

---

## **President's report**

### **Proposed loan**

### **People's Republic of Bangladesh**

### **Growth for Climate-Resilient and Environmental Entrepreneurship and Nutrition (GREEN)**

Project ID: 2000004922

---

Document: EB 2025/146/R.2

Agenda: 3(a)(i)(a)(i)

Date: 11 November 2025

Distribution: Public

Original: English

#### **FOR: APPROVAL**

**Action:** The Executive Board is invited to approve the recommendation contained in paragraph 68.

---

---

#### **Technical questions:**

**Reehana Raza**  
Regional Director  
Asia and the Pacific Division  
e-mail: r.raza@ifad.org

**Valantine Achancho**  
Country Director  
Asia and the Pacific Division  
e-mail: v.achancho@ifad.org

---

# Contents

<b>Map of the project area</b>	<b>ii</b>
<b>Financing summary</b>	<b>iii</b>
<b>I. Context</b>	<b>1</b>
A. National context and rationale for IFAD involvement	1
B. Lessons learned	2
<b>II. Project description</b>	<b>3</b>
A. Objectives, geographical area of intervention and target groups	3
B. Components, outcomes and activities	3
C. Theory of change	3
D. Alignment, ownership and partnerships	4
E. Costs, benefits and financing	4
<b>III. Risk management</b>	<b>7</b>
A. Risks and mitigation measures	7
B. Environment and social category	7
C. Climate risk classification	8
D. Debt sustainability	8
<b>IV. Implementation</b>	<b>8</b>
A. Organizational framework	8
B. Planning, monitoring and evaluation, learning, knowledge management and communications	10
C. Implementation plans	10
<b>V. Legal instruments and authority</b>	<b>11</b>
<b>VI. Recommendation</b>	<b>11</b>

## Appendices

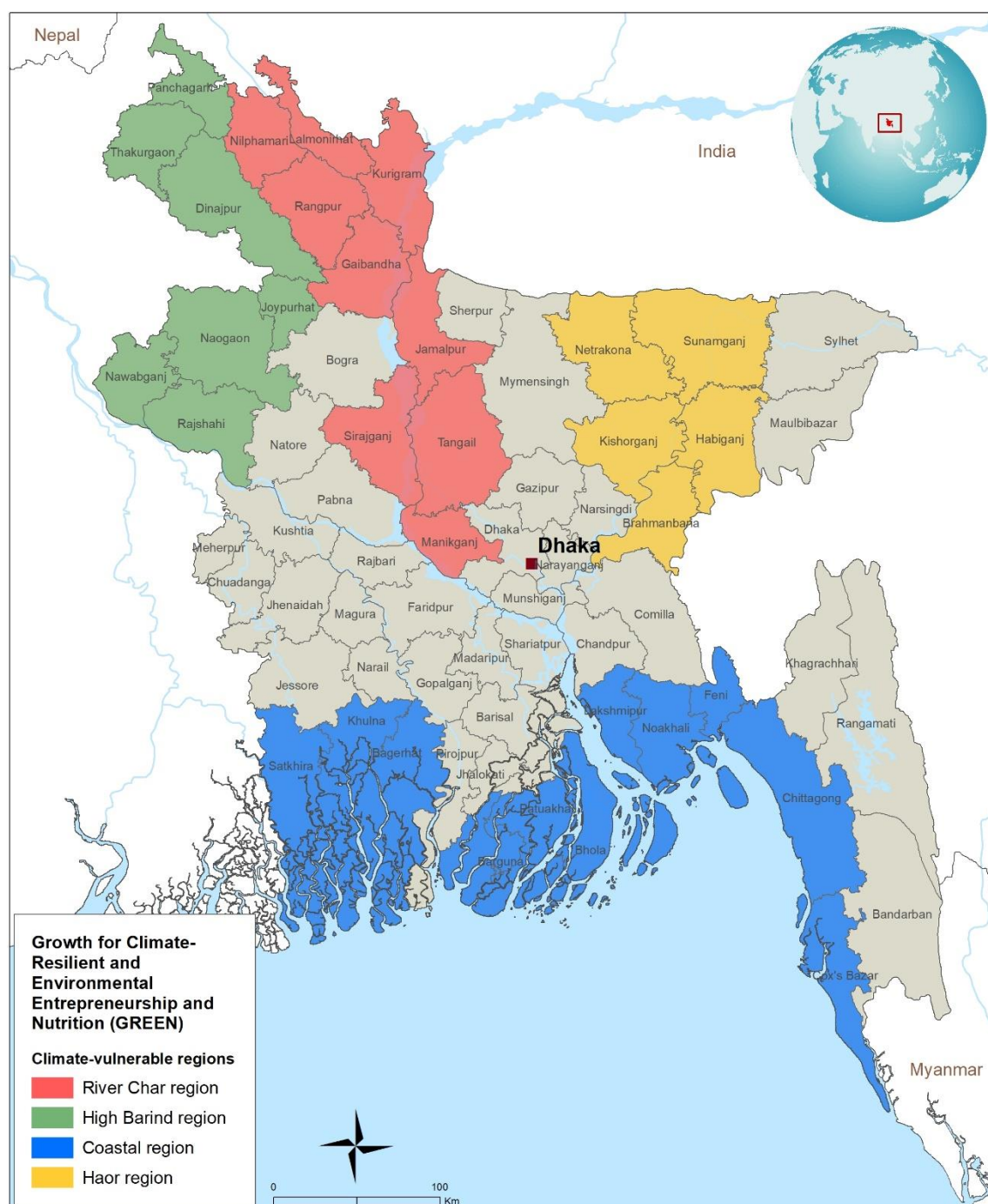
- I. Negotiated financing agreement
- II. Logical framework
- III. Integrated project risk matrix

---

<b>Project delivery team</b>	
Regional Director:	Reehana Raza
Country Director	Valantine Achancho
Technical Lead:	Lorna Grace
Finance Officer:	Kayode Fagbemi
Climate and Environment Specialist:	Jahan-Zeb Chowdhury
Legal Officer:	Ali Ezzatyar

---

## Map of the project area



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 | 04-11-2025

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	People's Republic of Bangladesh
<b>Executing agency:</b>	Financial Institutions Division of the Ministry of Finance
<b>Total project cost:</b>	SDR 154.4 million (equivalent to US\$211.7 million)
<b>Amount of IFAD loan:</b>	SDR 37.5 million (equivalent to US\$51.4 million)
<b>Terms of IFAD loan:</b>	Blend terms  Maturity period of 25 years, including a grace period of 5 years, with a service charge of 0.75 per cent and interest rate of 1.25 per cent per annum in SDR.
<b>Contribution of borrower/recipient:</b>	SDR 50.8 million (equivalent to US\$69.6 million)
<b>Contribution of private sector:</b>	SDR 52.6 million (equivalent to US\$ 72.1 million)
<b>Financing gap:</b>	SDR 13.6 million (equivalent to US\$18.6 million)
<b>Amount of IFAD climate finance:</b>	SDR 22.8 million (equivalent to US\$31.3 million), SDR 2.2 million, of which (equivalent to US\$3.03 million) is a climate top-up
<b>Cooperating institution:</b>	IFAD

## I. Context

### A. National context and rationale for IFAD involvement

#### National context

1. People's Republic of Bangladesh has made significant socioeconomic progress since attaining lower-middle-income status in 2015. Poverty fell from 24.3 per cent in 2016 to 18.7 per cent in 2022 and extreme poverty from 12.9 to 5.6 per cent. Yet a vulnerable "transient poor" group has emerged, hovering just above the poverty line but lacking resilience to shocks such as COVID-19. Bangladesh is also on track to exit the group of least developed countries by 2026 but remains fragile, with climate shocks, economic pressures, social inequalities and governance gaps undermining resilience, especially for rural poor people, women and youth, while also managing the burden of hosting Rohingya refugees. Economic growth rebounded to 7.2 per cent in 2022, though high inflation, peaking at 9.72 per cent in mid-2024, continues to strain household budgets.
2. Agriculture remains central, employing 65 per cent of the rural population and contributing 18 per cent of GDP. The sector is dominated by rice, which accounts for 95 per cent of output, leaving it undiversified and climate vulnerable. Projections indicate that rice yields could decline by 7.4 per cent annually by 2050. Environmental degradation, weak infrastructure, poor market access and low investment further constrain growth, often forcing recourse to migration and negative coping strategies such as reduced consumption of protein-rich foods.
3. The most climate-affected regions, Coastal, Haor, High Barind and River Char, face overlapping poverty, food insecurity and limited non-farm opportunities. These communities, heavily reliant on agriculture and informal trade, are regularly exposed to floods, droughts, salinity and cyclones. Without targeted investment in climate adaptation, inclusive finance and diversified food systems, cycles of vulnerability and exclusion will persist.
4. The policy environment supports climate-resilient development. The 8<sup>th</sup> Five-Year Plan, the Perspective Plan 2021–2041 and the Bangladesh Delta Plan 2100 emphasize adaptation, diversification and inclusive employment. The Bangladesh Climate Change Strategy and Action Plan, National Adaptation Plan and Nationally Determined Contributions prioritize resilient food systems and access to finance. The Growth for Climate-Resilient and Environmental Entrepreneurship and Nutrition (GREEN) project aligns with these strategies and complements initiatives of the World Bank, the Asian Development Bank (ADB) and the Green Climate Fund (GCF), while building on lessons from the IFAD-funded Climate Resilience and Livelihood Enhancement Project, and the Rural Microenterprise Transformation Project (RMTP).

#### Special aspects relating to IFAD's corporate mainstreaming priorities

5. In line with IFAD's mainstreaming commitments, the project has been validated as:
  - ☒ Including climate finance
  - ☒ Nutrition-sensitive
  - ☒ Youth-sensitive
  - ☒ Including adaptive capacity
6. **Women's empowerment.** Despite progress, women in rural Bangladesh continue to grapple with barriers to economic participation. Female labour force participation is just 38.6 per cent compared to 80.3 per cent for men. Seventy per cent of GREEN project participants will be as women, emphasizing their inclusion in value chains such as poultry and small ruminants. Gender-sensitive financial products, behavioural change communication and the promotion of joint decision-making will enhance women's empowerment and resource control.

7. **Youth.** Youth make up nearly one third of the population but face unemployment, underemployment and limited access to land, finance and skills. Many are drawn to entrepreneurship and digital innovation but lack support. GREEN prioritizes youth by tailoring financial services, supporting youth-led agribusinesses and leveraging information and communication technology for training and market access, positioning youth as key drivers of inclusive climate-resilient rural economies.
8. **Nutrition.** Nutrition insecurity is acute, with nearly half the population unable to afford a healthy diet and only 39 per cent of women meeting minimum dietary diversity. Diets lack essential foods such as fruits, vegetables, legumes and whole grains. GREEN integrates nutrition at all stages, promoting diversified production and homestead gardening and embedding nutrition education, water, sanitation and hygiene, and food safety into community activities. By linking financial inclusion with nutrition-sensitive interventions, the project aims to improve dietary quality, especially for women and children.
9. **Climate resilience.** Bangladesh's rural economy faces mounting risks from floods, droughts, salinity and cyclones that undermine food security and livelihoods. GREEN strengthens climate resilience by promoting diversified climate-smart food systems, stress-tolerant crops and livestock, renewable energy solutions and sustainable land and water management. By integrating adaptation into finance, value chains and institutional capacity, the project equips vulnerable households to better manage shocks, stabilize incomes and invest in long-term resilience.

#### **Rationale for IFAD involvement**

10. Climate risks remain a major threat to Bangladesh's rural economy, especially in coastal and riverine areas exposed to floods, droughts and salinity. These hazards depress agricultural GDP and drive displacement. GREEN responds by embedding adaptation to boost productivity, reduce costs, improve livelihoods and build shock resilience.
11. Target areas depend on agriculture and microenterprises, yet face poor product quality, weak value addition, food safety gaps and slow uptake of modern technology, compounded by underinvestment, fragile supply chains and poor nutrition. Women are excluded from opportunities and youth face underemployment. GREEN applies a market-driven food systems approach, integrating climate-smart technologies, green enterprises and nutrition-sensitive actions.
12. IFAD operationalizes this holistic model by pairing concessional finance with technical support, strengthening value chains, expanding financial inclusion and creating a scalable path for climate-smart transformation. Its comparative advantage lies in combining tailored finance with business services and piloting adaptation that integrates gender, youth and nutrition.
13. Through partnerships with the World Bank, ADB, bilateral donors, the European Union and the Global Environment Facility, IFAD will mobilize resources to scale impact. Building on earlier projects, GREEN will back youth-led enterprises, expand digital tools and intensify policy engagement for inclusive climate-resilient development.

#### **B. Lessons learned**

14. IFAD's partnership with the Palli Karma-Sahayak Foundation (PKSF) has shown that combining financial and non-financial services is vital to reducing rural poverty and strengthening resilience in climate-affected areas. Experience from projects such as the Promoting Agricultural Commercialization and Enterprises Project (PACE) and RMTP underscores that timely access to tailored loans, together with business development support, boosts the productivity and profitability of rural microenterprises. The value chain approach has proven effective in identifying constraints and opportunities, while customized loan products, such as start-up, lease and seasonal loans, have successfully enabled youth and marginalized households to engage in farm and non-farm enterprises. Evidence also shows that

households linked with microfinance institutions are better able to withstand shocks, demonstrating the critical role of financial inclusion in building adaptive capacity. These lessons provide a strong foundation for GREEN to scale up integrated solutions that foster inclusive climate-resilient rural transformation across Bangladesh.

## II. Project description

### A. Objectives, geographical area of intervention and target groups

15. The aim of the project is to contribute to inclusive climate-resilient rural transformation through sustainable and equitable economic growth.
16. The project development objective is to sustainably increase the income, climate resilience, food security and nutritional status of target households by promoting healthy diets and improved nutrition behaviours, uptake of technology and best practices, and greater access to capital.
17. Targeting the most vulnerable populations in the Haor, Coastal, High Barind and River Char regions, GREEN will cover poverty and natural-disaster-prone districts nationwide. The project aims to benefit 258,333 households, or about 1.11 million people, prioritizing extremely poor, transitional poor and enterprising poor groups. Women will comprise 70 per cent of the project participants and youth 50 per cent, ensuring inclusive access to climate-resilient livelihoods, finance and nutrition.

### B. Components, outcomes and activities

18. The project will have the following components:
  - **Component 1:** Climate-resilient and environmentally friendly food system development;
  - **Component 2:** Inclusive financial services for value chain participants; and
  - **Component 3:** Institutional capacity-building of implementing partners and PKSF partner organizations.
19. **Component 1** will lay the foundation for environmentally friendly and climate-resilient food systems through PKSF's methodologies for prioritizing inclusive and economically viable value chains; supporting farm and non-farm entrepreneurship; and strengthening linkages to the private sector, while raising household awareness and demand for nutritious foods.
20. **Component 2** expands access to credit for all three categories of project participants, including those of component 1, to finance their businesses, facilitate the expansion of production and offer emergency financial solutions, leading to higher and resilient profits and household income.
21. **Component 3** will strengthen the human and institutional capacity of the Government, PKSF and partner organizations in areas of climate-resilient project design and implementation, environmental protection and nutritional aspects of farm and non-farm development, leading to the development of sustainable food systems.
22. Together, the three components will heighten the resilience of project participants by providing better and sustained access to markets and financial services, contributing to livelihood diversification and strengthening the critical institutional capacity of PKSF and its partner organizations. Project management, the monitoring and evaluation (M&E) system, and knowledge management combine to ensure successful implementation.

### C. Theory of change

23. GREEN's theory of change recognizes that rural transformation in climate-vulnerable areas is constrained by low productivity and diversification, deficient infrastructure and market access, limited access to tailored financial services, inadequate institutional capacity and the exclusion of youth from agriculture and enterprise.

These interconnected barriers perpetuate poverty, food insecurity and inequality, particularly among women and youth.

24. By embedding climate adaptation at every level, GREEN promotes stress-tolerant technologies, diversified production, renewable energy and better nutrition practices alongside inclusive finance and stronger institutional capacity. The project aims to stabilize and grow household incomes, increase food security and empower women and youth, creating healthier, more resilient and economically secure rural communities.

#### **D. Alignment, ownership and partnerships**

25. GREEN emphasizes alignment, ownership and partnerships as central to achieving inclusive, climate-resilient rural transformation. The project is fully consistent with Bangladesh's national priorities and global commitments, contributing to poverty reduction, food security, climate action, gender equality and reduced inequalities. This alignment ensures coherence with other programmes, maximizing synergies and avoiding duplication.
26. Ownership will be promoted through the active engagement of communities and stakeholders in both design and implementation. Women and youth will participate in value chain development, nutrition campaigns and enterprise support, ensuring that interventions are demand-driven and locally relevant. Local ownership will help sustain benefits and strengthen long-term resilience.
27. The project builds on IFAD's partnership with PKSF, whose extensive network of partner organizations provides local knowledge and outreach capacity. Coordination with other relevant projects will ensure complementarity, while collaboration with private sector actors will promote market linkages and green enterprises.
28. GREEN will also boost the institutional capacity of PKSF, partner organizations and government partners to integrate climate adaptation, nutrition, gender and youth. Partnerships with the World Bank, ADB, GCF and bilateral donors will position the project to scale up impact and deliver inclusive sustainable outcomes.

#### **E. Costs, benefits and financing**

29. The project will be implemented over six years, with an estimated total cost of SDR 154.4 million (equivalent to US\$211.7 million), to be financed through: (i) an IFAD loan of SDR 37.5 million (equivalent to US\$51.4 million); (ii) a financing gap of SDR 13.6 million (equivalent to US\$18.6 million); and (iii) domestic cofinancing from PKSF, its partner organizations and the local private sector of SDR 50.8 million (equivalent to US\$69.6 million) and SDR 52.6 million (equivalent to US\$72.1 million) respectively.
30. The financing gap of SDR 13.6 million (equivalent to US\$18.6 million) may be sourced through subsequent resource cycles (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or through cofinancing identified during implementation.
31. According to the multilateral development banks' methodology for tracking climate adaptation and mitigation finance, the total amount of IFAD climate finance for GREEN is SDR 22.8 million (equivalent to US\$31.3 million) – all classified as adaptation finance, including an SDR 2.2 million (equivalent to US\$3 million) climate top-up.
32. Project costs by component and expenditure category are summarized in tables 1, 2 and 3 below. The project investments are organized into three major components, as detailed in paragraphs 18–22.



Table 1

**Project costs by component and subcomponent and financier**

(Thousands of special drawing rights)

<i>Components/subcomponent</i>	<i>IFAD</i>		<i>PKSF</i>		<i>Partner organizations</i>		<i>Private sector (in-kind)</i>		<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<b>1. Climate-resilient and environmentally friendly food system development</b>												
Climate-resilient and environmentally friendly food system development in vulnerable areas	-	-	2 937	53.8	-	-	330	6.0	2 188	40.1	5 455	3.5
Climate-resilient and environmentally friendly food system development in other districts	-	-	1 078	32.2	-	-	82	2.5	2 188	65.3	3 349	2.2
Campaign for healthy and nutritious food	-	-	6	0.6	736	66.5	-	-	365	33.0	1 107	0.7
<b>Subtotal</b>	-	-	<b>4 022</b>	<b>40.6</b>	<b>736</b>	<b>7.4</b>	<b>412</b>	<b>4.2</b>	<b>4 741</b>	<b>47.8</b>	<b>9 911</b>	<b>6.4</b>
<b>2. Inclusive financial services for value chain participants</b>												
Financial inclusion of extremely poor people	5 285	32.1	6 409	38.9	3 647	22.1	-	-	1 124	6.8	16 466	10.7
Seasonal credit for farm and non-farm businesses	13 416	39.2	10 941	31.9	7 294	21.3	-	-	2 605	7.6	34 256	22.2
Access to regular microcredit for farm and non-farm businesses	10 733	21.8	10 941	22.2	25 529	51.8	-	-	2 084	4.2	49 287	31.9
Microenterprise loans for business incubation and growth	8 049	22.9	10 941	31.1	14 588	41.5	-	-	1 563	4.4	35 142	22.8
<b>Subtotal</b>	<b>37 483</b>	<b>27.7</b>	<b>39 233</b>	<b>29.0</b>	<b>51 059</b>	<b>37.8</b>	-	-	<b>7 376</b>	<b>5.5</b>	<b>135 150</b>	<b>87.5</b>
<b>3. Institutional capacity-building of implementing partners and PKSF partner organizations</b>												
Capacity-building of implementing partners in food system development	-	-	399	26.8	-	-	-	-	1 094	73.3	1 493	1.0
Capacity-building of partner organizations in inclusive financial and non-financial services	-	-	439	37.8	359	30.9	-	-	365	31.4	1 163	0.8
<b>Subtotal</b>	-	-	<b>838</b>	<b>31.5</b>	<b>359</b>	<b>13.5</b>	-	-	<b>1 459</b>	<b>54.9</b>	<b>2 656</b>	<b>1.7</b>
<b>4. Project management</b>	-	-	<b>6 663</b>	<b>100.0</b>	-	-	-	-	-	-	<b>6 663</b>	<b>4.3</b>
<b>Total</b>	<b>37 483</b>	<b>24.3</b>	<b>50 755</b>	<b>32.9</b>	<b>52 154</b>	<b>33.8</b>	<b>412</b>	<b>0.3</b>	<b>13 576</b>	<b>8.8</b>	<b>154 380</b>	<b>100.0</b>

Table 2

**Project costs by expenditure category and financier**

(Thousands of special drawing rights)

<i>Expenditure category</i>	<i>IFAD</i>		<i>PKSF</i>		<i>Partner organizations</i>		<i>Private sector (in-kind)</i>		<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<b>I. Investment costs</b>												
A. Studies	-	-	120	100.0	-	-	-	-	-	-	120	0.1
B. Training	-	-	4 857	38.7	1 095	8.7	412	3.3	6 200	49.3	12 564	8.1
C. Credit	37 483	27.7	39 233	29.0	51 059	37.8	-	-	7 376	5.5	135 150	87.5
<b>Total investment costs</b>	<b>37 483</b>	<b>25.4</b>	<b>44 210</b>	<b>29.9</b>	<b>52 154</b>	<b>35.3</b>	<b>412</b>	<b>0.3</b>	<b>13 576</b>	<b>9.2</b>	<b>147 834</b>	<b>95.8</b>
<b>II. Recurrent costs</b>												
A. Operating costs	-	-	4 333	100.0	-	-	-	-	-	-	4 333	2.8
B. Salaries	-	-	2 212	100.0	-	-	-	-	-	-	2 212	1.4
<b>Total recurrent costs</b>	-	-	<b>6 545</b>	<b>100.0</b>	-	-	-	-	-	-	<b>6 545</b>	<b>4.2</b>
<b>Total</b>	<b>37 483</b>	<b>24.3</b>	<b>50 755</b>	<b>32.9</b>	<b>52 154</b>	<b>33.8</b>	<b>412</b>	<b>0.3</b>	<b>13 576</b>	<b>8.8</b>	<b>154 380</b>	<b>100.0</b>

Table 3  
**Project costs by component, subcomponent and project year**  
 (Thousands of special drawing rights)

<i>Components / subcomponent</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>	<i>Total</i>
<b>1. Climate-resilient and environmentally friendly food system development</b>							
Climate-resilient and environmentally friendly food system development in vulnerable areas	1 059	1 345	1 345	670	670	365	5 455
Climate-resilient and environmentally friendly food system development in other districts	597	713	713	481	481	365	3 349
Campaign for healthy and nutritious food	80	220	294	294	147	73	1 107
<b>Subtotal</b>	<b>1 736</b>	<b>2 278</b>	<b>2 352</b>	<b>1 445</b>	<b>1 298</b>	<b>802</b>	<b>9 911</b>
<b>2. Inclusive financial services for value chain participants</b>							
Financial inclusion of extremely poor people	3 293	6 586	6 586	-	-	-	16 466
Seasonal credit for farm and non-farm businesses	6 851	13 702	13 702	-	-	-	34 256
Access to regular microcredit for farm and non-farm businesses	9 857	19 715	19 715	-	-	-	49 287
Microenterprise loans for business incubation and growth	7 028	14 057	14 057	-	-	-	35 142
<b>Subtotal</b>	<b>27 030</b>	<b>54 060</b>	<b>54 060</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135 150</b>
<b>3. Institutional capacity-building of implementing partners and PKSF partner organizations</b>							
Capacity-building of implementing partners in food system development	221	301	383	223	182	182	1 493
Capacity-building of partner organizations in inclusive financial and non-financial services	77	310	475	155	73	73	1 163
<b>Subtotal</b>	<b>298</b>	<b>610</b>	<b>859</b>	<b>378</b>	<b>255</b>	<b>255</b>	<b>2 656</b>
<b>4. Project management</b>	<b>1 118</b>	<b>1 085</b>	<b>1 120</b>	<b>1 088</b>	<b>1 085</b>	<b>1 167</b>	<b>6 663</b>
<b>Total</b>	<b>30 182</b>	<b>58 033</b>	<b>58 390</b>	<b>2 912</b>	<b>2 638</b>	<b>2 224</b>	<b>154 380</b>

### **Financing and cofinancing strategy and plan**

33. IFAD will provide a loan of SDR 37.5 million (equivalent to US\$51.4 million) on blend terms. This financing will be wholly applied to component 2: Inclusive financial services for value chain participants. Government counterpart financing is not envisaged in this project, as the IFAD loan is fully onlent by the Government of Bangladesh to PKSF. The PKSF contribution will finance project management costs and some portion of the other three components. Partner organizations will also contribute to the financing of the three components, and the local private sector contribution will be wholly in-kind and applied to component 1 for the training activities.

### **Disbursement**

34. The revolving fund modality under the report-based disbursements system will be the mechanism used for withdrawing funds from IFAD financings. An interim financial reports (IFR) package will be used as the basis for the submission of withdrawal applications to IFAD. The IFR package and requirement will be included in the financial management and financial control arrangements letter and the project implementation manual during the implementation period. Advance withdrawals through a revolving fund approach will be the principal method of disbursement. The PKSF contribution will be incorporated in the annual workplan and budget and will be identified in project accounts. The accounting system will separately record the disbursement and expenditure under each source of financing.

### **Summary of benefits and economic analysis**

35. GREEN will directly benefit 258,333 households (about 1.1 million people) by increasing income, food security, nutrition, climate resilience and employment through tailored financial and non-financial services in selected farm and non-farm value chains. The target group will include smallholders, microenterprises, traders, processors and rural youth and women.
36. Financial and economic models show that with access to credit and technical assistance, poor and marginalized households can invest in improved technologies, raise productivity and expand income opportunities. Analysis of representative farm and non-farm enterprises confirms profitability in the "with project" scenario, with

total credit demand of about US\$197 million expected to be met through project funds and reflows.

37. The project exhibits strong viability, with a financial internal rate of return of 30 per cent and a benefit-cost ratio of 1.21. Economic analysis shows an economic internal rate of return of 41 per cent and a benefit-cost ratio of 1.26, with break even projected by year 8.
38. Beyond financial returns, GREEN will generate qualitative benefits through greater food safety, improved nutrition, better animal health, expanded value chains and employment generation, especially for women and youth. Strengthening PKSF and its partner organizations will also sustain institutional capacity for long-term rural transformation.

#### **Exit strategy and sustainability**

39. GREEN's exit strategy rests on building sustainable livelihoods, resilient institutions and climate-smart enterprises in vulnerable regions. Its value chain financing model builds on the existing lending and business activities of PKSF and its partner organizations, which are designed to continue beyond the project timeline, with likely prospects of ensuring ongoing economic benefits. By embedding a cost-effective financing model that combines concessional credit with tailored financial products, the project ensures the continuity of services beyond its lifetime. Strong value chain linkages, private sector integration and capacity-building for PKSF and its partner organizations will sustain economic, social and environmental gains, while the inclusive participation of women and youth ensures long-term ownership and scalability.

### **III. Risk management**

#### **A. Risks and mitigation measures**

40. Overall, the inherent financial management risk at design is substantial, considering high country financial management risk against moderate entity- and project-specific risks across the six financial management pillars. Key mitigation measures will be spelled out in the financing agreement and executed at implementation to reduce residual risk. Although mitigation measures will be included in the loan agreements, they are not sufficient to reduce the residual risk at this time. Residual risk is expected to become moderate or low during implementation.

Table 4

**Overall risk summary**

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Moderate	Moderate
Sector strategies and policies	Low	Low
Environment and climate context	Substantial	Substantial
Project scope	Moderate	Moderate
Institutional capacity for implementation and sustainability	Low	Low
Financial management	Substantial	Substantial
Project procurement	Substantial	Substantial
Environment, social and climate impact	Substantial	Substantial
Stakeholders	Low	Low
<b>Overall</b>	<b>Moderate</b>	<b>Moderate</b>

#### **B. Environment and social category**

41. Social and environmental risks for GREEN are assessed as moderate. Key risks include zoonotic disease, pesticide misuse, gender disempowerment and social exclusion, mitigated by integrated pest management, water, sanitation and hygiene, biosecurity, behavioural change communication and gender equality and social inclusion measures. Environmental risks from monocropping, antibiotic misuse and unsustainable harvesting practices will be addressed through sustainable practices

and “safe food” initiatives. PKSf’s environmental and social management system and experience with RMTP, PACE and Pathways to Prosperity for Extremely Poor People (PPEPP) projects provide a strong foundation for managing risks and strengthening climate-resilient agriculture.

### **C. Climate risk classification**

42. Climate risks are assessed as substantial, with the four target regions identified as hotspots in Delta Plan 2100, facing cyclones, floods, droughts, salinity, erosion and landslides that threaten crops, livestock and fisheries. Indirect risks include pests and diseases. GREEN will mainstream adaptation through diversification, stress-tolerant crops and breeds, rainwater harvesting and non-farm activities. PKSf and its partner organizations will provide climate-informed advisory services, integrate weather information and tailor financial products, including emergency loans, to strengthen community resilience.

### **D. Debt sustainability**

43. The International Monetary Fund’s June 2025 Debt Sustainability Analysis rates Bangladesh’s risk of debt distress as moderate, with limited shock absorption capacity – a downgrade from low in 2024 due to downward revisions of export data for financial year (FY) 2023–2024. Debt-carrying capacity remains medium. Under the baseline, external debt dynamics are favourable, with GDP growth projected at 6.5 per cent and the public and publicly guaranteed debt to GDP ratio stabilizing at 9.5 per cent by FY 2045. While baseline indicators are improving, the present value of the debt-to-exports ratio breaches thresholds under extreme shock scenarios.

## **IV. Implementation**

### **A. Organizational framework**

#### **Project management and coordination**

44. The Government of Bangladesh, represented by the Economic Relations Division of the Ministry of Finance, is the borrower. The project will be managed by PKSf, an apex development organization with an independent board of directors. PKSf works through 200 licensed microfinance institutions (known as partner organizations) that together have 9,500 branches across the country. Through this network, PKSf is currently providing inclusive finance and other services to 13 million poor households. PKSf has aggregate assets of US\$707 million, including its active loan portfolio, which currently stands at US\$178 million, with a recovery rate exceeding 99 per cent. PKSf is supervised by the Financial Institutions Division (FID) of the Ministry of Finance.
45. A project steering committee, headed by the secretary of FID, will be established, which will provide overall strategic guidance, monitor overall implementation progress, facilitate the inter-agency coordination required for smooth project implementation and resolve any outstanding issues requiring high-level decisions. The committee will meet at least once a year or as necessary to review progress in project implementation.
46. PKSf will set up a project management unit (PMU) for overall management. Headed by a project coordinator from PKSf’s senior officials, the PMU will plan, execute, monitor and report progress to PKSf management, FID and IFAD. It will handle fund management and reporting, supported by professional staff and temporary specialists as required.
47. The PMU will coordinate with the PKSf Loan Operations Division to implement component 2. Component 1 will be implemented in collaboration with partner organizations, while capacity-building under component 3 will be executed in collaboration with other government institutions involved and PKSf partner organizations.

### **Financial management, procurement and governance**

48. **Financial management.** The PMU will have a well-staffed financial management section that includes a finance specialist, accounts officer and assistants. Staff will be recruited on competitive salaries and with the required qualifications, following IFAD's guidelines. Financial management staff will undergo IFAD training and adhere to a detailed job description and the terms outlined in the project implementation manual (PIM).
49. **Disbursement arrangements.** IFAD funds will be disbursed to a designated account with Bangladesh Bank, with operational accounts to be managed by a publicly listed bank. The project will maintain separate accounts for IFAD and counterpart funds, and financial management procedures will be detailed in the PIM.
50. **Annual workplans and budgets** will guide all project activities, based on the project design report and financing agreement, subject to approval by the project steering committee and prior written clearance from IFAD (no objection). The project steering committee will conduct a midyear review to assess progress against the annual workplan and budget and approve any required adjustments, revisions or remedial measures.
51. **Internal controls.** The project will operate under PKSf's established internal control and audit framework, aligned with IFAD requirements. Measures include clear responsibilities, the segregation of duties, robust financial records, asset safeguards and regular independent reviews. PKSf's Internal Audit Unit will oversee activities at all levels through field visits and rotational audits of partner organizations. Anti-fraud and anticorruption provisions, co-signatory arrangements and supervision mission oversight will further ensure transparency, accountability and compliance.
52. **Accounting systems and reporting.** The project will use International Public Sector Accounting Standards cash-basis reporting and appropriate accounting software. The PMU will maintain detailed records and submit quarterly, annual and audited financial reports to IFAD.
53. **External audits** will be conducted annually by an independent firm in line with International Standards on Auditing, with auditor selection through competitive procurement at least every four years. PKSf will submit unaudited statements within four months and audited statements within six months of the end of each fiscal year, while partner organizations will provide annual audit reports to PKSf.
54. **Procurement** will follow Bangladesh's Public Procurement Act and Rules and IFAD's guidelines and use the Electronic Government Procurement (e-GP) portal aligned with international standards. Risks identified as substantial will be mitigated through a project procurement strategy, supported by IFAD's Online Project Procurement End-To-End System. A procurement specialist will oversee compliance, capacity-building, record-keeping and adherence to anticorruption and good governance measures.

### **Target group engagement and feedback and grievance redress**

55. Target group engagement in GREEN will build on extensive consultations conducted during design with potential project participants, PKSf partner organizations, private sector actors and government stakeholders, drawing lessons from PACE and RMTP. This participatory approach ensures that project strategies reflect the priorities of women, men and youth in climate-vulnerable areas.
56. During implementation, consultations will continue through participatory value chain analyses involving all actors from input suppliers to retailers, to identify constraints, opportunities and climate risks. Project participants will provide ongoing feedback on interventions, while partner organizations will regularly engage with borrowers through their microfinance programmes. These mechanisms will ensure free, prior and informed consent, adherence to Social, Environmental and Climate Assessment Procedures and real-time adaptation of project activities.

57. Engagement will also emphasize transparency and accountability. Information will be shared throughout the project cycle, and feedback will be gathered through community meetings, surveys, suggestion boxes and digital tools. Capacity-building for PKSf, partner organizations and project participants will improve participatory monitoring, safeguards, grievance mechanisms and learning to embed inclusive, accountable practices.

#### **Grievance redress**

58. GREEN will establish an open, accessible grievance redress mechanism consistent with IFAD's social and environmental policies. Project participants and vulnerable groups can report adverse impacts through established PKSf and partner organization channels, including microfinance group meetings. Information on the mechanism will be widely shared to ensure transparency, accessibility and timely resolution of complaints.

### **B. Planning, monitoring and evaluation, learning, knowledge management and communications**

59. **Planning** will be guided by an annual workplan and budget (AWPB), prepared through a participatory process linking budgets, implementation and monitoring to project objectives. The AWPB will serve as both a management and monitoring tool, ensuring that activities are aligned with results and responsive to the priorities of project participants.
60. **Monitoring and evaluation** will build on systems developed under RMTP, with a dedicated M&E plan and digital management information systems to track indicators, generate data at the project participant level and support geospatial monitoring. Surveys, including baseline, midline, outcome and endline, will assess progress and outcomes, while participatory tools and real-time data collection will ensure adaptive management and accountability.
61. **Knowledge management** will be guided by a knowledge management and communication plan emphasizing continuous learning, evidence generation and cross-sharing of best practices. Interactive platforms, policy dialogues and collaboration with research institutions will link project lessons with national strategies, strengthen institutional capacity and contribute to scaling and sustainability across IFAD's portfolio.

#### **Innovation and scaling-up**

62. GREEN introduces an integrated model that combines climate-resilient value chain development, tailored financial products and nutrition-sensitive interventions – innovations not previously applied together in Bangladesh. It leverages digital tools, renewable energy, stress-tolerant crops and youth-focused financial products to foster inclusive transformation. Scaling will be achieved through PKSf's growing nationwide loan portfolio and network of partner organizations, partnerships with government and private sector actors and continuous knowledge-sharing. By embedding innovations in financial systems, value chains and institutional practices, GREEN ensures replicability and sustainability, allowing for expansion across regions and integration into national development strategies.

### **C. Implementation plans**

#### **Implementation readiness and start-up plans**

63. PKSf's extensive experience implementing IFAD-financed projects will ensure clear readiness and timely start-up. GREEN will draw on lessons, tools and training modules from RMTP to fast-track preparation. The PMU will finalize staffing, establish systems and orient partner organizations, while IFAD will field a start-up mission immediately after entry into force to support implementation readiness.

#### **Supervision, midterm review and completion plans**

64. Annual supervision missions, implementation support missions, the midterm review and the completion reviews will be conducted jointly by the Government of

Bangladesh and IFAD. IFAD will mobilize experts to facilitate these missions. A minimum of six supervision missions and four implementation support missions will be conducted over the course of the project.

## **V. Legal instruments and authority**

65. A financing agreement between the People's Republic of Bangladesh and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
66. The People's Republic of Bangladesh is empowered under its laws to receive financing from IFAD.
67. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

68. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the People's Republic of Bangladesh in an amount of thirty-seven million four hundred eighty-three thousand special drawing rights (SDR 37,483,000), equivalent to fifty-one million three hundred eighty-eight thousand United States dollars (US\$51,388,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario  
President

## Negotiated financing agreement

NEGOTIATED TEXT  
14/10/2025

LOAN NO. [number]

### FINANCING AGREEMENT

*Growth for Climate Resilient and Environmental Entrepreneurship and Nutrition (GREEN)*

between the

**PEOPLE'S REPUBLIC OF BANGLADESH**

and the

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

[Signed in [Town], [Country] ]

on \_\_\_\_\_

OR

[Signed in [Town], [Country], and [Town], [Country] ]



## **FINANCING AGREEMENT (or “Agreement”)**

Loan No:

Project name: Growth for Climate Resilient and Environmental Entrepreneurship and Nutrition (GREEN) (“the Project”)

The People’s Republic of Bangladesh (the “Borrower”)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

(each a “Party” and both of them collectively the “Parties”)

**WHEREAS** the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement.

**NOW THEREFORE**, the Parties hereby agree as follows:

### **Section A**

1. This Agreement comprises the following: the Main Document (Preamble and Sections A-E), the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the “General Conditions”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a loan (the “Loan” or “Financing”) to the Borrower which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### **Section B**

1. The amount of the Financing is Thirty-Seven Million Four Hundred Eighty-Three Thousand Special Drawing Rights (SDR 37 483 000).
2. The Financing is granted on blend terms and shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Financing by the Fund’s Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency and shall have a maturity period of twenty-five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund’s Executive Board.
3. The principal of the Loan granted on blend terms will be repaid in equal instalments.
4. The Loan Service Payment Currency shall be in United States Dollars (USD).
5. The first day of the applicable Fiscal Year shall be 1 July of each year.

6. Payments of interest on the principal and service charge shall be payable on 1 February and 1 August of each year.
7. There shall be a Designated Account in United States Dollars (USD), for the exclusive use of the Project opened in the Bangladesh Bank. The Designated Account for the Project shall be opened within four (4) weeks of the date of signing of this Financing Agreement. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
8. There shall be a Project Account in Bangladeshi Taka (BDT), for the exclusive use of the Project, to be opened in a publicly listed commercial bank licensed by the Bangladesh Bank and approved by IFAD. The Borrower shall inform the Fund of the officials authorized to operate the Project Account.
9. The Borrower shall ensure, through the Lead Project Agency for the Loan as defined in Section C of this Agreement, that Sixty-Nine Million Five Hundred Eighty-Four Thousand United States Dollars (USD 69 584 000) from the Borrower's own resources are made available to the Project.

### **Section C**

1. The Lead Project Agency shall be the Palli Karma-Sahayak Foundation (PKSF). The Financial Institutions Division (FID) of the Ministry of Finance (MoF) will be the "Executing Agency" (as a Project Party).
2. The following are designated as additional Project Parties: The Palli Karma Sahayak Foundation (PKSF) and PKSF's partner organizations (POs). Additional Project Parties are described in Schedule 1 Part II.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date shall be the sixth (6) anniversary of the date of entry into force of this Agreement, and the Financing Closing Date shall be 6 months after the Project Completion Date, or such other date as the Fund may designate by notice to the Borrower.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower's procurement regulations, and specifically the Bangladesh Public Procurement Act (PPA, 2006), Public Procurement Rules (PPR, 2008) to the extent such are consistent with the IFAD Procurement Guidelines.

### **Section D**

The Fund will administer the Loan and supervise the Project.

### **Section E**

1. The following are designated as additional grounds for suspension of disbursements:
  - (a) The Project Implementation Manual (PIM) that will eventually be agreed, and/or any provision thereof, has been waived, suspended, terminated, amended or

modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.

2. The following is designated as additional grounds for cancellation of disbursements:
  - (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least (12) twelve consecutive months without justification, subsequent to the first eighteen (18) months from the entry into force of the Agreement.
3. The following are designated as additional general conditions precedent to withdrawal:
  - (a) IFAD's no objection to the PIM shall have been obtained.
  - (b) Key Project Personnel has been appointed as per section 11 Schedule 3 of this Agreement.
  - (c) The Designated Account shall have been duly opened by the Borrower and the names of the account's authorized officials shall have been received by the Fund.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

[click and type title of the representative]  
[click and type the name and address of the ministry]

For the Fund:

President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

[Copy to:]

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated \_\_\_\_\_], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower.

PEOPLE'S REPUBLIC OF BANGLADESH

\_\_\_\_\_  
"[Authorised Representative Name]"  
"[Authorised Representative title]"

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_

Date: \_\_\_\_\_

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population:* The Project will reach 258,333 households and 1.1 million people, of which at least 70 per cent will be women and 50% youth.
2. *Project area:* The Project will be implemented nationally but will prioritize highly climate vulnerable, poverty-stricken regions of Haor, Coastal, High Barind and River Char.
3. *Goal:* The goal of the Project is to sustainably increase income, climate resilience, food security and nutritional status of beneficiary households by enabling healthy diets and improved nutrition behaviours, uptake of technologies and best practices, and enhanced access to capital.
4. *Objectives:* The objective of the Project is to contribute to climate resilient and inclusive rural transformation through sustainable and equitable economic growth.
5. *Components:* The Project shall consist of the following three mutually reinforcing components, targeting highly climate vulnerable and economically marginalized districts:
  - 5.1. Component 1: **Climate-Resilient and Environment-Friendly Food System Development.** This Component will leverage PKSf's methodologies for value chain prioritization, identify key entry points, support the improved production of local, nutritious foods, strengthen farm and non-farm entrepreneurship, and establish new linkages to private services, all through fostering a sustainable food systems development approach and integrating renewable energy and climate adaptation into agricultural value chains to enhance resilience, productivity, and income.
  - 5.2. Component 2: **Inclusive Financial Services for Value Chain Participants.** This Component expands access to credit to three categories of beneficiaries, namely, (i) the extreme poor, (ii) the poor and (iii) the enterprising poor, to: finance their businesses, including beneficiaries of Component 1, to facilitate expansion of production, offer emergency financial solutions, leading to increased and resilient profits and household income.
  - 5.3. Component 3: **Institutional Capacity Building of Implementing Partners.** This Component will ensure partners are equipped with knowledge and digital tools for monitoring, evaluation and learning, knowledge management (KM), and contribution to relevant policy platforms, that strengthen their technical and operational capacities, to sustain value chain and sustainable food systems transformation approaches including the capacity to enforce environmental policies and regulations.

#### II. Implementation Arrangements

6. *Lead Project Agency:* The Project will be implemented by PKSf. Activities will then be implemented in collaboration with POs, local health and WASH service providers, and trained community facilitators. These will be aligned with national guidelines on dietary diversity, maternal and child nutrition, and food safety
7. *Project Steering Committee:* The Project Steering Committee (PSC), chaired by the Secretary of the Financial Institutions Division (FID), provides strategic guidance and oversight for the Project. The PSC reviews and endorses the Annual Work Plan Budget (AWPB), monitors project progress and ensures alignment with national policies and strategies.

8. *Project Management Unit*: PKSf will establish a Project Management Unit (PMU), integrated within PKSf itself. The PMU will be headed by a "Project Coordinator/Director" appointed from PKSf's pool of senior officials. The PMU will work with PKSf's Loan Operations Division to implement the financial services programme under Component 2, through POs as per established processes and norms. PKSf will work with POs and selected service providers for the implementation of the value chain component. PKSf's divisions including Audit, Administration, Agriculture, Human Resources, Accounts and Finance, Research, Training, M&E, MIS and IT will provide relevant services to the project. The PMU will be based in Dhaka, and will plan, execute, monitor and report progress to PKSf management, FID and IFAD. The PMU is responsible for fund management and progress reporting. The PMU may bring in temporary skills as needed.
9. *Project Parties*: The Palli Karma Sahayak Foundation (PKSf), a company not for profit established by the Government of Bangladesh, in its capacity as Lead Project Agency, shall have the overall responsibility of the Project Implementation.
  - (a) *Subsidiary Loan and Grant Agreement (the "SLGA")*. The PKSf shall enter into an SLGA with the Finance Division of the Ministry of Finance to receive the Loan financing from the Fund for the implementation of the Project. The Borrower shall not take or permit any action which would interfere with the performance of the PKSf's obligations under the SLGA.
  - (b) PKSf shall on-lend the Loan proceeds for the purpose of the Project to the POs each under an agreement with respective POs, and cause POs to apply such funds to the financing of expenditures for the Project in accordance with this Financing Agreement.
  - (c) The Borrower shall furnish, or cause to be furnished, to IFAD all such reports and information as IFAD shall reasonably request concerning (i) sub-loans to project beneficiaries and microenterprises through POs; and (ii) the administration, operations and financial conditions to PKSf and POs.
  - (d) The Borrower shall facilitate the signing of necessary Memorandum of Agreement (MOA) between PKSf, relevant Government Ministries, Divisions and Departments, as required, to implement capacity building initiatives of the implementing partners and policy level initiatives.
10. *Monitoring and Evaluation (M&E)*: The M&E Plan is the fundamental tool guiding activities and is the first deliverable in the M&E area. The project will leverage the M&E system of the on-going Rural Microenterprise Transformation Project (RMTP) and identify best practices. The plan will define the responsibilities of implementation team members and identifying activities necessary to fulfil the monitoring and evaluation processes under the supervision and responsibility of the M&E officer.
  - 10.1. *Monitoring & Evaluation System (MES)*: The MES will be developed by the Project Management Unit (PMU) to reflect the GREEN indicators. It will be developed according to the M&E Plan and will focus on monitoring indicators in the logical framework and the information needs for evaluation exercises.
 

The MES will generate a unique code for each direct program beneficiary, preventing any duplication in calculating outreach. The system will also consider other stakeholders to ensure consistency with secondary information sources and IFAD Operational Results Management System (ORMS). The system should include an interactive dashboard for stakeholders' access. The system will adopt geospatial and remote sensing technology for locating beneficiaries and project activities.
11. *Knowledge Management (KM)*: The KM, learning, and communication activities will be detailed in the Knowledge Management and Communication (KMC) Plan, developed in parallel with the M&E Plan, and will serve as a guide for organizing

evidence generation activities that will provide feedback to all relevant stakeholders and be a crucial input for scaling and sustainability activities.

KM activities for GREEN will incorporate an ongoing process of learning and evidence generation based on the quantitative and qualitative data collected and will integrate monitoring of Social, Environmental and Climate Assessment Procedures (SECAP) related mitigation measures. The KM tools developed will synthesize best practices and lessons learned to provide feedback to the team and relevant project stakeholders. The learning process also considers experiences generated in previous IFAD projects implemented by PKSf, identifying best practices that will be adopted in all project planning and implementation processes. Additionally, the KM process will follow a participatory approach, involving the implementing team and relevant stakeholders, disseminating information continuously and collecting feedback to strengthen GREEN's programmatic strategy. To achieve the KM objectives the KMC tools will be used continuously and supplemented by other tools identified or developed by the project.

The Project will also utilize interactive learning platforms, knowledge fairs, and digital storytelling to enhance outreach and cross learning among project participants and wider stakeholders.

12. *Project Implementation Manual:* The Project Implementation Manual (PIM) has been prepared to guide the PMU to implement all project activities as per project design documents and annual plan. The PIM should be read in conjunction with the Project Design Report (PDR) with associated Appendices and technical background papers produced during the design process. The separate manuals on Financial Management and Procurement Manual are also part of PIM.

## Schedule 2

### *Allocation Table*

1. *Allocation of Loan Proceeds:* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

<b>Category</b>	<b>Loan Amount Allocated (expressed in SDR)</b>	<b>Percentage of eligible expenditure (net of taxes)</b>
I    Credit	37 483 000	100%
<b>TOTAL</b>	<b>37 483 000</b>	

(b) The terms used in the Table above are defined as follows:

- (i) Credit shall also include small credit products and seasonal loans for farm and non-farm businesses.

2. *Disbursement arrangements*

- (a) *Start-up Costs:* Withdrawals in respect of expenditures for start-up incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500 000. Activities to be financed by Start-up Costs will require the no objection of IFAD to be considered eligible.
- (b) *Audit arrangements:* PKSf shall ensure that an annual audit of the Project is conducted by an independent chartered accountancy firm in accordance with International Standards on Auditing (ISA). The audit firm shall be selected through a competitive procurement process, and a tender for audit services shall be issued at least once every four (4) years. The Partner Organizations (POs) shall be required to submit their annual audit reports to PKSf.



### Schedule 3

#### *Special Covenants<sup>1</sup>*

##### **I. General Provisions**

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower to request withdrawals from the Loan Account if the Borrower has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install customized accounting software that complies with current International Accounting Standards (IAS) per IFAD requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the PKSf will enter into Memorandum of Agreements (MoA) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation:* The Borrower shall ensure that (i) a, Monitoring and Evaluation (M&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender:* The Borrower shall ensure that out of total beneficiaries, at least 70% will be women and at least 50% will be youth.
5. *Small Ethnic Groups (SEG) Concerns:* The Borrower shall ensure that the concerns of SEGs are given due consideration in implementing the Project and, to this end, shall ensure that:
  - (a) the Project is carried out in accordance with the applicable provisions of the relevant (SEG) national legislation;
  - (b) indigenous people are adequately and fairly represented in all local planning for Project activities;
  - (c) SEG rights are duly respected;
  - (d) SEG communities, participate in policy dialogue and local governance;
  - (e) The terms of Declarations, Covenants and/or Conventions ratified by the Borrower on the subject are respected;
  - (f) The Project will not involve encroachment on traditional territories used or occupied by SEG communities.
6. *Land tenure security:* The Borrower shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.
7. *Anticorruption Measures:* The Borrower shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
8. *Sexual Harassment, Sexual Exploitation and Abuse:* The Borrower and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of

---

<sup>1</sup> To be agreed with Negotiation team which to include and adapt wording to each specific negotiation.

the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

9. Use of Project Vehicles and Other Equipment: The Borrower shall ensure that:
  - (a) All vehicles and other equipment procured under the Project are allocated to the Project Management Unit and other POs for Project implementation;
  - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
  - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
10. IFAD Client Portal (ICP) Contract Monitoring Tool: The Borrower shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Borrower shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Project Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Borrower shall ensure that the contract data is updated on a quarterly basis during the implementation of the Project.
11. The Key Project Personnel are: Project Coordinator/Director, Financial Specialist, Officer for Monitoring and Evaluation, Knowledge Management Officer, Procurement Officer, Social Inclusion and Gender Specialist, and Environment and Climate Assessment Specialist. In order to assist in the implementation of the Project, the PMU, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Project Personnel shall be seconded to the PMU or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

## **II. SECAP Provisions**

1. For projects presenting high or substantial social, environmental and climate risks, the Borrower shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMPs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMPs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

2. The Borrower shall not amend, vary or waive any provision of the Management Plan(s), unless: (i) agreed in writing by the Fund and (ii) Borrower has complied with the requirements applicable to the original adoption of the Management Plan(s).
3. The Borrower shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.
4. The Borrower shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with Project stakeholders and interested parties in an accessible place in the Project-affected area, in a form and language understandable to Project-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).
5. The Borrower shall ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Project with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.
6. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during Project implementation that, with respect to the relevant IFAD Project:
  - (i) has direct or potential material adverse effect;
  - (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
  - (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Borrower shall:

- Notify IFAD promptly;
- Provide information on such risks, impacts and accidents;
- Consult with Project-affected parties on how to mitigate the risks and impacts;
- Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- Adjust, as appropriate, the Project -level grievance mechanism according to the SECAP requirements; and
- Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

**Serious ESHS incident** means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in the context of the loan or within the Borrower's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Borrower (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual

harassment and violence involving Project workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegations that require intervention by the police/other law enforcement authorities such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

7. The Borrower shall ensure or cause the Executing Agency, Lead Project Agency, contractors, sub-contractors and suppliers to ensure] that the relevant processes set out in the SECAP 2021 Edition as well as in the Management Plan(s) (if any) are respected.
8. Without limitation on its other reporting obligations under this Agreement, the Borrower shall provide the Fund with:
  - Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund.
  - Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Project and propose remedial measures. The Borrower will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
  - Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.
9. In the event of a contradiction/conflict between the Management Plan(s), if any, and the Financing Agreement, the Financing Agreement shall prevail.

## Logical framework

Results Hierarchy	Indicators				Means of Verification		
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility
<b>Outreach</b> Project outreach in terms of beneficiaries receiving project services and corresponding households and HHs members	<b>1 Persons reached by project-supported activities</b>				MIS/MES	semester/annually	PMU
	Males - Males	0	76250	76250			
	Females - Females	0	182083	182083			
	Young - Young people	0	129167	129167			
	Total number of persons receiving services - Number of people	0	258333	258333	MIS/MES	semester/annually	PMU
	<b>1.a Corresponding number of households reached</b>						
	Women-headed households - Households	0	38750	38750			
	Non-women-headed households - Households	0	219583	219583			
	Households - Households	0	258333	258333			
	<b>1.b Estimated corresponding total number of households members</b>				MIS/MES	semester/Annually	PMU
Household members - Number of people	0	1110832	1110832				
<b>Project Goal</b> To contribute to climate resilient and inclusive	<b>HHs reporting increase in income</b>				COI survey HH	BL, MT, End	PMU
	Households - Percentage (%)	0	12	40			

rural transformation through sustainable and equitable economic growth	<b>CI 1.2.8 Women reporting minimum dietary diversity (MDDW)</b>				COI Survey	HH	BL, MT, End	PMU
	Women - Number	0	16387	54625				
	Women - Percentage (%)	0	9	30				
	Households - Percentage (%)	0	9	30				
	Households - Number	0	16387	54625				
	Households Member - Number	0	70471	236526				
<b>Development Objective</b> To sustainably increase income, climate resilience, food security and nutritional status of beneficiary households by enabling healthy diets and improved nutrition behaviours, uptake of technologies and best practices, and enhanced access to capital	<b>2.2.1 Persons with new jobs/employment opportunities</b>				COI survey	HH	BL, MT, PCR	PMU
	Males - Males	0	7750	25833				
	Females - Females	0	7750	25833				
	Young - Young people	0	6200	20667				
	Total number of persons with new jobs/employment opportunities - Number of people	0	15500	51666				
	<b>Average Ability to Recover from Shocks (ATR) among targeted households improves over the project period</b>				COI Survey	HH	BL, MT, PCR	PMU
	Average ATR increase - Percentage (%)	0	5	15				
	<b>SF.2.1 Households satisfied with project-supported services</b>				COI Survey	HH	MT, End	PMU
	Household members - Number of people	0	266600	888666				

	Households - Percentage (%)	0	24	80	COI Survey	HH	MT, End	PMU
	Households - Households	0	62000	206666				
	<b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b>							
	Household members - Number of people	0	49987	166625				
	Households - Percentage (%)	0	12	40				
	Households - Households	0	11625	38750				
<b>Outcome</b> 1: Climate-resilient and environment-friendly food system developed in highly and moderately climate-vulnerable areas	<b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>				COI outcome survey	HH	BL, MT, End	PMU
	Total number of household members - Number of people	0	113793	379311				
	Households - Percentage (%)	0	23	75				
	Households - Households	0	56897	189656				
	<b>Households reporting an increase in annual sales</b>				COI Survey	HH	BL, MT, End	PMU
	Household - Percentage (%)	0	9	30				
	Household - Number	0	22759	75862				
<b>Output</b> 1.1: Priority value chains identified and	<b>1.1.3 Rural producers accessing production inputs and/or technological packages</b>				MIS/MES		semester/annual	PMU
	Males - Males	0	5690	18966				
	Females - Females	0	13276	44253				

guidelines for PO subprojects developed	Young - Young people	0	9483	31609			
	Total rural producers - Number of people	0	18966	63219			
<b>Output</b> 1.2: Capacity of POs and beneficiaries to implement farm and non-farm value chain interventions enhanced	<b>1.1.4 Persons trained in production practices and/or technologies</b>				MIS/MES	semester/annua l	PMU
	Total number of persons trained by the project - Number of people	0	75863	252874			
	Young people trained in crop - Young people	0	37931	126437			
	Males trained at least once by the project - Males	0	22759	75862			
	Females trained at least once by the project - Females	0	53104	177012			
	<b>Persons provided assistance for marketing including e-commerce</b>				MIS/MES	semester/annua l	PMU
	Total - Number of people	0	75863	252874			
	Male - Number of people	0	22759	75862			
	Female - Number of people	0	53104	177012			
	Young - Number of people	0	37931	126437			
<b>Output</b> 1.3: Partnerships	<b>3.1.1 Groups supported to sustainably manage natural resources and climate-related risks</b>				MIS/MES	semester/annua l	PMU



between POs and private sector for production-related services established, facilitated, or expanded	Total size of groups - Number of people	0	56897	189656				
	Groups supported - Groups	0	2267	7586				
	Males - Males	0	17069	56897				
	Females - Females	0	39828	132759				
	Young - Young people	0	28448	94828				
<b>Output</b> 1.4: Healthy diet practices promoted through targeted nutrition education	<b>1.1.8 Persons provided with targeted support to improve their nutrition</b>				MES - GIS	semester/annua l	NPCU	
	Total persons participating - Number of people	0	75862	252874				
	Males - Males	0	64483	214943				
	Females - Females	0	11379	37931				
	Households - Households	0	75862	252874				
	Household members benefitted - Number of people	0	328483	1094944				
	Young - Young people	0	37931	126437				
<b>Outcome</b> 2: Inclusive and tailored financial services are accessed by rural farm and non-farm actors for value chain upgrading and adaptation investments	<b>1.2.5 Households reporting using rural financial services</b>				COI survey	HH	BL, MT, End	PMU
	Total number of household members - Number of people	0	77500	258333				
	Households - Percentage (%)	0	100	100				

	Women-headed households - Households	0	11625	38750	COI survey	HH	BL, MT, End	PMU
	Households - Households	0	77500	258333				
	<b>CI 1.2.5 Households reporting using rural financial services</b>							
	Non-women-headed households - Number	0	65875	219583				
<b>Output</b> 2.1: Number of persons in rural areas benefiting from inclusive and tailored financial services facilitated through the project	<b>1.1.5 Persons in rural areas accessing financial services</b>				MES		semester/annua l	PMU
	Men in rural areas accessing financial services - credit - Males		76250	76250				
	Women in rural areas accessing financial services - credit - Females		182083	182083				
	Young people in rural areas accessing financial services - credit - Young people		129167	129167				
	Total persons accessing financial services - credit - Number of people		258333	258333				
	<b>1.1.5 Persons in rural areas accessing financial services</b>				MES - GIS		semester/annua l	PMU

	Cumulative loan disbursement by Pos over the project period (Taka in Billion) - Money (USD' 000)		23	23			
	Increase in loan outstanding from PKSf to POs (Taka in Billion) - Money (USD' 000)		7	15			
	Increase in loan outstanding from POs to beneficiaries (Taka in Billion) - Money (USD' 000)		12	24			
	<b>Extreme poor loan - Bunia</b>				MES - GIS	semester/annual	PMU
	Men in rural areas accessing financial services - credit (Extreme poor loan - Bunia) - Number	0	12500	12500			
	Women in rural areas accessing financial services - credit - Number	0	50000	50000			
	Young people in rural areas accessing financial services - credit - Number	0	31250	31250			

	Total persons accessing financial services - credit - Number	0	62500	62500			
	Cumulative loan disbursement by Pos over the project period (Taka in Billion) - Money (USD' 000)	0	2.93	2.93			
	Increase in loan outstanding from PKSf to POs (Taka in Billion) - Money (USD' 000)	0	1.15	2.3			
	Increase in loan outstanding from POs to beneficiaries (Taka in Billion) - Money (USD' 000)	0	1.4	2.8			
	<b>Seasonal credit for farm and non-farm business (Sufolon)</b>				MES - GIS	semester/annual	PMU
	Men in rural areas accessing financial services - credit - Number	0	25000	25000			
	Women in rural areas accessing financial services - credit - Number	0	58333	12500			

	Young people in rural areas accessing financial services - credit - Number	0	41667	41667			
	Total persons accessing financial services - credit - Number	0	83333	83333			
	Cumulative loan disbursement by POs over the project period (Taka in Billion) - Money (USD' 000)	0	5.85	5.85			
	Increase in loan outstanding from PKSF to POs (Taka in Billion) - Money (USD' 000)	0	2.3	4.6			
	Increase in loan outstanding from POs to beneficiaries (Taka in Billion) - Money (USD' 000)	0	3.45	6.9			
	<b>Regular microfinance (farm and non-farm)</b>				MES - GIS	semester/annual	PMU
	Men in rural areas accessing financial services - credit - Number	0	26250	26250			

	Women in rural areas accessing financial services - credit - Number	0	61250	61250			
	Young people in rural areas accessing financial services - credit - Number	0	43750	43750			
	Total persons accessing financial services - credit - Number	0	87500	87500			
	Cumulative loan disbursment by POs over the project period (Taka in Billion) - Money (USD' 000)	0	8.19	8.19			
	Increase in loan outstanding from PKSf to POs (Taka in Billion) - Money (USD' 000)	0	2.3	4.6			
	Increase in loan outstanding from POs to beneficiaries (Taka in Billion) - Money (USD' 000)	0	4.03	8.05			
	<b>Microenterprise loan for farm and non-farm business</b>				MES - GIS	semester/annua l	PMU

	Men in rural areas accessing financial services - credit - Number of people	0	12500	12500			
	Women in rural areas accessing financial services - credit - Number	0	12500	12500			
	Young people in rural areas accessing financial services - credit - Number	0	12500	12500			
	Total persons accessing financial services - credit - Number	0	25000	25000			
	Cumulative loan disbursement by POs over the project period (Taka in Billion) - Money (USD' 000)	0	5.85	5.85			
	Increase in loan outstanding from PKSf to POs (Taka in Billion) - Money (USD' 000)	0	1.73	3.45			
	Increase in loan outstanding from POs to beneficiaries (Taka in Billion) - Money (USD' 000)	0	2.88	5.75			

	<b>Increase in average loan size for extreme poor (%)</b>				MES - GIS	semester/annual	PMU
	% of increase in average loan size - Percentage (%)	0	6	20			
	<b>Percentage of value chain participants receiving a loan</b>				MES - GIS	semester/annual	PMU
	% of value chain participants receiving a loan - Percentage (%)	0	30	100			
	<b>Percentage of extreme poor value chain participants receiving a loan after joining value chain groups</b>				MES - GIS	semester/annual	PMU
	% of extreme poor value chain participants receiving a loan - Percentage (%)	0	24	80			
<b>Outcome</b> 3: Capacity of PKSf, POs and other relevant government institutions on financial services, food systems, and climate resilience enhanced	<b>PKSF and POs staff perceived and increase in their capacities to provide services</b>				Qualitative assessment	BL, MT, End	PMU
	Total persons - Number	0	100	250			
	Male - Number	0	70	175			
	Female - Number	0	30	75			
<b>Output</b> 3.1: Government of Bangladesh and PKSf staffs trained on financial product development and delivery, climate change, environment, and value	<b>Number of staff trained</b>				MES	semester/annual	PMU
	Total - Number	0	40	100			
	Males - Number	0	30	75			
	Females - Number	0	10	25			



chain/enterprise management							
<b>Output</b> 3.2: PO officials trained on financial product development and delivery, climate change, environment, and value chain/enterprise management	<b>Number of staffs trained</b>				MES	semester/annual	PMU
	Total - Number	0	60	150			
	Males - Number	0	40	100			
	Females - Number	0	20	50			

## Integrated project risk matrix

<b>Risk Category / Subcategory</b>	<b>Inherent risk</b>	<b>Residual risk</b>
<b>Country Context</b>	<b>Moderate</b>	<b>Moderate</b>
Political Commitment	Moderate	Moderate
Governance	Low	Low
Macroeconomic	Low	Low
Fragility and Security	High	High
<b>Sector Strategies and Policies</b>	<b>Low</b>	<b>Low</b>
Policy alignment	Low	Low
Policy Development and Implementation	Low	Low
<b>Environment and Climate Context</b>	<b>Substantial</b>	<b>Substantial</b>
Project vulnerability to environmental conditions	Moderate	Moderate
Project vulnerability to climate change impacts	Substantial	Substantial
<b>Project Scope</b>	<b>Moderate</b>	<b>Moderate</b>
Project Relevance	Low	Low
Technical Soundness	Moderate	Moderate
<b>Institutional Capacity for Implementation and Sustainability</b>	<b>Moderate</b>	<b>Moderate</b>
Implementation Arrangements	Low	Low
Monitoring and Evaluation Arrangements	Moderate	Moderate
<b>Project Financial Management</b>	<b>Substantial</b>	<b>Substantial</b>
Project Organization and Staffing	Moderate	Moderate
Project Budgeting	Moderate	Moderate
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
Project Internal Controls	Substantial	Substantial
Project Accounting and Financial Reporting	Moderate	Moderate
Project External Audit	Low	Low
<b>Project Procurement</b>	<b>Substantial</b>	<b>Substantial</b>
B.1 Assessment of Project Complexity	Moderate	Moderate
B.2 Assessment of Implementing Agency Capacity	Moderate	Moderate

<b>Risk Category / Subcategory</b>	<b>Inherent risk</b>	<b>Residual risk</b>
Project Procurement Overall	Substantial	Substantial
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate
A.2 Institutional Framework and Management Capacity	Substantial	Substantial
A.4 Accountability, Integrity and Transparency of the Public Procurement System	Substantial	Substantial
A.3 Public Procurement Operations and Market Practices.	Substantial	Substantial
<b>Environment, Social and Climate Impact</b>	<b>Substantial</b>	<b>Substantial</b>
Biodiversity Conservation	Moderate	Moderate
Resource Efficiency and Pollution Prevention	Moderate	Moderate
Cultural Heritage	Low	Low
Indigenous People	Low	Low
Labour and Working Conditions	Moderate	Moderate
Community health, safety and security	Moderate	Moderate
Physical and Economic Resettlement	Low	Low
Financial intermediaries and direct investments	Low	Low
Climate change	Substantial	Substantial
<b>Stakeholders</b>	<b>Low</b>	<b>Low</b>
Stakeholder Engagement/Coordination	Low	Low
Stakeholder Grievances	Low	Low
<b>Overall</b>	<b>Moderate</b>	<b>Moderate</b>

Country Context	Moderate	Moderate
Political Commitment	Moderate	Moderate
<b>Risk:</b> Potential delays in project start-up due to lengthy government administrative processes, including signing and operationalization of required agreements.	Moderate	Moderate

<b>Mitigations:</b> <p>To ensure timely project initiation, PKSF will prepare the Subsidiary Loan Agreement (SLA) following the precedent set by earlier IFAD-supported projects such as PACE and RMTP. The SLA will be signed with the Finance Division (FD) of the Ministry of Finance subsequent to the signing of the Financing Agreement between IFAD and the Government of Bangladesh through the Economic Relations Division (ERD). PKSF has already constituted a dedicated project team to work closely with IFAD, thereby ensuring readiness from the outset. Importantly, as the GREEN project is designed as a non-ADP initiative, it will not require a Development Project Proforma (DPP), further expediting the start-up process.</p>		
Governance	Low	Low
<b>Risk:</b> <p>Potential governance-related bottlenecks, including delays in agreement approvals or lack of coordination, could undermine timely and effective project implementation. While GREEN is a non-ADP project and thus does not require a Development Project Proforma (DPP) or Planning Commission approval, certain processes such as SLA endorsement still require timely action.</p>	Low	Low
<b>Mitigations:</b> <p>i. The IFAD Country Programme Team will proactively engage with key officials in the Economic Relations Division (ERD) and Finance Division (FD) to facilitate timely review and approval of the Subsidiary Loan and Grant Agreement (SLGA).  ii. Close coordination will be maintained with PKSF and relevant government entities throughout the start-up phase to ensure clarity on roles, responsibilities, and sequencing of administrative actions.  iii. The non-ADP nature of the project will be leveraged to simplify and streamline governance procedures, minimizing potential delays.</p>		
Macroeconomic	Low	Low

<p><b>Risk:</b></p> <p>High inflation and potential foreign exchange rate fluctuations may impact the overall financial performance of the project. While GREEN does not involve major hardware or civil works procurement, inflationary pressures could affect the cost of value chain subprojects and the real value of microfinance loans in Taka terms.</p> <p>The macroeconomic outlook is expected to stabilize and remain with real GDP growth at 5.4% in 2024 and showing an upward trend of 6.6% in 2025 (IMF staff estimates and projections, 2024). This is mainly due to the import compression which was 31% of GDP in 2022 and dropped to 4% in 2024, and export growth from US \$ 36,903 million in 2021 to US\$ 55,076 million in 2024. Inflation is projected to remain elevated at approximately 9.4% (year-on-year) in 2024, with a projection of dropping it to 5.8% in 2025, with projected lower global food and commodity prices and improving exports. Both the real GDP growth and slight drop in inflation will provide a low risk macro-economic conditions for project with mobility of credit as the main activity. Medium- and long-term external public debt is showing an increase from US\$ 65,482 million in 2022 to US\$ 74,007, a 13% increase, but the percentage of debt out of GDP remains at 15% and 17% in the two years respectively. Increase trend of public debt will contribute to a moderate risky situation for GREEN as there is USD 70 million will add to the public debt. The foreign exchange market has experienced significant fluctuations. In response, Bangladesh Bank (BB) has allowed greater exchange rate flexibility resulting the Taka depreciated by 15.2% against the U.S. dollar in 2023 with and 4.5% in real effective terms. The current account deficit has narrowed considerably (0.7% of GDP in 2023 compared to 4.1% of GDP in 2022). Net international reserves however declined to US\$20 billion as of October 31, 2023 from US\$ 28 billion in 2022. The overall indication of these trends is that there are uncertainties surrounding the economic outlook which could bring about moderate risk levels for borrowing for debt financing project.</p> <p>Although the annual inflation is high in the country there is no major hardware or construction type procurement in GREEN. The expenses that may be affected by inflation is cost of value chain subprojects and amount of microfinance loan in Taka terms.</p>	Low	Low
--	-----	-----

<b>Mitigations:</b> i. PKSF has established mechanisms to periodically revise subproject budgets, microcredit ceilings, and staff compensation in line with inflation and market conditions. ii. IFAD's financial planning will incorporate built-in provisions for price escalation and physical contingencies within the COSTAB to account for inflationary risks. iii. Foreign exchange projections will be developed based on historical trends and reliable national sources, including those from the Government of Bangladesh (GoB) and other reputable financial institutions. iv. Any significant cost variations due to macroeconomic factors will be addressed through adaptive planning and timely updates to the Annual Work Plan and Budget (AWPB).		
Fragility and Security	High	High
<b>Risk:</b> Political volatility or civil unrest may adversely impact the functioning of public institutions and disrupt project implementation in some areas. The project area faces high fragility due to its extreme exposure to floods, cyclones, river erosion, and salinity intrusion, combined with high socio-economic sensitivity and climate-dependent livelihoods. Despite notable progress in adaptation, Bangladesh is nearing the limits of its coping capacity, leaving communities highly vulnerable to worsening climate shocks. Extreme climate events in the targeted regions, which are climate hotspots, may disrupt project implementation.	High	High
<b>Mitigations:</b> i. PKSF and its Partner Organizations (POs), primarily microfinance institutions (MFIs), have a strong track record of maintaining operational continuity even during periods of political instability. ii. The decentralized implementation model, which relies on community-level operations through POs, provides resilience against localized disruptions. iii. The project will maintain flexibility in implementation scheduling and resource deployment to adapt to evolving security and extreme weather contexts, minimizing delays and service interruptions. Additionally, through tailoring of financial services, including emergency loans, the project will mitigate risks associated with loan portfolio during and after extreme events—contributing to portfolio health. iv. The project is designed to integrate climate change adaptation into rural growth and food system transformation. Therefore, adaptation orientation will be embedded into value chain development studies, subproject proposal assessment criteria, loanee business proposal evaluations, and capacity development interventions.		
Sector Strategies and Policies	Low	Low
Policy alignment	Low	Low

<b>Risk:</b> Potential changes in the Government of Bangladesh's rural finance or microfinance policies could affect the enabling environment for project implementation, particularly the delivery of financial services through PKSF and its Partner Organizations (POs).	Low	Low
<b>Mitigations:</b> i. PKSF and its POs are well-established and recognized actors in the rural finance landscape, with microfinance being an integral part of the broader agricultural and rural development ecosystem. ii. The sector is regulated by the Microcredit Regulatory Authority (MRA), which ensures stability and transparency in operations. iii. IFAD, in collaboration with PKSF, will regularly monitor policy developments and engage in policy dialogue with relevant government agencies to anticipate and respond to any regulatory changes that may impact project operations. iv. The project's flexibility in financial product design and delivery channels will allow it to adapt to potential shifts in the policy framework, ensuring continued alignment with national priorities.		
Policy Development and Implementation	Low	Low
<b>Risk:</b> There is a potential risk that agricultural development and microenterprise promotion may receive reduced policy attention, which could affect long-term support and investments in these sectors.	Low	Low
<b>Mitigations:</b> i. This is considered a low-probability scenario, as agriculture remains central to Bangladesh's food security strategy and employs over 40% of the national workforce. ii. The Government of Bangladesh consistently demonstrates strong policy and financial support for the sector through agricultural extension services, input subsidies, credit schemes, and rural enterprise development programs. iii. The GREEN project aligns closely with national priorities outlined in the 8th Five-Year Plan, Delta Plan 2100, and other strategic frameworks, which further ensures continued policy backing. iv. IFAD and PKSF will maintain active engagement in policy dialogue to reinforce the relevance of agricultural and rural microenterprise development in national planning and financing decisions.		
Environment and Climate Context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate

<b>Risk:</b> 1. Soil erosion, land degradation and poor water quality (pollution, salinity) due to poor baseline conditions (flooding-induced, poor water and sanitation) may affect agricultural production and limit project benefits. 2. Haor and Hill region fall in a more active seismic zone, but other regions have moderate or low seismic risks. 3. In Deltaic settings such as Bangladesh, there is baseline risk of arsenic contamination of groundwater that can travel through the food chain, particularly when water is drawn for irrigating crops / as drinking water for livestock or post-harvest activities from private, shallow tubewells with untested water.	Moderate	Moderate
<b>Mitigations:</b> 1. Increased awareness of environmental issues among project stakeholders (including PKSF POs) and participatory identification of suitable remedial or mitigation measures (including through relevant value chain prioritization criteria). Groundwater use for irrigation is highly context and season specific. In areas with arsenic contamination, awareness of risks will be incorporated into nutrition and health modules. Bangladesh has tested tubewells and marked them as 'green' or 'red' to indicate absence or presence of arsenic, respectively; but there may be new private tubewells that are not deep enough (since shallow tubewells are less costly) and may have untested water. 2. Design project interventions to minimize further worsening (owing to farm or non-farm / off-farm activities) and promoting ecology- and environment-friendly management such as GGAP, Integrated Fertilizer Management (IFM) / Integrated Pest Management (IPM), etc. 3. Currently, no infrastructure activities are planned. Project-supported offices and buildings will take earthquake preparedness into account in line with GOB norms and regulations.		
Project vulnerability to climate change impacts	Substantial	Substantial
<b>Risk:</b> 1. While the project is national in nature, the targeted regions are all climate hotspots; all regions grapple with extreme temperatures, variations in rainfall intensity, frequency of extreme precipitation events, cold spells in winter, etc., but the key climate hazard in each region is not the same (as described in the SECAP Review Note), and context-specific actions are required. 2. Extreme climate events in the targeted regions may result in loss of lives, destroy agricultural production, and/or damage livelihood assets (including housing). When the intensity or frequency of events increase, it may have multiplier effects on climate resilience / adaptive capacities, and even erode project benefits.	Substantial	Substantial



<b>Mitigations:</b> 1. Promote household financial management and financial literacy to support PKSf PO members in identifying actions for coping with or recovering from climate risks (e.g., maintaining a savings or fixed deposit account with commercial banks, in addition to PO savings accounts). 2. Bangladesh has developed very good disaster reduction strategies over the decades to reduce loss of lives (particularly for cyclones), and project will leverage early warning and climate information systems where feasible. More robust information and additional lead time can support anticipatory action on the part of communities. For instance, under CRALEP, climate information services for drought forecasting and flood warnings will be improved (i.e., quality of data, models and dissemination) and this could be leveraged by GREEN for High Barind and Haor region. 3. Project will support alternate income generation activities to strengthen food security and income resilience of target households. 4. Appropriate choice of climate-resilient technologies and management practices for project value chains. Careful choice of value chain selection criteria at the technical feasibility stage. 5. Capacity development of PKSf POs to ensure they can support their beneficiaries through training / advisory services and product offerings (including customization of tenure and loan size where needed) – since POs have been requested by PKSf to setup a dedicated unit for climate change, environment and agriculture, GREEN will support the operationalization and strengthening of the unit's activities. 6. Bring together POs to regularly to share experience and lessons, in order to facilitate faster learning curves		
Project Scope	Moderate	Moderate
Project Relevance	Low	Low
<b>Risk:</b> There is a risk that the project may lose alignment with evolving national priorities, market dynamics, or the needs of targeted communities over the six-year implementation period, potentially reducing its effectiveness, beneficiary uptake, and sustainability.	Low	Low

<b>Mitigations:</b> i. The GREEN project has been designed in close alignment with Bangladesh's strategic development frameworks (e.g., 8th Five-Year Plan, Delta Plan 2100, National Adaptation Plan), ensuring initial relevance to national priorities. ii. Continuous stakeholder engagement, including consultations with government agencies, private sector actors, and beneficiaries, will be maintained throughout implementation to capture changing needs and priorities. iii. The project's adaptive design allows for annual reviews and updates to the Annual Work Plan and Budget (AWPB), enabling timely adjustments to interventions based on emerging trends, challenges, and opportunities. iv. The project's strong emphasis on inclusive value chain development, nutrition, climate resilience, and youth employment positions it to remain responsive to cross-cutting development priorities throughout its lifecycle.		
Technical Soundness	Moderate	Moderate
<b>Risk:</b> Climate change impacts and environmental degradation may adversely affect agricultural productivity and reduce the income-generating potential of poor households engaged in farm-based value chains.	Moderate	Moderate
<b>Mitigations:</b> i. All value chain analyses under GREEN will incorporate assessments of environmental, ecological, and climate-related vulnerabilities across each segment of the value chains and propose tailored adaptation and mitigation measures. ii. Lessons and tools developed under ongoing IFAD-funded projects with PKSf, such as RMTP, will be leveraged to design technically robust and climate-resilient interventions. iii. The project will be housed within PKSf's dedicated Climate Change and Environment Unit, which will provide specialized technical support to ensure integration of climate-smart and environmentally sustainable practices across all activities. iv. Adaptive technologies, stress-tolerant crop varieties, and sustainable production practices will be promoted to enhance resilience and long-term productivity of the targeted sectors.		
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate
Implementation Arrangements	Low	Low
<b>Risk:</b> Delays in the recruitment and deployment of qualified personnel—particularly in key positions—may hinder timely start-up and smooth implementation of project activities.	Low	Low

<p><b>Mitigations:</b></p> <p>The Project Coordinator (PC) will be selected from PKSF's pool of senior permanent officials and should ideally be deployed during project design to ensure continuity and ownership. In the worst-case scenario, the PC must be formally deputed immediately following the signing of the Financing Agreement.</p> <p>ii. Recruitment of other core Project Management Unit (PMU) staff, such as the Finance Manager/Finance Specialist and the M&amp;E Specialist, will be completed within two (2) months of the Financing Agreement's effective date. These appointments will also be included as conditions for disbursement of the initial advance from IFAD.</p> <p>iii. To minimize implementation bottlenecks, the project design includes a clear and detailed organigram, flow-of-funds chart, and responsibility and authority matrix, ensuring clarity of roles and smooth operational execution from the outset.</p>		
Monitoring and Evaluation Arrangements	Moderate	Moderate
<p><b>Risk:</b></p> <p>There is a risk that challenges in data collection, analysis, and coordination—particularly between PKSF, Partner Organizations (POs), and other stakeholders at national and sub-national levels—may compromise the quality, consistency, and timeliness of M&amp;E reporting, including logframe indicators.</p> <p>1. Challenges in data collection and analysis or poor coordination between implementation agencies at national and sub-national levels might affect quality of M&amp;E and logframe reporting.</p> <p>2. Risk that as the number of activities included in the project increases, increased difficulty in tracking all beneficiaries and the activities in which they participate. This can lead to errors in coverage indicators or cost-benefit estimates due to double-counting of beneficiaries.</p> <p>3. The various activities conducted in the field and involving many people often require manual recording, which might complicate the systematization of these activities and results.</p> <p>4. Risk that the project staff have limited or inadequate capacities to assume roles and responsibilities within M&amp;E activities, and to use the collected information to provide feedback and adjust their activities.</p>	Low	Low

<b>Mitigations:</b> i. The project will deploy a dedicated M&E Specialist within the PMU early in the implementation phase to establish a robust M&E system, with clear data collection protocols, responsibilities, and timelines. ii. Capacity-building activities will be conducted for PKSf and PO staff to ensure accurate and timely data collection, reporting, and use of digital tools for real-time tracking. iii. A centralized MIS platform will be developed or adapted to enable systematic data consolidation, indicator tracking, and integration with IFAD's ORMS. iv. Regular coordination meetings and joint review missions will be held to ensure alignment across implementing entities and facilitate adaptive management based on evidence and feedback. v. M&E system will be embedded in the project management information system (MIS) to allow real-time reporting and coordination between various levels of implementation. The project budget will allocate resources for robust M&E system at the PMU level. The M&E and KM officer will help the specialist to coordinate with implementing partners at these levels. vi. The M&E systems will use unique identifiers for each beneficiary to avoid double-counting. Additionally, the databases leverage PKSf's experience in activity tracking, utilizing current protocols and existing systems for financial services. The on-going RMTP project has very good MIS and M&E system which will be model for GREEN. vii. The project will use Kobo Toolbox for data collection processes and digitalizing activities, including quality control protocols viii. Internal capacity building and assistance to implementing partners will be strengthened to fulfil M&E responsibilities, sharing tools and disseminating the M&E plan.		
Project Financial Management	Substantial	Substantial
Project Organization and Staffing	Moderate	Moderate
<b>Risk:</b> Delays may occur in recruiting and appointing qualified personnel with relevant experience. Additionally, new staff may lack familiarity with financial management requirements of international financial institutions (IFIs) such as IFAD.	Moderate	Moderate
<b>Mitigations:</b> 1. Leverage the organisational structure and staff from the closing RMTP project, subject to satisfactory performance and compliance with due process. 2. Ensure that recruitment of key personnel receives IFAD's No Objection (NO).		
Project Budgeting	Moderate	Moderate

<b>Risk:</b> 1. Activities, particularly lending-related ones, may span multiple financial periods, increasing the risk of payments being charged to the wrong year's AWPB. 2. Budget oversight may be weak if there is no cross-functional review or if qualitative explanations are not provided with budget variance analyses.	Moderate	Moderate
<b>Mitigations:</b> 1. Ensure that uncompleted activities from previous years are appropriately reflected in the current AWPB. 2. Submit the AWPB to IFAD at least 60 days before the fiscal period starts, allowing for approval at least 30 days in advance. 3. Configure the project accounting software to include budget monitoring and encumbrance features. 4. Require submission of qualitative explanations for budget variances in each quarterly IFR.		
Project Funds Flow/Disbursement Arrangements	Substantial	Substantial
<b>Risk:</b> 1. Delays in government authorization to access designated accounts may hinder project implementation. 2. PKSf and its Partner Organizations (POs) may have limited experience with the project's non-financial service components. 3. Limited capacity at the community level and sub-national entities may pose implementation risks. 4. Cash-based transactions at the grassroots level increase the risk of misuse without strong controls.	Substantial	Substantial
<b>Mitigations:</b> 1. Maintain adequate balances in operational accounts to mitigate delays in government authorization. 2. Cascade PKSf's limited non-financial services capacity to POs through start-up training. 3. Continue applying existing oversight modalities used in RMTP and PACE. 4. PKSf should enforce minimum standards in governance, internal audit, accounting, and reporting across POs.		
Project Internal Controls	Substantial	Substantial
<b>Risk:</b> 1. Contracts and MoUs may lack clauses specifying internal control and reporting requirements per IFAD standards. 2. PKSf's method of cost apportionment may result in disproportionate charges across projects. 3. Internal control weaknesses at the PO level could jeopardize project funds and outcomes.	Substantial	Substantial

<b>Mitigations:</b> 1. The PIM will include financial procedures referencing IFAD's anti-fraud and anti-corruption policies. 2. PKSF's internal control and audit framework will be applied, with necessary alignment to IFAD standards. 3. Implement key control measures, including: - Monthly bank reconciliations - Budgetary control per transaction - Fixed Asset Register maintenance and periodic verification - Comprehensive documentation of beneficiary-level activities - Periodic inspections to verify partner reporting - Transparent calculation and documentation of shared costs 4. Ensure that supervision missions and audits assess compliance with internal control standards.		
Project Accounting and Financial Reporting	Moderate	Moderate
<b>Risk:</b> 1. The accounting system may not be fully customized for the project or IFAD's reporting needs. 2. Some POs continue to rely on manual, paper-based records that are prone to error, manipulation, and loss.	Moderate	Moderate
<b>Mitigations:</b> 1. Use the customized accounting software currently deployed for RMTP; ensure staff are adequately trained. 2. Require that financial reports be generated directly from the accounting system. 3. Bring all POs into PKSF's digitization framework, mandating electronic records and financial software use. 4. Submit the following reports to IFAD: - Quarterly IFRs within 30 days of period end - Unaudited annual financial statements within 4 months of year-end - Audited annual financial statements within 6 months of year-end - All reports must comply with IFRS and IFAD requirements		
Project External Audit	Low	Low
<b>Risk:</b> Auditor selection must adhere to IFAD's standards and be competitively procured every four years.	Low	Low

<b>Mitigations:</b> 1. Ensure compliance with the IFAD Handbook on Auditing and Financial Reporting, including: <ul style="list-style-type: none"> <li>- Selection of independent chartered accountancy firms</li> <li>- Use of International Standards on Auditing (ISA)</li> <li>- Submission of audit TORs to IFAD for NO</li> <li>- Competitive auditor selection every four years</li> <li>- Timely submission of: <ul style="list-style-type: none"> <li>- Unaudited financial statements (within 4 months of year-end)</li> <li>- Audited financial statements (within 6 months of year-end)</li> </ul> </li> </ul> 2. Require all POs to submit their audit reports to PKSf		
Project Procurement	Substantial	Substantial
B.1 Assessment of Project Complexity	Moderate	Moderate
<b>Risk:</b> The project is in the design stage but several similar projects have been executed and are being advanced by the IA.	Moderate	Moderate
<b>Mitigations:</b> It is advisable to appoint a dedicated Procurement Specialist to serve as the focal point, overseeing updates of the Procurement Plan and managing contract status in OPEN, maintaining procurement file records, and facilitating coordination with field Executive Engineers and project management personnel.		
B.2 Assessment of Implementing Agency Capacity	Moderate	Moderate
<b>Risk:</b> IA does not have certified procurement personnel and requires comprehensive procurement capacity training within 3 months of engagement. Current Processes are partially compliant. Performance varies depending on weaknesses in procurement and contract management, as highlighted by audit observations. Foreseen mitigation measures are sufficient to address 3P deficiencies.	Moderate	Moderate
<b>Mitigations:</b> i) A dedicated Procurement Specialist will be hired and engaged in procurement co-ordination along with PMU regular staff; ii) A comprehensive training on procurement aspects will be organised; iii) In the initial 18-month PP, big ticket items are planned which will speed up the implementation. Many of the critical activities related to consultancy services will need to be completed prior to entry into force.		
Project Procurement Overall	Substantial	Substantial

<p><b>Risk:</b></p> <p>Bangladesh's public procurement system plays a vital role in the country's governance, economic development, and public service delivery. Governed primarily by the Public Procurement Act, 2006 and its subsequent amendments, the system aims to ensure transparency, fairness, competition, and efficiency in the procurement process. Bangladesh's procurement system allows for various methods, including open competitive bidding, limited competitive bidding, request for quotations, and direct procurement under certain circumstances. The choice of method depends on factors such as the nature and value of the procurement. In recent years, Bangladesh has made significant strides in digitizing its procurement process through the implementation of e-GP (Electronic Government Procurement). In line with the procurement risk assessment, procurement under GREEN will follow IFAD Procurement Guidelines and IFAD Procurement Handbook. Government of Bangladesh recognises precedence of international obligations like IFIs Financing Agreements to use IFI procurement guidelines and document templates. Government of Bangladesh has implemented large numbers of externally aided projects in different sectors.</p>	Substantial	Substantial
<p><b>Mitigations:</b></p> <p>IFAD will field an annual Supervision Mission to the project and the Procurement Specialist in the mission among other issues will (i) review the procurement contracting and implementation processes and timeliness and appropriateness of procurement actions; (ii) assess contract administration and management procedures and review the completeness and updated nature of contract data in the Contract Monitoring Tool; (iii) determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether procurement documentation and records (including securities) are maintained as per required standards and can be relied upon.</p> <p>In addition to the annual Supervision Mission, IFAD Bangladesh Country Office will also organise a Startup workshop within 2 months from entry into force. Additional specific adhoc support missions will also be fielded by IFAD.</p>		
A.1 Legal, Regulatory and Policy Framework	Moderate	Moderate



<b>Risk:</b> Public procurement is regulated by the Public Procurement Act 2006 with supplemental Public Procurement Rules 2008, e-GP Guideline and Delegation of Financial Power (DOFP). The PPA 2006 has been amended several times, by the Public Procurement (1st and 2nd Amendment) Act 2009, the Public Procurement (Amendment) Act 2010 and the Public Procurement (Amendment) Act 2016. Overall, there is a well-functioning procurement system across the country but weaknesses have still been observed. For example, the sanction/debarment process lacks independent review (decision by the head of the procuring agencies is final) except by way of appeal to the judiciary and sustainable public procurement has not yet found its way into the public procurement legislation and practices.	Moderate	Moderate
<b>Mitigations:</b> Allow only enterprises that have prescribed characteristics to compete for contracts e.g., % reserved for women enterprises, SMEs, start-ups; design specifications to suit particular group or address particular issue. e.g., use of gas burnt bricks in construction instead of coal or wood burnt bricks. Also, scale up procurement training for the auditors with appropriate course content.		
A.2 Institutional Framework and Management Capacity	Substantial	Substantial
<b>Risk:</b> Bangladesh has a nodal procurement policy agency, the Central Procurement Technical Unit (CPTU). CPTU was established in 2002 under the Implementation Monitoring and Evaluation Division (IMED) of the Ministry of Planning (MOP) to carry out procurement reform activities and regulate and monitor the country's public procurement functions. It is planned to be converted into an independent government agency to be known as the 'Bangladesh Public Procurement Authority (BPPA)' to facilitate enhanced autonomy in executing its functions. It will be done through a separate act, Bangladesh Public Procurement Authority Act. CPTU is constrained by its capacity in terms of legal structure, autonomy in decision making, limited staffing, and inadequate analytical and research capability. It largely depends on external experts and outsourced firms which is inadequate to regulate and monitor public procurement for a high number of organizations.	Substantial	Substantial
<b>Mitigations:</b> While waiting for the formation of proposed Bangladesh Public Procurement Authority (BPPA), develop inhouse institutional and technical capacity (with a set of qualified, experienced and adequate number of trained officials).		
A.4 Accountability, Integrity and Transparency of the Public Procurement System	Substantial	Substantial

<b>Risk:</b> A reasonably transparent process is followed in formulation of procurement legislation with consultation with large procuring agencies. Even if the Public Financial Management (PFM) system is governed by a set of legislative instruments with OCAG as the supreme audit organization, the audit system is mostly external. Financial auditing are carried out regularly. There is presence of ethical standard in audits and public procurement (code of ethics) and national integrity strategy. Instead, the procurement complaint system is lengthy and takes 2-3 months' time to exhaust the entire process.	Substantial	Substantial
<b>Mitigations:</b> Bidders should be included in public consultation for legislation change. Specialized procurement audits/procurement performance audit should be carried out, especially in large agencies based on periodic risk assessment.		
A.3 Public Procurement Operations and Market Practices.	Substantial	Substantial
<b>Risk:</b> Public procurement in Bangladesh is now well established but remains mostly compliance based. The legal and regulatory framework is in place, there is an established regulator (CPTU) and a well performing e-GP system which is growing rapidly. Moreover, there is an extensive capacity development program. However, the emphasis has been given mainly on building this system and ensuring compliance with the essential requirements of the framework. There is scope to elevate the current system into a performance or output based system based on strategic vision and value for money consideration. Some of the main weaknesses are represented by 70% of contracts not completed on time and absence of strategic procurement planning and analysis resulting in higher procurement cost and lower procurement performance (e.g. too many small procurement packages for recurring items).	Substantial	Substantial
<b>Mitigations:</b> Ensure contracts are completed on time; Introduce strategic procurement planning and analysis and expedite decision making process specially for high value contracts.		
Environment, Social and Climate Impact	Substantial	Substantial
Biodiversity Conservation	Moderate	Moderate

<b>Risk:</b> 1. Degradation of ecosystems because of agricultural production or other project activities that may be temporary or permanent in nature, including (a) land, water and soil pollution, and (b) indirect effects of increased local economic activities. Given that farmers and microenterprises are micro and small in nature, any impacts are likely to be cumulative (rather than individual) in nature. 2. Promoting specific varieties / breeds for stress tolerance and high yields may have adverse effects on agrobiodiversity.	Moderate	Moderate
<b>Mitigations:</b> 1. Project will avoid supporting agriculture or non-farm activities in core or buffer zone of Protected Areas and other Critical Wildlife Habitats, particularly in and around the Sundarbans ecosystem of the coastal region. 2. Practices such as organic fertilizer (vermicompost), biological pest control (pheromone traps), integrated fertilizer management, etc. – promoted as a part of environment-friendly and climate-smart approach – will reduce pressure on ecosystems and avoid / mitigate further degradation of natural resources. 3. Value chain selection will explicitly consider potential impacts on biodiversity, including migratory or endangered flora / fauna. 4. Create awareness of and promoting the conservation of indigenous species (landraces, native breeds of livestock) in agricultural activities.		
Resource Efficiency and Pollution Prevention	Moderate	Moderate
<b>Risk:</b> 1. Cumulative risks associated with smallholder farming and micro-enterprises: increased pollution from autonomous use of pesticide / fertilizers, by-products of livestock and fish production, or small food processing activities of the extreme poor entrepreneurial poor or microenterprises. 2. Fisheries and aquaculture activities of the borrowers of PKSF POs may introduce new sources of water pollution. 3. Micro-enterprises supported by the project may exacerbate or introduce new pollution risks through their waste streams.	Moderate	Moderate

<p><b>Mitigations:</b></p> <p>1. The project will not procure mineral fertilizers, pesticides, or insecticide. The cumulative risks associated with nutrient leaching or wastewater release due to farm or non-farm activities will be mitigated through promoting GlobalGAP, integrated fertilizer / pest management, vermicomposting and organic fertilizer use, and other relevant approaches to agricultural management. The production of vermicompost, Trichoderma leachate and other organic fertilizers is intended to support reclamation and reuse of livestock/poultry waste in a safe manner.</p> <p>2. Promote the use of environmentally friendly practices and inputs, particularly in aquaculture.</p> <p>3. GREEN will support the implementation of PKSF's micro-enterprise environment management guidelines developed for 16 enterprise types (and expanded to 30, by end of 2024) by POs and micro-enterprise borrowers. Project will need to identify and promote best practices for solid and liquid waste management, based on value chains of focus. For e.g., bio-medical waste handling for those enterprises focused on animal health interventions (diagnostics, vaccinations, etc.).</p> <p>4. Promote certification mechanisms via DOE, BSTI, ISO etc. for micro-enterprises – in the process strengthening their environmental management and creating awareness of how it could increase their comparative advantage. Target issues such as plastic waste and promoting use of alternative materials (including through incubation of sustainable packaging material micro-enterprises).</p> <p>5. Efficient water use, water harvesting infrastructure – particularly drought-prone, salinity-prone areas, and circular economy approaches to managing domestic waste (livestock manure and kitchen waste repurposed as vermicompost, organic fertilizer, etc.) will be promoted where appropriate.</p>		
Cultural Heritage	Low	Low
<p><b>Risk:</b></p> <p>Disturbance of sites of cultural value, or intangible cultural heritage such as handicrafts or traditional practices related to food.</p>	Low	Low

<b>Mitigations:</b> (i) Given the nature of the project and the lack of infrastructure components, risk of unintended negative impact on sites of cultural values is not envisaged. (ii) For intangible cultural heritage such as production of handicrafts or traditional food processing practices, which might have a cultural value, no specific risks have been identified at the moment. However, it is important to consider the cultural heritage associated with traditional varieties of crops and livestock and that promoting improved species and varieties could result in their loss. (iii) The project will ensure that traditional food production and preparation practices that have a cultural and/or religious value will not be disrupted by the introduction of new technologies/production practices. The project will also involve local communities and ethnic minorities in consultation and decision-making processes concerning the introduction of improved varieties/species and post-harvest activities, so as to ensure that the adaptation options are informed by cultural, social and religious values.		
Indigenous People	Low	Low
<b>Risk:</b> The risk that the project may cause adverse physical, social, or economic impacts on Ethnic Minorities or threats to or loss of resources of historical or cultural importance to them.	Low	Low
<b>Mitigations:</b> (i) There are no constraints for Ethnic Minorities to participate in project interventions, and past projects by the implementing partners have equally targeted Ethnic Minorities when they are present. PKSf has a demonstrated capacity to engage with ethnic minorities and include them in loan operations. However, the GREEN project will further encourage POs to target Ethnic Minorities, through adequate measures and approaches. Free, Prior and Informed Consent (FPIC) principles will be appropriately integrated into procedures (design and implementation, including subprojects) if the presence of Ethnic Minorities is confirmed. Local partners and POs will also be requested to develop a GESI action plan also including specific measures for ethnic minorities targeting. The GREEN M&E include data disaggregated by ethnicity. (ii) Project interventions are expected to result in increased incomes, increased access to market and improved skills for all beneficiaries including Ethnic Minorities. (iii) Based design-stage SECAP risk rating, project may be required to prepare an Ethnic Minorities Planning Framework.		
Labour and Working Conditions	Moderate	Moderate

<b>Risk:</b> <p>The project will mainly work with poor households engaged in self-employment. They will receive microcredit for such activities. The project will provide training and assistance for marketing of agricultural and non-agricultural products. A very few people will be working in formal businesses. No construction works in the project. The project will work with a small number of microenterprises. There may be some minor OSH risks for microenterprise employees or farmers involved in a range of activities such as meat processing, horticulture, packaging. Most notable risks are related to child labour and exposure to toxic chemicals when applying pesticides.</p>	Moderate	Moderate
<b>Mitigations:</b> <p>1. Provide training in child labour and other labour and occupational health and safety issues to micro-enterprise owners. IFAD-funded PACE project successfully implemented decent work practices in MEs. Specific measures to be adopted include awareness on the impact of labour on children during trainings, following national laws on child labour in all procurement contracts and monitoring the execution of activities and reporting any cases to the project and relevant government authorities.</p> <p>2. The risk of exposure to pesticides, insecticides and other chemicals from autonomous purchase will be mitigated and avoided through integrated pest and agro-chemicals management as a part of CSA/agroecology related training which will contribute to safety and health of rural producers and workers.</p> <p>3. GREEN will replicate the experience of IFAD projects (PACE – Promoting Agricultural Commercialization and Enterprises), which promoted decent work environment in micro-enterprises, covering aspects such as ventilation, cleanliness, electricity, and women friendliness. A strategy to promote safe labour practices will also be put in place. through training on biosecurity and safe food (“safe meat”, “safe vegetables”) and the use of protective wear / gear. PKSf and its POs will also promote the availability of and access to first-aid boxes in micro-enterprises, and provide minimal level of training on its use.</p>		
Community health, safety and security	Moderate	Moderate
<b>Risk:</b> <p>1. There is low risk of adverse effects on the physical, mental, or social health and safety of an individual, group, or population. Microfinance Institutions have a long history of working with millions of rural households and communities in a very transparent manner.</p> <p>2. Market-led production might undermine farm diversification and negatively impact food security and nutrition.</p> <p>3. Poultry and livestock may be susceptible to diseases and veterinary services may be limited – contributing to increase risk of zoonosis and vector-borne diseases.</p>	Moderate	Moderate

<b>Mitigations:</b> 1. Partner organizations can be further sensitized through training before signing agreements for various project activities. The project will implement nutrition education and awareness raising campaign, including targeting nutrition-vulnerable groups, and will promote adoption of sustainable and climate-smart practices and technologies (e.g. Integrated Pest Management-IPMs etc.) which will minimize pesticides and chemicals exposure and contribute to safety and health of rural producers and workers. 2. The project has a strong focus on promoting nutrition and health. This will be done by selecting nutrition-sensitive value-chains and production practices that enhance the availability and accessibility of diverse, safe, and nutritious food through home gardens (vegetables, fruits) and increased access to animal-source foods (chickens, ducks, fish, small ruminants, cows). 3. POs have established grievance address mechanism. 4. Where group members borrow for animal husbandry, promote clean and hygienic animal shelters, biosecurity measures, vaccinations, and other improved husbandry measures. Introduce awareness building activities on optimum WASH behavior under Component 1 and ensure refresher training (emphasizing say 5-7 key hygiene) by loan officers. Establish linkages to adequate veterinary services and animal health products (nutrition, preventative, therapeutic) for livestock and poultry value chains. 5. A family-based approach to microfinance is adopted to address intra-household inequalities and promote a more gender equitable decision-making over the use of loans within the HHs Microfinance activities mitigating and preventing intra-household tensions and gender-based violence (GBV).		
Physical and Economic Resettlement	Low	Low
<b>Risk:</b> Given the thematic focus of the project's interventions, the lack of infrastructure components and the small-scale nature of the IGAs and enterprises supported by the project risks associated with physical or economic displacement as well as potential adverse effects on land tenure have not been identified.	Low	Low
<b>Mitigations:</b> No resettlement or land acquisition is anticipated; physical resettlement / displacement will be an exclusion criterion for activities. Outcomes of value chain activities, particularly with commercial orientation, will be carefully monitored for plausible adverse effects on more vulnerable and marginalized groups such as women.		
Financial intermediaries and direct investments	Low	Low

<b>Risk:</b> The risk that project funds are directed to a financial intermediary (PKSF or its Partner Organizations) that do not have a social and environmental policy or systems in place (including POSH, labour management, occupational health and safety, exclusion criteria, GRM, etc.). The risk that PKSF or its POs have insufficient capacity to implement SECAP 2021 and PKSF's ESMS / GOB standards.	Low	Low
<b>Mitigations:</b> PKSF and its Partner Organizations have been implementing IFAD's RMTP which adheres to SECAP 2021 standards. PKSF has a dedicated ESMS (environmental and social management system) policy in place (updated in 2021), and dedicated ESMS personnel. PKSF works with several other IFIs, successfully implementing safeguards, and is an accredited institution of the Green Climate Fund – with its accreditation standard allowing it to handle projects that are Category B (the same as agencies such as UNDP and FAO, which are international accredited entities). Nevertheless, activities to improve capacities of PKSF and its POs to implement ESMS / SECAP 2021 will be budgeted, and technical training provided, as needed. An assessment of ESMS has been conducted to ensure adherence to IFAD's SECAP 2021 requirements and identify gaps through an ESG Action Plan (ESAP).		
Climate change	Substantial	Substantial
<b>Risk:</b> Vulnerability of target populations and ecosystems to climate variability and hazards (Substantial, Substantial) Hoar, coastal, river flood plains, and High Barind are identified climate hotspots under the Bangladesh Delta Plan. Droughts, sea-level rise and tidal surges, cyclones, salinity, waterlogging and floods are key climate risks contributing to high levels of poverty / risk of population falling back into poverty, loss of livelihood assets and agricultural production, and food and nutrition insecurity. Greenhouse Gas Emissions (Low, Low) In general, the project activities are not expected to further increase GHG emissions. But HHs are involved in livestock farming and crop farming that produce greenhouse gas.	Substantial	Substantial



<p><b>Mitigations:</b></p> <p>Vulnerability of target populations and ecosystems to climate variability and hazards Mitigations:</p> <ol style="list-style-type: none"> <li>1. The project explicitly takes climate risks into account and has planned for adaptation activities to diversify agricultural production, promote non-farm sectors of employment through development of comprehensive food systems. It will take into account environment, ecology and human health during design and implementation of project activities.</li> <li>2. Value chain assessments will identify climate risks and adaptation entry points at each stage of the cycle.</li> <li>3. PKSF POs will continue to offer a moratorium period on principal and interest payments in the aftermath of extreme climate events. They also draw on their own funds (from profits) to distribute food rations to affected populations.</li> </ol> <p>GHG emissions Mitigations:</p> <ol style="list-style-type: none"> <li>4. The project will promote feed that could reduce emissions from livestock (indirectly through better productivity). Use of organic fertilizer and vermicomposting practices (particularly in households or communities with excess manure production) will be promoted.</li> </ol>		
Stakeholders	Low	Low
Stakeholder Engagement/Coordination	Low	Low
<p><b>Risk:</b></p> <ol style="list-style-type: none"> <li>1. There is a low risk that key stakeholders invited to participate in the project will show little interest in or commitment to the project's objectives and activities.</li> <li>2. There is risk that PKSF POs may not engage with CRALEP implementation in High Barind or Haor regions, reducing the outreach efficiency and effectiveness of both projects.</li> <li>3. There is low risk of gender inequality and lack of female participation in the project, and unintended exclusion from project activities. Yet, women's engagement in microfinance activities might unwittingly overburden them and have limited impact on nutrition and empowerment if not accompanied by measures for GEWE. In addition, while participation of women is high in primary production and home-based self-employment, they are virtually absent in processing and marketing activities outside of the household. This means that they might be less visible in activities and platforms that are related to value-chain development.</li> </ol>	Low	Low

<p><b>Mitigations:</b></p> <p>1. At the community and household level, the project will implement a participatory process in defining activities that meet the needs and aspirations of the beneficiaries, with attention to more vulnerable social groups, such as women, ultra-poor households, persons with disabilities and ethnic minorities. Engagement with these groups will be included in a GESI plan, to be submitted by POs</p> <p>2. PKSf and LGED PMUs will be encouraged to engage with one another in High Barind and Haor regions from an early stage. Ensuring that PKSf POs are aware of CRALEP bidding process for entrepreneurial training will increase their confidence in eventually lending to those trainees starting their own enterprises.</p> <p>3. PKSf and POs (MFIs) have been champions of women empowerment and bringing women into financial services (90% of borrowers) and other IGAs and value chain development activities. However, measures for GEWE will be strengthened to ensure women's meaningful participation and engagement in project-related decision-making, thus leading to empowerment outcomes and nutrition impact. Several measures will be put in place to ensure women are adequately consulted and properly trained (e.g. livelihood development, nutrition education etc.) along with their husbands, to ensure they can participate in decision-making concerning livelihood development and food systems and benefit from project's activities and improved nutrition. POs will be requested to include attention to GEWE measures in their proposals (e.g. couple training, gender sensitization etc.) and to ensure that GRM system is accessible to women. Targeting and monitoring measures include the following:</p> <ul style="list-style-type: none"> <li>o Approximately 50% of IGAs and value chain development beneficiaries will be women.</li> <li>o IFAD will periodically monitor the progress. Previous IFAD funded projects implemented by PKSf and POs have overwhelmingly included in microfinance and other project activities.</li> </ul>		
Stakeholder Grievances	Low	Low
<p><b>Risk:</b></p> <p>Ineffective grievance/complaint redress processes (including on allegations of non-compliance with IFAD's SECAP standards, fraud, corruption, or SEA), can lead to unaddressed stakeholder grievances potentially impacting on achievement of GREEN objectives. Moreover, poorly designed GRM system, might be inaccessible to more vulnerable groups, such as women.</p>	Low	Low

<p><b>Mitigations:</b></p> <p>1. PKSF and POs have well established grievance address mechanism, which will be leveraged and strengthened by GREEN. Still, the project will raise awareness among stakeholders about the complaints and grievance mechanisms available through the establishment of a PMU-led Grievance Redress Mechanism. It will also include this information as part of IFAD missions. Redress Mechanism shall be fully accessible to all target groups and well explained to stakeholders during the programme's start-up workshop and to beneficiaries during the programme's activities. An information campaign will be implemented in partnership with local POs to ensure that all target groups are aware of the GRM system.</p>		
---	--	--