

The International Fund for Agricultural Development

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PEOPLE'S REPUBLIC OF BANGLADESH

COUNTRY STRATEGIC OPPORTUNITIES PROGRAMME
(COSOP)

Asia and the Pacific Division
Programme Management Department

REPORT No. 2594-BD

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Abbreviations and acronyms

BWDB	Bangladesh Water Development Board
CDSP IV	Char Development and Settlement Project Phase IV CIP
	Country Investment Plan
COSOP	country strategic opportunities programme
CPE	Country Programme Evaluation
DAE	Department for Agricultural Extension
ERD	Economic Relations Department
HILIP	Haor Infrastructure and Livelihood Improvement Project
LCS	labour contracting society
LGED	Local Government Engineering Department
MIDPCR	Market Infrastructure Development in the Charland Regions
MoA	Ministry of Agriculture
MoF	Ministry of Finance
NATP	National Agricultural Technology Project
PBAS	performance-based allocation system PKSF
	Palli Karma-Sahayak Foundation
SCBRMP	Sunamganj Community-Based Resources Management Project

Summary of country strategy

1. This country strategic opportunities programme (COSOP) outlines IFAD's strategic positioning in Bangladesh and proposes operations for funding over the period 2012 to 2018. The COSOP has been developed in a participatory manner, involving the key ministries of the Government of Bangladesh. The process was led by the Ministry of Finance, civil society organizations, national and international research institutions and relevant donor agencies.
2. The COSOP focuses on the adaptation of rural livelihoods to climate change and the scaling up of successful approaches. The strategic objectives of the COSOP are that: (i) the livelihoods of poor people in vulnerable areas are better adapted to climate change; (ii) small producers and entrepreneurs benefit from improved value chains and greater market access; and (iii) marginalized groups, including poor rural women, are economically and socially empowered. It is expected that about 8 million people will benefit from climate-smart infrastructure under the strategy, and of these some 300,000 will manage to increase their assets and food security during the COSOP period.
3. Bangladesh is known to be highly vulnerable to natural hazards and climate change. Over the last 40 years, cyclones and floods have affected more than 400 million people. The frequency of natural hazards combined with high population density and a fragile economic base have positioned Bangladesh as the third poorest country in South Asia. Despite impressive economic and social gains over the last 40 years, some 60 million people (40 per cent of the total population) remain poor or extremely poor (2005 data).
4. IFAD has developed competencies in climate-smart rural infrastructure, agricultural technology, natural resources management, market access and microfinance. The highest impact, however, has been observed when several of these factors were combined with a value chain approach. Scaling up of successful experiences in partnerships with Government and other donors will be a vital element of this COSOP. Supporting agricultural research and strengthening its links to projects will help develop innovation and technology transfer to smallholders. Knowledge management will play a key role in generating innovations. Policy advice will draw on project outcomes related to key topics such as access to natural resources. IFAD's partnership with the World Bank, the Asian Development Bank, and United Nations and bilateral agencies will be strengthened and new partnerships explored.
5. It is assumed that IFAD will allocate US\$103 million to Bangladesh for each cycle of the performance-based allocation system (PBAS) and this funding will be coupled with cofinancing where possible. To maximize impact and enhance implementation efficiency, two projects are planned per PBAS cycle. In the next cycle (2013-2015), IFAD will support an infrastructure and a value chain project to scale up the successful experiences of their precursors. The PBAS cycle 2016-2018 will fund an agricultural and a fisheries project. In both cycles, grant support will be extended for research, knowledge management and policy advice.
6. IFAD supervision has confirmed good performance by IFAD projects in Bangladesh. No projects at risk have been identified in recent years. Potential risks faced by COSOP implementation include (i) the impact of natural disasters; (ii) limited availability of agricultural technology; (iii) lack of market opportunities; and (iv) corruption. These risks will be managed through careful project design, implementation support and close supervision of fiduciary and technical aspects.

People's Republic of Bangladesh
Country strategic opportunities programme

I. Introduction

1. This country strategic opportunities programme (COSOP) outlines IFAD's strategic position in Bangladesh and proposed operations for 2012-2018. It builds on lessons learned from the previous COSOP (2006) and on rural development policies in Bangladesh. The preparation of COSOP 2012 involved the review of ongoing and closed projects, and an extensive consultation process, which included the preparation of sector-specific studies (see appendix I).
2. The in-country consultation process comprised two workshops and a final validation meeting. Representatives from relevant NGOs, donor agencies, research institutions and ongoing IFAD co-funded projects took part in the first meeting to brainstorm on relevant issues and strategic options. In the second workshop, key government ministries, IFAD co-funded projects and relevant research institutions, under the chair of the Economic Relations Department (ERD) in the Ministry of Finance (MoF), reviewed the results of COSOP 2006 and the draft COSOP 2012. A final validation meeting, held at MoF in Dhaka on 17 January 2012, endorsed presentation of the **COSOP to the IFAD Executive Board in April 2012**.

II. Country context

A. Economic, agricultural and rural poverty context

i. Country economic background

3. Bangladesh has made impressive economic and social gains over the past decade, with steady annual economic growth of 5-6 per cent, and fairly stable domestic debt, interest rates and **exchange** rates. However with per capita GNI of US\$1,587 (in 2010, at 2008 at purchasing power parity prices), Bangladesh remains the third poorest country in South Asia (wealthier only than Afghanistan and Nepal). Growth has not reached the 7.5 per cent rate needed for it to graduate to middle-income status within the next 10 years¹. After a slowdown in growth, GDP recovered to 6.3 per cent in 2010/11². The inflation rate is on the rise, at an average rate for 2009/10 of 7.3 per cent and food price inflation reached 10.9 per cent in 2010. The move by the Government to reduce the fuel subsidy, while commendable, has inflated prices for production and transport.
4. Economic growth is driven by remittances and exports (77 per cent of which are garments). Although annual growth in exports has reached 40 per cent, remittances are now more or less static, reflecting the 34 per cent drop in the number of workers leaving for overseas jobs during 2009/10. This, together with increased imports and lower inflows of foreign direct investment and aid, has led to a deficit in the balance of payments (net outflow of US\$586 million for July to November 2011, compared with a surplus of US\$1,585 million for the same period a year earlier).
5. National expenditure for subsidies on food, fuel and fertilizer is being driven up by rising commodity prices. The Government has ambitious plans for investment in infrastructure and services. Although tax revenues stand at about 9.3 per cent of GDP, they are low compared to other countries in South Asia. It has been difficult to increase sales and direct taxes, which are the main revenue sources. As a result, the country's fiscal position remains weak, with a government deficit of 3-4 per cent of GDP.

ii. Agriculture and rural poverty

6. Over the 40 years since independence, Bangladesh has increased its real per capita income by over 130 per cent, cut poverty by more than half, and is well set to achieve most of the key Millennium Development Goals. Specific achievements include: reducing the total fertility rate from 7.0 to 2.7; increasing life expectancy from 46.2 years to 66.6; increasing the rate of economic growth from an average rate of 4 per cent in the 1970s to 6 per cent in 2000-2010; raising savings and investment rates from below 10 per cent respectively in the 1970s to 24 per cent (investment rate) and 28 per cent (savings rate) in 2009/10; achieving gender parity in primary and secondary education; and more than tripling rice production (from 10 million

¹ Bangladesh: Strategy for Sustained Growth, World Bank 2007 projected that a rate of growth in GDP of 7.5 per cent would result in the country joining the ranks of middle-income countries within a decade (by 2016).

² Bangladesh Quarterly Economic Update, ADB, June 2010

metric tons in 1972/73 to 32 million metric tons in 2009/10) thereby achieving near self-sufficiency in normal production years.

7. Nevertheless, Bangladesh remains a low-income country with substantial poverty, inequality and deprivation. About 60 million people, or 40 per cent of the population, are living below the poverty line (data from 2005) and a significant proportion in extreme poverty. Many people have an inadequate diet and suffer from periods of food shortage: half of all rural children are chronically malnourished, and 14 per cent suffer from acute malnutrition. Most of the labour force is engaged in informal, low-productivity and low-income jobs. Although the share of agriculture in GDP has fallen to less than 20 per cent, it still employs 44 per cent of the labour force.
8. Bangladesh is particularly vulnerable to climate change. Two-thirds of the country lies at less than 5 meters above sea level, making it one of the most flood-prone countries in the world. Severe flooding during a monsoon causes significant damage to crops and property, with major adverse impacts on rural livelihoods. Between 1970 and 1998, 171 large-scale water-related hazards such as cyclones, floods and river erosion disasters killed an estimated half million people and affected more than 400 million. The poor are hardest hit because they tend to live in poorly constructed housing on lands prone to hazards. Extreme weather events are expected to occur more frequently in the future.
9. Two areas within Bangladesh stand out as being particularly at risk to climate change. The coastal belt of the Jamuna-Padma-Megna delta is among the world's largest and most populated river deltas. Although continued supplies of river sedimentation may limit land loss resulting from sea level rise, drainage problems will worsen where protection schemes exist. Salinity levels are likely to rise in delta rivers in the dry season, mainly due to increased upstream abstraction of water.
10. The other area at particular risk is the haor basin in the north-east of the country. The haor basin is a tectonic depression, which is sinking by approximately 2 cm per year. The area is vulnerable to annual flash floods resulting from rainstorms in the Indian hills, which cause extensive losses of the main rice crop. The sinking of the basin is leading to more extensive flooding. This will be exacerbated by sea level rise due to climate change and by rising river levels draining to the basin as a result of extension of the delta to the south.
11. Over the last five years, agricultural sector growth has stood at just over 4 per cent per year – compared with growth of about 6 per cent for the economy as a whole. Production of the principal crop, rice, continues to rise and is forecast to reach 35 million tons in 2010/11. Although average rice yields are higher than in other south Asian countries, they are lower than in most of east Asia. There is considerable variation from farm to farm, even within the same village, with some farmers achieving yields comparable with research levels. With higher prices, more farmers have become interested in commercial production, which is reflected in the higher production levels of the last two years.
12. The challenge facing agriculture is to continue to increase production despite loss of land to other uses and climate change. This imperative stems from a need to ensure a secure supply of staple foods for a growing population and to continue to provide employment and income for over 40 per cent of the population who still rely on farming for their livelihoods, either as farm labourers or farmers. At present the income levels of both these groups are lower than for those employed or self-employed in the non-farm sector. In short, agriculture has a crucial role in poverty reduction.
13. Land holdings are becoming increasingly fragmented as farms are divided on inheritance among sons, and land (especially that of the larger land owners) is sold off or rented out as people move into non-farm occupations. Agriculture is increasingly in the hands of marginal and functionally landless farmers,³ many of whom produce primarily for subsistence. Although staple food production has kept pace with the rising population, rising incomes have triggered a growing demand for better quality foods – fruit, vegetables, meat, milk, eggs and fish. Diversification into these higher-value products puts further pressure on land for paddy and on efforts to achieve the national goal of self-sufficiency in rice.

³ In 1960, 84 per cent of land was operated by the 48 per cent of farmers who had medium and large holdings (over 2.5 acres of land). By 2005, only 12 per cent of farmers still operated over 2.5 acres, and 60 per cent of all land was in the hands of the 88 per cent farmers with less than this amount (Bangladesh Bureau of Statistics, Agricultural Census 1960, Agricultural Sample Survey 2005).

14. Although creation of new jobs has kept pace with the increase in the size of the population of working age, women's participation in the workforce is only 10 per cent. With the working age population increasing at a faster rate (2 per cent per annum) than the overall population (1.6 per cent per annum), more jobs than ever are required. In addition, incomes in the agricultural sector are lower than in other sectors, meaning that labour productivity in agriculture needs to increase in order to reduce poverty. These twin objectives – increasing employment and enhancing agricultural earnings – call for development of the broad rural economy – both agricultural and non-agricultural.
15. Some 2 million people (1.3 per cent of the total population) count as ethnic minorities in Bangladesh. Poverty is widespread among them and often linked to access to assets like land, health and education. Women are particularly affected by poverty, as they have fewer opportunities for employment than men and bear the responsibility of caring for their families. A growing proportion of households are headed by women – either temporarily where men have migrated for work, or permanently through death of a husband, divorce or abandonment. Households headed by widows, or divorced or abandoned women are more likely to be poor: 48 per cent of such households live below the poverty line. Very few women take part in decision-making bodies.

B. Policy, strategy and institutional context

i. National institutional context

16. During the period of the last COSOP, IFAD established a close partnership with the Local Government Engineering Department (LGED) and with the Palli Karma- Sahayak Foundation (PKSF). These two agencies implemented a total of six projects in 2011. The LGED-led Sunamganj Community-Based Resources Management Project (SCBRMP) and the Market Infrastructure Development Project in the Charland Regions (MIDPCR) enjoy the strong support of the Department for Agricultural Extension (DAE) of the Ministry of Agriculture (MoA). The latter is also implementing the National Agricultural Technology Project (NATP), cofinanced with the World Bank. Work is just starting on the Char Development and Settlement Project Phase IV (CDSP IV), which the Bangladesh Water Development Board (BWDB) implements in partnership with the Ministry of Land, DAE, Department of Forestry, Department of Public Health Engineering and LGED.
17. LGED has proven capacity to implement large and complex projects that link livelihood development with rural infrastructure. LGED's use of labour contracting societies (LCSs) has channelled a share of construction work to the poorest women. PKSF has built an impressive reputation in microfinance management and works in partnership with more than 250 microfinance institutions. PKSF therefore plays a key role in the microfinance sector in Bangladesh. It now faces fresh challenges of developing broader approaches to poverty reduction and has ventured into value chain projects, vocational training and the promotion of employment for the poor. BWDB has vital expertise in water engineering but faces institutional constraints in efficiently managing projects. Institutions that make up the MoA, DAE and the National Agricultural Research System (NARS) have considerable outreach and well-established roles in leading this key sector. However, they have acknowledged problems in terms of human resources, with administrative tasks leaving DAE staff with little time to support development projects.
18. The new COSOP proposes that IFAD continue its work with LGED and PKSF, while enhancing its partnerships with MoA institutions. Support for MoA and its sub- agencies, such as DAE, will be provided following the pattern adopted for the NATP. This approach aims to scale up donor-supported programmes to maximize impact while making more efficient use of project management resources.

ii. National rural poverty reduction strategy

19. The Government's Vision 2021 and the associated Perspective Plan 2010-2021 have set the target for Bangladesh to become a middle-income country in 2021. Under Vision 2021, the Government foresees higher per capita income, citizens with a higher standard of living, better education, greater social justice and a more equitable socio-economic environment, with the sustainability of development ensured through better protection from climate change and natural disasters. The implementation of Vision 2021 will be undertaken through two medium-term development plans, with the first (the Sixth Five-Year Plan) spanning financial years 2011-2015. This plan aims to ensure high economic growth through increased and more productive employment. With 78 per cent of the labour force currently engaged in low-income and low-productivity jobs in the informal sector, the challenge will be to boost income and

productivity in jobs and to transfer labour to the formal sector.

20. Low income elasticity of demand for basic food items, limited land and difficulty in penetrating export markets hamper the ability of agriculture to grow at the same rate as manufacturing or services. Given the low labour productivity and income characteristic of the sector, the Sixth Plan needs to pave the way for a transfer of a large number of workers from agriculture and the informal sector of the economy to higher-income jobs in manufacturing and organized services. Both large and small enterprises need to contribute to this growth. The promotion of small enterprises in rural areas needs to become a major strategic element for increasing income and employment in the rural economy, both of which are critical for sustained poverty reduction.
21. This strategy for growth and employment will be accompanied by a drive to enhance the income-earning opportunities of workers remaining in agriculture by raising land productivity and diversifying agricultural production. A strong agricultural sector is fundamental to poverty reduction and to food security. With land becoming a binding constraint as a result of the growing population and urbanization, enhancing the productivity of land is a top priority.
22. To respond to the need to ensure food security, emphasis will be placed on diversification in both the crop and the non-crop subsectors, which in turn will promote the commercialization of agriculture and raise farm incomes. The plan will address the problem of lagging regions, especially Khulna, Rajshahi, and Barisal divisions, through a strategy to develop infrastructure and human resources, improve access to financial services, promote migration, and facilitate more trade and investment in districts bordering India. 23. Lack of endowment in land, capital, credit and skills has prevented poor people from participating in productive economic activities. There are also significant cultural barriers that hinder the participation of women in economic activities. To enhance the factor endowment of the poor, including women, the Sixth Plan focuses on better access to irrigation water, fertilizer, electricity, rural roads and institutional finance.
24. Under the Sixth Plan, specific steps will be taken in collaboration with the international community to address the adverse consequences of climate change. Cooperation with the private sector for delivery of critical economic services such as electricity and roads will be further strengthened through public-private partnership arrangements, based on a well-defined policy and legal framework. The Government will also build on the positive track record of collaboration with NGOs in the delivery of health, education and micro-credit services to make further advances.

iii. Harmonization and alignment

25. IFAD continues to be an active partner in government/donor harmonization processes. It regularly participates in the Bangladesh Development Forum and is a member of the local consultative groups – the country's principal coordination body– on agriculture and water. IFAD has provided inputs to the Government's second poverty reduction strategy paper and has supported the Country Investment Plan (CIP), which has become a the Government's framework for investments in agriculture and food security. The COSOP contributes to the objective of the CIP (see appendix III). IFAD is a signatory to the United Nations Development Assistance Framework 2012-2016 and it scored well on the Development Assistance Committee's questionnaire in terms of harmonization and alignment.
26. IFAD maintains a number of long-term strategic partnerships with individual donors. In agriculture, IFAD cofinances the NATP project with the World Bank. The Netherlands are strong partners in the MIDPCR and CDSP IV projects. These projects have strong links with other operations in the same area funded by Denmark. In the water sector, IFAD has joined the Asian Development Bank in financing the Participatory Small-scale Water Resources Sector Project. The recently approved Haor Infrastructure and Livelihood Improvement Project (HILIP) is co-funded by Spain. In addition, IFAD is working closely with the United Kingdom's Department for International Development (DFID) in the microfinance sector, where the PKSf- and IFAD-supported Finance for Enterprise Development and Employment Creation (FEDEC) project is working alongside the DFID-funded sector programme Promoting Financial Services for Poverty Reduction (PROSPER).

III. Lessons from IFAD's experience in the country

A. Past results, impact and performance

27. At the time of COSOP approval in April 2006, the IFAD project portfolio consisted of six loan-

financed and two grant-financed projects. Between this date and May 2011, three loan-financed projects and two grant-supported projects have closed. Over the same period four new loan-financed and three grant-funded projects have started, bringing the current portfolio to seven loan-funded and three grant-funded projects.

28. The allocation of IFAD lending resources for Bangladesh at the time of the 2006COSOP amounted to US\$49.5 million over the three-year lending cycle of 2004-2006. Following a revision of the PBAS and a very successful donor replenishment, the allocation for Bangladesh increased to US\$103 million for the 2010-2012 lending cycle.
29. Project surveys provide evidence of the impact in terms of better livelihoods, increased income and improved food security. Tables 1 and 2 show examples of some of the gains made in food security and child malnutrition.
30. The outcomes of the 2006 COSOP are summarized below.
 - Subprogramme 1 Increased availability of agricultural technologies to small farmers: projects disseminated a range of technologies for rice, other crops, poultry, livestock and fish and are reaching 1,073,000 people.
 - Subprogramme 2 Increased access to markets and financial services for rural entrepreneurs: projects have built 484 km of roads and 47 markets. A total of BDT 9,000 million in loans is outstanding to 531,000 borrowers.
 - Subprogramme 3 Innovations in pro-poor infrastructure development to benefit the extreme poor: women's LCSs have built 66 km of road and 47 markets.
 - Subprogramme 4 Increased access to common property resources for the rural poor: a total of 160 public water bodies are under community management. Handover of another 140 has been agreed with the Ministry of Land.
 - Subprogramme 5 Increased access to economic opportunities for women: in almost all groups set up by the projects, women were in the majority and benefited from support for livestock and fishery enterprises, and vegetable gardening.

Table 1
Changes in food security

<i>Project</i>	<i>Indicator</i>	<i>Change</i>	<i>Notes</i>
Aquaculture Development Project	Decline in average length of period of food shortage	14% (from 64% to 50%) control: no change (70%)	After 6 years of implementation
Smallholder Agricultural Improvement Project	Decline in average length of period of food shortage	44% (control: 29%)	After 7 years of implementation
Microfinance and Technical Support Project	Percentage of households reporting improvement	8.5%	Impact over a 4-year period 2004-08
Microfinance for Marginal and Small Farmers Project	Percentage of households reporting improvement	8%	Mid-term impact survey 2004-08
Sunamganj Community-Based Resource Management Project	Percentage of households reporting improvement	Members of BUG* 15% Members of CO** 17%	BUG over 2 years CO over 6 years

*BUG: Beel (water body) UserGroup;

** CO: community organization

Table 2

Sunamganj – child malnutrition indicators
(Percentage of children)

	2006	2010
Chronic malnutrition (height-for-age <-2SD)	56.7	47.9
Acute malnutrition (weight-for-height <-2SD)	15.3	15.4
Underweight (weight-for-age <-2SD)	58.6	54.6

Source: RIMS anchor indicator surveys, SCBRMP, Mitra Associates

B. Lessons learned

31. IFAD's work in Bangladesh over the past 30 years has generated a multitude of lessons. The main message that has emerged, however, is that poor people are best placed to escape from poverty and hunger when a combination of small-scale infrastructure, access to adapted technology, microfinance and training is made available to them within the framework of a value chain approach. The COSOP completion review 2006-2011 lists the most critical lessons by sector. These are summarized below.
32. **Agricultural development** remains critical to ensuring food security and employment, while support to enter the non-farm sector for employment is increasingly important for poverty reduction. IFAD-funded projects show that agricultural development combined with access to financial services and adequate extension services augment the scale of impact and sustainability of a new technology. Specialized extension services are therefore needed, which could be delivered by both the DAE and the private sector. The value-chain approach can ensure the input supply and production diversification needed to promote technology and assist farmers and microentrepreneurs in enhancing profits, and generating business and employment.
33. **Microfinance**, including microcredit, remains important in the forthcoming COSOP period. The self-help group approach to microcredit does not deliver benefits in terms of poverty reduction, and is less sustainable than the more usual Bangladesh microfinance model. For example, seasonal loans meet farmers' demands, but need close monitoring to ensure repayment. MFIs are better equipped to provide such follow-up than commercial banks. Savings and insurance products are important resources in coping with financial and natural shocks.
34. **Small-scale infrastructure** development, specifically the construction of rural markets and communication roads, has made an impressive impact on the local economy and employment. The trade volume increased substantially within a short period of time, transport costs were halved and local wages doubled with the increased demand for labour. Prices rose as demand increased with the arrival of buyers from further afield.
35. **Natural resources management and community fisheries.** Operations that combine these two aspects have proved successful in poverty reduction. Secure long-term leases for community fisheries can help fishing households move from poverty to prosperity, as shown in the SCBRM project. Despite support from the Ministry of Land, the transfer of water bodies to community management is a difficult and lengthy process, and may require support by international agencies. Regular elections by secret ballot are helping to ensure that fishery group leaders remain accountable to members.
36. **Women's empowerment.** The use of LCSs as an alternative to commercial contractors to build markets and roads creates employment, enhances skills and provides cash in the hand to extremely poor women and boosts their self-esteem. Technical and skills training in agriculture has had limited impact on women as farming is mostly managed by men. Decision-making power for women still poses a significant challenge. Although women participate as members of microfinance groups, the benefits they experience are limited as men continue to dominate in major decisions.

IV. IFAD country strategic framework

A. IFAD's comparative advantage at the country level

37. IFAD has developed specific competencies from its involvement in several sectors.
38. **Infrastructure development** has figured in 16 of 27 IFAD-funded projects, and has been implemented in parallel with other livelihood development activities. IFAD-funded projects involve communities in infrastructure development through LCSs which build and maintain roads and markets and through market management committees (MMCs), which handle market development.
39. Open-water **inland fisheries** have been supported for over 22 years, and IFAD has followed the progress of community groups established by previous projects. This experience, together with long-term studies in the Sunamganj project area (now the largest community fisheries initiative in the country), has provided IFAD with the tools required for successful scaling up of this approach.
40. **Market access** has been a focus in many IFAD-supported projects. With the provision of physical investments in roads and markets, projects have developed the required software, i.e. organized rural markets and producers and local traders capable of linking to higher-level markets. Recent projects have made encouraging progress in adopting a value chain approach to develop specific subsectors, which could prove valuable for future projects.
41. **Rural microcredit** has been a major theme in 21 out of 27 projects. IFAD has gained considerable experience by working with different lending institutions and testing different lending modalities such as retail, wholesale and community group systems. Projects have also made significant innovations such as the use of insurance and seasonal lending. Experience shows that microcredit can be a powerful tool for poverty reduction when linked to capacity-building and access to technology and markets. IFAD is one of the few donors still active in this sector and continues to make a significant contribution in terms of innovative approaches.
42. **Gender.** IFAD has been successful in empowering destitute women through skills training in LCS-related infrastructure activities. IFAD has developed a successful approach by providing LCS groups with access to microfinance and skills training. Women have started up their own income-generating activities and managed to invest in small enterprises, mostly in crops and livestock. The Bangladesh poultry model⁴ is globally recognized as a pathway out of poverty for poor women.

B. Strategic objectives

43. This COSOP will support the Government's strategy for rural development, especially the Sixth Plan's goal of diversifying agriculture towards higher value-added production to promote commercialization and raise farm incomes. IFAD's specific contribution will entail promoting more commercial and remunerative livelihoods for small rural producers both farmers and fishers.
44. The COSOP is aligned with the IFAD Strategic Framework 2011-2015, which views smallholder agriculture as a profitable enterprise linked to markets and value chains, with the following thematic areas: (i) climate change adaptation and mitigation; (ii) secure access to natural resources; (iii) integration into value chains through competitive input and produce markets; (iv) rural enterprise development; (v) improved agricultural technologies; and (vi) comprehensive financial services. The COSOP stresses the importance to gender through a focus on the social and economic empowerment of marginalized groups, including poor women.
45. **The 2012 COSOP for Bangladesh has the following strategic objectives:**
46. **Strategic objective 1: Livelihoods of poor people in vulnerable areas are better adapted to climate change.** Bangladesh is among the countries at greatest risk from the consequences of climate change. This objective is therefore aligned with the stated objective of the Government, i.e. supporting communities and people in rural areas to strengthen their resilience and adapt to climate change. IFAD-funded projects will be located in areas of particular vulnerability, such as the coastal belt, that are home to a large number of poor

⁴ The Bangladesh poultry model promotes specialization by small poultry producers into mini-hatcheries, chick-rearing, poultry-keeping and employment as poultry workers in order to increase the efficiency and remuneration of the smallholder poultry subsector.

people who could become climate refugees. Projects will improve resilience to climate change by: (a) investing in infrastructure to protect people and their livelihoods (such as cyclone shelters and flood embankments) and that is resilient to adverse weather (such as submersible roads); and (b) promoting viable livelihoods for people living in vulnerable areas, such as fish-based activities (e.g. coastal fish ponds), salt- and flood-tolerant crop varieties (e.g. rice and other staples), and secure access to newly accreted coastal land.

47. **Strategic objective 2: Small producers and entrepreneurs benefit from improved value chains and greater market access** by (a) developing rural roads and market infrastructure; (b) building sustainable market institutions; (c) promoting innovative technology to allow efficient production in spite of natural constraints (salinity, water-logging), in response to market demand; (d) expanding demand-driven financial services; and (e) enabling producers to acquire the knowledge and skills needed to access input and output markets. The value chain approach will support commercialization of smallholder agriculture in line with the Government's Sixth Five-Year Plan. It also promotes increased productivity of land and labour both to ensure national food security and to increase rural income. Producers will be encouraged to diversify into higher-value crops and meet the growing demand for vegetables, fruit, meat, fish and milk, with a view to boosting their incomes.
48. **Strategic objective 3: Marginalized groups, including poor rural women, are economically and socially empowered.** Poor rural women merit particular attention given their vital role in family and village-level economic activities. Women will be supported by: (a) scaling up the LCS approach for employment generation; (b) promoting self-employment in rural/agricultural enterprises such as poultry farms; (c) capacity and skills-building to improve their prospects for employment locally or opportunities for better paid jobs through migration; and (d) fostering participation in decision-making at all levels, including project management, through awareness-raising and advocacy and by piloting quota arrangements.

C. Opportunities for innovation and scaling-up

49. In Bangladesh, IFAD aims to generate successful innovations and work with the Government to scale these up, preferably on a national scale, to reduce poverty. Scaling up will involve working with existing partners such as implementing agencies (LGED, PKSF, MoF and MoA) and the research community. A horizontal approach will be used in follow-on projects, for example elements of the MIDPCR project will be replicated in other districts. Vertical scaling up may be required for new technologies, such as an irrigation technique. Finding suitable partners and modalities especially at the policy levels will be vital to trigger change.
50. Innovations will not only be homegrown. Ideas for good practice and technology will also be sought outside the country. Monitoring and evaluation (M&E) and knowledge sharing will play a major role (as explained below). IFAD may also consider developing scaling-up notes for the attention of policymakers. Some examples of the potential for scaling up in the country are provided below.

□ **Infrastructure.** Considerable work is under way by both LGED and NGOs on flood-resilient concrete roads and on specially reinforced houses to withstand storms. This technology could be used in other similar locations.

□ **Renewable energy** is vastly underutilized mainly due to lack of land (for biogas) and resources (for solar energy). Partnerships with leading agencies in renewable energy especially the Energy for All (E4ALL) partnership with the SNV Netherlands Development Organisation (SNV), Asian Development Bank (AsDB) and Kreditanstalt für Wiederaufbau (KfW) will be explored.

□ **Community resources management** is being promoted by SCBRMP and HILIP. Scaling up of the current lease arrangements is soon to be realized through the recently approved HILIP. The approach is being promoted on a national scale.

□ **Agricultural technology**, including climate-adapted varieties and improved fish fingerlings, have great potential in rural Bangladesh. Promotion of linkages between agricultural research and investment projects by development agencies will support the scaling up of successful results.

□ **New marketing channels** and institutional arrangements, such as market management committees, are being tested in MIDPCR for scaling up under a new project. Information and communication technology (ICT) is expected to play an increasing role in the area of markets and will be a component of future projects.

-**Economic empowerment** of women has been achieved in some projects by creating special

women's sections in markets. Now, it is important to find ways to strengthen the position of women traders in market committees and administrative bodies. A quota system for women's participation could be tested for social acceptance.

D. Targeting strategy

51. The IFAD target group will include people living in extreme poverty and in moderate poverty⁵. The targeting strategy will start at the geographical level by identifying areas of poverty and then apply household needs criteria, including food supply and assets. The type of project will determine which group is targeted. For instance, an infrastructure development project will benefit the extremely poor, especially women through the LCS approach, as well as other users of infrastructure in the target area. Value chain development will target: (i) landless and marginal farmers; and (ii) small farmers and rural entrepreneurs. Availability of assets such as land and access to credit will be the factors determining project participants. The participatory rural appraisal mechanism and similar tools will be used to ensure the inclusion of women and indigenous people. The COSOP 2012 will continue the successful targeting approach of the 2006 COSOP.

E. Policy linkages

52. The policy linkages of the COSOP strategic objectives are outlined below.
53. For strategic objective 1, which deals with resilience to climate change, IFAD and its partners will support policies to increase participation by local government institutions (LGIs) in the provision and maintenance of rural infrastructure. Studies will be commissioned to document the extent of LGI participation in the provision of infrastructure, and to learn lessons from the approaches adopted. A second group of policy issues linked to this objective relates to laws and regulations favouring secure access to water bodies by fisher communities.
54. For strategic objective 2, which relates improved value chains, IFAD and its partners will lobby for policies that enable producers and small traders to play a greater role in managing formal and informal markets. Together with other donors, IFAD will continue to encourage improvements in the regulatory environment for microfinance institutions to facilitate provision of sustainable services to rural people.
55. For strategic objective 3, which focuses on the empowerment of marginalized groups, IFAD, with a local partner institution, will contribute to developing pilot regulations that enable disadvantaged groups to be included in decision-making bodies at various levels, for example through a quota system.

V. Programme management

A. COSOP monitoring

56. The progress of COSOP implementation will be tracked using the indicators in the COSOP Results Framework. Outcome indicators report on results such as numbers of people benefiting from climate-resilient infrastructure and the increase in production and sales of rural products. Milestone indicators show immediate outputs such as the amount of infrastructure constructed and numbers of producers trained in a technology. Data will be obtained from projects' M&E systems.
57. ERD, in partnership with IFAD, will lead the annual COSOP reviews. The annual progress report will include information on portfolio management issues, overall project progress tracked by an aggregate Results and Impact Management System (RIMS) table, progress on project monitoring, policy advisory and knowledge management activities and the overall capacity-building provided at the country level. The findings will be discussed by ERD, IFAD and other national stakeholders.

IFAD and the Government will hold a mid-term review of the COSOP in 2015 to make any needed adjustments to the COSOP in response to emerging lessons or priorities.

B. COSOP management

58. IFAD will continue direct supervision of its projects in Bangladesh, provide implementation support to strengthen project implementation and build the capacity of project management teams. Coordination among the various partner institutions will be a key responsibility of the

⁵ Extremely poor households live below the lower poverty line, while the moderately poor are live below the upper poverty line. The poverty lines are based on the cost of basic needs (CBN). The cost of a basket of 11 food items providing 2,122 kcal per head per day is the total expenditure of a household on the lower poverty line, while it represents the food expenditure of a household on the upper poverty line.

country presence office. Currently, the country presence team consists of a country programme officer only, however the addition of a knowledge management specialist is envisaged.

59. IFAD will continue to support finance and procurement management to ensure that projects fully comply with procedures and adopt best practice, while avoiding delays in implementation. In general, projects adopt the Public Procurement Rules, unless these conflict with IFAD's Procurement Guidelines, in which case the latter prevail. None of the current projects is rated as being at risk, however IFAD will continue to improve the ratings in the project status reports.

C. Partnerships

60. The COSOP 2012 will continue to build on the effective partnerships it enjoys with the Government (through ERD) and its ministries and agencies (including LGED, PKSf, Ministry of Water Resources, MoA); donor agencies; and civil society. New partnerships and cooperation arrangements will be sought with the private sector especially through projects adopting a value chain approach. Think-tanks such as the International Food Policy Research Institute will be approached for policy collaboration.
61. Climate change is a priority for a number of donors; therefore, IFAD will join forces with the Netherlands in financing the CDSP IV and MIDPCR, and with Spain in the funding of HILIP (all projects addressing the impact of climate change).
62. Value chain support is also provided under the MIDPCR, HILIP and NATP, which is cofinanced with the World Bank. The emphasis on improved access to technologies will further strengthen the partnerships with MoA and the PKSf (through provision of agricultural technologies alongside credit). The CIP offers promising opportunities to work with donors in the agriculture sector. IFAD is also interested in continuing cofinancing projects with the World Bank, and will explore opportunities with other donors such as Danish International Development Assistance (DANIDA). It is currently providing small research grants to international agricultural research agencies (International Rice Research Institute and World Fish Center), which in partnership with national research institutes (Bangladesh Rice Research Institute, Bangladesh Agricultural Research Institute and Bangladesh Fisheries Research Institute) are generating technologies for use in IFAD-funded projects and more widely. These partnerships will be maintained during the COSOP period, with an emphasis on developing technologies adapted to climate change.
63. NGOs are an integral part of most IFAD-funded projects, and are effective in grass- roots delivery of services to poor people. IFAD-funded projects in Bangladesh are currently working with over 100 NGOs, mainly microfinance institutions. Most of these are managed by the PKSf.

D. Knowledge management and communication

64. Knowledge management and communication are key elements of IFAD's programme in Bangladesh. The objective is to disseminate lessons across projects, institutions and policymakers and enable pertinent information to be fed back to IFAD. Knowledge management will be enhanced under the country programme by appointing a knowledge management specialist for the country presence office. The specialist will work with the country programme officer to strengthen current support for project M&E.
65. A newsletter will continue to be issued in both the Bangla and the English languages as an effective tool for disseminating information. The new IFADAsia site will play a central role in knowledge sharing within the country and beyond. There will be shift in emphasis from dissemination of IFAD-specific experience towards identifying innovations, good practice and potential practitioners. Workshops will be organized to share knowledge on specific themes, especially on issues emerging from completed projects with a view to internalizing learning within new projects and informing policy. In addition, project staff will continue to participate in regional learning events organized by IFAD and its international partners.
66. Knowledge management will draw on information and evidence rooted in solid project M&E systems. The significant progress made recently in terms of volume and quality of data generated will be maintained. The establishment of project M&E units in recently designed projects is expected to generate information systematically on project outcomes and impact for continuous learning during implementation that will allow adjustments to be made to project processes for maximum impact. New tools such as the Multidimensional Poverty Assessment Tool, which was developed with funds from the Initiative for Mainstreaming Innovation (IMI), will be tested to improve impact measurement.

E. PBAS financing framework

67. The COSOP will cover two PBAS cycles: 2013-2015 and 2016-2018. Based on the current PBAS scores and criteria, it is assumed that IFAD funding will remain at about US\$103 million for 2013-2015. Table 3 illustrates how the allocation for Bangladesh is derived. The allocation would be split into four loans over a six-year period to develop projects of reasonable size. This will allow for piloting and scaling- up activities while containing supervision and design costs.

Table 3
PBAS calculation for COSOP year 1

<i>Indicators</i>		<i>COSOP year 1</i>
Rural sector scores		
A(i)	Policy and legal framework for rural organizations	4.13
A(ii)	Dialogue between government and rural organizations	3.63
B(i)	Access to land	3.19
B(ii)	Access to water for agriculture	3.69
B(iii)	Access to agricultural research and extension services	3.83
C(i)	Enabling conditions for rural financial services development	4.50
C(ii)	Investment climate for rural businesses	3.75
C(iii)	Access to agricultural input and product markets	3.67
D(i)	Access to education in rural areas	5.25
D(ii)	Representation	4.00
E(i)	Allocation and management of public resources for rural development	3.50
E(ii)	Accountability, transparency and corruption in rural areas	2.94
Sum of combined scores		153.67
Average of combined scores		3.84
PAR rating		5
CPIA rating		3.48
Country score		12 755
Annual allocation (United States dollars)		39 335 727

Note: all numbers are annually updated. Last data provided to the thirty-fourth session of the Governing Council in 2011.

68. The PBAS score was updated following an in-country consultation meeting in October 2010. The two major performance variables at the project and rural sector levels are: (i) the PAR (project at risk) rating; and (ii) the rural sector assessment. There are currently no projects rated as being at risk, and the rural sector assessment score was 3.84. Performance in certain areas remains weaker than average and will require attention. These include access to land (B(i)), and accountability, transparency and corruption in rural areas (E(ii)). PBAS allocations are reviewed annually and depend on a number of variables such as IFAD's overall lending programme and availability of resources. Consequently, it is possible that IFAD's annual commitments could be significantly higher or lower than the current amount. The potential impact of project and sector performance on the annual allocation is shown below under a range of highly indicative scenarios (table 4).

Table 4
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>PAR rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Hypothetical low case	4	3.54	-23 % Base
case	5	3.84	0 %
Hypothetical high case	6	4.14	26 %

F. Risks and risk management

69. A number of risks have been identified for the upcoming COSOP period. The first one the impact of natural disasters poses the greatest risk, given its potential for destroying lives as well as investments. The likelihood for this risk to occur is high. Mitigation measures include a careful assessment to ensure appropriate infrastructure and maintenance arrangements. Experience under current and previous projects is providing ample mitigation options.
70. The second risk is associated with agricultural technology, as this may not be sufficiently available to support value chains and agricultural development. The likelihood for this risk to occur is medium to low. It will be addressed mainly by incorporating research into project design and effective information sharing with national and international research agencies and programmes.
71. The third risk is that market opportunities may not materialize as expected. The likelihood for this to occur is medium. IFAD will offer advice to the Government on national policies that have the potential to distort markets, but the impact of such guidance is limited. Projects promoting value chains will mitigate potential risks and their magnitude through careful value chain and market analysis when identifying types of investments.
72. The fourth group of risks relates to poor performance of implementing agencies, including corruption. The likelihood for this risk to occur is medium to high. Bangladesh is rated as having a high incidence of corruption (in 2011, it ranked 120 among 182 countries and scored 2.7 on the Corruption Perceptions Index)⁶, in spite of improvements in recent years. IFAD will manage this risk by pursuing client- inclusive and transparent processes. Project design is demand-driven and implementing agencies are carefully chosen on the basis of their capacity and track record in project implementation. Start-up and implementation support will complement annual supervision. A project implementation manual is being used to facilitate implementation arrangements. A continuous system of checks and balances is ensured through IFAD's country presence and regular feedback sessions between project directors and the country programme manager. National procurement guidelines have been assessed as compatible with IFAD's procurement policy. In addition, IFAD supervision missions regularly check compliance of procurement decisions in the projects. Recommendations of the annual audit are followed up and an audit log has been established. Private audit services may be considered if the state audit agency fails to comply with IFAD procedures. Internal audit mechanisms will be strengthened where required.

⁶ Transparency International: Corruption Perceptions Index 2011

Appendix 1: COSOP consultation process

1. The COSOP preparation began in January 2011 and included the preparation of background papers and consultations with main stakeholders for rural and agricultural development. During January to March 2011, a series of background papers were commissioned to provide the most recent update of a relevant sector for the COSOP 2012. The papers have been included in the COSOP life file and are attached to the COSOP document in an annex:
2. Sector papers:
Agriculture — Charles Bevan, consultant
Aquaculture — WorldFish Center
Micro-Finance — Dewan Alamgir, consultant
Remittances — Robert Weins, IFAD Financing Facility for Remittances
3. Cross-cutting papers:
Baseline Poverty Analysis — Edward Mallorie, consultant
Gender Analysis - Zarina Rahman Khan, consultant
Climate Change — Shahab Enam Khan, consultant
Country Technical Note on IP Issues — Raja Devasish Roy, consultant, for the IFAD, PTA - Indigenous People desk
4. The preparation of these papers is counted as part of the consultation process, since it involved consultations with a range of sector stakeholders. Five national experts made specialised contributions to the agricultural sector study, while the lead consultant for this study, attended the International Conference on Crop Production organized by the Bangladesh Society of Agronomy on 6th & 7th October 2010. The findings and recommendations of the sector review for aquaculture were discussed with the Department of Fisheries at a workshop organised by the World Fish Centre.
5. Further consultations were held at meetings with individual donors and international agencies — these included the World Bank, Asian Development Bank, the Netherlands Embassy, DFID (UK), DANIDA (Denmark), USAID, FAO and IRRI. Meetings were also held with some of the major NGOs including BRAC.
6. Two workshops were designed to obtain the views from main stakeholders on the recent evolvments in the rural and agricultural sectors. The first workshop was organised in April 2011 in the LGED headquarters building and was attended by the project Directors of IFAD funded projects, representatives of donor agencies (DANIDA, Dutch Embassy, AsDB, DFID), civil society organisations (IDE), research institutions (IRRI, WFC, IUCN), NGOs (COAST, JAKAS) government agencies (DAE, Ministry of Agriculture) as well as a representative of IFAD's direct counterpart ERD, Ministry of Finance. The workshop provided an overview on results and lessons from the COSOP 2006 — 2011 and the main outcomes from four ongoing IFAD supported projects. The project directors offered their views on the current progress and lessons learnt for the benefit of future interventions. Other presentations summarized the opportunities in the agricultural and fisheries sectors. The brain storming section collected ideas on the opportunities, entry points and current gaps in order to support:
 - ☐ Agriculture, livestock and fishery sub-sectors;
 - ☐ Rural employment for women;
 - ☐ Value Chain and Microfinance;
 - ☐ Adaptation to Climate Change;
 - ☐ Gender and Women Empowerment.
7. The workshop recommended that the support human resources development and capacity building should be linked to technology and infrastructure development as an important entry point for agricultural development. The access to markets for

producers and traders remains a serious gap and needs to be addressed right at the outset of a new strategy. Self-employment opportunities for women are mainly in high value horticulture, small livestock and even in aquaculture. Women would need technical support as well as capacity building. Gaps in the current development effort by government and donors are in support of wage employment, addressing climate change and expanding market facilities.

8. The workshop also concluded that microfinance is still important, but it needed to be linked with agricultural production and marketing. Microfinance should support all steps along the value chain. The latter implies a selection in favour of sub-sectors with growth potential. In terms of climate change, the threats to development are many starting from floods, degrading natural resources and leading to shrinking labour and product markets. Climate change means also opportunities for investments in terms of adapted infrastructure and research and the involvement of the private sector. In terms of gender and women empowerment, the workshop commended the positive developments that took place in Bangladesh over the last 4 decades in terms of improved primary school enrolment, pro-women policies, increased women employment and participation at local and national levels. Still, an absence of proper consultations in decision making was noted, as men's attitude and cultural habits change only slowly. Broadly, the implementation of women friendly policies is pending and requires a stronger thrust. Rural women require more awareness of their role and livelihood opportunities including employment in the off farm sector and social aspects like maternal health issues.
9. The above deliberations of the first workshop were incorporated in first draft of the COSOP 2012, which was presented to a second workshop held at IFAD's counterpart ERD in the Ministry of Finance in May 2011. In addition to the first draft COSOP 2012, the completion review of the previous COSOP (2006-11) was circulated to ERD and other stakeholders. The second COSOP 2012 workshop was chaired by Mr M Musharraf Hossain Bhuiyan, Secretary ERD, Ministry of Finance. Representatives of key government departments were present (including the Ministry of Agriculture, Ministry of Fishery and Livestock), to discuss with the directors of IFAD funded projects and partner agencies (EKN, PKSf, WFC, IRRI) the draft outline and results framework for the proposed new COSOP 2012. The meeting appreciated the results achieved under the COSOP period 2006 – 2011 and concurred with the proposed objectives for the COSOP 2012 and the tentative project pipeline. It recommended that IFAD should proceed with the planning of the COSOP 2012.
10. The draft COSOP was reviewed by IFAD's QE/peer review and the OSC during November and December 2012. The final step of the consultation process was the validation meeting in Bangladesh in January 2012. The meeting was hosted by ERD and attended by concerned ministries reviewed and concurred with the final draft COSOP 2012 to be presented to the IFAD Executive Board in April 2012.

Appendix 2: Country economic background and profile

COUNTRY DATA

Bangladesh			
Land area (km2 thousand) 2009 1/	130	GNI per capita (USD) 2009 1/	580
Total population (million) 2009 1/	162.22	GDP per capita growth (annual per cent) 2009 1/	4
Population density (people per km2) 2009 1/	1 246	Inflation, consumer prices (annual per cent) 2009 1/	5
Local currency Taka (BDT)		Exchange rate: USD 1 = 75.20 BDT	
Social Indicators		Economic Indicators	
Population growth (annual per cent) 2009 1/	1	GDP (USD million) 2009 1/	9 360
Crude birth rate (per thousand people) 2009 1/	21	GDP growth (annual per cent) 1/	
Crude death rate (per thousand people) 2009 1/	6	2000	5.9
Infant mortality rate (per thousand live births) 2009 1/	41	2009	5.7
Life expectancy at birth (years) 2009 1/	67		
		Sectoral distribution of GDP 2009 1/	
Total labour force (million) 2009 1/	78.62	per cent agriculture	19
Female labour force as per cent of total 2009 1/	41	per cent industry	28
		per cent manufacturing	18
Education		per cent services	53
School enrolment, primary (per cent gross) 2009 1/	112		
Adult illiteracy rate (percentage 15 and above) 2009 1/	44	Consumption 2009 1/	6
		General government final consumption expenditure (as per cent of GDP)	77
Nutrition		Household final consumption expenditure, etc. (as per cent of GDP)	
Daily calorie supply per capita	n/a	Gross domestic savings (as per cent of GDP)	17
Malnutrition prevalence, height for age (per cent of children under 5) 2007 1/	43		
Malnutrition prevalence, weight for age (per cent of children under 5) 2007 1/	41	Balance of Payments (USD million)	
		Merchandise exports 2009 1/	5 084
Health		Merchandise imports 2009 1/	1 833
Health expenditure, total (as per cent of GDP) 2009 1/	3.4	Balance of merchandise trade	-6 749
Physicians (per thousand people) 2008 1/	n/a		
Population using improved water sources (per cent) 2008 1/	80	Current account balances (USD million)	
Population using adequate sanitation facilities (per cent) 2008 1/	53	before official transfers 2009 1/	-7 793
		after official transfers 2009 1/	3 345
Agriculture and Food		Foreign direct investment, net 2009 1/	674
Food imports (per cent of merchandise imports) 2007 1/	22		
Fertilizer consumption (kilograms per ha of arable land) 2008 1/	165	Government Finance	
Food production index (1999-01=100) 2009 1/	132	Cash surplus/deficit (as per cent of GDP) 2009 1/	-2
Cereal yield (kg per ha) 2009 1/	3 890	Total expense (per cent of GDP) a/ 2009 1/	11
		Present value of external debt (as per cent of GNI) 2009 1/	17
Land Use		Total debt service (per cent of GNI) 2009 1/	1
Arable land as per cent of land area 2008 1/	61		
Forest area as per cent of total land area 2006 1/	6.7	Lending interest rate (per cent) 2009 1/	15
Agricultural irrigated land as per cent of total agric. land 2008 1/	n/a	Deposit interest rate (per cent) 2009 1/	13

a/ Indicator replaces "Total expenditure" used previously.

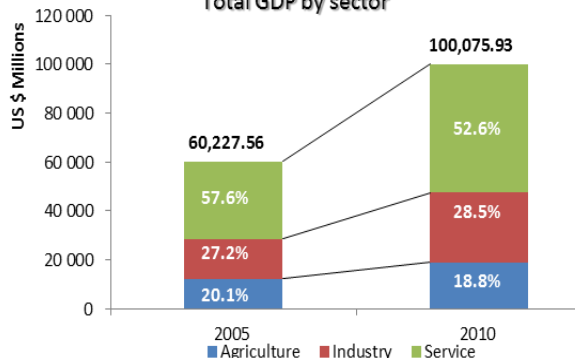
1/ World Bank, *World Development Indicators* database CD ROM 2011-2012

COUNTRY PROFILE

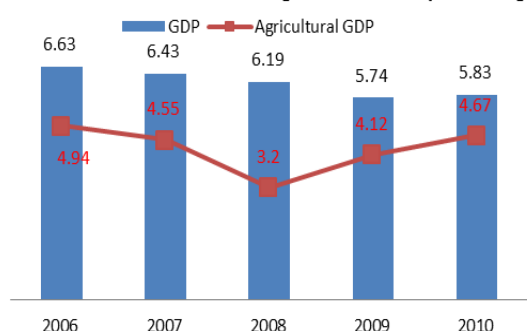


BANGLADESH

Total GDP by sector



Growth Rates: Total GDP vs Agricultural GDP (Percentage)



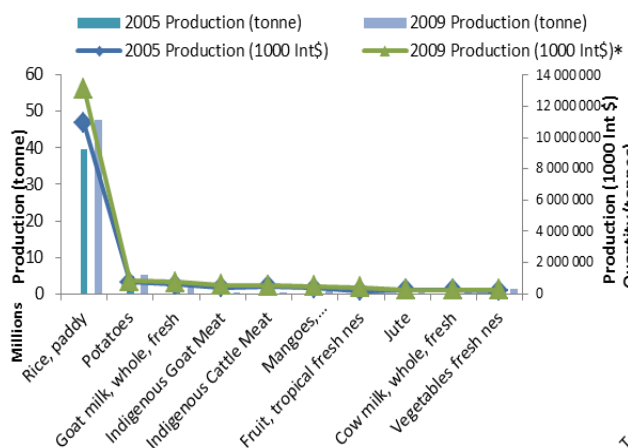
Key statistics

	2005	2010
GNP (current US \$ million)		
GNI per capita Atlas method (current US\$)	480	700
Total GDP (current US\$ million)	60,277.5	100,075.9
Agricultural GDP value add (current US\$ million)	11,646.1	18,218.8
Total Population (millions)	140.59	148.69
Rural population (millions)	104.49	106.95
Agriculture Population (millions)	70.34	67.44
Total economically active population in Agriculture (millions)	32.66	32.10
Female economically active population in Agriculture (millions)	15.59	16.34

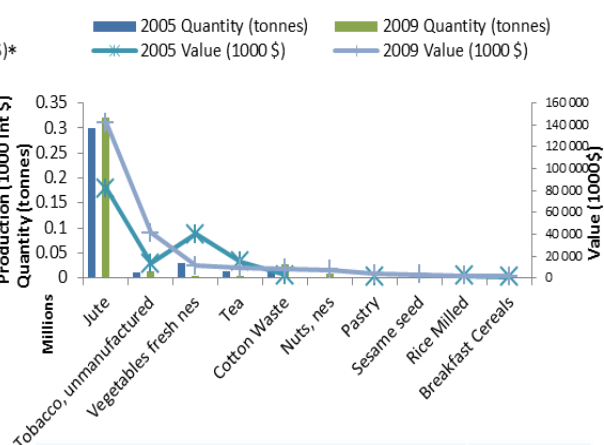
Trends in Agriculture 2010- 2011

Trends in Agricultural commodities Production / Exports

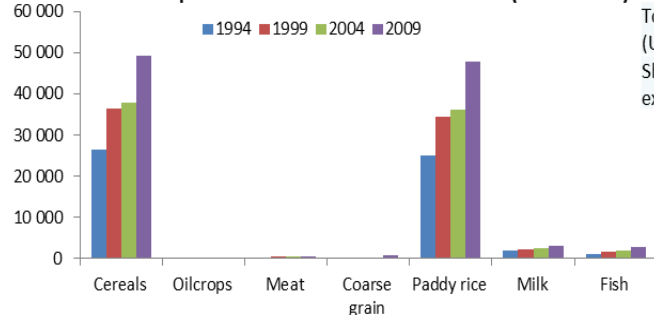
Top 10 Food and Agricultural commodities production in 2005-09



Top 10 Food and Agricultural commodities Exports in 2005-09



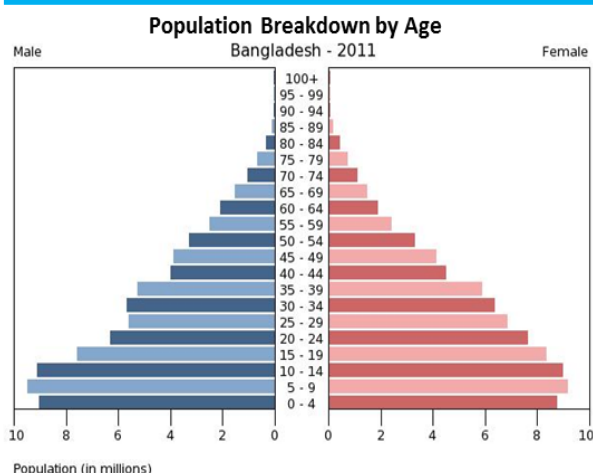
Production quantities for selected commodities (1000 tonne)



Total Exports Value (2007) (US\$ mil.)	13143.0
Total Food, beverage & tobacco exports value (2007) (US\$ mil.)	856.1
Share of Food, beverage & tobacco exports in total exports (2007)	6.5%

*INTL \$=
<http://faostat.fao.org/site/379/DesktopDefault.aspx?PageID=379>
 Source: FAOSTAT: Economic Survey 2010-11, GOI: UN Comtrade

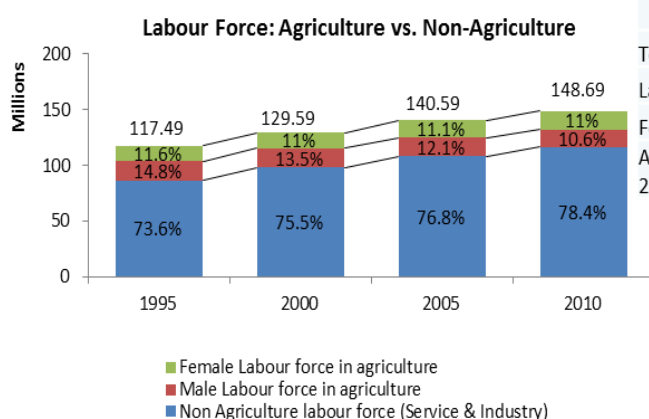
People : Demographic/Education



Education Index 2010 (0 (low) to 1 (high))	0.42
Female to Male Primary enrolment ratio. 2009	104.31
Female to Male Secondary enrolment ratio. 2008	112.32
Public Expenditure on Education as % GDP 2008	2.39
Adult illiteracy rate (% age 15 and above) 2008	55
Youth illiteracy (% age 15 - 24 yrs) 2009	75.45
School enrolment, primary, male (% net) 2009	85
School enrolment, primary, female (% net) 2009	86
School enrolment, secondary, male (% net) 2009	40
School enrolment, secondary, female (% net) 2009	43

Sources: US Censuses Bureau; Rural Sector Indicators DB

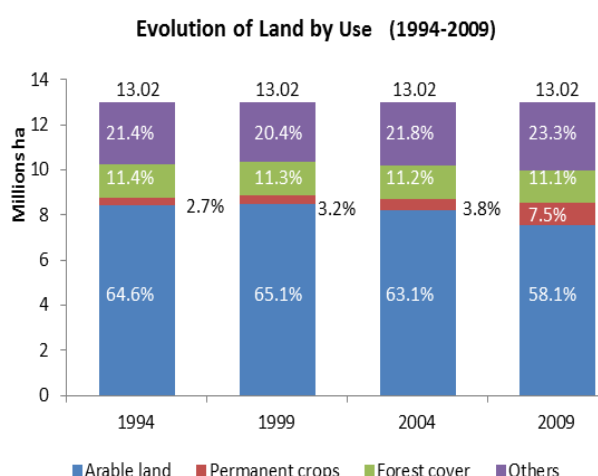
Labour



	(Millions)	2005	2010
Total labour force		140.59	148.69
Labour force in agriculture		70.34	67.44
Female labour force in agriculture		15.59	16.34
Agricultural value added per worker (constant 2000\$)		368.95	435.16*

Sources: FAOSTAT; WDI/WB data * 2009

Natural Resources: Land



Area of Agricultural Land (1000 Ha) 2009	9,149
Area of Arable Land (1000 Ha) 2009	7,569
Arable land (% of total land area) 2008	60.69
Arable land (hectares per person) 2008	0.05
Ratio of Ag Land to Rural Pop. (Ha/ head) 2009	0.08
Ratio of Arable Land to Ag Pop. (Ha/ head) 2009	0.1
Annual % change in ratio of arable land to Agri Pop. 2009	1.16
Agri land / agri Pop (ha/head) 2009	0.12
Annual % change in agri land/ agri Pop 2009	2.54
Permanent cropland (1000 Ha) 2009	980
Agri. machinery on arable land (tractors per 100 sq.km) 2006	3.92
Fertilizer consumption (kg per ha of arable land) 2008	164.52

Source: FAOSTAT; WDI/WB data

Appendix 3: COSOP results management framework (see also explanatory notes on next page)

Country strategy alignment	Key results for COSOP			COSOP institutional/policy objectives
Sixth five Year Plan 2011-15 (draft)	Strategic objective	Outcome indicators	Milestone indicators	
<p>The main elements of the poverty reduction strategy in the SFYP will consist of policies and programs to: (p148)</p> <ul style="list-style-type: none">• promote growth by sustaining increases in labour productivity and job creation in manufacturing and services;• increase farm income through better productivity;• enhance the access of the poor to production inputs (fertilizer, seed, irrigation, power, rural roads) and to institutional finance;• expand employment opportunities in lagging regions by improving connectivity with growth poles through better infrastructure and by investing in human capital;• facilitate migration from poor areas given the poverty- reducing impact of remittances;• stimulate women's participation in the labour force; <p>Other objectives in SFYP relevant to COSOP</p> <ul style="list-style-type: none">• Agriculture offers a substantial scope to raise the yields and to diversify agriculture from lower to higher value-added production. These improvements will allow farm incomes to rise while stabilizing food prices for urban consumers. P51. Diversification will promote commercialization of agriculture and raise farm incomes. P9• The public spending priorities on rural infrastructure has served agriculture well and this focus will continue. P53• A more rapid progress in improving farm-to-market roads...p53• The SFYP will make concerted efforts to enhance the availability of credit for the poor. P62• Careful attention would be given to remove constraints and vulnerabilities to farm production and agricultural incomes in the lagging regions in terms of weak rural infrastructure (power, rural roads and irrigation) and adverse effects of natural disasters. P186• Non-farm economic activities will be promoted in the lagging districts through providing training and financing facilities. Partnership between the government and MFIs/NGOs can play an important role, p186• Adaptation to climate change is a national priority p152	<p>1. poor people in vulnerable areas are enabled to adapt better their livelihoods to climate change.</p>	<ul style="list-style-type: none">– 8 million people benefiting from climate-resilient infrastructure.– 100 per cent increase in traffic volume on village, upazila and union roads.– Increased and less variable income, assets and food security of 300,000 households living in vulnerable areas.– Increase in income from natural resources for 19,000 fishers.	<ul style="list-style-type: none">- Climate resilient infrastructure constructed (800 km of flood-proof roads, 100 cyclone shelters and livestock refuges, 200 village protection works, 10,000 ha covered by drainage and water control structures).- LCS (groups of poor women carry out construction), involving 100,000 members and 10 million person-days of employment.- Area managed by natural resource groups 19,000 members (m/f) in natural resource management groups.	<p>Regulations to permit groups of genuine fishers to get long term access to public fishing water bodies at affordable cost. A workable process is in place to define “genuine fishers”.</p> <p>Local government institutions have increased participation in the provision and maintenance of rural infrastructure.</p>
	<p>2. Small producers and entrepreneurs benefit from improved value chains.</p>	<ul style="list-style-type: none">– 20 per cent increase in production (area, animals, yield).– 40 per cent increase in volume; and value of sales made by producers (m/f).– 50 per cent increase in producer (m/f) income.– 10 per cent improvement in share of consumer prices accruing to producers.– 200 active and sustainable marketing organisations and groups, including producer groups and market management committees.	<ul style="list-style-type: none">- 100,000 farmers can adopt improved, climate adapted technology (crop seeds, livestock and fish resources) for livelihoods.- 100 service providers offering specialised support to producers.- 40,000 producers and traders (m/f) access financial services & obtain loans to the total of Tk 800 million- 150 market infrastructure constructed (market sheds plus access roads).	<p>Policies for rural markets to enable producers and small traders to play a greater role in the management of markets</p> <p>Improvements in the regulatory environment for providers of micro-finance to enable the sustainable provision of financial services to rural people.</p>
	<p>3. Marginalised groups including poor rural women are economically and socially empowered</p>	<ul style="list-style-type: none">– 50,000 poor women report average increase of 50 per cent in income from self- employment.– 80,000 poor women report an average income of Tk 15,000 /yr. from employment (including LCS).– Women in 300 decision making bodies at village and upazila levels and in BUGs.– 50 per cent of women in project management at all levels.	<ul style="list-style-type: none">- 80,000 women access off-farm, on-farm or vocational training.- 10,000 women obtain ownership of land and productive assets.- 80,000 women report increased or free mobility.- 80,000 women access MF services.- 100,000 women report participation in decision making at household level.	<p>Policies that require a minimum participation and representation of women and marginalised groups in decision making bodies</p>

1. The results targets expressed in the framework are derived from the baseline studies in ongoing projects and assumption were made for the two new projects (SMILE and MAPP). The two new projects which are scheduled for the second part of the 6 year COSOP are not included as they will be too new to have reached a significant proportion of their targets. For those projects that generated their main outcomes during the previous COSOP phase (FEDEC, SCBRMP and MIDPCR) but phase into the new COSOP 2012, only some results such as –group members mobilised are included here, while results from infrastructure are counted for the previous COSOP period.
2. The COSOP 2012 is aligned with the recently approved Country Investment Plan (CIP), as follows:

SO-1 (poor people in vulnerable areas are enabled to adapt better their livelihoods to climate change.) supports:

- ☐ CIP outcome 1 (Food Availability), programme output 1, 2

SO-2 (Small producers and entrepreneurs benefit from improved value chains) supports:

- ☐ CIP outcome 1 (Food Availability), programme output 3,4,5
- ☐ CIP outcome 2 (Food Access), programme output,6

SO-3 (Marginalised groups including poor rural women are economically and socially empowered):

- ☐ The relationship of this SO to the CIP is not well established, as the CIP does not refer to gender or marginalised groups explicitly as a target. However, the COSOP support CIP outcome 3 (Food Utilization), under programme output 10.2.

Appendix 4: Previous COSOP results management framework

COSOP objectives and activities	Status at design	Status at completion	Lessons learned
Country Strategic goal Reduction in rural poverty	Rural population below upper poverty line: 43.8 per cent and below lower poverty line: 28.6 per cent (HIES 2005)	Specific data not available, but it is likely that there has only been a modest fall in poverty between 2005 and 2010 due to increase in food prices and a series of floods and cyclones.	
Strategic Objective Successful innovative approaches reduce poverty incidence in pilot areas.	Poverty reduction is taking place, but scale is limited and innovations primarily technical not management or institutional Total direct beneficiaries = 0.5 million	Successful approaches include: seasonal credit, mini-hatcheries, Market Management Committees, livestock health & insurance package, rabi crops in haors, value chain programmes. Good evidence of poverty reduction. Total direct beneficiaries = 1.07 million	More effort is needed to measure and document outcomes of successful innovations and to disseminate lessons more widely. Although innovations that reduce fertiliser and water use in paddy are useful, they do not have a great impact on profitability or on the income of farmers with only have a small plot of land.
Outputs			
Sub-programme 1: Increased availability of new agricultural technologies for "small farmers".	Poultry value chain, crop and livestock technologies being promoted.	MFMSFP: USG, FFP, AWD, pheromone traps and seed storage. MFTSP: improved livestock/poultry breeds, vaccination, fodder. NATP: range of technologies	Need to focus on a limited number of viable technologies and show results. Questions over effectiveness of training.
Sub-programme 2: Increased access to markets and innovative financial services for "Small rural entrepreneurs"	Projects had built 411 km of road and 35 markets. In three projects project credit funds disbursed via banks, in two via PKSf. SCBRMP using a community groups to provide services, other four projects using NGOs. Total of Tk1300 million in loans outstanding to 386,000 borrowers.	Projects had built 284 km of paved road and 47 markets SCBRMP gradually exiting from micro-finance activities. Four other projects all use NGOs accessing credit funds from PKSf. Financial innovations include seasonal loans for farmers, livestock insurance & health packages, larger micro-enterprise loans and market linkage support. Total of Tk9000 million in loans outstanding to 531,000	Community managed credit and use of banks to disburse credit funds to groups or via NGOs has not been successful. PKSf offers a more effective and sustainable model.
Sub-programme 3: Innovations in pro-poor infrastructure development supported in disadvantaged regions (benefiting the "extreme poor")	Community groups involved in monitoring road construction, but not carrying out actual construction work.	LCS system introduced for road and market construction. Mainly female LCS has built 66 km of road and 46 markets. LCS members earn significant profits in addition to wages.	Quality of works built by LCS better quality than those done by contractors. LCS need considerable support and monitoring by implementing agencies
Sub-programme 4: Increased access to common property resources for the rural poor	AqDP had 20 public water bodies under group management SCBRMP had 55 water bodies under group management, plus 38 agreed to be handed over.	SCBRMP has agreement with MoL to transfer 300 water bodies to project groups, with 161 now under group management. DoF has not been able to keep AqDP water bodies under group management after the end of the project.	Transfer of water bodies is still a difficult and lengthy process. User groups need to hold regular leadership elections. Increased fish production, biodiversity and poverty reduction.
Sub-programme 5: Increased access to economic opportunities for "women".	Many women are involved in micro-credit which provides some opportunities. AqDP exclusively trained women fish pond operators.	Vast majority of one million group members are women. Women have had particular capacity building for pond fisheries and livestock. Women also recruited into LCS for construction work	While training on crop production was provided to women, their application of this was often limited as crop agriculture mostly managed by men.
Portfolio management			
Partnerships with NGOs, other	Ambitions for donor partnerships in	Co-financing with Netherlands and ADB of two projects	Partnerships limited as most projects funded by

COSOP objectives and activities	Status at design	Status at completion	Lessons learned
donors etc.	microfinance, community fisheries, and water management. Opportunity for partnership with NGOs via PKSf	in water management, with Netherlands with one project in rural infrastructure, and one agricultural project with World Bank.	bilateral agencies are not implemented through government agencies
Policy dialogue	Reform of the BARC and decentralisation of agricultural extension Mainstreaming of Labour Contracting Societies Policy to allow fishes access to public water bodies Reform of market leasing policy Regulation of micro-finance	BARC reform and extension decentralisation is being supported by NATP LCS is being implemented on a project-by-project basis New fisheries policy is supportive, although implementation modality still uncertain. MRA is now regulating micro-finance, but some regulations are not very supportive, and microfinance	Need to learn if extension decentralisation has produced and benefits. Barriers to using LCS are more institutional than policy IFAD projects have been effective in lobbying with Ministry of Land but IFAD has not put forward specific proposals on how to implement the new fisheries policy.
Implementation support	Improved financial management More effective M&E and targeting Supervision carried for IFAD by UNOPS	Intensive implementation support has improved financial management Projects now monitoring outcomes and impact – including RIMS All projects directly supervised by IFAD.	Further support is needed – both for financial management and M&E. Specialised M&E unit within the PMU can generate useful data.

Appendix 5: Indicative project pipeline during the COSOP Period

The COSOP period will cover two PBAS or lending cycles: 2013 to 2015 and 2016 to 2018. In each of these periods the IFAD allocation for Bangladesh will allow two projects to be funded from IFAD loans making a total of four projects in the 2012 to 2018 COSOP period. Project concept notes have been prepared for the first two projects to be financed during the PBAS cycle 2013 to 2015:

- Sustainable Market Infrastructure for Livelihoods Enhancement (SMILE) project will follow on from the on-going MIDPCR which is being implemented by LGED. It will upscale the best elements of this project with greater emphasis on offering small scale infrastructure for market development. The project area will overlap with parts of the existing MIDPCR but also include areas further west which have particular problems of increasing salinity.
- Micro-enterprise and Agricultural Promotion Project (MAPP) will up-scale and further develop the micro-enterprise lending and value chain approach of the on- going FEDEC project being implemented by PKSF. It will also continue the work of two other IFAD-supported projects with PKSF, which are now coming to an end, MFTSP and MFMSFP. MFTSP linked micro-finance and livestock development, successfully developing value chains for small-holder poultry as well as promoting dairy, beef and goat production. MFMSFP focused on crop agriculture and pioneered seasonal micro-finance loans for farmers as well as supporting the introduction of profitable new technologies and livestock insurance.

The concept notes of the two project proposal are herewith enclosed:

Sustainable Market Infrastructure for Livelihoods Enhancement (SMILE) Project

A. Possible geographical area of intervention and target groups

1. The project would be implemented in about 20 to 30 coastal and riverine Upazilas with poor communication and market infrastructure, and with high incidence of poverty in the south-western region of Bangladesh (Satkhira, Khulna, Bagerhat, Gopalganj, Madaripur, Shariatpur, Pirojpur, Jhalkati, Barisal, Bhola, Borguna, Patuakhali, Noakhali and Laxmipur districts). The project would also complement the works in those upazila, which its precursor, the Market Infrastructure Development Project in the Charland Region (MIDPCR) could not cover. The target group would be the population in the catchment area of project markets and, in particular, small producers, small traders and micro-entrepreneurs and landless people. The project would target the poorest women with employment opportunities and livelihood support.

B. Justification and rationale

2. The south-western region has been left behind by recent economic growth and poverty reduction in Bangladesh. While national headcount rates of poverty declined from 49 per cent to 40 per cent between 2000 and 2005, those on the south-west changed very little. The World Bank attributed the widening gap between the south- west and, in particular, the eastern part of the country, to the lack of access of the southwest to the development opportunities in form of garment industry and remittances. The south-west also suffers from natural disasters – two cyclones have hit since 2007 causing great damage, and a poor agricultural environment with rising levels of salinity due partly to climate change.
3. The starting point for this new project is based on most recent experience. We learned that a combination of three factors i.e. infrastructure, financial services and value chain development together with human capacity development, effectively leads to increase in income of the poor and reduced poverty.
4. MIDPCR showed that investments in small-scale roads and market infrastructure bring a strong thrust to the development in people's livelihoods. The infrastructure boosted for example, the farm gate prices, enhanced the access to good quality inputs and increased demand for products from other markets and additional private investments in agriculture and other business. The Charland Development and Settlement Project (CDSP III) demonstrated that appropriate infrastructure help protecting people's houses, life and livelihoods against the frequently occurring natural hazards, such as cyclone and floods. A 4th phase of CDSP is currently being funded jointly by IFAD and the Netherlands. However, one can observe that smart infrastructure can spur economic and social development. Hence, SMILE will develop the communication and market infrastructure in vulnerable areas of the south-west to enhance economic opportunities to improve livelihoods of targeted people. Climate resilient infrastructure will help people to withstand natural hazards and quickly restore normal life. Better access to markets at the local level will enable producers to take advantage of the opportunities

of improved access to the growing urban sector.

5. Besides MIDPCR and CDSP, the proposed project will also capitalise on the experience of two other on-going IFAD/LGED projects i.e. the Sunamganj Community Based Resource Management Project (SCBRMP) and the recently approved Haor Infrastructure and Livelihood Improvement Project (HILIP). The project will also build on the experience of CDSP-IV (which has just started implementation).
6. Besides, the COSOP 2012 envisages that another IFAD-funded project (PKSF –MAPP) in the pipeline would follow SMILE by project year 2 to add a microenterprise development and value chain elements. REAPP will focus on financial services to small producers (farm and non-farm) and strengthen value chains of potential subsectors/products, through upscaling the experience from precursors like FEDEC, MFTSP and MFMSFP. A combination of higher yields and enhanced market systems under the COSOP 2012 is expected to boost both, commercialisation and incomes of poor farmers and micro-entrepreneurs in poverty stricken southwest Bangladesh.

C. Key project objectives

7. The overall goal of the project would be to improve livelihoods and reduce vulnerability for small rural producers. This would be achieved via the objective of improving access to markets needed to increase production and generate higher incomes along with protection from natural disasters. The immediate outcomes of project components would be: (i) increased demand and price for farm and non-farm produces, (ii) increased volume of trade in rural markets and collection centres; (iii) reduced transport time and cost; (iv) increased and diversified production of agricultural and other products. The aspect results from initiatives to improve links between producers and markets, and from local level improvements to water management for crops and fish; and finally (v) improved access to shelter for people and livestock during natural disasters.

D. Ownership, harmonisation and alignment

8. The project is very well aligned with the government's second poverty reduction strategy (National Strategy for Accelerated Poverty Reduction: Step towards Change), as it highlights rural roads and agriculture as focal areas for pro-poor growth. The National Strategy refers to rural roads and includes the exploration of technological options to construct quality roads with available construction materials, adoption of procedures to maximize generation of employment for the poor, and more involvement of local government institutions (LGIs). The development of rural roads and markets for marketing of agricultural products is also included as a supporting strategy. As part of disaster preparedness measures, the National Strategy proposes construction of multipurpose shelters in the cyclone prone coastal areas. Another supporting strategy is the adoption of a Climate Change Strategy and Action Plan, which includes urgently needed infrastructure to deal with the likely impacts of climate change.
9. SMILE will benefit from its precursors (see above) to address these points. Current donor-funded programmes developing roads and markets in the southwest will end before SMILE starts apart from a JICA funded project which has just started, but is only developing higher level upazila roads. Besides, SMILE will link with an oncoming USAID funded rural infrastructure project in the south-western districts.

E. Components and activities

10. **Component 1: Communications infrastructure** will develop lower level union and village (community) roads, along with bridges and culverts. These roads will be planned to connect rural markets (see below) to the Upazila and district road network, to other larger markets and to farms. Based on the experience of SCBRMP and on a pilot scheme in MIDPCR, it is planned that the community some roads are built using concrete blocks and that the work is carried out by Labour Contracting Societies (LCS) composed of the poorest women. Concrete roads are also resistant to flooding and so are suitable in areas prone to frequent disasters, and union roads may be constructed of reinforced concrete. Boat landing ghats will also be developed where markets are served by water transport. Small-scale **water management** interventions will be piloted in SMILE, and would take place alongside road development. This could improve khals alongside or crossing project roads to enable them to store water for irrigation, supply water for aquaculture and drain agricultural land.
11. **Component 2: Market development** will develop rural *haat*-bazaars and other market infrastructure. Rural (village and union level) *haat*-bazaars are smaller than major growth centres and wholesale markets. They will be selected on the basis that they channel a significant volume

of products from producers to buyers and consumers in other parts of the project districts and the country. A flexible approach will be adopted in the type of infrastructure provided as some markets need more extensive paved areas, for example for parking of trucks. Some markets may primarily be fish landing centres and require foreshore development of the river bank. Where the market opportunities exist, women's market areas (units of shops rented or leased out to women) will be developed. Areas will also be reserved for women in parts of the market used by temporary traders. As in MIDPCR, markets will be constructed by female LCS.

12. The component will also develop informal collection centres, which were piloted in MIDPCR. These have only minimal infrastructure, are producer managed, and may have links to formal project markets. Alongside the development of physical infrastructure, market institutions will be developed, including official Market Management Committees, collection centre committees and other stakeholder groups. MMCs will be enabled to manage maintenance and further development of the market by qualifying to receive a 25 per cent share of lease fees for this purpose. Markets would be also equipped with solar energy to ensure light during evening hours. By this, the places could be used for social and other community activities.
13. **Component 3: Project Management:** a Project Management Unit (PMU) will be established in LGED headquarters, with two to three zonal offices in the project area. These offices are part of the LGED structure where by contracted specialists will be added alongside regular LGED staff. To manage field activities the project will also provide additional staff for LGED district and upazila offices.

F. Costs and financing

14. The resources likely to be available from IFAD for this project will be a loan on highly concessional terms of around USD 60 million, which may be approximately split into components as follows:

Estimated expenditure of the IFAD loan

Component	Activities	USD m
1. Communications infrastructure	Roads, bridges, boat ghats, water management	49.0
2. Market development	Rural markets, market institutions, collection centres, institutions (MMC) building	7.0
3. Project management	staff and support services	4.0
Total		60.0

15. It is expected that the government will contribute around 20 per cent of total project costs, covering taxes, salaries of government staff and a share of the cost of civil works. This would add USD 15 million to project resources, making a total project cost of USD 75 million.

G. Organisation and management

16. The project will be implemented by LGED, which will appoint a Project Director to take day-to-day charge of the project, and head a Project Management Unit. Field activities will be implemented, as in MIDPCR, by regular LGED district and upazila offices.
17. Overall implementation will be guided by a Project Steering Committee (PSC) headed by the Secretary, Local Government Division, Ministry of Local Government Rural Development and Cooperatives, with representatives from LGED, the Planning Commission, IMED and any other implementation partners. It is expected that the PSC would meet twice a year to review progress, and to approve the AWPB and any changes to project design.

H. Monitoring and evaluation indicators

18. SMILE will have a comprehensive M&E system involve activity/output, process, outcome and impact monitoring. The system will generate management information and provide LGED and IFAD with evidence of results and impact against logframe indicators (and also provide information for IFAD's RIMS system). At the logframe goal level, IFAD's RIMS anchor indicators will be used to measure the impact of improved market access on the population living in the market catchment area. At the objective level, annual outcome surveys will be conducted to gather information on the results and impact of the project on groups of direct beneficiaries (market traders, micro-entrepreneurs, and participants in water management programmes, and LCS members).

19. The PMU will establish an M&E unit with staff based in the field that will carry out regularly outcome surveys along with process monitoring. Some M&E activities would be contracted to external agencies. These include RIMS anchor indicator studies at start-up, midterm and closing, which would be contracted to an agency experienced in collection of anthropometric data.

I. Risks

20. The major risk is that major natural disaster, such as cyclone, will both disrupt implementation and the relief provided in response will discourage local enterprise. Another risk is that the government's policy for rural markets will not give market management sufficient scope to respond to local needs. The proposed project can operate within the current policy, which only allows market management limited flexibility, but the project will be arguing for markets to be given greater independence. Another potential risk includes low performance of and corruption in the project. Experience of precursors reveals that a rigorous, well designed fiduciary system and its supervision effectively can mitigate this risk effectively.

J. Timing

21. SMILE would be the first project in the pipeline for the 2012-18 COSOP. Preparations would take place in early 2012, with appraisal around autumn 2012 and IFAD Board approval in April 2013. Implementation is expected to start by end of 2013. The aim would be to minimise the gap with MIDPCR, which will completed in June 2013.

Project Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Monitoring Mechanism & Information Sources	Assumptions/ Risks
<p>The Project Goal will be to improve livelihoods and reduce vulnerability for small rural producers. (Baseline: __ per cent of the children under-five are reported to be under weight and __ per cent of the population of the project area is reported to be poor or extremely poor.</p> <p>The development objective of the project is the improved access of the moderate and extreme poor to markets needed to increase production and generate higher incomes. The project is expected to directly benefit # rural poor households.</p>	<p>per cent increase of households reporting improvements in household asset ownership index. (RIMS)</p> <p>per cent reduction in the prevalence of child malnutrition. (RIMS)</p> <p>per cent increase in incomes in # poor households from a range of farm, fishery and non-farm sources, disaggregated by gender.</p> <p># beneficiaries reporting improved food security, by women/men (RIMS)</p>	<p>Multiple Indicator Cluster Survey (MICS) of the Bangladesh Bureau of Statistics.</p> <p>RIMS & impact surveys at baseline, mid-term and completion. Participatory assessments with target households.</p>	<p>No major impact by natural disasters and other external shocks.</p> <p>Economy maintains or increases growth rates. No major price inflation for staple food (rice).</p>
COMPONENT 1: Communication Infrastructure			
<p>Outcome 1: Enhanced access to markets, livelihood opportunities and social services.</p> <p>OUTPUTS: union and village roads built bridges and culverts built boat landing stages (ghats)</p>	<p>per cent increase in traffic per cent reduction of transport cost and time</p> <p># Km road completed # length of bridges and culverts # landing ghats.</p>	<p>Road user surveys. Market surveys. MICS Surveys.</p> <p>Progress Reports</p>	<p>Current village protections & infrastructure suffice to withstand cyclones.</p> <p>Public policy continues to allow direct procurement of works through LCS. Demand for labour is high.</p>
COMPONENT 2: Market Development			
<p>Outcome 2: Enhanced production, diversification and marketing of crop and livestock produce.</p> <p>OUTPUTS: Market infrastructure expanded Market Management Committees (MMC) established Employment in construction created for extreme poor created</p>	<p>per cent increase in the volume of goods marketed per cent product types marketed</p> <p># markets built or improved # MMC established # women and men employed in construction</p>	<p>Road user surveys. Market surveys. Participatory surveys MICS Surveys.</p> <p>Progress Reports</p>	<p>No major slow-down of the economy. Current village protections & infrastructure suffice to withstand cyclones.</p> <p>Demand for labour is high.</p> <p>Public policy continues to allow direct procurement of works through LCS.</p>

Micro-enterprise and Agriculture Promotion Project (MAPP)

A. Possible geographical area of intervention and target groups

1. The Micro-enterprise and Agriculture Promotion Project (MAPP) would have national coverage but some field activities may be clustered to capitalise business opportunities, maximise efficiency and to draw in complementary services and markets. The target group would include the extreme and moderate poor, marginal and small farmers and micro-entrepreneurs. Since the project is expected to be largely implemented by PKSf's partner organizations (POs), a large portion of the target group is expected to be women. MAPP will focus on enterprise and agricultural development through developing value chains of potential farm and non-farm products and hence, it is envisaged that the project will commence implementation in the project area of SMILE (Sustainable Market Infrastructure for Livelihoods Enhancement project), which will be implemented by LGED in the south-west districts of the country. The intention is to enhance the utilisation and impact of the infrastructure investments which will be built by SMILE. Well adapted, small scale infrastructure will form the springboard for sustainable livelihoods opportunities of the poor and vulnerable communities in the project area. Leap

B. Justification and rationale

2. The project will capitalise on and up-scale the experience of three IFAD-supported projects with the Palli Karma Sahayak Foundation (PKSF). PKSf is the leading microfinance apex organisation in Bangladesh with a large network of POs⁷ all over Bangladesh and has gained core competences in financial services for the poor, microenterprise and small farmers, and microenterprise development through its partner organizations. It has earned also a strong track record in project implementation.
3. The following IFAD/PKSf supported projects offer the basis for MAPP. The Micro-Finance and Technical Support Project (MFTSP) and Micro-Finance for Marginal and Small Farmers Project (MFMSFP) closed in 2011 and both have been enabling rural producers to gain access to micro-finance services along with complementary technical services; especially MFMSFP has contributed to agriculture and agri-business through several value chain subprojects. The projects triggered a boost in agricultural production and increased income in farming households. A third project, the Finance for Enterprise Development and Employment Creation (FEDEC) project is currently promoting farm and non-farm enterprises through financial services and has adopted value chain development approach for selected subsectors. The FEDEC project is expected to expand value chain activities manifolds during next two years. FEDEC demonstrates the effectiveness of combining technical services with financial assets and link them to a third factor i.e. markets. The success of the three projects call for upscaling the value chain and financial services approaches for smallholders and micro-entrepreneurs to national scale in order to boost agricultural production, employment, incomes and food security among smallholder producers and micro- entrepreneurs Experience has shown that women will particularly benefit.
4. Current experience shows that agro-based value chain development activities face production related problems, especially in fisheries and horticulture. Research has produced already solutions while the demand for new technology will not cease given the challenging environment. Many successful fish and horticulture varieties that are produced were developed through a series research and extension before they were adopted. MAPP will be able to complement financial service and value chain activities by conducting problem solving and adaptive research the above mentioned two areas.
5. Lessons from the PKSf projects show that the main opportunities for growth lie in smallholders and micro-entrepreneurs segments, for both value chain development activities and financial services, and the two segments not only create self- employment but also create wage employment for the poor. PKSf, with its strong governance and management system and support from the government, has the capacity and experience of promoting projects with national coverage through its more than 200 partner organisations.
6. PKSf's experience is supported by other projects, funded by IFAD (e.g. MIDPCR) and other donors (e.g. DFID and ADB). These projects promote value development initiatives at a rather small scale various parts of the country and they show preliminary though very promising results in terms of new products and technologies. The new technologies have led to an

⁷ POs or partner organisations enjoy a NGO status and offer microfinance services among other commercial and social services to poor and very poor people.

increase in production and sales and resulted in higher incomes at the producers' level. However, all these initiatives are pilots by nature, as they have been limited to only a rather small number of farmers and micro-entrepreneurs. These pilots have demonstrated the growth potential of selected subsectors, if adapted technologies and products could be introduced. In summary, the experience described above suggest the scaling up of selected value chains through a dedicated project to obtain significant impact on income and poverty reduction.

C. Key project objectives

7. The overall goal of MAPP would be to enhance livelihoods of the moderate and extreme poor and their resilience to external shocks. This would be achieved via the objective of improving remunerative business opportunities for small rural producers and wage employment for extreme and moderate poor people. The objective would be realised through the following outcomes: (i) value-chain programmes innovate and up-scale production technologies and enhance access to markets; and (ii) PKSf expands the provision of a range of sustainable financial services to small producers via its partner organisations, and strengthens its ability to support, monitor and learn lessons from its development activities. ; and iii) adapted research generate ready technology and knowledge for producers through qualified government-led and also private research agencies such as Bangladesh Fisheries Research Institutes (BFRI) and Bangladesh Agricultural Research Institute (BARI) under the Ministry of Fisheries and Livestock and Ministry of Agriculture respectively. The target group would be supported with measures to improve access to information, skills, technology, markets and financial services.

D. Ownership, harmonisation and alignment

8. The project fits very well with the government's second poverty reduction strategy (National Strategy for Accelerated Poverty Reduction 2009-11). The strategy proposes to expand micro-credit for the ultra-poor and hard-to-reach, and to up-scale it for larger enterprises.
9. Apart from IFAD-supported projects, the major programme supporting the micro-finance sector is PROSPER, which is funded by DFID and scheduled to end in 2014, shortly after MAPP could be starting its operations. However MAPP will learn lessons from and, where necessary, link with a number of programmes that are adopting value chain approaches. These include other IFAD-supported projects being implemented by LGED, as outlined below.

E. Components and activities

10. **Component 1: value chain development**, will both innovate and up-scale initiatives that focus on removing identified constraints in specific sub-sectors. The experience of MFTSP, MFMSFP and FEDEC, as well as that of other projects such as the LGED/IFAD-Netherlands Market infrastructure Project in Charland Regions (MIDPCR), and studies undertaken for the COSOP and for the formulation of HILIP (Haor Infrastructure and Livelihood Improvement Project) has identified a number of sub-sector interventions that can be immediately up-scaled. These include:
 - ☐ Introduction of high value species in mixed carp pond systems and stocked flood plains. This has already been piloted in MFMSFP and FEDEC;
 - ☐ Improved fish seed production business including improved brood stock and rearing of fingerlings;
 - ☐ Introduction of feed-based pangas, koi, tilapia and fresh water prawn systems into new areas;
 - ☐ Introduction of processing technologies (including cold storage chains) and marketing of processed fish wherever applicable; and
 - ☐ Expanding human resource capacity and support services for the fisheries sector.
11. Aquaculture in fish ponds and on flood plains: The Aquaculture Review undertaken by WorldFish Center as a pre-COSOP study, identifies enormous potential to increase fish production. Current yields are only a fraction of potential. There is particular potential in the relatively neglected southern coastal areas where the growing period for fish is longer and where, compared to crops, aquaculture is better adapted to drainage congestion and increasing salinity brought about by climate change and increased upstream abstraction of river water. Interventions for aquaculture include:
 - ☐ Introduction of high value species in mixed carp pond systems and stocked flood plains. This has already been piloted in MFMSFP and FEDEC;
 - ☐ Improved fish seed production business including improved brood stock and rearing of fingerlings;
 - ☐ Introduction of feed-based pangas, koi, tilapia and fresh water prawn systems into new areas;
 - ☐ Introduction of processing technologies (including cold storage chains) and marketing of processed fish wherever applicable; and
 - ☐ Expanding human resource capacity and support services for the fisheries sector.
12. Livestock: With diminishing land resources, the best way for many small farmers to increase production and household income is to invest in livestock. Such investment is a popular use of micro-finance loans, and animals provide households with an asset that can be realised

in times of need. MFTSP, MFMSFP and FEDEC have all had significant livestock initiatives that can be scaled up by MAPP. These interventions include:

- Cattle health and insurance services: MFMSFP has been piloting a package whereby a PO provides borrowers of loans to buy cattle (currently for beef fattening but it could also apply to dairy animals) with preventive animal health services (vaccination, deworming) and insurance should the animal die. Borrowers pay a fixed amount for this service, enabling the PO to recover all costs. Provision of animal health services greatly reduces the risk of an insurance claim. The main focus would be to develop sustainable commercial animal health services and complementary cattle insurance schemes.
 - Dairy value chains: FEDEC, and to some extent MFMSFP, have implemented dairy value chain projects which provides a comprehensive package of development services bringing in suppliers of animal health and AI, promoting fodder crops and linking with markets.
 - Goat (and sheep) breeding: Buck stations have been a great success in MFTSP, generating substantial income for their operators and significantly boosting local production.
 - Poultry: MFTSP has also introduced improved breeds of ducks (Xinding) and chicken (Sonali), with model breeder farmers, mini-hatcheries and vaccination services. A clustering of livestock enterprises will be considered only after an in-depth environmental assessment has been carried out. It will be important to minimize the risk of pollution caused by the concentration of animal manure in villages and to have a sustainable manure management in place. The latter could be eventually combined with the provision of biogas facilities.
13. High value horticulture products (vegetables, medicinal plants and fruits): Experience from MFMSFP shows that supporting improvements to general field crops, although useful, does not generate a large enough increase in income from the small area of land owned by smallholders to be able to lift these households out of poverty. The focus for MAPP would therefore be on high value crops which are able to generate a significant income from a small area of land. The high value horticulture products are expected to be area specific. The focus for interventions would be to i) introduce new varieties and diversify within the area groups of horticulture produce, ii) improve productivity, ii) replicate same products in various parts of the country, iii) processing of commodities; and iv) development and promotion of technologies for production, processing and packaging and increasing access to market.
 14. Non-farm products: Various non-farm products such as indigenous garments, plastic and metal products, leather and textile products, light engineering products and other non-farm products have significant potential for growth. But in many cases the current market size for local products are small, businesses are fragmented, vulnerable to imports and of poor quality. However, the main challenges remain to identification of opportunities and designing appropriate intervention. The main interventions are expected to be areas of product development and improvement in design, introduction of technologies, and assistance in organized marketing.
 15. Management issues: To scale up sub-sector initiatives, MAPP will enter into agreements with a number of its POs in various parts of Bangladesh. Value chain development may also involve other NGOs and private sector agencies. MAPP will also pilot new interventions and innovations covering a more limited area with a single PO.
 16. Interventions would be implemented by PKSFP POs but, to ensure sustainability, involve private sector input suppliers — hatcheries, feed and seed companies, food processors, agribusiness would also be involved. MAPP would support the development of local level service providers such as fish nurseries, poultry vaccinators, para-vets, AI technicians, farm machinery contractors, and input supply shops. MAPP will aim to link and further successful structures currently being developed by the National Agricultural Technology Project (NATP), co-financed by the World Bank and IFAD, and other investments such as the DANIDA sponsored Agriculture Sector Program Support. MAPP will aim to link its microfinance groups to enhanced public support services, which are managed Department of Fisheries (DOF), Department of Agricultural Extension (DAE) and Department for Livestock Services (DLS) for extension and veterinary services and to encourage linkages between private and public service providers for the benefit of the sector.
 17. PKSFP has been successful in developing the process of lending to NGO-MFIs and associated institutional structure and human resources within PKSFP and POs. However, the value chain activities and support for agricultural sectors have been largely managed by a small group of project staff members who have either left at the end of the projects or expected to leave at the end project. In order to implement a significant value chain initiative such as MAPP, PKSFP needs to develop its institutional structure and enhance its

permanent staff so that the provision of non-financial services through MAPP and other similar activities are implemented in a sustainable way. This said, subject matter specialist may need to be recruited on short or longer term basis.

18. **Component 2: Support for Micro-finance Services** would mobilise lending funds from PKSF and IFAD to expand lending to POs — in particular for seasonal and regular credit to farmers and micro-enterprise lending, both of which are strongly growing. There will also be a micro-finance insurance sub-component to up-scale an on-going pilot of PKSF. MAPP will further the development of crop and livestock insurance products. Some POs have developed life insurance schemes. Since micro- entrepreneur household are very vulnerable in case of death or disease of its labour force, MAPP will endeavour promoting the replication of successful and sustainable life insurance schemes through its PO network.
19. The component will also support capacity building for: (i) an agricultural unit that will support and provide oversight to lending and other activities in the broad agricultural sector (crops, livestock, fisheries); ii) a non-financial services unit/division to implement value chain development activities, and (iii) the newly established research unit that will carry out studies on key issues, and monitor the impact of PKSF programmes. This will involve training, equipment, mentoring and other types of capacity building.
20. **Component 3: Agricultural Research and Support Services.** The component aims complement component 1 and focus mainly on the fishery and horticultural sectors. It will: a) address production related problems as being identified during the implementation of MAPP, FEDEC and other IFAD funded projects, and by other research; b) test and promote new fish species and horticultural products to farm level, c) enhance production systems; and d) provide technical support to service input suppliers (e.g. fish hatcheries) and other service providers. The implementation will be led by a) the Bangladesh Fishery Research Institute (BFRI), b) the Bangladesh Agricultural Research Institute (BARI) and c) other qualified research agencies. During project design, an assessment of research topics, research management, knowledge sharing and institutional issues will be conducted.
21. **Component 4: Project Management.** A dedicated Project Coordination Unit will be established under the proposed non-financial services division to manage the value chain component. The unit will be located in PKSF headquarters and be staffed by contracted specialists alongside regular PKSF staff.

F. Costs and financing

22. Subject to availability of resources available from IFAD for this project, a loan on highly concessional terms could be considered in the amount around USD 45 million. This may be approximately divided between components as follows:

Estimated expenditure of the IFAD loan

Component	Activities	USD m
1. Value chain development	value chain sub-projects	12.0
2: Support for micro-finance services	micro-finance lending funds	25.0
	micro-insurance development	1.0
	building capacity in PKSF	0.5
3. Agricultural research and support services	a) Fisheries research through FRIs b) Horticultural research through BARI and BAU.	5.0
4. Project management	staff and support services	1.5
Total		45.0

23. PKSF POs will contribute to the cost of value chain development, while at least 50 per cent of micro-finance lending funds will continue to flow from PKSF's own resources. PKSF will also contribute to the costs of project management, covering the salaries of its own staff and office space. Micro-finance lending funds will flow to PKSF in the form of a loan from the Government, with funds for other activities being in the form of a grant from the Government to PKSF.

G. Organisation and management

24. The project will be led by PKSF, which will appoint a Project Coordinator to take day- to-day charge of the project, and head a small Project Coordination Unit that will manage implementation of the value chain sub-projects through selected POs. Support for micro-finance services will be implemented as part of PKSF's mainstream activities, with

resources flowing through PKSf to the budgets of the agricultural and research units, and lending funds being managed by PKSf's normal loan management staff. Component 3 will be implemented by BFRI and BARI and other selected research organizations. PKSf will manage the funds for Component 3 and report progress to IFAD and other ministries.

H. Monitoring and evaluation indicators

25. MAPP will support a research cell which PKSf has recently established. The project will provide this unit with support to build its capacity would enable PKSf to generate hard evidence of the impact of micro-finance which is vital in policy discussions. The cell would also undertake the monitoring of project-level outcomes and impacts.
26. To monitor the outcomes and impact of value chain development, each value chain sub-project would have its own logical framework, but incorporating some common indicators that can be aggregated at the project level. Many of these common indicators would also be RIMS indicators could include food security, assets, household expenditure, housing and sanitation, increases in production and sales, and access to support services. The project would also report on the numbers of people benefiting directly and indirectly from value chain initiatives. Micro-finance support would be monitoring via PKSf's overall indicators of portfolio value, outreach and quality.

I. Risks

27. The major risks faced by the project relate to the overall health of the micro-finance sector, together with changes in micro-finance policy. As in other countries, the sector has suffered from over-lending (at least in some categories, declining portfolio quality and some rather hostile publicity. However the core of the business is sound and there is considerable potential for growth into hitherto unserved areas. These risks are therefore considered manageable. Value chain development involves little risk – the approach has been well tested and will be spread across a number of sectors and implementing POs. Finally, another potential risk includes low performance of and corruption in the project. Experiences of precursor projects reveal that a rigorous, well designed fiduciary system and its supervision effectively can mitigate this risk effectively.

J. Timing

28. MAAP would be the second project in the pipeline for the COSOP 2012-18 COSOP – and be developed during the 2013-15 PBAS lending cycle. Preparation would take place in early 2013, with appraisal later in that year, with presentation for IFAD Board approval in April 2014.

Project Logical Framework

Narrative Summary	Objectively Verifiable Indicators	Monitoring Mechanism & Information Sources	Assumptions/ Risks
The Project Goal will be to enhance livelihoods of the moderate and extreme poor and their resilience to external shocks in the project area. (Baseline: __ per cent of the children under-five are reported to be under weight and __ per cent of the population of the project area is reported to be poor or extremely poor.	per cent increase of households reporting improvements in household asset ownership index. (RIMS) per cent reduction in the prevalence of child malnutrition. (RIMS)	Multiple Indicator Cluster Survey (MICS) of the Bangladesh Bureau of Statistics.	No major impact by natural disasters and other external shocks.
The development objective will be to increase remunerative business opportunities for small producers and employment opportunities for extreme and moderate poor. The project is expected to directly benefit __ rural poor households.	# household with at least ____per cent in incomes from a range of farm, fishery and non-farm sources, disaggregated by women/men per cent increase in self & wage employment in poor households	RIMS surveys at baseline, mid- term and completion. Participatory assessments with target households. Participatory assessment of farm-level research results	Economy maintains or increases growth rates. No major price inflation for staple food (rice) and essential non-food production inputs (e.g. energy). Research agencies properly staffed.
COMPONENT 1: Value Chain Development			
Outcome 1: Value chains innovate and up-scale production technology and market access for	per cent increase in sales for # small producers in the project area # new technology adopted by small producers	Project impact assessments Training assessment surveys	New, adapted technology is available. Critical market and other infrastructure is in place
OUTPUTS: Producers access support services Producers are trained in production and marketing Poor people access vocational training	# Value chains developed for fish, livestock and vegetables and other non-farm sectors # Non-Ag value chains developed # workers trained, by women/men	Progress Reports	Policies for public and private support services remain conducive. Research results up to date Local service providers available
COMPONENT 2: Support for Micro Finance Services			
Outcome 2: POs deliver a wide range of financial services to small producers and become sustainable	# small producers to access a wide range of MF products , by women/men Portfolio quality indicators of MFI remain stable or become better	PKSF statistics Project impact assessment	Economy maintains growth Natural disaster do not impact on demand for financial services
OUTPUTS: Small producers access loans and savings New MF products are developed MFI staff trained products development (e.g. ME, lease, insurance)	value of gross loan portfolio for micro and ME loans # active borrowers, by women/men # savers (m/f) # MFI staff trained (m/f)	Progress Reports	Demand for MF products is high Policies for MF remains conducive
COMPONENT 3: Agricultural Research and Support Services			
Outcome 3: Agricultural research (fish & horticulture) delivers technology and knowledge to producers	# small producers adopt a wide range of new technology and knowledge	Progress reports from research stations and PKSF	Research topics are quickly identified and researchers selected
Output 3: Joint researcher – farmer research conducted	# farm based research trials completed # Ag support services are trained and equipped	Progress reports from research stations and PKSF; Impact	Interest of farmers and POs to participate in the research and dissemination remain high

In the event the National Agricultural Technology Project – NATP (which IFAD is co-financing with the World Bank) terminates its first phase in 2013 to enter the second phase as planned, IFAD will review the outcome and may consider to co-funding for the second phase. The later will be subject to the performance of NATP under the first phase.

Potential projects for the 2016 to 2018 lending programme, of which IFAD would select 2 projects, are:

- An agricultural development project. If the first phase of the NATP was extended well into the second COSOP phase, IFAD might consider financing the second phase. Another opportunity might be a follow on of the DANIDA-supported programme (ASPS-II) with Farmer Field Schools (FFS). In either case it will be necessary to have good evidence that NATP or FFS have generated satisfactory outcomes and these have, in turn, had a significant impact in terms of poverty reduction. The World Bank has already asked NATP to provide this information, and a study into the effectiveness of FFS has been commissioned by DANIDA. In a future project IFAD would provide its support alongside one of these donors in a co-financed project. This would ensure that donor support is harmonised and minimise the workload placed on the management of the implementing agency.
- An aquaculture technology project would complement the open-water fisheries project (the Integrated Fisheries Livelihoods Project) that is now being planned for funding by the World Bank, and take up some of the opportunities for support that were identified in the aquaculture review commissioned by IFAD and carried out by WFC. It is also envisaged that this project would be co-financed with another donor. The project would be led by PKSf for value chain financing and supported by Department of Fisheries (DOF) for specific technical support to pond fisheries. The private sector i.e. buyer companies for domestic and export markets will lead the value chain activities.
- Integrated Planning for Sustainable Water Management (IPSWAM). Given that the second phase is now scheduled for 2013, a third phase of this BWDB project could be considered which would be co-financed with the Netherlands.
- Participatory Small-Scale Water Resources Project phase II (PSSWRP II) this LGED project would be co-financed with ADB and would follow on from PSSWRDP that ends in December 2017.
- Char Development and Settlement Project phase V (CDSP-V). A further phase of this project, led by BWDB, would be co-financed with the Netherlands after phase IV ends in early 2017.

In addition IFAD plans to support its lending portfolio small grants for research, learning and innovation. Possible topics include:

- Continuing the research into adapting agriculture to face climate change. This would build on the work of the current IFAD climate change grant to IRRI.
- The World Food Program is planning to update the poverty and vulnerability map for Bangladesh. In addition, it is considered also to survey and monitor effects climate change. IFAD would consider to support both exercises as it would enhance targeting and monitoring of its interventions and more importantly, enhance the in country capacity for monitoring poverty.
- Grants could also support research in fisheries and livestock – sectors which are not being supported by NATP research funding.
- Socio-economic research into changing rural livelihoods and the drivers of poverty. One topic could include gender and women empowerment as per SO 3. Much good work has been done in this area and there could be opportunities to support continuing long term research while focusing it on issues that are of importance to the portfolio of projects supported by IFAD.
- Markets and value chains are increasingly a focus of IFAD projects and research would be useful to identify the factors and institutions that really make markets work for the poor – in terms of physical infrastructure, institutional arrangements, knowledge and communications.
- Innovation in construction methods for rural roads to make them resilient to climate change, minimise maintenance needs and involve local communities.
- Alternative energy (solar, biogas, fuel-efficient stoves) to improve access for energy-poor households, reduce the burden on women, and mitigate climate change.

Although these grants are envisaged as small country grants, there will be scope to carry out some of this work at a regional level to maximise networking and cross-country learning.

Appendix 6: Strengths and Weaknesses of the Sixth Five-Year Plan 2011-2015

Chapter	Strengths	Weaknesses
1. Development Context, Plan Targets and Strategy	<p>A good summary of the progress in poverty reduction, and a table showing progress towards MDG goals.</p> <p>Specific targets for MDG and other indicators during the SFYP are included.</p>	<p>MDG indicators differ for those for Bangladesh produced by UNDP. However some UNDP indicators would be difficult to apply in Bangladesh and the World Bank largely follows GoB MDG indicators.</p> <p>There are no specific targets for the agricultural sector.</p>
2. Growth and employment strategies.	<p>Includes a breakdown of growth by sector.</p> <p>Highlights problems of creating enough jobs and increasing women's participation in the labour force.</p> <p>Proposes to increase the productivity of agriculture.</p> <p>Recognises the role of micro-finance in poverty reduction.</p>	<p>Although sector growth data is up to 2009, some international comparisons are rather out of date (e.g. 2006).</p> <p>Say agricultural input subsidies will continue while also saying that expenditure will be re-focused away from subsidies towards farm-to-market roads and rural power.</p> <p>Does not say anything about micro-finance regulation.</p>
3. Medium Term Macro Economic Framework	Includes projected growth rates broken down by agricultural sub-sectors	
4. Financing the plan	<p>Forecasts a decline in external debt relative to GDP.</p> <p>Expenditure on agriculture, water and rural development will rise by 138% during SFYP.</p>	Tax to GDP ratio is rising, but still considerably below that of India.
5. Human Resources Development Strategy	<p>Links human development with poverty reduction.</p> <p>Increase enrolment in technical education.</p> <p>New National Skill Development Council aims to improve links between training and the job market.</p> <p>Identifies weaknesses in current Health, Population and Nutrition Sector Programme.</p>	<p>Urban bias in technical education – does not reach rural school drop-outs.</p> <p>Strengthening government health services may not work given weak institutions.</p> <p>No specific proposals for private sector involvement.</p>
6. Poverty, inclusion and social protection.	<p>Analysis of poverty trends – shows steady reduction in poverty.</p> <p>Overall poverty reduction strategy has strong links with IFAD's strategic framework.</p> <p>Proposals to improve position of women.</p> <p>Expand social safety nets, micro-credit, rural roads, markets.</p>	<p>Prepared before 2010 HIES data was available.</p> <p>Short on detail – propose that programmes will address problems, without saying how they will do this.</p>
7. Managing regional disparities for shared growth and sustained poverty reduction.	Regional data shows poverty reduction in west lagging behind east, but <i>upazila</i> data shows more variation.	Strategies are based on interventions at the regional level, although poor upazilas are found in both east and west.
8. Environment, Climate Change and Disaster Management.	<p>Bangladesh is amongst the worse victims of climate change.</p> <p>More GO-NGO cooperation at local level in project formulation and implementation.</p> <p>Refers to existing CC Action Plan which includes food security and infrastructure.</p>	<p>Proposals for many sub-sectors, such as fisheries and livestock, are limited to studies and reviews to identify what needs to be done.</p> <p>SFYP proposes cyclone shelters and embankments, but nothing on making roads and other infrastructure resilient to climate change.</p>
9. Challenges of good governance, administrative capacity and monitoring and evaluation.	<p>Recognises lack of good governance.</p> <p>Proposes E-governance and improving project implementation capacity.</p> <p>Introduce results-based monitoring system for IMED.</p>	<p>Sufficient motivation and incentives may not exist to enable ambitions to be realised to improve governance and improve implementation capacity.</p> <p>Although the plan includes M&E capacity building and TA support, results-based M&E is still a very large leap from the current system.</p>

Key file 1: Rural poverty and agricultural/rural sector issues

Priority areas	Affected groups	Main	Actions
Increase resilience to climate change	Poor population in vulnerable areas	Areas affected by salinity, flood and drought are significantly poorer than other areas. In future they may be vulnerable to worsening environmental conditions for production and livelihoods, and for the security of those who live there.	Climate-resilient infrastructure (concrete roads, village protection, cyclone shelters, protective embankments, drainage and water supply). Livelihood strategies and technologies that are adapted to climate change. This includes saline resistant crops, adapted agronomic practices and switch from crops to aquaculture and livestock. Employment and income generation for the poorest
Increase income for those involved in agriculture	Marginal and small farmers and labourers	Earnings from agricultural employment and self-employment are significantly lower than the non-farm sector. The decline in size of farm holdings contributes to this, and stems from the increasing population pressure and shrinking area of farmland.	Switch to high value crops, livestock and aquaculture – this requires the development of commercial opportunities for small producers.
Commercialise agriculture	Marginal and small farmers	Many smallholders still primarily subsistence producers – income lower than for more commercial holdings. An increasing proportion of land is operated by tenant farmers, who are usually primarily subsistence producers.	Provide physical linkages to markets – roads, rural markets. Develop the knowledge and skills of small producers including tenants. Ensure farmers have access to credit and other financial services. Build business relationships between producers and suppliers and buyers, as well as sustainable provision of support services.
Create more rural employment	Entrepreneurs and farmers	Small businesses need support to be able to expand to the point that they create wage employment. Commercialisation of agriculture will assist, but the rural non-farm sector has greater growth potential.	Access to markets and capital, new technologies for production, new agricultural and non-agricultural products to meet the needs of growing urban markets.
Increase access to natural resources	Fishers Tenant farmers	Access to open water fisheries is usually controlled by powerful families, and genuine fishers are excluded. This also leads to sub-optimal and unsustainable fishery management. Increase in land leasing provides an opportunity for landless households, but tenants lack incentives to invest, and may have less access to capital and support services.	Organisation of fisher groups and provision of secure and long terms leases for public water bodies along with technical and management support. Support for tenant farmers including access to finance, technology and value- chain linkages.
Reduce malnutrition	Poor households	Despite reductions in poverty 50 per cent of rural children suffer from chronic malnutrition (HFSNA 2009). This is linked to lack of education of the mother, child feeding practices, and poor health and sanitation as well as an inadequate food intake. Sharp increases in food prices have resulted in poor households having to reduce the quantity and quality of food consumed.	Reduce poverty and enable households to produce more nutritious food (small fish, eggs, milk, vegetables). Disseminate information on children's food requirements along with better health and sanitation practices (latrines, deworming, micro-nutrients). Ensure girls are educated so that when they become mothers, child care is improved.
Improve the position of women	Women from poor households especially female headed households	Number of female headed households is thought to be increasing with increased rates of divorce and abandonment. This is linked to migration of men (who establish second families). Moreover, as women become more educated and aware, they are less tolerant of husbands who maltreat them. Women representation in decision making bodies is lacking.	Income earning opportunities for women, both employment and self-employment. This can be supported by access to micro-finance and markets, but to enable women to really benefit from these opportunities, this needs to be linked with the development of skills in enterprises that they will themselves manage (such as livestock and other home-based activities). Labour Contracting Societies can provide opportunities to the poorest women for employment and capital accumulation. Introduction of new approaches to encourage women's representation.

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

Organisation	Strengths	Weaknesses	Opportunities	Threats
Local Government Engineering Department	<ul style="list-style-type: none"> • Outreach – engineering capacity in all upazilas • Capacity to implement large rural infrastructure projects • Interface with local government • Efficient management 	<ul style="list-style-type: none"> • Centralised management • Problems with some quality control at widely scattered work sites • Large number of projects stretch management resources 	<ul style="list-style-type: none"> • Increasing appreciation of socio- economic factors • Willingness to broaden scope of activities • Flexible in use of LCS 	<ul style="list-style-type: none"> • Maintaining quality of management and ensuring quality of works.
Bangladesh Water Development Board	<ul style="list-style-type: none"> • Expertise in water management and water infrastructure construction 	<ul style="list-style-type: none"> • Centralised management and divided line of control to project level. • Separation of responsibility for payments from project management – cause delays • Lack of mid-level manpower for field supervision and unable to recruit project staff on contract basis • Delays in project implementation 	<ul style="list-style-type: none"> • Streamlining of management systems could reduce delays in implementation • Newly established cell for participatory water management 	<ul style="list-style-type: none"> • Continued sidelining by national government. Water sector not given the attention it requires.
PKSF	<ul style="list-style-type: none"> • Government owned, but autonomous. • Has 200 partner NGOs all over the country. • Established procedures for selecting and lending to NGOs. • Well-established system for monitoring NGO performance. • Strong management, committed to developing microfinance sector. • Financial resources 	<ul style="list-style-type: none"> • Overall growth of the sector has slowed, and PKSF needs to develop in new directions • Lack of knowledge and expertise in relation to complementary financial and non-financial services for enterprise development. • Lack capacity in impact monitoring 	<ul style="list-style-type: none"> • Potential for growth in new sectors – agriculture and micro-enterprises. • Apply ICT to increase efficiency of micro-finance operations • Provision of complementary financial and non-financial services. 	<ul style="list-style-type: none"> • Risk that government will reduce autonomy and wish to influence loan terms and conditions.
Department of Agricultural Extension	<ul style="list-style-type: none"> • Skilled manpower. • Countrywide mandate • Staff posted at village level • Experience of working with NGOs • NAEP includes pluralistic approaches and participatory methods. 	<ul style="list-style-type: none"> • Limited budget for operations – have to rely on projects for funds • Staff lack incentives and motivation • Many staff posts vacant • Ratio of field staff to farmers is very low (only 1 staff for over 1000 farmers) • Few women staff • NAEP largely not implemented • Bureaucratic: slow decision making, inflexible • Routine and administrative tasks (such as administration of subsidies) leave little time to implement projects and provide technical support • Weak coordination with DoF and DLS • No real M&E capacity 	<ul style="list-style-type: none"> • Agriculture is a priority sector for government and donors • Additional staff being recruited. • Agricultural becoming commercialised and farmers becoming willing to invest in production technologies to meet market demands • Linking to NGOs, CBOs and private sector • Could use mass media/ICT to communicate with farmers. 	<ul style="list-style-type: none"> • Implementation of CIP projects may over-stretch capacity • Many staff are ageing and becoming technically out of date. • More and more support for farmers is coming from the private sector but DAE is not very comfortable working with private sector and NGOs.

Organisation	Strengths	Weaknesses	Opportunities	Threats
Department of Fisheries	<ul style="list-style-type: none"> • Skilled manpower, proven capacity for aquaculture training • Countrywide mandate. 	<ul style="list-style-type: none"> • Limited outreach as no staff below upazila level. • Limited budget for operations • Staff lack incentives and motivation • Many staff posts vacant • Few women staff • Bureaucratic: slow decision making, inflexible • Weak coordination with DAE and DLS • Poor M&E capability. 	<ul style="list-style-type: none"> • Aquaculture becoming commercialised and investment increasing. • Linking to NGOs, CBOs and private sector • New Fisheries Policy provides opportunities for CMFM. 	<ul style="list-style-type: none"> • DLS staff may not all be technically up-to-date and may be sidelined by emerging commercial sector. • Implementation of new WB open water fisheries project may stretch capacity.
Department of Livestock Services	<ul style="list-style-type: none"> • Skilled manpower. • Countrywide mandate. • Have introduced innovative mobile-phone based system for reporting of bird flu. 	<ul style="list-style-type: none"> • Limited outreach as few field level staff • Limited budget for operations • Staff lack incentives and motivation • Many staff posts vacant • Few women staff • Bureaucratic: slow decision making, inflexible • Weak coordination with DAE and DoF • Poor M&E capability. • Provision of production services such as vaccines, day-old-chicks, artificial insemination and animal treatment diverts attention from control of communicable diseases and the regulatory framework. 	<ul style="list-style-type: none"> • Focus on the growing need for control of communicable diseases (some of which can affect human as well as animals (bird flu, anthrax). • Link to NGOs, CBOs and private sector 	<ul style="list-style-type: none"> • Inertia and vested interests may cause DLS to delay privatisation and commercialisation thereby adding inefficiency to the problem of limited funds. • Private sector and NGOs can be seen as competitors (e.g. AI). • Staff promotions will be influenced by factors other than merit.
National Agricultural Research System (Bangladesh Agricultural Research Council and Agricultural Research Institutes)	<ul style="list-style-type: none"> • Each sector of agriculture (crops, fisheries, livestock and forestry) served by an independent ARI • Large number of skilled scientists of whom many are well trained. • Good record of past contributions and some new technologies, especially for cereals • Crop institutes BRRI and BARI have maintained useful international research links • Emerging interest on the part of large NGOs and the private sector to invest in agricultural research could help in establishment of a more pluralistic institutional structure. 	<ul style="list-style-type: none"> • Inadequate and unstable public investment in research with limited budget for operational activities. • Research dominated by rice and wheat, with inadequate resources for new sources of growth (horticulture, fisheries, livestock) • Limited access to new sciences (e.g. biotechnology and information technology) and weak socio-economic analysis of technologies. • Impact is limited due to weak links with extension service providers (DAE, DLS, DOF and NGOs) and farmers. • Limited autonomy, weak governance and leadership of the NARS • Inadequate scientific incentives and eroding human resource base 	<ul style="list-style-type: none"> • Emerging new technologies may have application in Bangladesh. • Established international linkages, can be further strengthened • GOB has identified agriculture as a priority sector for poverty reduction 	<ul style="list-style-type: none"> • Declining research funding from both donors and government and inadequate scientific incentives – may threaten long term sustainability of NARSs. • New technologies, such as new crop varieties, increasingly coming from the private sector (or directly from international agencies – e.g. LCC).

Organisation	Strengths	Weaknesses	Opportunities	Threats
The Private sector	<ul style="list-style-type: none"> Ability to adapt quickly and respond to new market opportunities 	<ul style="list-style-type: none"> Limited market opportunities and overall business risks limits investment by large corporations with resources and know-how Local agri-business enterprises, especially those investing in value addition through agro-processing, is a small and nascent activity and many businesses lack technical capacity and access to capital Weak linkages between rural and urban markets 	<ul style="list-style-type: none"> Support for the expansion of contract farming and strengthening of farmer's interest groups, including establishment of Producer Organizations, would empower farmers and provide help to small and marginal farmers to diversify production systems with assured access to new technologies, markets and credit 	<ul style="list-style-type: none"> Lack of supportive policies (land use and land lease, agricultural trade, input pricing, finance) and business environment (weak regulatory regime and quality controls, especially for agricultural exports; rural infrastructure) could limit the private sector entry and growth in rural economy
Large NGOs (e.g. BRAC)	<ul style="list-style-type: none"> Have significant financial, human and physical resources and presence in rural areas Good relation with rural communities, and may provide a range of services, including technical, credit, training, input supply and marketing support 	<ul style="list-style-type: none"> Limited flexibility to adjust to needs of beneficiaries, bureaucratic. Potential for unfair competition with the private sector in some services due to access to credit, inputs and/or low cost capital resources for commercial activities. 	<ul style="list-style-type: none"> Outreach to large group of farmers and IFAD target group Link to RD related research Innovation and development of new pro-poor activities and services Use commercial activities to subsidise social services 	<ul style="list-style-type: none"> Size and resources means relations with public sector can be difficult. Depend on favourable policy environment (for micro-credit) and flow of donor funds for some non-credit activities.
Medium and small NGOs	<ul style="list-style-type: none"> Close links with poor, as well as small and marginal farmers and knowledge of local circumstances. Willingness to try out new and different innovation in terms of approaches and services. 	<ul style="list-style-type: none"> Many have weak management, technical and financial capacity and ability to innovate through own resources. Limited outreach compared with large NGOs. Credibility gap opposite government agencies 	<ul style="list-style-type: none"> Greater potential than large NGOs for linkage with public agencies. 	<ul style="list-style-type: none"> Less financially or institutionally secure than large NGOs. Vulnerable to management problems.

Key file 3: Complementary donor initiative/partnership potential

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
World Bank	<ul style="list-style-type: none"> • <i>Increasing transformative investments and enhancing the business environment</i>: transport and power infrastructure, and support for investment climate reform. • <i>Reducing environmental degradation and vulnerability to climate change and natural disasters</i>: water resource management, agricultural adaptation, environmental protection and disaster preparedness • <i>Improving social service delivery</i>: primary education and health, population and nutrition services, as well as expansion of targeted social assistance • <i>Enhancing accountability and promoting inclusion</i>: decentralized service delivery, strengthening of domestic accountability at central and local levels, private sector and local government development. 	2011-14	<p>Coordination in planning of rural infrastructure (IFAD HILIP, WB RTIP-2). IFAD is currently co-financing the National Agricultural Technology project and a further phase is projected from 2014. Coordination and possible co-financing of other future WB and IFAD investments in agriculture.</p> <p>Current Water Management Improvement Project and planned National Coastal Embankment Improvement Project coordinate with and complement CDSP-IV. Local Governance Support Project will provide block grants to Union Parishads that may be used to supplement HILIP funds for local infrastructure. Projected future Strengthening Microfinance Project could complement future IFAD projects involving micro-finance.</p> <p>Current Multi-Donor Trust Fund for Climate Change (managed by WB) could provide additional resources for HILIP, CDSP-IV and other IFAD projects.</p>
Asian Development Bank	<p>Increased irrigated agriculture and higher productivity</p> <p>Increased access to education and improved results</p> <p>Increased provision of and better access to electricity and gas</p> <p>Increased provision of and better access to transport</p> <p>Increased provision of and better access to water supply and sanitation (urban)</p>	2011-13	<p>IFAD is now co-financing the Participatory Small Scale Water Resources Project. This project may link with other IFAD rural infrastructure and agricultural projects. ADB's Rural Infrastructure Improvement Project II is developing rural roads and markets and there is potential for synergy and combined lesson learning.</p> <p>Planned Climate Resilient Infrastructure in the Southern Coastal Belt may complement CDSP-IV and MIDPCR.</p>
Netherlands	<p>Strategic Objective 1: Increasing transparency and accountability in public sector management</p> <p>Strategic Objective 2: Stimulate Private Sector Development, through policy dialogue and increased use of Dutch private sector development and economic instruments.</p> <p>Strategic Objective 3: Increasing sector performance for greater service delivery impact in a) water management and sanitation, b) education and c) health</p>	2010-11	<p>Netherlands is co-financing MIDPCR and CDSP-IV. There is potential for further co-financing in future water sector projects such as IPSWAM-II and also MIDPCR-</p> <p>Private sector development initiatives (Katalyst and SEDF) provide support for enterprise development programmes such as FEDEC.</p>
DANIDA (Denmark)	<p>Agriculture Sector Support: agricultural extension, fisheries and livestock, rural road and market access</p> <p>Water and sanitation Human rights and good governance</p> <p>Climate change adaption and disaster risk reduction</p>	2010-15	<p>Complementary livestock and fisheries support to members of CDSP-IV groups. Potential synergy or co-financing in future agricultural development programme, by adding "IFAD elements" such as rural finance, market access, inland fisheries or pro-poor infrastructure.</p>
USAID (USA)	<p>"Feed the Future" : Agricultural productivity (rice, higher value crops, nutrition) , market systems and value chain, environment, institutional capacity building related to food policy and planning, research capacity, extension service</p>	2011 - 2015	<p>Cereal Systems Initiative for South Asia (CSISA), implemented via CGIAR and partners, plans to develop technologies for cereal production (rice, maize) and fisheries in the south which may be up-scaled by IFAD funded projects. Cooperation on value chain and market development, extension services</p>
JICA (Japan)	<p>Economic growth: private sector development, transport, power, agriculture and rural development, Social Development with human security: health, education, environment, disaster management, governance.</p>		<p>Complementary investments in rural roads and small scale water resources.</p>

Agency	Priority sectors and areas of focus	Period of current country strategy	Complementarity/Synergy Potential
DFID (UK)	Health, nutrition, education Extreme poverty Enterprise development and financial services Climate Change Governance and human rights	2010-15	Support for micro-finance has synergy with IFAD funding of micro-finance. Private sector development initiatives (Katalyst and SEDF) provide support for enterprise development programmes such as FEDEC.
SDC (Switzerland)	Employment and income generation Local governance Humanitarian aid and disaster risk reduction	2008-12	Complementarity: local governance programme (Shafique) in Sunamganj will strengthen Union Parishads that work with HILIP. Private sector development initiatives (Katalyst and SEDF) provide support for enterprise development programmes such as FEDEC.
European Union	Focal areas • Human and social development • Good governance and human rights • Economic and trade development Non-focal areas: • Environment and disaster management • Food security and nutrition	2007-13	Contributes to Multi-Donor Trust Fund for Climate Change (managed by WB) could provide additional resources for HILIP, CDSP-IV and other IFAD projects.
Gates foundation	Agriculture Health		Stress-Tolerant Rice for Africa and South Asia (STRASA), implemented by IRRI, will develop salt, flood and drought tolerant varieties that may be used by farmers in IFAD projects located in vulnerable areas, and will complement IFAD grant assistance to IRRI to develop systems for vulnerable areas. Dairy Productivity project being implemented by CARE has value chain approach which complements IFAD value chain initiatives in this sector.
World Food Programme	Food-based programmes for the extreme poor, refugees and disaster relief. Joint project with FAO and UNICEF on nutrition enhancement in the Charlands Poverty and Vulnerability Mapping Climate Change Mapping	2007-10	Can support IFAD target groups at times of disaster. Livelihoods component of MIDPCR is complementary to the FAO/UNICEF/WFP project. Mapping will assist IFAD design to fine tune the target area of new projects and monitor progress in ongoing project area

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Level And Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
Landless and marginal farmers including tenants 35 per cent of rural households	Moderate poor <ul style="list-style-type: none"> • Approx. 60 per cent below upper poverty line¹ • 69 per cent face food shortages¹ • Own 0.05 to 1.5 acres of land². • 41 per cent own cattle¹ • 34 per cent houses have tin or pucca walls and roof¹. • 72 per cent have improved latrines¹ 	<ul style="list-style-type: none"> • Farming main source of income • May rent in extra land • Many also work as casual labourers • Some are self-employed • Loan from moneylender 	<ul style="list-style-type: none"> • Increase income from agriculture • Increase non-farm opportunities • Seasonal credit to buy inputs • Access to markets 	<ul style="list-style-type: none"> • Many are members of NGO-MFIs, but weekly repayment of loans does not match cash flow • Very limited access to agricultural development programmes or to support from government technical agencies. 	<ul style="list-style-type: none"> • Introduce high value crops, livestock and aquaculture enterprises to generate significant amounts of additional income.
Small farmers and entrepreneurs Approx. 15 per cent of rural households	Vulnerable <ul style="list-style-type: none"> • Approx. 30 per cent below upper poverty line. • Small farmers have 1.5 to 2.5 acres of land² • Vulnerable to slipping into poverty due to natural disasters, family calamities and unfavourable markets 	<ul style="list-style-type: none"> • Produce farm products for sale • Invest in non-farm enterprises 	<ul style="list-style-type: none"> • Better and more secure access to markets. • Risk reduction such as insurance for livestock • Seasonal credit for crop inputs 	<ul style="list-style-type: none"> • May have some access to agricultural programmes and support from technical agencies, but coverage is limited. 	<ul style="list-style-type: none"> • Support commercial agriculture through value chain development and improved market access. • Increase volume of trade for market traders through building market infrastructure
Fishing households	Moderate poor <ul style="list-style-type: none"> • Most below upper poverty line³ • 78 per cent face food shortage³ • 34 per cent own agric land, 72 per cent rent in land³ • 50 per cent own cattle³ • 87 per cent houses have tin roof, 15 per cent tin wall³ 	<ul style="list-style-type: none"> • Daily labour • Lease land for subsistence food 	<ul style="list-style-type: none"> • Secure access to fishing water bodies • Increased fish catch • Increased fish prices 	<ul style="list-style-type: none"> • No other programmes focus on open water fisheries. • Many may have access to NGO-MFIs • Minimal other support – a few may have access to extreme poor programmes 	<ul style="list-style-type: none"> • Organisation of community fishery groups • Secure access to public water bodies on equitable terms • Improve productivity of water bodies.
Women from hard-core poor (HCP) and female headed households (FHH) HCP 16 per cent of rural population FHH @ 10 per cent of rural population	Extreme poor <ul style="list-style-type: none"> • Income: in lowest decile and below lower poverty line⁴. • 97 per cent have food shortages, 68 per cent for at least 6 months per year⁴ • ⅓ have no homestead land, 30 per cent live in another's house, none have agricultural land⁴ • 57 per cent of own houses have tin roof⁴ • Only 12 per cent own or share cattle⁴ • Only 12 per cent own goats⁴ • 53 per cent female headed households⁴ • 24 per cent households with husbands unable to work⁴ 	<ul style="list-style-type: none"> • In 68 per cent of households women work as domestic servants for minimal remuneration • Scavenge food, fuel and fish 	<ul style="list-style-type: none"> • Employment • Food assistance • Homestead • Capital sum to buy a productive asset or to build a house • Health, nutrition support 	<ul style="list-style-type: none"> • Safety net programmes such as vulnerable group development (but coverage limited) • Target group for donor extreme poor programmes with asset transfer, income support etc. • Limited participation in micro-credit but for income generating activities still limited by lack of assets and household labour, high drop-out rate. 	<ul style="list-style-type: none"> • Target group for membership of Labour contracting Societies • Land settlers in CDSP-IV which will provide them with secure tenure of land and other support. • This group will also benefit from employment on farms and rural enterprises supported by future programmes.

Typology	Poverty Level And Causes	Coping Actions	Priority Needs	Support from Other Initiatives	COSOP Response
Population of areas vulnerable to climate change	Moderate poor (haors), extreme poor (chars) <ul style="list-style-type: none"> • Haors: around upper poverty line⁵ • Newly emerged chars: below lower poverty line⁵ • Food shortages: 61 per cent of hh in haors⁵, 87 per cent in chars⁵ • Chronic child malnutrition: 48 per cent in haors⁵, 52 per cent in chars⁵ 	<ul style="list-style-type: none"> • Migration out of the area to find work • Limit investment in land and housing due to risk of loss. 	<ul style="list-style-type: none"> • Protective infrastructure • Secure land tenure (chars) • Employment creation • More productive agriculture 	<ul style="list-style-type: none"> • Limited NGO and other support in these areas apart from relief programmes in the aftermath of natural disasters. 	<ul style="list-style-type: none"> • Improved communications infrastructure, protection from floods, cyclones and other disasters, improved access to services.