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**People's Republic of Bangladesh**  
**Country strategic opportunities programme**  
**Addendum**  
**Management's response to Member States'**  
**comments**

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Comments from United Kingdom	Management response
<p>The UK thanks IFAD for this COSOP for Bangladesh. As noted at the informal EB session on country programming, we believe, overall, the contents of the paper are well aligned with the Bangladesh economic context, climate and environmental risks, and agriculture and rural transformation. The strategy will also directly contribute to Bangladesh macro policies - 8th FYP, Bangladesh Delta Plan 2100, rural transformation and agriculture policy. We would like to share the following specific comments:</p> <ol style="list-style-type: none"> <li>1. Bangladesh agriculture transforms from subsistence agriculture to commercial agriculture with three characteristics - diversification, commercialisation, and mechanisation, and with three broader roles - growth driver, growth supporter and growth spreader, with agriculture mechanisation being remotely articulated in the paper. There could be a greater focus on referring to agricultural mechanisation to help with structural transformation of the agriculture sector and the rural economy.</li> <li>2. In addition to microcredit, the strategy could consider if supporting access to other appropriate financial products could help rural entrepreneurs.</li> <li>3. Climate change, rising and changing food demand and resource scarcity present significant challenges to agriculture production, growth and the whole food system. This requires difficult trade-offs between raising productivity to promote growth and poverty reduction, building resilience to climate risks, and reducing agriculture's impact on the environment. The interventions for climate smart agriculture and resilient infrastructure could be developed further based on tested models or best buys.</li> </ol> <p>Thank you</p>	<p>Management thanks the United Kingdom representative for the valuable feedback on the Bangladesh COSOP. The COSOP delivery team's response to the specific comments is as follows:</p> <ol style="list-style-type: none"> <li>1. In the COSOP, agricultural mechanization is at the core of productivity improvement and commercialization. IFAD will continue to promote mechanization in three different ways (SO2): <ol style="list-style-type: none"> <li>(a) <b>Sector-specific value chain development.</b> Marginal and smallholder farmers and agricultural microenterprises are being provided with farm machinery for mechanization of production systems (e.g. for irrigation, tilling, threshing, milling and drying for field crops; and for the livestock and fisheries sectors) and technologies for small-scale processing of food products (e.g. milk chilling, milk processing and meat processing; pulp processing and drying for fruits, vegetables and fish products; and machinery for various flour/cereal, spice and pulse-based products).</li> <li>(b) <b>Microfinance.</b> The above-mentioned machinery will continue to be financed through microcredit and microenterprise loans. Through its projects, IFAD has also been promoting "lease finance" to fund this machinery.</li> <li>(c) <b>Partnerships.</b> IFAD will try to further expedite and leverage partnerships with new and existing development partners that already invest heavily in mechanization to amplify its efforts in agricultural mechanization.</li> </ol> </li> <li>2. In addition to microcredit, under the new COSOP, IFAD will promote microinsurance (see para. 31). A number of tested and successful models for livestock insurance, health microinsurance and life insurance for microcredit borrowers are available. These will form the basis for further expansion of microinsurance.</li> </ol>

<b>Comments from United Kingdom</b>	<b>Management response</b>
	<p>3. Management agrees with this comment. The interventions for climate-smart agriculture and resilient infrastructure will be further developed based on tested models or best buys as IFAD's portfolio in Bangladesh has gathered significant experience and insights in these areas.</p> <p>Management believes that its response has addressed the United Kingdom's comments, and remains available should further clarification be required.</p>