The People’s Republic of Bangladesh
Country programme evaluation
Agreement at completion point

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For: Information
Agreement at Completion Point

Country Programme Evaluation for Bangladesh

A. Introduction

1. The IFAD Independent Office of Evaluation (IOE) carried out a Country Programme Evaluation (CPE) in Bangladesh 2014. This is the third CPE conducted by IOE in the People's Republic of Bangladesh since the Fund started its operations in the country in 1979. The last CPE was completed in 2005 and its findings served as an input to the preparation of the 2006 COSOP. The main objectives of the CPE were to assess the overall partnership between IFAD and Bangladesh in reducing rural poverty, and to generate a series of findings and recommendations that will inform the definition of future cooperation between IFAD and the Government of the People's Republic of Bangladesh as well as to assist in the implementation of ongoing operations and in the design of future IFAD-funded projects in the country.

2. Based on the analysis of cooperation during the period 2004-2014, the CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD operations; (ii) the performance and results of IFAD's non-lending activities in Bangladesh: policy dialogue, knowledge management and partnership building; (iii) the relevance and effectiveness of IFAD's country strategic opportunities programmes (COSOPs) of 1999, 2006 and 2012; and (iv) overall management of the country programme. This Agreement at Completion Point (ACP) contains a summary of the main findings from the CPE (see section B below).

3. The main findings of the CPE and the recommendations were shared by IOE in the CPE National Roundtable Workshop held in Dhaka on 7 June 2015. The ACP final recommendations were sent by PMD to the GoB on 24 August 2015. The comments from the GoB were received on 23 September 2015. The final recommendations agreed between the GoB and PMD are presented at the end of this updated and final ACP.

4. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

5. This ACP will be included as an annex to the new COSOP for Bangladesh. In line with the decision in 2013, the Bangladesh CPE and ACP will be discussed in the IFAD Executive Board at the same time when the new Bangladesh COSOP will be considered by the Board. Moreover, IOE will prepare written comments on the new COSOP for consideration at the same Board session. The written comments will focus on the extent to which the main findings and recommendations from the Bangladesh CPE have been internalized in the new COSOP.

B. Main evaluation findings

6. Relevance of the portfolio was overall satisfactory. The relevance of the agriculture component in the programme needs to be recognized for its significant contribution towards achieving the objective of livelihood improvement of the targeted beneficiaries and rural poverty reduction. Support for the Micro, Small and Medium-sized Enterprises (MSME) sector has also been relevant and the focus on microfinance as an addition of technical support services has been valid. The shift towards value chain development is relevant. The program should continue to
ensure that the poor can take advantage of opportunities and improve their business and marketing skills, and should continue developing an enabling environment for MSMEs.

7. Overall, the focus on rural credit is still relevant in terms of the strategic context of the country and the needs of the rural poor. The cooperation with the Palli Karma-Sahayak Foundation (PKSF) has been relevant in supporting the evolving credit market and aligning to the needs of the ultra-poor and the moderate poor. There is still a credit gap that is not yet being adequately filled or acknowledged within program design and improvements are required. This has now been addressed through the most recently approved project (PACE- Promoting Agricultural Commercialization and Enterprises Project) approved in September 2014, which has a specific provision to pilot new loan-products in acknowledgement of the fact that more tailored financial services are necessary to reach all of the rural poor.

8. The attention of project investments to some of the most fragile environmental areas in Bangladesh has been critical. Much needed infrastructure was built in remote and inaccessible areas inhabited by the poorest in the country, such as the haors and char areas in newly accreted land.

9. Effectiveness of the portfolio was satisfactory. IFAD investments across the portfolio contributed to increasing agriculture productivity and production (crops, livestock, fisheries) mainly by increasing access to agriculture technologies and other ancillary services to small farmers. Access to markets has been enhanced by physical construction of roads and market facilities, as well as landing platform for boats. The infrastructure built has brought positive changes to the overall development of the areas supported.

10. Overall, provision of support for MSMEs has been effective across all projects, leading to increased productivity and profitability. Moreover, IFAD portfolio has substantially contributed to the expansion of the microfinance sector across Bangladesh. Group-based community development in IFAD programmes, in particular Becl User Groups (BUGs) and Labour Contracting Societies (LCS) has generally been effective.

11. Portfolio efficiency was assessed as satisfactory. Projects have disbursed close to all funds allocated, within the assigned time period, and the fund flow to the projects has been smooth. Cost per beneficiary ranges significantly across the projects influenced by particular conditions of implementation of individual projects or programmes. The program objectives in microfinance have been achieved in an efficient manner with low management overheads and a relatively low cost per borrower, with some exceptions.

12. Impact was overall satisfactory. The portfolio under review demonstrated having a positive impact to rural poverty alleviation, in particular with respect to increases in rural household income and assets in project areas, as well as improvements in productivity. This was generated, in particular, from on-farm activities facilitated by the combination of microcredit/seasonal agricultural credit, adoption of improved production and management techniques, marketing support linking with supply/value chain, and infrastructure development.

13. Alongside income and productivity increase, the portfolio is also contributing to the building/strengthening of social capital and empowerment of the beneficiary target groups (BUGs) and in particular to the promotion of gender equality and women empowerment (LCS).

14. With regard to natural resources and environment, IFAD has recognised the importance of climate-sensitive agriculture and has specifically designed the Coastal Climate Resilient Infrastructure Project (CALIP) integrate climate smart activities into agricultural intensification.
15. Sustainability has been assessed as moderately satisfactory. At project level, the IFAD-supported programme in Bangladesh incorporates a number of important instruments to strengthen prospects for sustainability (exit strategies, mainstreaming into successful institutions, scaling up by other projects). Notwithstanding the above sustainability prospects in the various areas supported is mixed. Maintenance of infrastructure built by earlier completed projects dependent on regular maintenance from Government revenue are not always properly attended. Ensuring sustainability and better leveraging the strengths of community organizations (e.g. the BUGs) also needs follow up and careful consideration.

16. There has been a strong focus on innovation in the IFAD-supported programme in Bangladesh, with particular attention given to agriculture technologies (e.g. climate-resilient seed varieties) micro-finance (e.g. agriculture seasonal lending), community based resource management, value chain pilots, and infrastructure. In terms of scaling up, there has been a deliberate strategic pursuit and many examples in the programme. More recently, the larger scale of innovation has generated new risks that need to be more carefully considered but overall, 'innovation and scaling up' is rated as satisfactory.

17. Finally, the portfolio has to a satisfactory level contributed to the promotion of gender equality and women's empowerment, which has been a central issue in IFAD's programme and strategy in Bangladesh. Gender considerations have been broadly mainstreamed into all operations supported by IFAD and women are the main target of most IFAD projects in the country, particularly through community-based organizations in microfinance, infrastructure works (LCS) and income-generating activities development.

18. The performance of IFAD and the Government is assessed as satisfactory. IFAD has designed relevant strategic frameworks through three COSOPs, and has markedly improved the quality of its support through direct supervision since 2007. The setting up of country office in Dhaka in 2011 has been a positive move in strengthening project implementation and improving partnerships. The Government has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio and has ensured high quality in project management. The policy environment has been overall supportive.

19. The performance in non-lending activities has been assessed moderately satisfactory. As far as knowledge management, IFAD has initiated a few steps to enhance this activity in Bangladesh mainly under the current COSOP period. Despite this effort, there is little awareness of IFAD's rich country, regional and global knowledge among the project professionals and other partners in the country. The lessons learned through project implementation are not systematically captured and shared at a wider scale for enhancing knowledge within the country. CPE considers that knowledge management is still one weak link of the Bangladesh country programme.

20. IFAD's partnership with the Government has been excellent at the operating level with institutions and key counterpart departments. On the other hand, it somehow failed to harness a secured constituency within any substantive line ministry/ies. In terms of collaborating with other donors IFAD is doing well judged by the significant volume of co-financing that IFAD supported projects raised in Bangladesh in the more recent years (since 2007).

21. As far as policy dialogue, the three country strategies guiding the programme identified a range of relevant policy issues to work with the government and the development partners. IFAD's engagement in policy dialogue has been developed on the basis of operational innovations and achievements. IFAD will endeavour to ensure lessons from projects are fed into policy processes.
22. Bangladesh has benefited from a considerable amount of grant resources, both in the form of country grants and participations in activities financed by regional grants. The country-grants provided were in most cases directly linked to the portfolio (e.g. the “Small Fish for Nutrition” grant implemented under SCBRMP ) and pursued innovative activities. By and large grants achieved their objectives and have generated considerable outputs/results.

23. At the strategic level, COSOP relevance has been assessed satisfactorily. Portfolios under all three COSOPs demonstrated excellent responsiveness to changing environments, with the emerging need for attention to environmentally sustainable and climate resilient development being mainstreamed in the 2012 COSOP. The programme over the CPE period had a fairly even geographical spread across the country. The area development programmes in isolated depressed area in the north (haors) and the coastal areas of the south were well justified based on the criteria of exclusion, remoteness and poverty. The mix of instruments was limited to largely lending activities with non-lending activities playing a supporting role. Synergies between lending and non-lending activities have been limited.

24. The CPE assesses COSOP effectiveness as moderately satisfactory. The programme has overall been effective in achieving the strategic objectives stated in the COSOP 2006. Substantial progress was achieved in supporting improvement of agricultural productivity through technological innovations, and in development of microenterprises. Implementation is on track in contribution towards achievement of the three strategic objectives set in COSOP 2012, i.e. adaptation to climate change, improved value chains and greater market access, and social and economic empowerment of marginalized groups, including poor rural women. On the other hand, as noted in the analysis achievements in all three components of non-lending i.e. policy dialogue, broad-based partnership building and knowledge management, IFAD has to work within the constraints of being a niche smaller financier, but will increase efforts in this regard.

25. Notwithstanding the significant achievements noted above, there are still many issues on long term sustainability and further scaling up of results which require policy level dialogue, strategic initiatives and decisive action for carrying the successes forward and sustaining benefits for the future generations. IFAD’s remarkable project (micro) level successes require a stronger policy level (macro) uptake to reap the full potential of benefits. In this regard a number of constraints need to be addressed, including lack of broad based institutional partnership with government, poor knowledge and visibility of IFAD in the country and limited country presence.

C. Recommendations

25. Based on the CPE process and findings, these are the formulations of the recommendations that IFAD Management and the Government of Bangladesh agree to follow up on.

26. **Recommendation 1. Continue the strong focus on agriculture.** To support government objective of achieving far reaching reduction in rural poverty, IFAD should continue to focus on some important aspects of agriculture e.g. strengthening investment in extension and research, supply chain development, intensification, diversification, livestock, and particularly inland and marine fisheries which is a major and growing export commodity.

Proposed follow-up: To be included in the next COSOP

Responsible partners: GoB and IFAD
27. **Recommendation 2. Access to credit should remain a priority for the IFAD portfolio in Bangladesh.** Future interventions should improve the current level of financial inclusion for the rural poor as well as the access of credit for SME and young entrepreneurs.

Proposed follow-up = To be included in the next COSOP
Responsible partners = GoB, IFAD, Central bank, Financial institutions
Timeline = 2018

so that the best pro-poor practices developed through IFAD funded projects are better captured and disseminated in the country. To emphasize more lasting and longer term reform in policies and legislation, IFAD will engage more proactively with the Ministries at the central level (e.g. ministries of Agriculture, Fisheries and Livestock, Food, Water Resources, Land, and the Bank and Financial Institutions Division) to leverage their expertise and experience to focus on some of the important areas of intervention.

Proposed follow-up: To be included in the next COSOP
Responsible partners = GoB and IFAD
Timeline = 2018

29. **Recommendation 4. Further investment in Knowledge Management.**

Proposed follow-up = To be included in the next COSOP
Responsible partners = IFAD COM and PMD
Timeline = 2018

30. **Recommendation 5. Enhancing IFAD capacity in the country.** There is a need to explore and identify the best and cost-effective option to enhance IFAD’s presence in Bangladesh in order to achieve deeper results in policy dialogue and partnership building.

Proposed follow-up = To be included in the next COSOP
Responsible partners = GoB and PMD
Timeline = 2018

See Details of the discussions and final agreement between PMD and GoB in Annex 1.
Details of the discussions and final agreement between PMD and GoB

(All recommendations from the Independent Office of Evaluation.)

31. **Recommendation 1. Stronger focus on agriculture.** In future COSOPs, IFAD should consider a more clear-cut focus on agriculture (including fisheries and livestock) and related issues. To support government objective of achieving far reaching reduction in rural poverty, IFAD should focus on some important aspects of agriculture e.g. strengthening investment in extension and research, supply chain development, intensification, diversification, livestock, and particularly inland fisheries which is a major and growing export commodity.

To be filled in by IFAD and the Government:

This recommendation is in contradiction with paragraph 6 of this document. "The relevance of the agriculture component in the programme needs to be recognized for its significant contribution towards achieving the objective of livelihood improvement of the targeted beneficiaries and rural poverty reduction." Since 1978, all IFAD funded programmes have included agriculture, livestock, fisheries or rural finance. Moreover, the USD 216 million National Agricultural Technology Project Phase II (NATP II) is exclusively dedicated to Agriculture, Livestock and Fisheries. Within each of these domains, the project will specifically strengthen the national research, extension services and value chains development. NATP II will be directly implemented by the Ministries of Agriculture, Livestock and Fisheries.

Considering the current achievements of the country program and the specific focus of NATP II on this topic, the GoB and IFAD suggest to reformulate the recommendation as follows "Continue the strong focus on agriculture", and to include marine fisheries as a potential area of focus.

Proposed follow-up: To be included in next COSOP

Responsible partners = GoB and IFAD

Timeline = 2018

32. **Recommendation 2. Access to credit should remain a priority for the IFAD portfolio in Bangladesh.** Despite significant advancement over the last two decades, there are still gaps in the microfinance sector that IFAD, with its knowledge and resources is well-placed to support. The unevenness of microcredit market saturation and the remaining risks, gaps and opportunities within the sector offer imperatives for further IFAD involvement. If new projects are designed to link with the existing portfolio with export led value chains, more specific mechanisms and further capacity development of the functionaries as well as specialized credit products and services is required in e.g. debt management, technology, business
and marketing capacity development and this may require identification of new partners.

To be filled in by IFAD and the Government:

The GoB and IFAD agree that access to credit should remain a priority for the IFAD-financed portfolio. Nevertheless, the recommendation is too detailed on the proposed mechanisms and credit products. The detailed mechanisms will be developed on the basis of demand and sustainability while meeting the needs of the rural population. Further, some of these actions are already being partially implemented through the PACE programme (through its focus on rural finance and value chains at the national level).

The GoB and IFAD agree with the proposed re-formulation: Access to credit should remain a priority for the IFAD portfolio in Bangladesh. Future interventions should improve the current level of financial inclusion for the rural poor as well as the access of credit for SME and young entrepreneurs.

Proposed follow-up = To be included in the next COSOP

Responsible partners = GoB, IFAD, Central bank, Financial institutions

Timeline = 2018

33. Recommendation 3. Environmental protection as a priority in the face of emerging challenges. In addition to maintaining its current effort in climate change adaptation the future programme will have to carefully balance two competing priorities of environmental protection and poverty reduction in the context of two confronting realities of increasing agricultural intensity and population pressure. The program will require careful assessment of the potentials and risks and have to track the extent to which the short term gains are being achieved for the communities at a cost of longer term resource depletion. All Project Implementation Plans should include environmental assessment processes and put in place activities to ensure that environmental objectives are achieved and risks are mitigated.

To be filled in by IFAD and the Government:

The GoB and IFAD does not necessarily view environmental protection and poverty reduction as conflicting objectives, and therefore do not agree with the principle of the recommendation. Some IFAD funded projects already integrate climate smart activities (CALIP, USD 15 million ASAP financed component is totally dedicated to that) and all current IFAD funded projects aim at developing sustainable poverty reduction activities for the target group which systematically include environmental protection analysis/action plans.

Proposed follow-up: No follow up is required. As per IFAD procedure, IFAD will apply the Social, Environmental and Climate Assessment Procedures (SECAP) procedures for the next COSOP.

Responsible partners: N/A

Timeline: N/A
34. **Recommendation 4. Broadening policy and institutional support for the programme.** To push for more lasting and longer term reform in policies and legislation, IFAD needs to engage more proactively with the Ministries at the central level (e.g. ministries of Agriculture, Fisheries and Livestock, Food, Water Resources, Land) to leverage their expertise and experience to focus on some of the important areas of intervention. These agencies also play an important role in national policy formulation, legislation, coordination as well as in designing and financing important national programmes, a broad based partnership with Ministries would offer IFAD an opportunity to be a partner in wider national policy processes and contribute towards shaping them.

To be filled in by IFAD and the Government:

The GoB and IFAD agree in principle but the formulation of the recommendation is confusing. The proposed recommendation could be: **Broadening policy dialogue and institutional support so that the best pro-poor practices developed through IFAD funded projects are better captured and disseminated in the country.** To emphasize more lasting and longer term reform in policies and legislation, IFAD needs to engage more proactively with the Ministries at the central level (e.g. ministries of Agriculture, Fisheries and Livestock, Food, Water Resources, Land, and the Bank and Financial Institutions Division) to leverage their expertise and experience to focus on some of the important areas of intervention.

**Proposed follow-up:** Policy dialogue and Institutional support will be detailed in the next COSOP

**Responsible partners:** GoB and IFAD

**Timeline:** 2018

35. **Recommendation 5. Further investment in Knowledge Management.** The country office and the Asia and the Pacific Division should develop a clear and thorough knowledge management strategy along with a plan for generating specific knowledge products, sponsoring knowledge sharing events, developing platform for periodic facilitated interactive discussions on emerging agriculture and rural development issues among project professionals, research organizations and the academia. Experience of other UN agencies in Bangladesh could be tapped or partnership secured in developing such a strategy. A dynamic knowledge management effort require active interaction with national research organizations, think tanks and academia, which currently seems to be very weak or non-existent. Such an effort could be introduced in a phased way with due allocation of time, resources and accountability from the headquarters and the CPO.

To be filled in by IFAD and the Government:

The GoB and IFAD agree in principle but the formulation of the recommendation is not clear. Such activities also require earmarked budgets. The budget implications of such recommendations should be specified. The proposed recommendation could be: **Further investment in Knowledge Management.**
Proposed follow-up = The country office and the Asia and the Pacific Division should develop a clear and thorough knowledge management strategy to be included in the next COSOP

Responsible partners = IFAD COM and PMD

Timeline = 2018 when the COSOP is being developed (and also subject to budget availability).

36. Recommendation 6. Enhancing IFAD presence and capacity in the country including out-posting the Bangladesh CPM. The recent appointment of the CPO is a welcome step in strengthening IFAD's in-country presence and role. But considering the size of the Bangladesh programme (the third largest IFAD programme) and the volume of in-country interactions between and among the development partners and the government, there is a need to further strengthen IFAD's in-country profile in Bangladesh. In particular, the CPE recommends that the Bangladesh CPM be out-posted from Rome to Dhaka as soon as possible. The high level public officials and other development partners met during the CPE all expressed similar views. More effective participation and achievement of deeper results in policy dialogue and partnership building requires a different configuration of IFAD’s representation, at an equivalent level with other multilateral banks or UN system agencies. A strengthened country office with an out-posted CPM would improve opportunities for policy dialogue, enhance project supervision and implementation support, strengthen cooperation and harmonization with other donors, and further facilitate follow-up on supervision, mid-term review decisions and CPE recommendations.

To be filled in by IFAD and the Government:

 GOB and PMD agree on the importance to strengthen IFAD’s engagement in the country in order to enhance policy dialogue and strengthen partnerships. IFAD’s presence in the country should be reviewed in a cost-effective manner in order to achieve these results. As such, the proposed recommendation could be: Enhancing capacity in the country. The recent appointment of the CPO is a welcome step in strengthening IFAD’s role and in-country presence. But considering the size of the Bangladesh programme (the third largest IFAD programme) and the volume of in-country interactions between and among the development partners and the government, there is a need to explore and identify the best and cost-effective option to enhance IFAD's presence in Bangladesh in order to achieve deeper results in policy dialogue and partnership building.

Proposed follow-up = The GoB and PMD Management should study the best and cost-effective option to enhance IFAD’s presence in Bangladesh in order to achieve deeper results in policy dialogue and partnership building to be included in the next COSOP

Responsible partners = GoB and PMD

Timeline = 2018
Signatures

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