHS measures were included under the premise that by first addressing OHS measures, the project could identify the opportunities for persuading MEs to adopt more advanced technologies for resource-efficient use of raw and waste material and cleaner production processes (ICR, para 51).

The evaluation survey showed that 80 percent of the beneficiary MEs (those that signed the loan agreements) had adopted the ESPs compared to 49 percent MEs in the control group (ICR, Table 2). Thus, the project contributed to at least a 30 percent increase in the adoption rate because of the awareness programs and the building of common facilities. Their contribution is likely to have been higher because of the benefits from the two activities spilled over to MEs in the control group as well.

The survey also showed that 60 to 90 percent of all MEs who invested in ESPs (including those in the control group) reported befitting moderate to significantly across eleven dimensions of wellbeing (livelihood, employment, education, health, production, income, savings, purchasing capacity, assets, investments, consumption, quality of life, psychological well-being and social well-being) (ICR, para 27).

Two-thirds of the beneficiaries expressed that they were “satisfied” or “highly satisfied” with the project interventions (ICR, para 28).

The majority of microenterprises who invested in and adopted ESPs – in both targeted and control and group – continued the practice for longer than 12 months, according to the final evaluation survey (ICR, para 29).

The project established common facilities to meet the needs of clusters to manage waste, recycle, engage in organic farming or process what they produce. Project activities that helped the MEs certify their enterprises, brand what they produce, and access to premium markets encouraged the adoption of ESPs. The project helped with registration of microenterprises, certification of products of 1,246 MEs, and created brand identity and related assets for MEs working with 37 POs in 15 different sectors.

The project achieved or exceeded the targets for the three key indicators that measured the PDO: the number of loan recipients that adopted at least one of the approved technologies, their satisfaction with project's interventions, and the proportion of those who adopted the practices continuing to do so for 12 months. The ICR notes that however, not all ESPs adopted were geared towards resource efficient and cleaner production outcomes as conditions on the ground demanded that considerations for OHS first be addressed. An evaluation study showed that the beneficiaries of financial support had adopted the practices to a significantly higher degree than non-beneficiaries, suggesting that the adoption can be attributed to project activities related to awareness building, infrastructure provision, and technical and financial support. The efficacy with which the project has achieved the objective is rated Substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale
The ToC employed by the project hypothesized that by creating awareness, offering technical and financial support, building common facilities that would help them to make better use of resources, and supporting the MEs to enable them to benefit from adopting environmental practices would encourage them to adopt ESPs. The project succeeded in meeting the targets for the number of MEs adopting the practices, their satisfaction level with the project interventions, and the proportion of them that continue with the adopted practices for more than 12 months. The evaluation study showed a significantly larger share of project beneficiaries had adopted the practices compared to non-beneficiaries. The efficacy with which the project achieved the objective is rated Substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency

The analysis at appraisal estimated that the EIRR would be 66 percent from component two alone. The analysis compared Business-as-usual (BAU) and with-project scenarios.

The analysis done at closing indicated an EIRR of 7 percent. It was based on information collected from a sample of 5,887 MEs in 11 sectors, of whom 3,662 had benefited from SEP (ICR, annex 4). Adding the environmental benefit from avoiding carbon emissions from dairy farms and beef fattening marginally increased the EIRR. Assuming low and high values for social price of carbon, the estimated EIRR increased to 9 percent and 11 percent, respectively.

The ICR notes that the EIRR estimated at ICR differs from the one estimated at appraisal primarily because of differences in the assumptions made about when the returns are realized (Annex 4, para 9). The analysis at appraisal assumed that the benefits would begin in the second year, whereas the analysis at the end assumed that the benefits were realized in 2022 and 2023, closer to the end of the project. The ICR notes that the EIRR would be 63 percent if benefits were assumed to be realized in the second year, as the analysis at appraisal did.

Administrative Efficiency

Completion of the project was delayed by only eight months because of the restrictions imposed during the COVID19 pandemic. The lengthy processes employed to approve sub-projects also contributed to the delay (ICR, para 54).

Summary: Estimated returns based on actual outcomes comparable to the appraised returns and the project implemented without administrative delays, apart from those caused by COVID-19, the efficiency with it is implemented in rated Substantial.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

MEs, which created wage and self-employment opportunities for the poor, played a key role in Bangladesh economy's strong growth and poverty reduction since the turn of the century. But their growing numbers and their practices/technologies raised concerns about the impact they would have on the environment and their vulnerability to climate shocks. The PDO to increase the adoption of ESPs by MEs was substantially relevant to Bangladesh and World Bank's strategies to steer the economy towards greener growth models. The project succeeded in meeting the key targets for the number of MEs adopting SEPs, their level of satisfaction with project interventions, and the proportion of them that continued with the adopted practices for more than 12 months. The efficacy with which the project achieved the objective was rated Substantial. Obtaining economic returns that were comparable to projected at appraisal and implementing without delays, the efficiency was also rated substantial. The three ratings yield an outcome rating of Satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

According to the ICR the key risks to development outcomes relate to MEs maintaining the environmental practices they have adopted, although the next phase of the project designed to scale up the impact of this project may continue to finance the environmental practices in the ME sector (para 75 and 76).

Viability risk

The MEs may face financial difficulties from changing market dynamics; fluctuations in market demand for environmentally sustainable products or services could affect their profitability and viability.

Policy Risk

Shifts in government policies relating to environmental standards and lending practices may impact on their operating environment, affecting their maintenance and access to finance.

Technological obsolescence/climate risk

Rapid advances in environmental technologies could render the adopted technologies/practices obsolete over time, requiring upgrades which they may not be able to afford; similarly, continued exposure to extreme weather events and environmental degradation caused by increasing severity may make their practices/technologies less effective.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project design responded to GOB's strategic objective to increase the adoption of ESPs among the growing number of MEs in agriculture and manufacturing. The project was designed to test whether Microenterprises would have the incentives to invest in ESPs (ICR, para 45). The design incorporated lessons – that there is demand for micro level business opportunities, MEs need integrated package of interventions to access markets in a sustainable manner, and financial schemes are needed to promote environmentally friendly investments by MSMEs – from the previously implemented Community Climate Change Project (CCCP) project in Bangladesh and projects in India and Kenya (ICR, para 43).

The design had only two activity components: one that enabled the environment for MEs to adopt improved practices, including by building common infrastructures among their clusters, and the other by offering them financial incentives to invest in ESPs. They were adequate to achieve the stated objective.

The project was implemented through *Palli karma-Sahayak Foundation (*PKSF)*,* an organization with which the World Bank had worked with for decades. A financial performance review had shown that the organization could effectively on-lend IDA funds to micro-finance sector through its Partner Organizations (POs)(ICR, para 46).

The appraisal assessed technical, institutional and fiduciary risks to be substantial and identified and suitable mitigation measures. For example, the project would work only with POs that PKSF has assessed to be of "high" quality (PAD, para 47).

The M&E was adequate to keep track of activities, however the PDO was intermediate results oriented.(refer to section on M&E design)

A well-designed project, built on lessons learned in the country and elsewhere, with components that could be expected to deliver the stated objective and implementation arrangements that minimized risks, but with minor shortcomings in its M&E is rated satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The Bank team provided adequate supervision through 11 missions, with the required technical capabilities. The team maintained candid communication with both the PMU and the bank management, which allowed it to resolve issues as they arose (ICR, para 73). The borrower ICR noted the regularity with which the Bank team held coordination meetings and the efforts it dedicated to anticipating implementation challenges at the sub-project level (ICR, para 52). The Bank team participated in a rigorous process for awarding sub-projects. When the MTR noted that procurement was slowing down progress, the team intervened to request the PMU to review the backlog and provide a timeline for completion.

Encouraged by the impressive performance by the mid-term review (nearly 90 percent of the targeted number of MEs had signed loan agreements and disbursement had reached 70 percent of the approved credit) the Finance Ministry requested additional financing to scale up the efforts. The team explored options but it could not restructure the project to bring additional funding into the project because of revised World Bank policies on environmental and social framework (ICR, para 53).

Summary: The project was designed to meet a strategic objective of the country, based on lessons learned from projects in the country and elsewhere, with adequate activities and implementation arrangements. The team provided adequate supervision, taking measures to resolve issues as they emerged. The overall Bank performance is rated Satisfactory.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The key PDO indicators, were clear and measurable, and captured intermediate or a short-term outcomes in the ToC: the number of microenterprises that adopted one or more ESPs, their share that continued the practice for 12 months, and their satisfaction with project interventions. As noted, PDO and RF were deliberately limited to intermediate results because of challenges in assessing environmental impacts from diffused and small scale project-supported activities (ICR, para 57).

The three intermediate results indicators measured outputs of project activities: the number of enterprises that signed loan agreements, the proportion of them that benefited from capacity development activities, and number of clusters that were provided with common services. The M&E could have benefited from more intermediate indicators, which offered insights on incentives of MEs to adopt ESPs or some of the assumptions in the ToC. For example, the number of MEs that made use of the common facilities provided in their clusters.

The design included an impact study that compared the adoption of ESPs among project beneficiaries and a control group. The implementing arrangements ensured that the system would be sustained because the system was integrated with that of the implementing organization.

b. M&E Implementation
The M&E was designed to capture information at the sub-project level. Every sub-project developed an appropriate ToC to document how their key activities and outputs lead to expected outcomes, using an RF to track the progress. But by completion, the partner organizations (PO) aggregated the information, thereby preventing a more detailed analysis of some aspects of project achievement (ICR, para 60).

The Project Monitoring Unit (PMU) monitored the activities at the subproject level both on-site and off-site (ICR, para 61). PKSF, the implementing organization, monitored on-site through its PMU, its program and audit department, and an external audit firm. The POs monitored on-site through their own PIU, their head office, internal audit department, and an external audit firm. Off-site monitoring was realized by checking the report systems from branches to head offices of the POs and from the POs to PKSF.

PKSF commissioned several studies to assess project performance, including an interim assessment, a rapid assessment, a mid-term evaluation, a final evaluation, and 22 sectoral and sub sectoral studies (ICR 61).

c. M&E Utilization

ICR notes that M&E information was used for project management and accountability purposes (para 62).

Summary: The M&E with a few indicators measuring intermediate outputs of the project was adequate to track project activities and the intermediate outcome of MEs adopting the ESPs, but it could have benefited from more IR indicators that could have offered insights on the incentives of MEs. The system was implemented as planned but it produced only aggregated data, which prevented detailed analysis. However, the data was useful for making critical decisions. Overall, the system was adequate to assess the stated outcome and is rated substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project, classified as Category B, triggered OP 4.01 **Environmental Assessment** as the project could have involved small-scale construction to improve existing market and sanitation facilities and OP 4.10 **Indigenous Peoples** because of potential work in areas inhabited by indigenous peoples. The project design paid attention to pertinent informal and pertinent social issues common in rural economies, including gender and child labor. The project ensured citizen engagement, with feedback and grievance redress mechanisms, bringing transparency and accountability through third-party monitoring.

The project completed planned mitigation activities, including the timely preparation and disclosure of safeguards framework instruments, and safeguards implementation was rated satisfactory throughout implementation. The project prepared and disclosed an Environmental Management Framework, a Social Management Framework, a Resettlement Policy Framework, and a Tribal People's Framework. While challenges arose, they were managed by the PIU to prevent negative impacts. The project facilitated MEs' ability to manage solid waste, reduce emissions, and manage effluents, thereby directly supporting compliance with safeguards policies and best practices. However, the PIU highlighted the need for further capacity building of POs, who lacked experience in implementing safeguards due diligence. The project did not conduct any activities in IP areas (ICR, para 65).

POs arranged for extensive consultations, reaching more than 25,000 stakeholders. Over 2,100 community/stakeholder consultations were conducted during sub-project proposal preparation and activity implementation by the POs. Participation lists show that more than 25,000 individuals participated in stakeholder consultations, of which women accounted for 38 percent. With their prior consent, women were also offered to be consulted separately, to ensure free expression of their voice and agency (ICR, para 66).

Fifty-five grievance redressal committees (GRCs) were established at the local PO level, but no complaints were ever recorded (ICR, para 67). The responsibility of ensuring that vulnerable individuals, MEs, and female entrepreneurs were aware of the project's Grievance Redress Mechanism and its functionality fell on the POs and their local chapters, where the sub-projects were implemented. However, throughout the implementation period, no complaints were lodged concerning land acquisition, resettlement, and displacement, or other potentially negative impacts due to the detailed stakeholder consultations during project design.

b. Fiduciary Compliance

Financial Management

Throughout the project implementation, PKSF maintained a robust financial management team, which carried out all activities related to bookkeeping, accounting, reporting, disbursement in an efficient manner and in compliance with Bank requirements. PKSF prepared and submitted withdrawal applications seamlessly and was able to handle disbursement and documentation of expenditures in an efficient manner.

Three POs functioned as financial intermediaries on-lending funds from PKSF with oversight of MEs. The POs maintained separate bank accounts for sub-project funds and submitted monthly or bi-annual financial and physical progress reports and relevant bank statements to PKSF. Because none of the POs had access to an online financial portal, all the reporting and accounting of financial information was done manually, which often resulted in delays and mistakes. To address the issue, a digital management information system was developed to capture real-time financial transactions. The Sustainable Microenterprise and Resilient Transformation (SMART) project is in the process of implementing the new system to establish an interface for POs to allow for expedited verification of expenditures and replenishment from PKSF (ICR, para 69).

PKSF carried out annual internal audits of project and sub-project activities and expenditures incurred by PKSF itself and the POs to review compliance, accountability, and transparency of expenditures and the procurement process. Quarterly financial reports regularly submitted to the Bank required only minor revisions. All annual audit reports were submitted timely and with unqualified opinions (ICR, para 70).

Procurement

The project performed moderately well from a procurement point of view due to PKSF's experience with implementing similar Bank-funded projects (ICR, para 71)**.** The challenges that arose related mainly to external factors, such as consultants' deliverables, POs' lack of experience and capacity, and the global pandemic. Ensuring the quality of deliverables sometimes required multiple rounds of reviews, which necessitated contract extensions. POs inexperience with meeting World Bank procurement standards required hands-on support and training to execute day to day procurement activities. Due to the COVID-19 pandemic, initiation of many procurement packages were delayed and contract implementation was hampered. There were no instances of mis procurement, and procurement audits were clean.

The project remained in compliance with fiduciary requirements throughout implementation, and Fiduciary Management and Procurement were both rated Satisfactory at completion.

c. Unintended impacts (Positive or Negative)

The project played an unexpected role in the efforts to respond to the COVID-19 crisis. Sustainable Enterprise project (SEP) supported mini-garment manufacturing MEs in repurposing their production to produce 2.2 million masks and 9,000 PPEs (ICR, para 42).

d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR identified four lessons. Two of them that are widely applicable are presented below with some adjustments.

Projects that wish to incorporate innovative elements requiring involvement and endorsement of government bodies can benefit from addressing the priorities of the government and securing their support early in the planning stages (ICR, para 78). As the first project of its kind for both the World Bank and PKSF, this was true for the Sustainable Enterprise Project, which benefited from the dedicated team at PKSF and direct support from the Government of Bangladesh. The Government of Bangladesh unwaveringly supported the project because project objectives aligned with its priorities.

Creating opportunities for digitalizing interactions and information flow through mechanisms, such as platforms, has the potential to help project beneficiaries that are trying to reach new markets for their products (ICR, para 80). Microenterprises and the partner organizations used social media to share information on improved practices and products in the pipeline. This flow of information on the internet on products and services that meet quality standards opened up new sales channels across various sectors and clusters.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides the required overview of the rationale for the project, its implementation, and the results achieved. It uses reliable information from the M&E and an impact study to assess whether the project objectives were met. It offers detailed information on outputs, which were not adequately captured by indicators, in several annexes. The report is candid, well written and internally consistent. The report relies on the impact study to suggest that the outcomes could be attributed to project activities. Overall, the quality of ICR is rated Substantial.

a. Quality of ICR Rating
Substantial