
People's Republic of Bangladesh Country strategic opportunities programme

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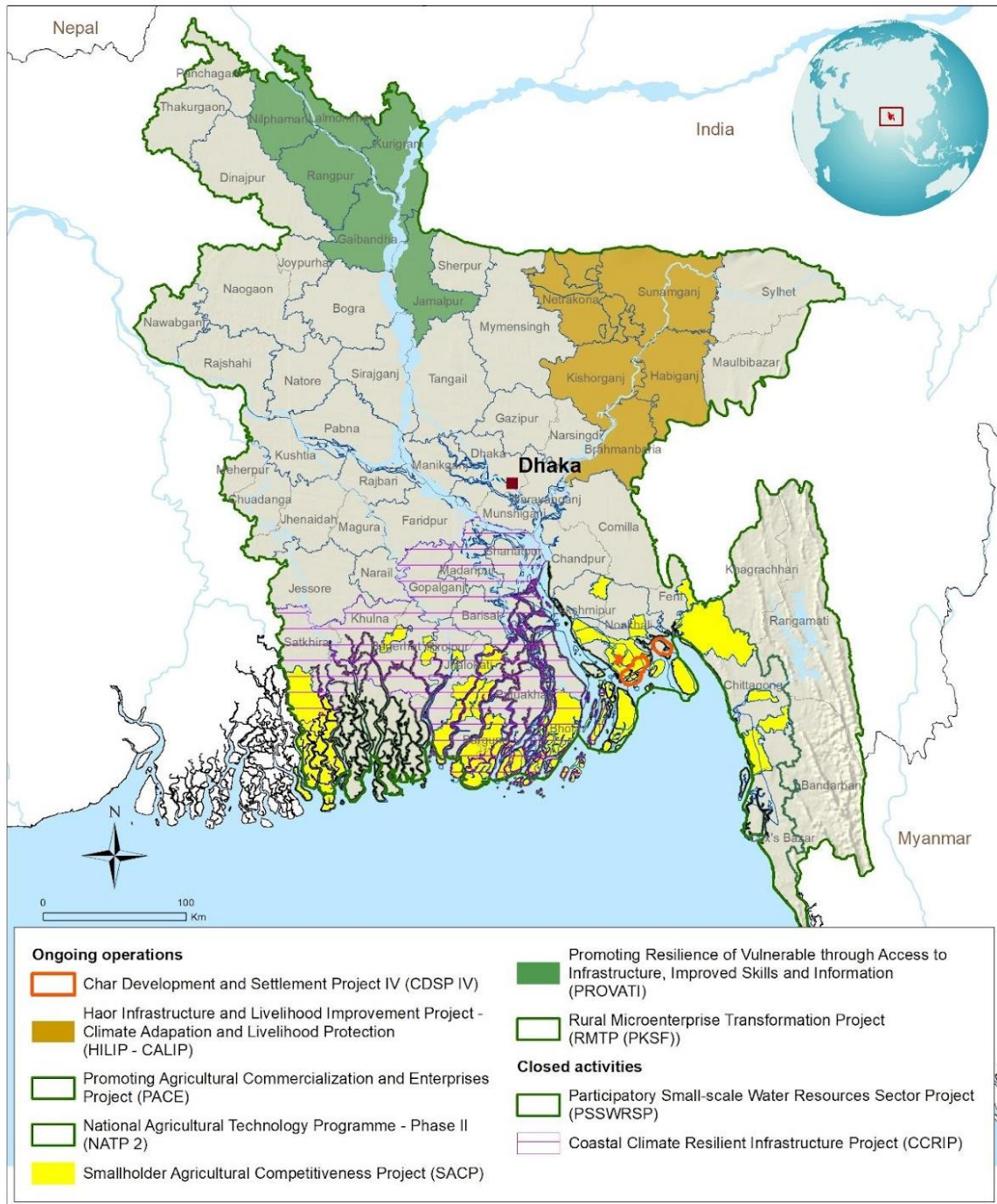
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Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 Map compiled by IFAD | 16-11-2020

Executive summary

1. Bangladesh, a lower-middle-income country with a nominal GDP per capita of US\$2,022 in 2020, has recently embarked on a five-year preparatory phase for graduation from Least Developed Country status. Between 2015 and 2020, the nation's real GDP grew by an annual average of 5.2 per cent, reaching a high of 8.2 per cent in the 2019 fiscal year, just before the COVID-19 pandemic struck. Several factors have been taken into consideration in the preparation of the country strategic opportunities programme (COSOP), including the country's desire to graduate to middle-income country status in the medium term; the adverse impacts of climate change and COVID-19; and the need for steady economic growth in order to attain prosperity in the future. Rural poverty remains high, and youth unemployment is one of the most critical challenges to be surmounted in order to achieve the overarching goal of eliminating poverty.
2. This COSOP covers the period from 2023 through 2028. The completion review of the previous COSOP (2012-2022) was conducted in 2022. The new COSOP encompasses the 2022-2024 and 2025-2028 cycles of IFAD's performance-based allocation system. Based on current performance-based allocation system scores, IFAD funding for the next two cycles is estimated at US\$240 million.
3. The COSOP is aligned with the country's goal of eradicating poverty as set forth in the Bangladesh Delta Plan 2100 and the Perspective Plan of Bangladesh 2021-2041. Efforts to realize that goal were operationalized under the Seventh Five-Year Plan (2016-2020) and continued under the Eighth Five-Year Plan (July 2020-June 2025) based on three main strategies: job creation and rapid poverty reduction; inclusiveness in growth and prosperity; and resilience in the face of natural disasters and climate change as a driver for sustainable development. This alignment will ensure that IFAD lending and non-lending operations continue to support the Government's poverty reduction programme.
4. The overall goal of the COSOP is to promote rural prosperity by generating inclusive and resilient livelihood opportunities for smallholders, microentrepreneurs and marginalized groups. The following two strategic objectives have been validated in consultation with State and non-State stakeholders:
 - (i) **Strategic objective 1:** To strengthen the climate change adaptation and mitigation capacities of vulnerable rural communities through resilient infrastructure and climate-smart agriculture.
 - (ii) **Strategic objective 2:** To enhance the access of rural smallholders, microentrepreneurs and marginalized groups to financing, technology and markets so that they can diversify their economy and generate rural employment.
5. The cross-cutting themes of the empowerment of women, youth and marginalized groups, including ethnic minorities and persons with disabilities, will receive special attention. Other thematic areas include innovation, improved nutrition, natural resource management and climate change, and low-carbon technologies. The target group includes the rural poor, marginal and smallholder farmers, microentrepreneurs, and rural agricultural and non-agricultural producers.
6. IFAD will seek to collaborate with other development partners in delivering complementary financial, technical and advisory services to leverage the Fund's resources with a view to reaching the desired scales of intervention and results. These development partners include the Danish International Development Agency, the Government of the Netherlands, multilateral agencies such as the Asian Development Bank, the World Bank, the Food and Agriculture Organization of the United Nations and the World Food Programme.

People's Republic of Bangladesh

Country strategic opportunities programme

I. Country context and rural sector agenda: key challenges and opportunities

1. Bangladesh is home to nearly 164 million people and is the most densely populated country in the world (1,115.4 people per square km).¹ The annual population growth rate is 1.37 per cent. Bangladesh has a young population: 33.2 per cent of its people are in the 15-34 age bracket. Over the next two decades, 52.4 million young people will enter the workforce. The disability prevalence rate is 8.5 people per 1,000 population (9.3 men/7.7 women).²
2. The country's economy has been growing steadily for the past three decades, with GDP per capita reaching US\$2,022 in 2020. Bangladesh aspires to becoming a middle-income country over the medium term by eradicating poverty. In 2015-2020,³ the country posted an average annual real GDP growth rate of 5.2 per cent, with a peak of 8.2 per cent in the 2019 fiscal year just before the COVID-19 pandemic hit. GDP growth slowed to 3.5 per cent in the 2020 fiscal year and is estimated to have amounted to 5 per cent in the 2021 fiscal year. The economic structure has been shifting away from agriculture and towards industry and services. In the 2019 fiscal year, primary, secondary and tertiary sectors contributed 13.7 per cent, 35 per cent and 51.4 per cent to GDP, respectively.⁴
3. **Poverty reduction.** In the 2018 fiscal year, 13 per cent of the population was considered extremely poor and 20.5 per cent of households were below the poverty line. The COVID-19 pandemic caused the situation in the fiscal years 2019, 2020 and 2021 to deteriorate across Bangladesh. Mass poverty persists, and the number of poor people is high. Some of the most vulnerable areas are the *haor* wetlands, the coastal deltas, riverine flood plains and the accretive landforms known as *chars*, where millions of poor families live.
4. **Adverse impacts of COVID-19⁵ and the war in Ukraine.** With significant declines in GDP (US\$9.4 billion), exports (US\$8 billion), investment (US\$5.8 billion) and tax revenues (US\$2.35 billion),⁶ the macroeconomic situation has deteriorated as a result of the COVID-19 pandemic, which has put a huge strain on an already fragile national health-care system and had caused 28,000 deaths by the end of 2021. Another 19.5 per cent of the nation's households had fallen below the national poverty line by August 2021, joining the 20.5 per cent of households that were already in that position. Temporary job losses in the private sector have been especially marked in the case of low-skilled jobs in shops, the trades, restaurants and the transport sector. Several studies have reported an increase in hunger in both urban and rural areas: 9 out of 10 households experienced a negative income shock to some extent during the lockdown, which may have resulted in a lower food intake,⁷ and 12 per cent of extremely poor households were reported to be suffering from hunger in June 2020. Food expenditure was reported to have

¹ Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning of Bangladesh, *Report on Bangladesh Vital Statistics and Basic Country Information* (2019).

² Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning of Bangladesh, *Bangladesh Labour Force Survey 2016-2017*.

³ Bangladesh Bank, *Bangladesh Bank Quarterly* (July-September 2020).

⁴ Bangladesh Bank, *Bangladesh Bank Quarterly* (July-September 2020), and Bangladesh Bank, *Bangladesh Bank Annual Report 2012* (2013).

⁵ The vaccination rate has gone up to 70 per cent and is rising. No deaths have been reported in recent weeks. The infection rate is around 0.2 per cent (Source: Ministry of Health).

⁶ General Economics Division, Bangladesh Planning Commission, Government of Bangladesh, *Eighth Five-Year Plan: Promoting Prosperity and Fostering Inclusiveness (July 2020 - June 2025)* (December 2020).

⁷ Ahmed, F., Islam, A., Pakrashi, D., Rahman, T., and Siddique, A., *Determinants and Dynamics of Food Insecurity during COVID-19 in rural Bangladesh*, Food Policy, vol. 101 (2020).

decreased by 28 per cent and 22 per cent in urban and rural areas, respectively.⁸ The Export Promotion Bureau estimates that the Russian Federation shipped a total of \$466.7 million in goods to Bangladesh in 2020 and 2021 (primarily wheat, edible oils, fertilizers and chemicals, steel and aluminum). While the conflict in Ukraine may have an effect on the cost of agricultural inputs globally, it is not expected to have any immediate negative effects on the Bangladeshi economy.⁹

5. **Women.** Although progress has been made, much remains to be done to improve women's economic capabilities and opportunities. Bangladesh scored 0.537 on the Gender Inequality Index¹⁰ in 2019. The participation of women in both the formal and informal sectors of economic life has increased thanks to: (i) an improvement in their access to education and financial services; and (ii) the increasing availability of opportunities in rural areas, including in the agricultural sector, which is encouraging rural women to take up informal jobs in order to contribute to their family income. The problem of gender-based violence persists, particularly in the context of poverty and malnutrition and in marginalized and disadvantaged communities.¹¹
6. **Youth employment.** The youth unemployment rate is 79.6 per cent.¹² The 2017 National Youth Policy is designed to provide special support to rural youth, but there is no concrete plan for bringing that about. Many young people in Bangladesh do not have the financial or technical skills they would need to develop diversified enterprises; they also face geographical limitations. Only 1.8 per cent of the country's workforce has received formal skills training.¹³ However, 91 per cent of the young adult population (both males and females in the 15-29 age group) is literate and is thus in a position to benefit from vocational training.
7. **Ethnic minorities.** Bangladesh has around 30 ethnic minorities, with the Santal, Orao, Chakma, Marma, Garo, Khashia, Tripura, Monipuri and Rakhain peoples being the largest groups. The Santal and Orao populations live in the north-western Barind Tracts, while Chakma, Marma and Tripura peoples live in the southern part of the Chittagong Hill Tracts. Ethnic minorities' major source of income is agriculture, although, thanks to improved educational and economic prospects, coupled with a desire to integrate into the larger economy, they are gradually moving into trades and other sectors.
8. **Nutrition.** Although food security had improved before the pandemic struck, the country has experienced some setbacks: 28 per cent of preschool children were stunted as at 2019 (although other studies put the figure for stunting among children under 5 years of age at 36 per cent¹⁴), 23 per cent were underweight, around 10 per cent were classified as suffering from wasting,¹⁵ and 2.4 per cent of children under 5 years of age were found to have micronutrient deficiencies and to be at risk of malnutrition.¹⁶ More than half of all women in Bangladesh suffer from chronic energy deficiency, and 36.7 per cent of women of reproductive age have anaemia. The empowerment of women is a critical factor in improving access to

⁸ Bidisha, S.H., Mahmood, T. and Hossain, M.B. (2021), Social Indicators Research, vol. 155, *Assessing Food Poverty, Vulnerability and Food Consumption Inequality in the Context of COVID-19: A Case of Bangladesh* (2021).

⁹ The IFAD Country Office will monitor the situation with a view to mounting a response if necessary, as was done in the case of the outbreak of COVID-19.

¹⁰ This is a composite measure of inequality in achievement between women and men in the areas of reproductive health, empowerment dimensions and the labour market. The index ranges from 0 (total equality between women and men) to 1 (total inequality). See: <https://hdr.undp.org/sites/default/files/Country-Profiles/BGD.pdf>.

¹¹ IFAD Bangladesh Social Sector Study (2021).

¹² Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning, *Bangladesh Labour Force Survey 2016-2017*.

¹³ Bangladesh Bureau of Statistics, Statistics and Informatics Division, Ministry of Planning, *Bangladesh Labour Force Survey 2016-2017*.

¹⁴ Scaling up Nutrition, <https://scalingupnutrition.org/sun-countries/bangladesh/>.

¹⁵ Bangladesh Bureau of Statistics, *Multiple Indicator Cluster Survey 2019 – Survey Findings Report* (2019) Available at: https://www.unicef.org/bangladesh/media/3281/file/Bangladesh%202019%20MICS%20Report_English.pdf.

¹⁶ Global Nutrition Support, <https://globalnutritionreport.org/resources/nutrition-profiles/asia/southern-asia/bangladesh/>.

nutritious food, strengthening nutritional, health and hygiene education¹⁷ and leading transitions towards nutrition-sensitive food production.¹⁸

9. **Agriculture.** The primary sector still provides about 40 per cent of total employment and remains a major source of income in rural areas. Bangladesh is close to achieving rice self-sufficiency. Horticulture, livestock and fish production are the most profitable and high-growth rural businesses. However, various constraints are slowing down the transformation of the sector towards a more diversified, resilient production system. Bangladesh also faces challenges in meeting standards for food exports.¹⁹ Despite a broader rural economic transformation process, the agricultural sector is still dominated by rice cultivation and is driving much of the growth in productivity.²⁰
10. **Rural finance.** A sustainable rural economy depends on increased investment, and accessible microfinance services play a contributing role in that regard. About 33.38 million people (91.8 per cent of whom are women)²¹ were clients of microfinance institutions (MFIs) in 2020,²² and the size of the loans provided by MFIs to finance the expansion of rural businesses is increasing. More than 50 per cent of the microenterprise loan portfolio is made up of loans larger than 100,000 taka or US\$1,200. Seasonal agricultural loans are currently the most significant loan product and are critical for the rural economy.
11. **International remittances.** Remittances from abroad, which increased steadily from US\$16 billion in 2015 to approximately US\$24 billion in 2020, are an important source of income for many rural families and for the Government's macroeconomic management scheme. IFAD is currently providing a US\$1 million grant under the Rural Microenterprise Transformation Project (RMTP) to the Ministry of Expatriates' Welfare and Overseas Employment for the development of a small subproject for recipient households on the utilization of remittances for productive activities.
12. **Rural infrastructure.** Paved road connectivity in rural areas has improved, but 50 per cent of rural roads are still not paved. Investments in irrigation systems and minor embankments are the main drivers for increases in agricultural production. However, this kind of infrastructure is highly vulnerable to climate change and poses maintenance challenges. Infrastructure upgrades such as climate-proofing, solutions for increasing groundwater shortages and post-harvest infrastructure all require investment.
13. **Environment and climate change.** The geographic configuration of the country makes it highly vulnerable to environmental and climate shocks. The Notre Dame Global Adaptation Initiative²³ classifies Bangladesh as being highly vulnerable to climate change (157th out of 182 countries). Mean temperatures are expected to rise and annual rainfall is expected to increase, thereby lengthening the monsoon season, heightening the chances of flooding and altering cropping calendars. Rising sea levels pose a threat to coastal areas in the form of the loss of land and, importantly, salinization of groundwater. Furthermore, millions of people risk losing their houses and farmland as a result of these impacts,²⁴ which could eventually

¹⁷ Government of Canada, European Union, UKaid, UNICEF, USAID, WFP, WHO and World Bank, *Undernutrition in Bangladesh – A Common Narrative* (2014). Available at: http://scalingupnutrition.org/wp-content/uploads/2014/06/Common-Narrative_BANGLADESH-Final.pdf.

¹⁸ Even et al, *Nutrition, Women's Empowerment and Sustainable Food System Transitions* (2021).

¹⁹ The Bangladesh Institute of Public Health indicated that 50 per cent of food items tested between 2001 and 2009 were contaminated, mainly with pesticide residue.

²⁰ IFAD Bangladesh Social Sector Study (2021).

²¹ The Bangladeshi microfinance sector has historically been focused on women, but loans are sometimes used by other family members for family-owned businesses and other income-generating activities.

²² *Microfinance Statistics*, 2012 and 2020, and reports of the Credit and Development Forum, Bangladesh.

²³ Notre Dame Global Adaptation Initiative. Available at: <https://gain.nd.edu/our-work/country-index/rankings/>.

²⁴ Chen, J., and Mueller, V., Nature Climate Change, vol. 8, *Coastal Climate Change, Soil Salinity and Human Migration in Bangladesh* (2018).

give rise to a population of 13 million internal climate-change migrants by 2050.²⁵ The combined effects of climate change could range from a loss from 1.3 per cent (moderate climate change scenario) to 20 per cent (extreme scenario) of GDP per year.

14. Groundwater contamination and depletion are widespread problems which are caused by agricultural production activities and industrialization. The growth of small-scale industries such as leather manufacturing and intensive animal husbandry has not been accompanied by enough investment in water, pollutant and degradation management. Land degradation and biodiversity loss (aquaculture, biome degradation, monocropping and loss of diversified seed varieties)²⁶ undermine ecosystem services and productivity potential.

II. Government policy and institutional framework

15. The country strategic opportunities programme (COSOP) aligns with the country's long-, medium- and short-term development goals, strategies and targets as set forth in the Bangladesh Delta Plan 2100, the Perspective Plan of Bangladesh 2021-2041 and the Eighth Five-Year Plan (July 2020-June 2025), respectively.
16. **Bangladesh Delta Plan 2100.** Developed in 2018,²⁷ the Delta Plan addresses the long-term challenges and opportunities surrounding one of the biggest deltas in the world and sets out a vision for achieving a safe, climate-resilient and prosperous delta by the end of the twenty-first century. It defines the following higher-level goals: Goal 1: Eliminate extreme poverty by 2030; Goal 2: Achieve upper-middle-income status by 2030; and Goal 3: Being a prosperous country beyond 2041.
17. **Perspective Plan of Bangladesh 2021-2041.**²⁸ The central theme of this plan is "Poverty will become a thing of the past". This transformation is to be brought about by promoting rapid inclusive growth, building an innovative knowledge economy and protecting the environment.
18. **Eighth Five-Year Plan (July 2020-June 2025).**²⁹ This implementation plan carries forward the strategies of the last two five-year plans: promoting labour-intensive, export-oriented manufacturing-led growth; promoting agricultural diversification; promoting internet-based entrepreneurship; strengthening overseas employment; constructing sustainable communications infrastructure; and improving environmental protection and climate adaptation.
19. **Food and Nutrition Security Policy (2020).**³⁰ This policy supports the availability of safe and nutritious food for a healthy diet at an affordable price. It seeks to increase access to nutrition-sensitive social protection and safety nets across the life cycle and to foster capacity-building and partnerships for effective policy implementation.
20. **National pathway document for the United Nations Food Systems Summit (UNFSS).** As part of the UNFSS held in September 2021, the Government of

²⁵ World Bank Group, *Groundswell: Preparing for Internal Climate Migration* (2018).

Available at: <https://openknowledge.worldbank.org/handle/10986/29461>.

²⁶ Degradation: erosion, contamination, salinization, acidification, deforestation and loss of fertility. See:

<https://www.worldbank.org/en/results/2016/10/07/bangladesh-strengthening-bangladeshs-environment-natural-resource-management>.

²⁷ General Economics Division, Bangladesh Planning Commission, Ministry of Planning of Bangladesh, *The Bangladesh Delta Plan 2100* (2018).

²⁸ General Economics Division, Bangladesh Planning Commission, Ministry of Planning of Bangladesh, *Making Vision 2041 a Reality: The Perspective Plan of Bangladesh 2021-2041* (2020).

²⁹ General Economics Division, Bangladesh Planning Commission, Ministry of Planning of Bangladesh, *Eighth Five-Year Plan (July 2020-June 2025) – Promoting Prosperity and Fostering Inclusiveness* (2020).

³⁰ *National Food and Nutrition Security Policy of Bangladesh*.

See: <http://fpmu.gov.bd/agridrupal/sites/default/files/file/policy/NFNSP-2019-Draft-English.pdf>.

Bangladesh presented a national pathway document,³¹ which emphasizes the need to adopt sustainable, inclusive and resilient climate-change pathways while extending social protection for poor and vulnerable groups based on a life-cycle approach.

21. **Climate Change Strategy and Action Plan, 2009.** This plan prioritizes adaptation and disaster risk reduction in six strategic areas,³² including food security and infrastructure. Widespread adaptation efforts based on the National Solar Energy Roadmap for 2021-2041, the mainstreaming of climate-resilient infrastructure engineering design policies and the creation of the Bangladesh Climate Change Trust Fund are now under way. The country's nationally determined contribution (NDC)³³ was updated in 2021. It sets out a pathway towards a low-carbon development process and a climate-resilient economy and outlines unconditional and conditional measures for reducing emissions by 2030 relative to the business-as-usual scenario (6.7 per cent - 28 MtCO_{2eq} and 15.1 per cent - 62 MtCO_{2eq}). Adaptation measures focus on increasing food productivity and sustaining growth in the face of the adverse impacts of climate change.

III. IFAD engagement: lessons learned

22. **Lessons learned.**³⁴ The following lessons from 13 ongoing and completed projects will influence the design and implementation of future projects:
- (i) **Project design and implementation.** Superior project performance is strongly supported by simplicity of project design (i.e. limited activities, as in the Coastal Climate-Resilient Infrastructure Project [CCRIP]), clarity around coordination and last-mile service delivery (i.e. the Promoting Agricultural Commercialization and Enterprises Project (PACE) and the National Agricultural Technology Programme – Phase II [NATP2]) and strong implementing agencies tasked with project activities that match their strengths.
 - (ii) **Rural infrastructure.** Appropriate rural infrastructure, such as market connector roads, small embankments to protect farmland from saline water and floodwaters, and irrigation works provide critical support for agricultural livelihoods and for increased production, higher farm prices and higher household incomes. This infrastructure needs to be associated with investment in production support. As has been done in CCRIP and later in the Promoting Resilience of the Vulnerable through Access to Infrastructure, Improved Skills and Information (PROVATI³) Project, the integration of climate resilience features into infrastructure design and construction enhances sustainability and reduces the vulnerability of local communities.
 - (iii) **Access to finance.** Access to finance remains of critical importance in enabling the poor, smallholders and microentrepreneurs to create self- and wage employment opportunities, as has been amply demonstrated by all the microfinance projects that have been undertaken. The relatively high rates of interest on MFI loans and other forms of financing³⁵ pose critical challenges.

³¹ Government of Bangladesh, *Towards Sustainable Food Systems in Bangladesh – National Pathway Document for the Food Systems Summit* (2021).

See: https://summitdialogues.org/wp-content/uploads/2021/09/UNFSSPathwayDocument_Bangladesh.pdf.

³² Ministry of Environment and Forests of Bangladesh, *Bangladesh Climate Change Strategy and Action Plan* (2009).

³³ Ministry of Environment, Forest and Climate Change, *Nationally Determined Contributions (NDCs) 2021 – Bangladesh (Updated)* (2021). See: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Bangladesh%20First/NDC_submission_20210826revised.pdf.

³⁴ IFAD priorities and the nature of these projects have evolved over time. Discussions on historical perspectives and the 2012-2022 IFAD portfolio are detailed in the COSOP 2012-2022 completion review.

³⁵ Since public savings mobilization is prohibited, Bangladeshi MFIs mainly rely on loans from commercial banks and the Palli Karma-Sahayak Foundation and on beneficiaries' savings. MFIs have expressed the hope that the larger MFIs could become microfinance banks capable of accepting public savings. The Ministry of Finance and the Microcredit Regulatory Authority have not yet introduced a microfinance banking law for the nation.

- (iv) **Value chain development.** When fundamental physical infrastructure is already in place, the value chain approach to business development and financial services has proven to be a successful model. Applications of internet-based technologies will be critical for managing projects, value chains, and agricultural and other microenterprises.
- (v) **Policy engagement.** Relatively small improvements in project- and sector-level policies and practices have brought significant benefits for project beneficiaries. More systematic analysis and research-based policy development and advocacy will play an important role in engaging with the Government of Bangladesh and bringing about more systemic changes.
- (vi) **Poverty focus.** The successful inclusion of a large majority of beneficiaries from extremely poor and marginal small farming communities has been effective in reducing poverty. An emphasis on climate-resilient livelihoods has produced excellent results in extremely vulnerable project districts.
- (vii) **Nutrition.** Improved food safety, diversified home gardening support and women's empowerment can facilitate the adoption of more agroecological practices and more nutritious and diversified diets (the Smallholder Agricultural Competitiveness Project [SACP] and NATP2).

IV. Country strategy

A. Comparative advantage

23. IFAD has the following comparative advantages: a track record of successfully implementing projects in extremely vulnerable areas; critical insights and experience in agriculture-centric infrastructure development, in financial services for the poor, rural and other microenterprises, in agricultural ventures and agribusinesses, and in practical climate adaptation activities such as flood forecasting; effective partnerships with key ministries and implementing agencies; partnerships with a large number of NGO-MFIs and with rural private sector organizations; and the capacity to organize large numbers of informal groups of women, men and youth to further social and economic development processes under microfinance and value chain development programmes.

B. Target group and targeting strategy

24. IFAD's core targeting strategy focuses on the poor, small and marginal farming families, and microenterprises as direct beneficiaries. Rural financial services³⁶ for investing in improved livelihoods are delivered through NGO-MFIs to their clients. For value chain development, the strategy involves organizing farm and/or non-farm sector-specific³⁷ poor beneficiaries and microenterprises in the relevant functional categories, which include input suppliers, producers, traders, support service providers and small-scale processors. Priority is given to women and youth in specific farm and non-farm sectors, ethnic minorities, marginalized groups and persons with disabilities.
25. IFAD uses geographic targeting for climate-resilient infrastructure development, land restoration and the promotion of climate-smart agriculture (CSA). It identifies the poorest districts and subdistricts in the most vulnerable geographical areas that have differentiated access to land (e.g. the *haor*, coastal and *char* regions). The final selection of the type of infrastructure and project location is determined on the

³⁶ These services mainly consist of credit for the very poor, the poor, marginal and small farmers, and microenterprises. Microinsurance is an underserved and underdeveloped financial service.

³⁷ Examples include high-value horticulture, pond fisheries, poultry and livestock, seeds and pulses, processed foods, ecotourism, footwear and jewelry made of materials other than gold and silver. The production of footwear, leather goods and jewelry is a major industry; thousands of microenterprises employ hundreds of thousands of young rural women and men in small family enterprises and factories. Supporting these microenterprises is in line with IFAD's promotion strategy, and IFAD, working in conjunction with the Government of Bangladesh, has succeeded in improving the quality and productivity of these businesses in selected clusters. According to the latest official data (2013 Economic Census), the country has more than 7.8 million enterprises, of which more than 99 per cent are SMEs and cottage industries.

basis of need and technical feasibility. Mechanisms to ensure that projects benefit the poor, including interventions to secure lease and tenure rights, are explored.

C. Overall goal and strategic objectives

26. **Overall goal.** The overall goal is to promote rural prosperity by generating inclusive and resilient livelihood opportunities for smallholders, microentrepreneurs and marginalized groups. This goal will be achieved in the medium term through graduation from Least Developed Country status and, in the longer term, by placing the country on a sustainable growth pathway and adopting a food systems approach.
27. **Strategic objective 1 (SO1): To strengthen the climate change adaptation and mitigation capacities of vulnerable rural communities through resilient infrastructure and CSA.**
28. To achieve SO1, CSA practices³⁸ will be promoted, with various partners contributing technical knowledge, inputs and services. The promotion of these practices will be guided by IFAD's previous experience with Adaptation for Smallholder Agriculture Programme (ASAP) projects. SO1 will support research and development to bring actionable knowledge to local communities, including climate information services. Community resilience will be promoted through community-driven processes for planning and implementing agriculture-centric and resilient infrastructure³⁹ for inclusive rural employment, nutrition and food security focusing on women and youth. The support will include productivity-focused assets such as small-scale roads, market infrastructure, renewable energy and irrigation systems, along with the broader "hard" investments needed to reduce climate vulnerability, such as shelters and low-cost village protection systems. Investments will be climate-proofed and coupled with soft investments in rural institutions and in operation and maintenance mechanisms. Attention will be devoted to land tenure⁴⁰ issues, as necessary. The evidence that is gathered will be used to strengthen climate change adaptation and mitigation policies and will support the work involved in implementing the country's NDC and fulfilling other international environmental commitments.
29. **Strategic objective 2 (SO2): To enhance the access of rural smallholders, microentrepreneurs and marginalized groups to financing, technology and markets so that they can diversify their economy and generate rural employment.**
30. The achievement of SO2 will increase investment opportunities for smallholders and microenterprises in high-value commercial agriculture and non-farm rural businesses, including e-commerce ventures, catering to national and international markets. Future investments will create more value by promoting local processing, serving market niches (e.g. organic/ecological products),⁴¹ supporting the production and use of safe and nutritious foods, integrating digital technologies for improving food safety and traceability, participating in export markets via the formal private sector and supporting the expansion of the rural non-farm microenterprise sector. Women and youth in farm and non-farm sectors will benefit from vocational training, and institution-building activities will strengthen such organizations as informal producer groups' business associations, multi-stakeholder platforms, regulatory and certification/testing agencies, market information and

³⁸ These practices include a wide range of activities, such as strengthening local organizations and institutions to field actions involving, for example, sustainably managing forest and land resources under climate change conditions or sustainably managing montane forest and land resources under climate change conditions. See the following FAO study for examples: <https://www.fao.org/3/cb5359en/cb5359en.pdf>.

³⁹ Climate resilience features will be incorporated into future infrastructure projects, as has been done in CCRIP and PROVATI.
⁴⁰ IFAD has contributed to the settlement of poor people in a number of newly formed *chars* by facilitating the distribution of land titles by the Government. It falls outside the scope of IFAD's work to engage in any land tenure issues.

⁴¹ The excessive use of agrochemicals has been identified as one of the major environmental and health problems that need to be addressed. Programmes and projects will employ an agroecological approach and value chain measures to tackle this issue.

technology providers, and research and product development enterprises. Support will also be provided for sector policies aimed at providing better access to different services.

31. Additional financial resources will be made available to enhance access to credit for smallholders, other members of rural communities, and farm and non-farm microenterprises. IFAD projects will work with apex financial institutions, regulators, the Bangladesh Securities and Exchange Commission, Bangladesh Bank (the country's central bank), MFIs, the Bangladesh Food Safety Authority and other stakeholders to facilitate local resource mobilization mechanisms, including crowdfunding, and the introduction of microinsurance; support the development of an ecosystem for digital, mobile phone and other information and communications technologies for development (ICT4D)-based financial services and strengthen value-chain-related policies and practices. Households that receive remittances will be encouraged to increase their savings by working with MFIs and building equity in microenterprises.
32. **Theory of change.** Bangladesh is one of the most vulnerable countries to climate change in the world owing both to its high rate of rural poverty and its exposure to climate risks. The theory of change behind this COSOP is built on two pillars: (i) improving rural communities' adaptation and mitigation capacity; and (ii) developing local economic and employment-generation opportunities, with particular emphasis on women and youth, as a resilience-building strategy. More effective climate change adaptation measures and increased productivity will lead to more local employment and income opportunities, which will in turn help to improve the population's nutritional status, well-being and environmental conditions.
33. The COSOP will contribute to the achievement of Sustainable Development Goal (SDG) 1 (end poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 8 (decent work and economic growth) and SDG 13 (climate action).
34. **Mainstreaming themes.** The COSOP will continue supporting and strengthening progress in the following areas:
 - (i) **Gender.**⁴² The policy of placing priority on women's participation in all projects will be strengthened with a view to ensuring that women play a leadership role in various forums, increasing the number of women business owners and the level of self-employment and wage employment among women, encouraging internet use among women and expanding their access to non-financial services.
 - (ii) **Youth.** Youth employment will be a high priority in the SO2 projects focusing on professional skill development, job placement and self-employment as means of supporting employment opportunities for the rural youth of Bangladesh.
 - (iii) **Ethnic minorities and persons with disabilities.** As agriculture and agribusinesses are the main livelihoods for these groups, value chain projects and financial services projects will continue to provide support for ethnic minorities through specifically designed activities. Persons with disabilities will be encouraged to participate in ongoing and future vocational training activities and other projects suited to their abilities.
 - (iv) **Nutrition.** All projects under the COSOP will support activities that promote nutrition education, social and behavioral change, and communication about good nutrition. These activities will target adolescent girls, women and

⁴² The percentage of women beneficiaries in IFAD-funded projects has historically been quite high: +70 per cent in microfinance, +50 per cent in value chain development, +50 per cent in training and capacity-building, and +70 per cent in labour contracting societies. The percentage of women in leadership positions in community-level groups is also significant.

children, in particular, and will be conducted in cooperation with other organizations. The COSOP will concentrate on raising awareness about what constitutes a nutritious diet and about the availability, accessibility and affordability of a diversified diet composed of safe, nutritious foods. The focus will also be on the promotion of safe foods and better health conditions for poor and marginalized groups.

- (v) **Natural resources and climate change.** The COSOP will support the Government's action plan concerning the environment, climate change, low-carbon technologies and renewable energy and will contribute to the implementation of the Bangladesh Delta Plan 2100 and the country's NDC. Partnerships will be established with the relevant ministries, other government agencies and NGOs to this end.
- (vi) **Internet applications in management.** Internet applications will be supported across some projects as management tools, and smallholders and microenterprises will be encouraged to make use of these applications in their economic activities.

D. Menu of IFAD interventions

35. **Achieving the strategic objectives.** The strategic objectives will be achieved through continued implementation of the Char Development and Settlement Project IV-AF (CDSP IV-AF), SACP, PROVATI³, PACE and RMTP and through future projects such as the recently designed Climate and Disaster Resilient Small-Scale Water Resources Project (CDRSSWRP). The seven projects now under way represent a total cost of US\$1,025,740,000; IFAD's contribution consists of US\$432.94 million in loans and US\$20.34 million in grants.
36. An additional IFAD loan of US\$120 million will be available for the next three years (2022-2024); US\$41.4 million of those funds have already been committed in an arrangement with the Asian Development Bank to cofinance CDRSSWRP. A similar amount is expected to be made available for 2025-2028. Currently, the Danish International Development Agency (DANIDA) is providing US\$8.29 million in cofinancing for RMTP. The Government of the Netherlands is currently providing US\$21.49 million in cofinancing for CDSP IV-AF and has committed an additional US\$17.8 million for CDRSSWRP.
37. **Country-level policy engagement.** COSOP programmes and projects will contribute to the policy and regulatory environment in two key areas: (i) climate change adaptation, food safety, food system pathway transformation and microentrepreneur networks; and (ii) access to financial, technology and market services. The COSOP will support the development of policies based on the needs arising from the implementation of those programmes and projects by strengthening existing research and policy advocacy units or supporting the development of such units in a limited number of institutions, such as the Palli Karma-Sahayak Foundation (PKSF) (for financial services, business promotion and environment/climate change issues), the Local Government Engineering Department (for rural infrastructure, small irrigation works and physical environment/climate change issues), the Bangladesh Water Development Board and the Institute of Water and Flood Management (for water and flood management issues). Additionally, strategic partnerships will be formed with the Government of Denmark and the United Nations in the area of climate change.⁴³ Strategic alliances will also be built with the Government of Denmark to address food safety issues, with the Government of the Netherlands in the effort to combat climate change, with the Swiss Agency for Development and Cooperation to work

⁴³ Examples of future policy engagement issues are: climate change adaptation and mitigation; expansion of safe food testing facilities throughout the country; policies on e-commerce and the QR code payment system for microenterprises; crowdfunding; the application of blockchain technology; and deployment of community-based flood forecasting.

on remittance-related issues and with the Japan International Cooperation Agency to promote the development of export markets.

38. **Capacity-building.** The COSOP will support capacity-building activities for project target groups and direct beneficiaries,⁴⁴ implementing agencies, relevant government departments and ministries, regulatory agencies, research and development organizations, academic institutions and relevant sectoral associations. These capacity-building activities will take the form of training, technical assistance, information, network-building, policy analysis, research and support for pilot initiatives.
39. **Knowledge management.** The COSOP projects will work with various institutions (e.g. NGOs, research and academic institutions, United Nations agencies and government organizations) to identify lessons and share knowledge. Each project will incorporate an interactive knowledge-sharing system to increase technical information preservation, usage and access. Progress reports and internal outcome reports will be used as a basis for making management choices, while impact studies will inform government policymakers and external stakeholders and will serve as a source of insights about the projects' impacts on beneficiary groups. Policy lobbying will be underpinned by research reports and policy papers.
40. **South-South and Triangular Cooperation.** South-South and Triangular Cooperation efforts will focus on generating knowledge, lessons learned and capacities for addressing climate change; exchanging technology and best practices to improve agricultural productivity; expanding rural smallholder producers' access to more formal markets; and creating new investment opportunities. The country projects will be implemented in cooperation with IFAD hubs and other centres and will be coordinated with regional knowledge management initiatives.
41. **Communication and visibility.** Each project will have a robust strategy for communicating with relevant stakeholders. The strategies will be supported by appropriate documentation, such as policy papers, research papers, project reports and success stories. Appropriate platforms, including social media, the press, television and seminars will be used. IFAD's communication team will support the active dissemination of results and achievements.

V. Innovations and scaling up for sustainable results

42. **Innovations.** Building on past innovations,⁴⁵ this COSOP will promote new ones in such areas as the adaptation of ICT4D; promotion of commercial partnerships in rural businesses; solutions for climate change adaptation using ASAP knowledge; and project implementation.⁴⁶ Currently, more than 46 per cent⁴⁷ of the rural population has access to fourth-generation internet service, and the country programme will leverage this connectivity to offer digital financial services to rural smallholder farmers.
43. **Scaling up.** All current IFAD projects seek to replicate and scale up earlier projects. Modifications such as broadening the scope of value chain interventions, sectors and infrastructure, the use of information technologies to secure lands rights for women and the poor, innovative integrated last-mile extension systems

⁴⁴ Capacity-building interventions are included in specific project designs.

⁴⁵ Past and ongoing IFAD projects in Bangladesh have developed innovative products (e.g. financial services) and project implementation processes, introduced available technologies in new areas, and developed partnerships with research institutions and private businesses.

⁴⁶ This has mainly been done in the areas of financial services (e.g. blended and climate-proof finance) and value chain development (e.g. labelling), payments for ecosystem service programmes linked with agricultural investments, sustainability-linked debt (including loans and bonds with environmental conditions attached) and nature-linked insurance schemes based on adaptation and greater resilience driven by improved environmental management.

⁴⁷ According to the results of the Digital Literacy in Rural Bangladesh Survey conducted and published by the Bangladesh Rural Advancement Committee (BRAC) in 2020, 46 per cent of the rural population has access to the internet. Most of this coverage (which is thought to have expanded further since then) is attributable to the fourth-generation internet service provided by mobile operators.

and the establishment of multi-purpose water user groups and cooperatives have evolved over time to meet beneficiaries' needs. The COSOP will continue to scale up successful projects or project activities in the same or different parts of the country.

VI. COSOP implementation

A. Financial envelope and cofinancing targets

44. Table 1 presents the overall financial envelope.

Table 1

IFAD financing and cofinancing of ongoing and planned projects

(Millions of United States dollars)

<i>Projects</i>	<i>IFAD financing</i>	<i>Cofinancing</i>		<i>Cofinancing ratio</i>
		<i>Domestic</i>	<i>International</i>	
Ongoing				
Seven projects	432.94	348.58	245.30	
Planned				
New project (CDRSSWRP)	42.98	58.16	123.86	
Future projects	197.02	141.84	276.14	
Total	672.94	548.58	645.3	1:1.77

45. **IFAD finance.** During the Twelfth Replenishment of IFAD's Resources (IFAD12), Bangladesh received an allocation of US\$119.2 million, which includes US\$86.2 million under the performance-based allocation system (PBAS) and US\$33 million in Borrowed Resource Access Mechanism (BRAM) funds. During the April 2022 Executive Board session, US\$42.9 million in financing was approved from this cycle, while the rest of the allocation is in the pipeline. It is foreseen that the country will receive a similar allocation in the course of the IFAD13, bringing the overall amount of financing covered by this COSOP to approximately US\$240 million.
46. **Loan conditions.** Bangladesh is categorized as a lower-middle-income country and is eligible for loans on blend terms. During the IFAD11, it transitioned to blend terms under the PBAS and is now subject to a mix of highly concessional and blend terms. According to the May 2020 Joint World Bank-IMF Debt Sustainability Analysis, Bangladesh remains at a low external risk and low overall risk of debt distress, despite the economic shock caused by COVID-19. In addition to the PBAS, Bangladesh is also entitled to access BRAM funds on ordinary terms. The applicable interest rate on loans on ordinary terms bears a maturity premium differentiated by income category and the average repayment maturity bucket. Bangladesh falls into category 1.
47. **Cofinancing.** In addition to US\$327.15 million in ongoing projects, US\$200 million is expected as cofinancing from domestic sources, including the Government of Bangladesh, during the period covered by this COSOP. In addition to US\$245.3 million for ongoing projects, US\$400 million is expected as cofinancing from international sources, including a US\$128.80 million commitment for the new CDRSSWRP project.

B. Resources for non-lending activities

48. DANIDA and the Government of the Netherlands are cofinancing the RMTF (US\$8.29 million) and CDSP IV-AF (US\$21.49 million) projects. Ongoing discussions indicate that both institutions are keenly interested in financing future IFAD-led projects.
49. IFAD will explore opportunities for securing access to funding for the design of environmental and climate-related projects that could be cofinanced with such institutions as the Global Environment Facility, the Green Climate Fund and the Adaptation Fund. The following areas offer a strong potential for leveraging climate

cofinancing under the COSOP:⁴⁸ (i) innovative climate-resilient production systems in the dynamic *char* areas; (ii) adoption of multi-purpose nature-based solutions; (iii) low-carbon pathways to better food systems; and (iv) building resilience into infrastructure and strengthening ecosystems-based adaptation approaches.

C. Key strategic partnerships and development coordination

50. Key future IFAD partnerships in the country will be pursued along much the same lines as ongoing partnerships:
- (i) **Government.** IFAD coordinates with the Government of Bangladesh at the project design, implementation and completion stages and in connection with COSOP design and reviews through the Economic Relations Division of the Ministry of Finance. The following bodies are currently implementing projects as counterparts: Ministry of Agriculture; Ministry of Fisheries and Livestock; Ministry of Local Government and Cooperatives; Ministry of Water Resources; Ministry of Disaster Management; and the Financial Institutions Division of the Ministry of Finance. IFAD will partner with other ministries as needed for future projects.
 - (ii) **Bilateral and multilateral agencies.** Cofinancing projects provide opportunities for highly successful, hands-on partnerships with the World Bank, Asian Development Bank, Government of the Netherlands, DANIDA and the United States Agency for International Development. IFAD representatives will regularly attend the annual country consultations in order to share information and views with all donors and the Government of Bangladesh.
 - (iii) **United Nations system.** IFAD is a member of the United Nations Country Team, and it participates in the formulation and implementation of the United Nations Development Assistance Framework. Two agencies – the World Food Programme and the Food and Agriculture Organization of the United Nations – are direct implementing partners in two projects. This type of collaboration will be continued, and collaborative efforts to help the country move towards the development of a pathway for food systems transformation will be strengthened.
 - (iv) **NGOs and research organizations.** IFAD will continue to engage in partnerships with NGO-MFIs to deliver rural financial services, conduct vocational training in *haor* and PROVATI³ project districts, and implement social and economic development components under CDSP IV-AF. Academic and research institutions will be engaged for research and development, policy analysis and advocacy.
 - (v) **Private sector.** With the exception of microenterprises working on various value chain projects, there has not been a great deal of interaction with the private sector. Partnerships with formal-sector businesses as buyers of agricultural produce, processors and business service providers will gradually be expanded. An effort will be made to engage with IFAD's Private Sector Financing Programme to provide financing directly to companies and to financial intermediaries for the purpose of onlending, investing or offering services to small farmers, the rural poor, microenterprises, and small and medium-sized enterprises under SO2.

D. Beneficiary engagement and transparency

51. **Beneficiary engagement.** All projects will be designed and implemented in consultation with beneficiaries. Inputs regarding the selection and implementation of project activities, participatory monitoring and the settlement of grievances are all examples of different types of engagement. Beneficiaries' views are critical

⁴⁸ See the Social, Environmental and Climate Assessment Procedures (SECAP) background study for details.

inputs for the selection of value chains, market research for value chain development, partnerships with the private sector and training styles.

52. **Transparency.** Transparency and accountability are key aspects of IFAD project implementation and are exemplified by the transparent recruitment of human resources and procurement of goods and services (IFAD's and the Government's procurement rules are routinely followed) and by the practice of publishing project results widely. IFAD projects are routinely audited by the Foreign Aided Project Audit Directorate and external auditors (in the case of PKSF) and checked by IFAD's financial specialists during supervision missions.

E. Programme management arrangements

53. The COSOP for 2023-2028 will be managed under the direction of the IFAD Country Office through the country director and will be supported by the subregional hub based in India. This will facilitate ongoing interaction in the area of knowledge management and the exchange of good practices between all subregional operations.
54. The management, implementation support and supervision of the country portfolio will be the responsibility of the Fund's country director and country team, in collaboration with the Government of Bangladesh and strategic partners. The country team is composed of the country director, two programme analysts, one programme assistant and two junior programme officers. External consultants who are specialists in different thematic areas work with the Country Office, which is supported by the regional hub and regional technical specialists based in the hub.

F. Monitoring and evaluation

55. The monitoring and evaluation (M&E) work will encompass the monitoring of the progress made towards the output and outcome indicators of the projects and programmes that are being implemented, the COSOP's midterm review and a final evaluation at the end of the implementation period. All projects' M&E systems will use IFAD core and additional indicators, disaggregated by gender, age and target group. IFAD will support the use by these M&E systems of information and communications technology to improve information management and digital reporting.

VII. Risk management

56. Table 2 provides a summary of risks and mitigation measures.

Table 2

Risks and mitigation measures

<i>Risks</i>	<i>Risk rating</i>	<i>Mitigation measures</i>
Political/governance	Medium	<ul style="list-style-type: none"> • Selection of strong implementing organizations. • Close supervision of projects by IFAD and coordination with line ministries and the Economic Relations Division. • Regular communication with different political actors to ensure IFAD's portfolio is always on their agendas. • Follow-up of country results on corruption levels. • IFAD's involvement in policy development in coordination with financial and technical partners and its target groups.
Macroeconomic	Low	<ul style="list-style-type: none"> • Selection of profitable value chains, promotion of agricultural productivity gains and diversification, and farmer sustainability and resilience. • Market diversification.
War in Ukraine	Low	<ul style="list-style-type: none"> • Expansion of financial service and value chain development projects to increase income and employment, in addition to improvements in the population's nutritional status.

		<ul style="list-style-type: none"> • Expansion of rural infrastructure projects, including irrigation projects, to create short-term employment for the poor and for vulnerable communities. • Monitoring of prices of imported farm inputs.
Sector strategies and policies	Medium	<ul style="list-style-type: none"> • Support for policies and guidelines that promote smallholder agriculture and microenterprises. • Expansion of demand-driven financial services. • Incorporation of private actors with market connections into policy dialogues and guidelines.
Institutional capacity	Medium	<ul style="list-style-type: none"> • Incorporation of capacity-building interventions in specific project designs by identifying institutional capacity gaps and designing projects on the basis of institutional mandates and strengths. • Recruitment of skilled professionals.
Portfolio	Medium	<ul style="list-style-type: none"> • Monitoring implementation of recommendations made by missions and support for project implementation.
Fiduciary – financial management*	Medium	<ul style="list-style-type: none"> • Incorporation of measures into project design and the application of those measures to ensure timely start-up, proper internal control and auditing, the use of computerized accounting systems and the timeliness of financial reporting and audits: <ul style="list-style-type: none"> • Detailing of financial management procedures; • Provision of training to project staff and the recruitment of qualified staff members; • Assessment of the flow of funding and of internal control, reporting and organizational arrangements during the design phase; • Adequate internal control measures at all levels; • Procurement and installation of appropriate accounting software to support proper financial reporting; and • Full assessment of financial management risks during the design phase and inclusion of risks and mitigation plans in the project design report.
Fiduciary – procurement	Medium	<ul style="list-style-type: none"> • Application of public procurement rules in all procurement operations. • Support in the form of training for in-house staff in procurement operations.
Environment and climate	High	<ul style="list-style-type: none"> • Integration of climate change adaptation and mitigation measures in all projects. • Application of IFAD’s Social, Environmental and Climate Assessment Procedures. • Support for the Government’s efforts to seek additional financial resources (enhanced Adaptation for Smallholder Agriculture Programme), Green Climate Fund, Global Environment Facility).
Social	Medium	<ul style="list-style-type: none"> • Continued inclusion of women, youth and persons with disabilities in all projects. • Prevention of the involvement of child labour in programme activities through careful planning of programme interventions and their harmonization with the National Plan for the Eradication of Child Labour (2020-2025).
Overall	Medium	<ul style="list-style-type: none"> • Successful implementation of all projects.

* Refer to financial management issues summary in appendix IX for details.

COSOP results management framework

Country strategy alignment <i>What is the country seeking to achieve?</i>	Related SDG and UNSDCF 2022-2026 Objectives	Key COSOP results <i>How is IFAD going to contribute?</i>			
		<p>Overall goal. To promote rural prosperity through generating inclusive and resilient livelihoods opportunities for smallholders, microentrepreneurs and marginalized groups.</p> <ul style="list-style-type: none"> • CI 1: 8 million persons receiving services promoted or supported [disaggregated by gender (50% men and 50% women), and 60% youth (age 35 or below)]. • Increase in HH income of 2,000,000 direct project beneficiaries disaggregated by three major target groups (smallholders, microentrepreneurs and marginalized groups). 			
<p>BDP 2100. Vision: Achieving a safe, climate-resilient and prosperous delta. Goal 1: Eliminate extreme poverty by 2030; Goal 2: Achieve upper-middle-income status by 2030 and Goal 3: Being a Prosperous Country beyond 2041.</p> <p>Perspective plan 2041: The two visions in PP2041 are: (a) Bangladesh will be a developed country by 2041, with per capita income of over US\$ 12,500 in today's prices, and fully in tune with the digital world; (b) Poverty will become a thing of the past.</p> <p>8th Five year plan (2020-2025). To achieve overall objective of poverty free country in</p>	<p>SDG #1 End poverty SDG # 13 Climate change SDG # 6 Water and sanitation</p> <p>UNSDCF Strategic Priority 3: Sustainable, Healthy and Resilient Environment</p>	<p>Strategic objectives <i>What will be different at the end of the COSOP period?</i></p> <p>SO 1: Climate change adaptation and mitigation capacities of rural vulnerable communities are strengthened through resilient infrastructure and climate smart agriculture.</p>	<p>Lending and non-lending activities for the COSOP period</p> <p>Lending/investment activities</p> <ul style="list-style-type: none"> • Ongoing • Indicative <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • CLPE • Partnerships • SSTC <p>Knowledge management</p>	<p>Outcome indicators* <i>How will the changes be measured?</i></p> <ul style="list-style-type: none"> • CI 3.2.2. 500,000 Households reporting adoption of environmentally sustainable and climate resilient technologies and practices • CI 3.2.1. 10% of GEI emissions avoided/sequestered in comparison with the baseline or the BAU scenario. 	<p>Milestone indicators* <i>How will progress be tracked during COSOP implementation?</i></p> <ul style="list-style-type: none"> • CI 1.1.2: 40,000 ha Farmland under water-related infrastructure constructed/rehabilitated • CI 3.1.4. 100,000 ha Land brought under climate resilient management • CI 2.1.5: 600 km Roads constructed, rehabilitated or upgraded • CI 3.1.1. 400 Groups supported to sustainable manage natural resources and climate related risks. • CI 3.1.2: 1.0 million Persons provided with climate information services (50% men and 50% women)

<p>7FYP and 8FYP, GoB strategies are:</p> <ul style="list-style-type: none"> • Employment generation and rapid poverty reduction • Inclusiveness in growth and prosperity • Sustainable development that is resilient to disaster and climate change <p><u>The National Food and Nutrition Security Policy (NFNSP) (2020) and its action plan (2021-2030)</u> Recognizes the need for transformation of food systems</p> <p><u>National Pathway Document for the UN Food Systems Summit (2021)</u>. To adopt sustainable, inclusive, and resilient climate change pathways, and extend social protection for the poor and vulnerable</p> <p><u>Climate Change Strategy and Action Plan (2009)</u> Developing a low-carbon development pathway and a climate resilient economy with six strategic priorities including food security and infrastructure.</p>	<p>SDG #8 sustainable economic growth and productive employment</p> <p>SDG # 2 End hunger</p> <p>SDG # 5 gender equality</p> <p>UNSDCF Strategic Priority 1: Inclusive and Sustainable Economic Development</p> <p>UNSDCF Strategic Priority 2: Equitable Human Development and Well Being</p>	<p>SO2: Rural smallholders, microentrepreneurs and marginalized groups have enhanced access to finance, technology and markets to diversify their economy and generate rural employment.</p>	<p>Lending/investment activities</p> <ul style="list-style-type: none"> • Ongoing • Indicative <p>Non-lending/non-project activities</p> <ul style="list-style-type: none"> • CLPE • Partnerships • SSTC • Knowledge management 	<ul style="list-style-type: none"> • CI2.2.1.100,000 New jobs created (at least 30% women and 40% youth). • CI 2.2.2. 500,000 Supported rural enterprises reporting an increase in profit (at least 30% women and 40% youth managed enterprises). • CI 2.2.5. 10,000 Rural producers´ organizations reporting an increase in sales. • CI 1.2.4. 500,000 Households reporting and increase in production. • CI 1.2.5. 250,000 Households reporting using rural financial services. • CI 2.2.6. 0.5 million Households reporting improved physical access to markets, processing and storage facilities • CI 1.2.9: 0.5 m Households with improved Knowledge, Attitudes and Practices (KAP) • Policy 3: 10 Number of existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment 	<ul style="list-style-type: none"> • CI 2.1.2. 100,000 Persons trained in income-generating activities or business management.(at least 30% women and 40% youth) • C 2.1.3. 10,000 Rural producers´ organizations supported • CI 1.1.3. 500,000 Rural producers accessing production inputs and/or technological packages (at least 30% women and 40% youth) • CI 1.1.5: 250,000 Persons in rural areas accessing financial services (savings, credit, insurance, remittances, etc.) (at least 30% women and 40% youth) • CI 2.1.5.600 km Roads constructed, rehabilitated or upgraded • CI 2.1.6. 50 Market, processing or storage facilities constructed or rehabilitated. • CI 1.1.8. 10,000 Households provided with targeted support to improve their nutrition. • Policy 1: 20 Number of policy-relevant knowledge products completed
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*all the indicators will be disaggregated by gender and youth.

Transition scenarios

Bangladesh has recently embarked on a graduation process from the LDC category. This expected transition to a developing country status will take place over an extended preparatory period of five years (the standard period is of three years) and as such will largely coincide with the present COSOP timeframe. The transition scenarios underpinning this COSOP are mainly defined based on the country's ability in maintaining its preferential access to export markets. The latter access tends to be constrained as graduation implies a progressive loss of LDC-specific special and differential treatments. Another key factor underpinning the transition is the ability of the country to regain the pace of the Pre-Pandemic economic growth at around 7 percent. Recurrent COVID-19 waves are derailing economic momentum amid generally low vaccination rates. The post -Pandemic recovery trajectory will largely dependant on stepping up the pace of vaccination as well as on fostering growth in key sectors, including the agricultural one. The latter sector which accounts for about 13.7 % of GDP will continue to employ about half of the workforce over the COSOP lifetime. While the LDC graduation process comes with a series of challenges, its successful conclusion will confer to the country a seal of global approval for development achievements and project positive signals to domestic and foreign investors regarding the country's business environment.

Table 1

Projections for key macroeconomic and demographic variables^a

<i>Case</i>	<i>Base</i>	<i>High</i>	<i>Low</i>
Average GDP growth (2022. – 2026..)	5.7	7.2	5
GDP per capita (2026..)	2530	3250	3000
Public debt (% of GDP) (2022.- 2026..)	32.5	32	33.1
Debt service ratio (2023..)	72.3	64	79.2
Inflation rate (%) (2025..)	5.5	5,4	5,6
Rural population	Current 101,8 mil (in 2020) (End of COSOP period): 100.3 Annual growth rate: - 0.25 %		
Investment climate for rural business ^b	(3.8/6) The 2021 RSPA score for Bangladesh stands at 3.8, slightly above the APR average score of 3.6. IFAD's Rural sector performance assessment (RSPA) measures the quality of countries' policies and institutions in the rural sector, for achieving rural development and rural transformation benefitting the poor. Bangladesh scored relatively high related to clusters #1 and # 4 of the RSPA index respectively covering the quality of policies and frameworks for ARD and access to agricultural input and output markets. The relatively low score on accountability, transparency and corruption weighted down on the overall RSPA score.		
Vulnerability to shocks	(5/6) Based on the ND-GAIN index score of 36.5 (combining a score of 0.543 on vulnerability and a score of 0.274 on readiness), The high vulnerability and low readiness scores of Bangladesh place it in the upper-left quadrant of the <u>ND-GAIN Matrix</u> . The country has both a great need for investment and innovations to improve readiness and a great urgency for action. Bangladesh is the 26 th most vulnerable country and the 24 th least ready country.		

Footnotes:

^a Suggested data sources: World Bank's "Global Economic Prospects", with 2-year projections; IMF Article IV consultations, with 2-year projections; Economic Intelligence Unit (EIU) "Country Forecasts" with 4-year projections.

^b Rating (1-6), based on justified qualitative assessment. Source RSPA

^c Rating (1-6), based on justified qualitative assessment of vulnerability to climate change; food price shocks; political risk.

The country development trajectory could play out according to the following three alternative scenarios, principally based on macroeconomic factors, including debt sustainability.

Base scenario: Following the 2020/2021 covid-induced deceleration, real GDP growth continues to hover around an average of 5.7 percent over the COSOP period. Policy reforms continue to be put in place, but domestic and external factors make it difficult to generate very rapid growth. Public and publicly guaranteed debt as a share of GDP continue to relatively low (the updated debt sustainability analysis (DSA) capturing the impact of the COVID-19 pandemic shocks shows that Bangladesh remains at low risk of debt distress).

High scenario: In the best-case scenario, strong remittance inflows and preservation of the country position in key export markets will accelerate the economy's recovery. Vaccinating the population will reduce economic gaps and mortality. Public debt will remain sustainable over the long-term. The country will manage to successfully graduate from the UN's Least Developed Countries (LDC) by the 2026 through a gradual transition to higher-value goods and services as well as by proactively offsetting any loss of preferential trade arrangements, including for agricultural products. Under this scenario, authorities remain committed to promoting inclusive growth while strengthening financial and external stability, maintaining fiscal sustainability, and improving governance. The projected GDP growth rate under this scenario is estimated to be 7%. Furthermore, addressing Bangladesh's vulnerability to climate change and natural disasters will enable the country's resilience to future shocks. Shifting to green growth would ensure the long-term effectiveness of development outcomes for future generations.

Low scenario: Under the low case scenario, a prolonged COVID-19 outbreak would delay and slow down the recovery of exports and remittance inflows. Domestically, a larger COVID-19 outbreak could necessitate more stringent containment measures by authorities, causing disruption of supply chains, weakening household consumption, and delaying the implementation of development projects further pushing the most vulnerable population towards poverty and food insecurity. In the face of increased government borrowing, the already-weak banking sector may face new challenges in maintaining asset quality and providing necessary support to the private sector. Under this scenario, economic growth will decelerate to an average annual rate of 5 percent, significantly below the pre-COVID-19 growth performance. Debt service ratio are expected to pick up. However, public debt and inflation will remain firmly under control owing to the overall sound macroeconomic fundamentals even under this low case scenario.

IFAD Implications on IFAD's Country Programme

(a) Lending terms and conditions

- Bangladesh is a lower middle-income country that is currently receiving loans on blended terms in under the PBAS window. Blend terms come with a maturity period of twenty-five (25) years including a grace period of five (5) years starting from the date of approval by the Executive Board. Given the projections of its per capita income growth, it is highly unlikely that the country will transition to less concessional terms during the present cosop period. Bangladesh is also eligible for access to BRAM (Borrowed Resources Access Mechanism). Lending terms under BRAM offered to Bangladesh are ordinary terms/Category 1 with maximum maturity period of thirty-five (35) years, including a grace period of maximum ten (10) years, subject to a maximum average repayment maturity of twenty (20) years. These BARM terms offered to LICs and LMICS are subject to the standard maturity premium differentiation, which together with the other elements of the pricing structure, will ensure a minimum cost recovery of IFAD's cost of funding the borrowed resources. In all presented scenario, debt sustainability remains low and the country's creditworthiness will allow it to absorb all available IFAD resources (both under PBAS as well as BRAM) if it wishes so.

(b) COSOP priorities and products (e.g., investment projects, policy engagement, reimbursable technical assistance)

It expected that COSOP priorities and associated products will remain highly relevant irrespective of transition scenarios. However, given the slightly less concessional resources available under BRAM, the country might choose to forgo them. In that case, the overall investment envelope will be significantly lower than the one available under the previous IFAD 11 lending cycle. This would entail changes in the number and size of investment projects to be included in the pipeline over the COSOP period. Furthermore, given the country current focus on charting sector-based pathways for a

smooth LDC graduation, IFAD will need to be more proactive in policy engagement to better accompany country's efforts towards a more sustainable and inclusive rural transformation.

(c) Co-Financing opportunities and partnerships

Due to higher government revenues, domestic co-financing and partnership opportunities should increase under the high scenario. The low case, on the other hand, would limit co-financing opportunities both domestically and internationally.

Agricultural and rural sector issues

1. Agriculture: Ecology and Soil. Bangladesh forms the largest delta in the world, which is flat throughout and stretches from near the foot-hills of the Himalayan Mountains in the north to the Bay of Bengal in the south. The vast plain is washed by mighty rivers- the Meghna, the Padma, the Jamuna and the Karnafuli and their numerous tributaries. Onrush of rain waters in the summer causing overflows of the banks and flooding of low and outlying areas every year. The land use pattern of the country is influenced by agro ecology, soil physiographic and climatic factors. The total land area has been classified into thirty agro ecological zones which are grouped into twenty major physiographic units. But broadly the country is flat with patches of high-land such as three hill districts (Chittagong Hill Districts), north western Barind Tract, Madhupur Tract, and low-lying *haor* (north eastern districts). The famous Sundarban mangrove forest and forest in Chittagong are major forest areas which cover about 9% of the total land area. Results of reconnaissance soil surveys conducted in the recent past have enabled scientists to divide the country into 19 soil type units.
2. Agricultural seasons. The country grows a variety of crops which are broadly classified, according to seasons in which they are grown, into two groups: (a) Kharif (kharif-1: 16 March to 15 July, and Kharif-2: 16 July-15 November) are grown in the spring or summer season and harvested in late summer or in early winter; and (b) Rabi (16 November to 15 March) crops are sown in winter and harvested in the spring or early summer. Kharif are mainly rain fed and rabi crops are irrigated. Rabi is the main production season for rice (60% of total production), vegetables, lentils/pulses, and root crops production.
3. Farm HHs. The Agricultural Survey 2019 reports the following key findings: a) the country has 35.53 million households of which 29.62 million (83.37%) and 5.91 million (16.63%) are in rural and urban areas respectively; b) 16.56 million farm households 16.56 million, 4.02 million HHs have no farm land, 6.76 million HH leased land for farming, and 9.09 million HHs mainly depend agricultural labour as main source of income; and c) 0.99 million HHs are designated as fisheries HHs (fishers) whereas 1.61 million HHs have land for fisheries.
4. Land size is highly fragmented: 12.81 million are smallholders (less than 2.49 acres) whereas 10.28 million of smallholdings (80.24%) own less than 1.49 acres.
5. Major crops⁴⁹. As reported by GoB agriculture sector survey the country has the following major agricultural production: cereals (rice, wheat); pulses and oil seeds; spices and condiments; jute; tea; year-round fruits and vegetables; and fisheries and livestock.
6. Structural change in Bangladesh economy⁵⁰. Agriculture sector contributes about 13.02 percent (p) FY 2019-20 to the country's Gross Domestic Product (GDP) and employs around 40.60 percent of total labour force (Source: Labor Force Survey 2016-17).⁵¹ An important change is seen in the composition of GDP: Bangladesh economy's structure has been constantly shifting from agriculture to industry (including manufacturing) and services. In FY2011, agriculture, industry and services were 19.9% 30.4% and 49.7% of GDP respectively. In FY2019, agriculture, industry and service sector was 13.65%, 35%, and 51.35% respectively, that is, agriculture is declining as percent whereas industry and services are on the rise. The trend is expected to continue where service and industry sectors will be the main sectors of the economy although agriculture still employs highest number of labor. Within agriculture, fisheries and livestock subsectors have been posting growth of more than 6% and 3% respectively. Both these subsectors are enjoying commercial investments led by small/micro entrepreneurs. Similar, subsectors are also found in industry and services for example, manufacturing, agro-processing, construction, hotel/restaurants, and transportation. All these subsectors employ a large number of semi-skilled and skilled human resources.
7. Evolution of IFAD projects in Bangladesh. Historically, IFAD projects contributed to priorities of the smallholders, poor and vulnerable communities and complimented GoB's efforts for poverty alleviation. The projects of 1990s and early 2000s were implemented by GoB's main line agencies such as DAE and DoF under the Ministry of Agriculture and Ministry of Fisheries and mostly limited to extension services, training and demonstration of technologies/techniques to enhance agricultural productivity. Microcredit was managed by projects which was found unsustainable. IFAD in the following decade as well as under a number of on-going projects moved to assist smallholders and the poor by developing rural infrastructure that contributed to agriculture as well as overall rural economic growth, and to support commercialization of agriculture by providing technologies, improving access to market and vastly expanding access

⁴⁹ Agriculture Statistical Year Book 2020. Bangladesh Bureau of Statistics, Ministry of Planning, GoB.

⁵⁰ Source: Bangladesh Bank Quarterly Report Q3 FY2020 and Bangladesh Bank Annual Report 2012

⁵¹ Bangladesh Agricultural Statistical Year Book 2019-2020.

to finance. Value chain development approach for farm and non-farm sectors have been successfully adopted. Due to its projects with PKSF, microfinance has become sustainable for IFAD's projects. The rural infrastructure projects through LGED incorporated climate resilience features that ensured sustainability, helped transform rural areas and contributed further investment in agriculture and other sectors. With changes in demand and priorities of the poor and smallholders and GoB, IFAD plans to complement Bangladesh's march to prosperity.

8. Agriculture: primary commodity production to processing. The economy and food security is still dependent of agriculture: about 40% of total employment is in agriculture; Bangladesh has almost achieved rice self-sufficiency; horticulture, livestock and fish production are most profitable rural businesses that have posted high growth; and Bangladesh is number 4 in pond fish production in the world. With increasing demand from urban population these subsectors are drawing more and more investments. Besides, deployment of new production and processing technologies are improving productivity and adding additional value in the production chain. Agri-business including agri-processing (food products) is becoming an important sector for investment and employment.
9. But challenges are also manifold: a) decline of cultivable land are at the rate of 0.5% per year due to expansion homesteads and other physical development, loss due to natural hazards and climate change; b) production and supply of safe foods is a major consumer concern; c) narrow basket of commodities; and d) extension and other support services such as insurance, health care of livestock sector are still weak. These challenges, however, provide opportunities for future IFAD interventions.
10. Constraints in agricultural sector to raise farm income: Aside from the broad challenges mentioned above, enterprise and farm level issues are also creating bottlenecks: a) a lot of improvements are needed in seed, farming, and irrigation to increase farm productivity; b) input costs are high compared to farm price; c) access to finance is easy but cost of fund is high for loans from MFIs, and access to commercial bank loans is limited for smallholders; c) quality of farm produces needs improvement; d) high transportation cost as farms are often far from city centers; e) limited climate resilient infrastructure in climate change vulnerable areas, f) limited access to affordable extension and business services; and g) access to market including international market and market information is limited; and f) bad weather (drought and excessive rains) plays important roles during kharif season.
11. Some of the above issues have been addressed in value chain projects (for example, IFAD funded projects). Projects' assistance come in various forms: developing capacities of producer groups and value chain cluster & processing centres, gathering farmers and value chain actors, adapted package of climate smart and market oriented practices, accessible and relevant financial services, technological training, introduction of high value commodities, improvement in seed and other inputs, access to market, extension service and uptake of relevant technological innovations (e.g. fish platform in NATP2). The value chain development of agricultural projects are enhancing agricultural productivity, commercialization and diversification of agriculture, and improving and expanding agricultural research system in the country.
12. Agricultural marketing: Agricultural marketing in Bangladesh historically dominated by a huge network of small traders, locally known as bepari, who buy either from rural markets (haat bazaar) or directly from farm-gates, and sort, aggregate, do some rudimentary packaging and transport them to large wholesale markets in cities or factories for processing. These beparis, hundreds of thousands of them, who are also from rural areas, perform important roles of providing marketing information and nature of demand, and sometimes finance farmers on behalf of large wholesalers (known as aratdar). The process has been made highly efficient due to wide use of cellphones by small traders and producers. Normally cash payment is the main mode of transaction. Large food processing companies also depend of small traders for supplying commodities (e.g. spices, fruits, milk, fish) to them. Contract farming is not popular except in case of tobacco because of one product and one buyer in case of tobacco, and some selected hybrid seeds where seed companies buy back all seeds.
13. Private sector in agriculture. Agricultural production in Bangladesh is fully privatized. Millions of farmers, traders and retailers are the most important private entities. Gradually large private companies are emerging in food processing sector who are buyers for farmers and sellers of processed food items, mostly spice, cereal, biscuits, lentil/pulse, oil, daily products, small amount of processed fish and meat. With urbanization and increase in income, the demand for processed food is expected to gradually rise. For example, milk producers of PACE project supply to large milk processors.
14. Extension services: Public and private sector organizations. The most prominent agricultural extension departments are as follows: Department of Agricultural Extension (DAE) for cereal

(mainly rice) and other crops including horticulture; Department for Livestock Services (DLS) provides animal husbandry and vet services; Department of Fisheries (DOF) enforces regulations regarding open water fisheries and provides extension services of culture fisheries; and Bangladesh Agricultural Development Corporation (BADC) is currently mainly in small amount of seed production. BADC used to supply seed, fertilizer and irrigation but all such activities are now almost privatized. But the influence and dominance of these institutions are waning fast as private sector as well as NGOs are providing more effective services in some areas. For example, seeds and extension services for horticulture is by and large privatized. Promotion and extension services for fisheries are mainly by fish hatchery owners, large successful farmers, feed sellers and NGO-managed projects. Similarly, vaccination services for poultry sector is managed by farm owners or private individuals, but DLS is still dominating vet services of large animals. Private input sellers such as pesticide, feed, medicines, fertilizer, seeds, seedlings (plant nursery owners), fish/poultry hatchery owners are major providers of technical information and will be more so in future. Successful farmers are more credible regarding technical information to their neighbors than formal institutional providers. However, such private led extension services may have more difficulties to service poorest and most remote rural households as well as to incorporate climate change, nutrition services or promote more agro-ecological production relying on locally made bio inputs. In addition, extension embedded in sales of private inputs can also give rise to conflicts of interests and Bangladesh face issues regarding quality of chemical inputs. Therefore, it is crucial to further work on the role of public extension to facilitate more inclusive public-private partnership and to invest in private extension for emerging green and nutrition sensitive production. For instance, PACE and NATP2 have investing in local service and input providers that produce and sells bio-inputs and nutrition sensitive crops. NATP2 has been piloting farmer information centres, commodity processing centres and fish platforms which can facilitate such articulation between public extension, farmer groups and private extension workers. Government could also invest in mechanisms to enhance quality assurance in such private extension for instance by promoting certified providers, training of trainers, food safety.

15. Academic and research institutions. Public sector agricultural universities and technical institutions are backbone of technical education (Bachelor, Master's and Doctoral degrees) and training. Similarly, public sector research agencies such as Bangladesh Rice Research Institution (BRRI) and Bangladesh Agricultural Research Institution (BARI) are two premier public institutions for research in respective areas. Besides, there are specialized agencies for spice, horticulture, jute, sugarcane and soil testing, and cotton research. Bangladesh has separate livestock and fisheries research institutions that perform useful works in respective fields. But research agenda is often determined by the institutions themselves where inputs from industry is limited. Several projects such as NATP2 and PACE have partnered with such institutions to improve research-extension-value chain linkages and develop participatory research meeting smallholder needs and value chain to facilitate scaling of such innovations.
16. Policy and regulatory issues: The laws and regulations are supportive of the country's private sector investments in general. The government provides subsidy for fertilizer, diesel and bank interest farming sector to support agriculture sector. The existing regulations also support environmental protection, protection of rivers, water bodies but enforcement of these regulations is weak. Recently the government has established Bangladesh Food Safety Authority to ensure supply of safe foods in the market. But this new institution is yet to be fully effective. The Bangladesh Standards and Testing Institution (BSTI) is the national agency for testing and certification of selected processed food products.
17. Micro-finance services. Microfinance institutions are the main source of agricultural finance. Of the total disbursement in FY2019-20, 49.8% was for agricultural production followed by 26.68% for trading/shops, 4.11% for transport and communication, 3.33% for small & cottage industries, 0.82% for social sector and 15.20% for others. The loans for trading also indirectly support agriculture because a significant part of these loans are for agri-commodity trading. Although Bangladesh microfinance has large outreach in marginal and farming families, the financial products need further customization.
18. Commercial banks in agricultural finance⁵². In FY2020-21, six state-owned commercial banks, 2 specialized banks, 39 Bangladeshi private banks, and 8 foreign commercial banks disbursed BDT 255.1 billion as agricultural and rural loans to 3.05 million borrowers. Of these borrowers, 2.24 million were marginal and small farmers who received BDT 176.4 billion. Several commercial banks have significant NGO-MFI linkage program where MFIs borrow from commercial banks to on-lend to marginal and small farmers. Under this program, in FY2020-21,

⁵² Agricultural and Rural Finance Policies and Programmes in FY2021-22. Bangladesh Bank (Central Bank).

commercial banks loaned BDT 92.8 billion to 1.61 million women. As part of restoration of agricultural sector affected by COVID-19, Bangladesh Bank launched BDT 50 billion fund for commercial banks and BDT 30 billion funds for NGO-MFIs that have been disbursed in FY2021-22. Private commercial banks do not have strong rural presence and do not find small loan profitable. They are reaching the poor and farming communities through NGO-MFIs.

19. Small, Micro and Cottage Enterprises: According to the SME Policy 2019 of the government, the country has 7.8 million small and microenterprises in the country as quoted from Economic Census 2013 of Bangladesh Bureau of Statistics (BBS), and the sector contributes to 25% of GDP. According to Economic Census 2013, the country has a total of 7.82 million enterprises of which 7.806 million are SME and cottage industries. The majority are cottage industry 6.84 million (87.52%), which are family owned and managed enterprises and mostly informal in nature. Of the total enterprises, 2.23 million (28.5%) are in urban areas and 5.589 million (71.5%) are in rural areas. A total of 24.5 million persons (20.45 million men, i.e., 83.46%, and 4.05 million women, i.e., 16.53%) are employed of which 53.75% are by cottage industries and 82.97% are employed by SME and cottage industries together. This clearly shows the dominance of SME and cottage industries in the country. Although the survey is 10 years old, the proportions of various categories of industries are expected to remain same. If a 6% annual growth is assumed (same as average GDP growth of the country for the same period), the estimated total number of enterprises will be 13.99 million of which SME and cottage industries will be 11.62 million. According to Labor Force Survey 2018, about 85% of people are employed by informal sector and 15% are employed by formal sector. Note that the microfinance sector uses a different definition⁵³ of microenterprises (MEs) to suit the microcredit program. If compared with the definition of the government, the MEs of microfinance will mostly fall under the definition of cottage industries and the rest will be smaller than that.
20. PKSF's lending during COVID-19 pandemic. PKSF is an important refinance source for MFIs in the country. IFAD has been partnering with PKSF for more than a decade that has allowed IFAD to reach the smallholders with financial and non-financial services effectively as PKSF operates as an apex agency with a large network of NGO-MFI partners. PKSF has been effective during the pandemic by providing the smallholders their much-needed finance to continue and restore production. In addition to its normal loan operations through 200 partner organizations, PKSF has received BDT 5,000 million from the government as additional capital for microfinance operations. PKSF disbursed the full amount to its selected Pos (128 Pos) by May 2021 under a special program titled Livelihood Restoration Loan Program (LRL). The Pos of PKSF disbursed BDT 6,335 million by revolving this fund to 0.184 million poor microentrepreneurs with an average loan size of BDT 134,400. The GoB has also approved additional BDT 5,000 million to PKSF to support poor people for the restoration of economic activities under a COVID-19 stimulus package.

⁵³ Definition of Industries in Industrial Policies 2016 of GoB:

Small industry

Manufacturing: Permanent asset including replacement cost but excluding land and building is more than Taka 0.75 crore but less than Taka 15 crore or employs 31-120 people.

Service sector. Permanent asset including replacement cost but excluding land and building is more than Taka 0.1 crore but less than Taka 2 crore or employs 16-50 people.

Micro industry

Manufacturing: Permanent asset including replacement cost but excluding land and building is between Taka 1.0 million to Taka 7.5 million or employs 16-30 people.

Service sector. Permanent asset including replacement cost but excluding land and building is less than Taka 1 million or employs maximum of 15 people.

Cottage industries

Permanent asset including replacement cost but excluding land and building is less than 1.0 million or employs a maximum of 15 persons including family members.

SECAP background study

Introduction

1. Social, environmental and climate sustainability is critical for achieving the objectives of IFAD and its partners. IFAD's Social, Environment and Climate Assessment Procedures (SECAP)⁵⁴ offer a framework and process for managing risks and impacts, and integrating mainstreaming priorities on Environment and Climate, Gender, Nutrition and Youth⁵⁵ into new IFAD-supported investments.
2. This SECAP Background Study provides context and orientation to the Bangladesh Country Strategic Opportunity Programme (COSOP) 2023-2028. It provides a synthesis of the current situation, analyzes trends, risks and opportunities on thematic areas that will orient IFAD's investments in Bangladesh. Based on this, it provides strategic recommendations for consideration in the COSOP and identifies activities to be supported during the COSOP period.
3. This Background Study was carried out in tandem with the design of the COSOP. It was informed by i) desk review of relevant national policies and strategies, ii) consultations with development partners, (iii) analysis of background sectoral studies on environment, social and climate aspects, IFAD projects and country programme evaluations.

Part 1 – Situational analysis and main challenges

Socio-economic situation

4. **Bangladesh has seen decades of steady progress in economic growth and poverty reduction, up to 2019.** From being the world's seventh-lowest ranked country in Gross Domestic Product (GDP) per capita in 1975, Bangladesh had decades of continuous economic growth, leading it to achieve lower middle income country status in 2015. In its Vision 2041, the GoB plans to achieve the status of Upper Middle-Income Country by 2031 and that of High-Income Country in 2041⁵⁶.
5. The incidence of poverty at the upper national poverty line declined from 48.9% in 2000 to 20.5% in 2018. Using the international poverty line of US\$1.90/day, poverty declined from 34.2% in 2000 to 14.3% in 2016⁵⁷. These advances in poverty reduction are driven by various government strategies, including the improved provision of basic services (electricity, drinking water and sanitation, education)⁵⁸ in order to reduce fertility and infant mortality, improve nutrition and life expectancy. Other successful strategies include the wide promotion of microfinance programs through NGOs (estimated to have reduced poverty by 10% in two decades⁵⁹), and reduced vulnerability to natural hazards as evidenced by the reduction of number of casualties by major cyclones.

⁵⁴ SECAP 2021 Edition, <https://www.ifad.org/en/secap>

⁵⁵ See IFAD's Framework for Implementing Transformational Approaches to Mainstreaming Themes: Environment and Climate, Gender, Nutrition and Youth, <https://webapps.ifad.org/members/eb/128/docs/EB-2019-128-R-6.pdf>

⁵⁶ GoB (2021). Perspective Plan of Bangladesh 2021-2041, <http://oldweb.lged.gov.bd/UploadedDocument/UnitPublication/1/1049/vision%202021-2041.pdf>

⁵⁷ Note that the Bangladesh national poverty lines (lower and upper) are based on household consumption expenditure (from the Household Income and Expenditure Survey) and are different for rural and urban people, while the international poverty lines are uniform and based on per capita income.

⁵⁸ World Bank. 2019. Bangladesh Poverty Assessment: Facing old and new frontiers in poverty reduction.

⁵⁹ Khandker et al. (2016). Beyond Ending Poverty: The Dynamics of Microfinance in Bangladesh. World Bank. <https://openknowledge.worldbank.org/handle/10986/24669>

6. Progress on poverty reduction did slow down in the 2010s, primarily attributed to a decline in job growth, with agricultural employment contracting by 2% between 2010 and 2016. Regional disparities are also visible, with east and central Bangladesh achieving much more progress than the west and the northwest even experiencing increased poverty rates (see figure 1). These regional differences are attributed to the west generally having a larger share of households engaged in agriculture, lower educational levels and different demographics.

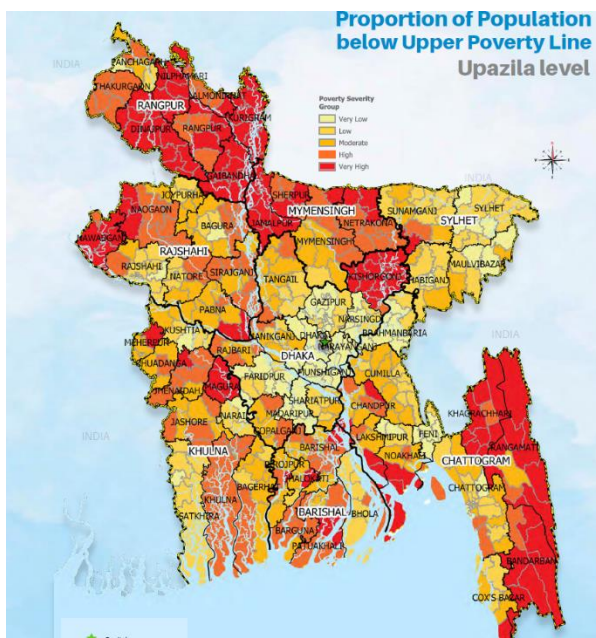


Figure 1: Estimates of poverty at national upper poverty limits per Upazila, in 2016. Source: Bangladesh Bureau of Statistics (2020)

7. **COVID-19 had a severe effect on the economy and appears to have caused a strong regression in poverty reduction, though post-lockdown rebound effects are visible.** The pandemic induced a marked deterioration in the overall economic trends with substantial drop in GDP growth (3.5% in 2020 compared to average 6.9% between 2010-2019). While there is no full picture on the impacts of the pandemic on poverty, initial surveys showed a strong regression resulting in millions of 'new poor'. A BRAC-PPRC study estimated that an additional 19.5% of households were below the upper national poverty line in August 2021 due to the pandemic, to join the 20.5% of households already below that line before the pandemic⁶⁰. Rebound effects were visible after the first lockdown was lifted in 2020, but a second lockdown in 2021 had again significant effects (see figure 2). In the BRAC-PPRC study, longer-term effects were most pronounced for the non-poor income category and for informal workers. Across income groups, levels of private debt doubled. COVID-19 also caused the country's first large-scale urban to rural migration since the 1960s: 28% of study respondents migrated from urban slum to rural areas after the first lockdown and 10% remained in the rural area by mid-2021.

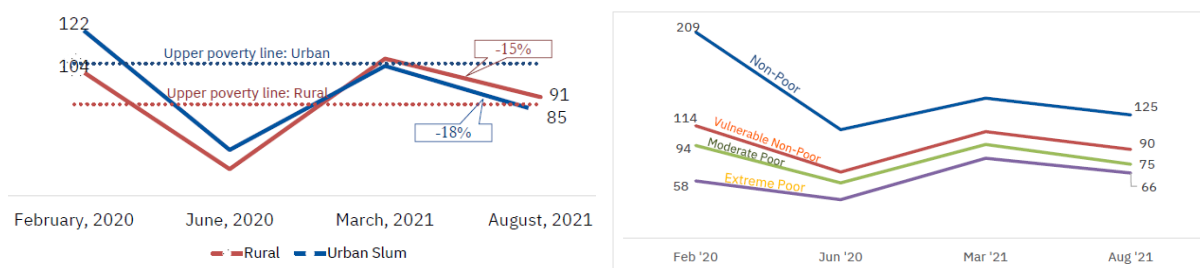


Figure 2 Left: Poverty trends plotted against national urban / rural poverty lines, showing lockdown and rebound effects. Right: Effects of COVID-19 on different income groups. Vertical axis in both graphs is per capita income in BDT (Feb 2020 constant). Source: Rahman et al. (2022).

8. The COVID-19 pandemic has caused most of the agriculture producers, processors, traders and transporters of the productive chains (perishable products of agriculture and livestock) to have experienced income losses due to interruptions in supply and reduced demand. Rural

⁶⁰ Rahman et al (2022). Recovery With Distress: Unpacking COVID-19 Impact on Livelihoods and Poverty in Bangladesh. <https://bigd.bracu.ac.bd/publications/recovery-with-distress-unpacking-covid-19-impact-on-livelihoods-and-poverty-in-bangladesh/>

households had to reduce their food consumption, mainly in those households where the woman is the head of household, with little education, young and with temporary labour⁶¹.

9. Studies reported a rise in hunger and undernutrition both in urban and rural areas: a decrease in food expenditure by 28% and 22% in urban and rural areas respectively⁶²; 9 out of 10 households experienced some degree of negative shock on incomes during the lockdowns, possibly resulting in lower food intakes⁶³; and 12% of extreme poor households suffered from hunger in June 2020. The government responded with direct assistance for the poor (cash and rice distribution) and several financial 'incentive packages' for the private sector, agricultural sector and microfinance sector.
10. **The agricultural sector's relevance for the overall economy is limited and declining, but it remains a critical sector for the rural poor.** The contribution of the agricultural sector to GDP stands at 13.7%, and the sector contributed less than half a percent to GDP growth between 2015-2019. Still, with about 80% of the population living in rural areas, 41% of the total population is active in the agricultural sector⁶⁴. Moreover, 46% of rural households in the poorest quintile derive labour income only from agriculture. Nearly all of Bangladesh's poverty reduction between 2010 and 2016 (90%) took place in rural areas. The largest share of public expenditure for agriculture goes to price support, income subsidization and input subsidies. Approximately 65% of the rural population is landless or functionally landless (owning less than 0.2 hectares of land).

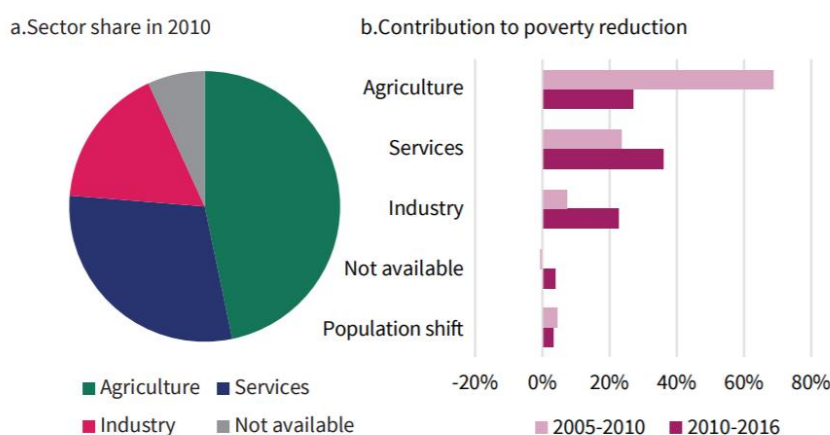


Figure 1 Poverty reduction across sectors in rural areas, 2005 – 2016. Source: World Bank (2019)⁶⁵

11. Over the last two decades rural communities have gradually moved from subsistence farming to commercial farming and non-farm micro-enterprises. Smallholders are adopting new agricultural and information technologies and management practices. Financial services, mainly savings and credit, have dramatically improved due to microfinance although micro-insurance service is yet to make any meaningful inroad.
12. **Strong improvement in educational outcomes is an important driver of household poverty reduction.** Bangladesh has made noteworthy gains in education, demonstrating the fastest growth in the South Asia region. Secondary net enrollment rate increased from 50%

⁶¹ ADB Institute. 2021. Changes in the Rural Economy in Bangladesh under COVID-19 Lockdown Measures: Evidence from a Phone Survey of Mahub Hossain Sample Households. <https://www.adb.org/publications/changes-rural-economy-bangladesh-under-covid-19-lockdown-measures>

⁶² Bidisha, SH et al. (2021) Assessing Food Poverty, Vulnerability and Food Consumption Inequality in the Context of COVID-19: A Case of Bangladesh, <https://link.springer.com/article/10.1007/s11205-020-02596-1>.

⁶³ Ahmed, F., et al. (2021). Determinants and Dynamics of Food Insecurity during COVID-19 in rural Bangladesh. <https://www.sciencedirect.com/science/article/pii/S0306919221000439>

⁶⁴ Gautam and Faruqee (2016) Dynamics of Rural Growth in Bangladesh: Sustaining Poverty Reduction. <https://openknowledge.worldbank.org/bitstream/handle/10986/24544/9781464808760.pdf?sequence=2>

⁶⁵ World Bank (2019) Bangladesh Poverty Assessment: Facing old and new frontiers in poverty reduction.

<https://documents1.worldbank.org/curated/en/793121572582830383/pdf/Bangladesh-Poverty-Assessment-Facing-Old-and-New-Frontiers-in-Poverty-Reduction.pdf>

to 72% between 2000 and 2016, and access to tertiary education went from 1% to 16% over the same period. Bangladesh has a 75% literacy rate in 2018 (76% for male and 70% for female). Literacy rates are particularly high among the lower age quantiles of the population, with 93% of people between 15-24 years being literate. High literacy rates strongly correlate with high financial literacy rates and financial well-being.

13. **Bangladesh is making good progress on various gender-related indicators, but significant gaps remain.** The country has reached gender parity in primary and secondary education and maternal mortality has declined by 66% over the last decades. Participation of women in economic life (formal and informal) has increased for different reasons: intentionally, due to the improvement of education and access to financial services (promoted by NGOs and the Government), and unintentionally, as a result of the impacts negative effects of climate change on agriculture, which pushes rural women to look for informal jobs to contribute to the family economy.
14. Despite progress, multiple important challenges remain. The problem of gender-based violence persists, even more so in a context of poverty and malnutrition. Rural Bangladesh has an extremely high rate of sexual violence against women (49.7% of rural women reported to have experienced sexual intimate partner violence), with nearly 30% of women being coerced into their first sexual intercourse⁶⁶. There is a well documented association between gender-based violence and household food security⁶⁷. Women and girls tend to have limited access and control over resources and finances. Their resulting dependency can put them at increased risk of sexual assault and exploitation. These findings demonstrate the need for programs and activities that contain transformative approaches of power inequality between women and men⁶⁸, while bearing in mind that any intervention that seeks to change power relations, may also inadvertently create risks for these women which needs to be carefully analyzed and mitigated⁶⁹.
15. Microfinance is an area where the participation of women is very high. Only between 20% and 30% of women actually use the financing themselves (the rest pass it on to male family members)⁷⁰, although women claim it gives them a new status. Beyond the access to and control over microfinance, the accompanying support services such as community organization, family planning and disaster management are strongly associated with improvements in women empowerment. Microfinance in that sense, has been a vehicle for services that address gender norms that may hinder women from becoming more empowered⁷¹. Such effects were particularly seen in group-based lending schemes.
16. **Youth are experiencing the effects of slower job creation.** Young people between the ages of 18 and 35 (GoB definition) make up more than 33 percent of the total population. The percentage of people aged 15-29 who are not in education, employment or training is 30%, of which 87% are female. This percentage has increased since 2010, primarily attributed to the slowdown in job creation, particularly in the agriculture, ready-made garments and textile sectors. Unemployment is higher in rural areas compared to urban areas. Unemployed youth make up the large majority of total unemployment (79.6%).
17. Rural youth migrate to cities in search of employment to help their parents who have lost their crops and land (on the coasts and riverbanks) and to improve their quality of life. Young people generally do not have the conditions (land, resources, and assets) to build up their own rural enterprises. The majority of educated youth pursue jobs with the government, and about 20%

⁶⁶ WHO (2012) Understanding and addressing violence against women.

https://apps.who.int/iris/bitstream/handle/10665/77434/WHO_RHR_12.37_eng.pdf

⁶⁷ Coates et al. (2010). Domestic violence against women is associated with lower household food security in rural Bangladesh https://faseb.onlinelibrary.wiley.com/doi/abs/10.1096/fasebj.24.1_supplement.104.1

⁶⁸ IFAD (2019). Mainstreaming Gender-transformative Approaches at IFAD – Action Plan 2019-2025.

⁶⁹ Lentz (2018). Complicating narratives of women's food and nutrition insecurity: Domestic violence in rural Bangladesh. <https://www.sciencedirect.com/science/article/pii/S0305750X17303819>

⁷⁰ Sector study carried out by IFAD (2022).

⁷¹ CGAP (2021): Has Microcredit Empowered Women in Bangladesh? Yes, But not by Itself. <https://www.cgap.org/blog/has-microcredit-empowered-women-bangladesh-yes-not-itself>

of all youth are interested in working overseas⁷². Every year, more than 400,000 workers leave Bangladesh for overseas employment adding up to an estimated 10 million Bangladeshi now overseas, but they are often faced with high fees for migration, lack of information on risks, and exploitation and abuse while overseas⁷³. Remittances from overseas migrant workers were estimated at US\$24 billion in 2020 (7% of GDP). COVID-19 has caused many migrant Bangladeshi workers to become jobless and face deportation from their host countries.

18. A study carried out in 2021⁷⁴ provides further in-depth insights into youth employment challenges, and recognizes the critical role of professional skills for employment. Only 1.7% of the total working age population has participated in formal training outside of the general school system. The vast majority of young employed persons join the labour market without skills and take a long time to learn, while formal training could drastically accelerate the process and also build new skillsets that respond to changing requirements in the economy. Equally for people already employed, processes for formally recognizing skills and re-education into new skillsets could enhance employability and labour conditions. Within the agricultural sector, specific subsectors are most likely to be able to create demand for skilled labour. This includes poultry and livestock, pond fisheries and horticulture. As production enterprises grow, there will also be more demand for related skilled service providers, such trainers, vaccinators and input sellers.
19. **Decent work and harmful child labour.** Decent work - productive work for women and men in conditions of freedom, equity, security and human dignity as defined by the ILO – is a key topic of attention for Bangladesh. With the rapid rise of the ready-made garment industry and associated challenges in providing safe and equitable working conditions, the GoB and development partners have been working to build protection systems and ensure the rights of workers. The Decent Work Country Program 2022-2026 focuses on inclusiveness of the labour market, to provide opportunities for youth and marginal groups. Child labour is still widely present in Bangladesh, primarily as a necessity driven by household poverty. The COVID-19 crisis, with the economic effects and the long-term closing of schools, has increased the number of children working under hazardous conditions in industry and agriculture. In response to this, the GoB has stepped up its efforts broadening the types of work to be considered harmful for children, and in early 2022 also ratified the Minimum Age convention as final remaining ILO Fundamental Instrument⁷⁵.
20. **Indigenous people and ethnic minorities.** Bangladesh has around 30 small ethnic minorities with Santal, Orao, Chakma, Marma, Garo, Khashia, Tripura, Monipuri, and Rakhain being the main groups in terms of numbers. The Santal and Orao populations live in North-western districts (Barind Tracts) and Chakma, Marma and Tripura people live in three hill districts (Chittagong Hill Tracts). Agriculture is the main source of livelihood for ethnic minorities who are gradually entering in trade and other service sectors because their livelihoods are being affected by environmental and problems and climate change (climate migration). The government recognizes that the ethnic communities of Bangladesh are the most deprived of economic, social, cultural and political rights, mainly due to their ethnic condition, having committed in the 8FYP actions in favor of their fundamental rights and social security, together with the empowerment of their social, cultural and traditional identities.
21. **Marginalized groups and persons with disabilities.** The GoB's 8FYP identifies a number of marginalized groups. These include the Dalit communities, also called "disappeared poor", who face a myriad of challenges including untouchability, social exclusion, lack of self-esteem and dignity, forced eviction from the land, lack of access to support services and lack of access to government services. Social boycotts and forced labor are often imposed on Dalits as a means of controlling and exploiting their work. Another marginalized group is those people living with HIV/AIDS, male and female sex workers and transgender, who suffer social exclusion and access to services. Persons with disabilities constitute another major group of

⁷² BRAC (2019). Youth of Bangladesh: Agents of Change? https://www.brac.net/program/wp-content/uploads/2019/07/YOUTH-SURVEY-2018_full.pdf

⁷³ ILO (2022) Labour migration in Bangladesh. <https://www.ilo.org/dhaka/areasofwork/labour-migration/lang--en/index.htm>

⁷⁴ Alamgir (2021) Project Concept Note: Professional Development Program for the School Dropout Youth.

⁷⁵ See https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/child-labour/WCMS_840125/lang--en/index.htm

marginalized people (9% of the total population, including 3 million children); around a third of all households is estimated to have a disabled member, which is thought to be increasing with the aging of the population. The prevalence of severe or acute disability is reported to be 1.51%. Disability is more prevalent in the rural area and primarily characterized by physical disability and visual disability. People with disability are reported to have less access to education and income generating activities compared to people without disabilities. There is also a gender disparity, with women with disabilities reporting lower rates of marriage and higher rates of divorce compared to men with disabilities⁷⁶.

22. **Food and nutrition security.** Although food security has greatly improved due to the reduction in poverty prior to the pandemic, the country is far from achieving its maternal, infant and young child nutrition objectives. While there is still significant ground to cover, the most recent pre-COVID-19 data on stunting and wasting showed continuous progress since 2004 with stunting estimated at 28% (UNICEF data, Multiple Indicator Cluster Survey 2019), thereby being on track to reach the SDG 2030 target on stunting reduction⁷⁷. The progress is largely attributed to the provision of diversified foods, improved sanitation and women's empowerment⁷⁸. In terms of micronutrients, the severity of deficiencies has declined since the 1980s. However, a significant proportion of preschool-age children remains with deficiencies in vitamin A (21 %), zinc (45 %) and vitamin D (40 %) and about one-third of these children are anaemic⁷⁹. There is furthermore a high prevalence of zinc deficiency among women, and about half of pregnant and lactating women are anaemic as well. More than 50% of women suffer from chronic energy deficiency.
23. Reasons for malnutrition in rural areas of Bangladesh include (i) food insecurity and (ii) inadequate dietary practices. At the same time, there has been a rapid increase in overweight and obesity from 10.7 % in 2004 to 25.1% in 2014. This is mostly due to the increased consumption of trans-fats, ultra-processed foods and sugar sweetened beverages. The prevalence of underweight status remained high in rural areas, the prevalence of overweight increased rapidly in both rural and urban areas⁸⁰.
24. While Bangladesh has made important progress in terms of productivity and food self-sufficiency, including grains, vegetables and fish, there are still important steps to be taken to improve food security. The Global Hunger Index evaluated the hunger situation to be serious in 2019, and that 14.7% of the population is undernourished.
25. **Food safety and health.** Food safety is a serious concern in Bangladesh, with inappropriate use of pesticides and ripening chemicals being some of the main problems facing the agricultural sector, posing health risks for domestic consumers and preventing export. Studies have reported a high prevalence of acute watery diarrhea, increase of enteric fever and acute hepatitis, and a high incidence of disease-causing microbes in street-vended food⁸¹. Inadequate handling of pesticides is leading to pesticide poisoning and a reported significant number of deaths as a result, though there is no nationally representative data⁸². Introduction of food safety standards such as GlobalGAP has been pursued over recent years, however this effort needs to be integrated into a wider effort. Beyond regulatory interventions, market demands for safe food do not reach the majority of smallholder farmers⁸³. FAO has set up the Food Safety Network⁸⁴ to improve food safety in Bangladesh, aimed at introducing improved

⁷⁶ Bangladesh Bureau of Statistics (2015). Disability in Bangladesh: Prevalence and Pattern.

<http://203.112.218.65:8008/WebTestApplication/userfiles/Image/PopMonographs/disabilityFinal.pdf>

⁷⁷ See <https://www.gainhealth.org/media/news/bangladesh-will-truly-be-seen-developed-country-when-it-vanquishes-undernutrition>

⁷⁸ See <https://www.orfonline.org/research/breakout-nation-the-nutrition-transformation-of-bangladesh-57408/>

⁷⁹ See <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5465809/>

⁸⁰ See <https://www.cambridge.org/core/journals/public-health-nutrition/article/double-burden-of-underweight-and-overweight-among-women-of-reproductive-age-in-bangladesh/E1ECEADA8D289817EB9347287D8884C9>

⁸¹ Feed the Future (2021). Food Safety System in Bangladesh: Current Status of Food Safety, Scientific Capability and Industry Preparedness. <https://ag.purdue.edu/food-safety-innovation-lab/wp-content/uploads/2021/01/FSIL-Food-Safety-System-in-Bangladesh.pdf>

⁸² Biswas et al (2014). A review on Impact of Agrochemicals on Human Health and Environment: Bangladesh Perspective. <https://www.researchgate.net/publication/275659333>

⁸³ BoP Innovation Center (2015). [The impact of food standards on inclusive growth in agriculture: the case of Bangladesh](https://www.boipic.org/impact-of-food-standards-on-inclusive-growth-in-agriculture-the-case-of-bangladesh)

⁸⁴ See <http://www.fao.org/in-action/food-safety-bangladesh/en/>

guidelines and training of farmers, consumer awareness, inspection and enforcement. In terms of COVID-19 impact on food safety, some of the key risks identified include the lack of cold chains; an underdeveloped food processing sector; insufficient availability of personal protective equipment in food processing factories.

26. **Citizen engagement, social accountability and grievance redress mechanisms.** The GoB and major NGOs in Bangladesh have over the past year increasingly adopted new ways of better engaging citizen, improving social accountability and providing grievance redress mechanisms. Most ministries and projects have institution and/or project-level grievance redress mechanisms, often also replicated at lower levels. At the national, cross-governmental level, the Cabinet Division of the GoB has set up the Platforms for Dialogue⁸⁵ to facilitate these processes and act as an overall grievance redress mechanism. Furthermore, the Bangladesh Accord on Fire and Building Safety prompted by the Rana Plaza disaster in 2013, has been widely recognized to have instituted an accessible, rights-based and confidential complaint mechanism⁸⁶, which has inspired similar actions in other sectors.

Environment and climate context, trends and implications

27. **Bangladesh is predominantly a riverine, deltaic country**, with around 80% of its surface classified as floodplains and having an extensive coastal area, jointly forming the Bangladesh Plain. Being part of the world's largest delta, the country has been formed over centuries from sediments deposited by the Ganges, Brahmaputra and Meghna (GMB) river system, which converge on the Bengal Basin. There are only a few non-plain areas in the country, notably the Chittagong Hills in the southeast and the highlands in the northwest. Bangladesh's alluvial soils are highly fertile, but vulnerable to floods as well. Flooding is highly common phenomenon in Bangladesh, and in many ways society has adjusted to these natural dynamics. Nevertheless, floods still present a major risk to human lives and economic activity. The 1998 flood inundated about 75% of the country including Dhaka, made 30 million people homeless and killed over a thousand people. Other major natural hazards in Bangladesh include cyclones and tornadoes, equally presenting a major risk to human lives and the economy. The number of casualties resulting from natural hazards is however steadily decreasing.



Figure 3 Map of Bangladesh with identification of hotspot areas in the Bangladesh Delta Plan 2100

28. **Bangladesh faces both water excesses and shortages.** During the annual monsoon period, the rivers of Bangladesh flow at some 140,000 m²/s, while during the dry period this only amounts to 7,000 m²/s. More than 60 % of the net arable land, some 91,000 km², is cultivated in the rainy season despite the possibility of severe flooding, and nearly 40 % of the land is cultivated during the dry winter months. Water resources management

⁸⁵ See <https://www.p4dbd.org/>

⁸⁶ Business and Human Rights Resource Centre (2019): Calling for Remedy. https://media.business-humanrights.org/media/documents/files/documents/Calling_for_Remedy_5-14.pdf

interventions have therefore aimed at both providing flood protection and drainage during the rainy season, and irrigation facilities for the expansion of winter cultivation. Major water control projects have been implemented by the government to provide irrigation and flood control. In addition, thousands of tube wells and electric pumps are used for local irrigation.

29. Water quality is a particular topic of attention. Especially tanneries and shoes and leather production sites are known to have a risk of water pollution, which concentrated in industrial belts and urban growth centers due to inadequate regulation and compliance. Through the emission of both organic and inorganic substances, water quality and ecosystem quality is severely affected, while also negatively affecting the health of people working and living in the vicinity.
30. **Forests and mangroves.** Bangladesh has three categories of forests based on topographic conditions: (i) hill forests, moist tropical evergreen and semi-evergreen forests comprising more than half of the country's total forest resources and carrying high ecological importance; (ii) Plain Sal Forests, Tropical Moist Deciduous forests that have been reduced to only scattered and degraded patches; and (iii) Littoral Mangrove Forests, of which the Sundarbans area is the most prominent (see below). In the period of 2001 to 2020, Bangladesh lost a total of 197,000 ha of tree cover (10% of total), which equals 103 MT CO₂ emissions. The overwhelming majority of tree cover loss (93%) was in the Chittagong region. To improve forest protection and restoration, Bangladesh has amongst others set up a network of Social Forestry projects that involves communities with a legally binding benefit sharing mechanism. The region also features significant coastal afforestation programs.
31. **Fish resources.** Fisheries resources, both brackish and freshwater, in the coastal areas are remarkable. Bangladesh has the highest per capita consumption of fish-based animal protein on the planet. The Jashore District is famous for breeding freshwater fish and catering to the entire country with fish fingerlings. The introduction of aquaculture in coastal areas has had serious ecological effects. Vast areas previously used for crop agriculture have been transformed into intentional, perennially waterlogged landscapes to boost shrimp farming, prompting new legislation to avoid further damage. At the same time, shrimp farming as a major export commodity is equally found to be relevant for local food consumption and for the enhancement of nutritional status, especially for poorer households⁸⁷.
32. **Protected areas.** Bangladesh has a total of 45 protected areas, including sanctuaries, national parks and community conservation areas. A review of the effectiveness of protected area management showed that the regulatory framework is generally adequate, albeit with a small number of loopholes. Enforcement of those rules is however found to be very weak due to limited budgets, staff and a lack of planning. Human intrusion and disturbance is identified as the main threat (24%) identified by managers of those protected areas, followed by biological resource use (22%), agriculture and aquaculture (17%) and residential / commercial development (17%). A particularly important area for natural resources and conservation is the *Sundarbans* area, a mangrove area of about 10,000 km² spanning both Bangladesh and India. The whole Sundarbans area is intersected by an intricate network of interconnecting waterways, of which the larger channels are often a mile or more in width. The Sundarbans Reserve Forest (SRF), the wildlife sanctuaries and the ECA are managed through collaborative management or co-management – a shared governance system that involves the community as environmental stewards sharing the management responsibilities with the BFD and DoE.
33. **Wildlife.** Bangladesh was once home to a large number of species that have currently reduced to a much smaller number primarily concentrated in the Sundarbans and Chittagong Hills. Species include the Bengal Tiger, Asian Elephant, Gibbon and Asian Black Bear. Bangladesh is a priority country of the Global Tiger Action Plan; therefore, the Sundarbans as the home of Bengal Tiger attracts added global attention. Bangladesh's only Marine Protected Area, the Swatch of No Ground (SoNG), is a continuum of the protected area network ecologically linked to the Sundarbans.

⁸⁷ Manun, A-A. et al (2021). Export-Driven, Extensive Coastal Aquaculture Can Benefit Nutritionally Vulnerable People. <https://www.frontiersin.org/articles/10.3389/fsufs.2021.713140/full>

34. **Current climate.** Bangladesh falls under monsoon influenced tropical climate area with an average annual rainfall of 2,700 mm, over 85% of which falls during June and October. Average day time temperature varies between 23 to 27°C, while the average night time temperature ranges between 18 and 22°C. While winters are generally dry and mild, summer months are wet and moist, the relative humidity is generally over 85% during monsoon season. During late April and mid-November, the sea surface temperature often rises above a threshold of about 27°C, which creates an ideal climatic condition to form tropical low and depressions. Sometimes, such tropical weather fronts give rise to the formation of cyclones and super cyclones.
35. **Natural hazards.** Bangladesh as a whole is highly prone to natural hazards including cyclones, storm surges, floods, landslides, earthquakes, tsunamis, sea-level rise and increasing saltwater intrusion. On an average, one major cyclone hits Bangladesh in every three years. It is believed that the shallow continental shelf, the high tidal range and the inverted funnel shape of the Bay play significant roles to 'guide' tropical cyclones towards the low-lying delta. Most of the casualties/fatalities and destruction associated with cyclones happen as a result of the accompanying water surge and high storm waves that sweep away and drown people. The degree of destruction and the number of casualties/fatalities depend on the time when a cyclone occurs, and on the topography and geomorphological conditions of where it strikes. Although cyclone-related human deaths have been reduced significantly due to improved warnings and pre-hazard preparedness programmes, cyclones in the past have killed many coastal Bangladeshis. Furthermore, lightning strikes cause over 200 lives every year, the majority of whom are farmers, and the frequency of lightning strikes is reported to have increased due to increased temperatures, linked to climate change⁸⁸.
36. **Climate change trends and predictions.** Temperatures have increased by about 0.3 – 0.5°C between 1960 and 2010 and is expected to increase by 1.4°C in the RCP 4.5 scenario and by 2°C in the RCP 8.5 scenario by 2050⁸⁹. Although the total average rainfall does not show any discernible change, the micro-structure of monsoon has been exhibiting important changes. For example, the rainfall is exhibiting a bi-modal distribution over monsoon, the first peak coming a lot earlier than expected (shifted from middle of July to early June). There are increasing numbers of extreme rainfall episodes during the monsoon with prolonged rainless days in between, while the late-October rain (Kaitani) has almost disappeared. For some districts in particular, it has been observed that rainfall in the pre-monsoon and winter season had a decreasing trend whereas it had an increasing trend during monsoon and post-monsoon seasons⁹⁰. Overall, mean annual rainfall is expected to rise by 74mm between 2040 and 2059. However, it should be noted that trends in future precipitation in Bangladesh are highly uncertain.
37. **Climate change impacts.** Bangladesh has a relatively high climate risk exposure, particularly related to cyclones, river flooding and coastal inundation, but it has also developed significant knowledge on climate change adaptation. Much of the country has some exposure to water-related climate risk such as increasing floods and increasing intrusion of saline seawater. Subject to various climate change scenarios, sea level rise is expected to inundate 120,000 km² by 2050; 14% more of the country may become extremely prone to floods by 2030. Coastal salinity problems will likely worsen as changing rain patterns reduce the amount of dry season water supply from upstream river sources.

⁸⁸ ICCCAD (2021) A Study on Environment and Climate Context, Trends and Implications. Sectoral study prepared for IFAD COSOP.

⁸⁹ WBG Climate Change Knowledge Portal (CCKP, 2021). Climate Data: Projection. Bangladesh. <https://climateknowledgeportal.worldbank.org/country/bangladesh/climate-data-projections>

⁹⁰ Rahman et al. (2009) Trend Analysis of Climate Change and Investigation on Its Probable Impacts on Rice Production at Satkhira, Bangladesh.

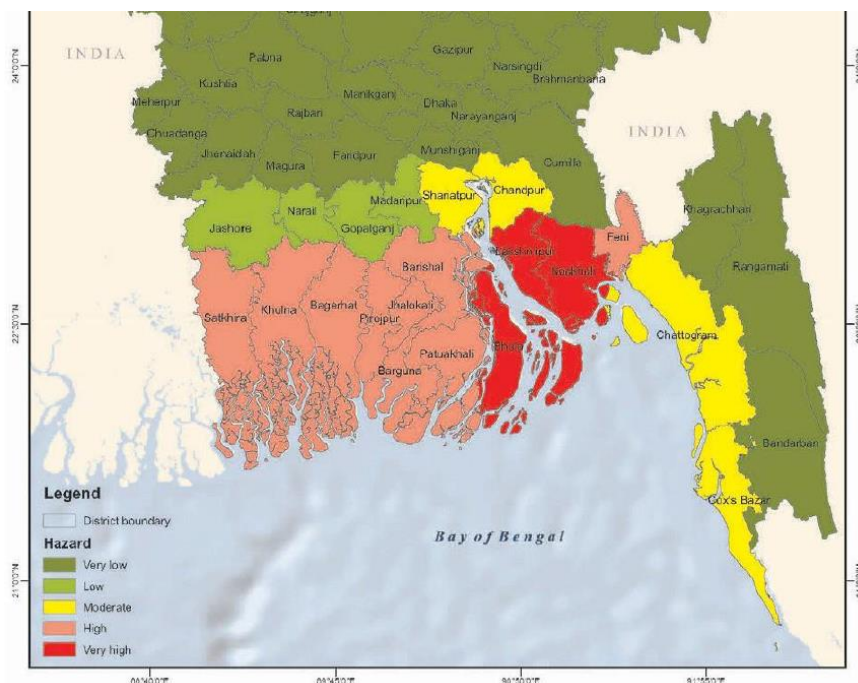


Figure 2 Sea level rise hazard index for southern Bangladesh. Source: ICCAD (2021)

38. Increasing salinity and mean temperatures have generally negative effects on agriculture. Overall, crop production might be reduced by 30% by the end of the century; rice production could fall by 8%, and wheat production by 32% by 2050. The increase in the number of very hot days in Bangladesh under all RCP scenarios is likely to have significant production costs, especially when combined with increased frequencies of heat wave and drought. For some crops, such as Boro rice, the benefits of increased atmospheric CO₂ emissions may offset yield losses, for others, such as wheat, significant declines are expected⁹¹. When other drivers are factored in there is strong evidence that net rice production is likely to decline significantly as a result of climate change. Winter crop production would be seriously hampered due to a warmer and drier environment during non-monsoon seasons, while moisture stress might force farmers to reduce the area under irrigated rice cultivation. In November 2019, the Bangladesh parliament unanimously declared climate change a 'planetary emergency', serving as a call to action for other nations on the urgency of emission reduction as well.

⁹¹ Thomas, T., Mainuddin, K., Chiang, C., Rahman, A., Haque, A., Islam, N., Quasem, S., Yan, S. (2013). Agriculture and adaptation in Bangladesh: Current and projected impacts of climate change. International Food Policy Research Institute. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2310087

Table 1 Overview of potential impacts of climate change on agriculture in Bangladesh. Source: ICCAD (2021)

Climate Variables	Potential Impacts on the Agriculture Sector
Temperature changes	
Increases in very hot days and heat waves	Modification in crop suitability and productivity (heat stress) Increase in weeds, crop pests and disease outbreaks Changes in crop water requirements. The quantity and quality of yield depend on the number of days that a crop is exposed to temperatures exceeding specific thresholds during critical growth stages (i.e., flowering, pollination, fruiting, or grain filling)
Fewer cold days and nights	Increased yields in colder environments Reduction in the risk of frosts and subsequent crop failure
Increase in intense precipitation events	Damages to crops Increased water-logging, inability to cultivate lands Damage to drainage systems due to flooding Increased extent and intensity of erosion and water-logging. Increased pest incidence
Increase in drought conditions	Lower yields from crop damage, stress, and/or failure Loss of arable land as a result of land degradation Loss of arable lands Increased competition for water Increased risk of food insecurity
Increase in the frequency of floods	Crop failure and damage to crops due to flooding Yield decreases Increased risk of health hazard due to lack of nutrition
More frequent strong tropical cyclones	Damages to crops and rural infrastructure Frequent occurrence of cyclonic hazard de-motivates farmers to continue farming
Sea level rise and storm surges	Damage to crops and rural infrastructure due to flooding Seawater intrusion, loss of arable land, salinization of water supply (groundwater in particular)
Increase in CO ₂ concentration	Increased biomass production and increased physiological efficiency of water use in crops and weeds Increased efficiency of water used by crops. Potentially increased weed to compete with crops

39. Climate change impacts are also seen in the public health domain. A one degree increase in temperature is found to increase the likelihood of contracting a waterborne disease by 4.2 percentage points, and the likelihood of contracting a respiratory illness by 5.7 percentage points⁹².
40. **Climate change adaptation.** Notwithstanding the severe impacts of climate change in Bangladesh, there is also a long history of dealing with a changing, dynamic environment in the country. The concrete impacts of climate change already caused a considerable amount of *autonomous* adaptation amongst farmers across Bangladesh, involving changes to livelihood assets and income generating activities⁹³. It has also prompted many climate change related strategies and projects to be implemented across Bangladesh. In 2018, Bangladesh finalized the Bangladesh Delta Plan 2100, which provides an overarching view of water-related adaptation strategies (referenced in the next section).

Institutions and legal framework

Institutions, policies and regulatory frameworks

41. **Gender.** The Constitution of Bangladesh lays down the general principles regarding the protection of women from all forms of discrimination and the promotion of their equal participation. Bangladesh ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) in 1984. The GoB adopted a National Women Development Policy in 2011 with an accompanying Action Plan to guide implementation thereof. This commits the government, amongst others, to operationalize gender-sensitive

⁹² Mahmud et al (2021) Infected and Stressed by Climate Variability: New Empirical Evidence from Bangladesh. World Bank Group. <https://openknowledge.worldbank.org/handle/10986/36506>

⁹³ University of Leeds (2016) [Autonomous adaptation to riverine flooding in Satkhira District, Bangladesh: insights for transformation.](#)

- planning and budgeting, ensuring equal pay in all sectors, enhance women leadership in the political arena, and build productive capacity of women more generally. Parliament has 50 reserved seats for women (in addition to 300 general seats), and local governments have a quota on the representation of women in councils.
42. The Ministry of Women and Children Affairs is tasked with the empowerment of women and children through a mainstreaming approach, combined with a variety of cross-governmental structures such as a high-level National Council for Women and Children Development, comprising ministers, secretaries, MPs and prominent women. Other line ministries and departments, such as the LGED, have adopted their own gender policies and action plans tailored to their sectors. Such cross-governmental structures also exist at local government level, through the Women In Development Coordination Committees. The Ministry of Women and Children's Affairs that manages eight Comprehensive Crisis Centers at division levels to provide information and services to victims of violence, however, there are very few reported cases and much less those that have followed legal processes.
43. **Environment.** The National Environmental Policy (1992) has a dual objective of ensuring protection and sustainable management of the environment. It identifies and regulates activities that may degrade the environment and ensures the sustainable and environmentally sound use of natural resources. The National Environmental Management Plan (1995)⁹⁴ is a broad set of programs aimed to implement this policy. The Environmental Conservation Act (1995)⁹⁵ and accompanying Rules (1997)⁹⁶ have a specific objective of setting the standards and procedures to prevent pollution of the environment. It is therefore an important piece of legislation that guides the execution of project screening, assessment and monitoring, and empowers the Ministry of Environment, Forests and Climate Change to exercise its role. It also provides the legal basis for the protection of ecologically critical areas.
44. The National Water Policy (1999)⁹⁷ focuses on protection, restoration and enhancement of water resources; protection of water quality; provision of sanitation and potable water; and the participation of local communities in water development projects. The Bangladesh Delta Plan 2100 (2018) defines the strategy to ensure long term water and food security, economic growth and environmental sustainability while reducing vulnerability to natural disasters and building resilience to climate change. At national level, the BDP2100 comprises the following strategies: (i) protecting economic strongholds and critical infrastructure; (ii) equipping the flood management and drainage schemes for the future; (iii) safeguarding livelihoods of vulnerable communities; (iv) balancing supply and demand for freshwater; and (v) maintaining water quality. Region or hotspot-specific strategies are included in Table 1.

Table 2 Hotspot-specific strategies in the Bangladesh Delta Plan 2100

BDP2100 Hotspots	Main Strategy
Coastal zone (27.000 km²)	Combating storm surge and salinity intrusion through effective management of existing polders, reclaiming new land and conservation of the Sundarbans
Barind and drought prone areas (23.000 km²)	Balancing supply and demand for sustainable and inclusive growth, minimizing losses due to floods and drainage congestion and ensuring water supply and sanitation
Haor and Flash Flood Areas (17.000 km²)	Protect agriculture and vulnerable communities from floods, integrated water/land resource management and management of sustainable ecosystem and biodiversity

⁹⁴ <http://documents1.worldbank.org/curated/en/329001468741610744/pdf/multi-page.pdf>

⁹⁵ <http://www.fao.org/faolex/results/details/en/c/LEX-FAOC042272>

⁹⁶ <http://www.fao.org/faolex/results/details/en/c/LEX-FAOC019918/>

⁹⁷ <http://nda.gov.bd/en/c/publication/national-water-policy-1999>

Chattogram Hill Tracts (13.000 km²)	Ensure water security and sustainable sanitation, maintain ecological balance, biodiversity and values and development of multi-purpose resources management system
River Systems and Estuaries (35.000 km²)	Provide adequate room for the rivers and infrastructure to reduce flood risk, appropriate sediment management and effective river and estuaries management in the newly accredited char areas
Urban Areas (20.000 km²)	Integrated and sustainable use of urban land and water resources, improved utility services, conserve and preserve urban wetlands and ecosystems

45. **Protected areas and biodiversity.** The National Forest Policy (1979) focuses on the preservation and scientific management of forestlands, the designation of forests as national forests, the organizational and research needs to protect the forests and the preservation of wildlife. The updated Wildlife Act of 2012 provides the legal underpinning of the management protected areas and sets several definitions on technical aspects such as buffer zones and lists of protected species. The 2nd National Biodiversity Strategy and Action Plan of Bangladesh (2016 – 2021)⁹⁸ is a guiding framework for biodiversity conservation, ensuring sustainable use of natural resources and protecting the diversity of flora and fauna and habitats.
46. **Fisheries.** The National Fisheries Policy (1998), Inland Capture Fisheries Strategy (2006) and National Shrimp Policy (2014)⁹⁹ guide the overall fisheries sector in the country were heavily drawing from the open capture fisheries in the region. The Shrimp Policy in particular, seeks to avoid the damaging environmental impact that the shrimp industry has caused in other countries, by limiting the size of shrimp enclosures and by requiring clearance from the Department of Environment to operate in mangrove areas.
47. **Climate.** The Bangladesh Climate Change Strategy and Action Plan (2009)¹⁰⁰ prioritizes adaptation and disaster risk reduction and has been complemented by programs and plans in six strategic areas¹⁰¹, including food security and infrastructure. Widespread adaptation efforts are now underway through for instance the national solar energy roadmap 2021-2041, the mainstreaming of climate resilient infrastructure engineering design policies, and the creation of the Bangladesh Climate Change Trust Fund. A National Adaptation Plan is currently being developed, as a successor to the National Adaptation Programme of Action (2009)¹⁰².
48. Bangladesh submitted its initial Nationally Determined Contribution (NDC) to the Paris Agreement on September 21, 2016, followed by an interim NDC 2020 on December 31, 2020, and an Updated Nationally Determined Contribution on August 26, 2021¹⁰³. It sets out its commitment towards a low-carbon development pathway with a greenhouse gas (GHG) emission target of 6.7% (28 Mt CO_{2eq}) by 2030 compared to the business-as-usual scenario, going up to 15.1% (62 Mt CO_{2eq}) reduction subject to financial, technical and capacity building support from both national and international partners. In agriculture, the largest increase in emissions is expected from agricultural energy use (see Table 2). The NDC includes relevant mitigation targets in agriculture achieved through investments in solar irrigation pumps, methane reduction from rice fields, mini biogas plants and low-emission dairy development. At the adaptation level the key activities related to agriculture and food security foreseen are focus mainly on increasing food productivity and sustaining growth in the face of the adverse effect of climate change. The GoB's 3rd communication to the UNFCCC further highlights

⁹⁸ <https://www.cbd.int/doc/world/bd/bd-nbsap-v2-en.pdf>

⁹⁹ GoB (2014). Bangladesh National Shrimp Policy, Ministry of Fisheries and Livestock

¹⁰⁰ See https://www.iucn.org/downloads/bangladesh_climate_change_strategy_and_action_plan_2009.pdf

¹⁰¹ Bangladesh Climate Change Strategy and Action Plan 2009 (2009). Ministry of Environment and Forest, Government of Bangladesh.

¹⁰² See <https://unfccc.int/resource/docs/napa/ban02.pdf>

¹⁰³ GoB (2021) Revised NDC submission to the UNFCCC

https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Bangladesh%20First/NDC_submission_20210826revised.pdf

important adaptation activities in the areas of climate resilient crop varieties, water resources management and enhanced agricultural subsidy programs including crop insurance¹⁰⁴.

Table 3 Greenhouse Gas emission reduction scenario from the NDC. * = corrected calculation.

UNFCCC sector	Sub-sector	Emissions Business-As- Usual in 2030 (% increase from 2012)	NDC Target 2030 - Unconditional	NDC Target 2030 - Unconditional + Conditional
Energy	Agriculture	10.16 MT (272%)	9.37 MT	8.55 MT*
AFOLU	Agriculture & Livestock	54.64 MT (19%)	54 MT	53.6 MT
	Forestry	0.37 MT (0%)	0.37 MT	0.37 MT

49. **Youth.** There are a range of government policies and programmes that explicitly target youth, as well as a large number that have a strong effect on youth without explicitly targeting them. The National Policy for Youth (2017) aims to ensure special support is provided to rural youth with opportunities to boost the rural economy (including with lease of government owned Khaas farmland, ponds and 'Jolmohal). The National Education Policy is equally important for youth. Initiatives are now underway to particularly strengthen tertiary education in the country. The Ministry of Youth and Sports is the responsible line ministry to address youth issues. The government also established the Sheikh Hasina National Youth Development Institute in 2017, tasked to conduct research, training and facilitating constructive activities. Other relevant policies include the National Skills Development Policy (2011), which puts special emphasis on the training and learning of youth, women, low-skilled people and people with disabilities.
50. **Decent work and harmful child labour.** The Decent Work agenda is a shared objective across government, private sector and civil society. The Decent Work Country Program 2022-2026 thereby involves the GoB, the Bangladesh Employers' Federation, the National Coordination Committee for Workers' Education and the Industrial Bangladesh Council. In the GoB, the Ministry of Labour and Employment is responsible for employment and to protect the interests of workers. The same Ministry is also spearheading the National Child Labour Welfare Council, which prepared the National Plan to Eliminate Child Labour (2020-2025)¹⁰⁵ as an implementation mechanism to the National Child Labour Elimination Policy (2010)¹⁰⁶. The National Plan involves a broad range of line ministries, whereas international agencies such as the ILO are providing support.
51. **Indigenous peoples and ethnic minorities.** The government does not recognize indigenous peoples as "indigenous", but instead identifies "tribes, minor races, sects and ethnic communities" in Article 23A, and obliges the state to protect and develop their unique local culture and traditions, the protection against all forms of exploitation (article 14), the prohibition of discrimination on the grounds of religion, race, caste, sex or place of birth (article 28); and equal opportunities in public employment, while allowing the State to adopt special provisions to guarantee adequate representation of these sectors of the population (article 29). Bangladesh is a signatory to major international human rights instruments that are directly or indirectly relevant to the rights of tribal/indigenous peoples, such as ILO Convention 107 on Tribal Populations.
52. **Persons with disabilities.** Bangladesh has ratified the UN Convention on the Rights of Persons with Disabilities (in 2008). The country's Constitution (1972) guarantees the basic

¹⁰⁴ GoB (2018) 3rd National Communication of Bangladesh to the UNFCCC.

https://unfccc.int/sites/default/files/resource/TNC%20Report%20%28Low%20Resolution%29%2003_01_2019.pdf

¹⁰⁵ See

https://mole.portal.gov.bd/sites/default/files/files/mole.portal.gov.bd/project/6038e47e_5792_45f4_8fc0_958f113443f9/NPA.pdf

¹⁰⁶ See

[https://mole.portal.gov.bd/sites/default/files/files/mole.portal.gov.bd/policies/7e663ccb_2413_4768_ba8d_ee99091661a4/National%20Child%20Labour%20Elimination%20Policy%202010%20\(English\)%2010.pdf](https://mole.portal.gov.bd/sites/default/files/files/mole.portal.gov.bd/policies/7e663ccb_2413_4768_ba8d_ee99091661a4/National%20Child%20Labour%20Elimination%20Policy%202010%20(English)%2010.pdf)

human rights of every citizen and prohibits any form of discrimination between social groups, including persons with disabilities. The Rights and Protection of Persons with Disabilities Act (2013) provides for specific measures such as accessibility provision in public spaces and equal opportunities in employment, while equally requiring persons with disabilities to register for identity cards to be able to track their enrolment in educational institutions and their access to jobs¹⁰⁷. The Ministry of Social Welfare is responsible for advancing the rights of persons with disabilities, and within that Ministry the National Foundation for the Development of Disabled Persons is actively providing support, including through Services and Assistance Centres in all districts.

53. **Nutrition.** The Food and Nutrition Security Policy (2020)¹⁰⁸ is the primary policy for nutrition and builds on an array of past policies, such as the National Food Policy (2006), National Nutrition Policy (2015), National Social Security Strategy (2015), and the National Agricultural Policy (2018). This new policy includes the following strategic objectives: 1) to ensure availability of safe and nutritious food for healthy diets, 2) to ensure access to safe and nutritious food at an affordable price, 3) to enhance the consumption and utilization of healthy and diversified diets for achieving nutrition improvements, 4) to increase access to nutrition-sensitive social protection and safety nets across life cycle with a focus on vulnerable groups and regions, 5) to strengthen cross-sectoral food and nutrition security governance, coordination, capacity building and partnership for effective policy implementation. The new policy is, in contrast to its predecessors, designed to cut across the mandates of a dozen ministries and apply a nutrition lens in various sectoral strategies.

Relevant programmes and partnerships

54. Given the size of the country and the broad range of development challenges, the number of relevant programmes and partnerships are equally vast. This section therefore merely provides a selection of some of the programmes and partnerships that are deemed most relevant to the strategy as laid out in the COSOP 2023-2028, and the issues identified in this SECAP Background Study.
55. **Extended Community Climate Change Project – Flood (ECCCP-Flood, 2019-2024)**¹⁰⁹. This project, implemented by PKSF and financed by the Green Climate Fund, works on the interface of community-driven investments in climate change adaptation and social protection programmes. One of the specific interventions is to establish Climate Change Adaptation Groups at community level.
56. **Climate Smart Agriculture and Water Management Project (2021 – 2026)**¹¹⁰. This project, funded by the World Bank and carried out by the Bangladesh Water Development Board, Department of Agricultural Extension and Department of Fisheries shares similarities with the current IFAD-funded portfolio and offers opportunities for cross-learning. It includes climate smart agriculture research and extension and the development of an interactive voice response system for citizen and community engagement, which could be relevant for the IFAD-funded portfolio
57. **'My Village, My Town'**. This government-led initiative aims to reduce the gap between cities and rural areas, by bringing essential facilities such as improved roads, drinking water, healthcare services and education to villages. A pilot project was initiated in 15 villages in 2020. The project may provide relevant entry points and learnings for IFAD-supported projects in terms of improving access to healthcare and in terms of educating youth and creating job opportunities.
58. **Strengthening Women's Ability for Productive New Opportunities (SWAPNO, 2014-2022) programme**¹¹¹. SWAPNO was a gender based social security project targeting 65,000 ultra-poor rural women who are widowed, divorced, abandoned, or left with a disabled

¹⁰⁷ SIDA (2014) Disability Rights in Bangladesh. <https://cdn.sida.se/app/uploads/2021/05/10142908/rights-of-persons-with-disabilities-bangladesh.pdf>

¹⁰⁸ <http://fpmu.gov.bd/agridrupal/sites/default/files/file/policy/NFNSP-2019-Draft-English.pdf>

¹⁰⁹ See <https://www.greenclimate.fund/project/sap008>

¹¹⁰ See <https://projects.worldbank.org/en/projects-operations/project-detail/P161534>

¹¹¹ See <https://www.bd.undp.org/content/bangladesh/en/home/projects/strengthening-womens-ability-for-productive-new-opportunities.html>

husband. The project aims to uplift these women out of extreme poverty through productive and sustainable livelihoods. Under the auspices of National Social Security Strategy (NSSS) of Bangladesh government, SWAPNO was implemented jointly by Local Government Division and UNDP. SWAPNO's intervention follows a graduation model that encompasses livelihood promotion, financial inclusion, social protection, and social empowerment. The women are employed for a specific period under public works. Simultaneously, training is provided to improve self-confidence, leadership, financial literacy, basic numeracy, savings, and spending. This process is followed by livelihood training based on their interests and local market opportunities to begin micro-enterprises or find formal employment. After completing their employment tenure, they can access funds to invest in their enterprises.

59. **Feed the Future Bangladesh Livestock and Nutrition Activity (2015-2021)**¹¹². This project worked to sustainably increase livestock productivity, marketability and consumption of livestock products for one million livestock producing households. It will feature a strong digital technology enabled component and it will work across public and private sectors.
60. **Resilience, Entrepreneurship and Livelihood Improvement Project (2021-2026)**¹¹³. This project, to be implemented by the Social Development Foundation under the Ministry of Finance and funded by the World Bank, aims to improve livelihoods of the poor and extreme poor, enhance their resilience and support rural entrepreneurship in project areas. It will scale up the approach piloted by the Nuton Jibon Livelihood Improvement Project in targeting the poor and the poorest, and work on graduating them out of poverty through income-generating activities, skills development and employment support.

Strategic recommendations

Lessons learned

61. **Targeting vulnerable areas and ensuring longer-term climate resilience.** IFAD-supported projects have successfully targeted the worst poverty stricken and climatically vulnerable areas of the countries¹¹⁴. At the same time, experiences from both the natural variability in the delta river ecosystem as well as climate change impact projections demonstrate that significant parts of the country, including areas where IFAD-supported interventions take place, may not be protected from being rendered inhabitable or infertile for agricultural development.
62. **Rural finance programs are successful conduits for broader engagement on social, environmental and climate issues.** A large share of IFAD-supported interventions in Bangladesh relate to rural finance programs. Beyond improving access to finance alone, these programs are usually accompanied by training events and other engagements that equally serve as a way to promote broader issues, from gender-related activities to nutrition and disaster management.
63. **Better inclusion and equitable participation of ethnic minorities and prevention of child labour is possible through careful planning of interventions.** IFAD has, through the Indigenous Peoples Assistance Service (IPAF) supported the Chittagong Hill Tracts Rural Development project. This project has demonstrated how social inclusion in development projects can be improved, by developing comprehensive social inclusion plans. Similar strategies can be applied to target marginalized groups and people with disabilities, as well as to ensure the prevention of harmful child labour.
64. **Projects can effectively promote 'safe' agricultural products in clusters, but farmers face constraints on the demand market as well as on input provision to scale up further.** Under the IFAD-supported PACE project, a value chain subproject was carried out specifically to promote safe vegetables around urban areas¹¹⁵. It was found that by bringing together different actors in clusters, including organic input suppliers, technical staff and market actors, the entire production system could be changed. By being able to tap into

¹¹² See https://pdf.usaid.gov/pdf_docs/PA00XRQQ.pdf

¹¹³ See <https://projects.worldbank.org/en/projects-operations/project-detail/P175820>

¹¹⁴ IFAD (2021) Bangladesh COSOP Completion Review 2021

¹¹⁵ Sectoral study carried out for the IFAD COSOP.

premium markets and recognizing cost savings from more efficient application of inputs, farmers now demand safe inputs. However, the larger demand for safe vegetables across the country is still limited, and so is the provision of safe inputs.

65. **General improvements in nutrition-related health indicators may have plateaued, creating a need for new, tailored approaches.** Bangladesh has made significant progress in nutrition-related indicators such as stunting, which is to a large degree attributed to improved incomes, education and healthcare as well as smaller family sizes. A recent study found that such broad-based improvements may however have plateaued, leaving still high levels of stunting in the more difficult to reach, chronically poor areas, while at the same time new challenges in nutrition are rising¹¹⁶. This implies that new community-based strategies are needed to target more explicitly those groups with tailored nutrition-related interventions.

Strategic orientation, actions and monitoring

66. Based on the analysis carried out in this SECAP Background Study, this section lists the SECAP-related recommendations for the strategic orientation of the Bangladesh COSOP 2023 – 2028, specific actions and the associated core indicators for monitoring:
67. **Ensure enhanced climate change adaptation strategies are underlying all IFAD-supported interventions while also actively promoting a low-carbon emission development pathway.** Climate change adaptation aspects are already integrated into most IFAD-supported programs in Bangladesh. They could benefit from further enhancement, including through (i) better understanding the interplay between measures to improve climate resilience of specific project activities, e.g. flood-protected infrastructure or climate-smart agriculture, and the adaptation or coping strategies of the target groups; (ii) strengthening capacity to ensure localized adaptation strategies can be adopted, e.g. improving the analysis of local impacts of climate change and adopting area-based adaptation strategies where for instance climate-resilient irrigation infrastructure development is combined with improved submergible roads and climate smart agriculture, (iii) increasing the emphasis on climate smart agriculture, for instance by introducing stress tolerant varieties and promoting leguminous crops to increase the water retention capacity of the soil and counter salinization; and (iv) setting up cross-project learning exchanges on climate change adaptation in collaboration with other relevant development partners specializing in these matters. In tandem, climate change mitigation efforts should be actively promoted wherever feasible, adopting the targets from the NDC and potentially from sectoral action plans as they are developed during the period covered by this COSOP.

Associated indicators: CI 3.2.2. Households reporting adoption of environmentally sustainable and climate resilient technologies and practices; CI 3.1.4. Land brought under climate resilient management; CI 3.1.1. Groups supported to sustainably manage natural resources and climate related risks; CI 3.1.2. Persons provided with climate information services; CI 3.2.1. GHG emissions avoided/sequestered.

68. **Further tailor the design of specific activities in IFAD-supported programs by reviewing and addressing the barriers for marginalized groups and persons with disabilities to participate and strengthen accountability practices.** IFAD-supported interventions in Bangladesh already have a strong targeting focus on the most vulnerable areas and are founded on participatory processes that aim to ensure all stakeholders in those areas can participate and gain benefits. To further enhance the participation of marginalized groups, IFAD-supported projects could review in more detail the design of specific activities, such as participatory rural appraisals or monitoring and evaluation strategies, to improve social inclusion, by explicitly looking at the marginalized groups including people with disabilities and reviewing the barriers they may face to participate in an equitable manner. This may be related to addressing the social norms underlying such activities but also the practical considerations in terms of timing, location and time burden of participation. IFAD-supported projects could use strengthened accountability and feedback mechanisms, including

¹¹⁶ Nisbett et al (2017). Bangladesh's story of change in nutrition: Strong improvements in basic and underlying determinants with an unfinished agenda for direct community level support.
<https://www.sciencedirect.com/science/article/pii/S2211912416301018>

but not limited to grievance redress mechanisms built on the evolving national and local structures, to validate the success of such inclusion measures.

Associated indicators (to be disaggregated by target groups): CI 2.1.2. Persons trained in income-generating activities or business management; CI 1.1.3. Rural producers accessing production inputs and/or technological packages; CI 1.1.5: Persons in rural areas accessing financial services; CI 1.1.8. Households provided with targeted support to improve their nutrition.

69. **Promote inclusive youth employment as a dedicated investment, with focus on professional skill development, job placement and self-employment, thereby promoting decent work.** While the current IFAD-funded project portfolio is generating economic opportunities in the rural areas including for youth, the inclusion of dedicated activities aimed at youth will help in increasing employment in this age group. The IFAD-funded HILIP-CALIP and PROVATI3 already have used such an approach, which can be replicated in future projects.

Associated indicators (to be disaggregated by age group): CI2.2.1. New jobs created; CI 1.1.3. Rural producers accessing production inputs and/or technological packages.

70. **Increase emphasis on promoting environmentally sustainable intensification of production (agricultural and non-agricultural), particularly with regards to nutrition and health impacts, while pursuing circular economy opportunities.** In pursuing increased productivity in both agricultural and non-agricultural sectors, IFAD-supported projects have an important role to play in ensuring environmental sustainability. This is for instance related to including provisions for avoiding the unnecessary, excessive or inadequate use of agrochemicals and the safe storage and application of agricultural inputs in general, the consideration of waste management capacities in the planning of project activities. It also concerns the topic of food safety and nutrition. This can be partially driven by market demand as demonstrated under PACE but it can, in areas where there is no such demand, also be achieved through capacity building, better design of interventions and enforcement of regulations, for instance by tracing pesticide residues. In the same vein, IFAD-supported projects can further expand the pursuit of circular economy opportunities. Some circular economy activities are already integrated in IFAD-supported projects, such as the use of biogas as source of renewable energy, but they could be further expanded to for instance consider alternative protein sources.

Associated indicators: CI 3.2.2. Households reporting adoption of environmentally sustainable and climate resilient technologies and practices

Potential for environment and climate co-financing

71. Given the high vulnerability of Bangladesh to climate change, there are and will continue to be significant financial resources available for climate adaptation and mitigation-related co-financing from institutions such as the Green Climate Fund (GCF) and Adaptation Fund. Equally, environmental financiers such as the Global Environment Facility (GEF) are looking to ensure synergies with sectoral investments projects. IFAD, as accredited entity to those institutions, is therefore well positioned to mobilize environmental and climate co-financing.
72. Areas of high potential to mobilize such co-financing include:
- (a) **Innovative climate resilient production systems in the dynamic Char areas.** IFAD and the GoB have a track record of investing in the pioneering of innovative approaches, practices and technologies by combining climate resilient infrastructure with income generating activities and climate services, such as the provision of climate-informed agronomic advice. These projects are generating lessons on what investments are most suitable for the Char areas, as parts of a extremely dynamic ecosystem, and could be further scaled up through climate adaptation finance.
 - (b) **Promoting the adoption of multi-purpose nature-based solutions.** IFAD-supported projects in Bangladesh have experimented with the use of solutions inspired by nature, such as the planting of vetiver grass to stabilise slopes. These same solutions

can provide income-generating opportunities, such as the provision of fodder. And, even if the carbon benefits are modest, they provide ways to increase carbon storage and restore healthy soils. Such interventions can be scaled up to replace interventions with 'grey' infrastructure and can be supported through adaptation finance with some mitigation co-benefits.

- (c) **Supporting low-carbon pathways to better food systems.** In the transition of the agricultural economy to higher productivity, IFAD-supported projects can play a key role to ensure that low-carbon pathways are followed. This will strongly feature the use of renewable energy for rural enterprises (for water pumping and operating equipment) and the promotion of carbon-storing practices such as agroforestry, but may be extended to look at the larger food system to include the carbon footprint of inputs (such as fertilizers) and the remaining value chain towards the end consumer, including cold chains. For this purpose, IFAD-supported projects could seek to mobilize climate change mitigation co-financing, with climate change adaptation as co-benefit.

COSOP preparation process

The steps and activities have been undertaken for preparation of COSOP 2023-28:

1. COSOP Completion Review: The most significant analysis for preparation of the present COSOP was done by producing CCR report of the previous COSOP 2012-2022. The CCR was completed by reviewing 13 projects (four projects initiated during the earlier COSOP 2006-2012 but completed during COSOP 2012-22 and seven nine on-going and two completed from the COSOP2012-2022 period. It was shared with all IFAD funded projects to receive comments and feedback. The CCR report went through an IFAD internal review process.
2. CCR Validated. The CCR report was presented to the Government (Economic Relations Division, Ministry of Finance) on 18 January 2022 at a validation workshop presided over by Ms Fatima Yasmin, Secretary, ERD. The report has been revised to incorporate feedback from the meeting.
3. Background studies. IFAD country office (ICO) has commissioned four background studies by independent consultants on a) climate change adaptation, b) Poverty, targeting, inclusion and gender, c) financial services and value chain development and application of ICTs, and d) climate resilient infrastructure. These studies analysed current and potential future situations of respective topics, consulted prominent government agencies in the respective area, consulted private sector and NGO-MFIs and sample beneficiaries. The findings have enriched the COSOP2023-28 process in determining Strategic Objectives and potential future areas of investments.
4. COSOP Mission. An IFAD mission was fielded during 20-31 January 2022 to prepare the COSOP report that consulted IFAD funded projects (that is, government departments), bilateral and multi-lateral development agencies, FAO, WFP, research organizations, ethnic minorities' representatives and NGO-MFIs. Due to the pandemic no field visits were undertaken during this mission. However, earlier supervision missions visited beneficiaries of the on-going projects.
5. Day-long Workshop. A day long workshop of was held on 23 January to share and review the findings of the background studies with all projects, IFAD mission members and IFAD Technical Leads, NGO-MFIs and other sector experts. The workshop highlighted issues critical in each area of study and recommended future interventions.
6. Workshop with representatives of ethnic minorities to capture demands and potential intervention methodologies 27 th of January
7. Wrap up meeting with ERD. A COSOP mission wrap- up meeting was held on 31 January 2022 with the Economic Relations Division (ERD) of the Ministry of Finance to share draft COSOP.
8. Meeting with the Minister of Finance. IFAD country program and COSOP was presented to the Minister of Finance, Government of Bangladesh on 2 February 2022 who appreciated IFAD's contribution in rural development and poverty alleviation and extended his support for COSOP.
9. Meeting with Minister of Agriculture. IFAD country program and COSOP was presented to the Minister of Agriculture, Government of Bangladesh on 9 February 2022 who appreciated IFAD's contribution in agricultural development and poverty alleviation and extended his support for COSOP.
10. Validation workshop. The draft COSOP was shared with a broader group of stakeholders at a validation workshop on 22 February 2022.
11. The COSOP was presented to the IFAD regional economist's network and inputs were incorporated.
12. Consultation with list A countries. A workshop was organized for list A countries to discuss the COSOP on the 7 th of March
13. Consultation with UN partners through the UNCT on the 4rd of April

Strategic partnerships

<i>Partnering objectives</i>	<i>Partners/networks/platforms</i>	<i>Partnership results and outcomes</i>	<i>Justification for partnership</i>	<i>Monitoring and reporting (to be completed for CRR and CCR)</i>
Engaging in policy and influencing development agendas	UNCT Bangladesh	New UNSDCF 2022-2026 with IFAD participation. The UNSDCF articulates five Strategic Priority Areas for engagement: (i) inclusive and sustainable economic development; (ii) equitable human development and well-being; (iii) sustainable, resilient and healthy environment; (iv) transformative, participatory and inclusive governance; and (v) gender equality and eliminating gender-based violence.	Improve the joint effort for the development agenda in the 3 priority (1, 2 y 3) objectives and recommend ways to include target groups in the policy dialogues.	
	WFP – FAO	Political dialogue on food systems, climate change and target groups.	Improve the joint effort to strengthen the food system and inclusion target groups in the policy dialogues. WFP is producing a poverty map through an IFAD grant as a territorial planning tool.	
	Bangladesh Water Development Board	Development of resilient water infrastructure.	Increase strategies and actions on small-scale producers through reducing risks of climate change	
	LGED	Development of resilient communication, market, minor embankment and irrigation infrastructure.	Policy advocacy for rural infrastructure, minor irrigation, physical environment, and climate change issues.	
	PKSF	Development of demand driven microfinance services.	Policy advocacy for financial services, ICT applications in microfinance management, business promotion, poverty reduction, and environment/climate change issues.	
Leveraging cofinancing	WB	Resilience, Entrepreneurship and Livelihood Improvement Project. 2021 – 2026. \$500 million. Implementing agency: Social Development Foundation.	Common target group. The Program Development Objective is to improve livelihoods of the poor and extreme poor, enhance their resilience and support rural entrepreneurship in project areas.	
	WB	Program on Agricultural and Rural Transformation for Nutrition, Employment, and Resilience in Bangladesh. March 2022 estimated board date. \$500 million. Implementing agency: Ministry of Agriculture.	Synergy with SO of the COSOP. The proposed Program Development Objective is to enable resilient production and marketing of high-value, safe, and nutritious food in Bangladesh.	
	PKSF	Innovations in microfinance services for women and youth; and climate change adaptation. Is a current partnership of IFAD in Bangladesh.	Financial institution founded by the Government of Bangladesh to finance rural finance programs and build institutions and is located in Dhaka, Bangladesh. PKSF is accredited to access resources from the Green Climate Fund and is implementing a project ¹¹⁷ . PKSF has been mobilizing additional resources from AsDB, World Bank and GoB.	
	Asian Development Bank	Co-financing of projects.	Potential co-financier of projects in the new IFAD 12 portfolio.	
	Asian Infrastructure Investment Bank	Co-financing of projects.	Opportunities will be explored. AIIB and NDB, they have a lot of financial	

¹¹⁷ Extended Community Climate Change Project-Flood (ECCCP-Flood): <https://www.greenclimate.fund/ae/pksf>

	(AIIB) and New Development Bank (NDB)		resources and can co-finance operations with IFAD. IFAD has a memorandum of understanding with the AIIB, and the Bangladesh country program offers a unique opportunity to concretely put the memorandum of understanding into practice.	
	GoN	Co-financing of projects.	Potential co-financier of projects in the new IFAD 12 portfolio.	
	DANIDA	Co-financing of projects.	Potential co-financier of projects in the new IFAD 12 portfolio.	
	GCF, GEF	Co-financing of projects.	Access to funding for environment and climate related co-financed projects to IFAD12 portfolio.	
	Spanish Trust Fund	Co-financing of projects.	Potential co-financier of projects in the new IFAD 12 portfolio.	
Enabling coordinated country-led processes	Coordination platform with Ministries Agriculture, Fisheries & Livestock, Local Government and Cooperatives, Water Resources, Financial Institutions Division of MoF	Coordination for the design and implementation of projects; COSOP design and reviews.	Increase impact of each project's activities and experiences.	
Developing and brokering knowledge and innovation (including SSTC)	LGED	Maintenance and protection of climate infrastructure, example Vetiver for slope (road, minor embankment, village protection). Is a current partnership of IFAD in Bangladesh.		
	WFP and FAO	Both agencies are direct implementing partners of two projects, WFP in PROVAT3 and FAO in SACP projects.	These organizations with a presence in Bangladesh have an experience and knowledge for IFAD projects.	
	CGIAR-IRRI-World fish	Research organizations	IFAD has established good partnerships with CGIAR institutes, such as IRRI and World Fish.	
	BRAC	International development organisation based in Bangladesh. In order to receive foreign donations to work in social development, social enterprises, investments and education.	Coordinate to deepen the "leave no one behind" approach as a model in IFAD's investments for the poorest.	
Strengthening private sector engagement	Non-financial and financial service providers.	Private sector is seen as buyers, and provider of technology, technical assistance and microfinances services.	Is limited but gradually expanding under two value chain projects – PACE and RMTP.	
Enhancing visibility	Ministries Agriculture, Fisheries & Livestock, Local Government and Cooperatives, Water Resources, Financial Institutions Division of MoF	Inclusion of financial linkages of the Micro enterprises, small and marginal farmers		

South-South and Triangular Cooperation strategy

I. Introduction

1. IFAD has increasingly tried to incorporate South-South and Triangular Cooperation (SSTC) in loan and grant financing activities, as a form of commercial and technical support making use of existing solutions. The projects and/or programmes financed by IFAD and in-country partners have developed approaches to provide technical cooperation based on reciprocal knowledge exchanges between peers.
2. The formulation of the new COSOP 2023-2028 for the People's Republic of Bangladesh facilitated an analysis of the country's economic and development context, identifying opportunities for SSTC activities. The exercise provides a clear idea of how other countries' experiences or resources can be harnessed, and how Bangladesh can share its own experiences and resources with others. SSTC thus is not only an instrument for sharing knowledge among countries; it is also a means to promote investments and financial flows to help countries in their development.
3. In the framework of the new COSOP, SSTC is important to show the results obtained from the rural development initiatives focusing on smallholder agricultural producers, and to highlight the actions and results of the progress achieved on the mainstreaming themes. This appendix presents potential areas for SSTC in Bangladesh as well as opportunities for partnerships that will be explored during the COSOP period. It is also important that SSTC activities are aligned with the key ongoing policies and programmes that are the focus of IFAD investments in Bangladesh.

II. Opportunities for rural development investment promotion and technical exchanges

4. Bangladesh has established a South-South Cooperation Cell (SSCC) within the Economic Relations Division (ERD) of the Ministry of Finance, which coordinates SSTC activities. South-South Cooperation is included in the National Policy for Development Cooperation. The Access to Information (A2I) programme of Bangladesh is currently leading three platforms¹¹⁸ following SSTC approaches to facilitate the exchange of knowledge, experiences and best practices and find innovative solutions. Bangladesh has also laid out its vision to utilize SSC in implementing SDGs¹¹⁹.
5. The strategic objectives proposed in the COSOP recognise not only IFAD's contributions in Bangladesh, but also the Government's special call to position itself as a provider of technical assistance and South-South Cooperation to other member countries in the region and beyond.

III. SSTC engagement rationale

6. During the previous COSOP period, several SSTC initiatives were implemented. A few examples follow:
 - a. PACE project implemented by Palli Karma-Sahayak Foundation (PKSF) collaborated with the Vietnamese development organization Centre for Education and Community Development (CECD) and received technical support from Vietnamese experts to expand the crab culture sub-sector.
 - b. Hydroponic fodder, implemented by PKSF, was mentioned on the Rural Solutions Portal through a collaboration between APR, PMI and SSTC team.
 - c. Several stock-taking exercises on climate resilience were organized through an SKD-APR collaboration where 8 projects from Bangladesh, Bhutan, India, and Nepal shared lessons learnt.
 - d. The Bangladesh Rural Advancement Committee, more well-known by its acronym BRAC, provided its expertise on the Graduation approach in a collaboration with IFAD

¹¹⁸ South-South Network for Public Service Innovation, Alliance for Asian Apprenticeship, and South-Asia Civil Registration Network.

¹¹⁹ <https://a2i.gov.bd/publication/public-service-innovation/>

in Kenya. This model is being replicated to Tunisia through a new partnership with the Government of Tunisia.

7. The examples listed above show the potential of the activities within the Bangladesh PoLG. Future opportunities should target the area of post-harvest processing and value addition to serve both domestic demand and tap into export opportunities. Experiences of other Global South countries are seen as more relevant for Bangladesh as they involve similar levels of technology and required investment. Possible examples include fruit pulp processing (oranges and mangoes), coffee roasting and other high-value technologies, along with the setting up of various regulatory and certification bodies.

IV. Partnerships and initiatives

8. IFAD works with numerous partners in Bangladesh, many of which are interested in incorporating SSTC initiatives into their respective activities. Possible partners include DANIDA, GoN, Helvetas, JICA, AIB, IsDB and other bilateral organizations. These organizations have experience working in countries similar to Bangladesh, and can provide the linkages as well as funding to enable SSTC activities. It is important to keep in mind that this is not an exhaustive list, since new SSTC activities and partners can be identified by the Government and/or suggested by stakeholders during the implementation period.
9. SSTC work and targeting could be oriented towards vulnerable and traditionally excluded rural groups, including women, youth and indigenous peoples, as these are mainstreaming strategic and essential pillars in contributing to the reduction of poverty and malnutrition.
10. In terms of entrepreneurship, capacity-building, information technology and rural financing, there are opportunities to develop exchanges with other countries in the region that have obtained positive results in these areas. A partner for this has not yet been determined. In regard to market access and certifications, it is proposed that work be done with the ITC.
11. One example of SSTC is adaptation of graduation model in Tunisia that was successfully developed by BRAC, a famous Bangladeshi NGO.

V. Conclusion

12. SSTC responds to the growing interest of developing countries to share lessons learned through knowledge exchange, technology and experience, as well as promoting trade and investments. In this context, Bangladesh could certainly benefit from SSTC's technical cooperation aspects and promotion of investments.
13. Bangladesh has already developed interesting SSTC initiatives in recent years and should try to maximize existing experiences to expand the new intervention. In this regard, it will be critical to mobilise funds for SSTC initiatives. IFAD needs to set up appropriate and diversified financing options and an enhanced institutional architecture for SSTC.
14. Considering the Agenda 2030, and especially SDGs 1 and 2, and recognizing the great demand for technical knowledge and investment alternatives expressed by the government, IFAD is ready to continue to act as a knowledge intermediary and support the exchange of good practices and investment opportunities during the implementation of the new COSOP.

Country at a glance

[Source: [Country portfolio summary](#)]

Some Units of Measurement

1. 1 maund = 82.29 lb = 37.3241 kg
2. 1 kg = 1.0716916 seer = 2.2046226 lb.
3. 1 acre = 0.404686 Hectare
4. 1 bale of jute = 0.1814369 Metric Ton
5. 1 crore = 10 million
6. 1 lakh = 0.1 million
7. 1 mile = 1.6093 Kilometre
8. 1 kilometre = 0.6213712 mile
9. 1 square mile = 2.589988 sq. kilometre
10. 1 square kilometre = 0.3861022 sq. mile

Bangladesh									
Summary of IFAD Country Portfolio									
A. Project began in previous COSOP but completed during 2012-2022									
Name of the project	Implementing Agency	Start (Entry into Force)	End (Current Completion)	Total Cost (USD)	IFAD (USD)		Status	International Co-funding	International contribution in on-going projects (million \$)
					Grants	Loan			
1 SCBRMP	LGED	1/14/2003	3/31/2014	26,740,000	N/A	21,973,000	Financial Closure	N/A	
2 MIDPCR	LGED	9/22/2006	9/30/2013	43,893,684	N/A	24,946,873	Financial Closure	Netherlands	4,751,552
3 FEDEC	PKSF	1/8/2008	3/31/2014	57,786,875	N/A	35,030,946	Financial Closure	N/A	
4 NATP I	MoA	3/25/2008	12/31/2014	84,530,935	N/A	19,450,366	Financial Closure	World Bank	62,489,501
Subtotal				212,951,494		101,401,185			67,241,053
B. Projects under current COSOP (2012-2022)									
1 PSSWRSP	LGED	11/6/2009	6/30/2018	119,797,515		32,000,047	Financial Closure	ADB	55,000,329
2 CDSPIV	BWDB and others	5/9/2011	3/31/2022	139,152,001		67,930,048	On-going	Netherlands	21,492,741
3 HILIP-CALIP	LGED	7/18/2012	9/30/2021	133,309,182	16,090,727	71,139,932	On-going	Spanish Fund	29,745,137
4 CCRIP	LGED	6/28/2013	6/30/2019	150,053,320	1,007,502	60,011,411	Project Completed	Strategic Climat Fund	29,970,381
CCRIP								ADB	20,003,132
CCRIP								German credit Institution for Reconstruction	8,838,813
5 PACE	PKSF	12/11/2014	12/31/2022	129,787,650		58,074,650	On-going	Republic of Korea (Grant)	360,000
6 NATP II	MoA	8/7/2016	6/30/2023	220,400,000		23,800,000	On-going	World Bank	176,000,000
NATP II								USAID	7,400,000
7 PROVATI3	LGED	2/13/2018	3/31/2024	92,374,000	1,250,000	64,500,000	On-going	N/A	
8 SACP	MoA	8/1/2018	9/30/2024	110,715,000	2,000,000	66,500,000	On-going	Rural Poor Stimulus Facility (RPSF) Phase I	915,000
SACP								Rural Poor Stimulus Facility (RPSF) Phase II	1,092,379
9 RMTP	PKSF	12/3/2019	9/18/2025	200,000,000	1,000,000	81,000,000	On-going	Denmark	8,299,000
Subtotal				1,295,588,668	21,348,229	524,956,088	-	-	359,116,912
TOTAL				1,508,540,162	21,348,229	626,357,273	-	-	426,357,965

Macroeconomic indicators								
Indicators	FY15	FY16	FY 17	FY 18	FY 19	FY 20	FY21(p)	
Real GDP growth (base: 2005-6) (%)	6.55	7.11	7.28	7.86	8.15	3.51	5.47	
Real GDP growth (base: 2015-16) (%)	n.a	n.a	6.59	7.32	7.88	3.45	5.43	
CPI Inflation (average) (%)	6.41	5.5	5.94	5.78	5.47	5.65	5.56	
Gross Domestic Savings (%)	22.09	24.98	25.33	22.83	25.02	23.77	24.17	
Gross domestic investment (%)	28.89	29.65	30.51	31.23	31.57	30.47	29.92	
Current account balance (%)	1.79	1.92	-0.53	-3.49	-1.69	-1.46	-1.07	
Gross official reserves (in Billion USD)	25.02	30.18	33.41	32.94	32.72	36.04	46.39	
In terms of months of imports	6.5	7.2	6.6	6	6	6.1	6.9	
Source: Bangladesh Bank								
Real GDP Growth by Sectors: Base 2005-06								
	FY15	FY16	FY 17	FY 18	FY 19	FY 20	FY21(p)	
Agriculture (%)	3.3	2.8	3	4.2	3.92	4.59	3.45	
Industry (%)	9.7	11.1	10.2	12.1	12.67	3.25	6.12	
Services (%)	5.8	6.3	6.7	6.39	6.78	4.16	5.6	
GDP (at constant market price)	6.55	7.11	7.28	7.86	8.15	3.51	5.47	
GDP composition by sector (%)								
Agriculture (%)	16	15.4	14.7	14.23	13.65	13.74	13.47	
Industry (%)	30.4	31.5	32.4	33.66	35	34.78	34.99	
Services (%)	53.6	53.1	52.9	52.11	51.35	51.48	51.53	
Total	100	100	100	100	100	100	99.99	
Source: Bangladesh Bank								
National Poverty Level								
		2016*	2018	2020	2021			
Poverty rate (%)		23.2						
Extreme poverty rate (%)		12.9						

Indicators	2014	2015	2016	2017	2018
Population (in million)					
Both sexes	156.8	158.9	160.8	162.7	164.6
Male	78.6	79.6	80.5	81.4	82.4
Female	78.2	79.3	80.3	81.3	82.2
Intercensal growth rate	1.37	1.37	1.37	1.37	1.37
Country size (sq. Km)	147,570	147,570	147,570	147,570	147,570
Population by Broad Age-groups (percent)					
Both sexes					
0-14	31.7	30.8	30.8	29.3	28.8
15-49	52.6	53.7	53.6	54.4	54.6
50-59	7.9	7.8	8.1	8.3	8.7
60+	7.8	7.7	7.5	8	7.9
Total	100	100	100	100	100
Fertility					
Crude Birth Rate (per 1000 population)					
Total (both sexes)	18.9	18.8	18.7	18.5	18.3
Infant Mortality Rate (per 1000 live births)					
Total - Both Sexes	30	29	28	24	22
Under 5 Mortality Rate (per 1000 live births)					
Total - Both sexes	38	36	35	31	29
Maternal Mortality Ratio (per 1000 live births)					
Total (urban+rural)	1.93	1.81	1.78	1.72	1.69
Expectation of Life at birth (Years)					
Men	69.1	69.4	70.3	70.6	70.8
Women	71.6	72	72.9	73.5	73.8
BBS	Bangladesh Sample Vital Statistics				

Household Size	4.3	4.4	4.3	4.2	4.2
Headship (percent)					
Male headed HH	87.8	87.3	87.2	85.8	85.8
Female headed HH	12.2	12.2	12.8	14.2	14.2
Access to Water (percent)					
Drinking (Tap & Tube well)	97.8	97.8	98	98	98
Source of Light (percent)					
Electricity	67.8	77.9	81.2	85.3	90.1
Solar energy	N.a	5.4	5.6	5.8	4.8
Others	32.2	16.7	13.2	8.9	5.1
Literacy rate of population (7yrs+)					
Male	60.7	65.6	73	74.3	75.2
Female	56.6	61.6	68.9	70.2	71.2
Adult literacy rate (15yr+)					
Male	64.7	67.6	75.2	75.7	76.7
Female	58.2	61.6	69.5	70.1	71.2
Labour Statistics		2010	2013	2015-16	2016-17
Economically active population mill (15yr+)					
Male		39.5	42.5	43.1	43.5
Female		17.2	18.2	19.1	20
Total		56.7	60.7	62.2	63.5
Employed population (million) 15+					
Male		37.9	41.2	41.8	42.2
Female		16.2	16.8	17.8	18.6
Total		54.1	58	59.6	60.8
Unemployment rate (%)		4.59	4.45	4.18	4.25
Labour force participation rate (%)		59.3	57.1	58.5	58.2
Unpaid family worker (million)		11.8	10.6	8.6	7.2
Formal and informal employment (FY 2016-17)				formal	Informal
Men (%)				17.9	82.1
Women (%)				8.2	91.8
Total (%)				14.9	85.1
Youth not in education, employment or training (NEET)				men	women
Age 15-29 years in FY2016-17 (%)				13	87
Source: BBS Statistical Year Book 2020-21	and Bangladesh labour force survey				

Financial management issues summary

COUNTRY		Bangladesh		CONCEPT NOTE			
A. COUNTRY PORTFOLIO PERFORMANCE							
Country – FM KPIs:							
FM Inherent Risk:		High		<p>The Transparency International Corruption Perception Index (CPI) score for Bangladesh in 2021 is 26 and ranked 147th out of 180 countries. In 2019 and 2020, Bangladesh was ranked at 146th with same score index of 26. Like the last year, Bangladesh is again the second-worst performer in curbing corruption among the South Asian countries, with Afghanistan being the worst. It shows that the progress in anti-corruption efforts and reform is slow and have not yet effective.</p> <p>Public Financial management (PFM). The latest Public Expenditure and Financial Accountability (PEFA) assessment report for Bangladesh was published in 2016. It indicates that seven performance indicators improved, fourteen remain the same and seven deteriorated since the last PEFA of 2010. Controls in budget execution, reporting, accounting and audit remain weak.</p> <p>According to the May 2020 Joint World Bank-IMF Debt Sustainability Analysis (DSA) , Bangladesh remains at a low risk of external and a low overall risk of debt distress. Despite the economic shock caused by COVID-19, external debt indicators are below their thresholds and the public debt level is below the benchmark under the baseline and stress test scenarios. Bangladesh GDP growth rate dropped from 8.2% in 2019 to 5.2% in 2020 mainly as an impact of COVID-19 pandemic. However, the GDP growth for 2021 is projected at 7.2%</p>			
1Country Disbursement Ratio (rolling-year)		19.80%					
Outstanding Ineligible Expenditure		-					
Outstanding Advances (Projects in Expired Status)		-					
Applicable PBAS cycle:		IFAD12					
PBAS Available allocation:		-86,276,985					
<p>1Corporate Disbursement Ratio Methodology considers ASAP, AFD, IFAD, KFW and SPA financing sources only.</p>							
CURRENT LENDING TERMS		Blend					
B. PORTFOLIO, FM RISK & PERFORMANCE							
Existing Portfolio:							
Project	Financing instrument	FLX Status (2)	Lending Terms	Currency	Amount (millio	%Disb	Completion date

					n)		
CDSP IV	200000289800	DSBL	HIGHLY CONCESSIONAL BY CURRENCY	USD	13.8	18.65	30/03/2022
CDSP IV	200000289900	DSBL	BLEND TERMS BY CURRENCY	USD	6.8	33.58	30/03/2022
HILIP - CALIP	G-C-ASP-847-A	DSBL	ASAP GRANTS	XDR	9.9	96.66	29/06/2022
HILIP - CALIP	G-I-C-847-	DSBL	LOAN COMPONENT GRANTS	XDR	0.63	80.97	29/06/2022
HILIP - CALIP	L-E--3-	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	EUR	21.4	100	29/06/2022
HILIP - CALIP	L-I--847-	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	34.45	95.82	29/06/2022
PACE	200000072200	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	26.35	99.04	31/12/2022
PACE	200000083500	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.36	100	31/12/2020
PACE	200000366600	DSBL	HIGHLY CONCESSIONAL BY CURRENCY	USD	9.04	22.13	31/12/2022
PACE	200000366700	DSBL	BLEND TERMS BY CURRENCY	USD	9.04	22.13	31/12/2022
NATP 2 - BD	200000072100	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	XDR	17	85.81	29/06/2023
SACP	200000229300	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	64.5	41.21	29/09/2024
SACP	200000229400	DSBL	LOAN COMPONENT GRANTS	USD	2	66.5	29/09/2024
SACP	200000347000	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.92	100	29/09/2024
SACP	200000392500	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	1.09	100	30/03/2022
PROVATI	200000212400	DSBL	HIGHLY CONCESSIONAL TERMS 0.75 pc	USD	63.25	36.42	30/03/2026
PROVATI	200000212500	DSBL	LOAN COMPONENT	USD	1.25	100	30/03/2026

			GRANTS				
RMTP (PKSF)	200000309800	DSBL	LOAN COMPONENT GRANTS	EUR	0.9	0	31/12/2025
RMTP (PKSF)	200000309900	DSBL	HIGHLY CONCESSIONAL BY CURRENCY	EUR	48.1	15.88	31/12/2025
RMTP (PKSF)	200000310000	DSBL	BLEND TERMS BY CURRENCY	EUR	23.75	32.16	31/12/2025
RMTP (PKSF)	200000358300	DSBL	SUPPLEMENTARY FUNDS GRANTS	EUR	6.69	20	31/12/2025
WR2CC - ASAP2 Grant	200000346800	DSBL	SUPPLEMENTARY FUNDS GRANTS	USD	0.4	90	29/06/2022

Project	Project FM risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds
CDSP IV	Substantial	Moderately Unsatisfactory	Mod. satisfactory	Highly Unsatisfactory	Moderately Unsatisfactory
HILIP - CALIP	Moderate	Satisfactory	Mod. satisfactory	Moderately Unsatisfactory	Satisfactory
PACE	Low	Satisfactory	Satisfactory	Satisfactory	Moderately Satisfactory
NATP 2 - BD	Substantial	Satisfactory	Mod. unsatisfactory	Moderately Satisfactory	Moderately Satisfactory
SACP	Moderate	Moderately Satisfactory	Mod. satisfactory	Moderately Satisfactory	Satisfactory
PROVATI	Substantial	Moderately Unsatisfactory	Mod. satisfactory	Moderately Unsatisfactory	Moderately Satisfactory
RMTP (PKSF)	Moderate	Moderately Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Satisfactory
WR2CC - ASAP2 Grant	Low	Not Specified	Not Specified	Not Specified	Not Specified

The Bangladesh portfolio currently consists of seven ongoing projects and one project under design stage (CDRS). IFAD has received a request from the government to extend CDSP for another 27 months with the new project completion and the financial closing dates to 30/06/2024 and 31/12/2024.

ICP is in place at central level. The use of country public financial management systems is extensive for donor-funded projects, especially in relation to budgeting, fund flows, accounting and the audit. Budgeting processes are overall well functioning but deficiencies have been noted related to reporting especially at early stage of the project implementation. Internal controls and internal audit also remain an area of substantial weakness across the Bangladesh portfolio. All donor funded projects are audited by FAPAD on a yearly basis. Its performance, in terms of quality and timelines, has improved in recent years.

The portfolio currently contains three projects with substantial FM inherent risk (CDSP IV, NATP 2 - BD,

and PROVATI), three projects with Moderate risk (HILIP CALIP, SACP and RMTP) and two projects with low risk (PACE and WR2CC-ASAP2 Grant).

Lesson learned:

- *Finance staff capacity skill need to be strengthened.*
- *Internal control and internal audit functions are in need of improvement;*
- *Computerized accounting system for project need to be procured at early stage*
- *Timelines of financial reporting*
- *Timelines of audit report and follow up of findings/recommendation*

Mitigation measures:

- *The main mitigation strategy for financial management includes detailing of financial management procedures, making the PMO responsible for consolidation, reporting of the financial statement; provide training to project staff, and hiring qualified staff for the project.*
- *Assess the fund flow, internal control and reporting arrangement during the design*
- *Efficient organizational arrangements are essential for smooth project implementation*
- *Adequate internal control measures should be introduced and used at all levels*
- *Procure and set-up of appropriate accounting software able to produce the financial reporting meeting the government and IFAD requirements, which include recording counterpart funding (both in-kind materials and labour and cash) contributions.*

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