



Investing in rural people

Independent Office of Evaluation

**The People's Republic of Bangladesh
Country Programme Evaluation**

May 2015 (final – unedited)

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Currency equivalents, weights and measures

Currency equivalent

Monetary Unit = Bangladesh taka (BDT)

1 US\$ = BDT 77.400 (May 2014)

Weights and measures

1 lakh= 100 000

1 crore = 10 000 000 metre (m) = 1.09 yards

1 acre (ac) = 0.405 hectares (ha)

Abbreviations and acronyms

ACP	Agreement at Completion Point
ADB	Asian Development Bank
AFA	Asian Farmers' Association for Sustainable Rural Development
APR	Asia and the Pacific Division, IFAD
APRACA	Asia-Pacific Rural and Agricultural Credit Association
BUG	Beel User Group
BWDB	Bangladesh Water Development Board
CALIP	Climate Adaptation and Livelihood Protection
CCMC	Commodity Collection and Marketing Services
CCRIP	Coastal Climate Resilient Infrastructure Project
CDSP	Char Development and Settlement Project IV
CI	cooperating institution
CIG	Common Interest Group
CIP	Centro Internacional de la Papa – “International Potato Center” (CGIAR Consortium)
CIDA	Canadian International Development Agency
CLP	Core learning partnership
COSOP	Country strategic opportunities programme
CPE	Country programme evaluation
CPM	Country programme manager
CPO	Country programme officer
CSP	Country Strategy Paper
DANIDA	Danish International Development Agency.
DAE	Department for Agricultural Extension
DLS	Department of Livestock Services
DOF	Department of Forestry
DPP	Development Project Proforma
ECF	Extended Credit Facility
EIRR	Economic Internal Rate of Return
ERR	Economic Return Rate
EU	European Union
ERD	Economic Relations Division
FEDEC	Finance for Enterprise Development and Employment Creation Project
FF	Ford Foundation
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investment
FYP	Five Year Plan
GDP	Gross Domestic Product
GTZ	German Agency for International Cooperation
HDI	Human Development Index

HILIP	Haor Infrastructure and Livelihood Improvement Project
IASS	Institute for Advanced Sustainability Studies
ICIMOD	International Centre for Integrated Mountain Development
IDA	International Development Agency
IDE	International Development Enterprise
IFAD	International Fund for Agricultural Development
IFI	international financial institution
IGA	Income Generating Activities
IOE	Independent Office of Evaluation of IFAD
IPM	Integrated Pest Management
IDRCC	International Development Research Centre
IRRI	International Rice Research Institute
IWMI	International Water Management Institute (CGIAR Consortium)
KFW	German Credit Institution for Reconstruction
KM	Knowledge Management
LCS	Labour contracting society
LGED	Local Government Engineering Department
MIDPCR	Market Infrastructure Development Project in Charland Regions
MFMSFP	Microfinance for Marginal and Small Farmers Project
MFTSP	Microfinance and Technical Support Project
MFI	Micro-Finance Institution
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MOFL	Ministry of Fisheries and Livestock
MoWR	Ministry of Water Resources
MRA	Microfinance Regulatory Authority
MSME	Micro, Small and Medium-sized Enterprises
MTR	Mid-Term Review
NATP	National Agricultural Technology Project
NARS	National Agricultural Research System
NGO	Non-governmental organization
NORAD	Norwegian Agency for Development Co-operation
NRM	Natural Resource Management
OECD	The Organisation for Economic Co-operation and Development
ODA	Official Development Assistance
PACE	Promoting Agricultural Commercialization and Enterprise
PCR	Project Completion Report
PKSF	Palli Karma-Sahayak Foundation
PMU	Project Management Unit
PPA	Project Performance Assessment
PRSP	Poverty Reduction Strategy Paper
PSSWRSP	Participatory Small-scale Water Resources Sector Project
R&D	Research and Development
RB-COSOP	Results Based Country Strategic Opportunities Programme
SCBRMP	Sunamganj Community-Based Resource Management Project
SIDA	Swedish International Development Agency
S&C	Savings and Credit
SoR	Schedule of Rates
TUG	Tube Well User Group
UN	United Nations
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development
WFC	World Fish Centre
VCD	Value Chain Development
VPW	Village Protection Walls

WB World Bank
WFP World Food Programme
WMG Water Management Groups

Map of IFAD-supported operations

People's Republic of Bangladesh IFAD-funded ongoing operations

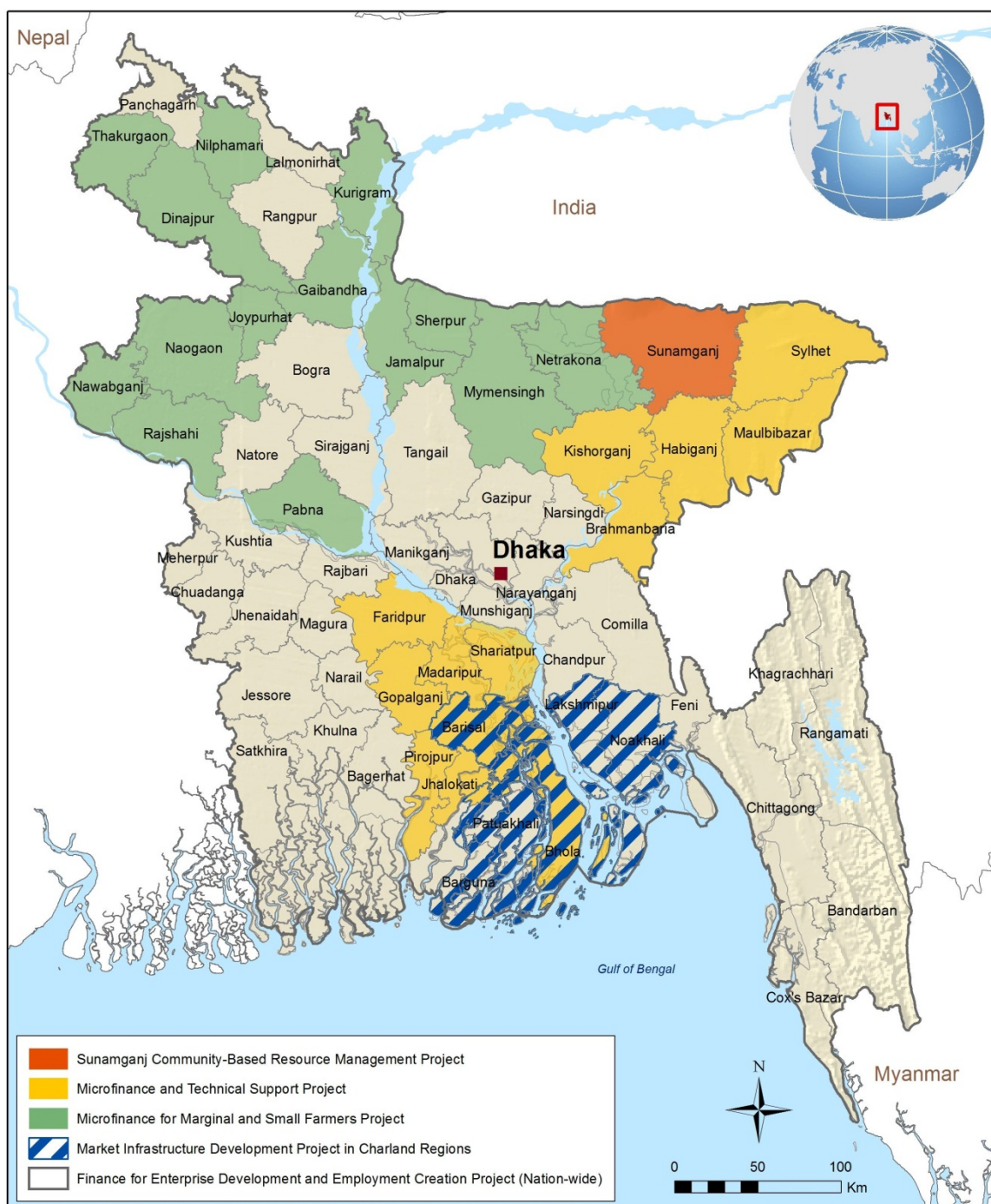


The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 28-01-2015

People's Republic of Bangladesh

IFAD-funded closed operations



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Map compiled by IFAD | 28-01-2015

Executive summary

[to be added later]

Agreement at Completion Point [to be added]

People's Republic of Bangladesh Country Programme Evaluation

I. Background

A. Introduction

1. As decided by the Executive Board² IFAD's Independent Office of Evaluation (IOE)³ undertook in 2014 a country programme evaluation (CPE) in Bangladesh, assessing the cooperation and partnership between the Government of the Republic of Bangladesh and IFAD between 2004 and 2014. The Bangladesh CPE is conducted within the provisions contained in the IFAD Evaluation Policy⁴ and follows IOE's methodology and processes for CPEs as per the Evaluation Manual.⁵ This is the third CPE undertaken by IOE in Bangladesh since the beginning of IFAD operations in the country in 1979. The previous one was completed in 2006.
2. **Overview of IFAD's assistance.** The cooperation between IFAD and the Government of the Republic of Bangladesh has involved loans, grants and non-lending activities, including knowledge management, policy dialogue and partnership building. Since 1979, IFAD has financed 30 projects in Bangladesh for a total project cost of, US\$1,689.9 million of which US\$673.9 million are attributed to IFAD, which positions Bangladesh among the top three recipients of IFAD funding in the Asia Pacific region and also globally. (see Annex II, IFAD loans in Bangladesh: 1978-2014).

Table 1

A summary of IFAD operations in Bangladesh (1970 to present)

First IFAD loan-funded project	1979
Total loan-funded projects approved	30
Total amount of IFAD financing	US\$698.65 million
Lending terms	Highly Concessional
Counterpart funding (government, beneficiaries domestic financial institutions)	US\$366.33 million
Co-financing amount	US\$ 614.06million
Total portfolio cost	US\$1,654.19 million
Number of ongoing loans	6
Focus of operations	Pro-poor rural infrastructure, rural finance services, agricultural development, access to natural resources, value chains and markets.
COSOPs	1999, 2006 and 2012
Past Cooperating Institutions	ADB, UNOPS and World Bank
Country Office in Bangladesh	Since 2011 ⁶ , currently 1 Country Programme Officer (recruited October 2014) and 1 Knowledge Management Consultant (Host country agreement under negotiations)
Country programme managers	Six, since 1979
Main government partner	Ministry of Finance, Economic Relation Division (ERD)

² EB/2013/110.

³ Following IFAD's Evaluation Policy, IOE provides an independent assessment of IFAD's operations and policies and reports directly to the Executive Board.

⁴ Available at: http://www.ifad.org/evaluation/policy/new_policy.htm

⁵ http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf

⁶ Proxy Field Presence since 2006

3. Co-financing by other development partners accounted for USD 614 million, while USD 366million constituted the counterpart contribution from Government and beneficiaries⁷. The country also benefited from activities financed by several country grants supporting inter alia research and development and knowledge management initiatives for a total of USD 3.9 million. Bangladesh was also covered by several global and regional grants supporting capacity building and knowledge sharing. The following co-financers have participated in IFAD-financed projects in Bangladesh: World Bank, the Asian Development Bank, Netherlands, Spain, KFW, NORAD, DANIDA and USAID
4. There are **six ongoing IFAD-supported operations** in Bangladesh. They are: National Agricultural Technology Project (NATP), Participatory Small-scale Water Resources Sector Project (PSSWRSP), Char Development and Settlement Project IV (CDSP IV), Haor Infrastructure and Livelihood Improvement Project - Climate Adaptation and Livelihood Protection (HILIP/CALIP), Coastal Climate Resilient Infrastructure Project (CCRIP), and Promoting Agricultural Commercialization and Enterprises (PACE)-approved by the IFAD Executive Board (EB) in September 2014. A new project is currently under preparation⁸ -IFAD EB presentation planned for September 2015.
5. The **Government's coordinating ministry** for IFAD in Bangladesh is the Ministry of Finance, and in particular its Economic Relations Division (ERD). ERD leads as the focal point of the Government for interfacing with the development partners as well as for co-ordination of all external assistance inflows into the country. The main implementing agencies for IFAD-funded operations have been the Local Government Engineering Department (LGED) and the Palli Karma-Sahayak Foundation (PKSF).Main partners also include Bangladesh Water Development Board (BWDB) of the Ministry of Water Resources (MoWR)
6. **IFAD-supported investment per component.** The lion share of the portfolio supported by IFAD in Bangladesh over the last 10 years is concentrated in rural infrastructure component (51 per cent of funds approved), which includes village roads, market and transport infrastructure, and water management infrastructure (Figure 1). Other important component include rural finance services (13 per cent of funds approved), technical support⁹ (10 per cent of funds approved), project management¹⁰ and the agriculture, aquaculture and livestock development component (7 per cent of funds approved).

⁷ All figures are calculated based on the current financing amount.

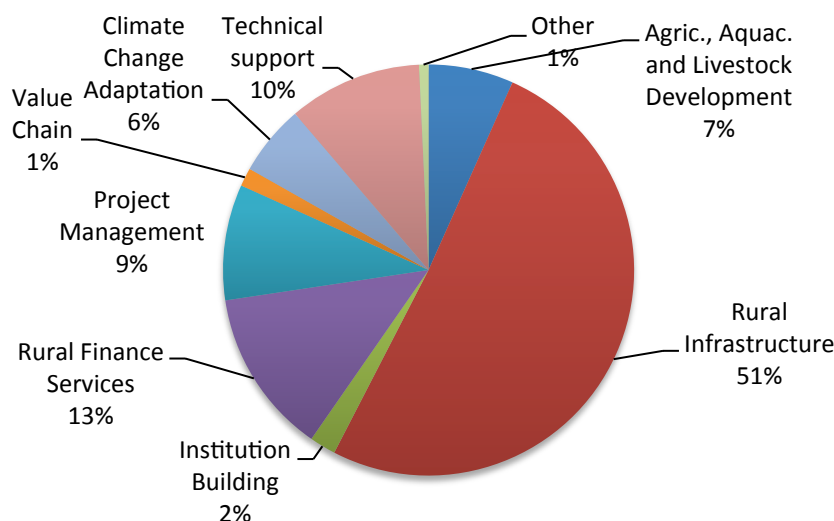
⁸ National Agricultural Innovation and Commercialization Project (NATP 2)

⁹ The technical support component include: training; research and development; capacity building and market, production & market group development; rural enterprise development

¹⁰ The Project management component includes: M&E; Project coordination; Support partners organization such as NGOs and Policy dialogue.

Figure 1

IFAD-supported Programme in Bangladesh 2005-2014 investment per Component



Source: IOE according to data available in PPMS

B. Objectives, coverage, methodology, and process

7. **Objectives.** The CPE had three main objectives, to: (a) assess the performance and impact of IFAD-supported operations in Bangladesh; (b) generate a series of findings and recommendations to enhance the country programme’s overall development effectiveness; and (c) provide relevant information and insights to inform the formulation of the future Bangladesh Country Strategic Opportunities Programme (COSOP) by IFAD and the Government.
8. **Coverage.** Following common practice, the current CPE covers the past 10 years of cooperation of IFAD in Bangladesh (2004-2014). Accordingly, the objectives of the program were based upon the government policies agreed upon with IFAD in the Country Strategic Opportunity Papers (COSOPs) of 1999, 2006 and 2012. The CPE covered 10 projects, including **five closed projects and five on-going projects**. The more recent project approved by the IFAD Executive Board (EB) in September 2014, i.e. Promoting Agricultural Commercialization and Enterprises (PACE) is taken into consideration in the evaluation to ensure that the evolution in IFAD’s approach and priorities in Bangladesh are reflected in this CPE, but it is not rated by the CPE. (see also Annex III- Implementation period of IFAD-supported projects in Bangladesh covered by the CPE).
9. **Methodology.** The CPE uses internationally recognized evaluation criteria to assess the performance of three mutually reinforcing pillars in the IFAD-Government partnership in Bangladesh: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness. In assessing the performance of IFAD’s assistance in the three areas, IOE applied its standard evaluation methodology, covering relevance (were the project’s objectives consistent with the relevant Bangladesh COSOPs and the Government’s main policies for agriculture and rural development, as well as the needs of the poor); effectiveness (whether projects have achieved their development objectives); and efficiency (how economically were inputs converted into outputs/results).
10. In addition, the evaluations incorporated a number of criteria that related more directly to the types of operations supported by IFAD. These included (a) rural poverty impact by addressing the five domains on which IFAD-funded projects are likely to have an impact: household income and assets, human and social capital

and empowerment, food security and agricultural productivity, natural resources and the environment, including climate change, and institutions and policies; (b) sustainability, by assessing whether the benefits of the project are likely to continue after the closing date and completion of IFAD assistance; (c) prospects for innovation, replication, and scaling- up; (d) gender equality and empowerment by assessing whether gender considerations were included in all projects; the relevance of the approach taken in view of women needs and country context; and the specific results in terms of inter alia women's workload, skills, better access to resources, and income; and (e) evaluating the performance of both IFAD and the Government across a number of indicators.

11. Special attention was also devoted to assessing and reporting on the following strategic issues which are particularly relevant to Bangladesh: (i) the extent to which the programme has been effective in producing results in the various strategic dimensions of the programme¹¹; (ii) contribution to two key cross cutting strategic issues in the IFAD-supported programme in Bangladesh, i.e. addressing the adverse consequences of climate change in the livelihoods of poor rural people in vulnerable areas, and increasing access to economic opportunities for women; (iii) role and opportunities for stronger partnerships with the private sector (provision of services, value chains); and (iv) IFAD's value added and comparative advantage at the country level. Opportunities for strengthening IFAD's visibility in Bangladesh, including further engagement in policy dialogue and the role of IFAD country office.
12. The portfolio performance in each evaluation criteria is rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest) in accordance to IOE's Evaluation Manual. Ratings are also provided for non-lending activities, the COSOP's relevance and effectiveness as well as the overall Government-IFAD partnership.
13. *Data collection methods and process.* The evaluation matrix was at the core of the data collection process and linked each of the criteria and related evaluation questions to data sources and data collection methods. That way a logical approach to using the evaluation criteria was ensured. The evaluation team used multiple methods that include document reviews, meetings, group and individual interviews, project/field visits and surveys. The evaluation team undertook field trips for interviews, group discussions, surveys and/or project site observations.
14. *Document review* was at the core of the data collection methods. The evaluation combined desk review of existing documentation (IFAD project documents, data and information generated by the projects, Government documentation, project supervision mission reports, project completion reports, PPAs), relevant documents from other development partners, research results produced by the academia and research organizations.
15. *Stakeholder interviews* were used to fill gaps identified in the evaluation matrix. A strong participatory approach was taken involving a broad range of stakeholders including those beyond IFAD's direct partners in headquarters and in Dhaka. These stakeholders were diverse and represented different interest groups which included Government representatives of ministries/agencies, civil-society organizations, private-sector representatives, UN agencies, multilateral organizations, bilateral donors, and more importantly, the participants and beneficiaries of the programme. All interviews were conducted based on indicative interview protocols.
16. For the *field work*, a combination of methods was used: (i) focus group discussions (especially farmers, women associations, etc.); (ii) Government stakeholders

¹¹ Availability of agricultural technologies to small farmers; improved value chains and greater access to markets for the rural poor; pro-poor infrastructure development; microcredit; and access to natural resources, in particular land and inland fisheries.

meetings – national, district, local councils -, including project staff; (iii) random sample household visits using a pre-agreed set of questions to adult members of the household, to obtain indications of levels of project participation and impact; and (iv) key non-government stakeholder meetings – civil society representatives, private sector/merchants/shop keepers, schools.

17. The evaluation team used a variety of methods to ensure that the data is valid, including triangulation of evidence collected from different sources. All the findings were supported by evidence and validated through consulting multiple sources of information.
18. **Limitations.** The evaluation had to rely to a large extent on qualitative methodology based dominantly on secondary sources of data. The monitoring and evaluation data from IFAD and the government was extensively used. The data quality seemed reliable. The availability of internal assessments, reviews and detailed impact studies in many projects facilitated the CPE work immensely.
19. The data on counterfactuals and comparison groups were either inadequate or not available, for evaluation purposes. This presents a risk of creeping bias in the analysis. Although validation and triangulation was carried out through field visits and extensive stakeholder interviews, the sample sizes sometimes were not fully representative of the entire programme. By and large the CPE considered the data quality reasonably reliable for use for evaluative analysis.
20. The **evaluability** of loan interventions covered by the CPE -including the criteria on which they can be evaluated- will depend on the stage of implementation of the respective projects. The five closed or completed projects, MFTSP, MFMSFP, MIDPCR, SCBRMP, and FEDEC have been evaluated on most or all of the evaluation criteria (Table 2 below). Four out of the six on-going projects, i.e. NATP PSSWRSP, CDSP, HILIP-CALIP, effective between 2008 and 2012 will be evaluated on selected criteria. CCRIP, effective since 2013, can be evaluated only on the criterion of relevance.

Table 2
List of projects covered by the CPE

<i>Project Name</i>	<i>Board Approval</i>	<i>Effective</i>	<i>Closing</i>	<i>% Disb¹²</i>	<i>Criteria covered by the CPE</i>
1. Microfinance and Technical Support Project (MFTSP)	10-Apr-03	20-Oct-03	30-Jun-11	95%	Full criteria
2. Microfinance for Marginal and Small Farmers Project (MFMSFP)	02-Dec-04	29-Jun-05	31-Dec-11	97%	Full criteria
3. Market Infrastructure Development Project in Charland Regions (MIDPCR)	13-Dec-05	22-Sep-06	31-Mar-14	92%	Full criteria
4. Sunamganj Community-Based Resource Management Project (SCBRMP) (3 phases)	12-Sep-01	14-Jan-03	30-Sep-14	98%	Full criteria
5. Finance for Enterprise Development and Employment Creation Project (FEDEC)	12-Sep-07	08-Jan-08	30-Sep-14	98%	Full criteria
6. National Agricultural Technology Project (NATP)	13-Dec-07	25-Mar-08	30-Jun-15	85%	Full criteria; selected issues on impact and sustainability
7. Participatory Small-scale Water Resources Sector Project (PSSWRSP)	15-Sep-09	06-Nov-09	30-Jun-18	18%	Relevance (full) Effectiveness and Efficiency (partial)

¹²Disbursement rates as of June 2014, Annual Portfolio Review.

8. Char Development and Settlement Project IV (CDSP)	22-Apr-10	09-May-11	31-Dec-18	34%	Relevance (full) Effectiveness and Efficiency (partial)
9. Haor Infrastructure and Livelihood Improvement Project - Climate Adaptation and Livelihood Protection (HILIP/CALIP)	15-Sep-11	18-Jul-12	31-Mar-21	16%	Relevance (full) Effectiveness and Efficiency (partial)
10. Coastal Climate Resilient Infrastructure Project (CCRIP)	10-Apr-13	28-Jun-13	31-Dec-19	7%	Relevance

21. **Process.** The CPE process involved five phases with specific deliverables: (i) preparation, discussion and completion of an Approach Paper; (ii) Desk Review of IFAD's programme and its components, by the IOE; (iii) country work phase; (iv) report writing; and (v) communication activities.
22. During the preparatory phase, IOE developed the CPE Approach Paper, which outlined the evaluation's objectives, methodology, process, timelines, key questions and related information. This was followed by a preparatory mission to Bangladesh (June 14-19 2014) to discuss the draft Approach Paper with Government and key development partners.
23. The desk review phase included the preparation of short desk review notes on the projects to be evaluated and a list of evaluation questions. Each desk review note followed a standard format developed by IOE. A separate desk review note was also prepared for non-lending activities, gender and environmental issues. Three projects, MFTSP, MFMSFP, and FEDEC were subjected to Project Performance Assessment (PPA) by IOE in 2012, 2013, and 2014¹³ respectively. The objective of the PPA was to provide additional independent evidence on results and further validate conclusions and evidence from the completion report of the project. The PPAs will be used as input for the CPE.
24. The country work phase entailed the fielding of the main CPE Mission during four weeks from 12 October to 6 November 2014. Discussions were held in Dhaka with key government stakeholders and partner development institutions, including national and international NGOs. The team visited several districts in four divisions (Sylhet, Dhaka, Chittagong, Khulna) to see activities on the ground and hold discussions with key stakeholders, including local government, project staff and beneficiaries. In doing so, they were able to see on-going and closed activities of six projects covered by the evaluation: SCBRMP, MIDPCR, NATP, FEDEC, CDSP IV and HILIP/CALIP. During the last week in the country, the CPE mission completed meetings with government, development partners and stakeholders in Dhaka and prepared a Debriefing Note, which was shared with government at the wrap-up meeting on November 6, 2014 in Dhaka Comments received at the meeting have been considered in preparing the present report. (see Annex VIII - List of key persons met during the main mission in the country).
25. During the CPE report writing phase, the CPE team members prepared their independent evaluation reports, based on the data collected throughout the evaluation process, which were incorporated into the draft CPE. As per IOE's usual practice, the draft CPE was exposed to a rigorous internal peer review within IOE¹⁴. Thereafter, it was shared with APR and the Government and other partners in the country for their comments and feedback. A dedicated mission was organized by IOE to Bangladesh to discuss with the Government their comments. As part of the process, an audit trail was prepared giving the response and follow-up actions on the comments made.
26. *The final phase of the evaluation, communication, entails a range of activities to ensure timely and effective outreach of the findings, lessons learned and*

¹³ FEDEC PPA main mission in Bangladesh was conducted from 23 October to 2 November 2014.

¹⁴ Include the Director and deputy Director of IOE, and one or other two senior evaluation officers.

recommendations from the Bangladesh CPE. In particular, a CPE national roundtable workshop was held in Bangladesh to discuss the main issues emerging from the evaluation and laid the basis for the Agreement at Completion Point (ACP), to be signed by IFAD's Programme Management Department (PMD) and the designated representative of the Government. The ACP is a short document that captures the main evaluation findings and recommendations, and illustrates IFAD's and the Government's agreement to adopt and implement the evaluation recommendations within specific timeframes.

Key points

- This is the third CPE in Bangladesh since the beginning of IFAD operations in the country in 1979. The previous one was completed in 2006
- Since inception, IFAD financed 30 projects in Bangladesh with a total cost of US\$1.654.19 million of which US\$698.65 million are attributed to IFAD, which positions Bangladesh among the top three recipients of IFAD funding in the Asia Pacific region and also globally.
- The objectives of the CPE are to assess the performance and impact of IFAD-supported operations in Bangladesh; generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and provide relevant information and insights to inform the formulation of the future Bangladesh Country Strategic Opportunities Programme (COSOP) by IFAD and the Government following completion of the CPE.
- The CPE assessed performance in three mutually reinforcing areas of IFAD-Government partnership in Bangladesh: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP in terms of its relevance and effectiveness.

II. Country context

A. Overview

27. Forty three years since independence and amidst increasing openness of the world economy and globalization, Bangladesh economy has made considerable progress over the last few decades. In the backdrop of fast changing global and local contexts in the last two decades, the country was faced with multi-faceted economic, social, political and governance challenges¹⁵ which demanded different approaches, solutions and new ways of doing things. As a result, diverse economic, social and political themes have emerged in the 2000s. Social protection, inclusive growth, challenges of climate change, responsive governance, tolerant political culture, and improved quality of political democracy are among some of the key themes on the forefront of the wider public debates on development in Bangladesh. Some of these are visible across national policies and others require creative and strategic thinking to evolve. However, the positive economic and social gains, with a fairly vibrant private sector and less than perfect political democracy and weak administrative governance kept the momentum of the country's upward progression of ascendancy carried over from the mid-1990s.
28. **Geography and Demographics.** With an area of 147,570 square kilometres bordered by India to the north-east and west, Myanmar to the south-east, and the Bay of Bengal to the south, the country has a subtropical monsoon climate characterized by wide seasonal variations in rainfall, high temperatures and humidity. With a total population of 164 million and a density of 1,174 habitants per sq. km in (reported in 2011), Bangladesh is classified as one of the most

¹⁵ Since November 2014 there have been continuous strikes and political turmoil because of a deadlock between ruling party and opposition. This has led to serious restrictions in movement, thus affecting all businesses, and particularly small rural farmers and entrepreneurs.

densely populated country in the world. Majority of the population (71.1 per cent) are concentrated in rural areas of the country.

29. Bangladesh's population is expected to increase by about 50 million by 2050. The country's annual growth rate is 1.37 percent but the population momentum is expected to be partially offset by the continued pace of declining fertility. Due to the ongoing demographic transition, Bangladesh's population age structure will also change significantly. Over the next 35 years, projection scenarios indicate that the proportion of the population under 15 will decline sharply and the population over 65 will rise steadily, while the proportion of the population between 15 and 64 years will stabilize. An accelerated fertility reduction will substantially increase Bangladesh's window of opportunity to capture the demographic dividend for several decades.
30. Poverty reduction is closely linked to **demographic factors**. According to a poverty assessment study (World Bank 2013), changes in the demographic composition between 2000 and 2010 have been an important driver of poverty reduction. The study estimated that the demographic factors contributed to at least 25 percent of the observed decline of poverty during the decade. Bangladesh needs to recognize this important linkages between demographic factors and poverty reduction, and to capture the demographic dividend by implementing effective economic and social policies in areas such as health, education, labour market, and job creation. Capturing the demographic dividend would be an important enabler for poverty reduction in the country.
31. **Acceleration in overall growth.** Over the last two decades, Bangladesh had some significant achievements in both **economic and social sectors**. After a period of relatively slow economic growth, which persisted around 3.8 percent per annum in the mid-1990s, the last decade and a half has seen a robust economic growth averaging slightly above 6 percent per annum notwithstanding the recent global recession and frequent natural disasters. In 2011-12, growth accelerated further to 6.5 percent; the latest projection puts the growth rate at 6.4 percent for 2014-15.¹⁶ Currently the country is enjoying good macroeconomic stability; inflation remained around 7.5 percent per annum in 2014, going up from 6.8% per annum in 2013. The growth of the country is driven by good export performance led by exports of readymade garments and substantial remittance income from Bangladeshis working abroad.¹⁷ Remittances (11.6 per cent of Bangladesh GDP) and exports (mostly textiles, garments, and shrimp) have been the main drivers of the economy. Despite progress, the growth rate has not reached the 7.5 per cent estimated for Bangladesh to progress to middle-income status within the next 7 years. With a gross national income (GNI) per capita of US\$ 900 Bangladesh is currently classified in the low income country category. (Table 3).

¹⁶ In 2013-14, growth rate dipped to 5.6 per cent caused by political and social unrest in the country in 2013.

¹⁷ Export earnings in 2013 stood at 29.6 billion dollars, and remittance earnings at 14 billion dollars (2013-14); the upward trend in export earnings continued but remittance earning in the more recent months fluctuated.

Table 3
Main economic indicators 2004 - 2012 ¹⁸

Indicator Name	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP growth (%)	6.3	6.0	6.6	7.1	6.0	5.0	5.6	6.5	6.5
GNI per capita, Atlas method (current US\$)	430	470	510	560	650	710	780	870	950
GDP per capita (constant 2005 US\$)	402	421	443	470	492	513	535	563	593
Consumer price inflation, (annual%)	7.6	7.0	6.8	9.1	8.9	5.4	8.1	10.7	6.2
Agriculture, value added (% of GDP)	21.0	20.1	19.0	18.7	18.4	17.9	17.8	17.7	17.1
Population (mill.)	141.2	143.1	144.8	146.4	147.9	149.5	151.1	152.8	154.7
Rural population (% of total population)	73.9	73.1	72.5	71.8	71.0	70.3	69.5	68.8	68.0
Life expectancy at birth, total (years)	67	67	68	68	69	69	69	70	-

32. **Considerable structural transformation has taken place.** The agricultural sector grew at around 4 percent per annum over the 2006-2013 period; in 2014, it is expected to post a growth rate of 3 per cent. The sector's share in GDP declined from 30 percent in 1990 to 20 percent in 2006 and finally to 17 percent in 2013. The industrial and manufacturing sector's share remained more or less constant at 29% while the services sector grew from 52 percent to 54 percent over the same period. The country seems to be set for the continuation of this trend with further commercialization and industrialization, and rural to urban migration. Traditionally known as an agrarian economy, Bangladesh is well inside the integration loop of the global economy through manufactured exports, overseas migration of workers, and as a site of micro-innovations led by its world-renowned social enterprises.
33. **The economy showed strong resilience.** The country demonstrated remarkable resilience through the global food crisis of 2007 and global financial crisis that started in 2008. Compared to other developing countries, the effects of these crises were not as adverse on Bangladesh.
34. **Social sector performance is impressive.** In terms of social development, Bangladesh is expected to reach its MDG of halving extreme poverty by 2015 and is also on course to meet the 2015 MDG for infant and child mortality. It has already met the MDG of gender parity in primary and secondary schoolings. The strong commitment to primary education and to gender equity means that three out of four girls now enter primary education. Bangladesh's Human Development Index improved from 0.312 in 1980 to the current 0.515 which gives the country a rank of 146 out of 187 countries.¹⁰ However, overall income inequality deteriorated over 2000-2005, mainly due to deterioration of rural income inequality (from 0.39 in 2000 to 0.43 in 2005). Latest data show a bit of stabilization, but the Gini ratio is still higher than in 2000.

B. Agriculture and rural development

35. The agriculture sector including crop, livestock and fisheries is **one of the most important sectors of the Bangladesh economy**. It comprises about 18 per cent of the country's GDP and plays a key role in food security, employment (the sector

¹⁸ Source: World Bank Data Development Indicators.

employs nearly half (47.5 per cent) of the total manpower) and livelihood. The agriculture sector in Bangladesh is dominated by the crops sub-sector (mainly rice) which accounts for 56.07 per cent share of agricultural GDP, followed by fisheries (22.18 per cent) and Livestock (13.25 per cent). Forest and related services covers 8.50 per cent. Sector growth has remained moderate at an average four per cent over the last decades.

36. The total cultivable land is 8.52 million ha. Approximately half of the total cultivable land is double cropped and close to 20% is triple cropped, resulting in an elevated crop intensity at 191 per cent. Land distribution is highly unequal. The majority of farmers (53 per cent) cultivate less than 0.49 ha and are considered landless. Medium farmers (11 per cent) cultivate 2.5 to 7.49 acres (1 to 2.9 ha), and large farmers cultivate over 7.5 acres. The percentage of arable land is shrinking due to rapid urban growth and absence of policies to protect agricultural land.
37. More than 80 per cent of the cropped area is dedicated to **rice cultivation**, producing close to 30 million tons annually, mainly for national consumption. Bangladesh's fertile soil and generally ample water supply, allows rice to be grown and harvested three times a year in many areas. Other major crops are jute, wheat, sugarcane, maize and vegetables.
38. Performance of **rural economy** is critical. With over three-quarter of the population and close to 85% of the poor living in rural areas, the performance of the rural economy is a critical determinant of the overall trends in growth and poverty reduction in Bangladesh. Performance of the rural economy is, in turn, intimately linked to developments in the agriculture sector, both directly, because it accounts for over a fifth of the GDP, and indirectly, because of its strong linkages with the rural non-farm economy, and because of its role in assuring food security for the country.
39. The Government recognizes the **critical role of the agricultural sector in reducing poverty** and ensuring food security. Government targets in this regard include: achieve self-sufficiency in rice production, diversify agricultural crops, planned crop intensification in the coastal zone, support the creation of production and marketing cooperatives, and encourage R&D for increasing productivity. Specific strategies to promote development of fisheries and livestock sectors are also considered. The government also intends to promote small enterprises in rural areas, and to help farmers in marketing agricultural products and accessing rural credit by pursuing policies establishing powerful autonomous local government bodies for coordinating public and private development initiatives.
40. The recent "**National Agriculture Policy 2013**" (updating the old 1999 Agriculture Policy) focuses on agriculture production, poverty alleviation through job generation, and food security. The budget allocated to the Ministry of Agriculture for both development and non-development expenditures totals BDT 122.7 billion (US\$1.55 billion) for the FY 2013/14,15 equivalent to 5.4 per cent of the total budget outlay. Despite the important role of the agriculture sector in the economy, its share in the total budget allocation has remained low.
41. Agriculture and rural development in Bangladesh faces several key challenges and opportunities:
 - crops production faces considerable challenges posed by population pressure, decline of land availability, increasing natural hazards, and climate change
 - agriculture productivity is low, constrained by weak infrastructure and limited access to technology
 - agriculture is mostly rain-fed, with irrigation covering only around 42 per cent of the potentially irrigated area. Given the limited availability of water resource

- during the dry season, improved water use efficiency remains essential for expansion of irrigated agriculture;
- agricultural extension has not yet reached the level of effectiveness that is required for the agricultural sector to play its full role in furthering economic development and poverty reduction;
 - due to limited scope for horizontal expansion of agricultural , extreme natural resource constraints and shrinking availability of cultivable land, the alternative choices for agricultural growth lies mainly in productivity gains linked to more intensive land use and in diversification into high value crops;
 - taking into account the high percentage of landless farmers, the shrinking of the land base and the small urban employment, the rural non-farm sector presents a good chance to provide productive employment for the growing labor pool in the rural areas;
 - while agriculture is growing, still a large part of mostly the predominant smallholder sector remains outside the ambit of the market economy;
 - rural infrastructure is more developed now than before, with increased access to markets, but there are still huge scopes for improving the infrastructure further, improve accessibility and make them resilient to climate change.
42. **Food security.** Food security ranks very high on Government's list of priorities – both because of its importance for Government's poverty reduction agenda but also for the socio-political consequences that accompany food shortages. The Department of Agricultural Extension's food grain production target (FY12-13) is about 36 million tons¹⁹. The country has managed to become largely food self-sufficient. Bangladesh has achieved good progress with food security, through a combination of increased domestic production and efficient management of food procurement and distribution system. The global food price crisis of 2008 and 2010 revealed the vulnerability of food import dependent countries (with food exporting countries imposing ban on exports in fear of their own domestic shortage) and pointed towards a policy of food autarky.
43. **The shrinking rural space and protecting agricultural land.** The rural urban divide in the country is shrinking fast, and the rural space is becoming more urbanized, and peri-urbanised. A process of cyclical expansion of urbanization and emigration from rural to urban areas, the fast growth of non-farm activities in the rural sector and gradual seamless integration with peri-urban and urban areas is causing a significant change in the way investment is looked at. Relentless expansion of urbanization is also creating a huge pressure of very scarce agricultural land; superior purchasing power of non-farm producers are leading to conversion of agricultural land into housing estates or establishment of manufacturing unit more expansively than required.
44. The challenge is to seek investments in the rural sector in such a way that they are poor friendly (recognize the need for investment in non-farm activities, skills development), and fully cognizant of the emerging dynamics of shrinking rural space. Also a policy dialogue for framing a legislation for agricultural land protection and its implementation is an area that requires attention by the government and development partners.

C. Rural poverty and policy context

45. **Rural poverty is still high and the country remains fragile.** The country has made notable progress in poverty reduction in the last two decades (Table 4). The percentage of the population living below the national poverty line declined from 48.9 per cent in 2000 to 31.5 per cent in 2010 and in rural areas from 52.3 per cent to 35.2 per cent. Extreme poverty remains mostly as a rural phenomenon and about 26 million people are in extreme poverty. More than 20 per cent of the rural

population was considered as extremely poor in 2010 compared to 7.7 per cent of the urban population¹⁹.

46. Despite these overall positive notes, poverty continues to be a substantial and persistent problem in Bangladesh, which remains the third poorest country in South Asia (above only Afghanistan and Nepal).
47. **Poverty is high in rural areas, among small farm households, landless workers, women, and among the disadvantaged populations** (minorities, ethnic groups, disabled and elderly).²⁰ Poverty is especially prevalent in the north-west of the country, affected by droughts and river erosion; the central northern region, subject to serious seasonal flooding that limits crop production; and the southern coastal zones, affected by soil salinity and cyclones.⁹ People living in remote and vulnerable areas like river banks and char areas, remote hilly areas, are the usual victims of extreme poverty.

Table 4

Poverty Headcount Rates

	Poverty			Extreme poverty		
	2000	2005	2010	2000	2005	2010
<i>National</i>	48.9	40.0	31.5	34.3	25.1	17.6
Urban	35.2	28.4	21.3	19.9	14.6	7.7
Rural	52.3	43.8	35.2	37.9	28.6	21.1

48. The thin resource base of the country, high population pressure, and climate induced risks²¹ make the country very fragile.²² Poor governance constrained the country in attaining a higher rate of growth needed to reach the middle income status by 2021, a target set in the country's Vision 2021.
49. **Growth and rural poverty reduction.** The country's good economic and social performance in the more recent years has led to some changes in development priorities. The emphasis shifted from the earlier focus on putting a highly fragile, poverty stricken, predominantly agrarian economy with poor infrastructure to a stable path of development through large public sector investments to one with more emphasis on growth, larger private sector investments, liberalization and expansion of market economy. The 6th FYP (2010-15) and Vision 2021, for example, emphasize growth and aims to push it beyond 7 percent per annum.
50. **Policy Context.** Bangladesh national development priorities are captured in "Bangladesh Vision 2021" aimed of transforming Bangladesh into a middle- income country by 2021, the year which marks the Golden Jubilee Year of Bangladesh independence. The associated Perspective Plan 2010-2021 outlines the strategy for achieving food security, making adequate infrastructure available and pursuing environmentally sustainable development. The Plan is implemented through the Sixth Five Year Plan (6th FYP) 2011- 2015; and the Seventh Five Year Plan 2016-2020 which is currently under development.

¹⁹ Household Income and Expenditure Survey (HIES) 2010, Bangladesh Bureau of Statistics (BBS) and the World Bank. The methodology is based on the Cost of Basic Needs Method. The Food Poverty Line was estimated as the cost of acquiring a basic food basket corresponding to 2122 k. cal. per capita per day. A Non-Food Poverty Line was calculated by estimating the cost of consuming non-food goods by the households close to the food poverty line

²⁰ The Poverty Map exercise initially conducted by the World Bank, the World Food Programme, and the BBS, and now joined by IFAD shows that poverty in Bangladesh is more acute in the North West, South West, centre-North and the extreme South East.

²¹ According to IPCC, sea level rises by 2050 due to increases in global temperature may inundate about 17 percent of Bangladesh's land area. The salinity will encroach further and cause a huge loss of cultivable land of the country.

²² The recently published failed state index ranks the country as 29 (1 being the most fragile), up from 24 in 2010 and 17 in 2005 in a league of about 177 countries. Alert bell is sounded on human rights and rule of law, group grievances, public services, fractionalized elites and overall security. Many of these can undermine the potential of the country, cause under achievements and spark conflicts.

51. The **Sixth Five Year Plan** aims at accelerating growth and eradicating poverty through: (i) higher investment for infrastructure and basic public goods and creating an enabling environment for the private sector;²³ and (ii) creating productive employment opportunities in the manufacturing and organized service sectors.
52. **Rural poverty reduction is maintained as a major priority of the government's overall development policy.** The 6th FYP follows a two pronged strategy to reduce poverty; increasing the access of the poor people to means of production, and strengthening the delivery of human development services to the poor. The combined strategy is to focus on access and better provisioning of finance, and substantial expansion and quality enhancement of the supply of essential human development services for the poor. The strategy is also to focus on lagging regions and deprived sections of the population with some targeting measures using the poverty mapping services. This strategy includes employment generation for poor people, both in agriculture, and in the non-farm sector, generation of youth employment, and services to women and ethnic populations living in lagging regions.
53. **Promotion of non-farm activities.** A major change in the policy context for rural poverty reduction is the explicit emphasis on the promotion of non-farm activities; this is based on the realization of the limits of the agricultural sector for poverty reduction as well as viewing it as a useful complement to the government's policy to push for growth. The 6th FYP emphasized, inter alia, increasing labour productivity and job creation in manufacturing and services and providing access to physical and financial inputs.
54. **Employment generation, a key to rural poverty reduction.** Un- and underemployment remain major issues, although in recent years, employment generation managed to overtake rate of growth in labour force. The government's policy is to focus more on infrastructure projects and rural development activities to create longer term employment, as well as an expansion of the Food for Works Programme to give temporary relief to the low and unemployed (see the social protection measures later). In addition, the government recognizes that need to develop the skills matrix of rural youth and facilitate their employment in the formal and informal sector (self-employment) and also abroad (through legal migration of workers), the later through expansion of microcredit operations.
55. **Markets and the private sector.** Agriculture has become more commercialized in recent years. With the growth of the economy, and increased rural-urban migration, a much larger share of agricultural products are now marketed and consumed in urban areas. However, the linkage of smallholder farmers and markets is still very tenuous and inadequate. Local traders skim off a large share of the margin of whatever surplus smallholders sell in the market. There could be a significant impact on rural poverty if the large number of small producers could be linked to markets and get a share of the higher prices at which their products are retailed in urban markets.
56. The Government policy envisages increased commercialization of the agricultural sector through more engagement of the private sector, wholesalers as well as large corporate buyers and sellers (the supermarket chains), input suppliers, etc. But concrete programmes on infrastructural, financial and technical support needed to link farmers to value chains and expand agriculture as a business, remain rather limited.
57. **Microfinance.** The government's strong emphasis on microfinance to promote self-employment of the poor, create and open up new entrepreneurial opportunities

²³ To achieve this goal the Government will make strong efforts to enter into Public Private Partnerships (PPP) to finance these investments and help guide the sector.

will be continued into the 6th FYP period and beyond. The regulatory framework instituted by creating Microfinance regulatory Authority (MRA) is leading to the emergence of a stronger microfinance sector in Bangladesh, well disciplined and more uniform interest rate structures and transparency in accounting practices. The growth of the sector is expected to continue with strong NGO-MFI support through the PKSF, created as an apex re-financing body, but now playing important roles in terms of training, employment generation and creation of a healthy microfinance sector in Bangladesh.

58. **Mitigating the risks of climate change, natural disasters and securing environmental sustainability.** The government recognizes climate change as a serious threat. It is predicted that, Bangladesh will be adversely affected by global warming and rising sea level, intensified natural calamities, and greater water scarcity leading to loss of livelihood, rising unemployment and poverty. Bangladesh is also highly vulnerable to natural disasters. Encroachment of human settlements into increasingly marginal and risky areas due to population pressure is exacerbating the potential impacts of such shocks. Reducing vulnerability to disasters, minimizing losses to life and property during the disasters, and facilitating rapid recovery following the disasters remains an integral parts of the rural development agenda.
59. The 6th FYP of Bangladesh calls for effective steps to explore and adopt in collaboration with the international community within the Sixth Plan period to mitigate the adverse consequences of climate change. The Government Bangladesh emphasizes improvement in pro-poor natural resources management and climate change adaptation important for sustainable development. The 6th FYP calls for conservation and maintenance of natural resources, reducing air and water pollution, and liberating encroached rivers, water bodies, forest areas and khas (government owned) land.
60. **Policies on social protection.** One important plank of the Government's policy for poverty reduction is the government policy to pursue and develop a social protection programme. A series of policies are suggested and sought to be implemented, but sometimes designed and delivered separately, thus failing to realize an even stronger development impact. Nevertheless, the Social Protection Strategy of the Government of Bangladesh, if resources are available to implement them with right effectiveness, offers a welcome opportunity to directly assist the specific poor groups with better nutrition and health support.
61. **Governance.** The 6th FYP also recognized the deficiencies in governance which lie at the heart of poor economic management and already identified by many as one of most constraining factor in unleashing the full productive potential of the country, particularly of the poor rural people. A number of issues were identified, from limitations of legal framework to better service mentality, transparency and accountability, strengthening of institutions, service delivery, improvements in local governance, reduction of corruption²⁴, monitoring and more budgetary support to overcome these shortcoming. In a way these provided the first major recognition of the deficiencies and allowed a framework for action to improve the effectiveness of projects.
62. **Selected government programmes for rural poverty reduction.** Government programmes for rural poverty reduction cover a wide range, some cutting across ministries, others specific and nested in a single ministry or agency. A major element in the more recent years is the direct impact programmes with immediate income, nutrition and employment support. These complement the longer term indirect impact programmes which are more strategic and work through growth, protection of resource base, sustainable development, infrastructure and institution

²⁴ Corruption in has been a continuing problem in the country. Bangladesh was ranked in 145 position out of 175 countries in the Transparency International world corruption index in 2014.

development. Additional information is provided in Annex X, Selected Government programmes for rural poverty reduction.

D. Official Development Assistance (ODA).

63. Official development assistance (ODA) to Bangladesh has remained relatively stable over the last ten years in line with the country's persistently high poverty and vulnerability levels. Over the last three years, net ODA has averaged 1.4% of GNI (Table 5) and 21% of central government expense, according to OECD statistic data and the World Bank report published in 2012.

Table 5

Overall ODA to Bangladesh

	2008	2009	2010	2011	2012
ODA Commitments (US\$ million)	3 723.4	2 088.4	2 279.1	2 315.5	3 075.6
Bilateral share (gross ODA)	41.6%	60.9%	62.9%	72.8%	60.7%
Net ODA/GNI	2.39	1.26	1.29	1.22	1.70
CPA (US\$ Millions)	2 459.7	1 840.6	1 962.9	2 046.3	2 796.7

(Source: OECD, World Bank)

64. The United Kingdom is the largest bilateral donor followed by Japan, United States, Australia and Germany. The main development multilateral agencies are the World Bank, the Asian Development Bank and the EU Institutions.
65. In 2012, three sectors concentrated more than half (56.4%) of Country Programmable Aid (CPA)²⁵ to Bangladesh: economic infrastructure (28.31%), education (17.06%) and health (10.55%). Agriculture received US\$87.6 million or 3.16% of the total CPA to Bangladesh. Commodities and food aid is the main form of ODA to agriculture and to support food security. Loans and equity account for almost 90% of ODA to infrastructure, while cash grants are the main form of ODA to health and environment²⁶.
66. IFAD's average commitment to Bangladesh in support of agriculture and rural development over the last ten years has been US\$ 353.7 million, equivalent US\$ 35.3 million per year.
67. The development partners at large maintained a good alignment of their programmes with the country's development objectives and planned goals, as articulated in the successive PRSPs and the Five Year Plans. The Government and its development partners²⁷ signed a Joint Co-operation Strategy (JCS) in 2010 aimed at enhancing results in poverty reduction by reforming aid management and delivery mechanisms in Bangladesh. Key donors programmes:
- ADB was one of the lead development partners in agriculture and natural resources in Bangladesh. During 1973-1985 over 37% of ADB was directed toward agriculture and natural resources. The focus shifted to infrastructure, with energy and transport resources. The size of the agriculture program has steadily fallen, and recently the program received only 14% of ADB's financing.
 - World Bank: The World Bank's new Country Assistance Strategy (CAS) for (2011-2014) focuses on improving agriculture production and ensuring food security. The Bank Group is concurrently implementing several projects including the National Agricultural Technology Project, jointly financed with IFAD

²⁵ Country Programmable Aid (CPA) is a subset of ODA outflows. Its considered much closer to capturing the flows of aid that go to the partner countries than the concept of Official Development Assistance (ODA). It takes as a starting point data on gross ODA disbursements by recipient but excludes spending which is: i. inherently unpredictable (such as humanitarian aid and debt relief); or ii. entails no flows to the recipient country (administration, etc) ; or (3) is usually not discussed between the main donor agency and recipient governments (e.g food aid) .

²⁶ Investments to end poverty, Development Initiatives, UK, 2013

²⁷ ADB, Australia, Canada, Denmark, EU, Germany, the Islamic Development Bank, Japan, Korea (Republic of), Netherlands, Norway, Spain, Sweden, Switzerland, UK, United Nations, USA and the WB.

(US\$84.60 million); the Bangladesh Integrated Agricultural Productivity Project (US\$63.55 million); and the Empowerment and Livelihood Improvement "Nuton Jibon" Project (US\$120 million).

- IMF: The three-year Extended Credit Facility (ECF) arrangement for Bangladesh was approved by the IMF Executive Board on 11 April 2012 for a total amount equivalent to SDR 639.96 million (about US\$982.5 million). The ECF arrangement is designed to support the authorities' program. It is focused on policy adjustments and structural reforms aimed at restoring macroeconomic stability, strengthening the external position, and promoting higher, more inclusive growth.
- European Union: The Country Strategy Paper (CSP) signed between the Government and the EU for the period 2007-2013 allocated a total €403 million for the following priorities for assistance: health, education, good governance and human rights, economic and trade development, disaster management and food security.
- IFAD maintains a long-standing partnership with Bangladesh in agriculture and rural development. IFAD-supported programme in the country includes investments in rural infrastructure, inland fisheries, agriculture, markets, microfinance and gender. The current Country Strategy (2012-2018) focuses on the adaptation of rural livelihoods to climate change, improving market access, and on scaling up of successful approaches.

68. In addition to ODA, Bangladesh has also attracted significant **Foreign Direct Investment (FDI)**, which has made an important contribution to Bangladesh economic growth in the last decade. Inflows of FDI to Bangladesh averaged US\$ 768 million in the period 2005-2007. They have gradually increased to US\$ 1 599 in 2013²⁸. The largest investor is Saudi Arabia, followed by South Korea and China.

²⁸ World Investment Report 2014. United Nations Conference on Trade and Development (UNCTAD).

Key points

- Bangladesh is one of **the poorest and most densely populated and climate victim countries in the world**. It covers an area of 144,000 km² with a population of 164 million.
- **The Bangladesh economy** has made considerable progress over the last two decades, in both economic and social sectors with a robust economic growth averaging slightly above 6 percent per annum. In terms of social development, Bangladesh is expected to reach its MDG of halving extreme poverty by 2015.
- Considerable **structural transformation** has taken place in the economy. The agricultural sector grew at around 4 percent per annum over the 2006-2013 period and its share in GDP declined from 30 percent in 1990 to 17 percent in 2013.
- **The agriculture sector plays a key role in food security, employment (the sector employs nearly half (47.5 per cent) of the total manpower) and livelihood**. The recent "National Agriculture Policy 2013" focuses on agriculture production, poverty alleviation through job generation, and food security.
- The **rural -urban divide** in the country is shrinking fast, and the rural space is becoming more urbanized, and peri-urbanised. A process of cyclical expansion of urbanization and emigration from rural to urban areas, the fast growth of non-farm activities in the rural sector and gradual seamless integration with peri-urban and urban areas is causing a significant change in the way investment is looked at.
- **Substantial poverty exists**. The percentage of the population living below the national poverty line was 31.5 per cent in 2010 and in rural areas 35.2 per cent. Extreme poverty remains mostly as a rural phenomenon and about 26 million people are in extreme poverty. Poverty is high in rural areas, among small farm households, landless workers, women, and among the disadvantaged populations (minorities, ethnic groups, disabled and elderly).
- Rural **poverty reduction is maintained as a major priority of the government's overall development policy**. A major change in the policy context for rural poverty reduction is the explicit emphasis on the promotion of non-farm activities and strong emphasis on microfinance to promote self-employment of the poor. One important plank of the Government's policy for poverty reduction is the government policy to pursue and develop a social protection programme.
- **Government programmes for rural poverty reduction** cover a wide range including direct impact programmes with immediate income, nutrition and employment support. These complement the longer term indirect impact programmes which are more strategic and work through growth, protection of resource base, sustainable development, infrastructure and institution development.
- Mitigating the **risks of climate change**, natural disasters and securing environmental sustainability is a priority in government strategy and plan. The government recognizes climate change as a serious threat to the country's future.
- **Official development assistance (ODA)** to Bangladesh has remained relatively stable over the last ten years in line with the country's persistently high poverty and vulnerability levels. Over the last three years, net ODA has averaged 1.4% of GNI (Table 6) and 21% of central government expense, according to 2012 OECD statistic data and the World Bank. The development partners at large maintained a good alignment of their programmes with the country's development objectives and planned goals, as articulated in the successive PRSPs and the Five Year Plans.

III. The strategy adopted by IFAD and the Government

69. The purpose of this chapter is to describe the broad objectives of IFAD's country strategy for Bangladesh during the period under review (2005-2014) and how these were translated into operations. Assessment of the strategy in terms of its relevance and effectiveness will be undertaken in Chapter VII. The objectives of the programme are based on policies and approaches agreed upon with Government and outlined in three Country Strategic Opportunity Programmes (COSOPs). The

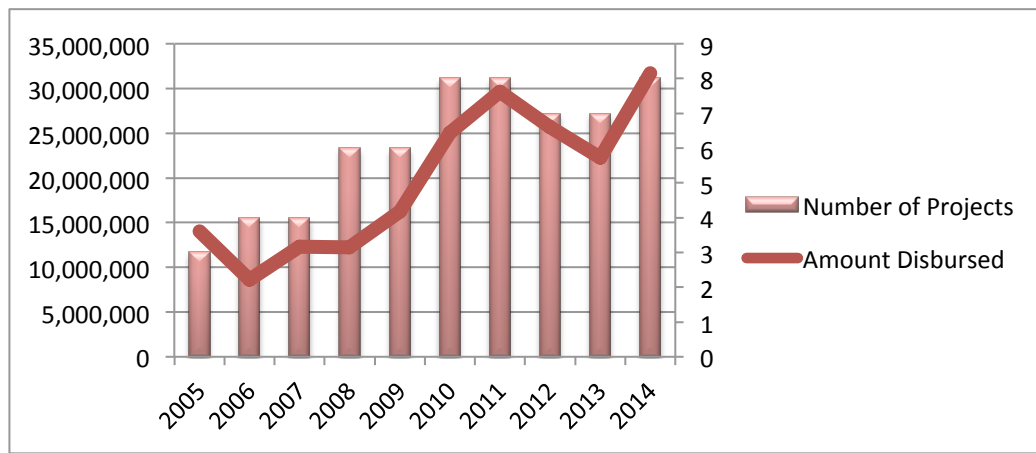
review documents how the COSOPs unfolded. The chapter also includes a brief description of non-lending activities undertaken. Chapter VI, later in the report, is dedicated to assess the relevance and effectiveness of non-lending activities.

A. IFAD country strategy and operations

70. Bangladesh is the third largest programme in IFAD in terms of resources allocated. Total portfolio cost over the last ten years covered by the CPE amounted to US\$755.99 million. IFAD contributed with US\$ 353.78 million, the government counterpart contribution was US\$ 167.18 million and cofinanciers US\$231.56. Average annual disbursements amounted to US\$ 19.7 million (US\$26.8 million in the more recent five years). The active portfolio ranged from 4 to 8 projects in given year.

Figure2

Active Portfolio and disbursements per year



71. In the early years of IFAD in Bangladesh (for the first two decades after the first project was approved in 1978), the Fund's focus was on targeting the poorest in rural areas, the marginal and small farmers, women, small scale infrastructure and irrigation projects, livestock support and most famously, microcredit programmes. For implementation, the Fund relied on government agencies and parastatals; there were some, but very limited, interactions with NGOs. During the period under review, IFAD issued three COSOPs, respectively in 1999, 2006 and 2012. The more recent COSOP were prepared following the guidelines for results-based (RB-COSOPs) introduced in 2006. A summary description of the three COSOPs is presented in Annex XI.
72. **The 1999 COSOP (1999-2006).** The first systematic Country Strategic Opportunities paper (COSOP) for Bangladesh, prepared in 1999, contained a "strategic framework for IFAD" in the country; IFAD's strategy shifted perceptibly towards "creating a more enabling environment" to unleash the productive potential of poor rural people, for building their capacity through training and by building institutions, community organizations and empowerment. It called for promoting 'self-managing grass roots community organization that will create and sustain viable, cost effective institutions and also empower the rural poor'.
73. The sectoral focus remained unchanged; Sustainable development and resource management were emphasized; emphasis also started to being placed lately on the adverse impacts of climate change, and projects started building on IFAD's already good record in strengthening resilience of the poor communities in facing natural disasters (both inland and in coastal areas). Employment generation also started to be more focused, and there was greater emphasis on supporting non-farm activities, but mostly through provision of rural credit. The emphasis on microcredit operations, a strong focus of IFAD, continued supporting women's economic and social empowerment; the initial support to Grameen Bank was diversified with

support to credit programmes of BRAC, through commercial Banks and later through PKSf.

74. Over the 1999 COSOP period IFAD approved four projects:

- *Sunamganj Community- Based Resource Management Project (SCBRMP)*, approved in 2001 was designed under a flexible lending mechanism and was implemented in three phases, the last one from January 2011 to March 2014. The total cost (revised after MTR) was USD 31.86 million including an IFAD loan of US\$ 27.53 million, an counterpart financing (government US\$ 3.68 million and beneficiaries US\$ 0.64 million). The project covers Sunamganj District in the northeast of the country. The objectives of this project were: (i) to increase beneficiaries assets and income by developing self-managed grass-roots organizations to improve their access to primary resources, employment, self-employment and credit; and (ii) to support the development of an institutional base to replicate the project approach in other areas of Bangladesh.
- *Microfinance and Technical Support Project (MFTSP)*, approved in April 2003 The total project cost was US\$ 20.2 million including an IFAD loan of US\$ 16.3 million and a PKSf contribution of 3.65 million. The project covered 13 districts in northeast and southwest parts of Bangladesh. Its objectives were the adoption of sustainable income-generating activities and livestock technologies by the moderately poor and hard-core poor and the acquisition of livestock knowledge by PKSf and its POs.
- *Microfinance for Marginal and Small Farmers Project (MMSFP)* was approved in 2004. The total project cost was USD 29.7 million, financed by an IFAD loan of USD 20.1 million and a PKSf contribution of USD 7.95 million. It covered 14 districts in north-western and north –central regions of Bangladesh with high levels of poverty and good agricultural potential. Its objectives were to : (i) establish viable microfinance institutions to support small and marginal farmer households; (ii) increased agricultural production through access to information, adoption of new technologies and linkages to markets; and (iii) develop and mainstream PKSf operational procedures for lending to farmers and related agro-enterprises.
- *Market Infrastructure Development Project in Charland Regions (MIDPCR)*, approved in 2005, was the fourth and final project approved under the IFAD’s 1999 COSOP. The total cost was US\$ 43.9 million, with an IFAD loan of USD\$ 27.14 million, a contribution of USD\$ 4.75 million of the Government of the Netherlands, and counterpart funding (government, beneficiaries, NGOs- MFI). It covers charland located in the south-east of the country in an active river basin subject to erosion and accretion. The objectives of the project were; (i) improvement of market facilities; (ii) increased wage employment for poor women; (iii) increased production and sale of goods for the market; and (iv) movement of primary producers up the value chain.

Table 6

Projects approved within the 1999 COSOP

<i>Project Title</i>	<i>Total Cost</i>	<i>IFAD financing</i>
Sunamganj Community- Based Resource Management Project	31.86	27.53
Microfinance and Technical Support Project	20.2	16.3
Microfinance for Marginal and Small Farmers Project	29.7	20.1
Market Infrastructure Development Project in Charland Regions	43.9	27.14

75. **The 2006 COSOP (2006-2011).** The second COSOP was developed in 2006 for a period of five years. The COSOP strategy was in line with the recommendation of the 2005 CPE (see Annex XII) that suggested identifying a limited number of specific objectives that can be reached within the available resources and within the time period foreseen by the COSOP. Five sub-programmes, each one with a specific output, were developed to implement the strategy: i) increased availability of agricultural technologies to small farmers, thereby boosting agricultural productivity, incomes and employment; ii) increased access to markets and financial services for rural small entrepreneurs, to promote growth in agriculture and in the non-farm rural economy; iii) innovations in pro-poor infrastructure development to benefit the extreme poor including transport, market and water management infrastructure in regions with a high incidence of poverty; iv) increased access to common property resources (inland fisheries or to public land) for the rural poor; and v) increased access to economic opportunities for women as a cross-cutting element in all programmes.
76. The evolution from the first COSOP was quite perceptible: innovation and scaling up was highlighted more firmly than in the past; markets started emerging with a new meaning and focus, not just as a strategy for ensuring an outlet of surplus produced by larger farms, but also as a business opportunity for smaller farms. The focus was also strengthened on environmental sustainability and common property resources management, and on gender.
77. The COSOP recommended additional partnership building opportunities with DFID, CIDA, SIDA and SDC for innovation in microfinance through a sectoral programme entitled promoting Financial Services for Poverty Reduction. IFAD and World Bank started working together to re-engage in the agricultural sector. Moreover, IFAD's internal 'rural sector performance analysis' identified some areas for policy dialogue with the government on: (a) improving extension and research performance through improved governance of NARS (including BARC); (b) on further decentralization of both planning and funding responsibilities to sub-districts for improving agricultural extension; (c) mainstream the labour contracting society approach into LGED; (d) revision in the draft National Fisheries Policy and in reforming regulations governing the procedures for the allocation of government owned land; and (e) reform in the regulatory framework for rural finance.²⁹
78. Four areas for policy dialogue were identified: (a) improving extension and research performance; (b) further decentralization to sub-districts; (c) mainstream the labour contracting society approach into LGED; (d) revision in the draft National Fisheries Policy and regulations on allocation of government owned land; and (e) reform in the regulatory framework for rural finance.
79. Under the 2006 COSOP, 4 projects continued from COSOP 1999 and IFAD approved five new projects: FEDEC, NATP, PSSWRSP, CDSP IV, and HILIP.³⁰
- Finance for Enterprise Development and Employment Creation Project (FEDEC) approved in 2007. The total cost was US\$57.8 million, financed by an IFAD loan of US\$ 35.03 million (60.6%), PKSF contribution of US\$ 22.0 million (38.1%). The project was conceived to develop the microfinance sector to support microenterprise. It aims at helping small business improve and expand production through microenterprise lending and strengthening of value chains
 - National Agricultural Technology Project (NATP), approved in 2007. The estimated total project cost was US\$84.6 million including US\$62.6 million from

²⁹ The COSOP also identified a number of other areas to achieve the MDGs; the milestones set to track progress include (a) agreement for an agricultural sector reform agenda; (b) entry into a process of policy dialogue on changes in regulations regarding public markets, (c) consent by the government to the application of new leasing procedures to access fishers to water bodies and (d) policy dialogue and advocacy by civil society on women's property rights.

³⁰ Please refer to Annex III. Implementation period of IFAD-supported projects covered by the CPE.

the World Bank (in the form of IDA Credit), US\$19.4 million from IFAD and US\$2.6 million from Government. It is jointly³¹ co-financed with WB, who is also administrating the loan. The objective of this long-term programme is to support Government of Bangladesh's (Government's) strategy to improve national agricultural productivity and farm income by revitalizing the national agricultural technology system.

- Participatory Small-scale Water Resources Sector Project (PSWRP) approved in 2009. Total cost is US\$ 119 million, financed by ADB (US\$55.0 million) IFAD (US\$ 32 million³²) and government counterpart (US\$ 29 million). The project is parallel³³ co-financed with ADB and the loan is administered by ADB. The objectives of the project are: (i) institutional strengthening of government agencies at all levels to support small-scale water resources (SSWR) development; (ii) participatory sub-projects development, which will include poor and vulnerable groups; and (iii) construction and maintenance of up to 270 SSWR sub-projects and performance enhancement of up to 150 sub-projects.
- Char Development and Settlement Project IV (CDSP IV), approved in 2010. The total cost is US\$89.2 million, with an IFAD loan of US\$ 47.3 million, a contribution from the Netherlands (US\$ 20.6 million) and national contribution (US\$ 20.5 million) from government, NGOs, and beneficiaries. It covers newly accreted coastal islands (chars) in the South East. The project objective is to provide improved and more secure livelihoods for 28,000 households in coastal chars through the provision of support for rural livelihoods, legal title to land and climate-resilient infrastructure.
- Haor Infrastructure and Livelihood Improvement Project - Climate Adaptation and Livelihood Protection (HILIP/CALIP), approved in 2011. The total cost of HILIP is US\$118.0 million financed with an IFAD loan of US\$55.0 million and co-financed by the Spanish Trust Fund US\$30.0 million and the Government US\$ 32.0 million. CALIP is a supplementary project integrated in HILIP financed through an ASAP grant of US\$15 million. It was approved in September 2013. The combined total financing of HILIP and CALIP amounts to US\$ 133 million. The project aims to improve road infrastructure, build local capacity and expand access to natural resources, technology and markets. CALIP will finance new activities with a focus on capacity building for climate change adaptation.

Table 7
Projects approved within the 2006 COSOP
(Millions of United States dollars)

<i>Project title</i>	<i>Total cost</i>	<i>IFAD financing</i>
Finance for Enterprise Development and Employment Creation Project	57.8	35.03
National Agricultural Technology Project	84.6	19.4
Participatory Small-scale Water Resources Sector Project (PSWRP)	119	32
Char Development and Settlement Project IV	89.2	47.3
Haor Infrastructure and Livelihood Improvement Project - Climate Adaptation and Livelihood Protection	133	55

³¹ Joint financing means that the funds of all financiers are spent on a joint list of activities/goods/services and funds are disbursed in an agreed proportion.

³² One IFAD loan of US\$ 22 million and a top-up of US\$ 10 million

³³ In parallel financing, each co-financier puts his funds towards specific (separate) activities/goods/services.

80. **The 2012 COSOP (2012-2018).** The current COSOP aims at supporting the Sixth Plan's goal of diversifying agriculture towards higher value-added production to promote commercialization and raise farm incomes. It focuses on the adaptation of rural livelihoods to climate change and the scaling up of successful approaches with special attention/reference to access to markets, finance, and rural infrastructure development. The strategic objectives of the COSOP are: 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.
81. The programme's **target group** includes people living in extreme and moderate poverty. The targeting strategy starts at the geographical level by identifying areas of poverty and then assessing household assets and needs, including food supply, in those areas.
82. The scaling up of successful experiences in partnerships with Government and other donors is underlined as a vital element of the 2012 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 WB, the AsBD, and UN and bilateral agencies will be strengthened and new partnerships explored.
83. The COSOP of 2012 continues the evolution of its strategic focus in the country based on growth, market access, microcredit, gender and climate change (sustainable livelihoods). Stronger emphasis emerges on commercialization and diversification of agriculture, in line with the gradual shift of policy towards non-farm activities, as well as the Government's focus on creating employment opportunities as a major rural poverty reduction strategy in the 6th FYP.
84. Non-lending activities are acknowledged in various parts as the COSOP as an integral part of the country strategy. The COSOP identifies policy linkages to each of the strategic objectives: support policies dealing with resilience to climate change; policies that enable producers and small traders to play a greater role in managing formal and informal markets and -together with other donors-, continue to encourage improvements in the regulatory environment for microfinance institutions; and developing pilot regulations that enable disadvantaged groups to be included in decision-making bodies at various levels. On partnerships the strategy focuses on building on effective partnerships with the Government (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 have been approached for policy collaboration. Knowledge management and communication are mentioned as key elements of IFAD's programme in Bangladesh aimed at disseminating lessons across projects, institutions and policymakers.
85. Under this COSOP, seven projects that begun during the two previous COSOPs continued. Four of them (MIDPCR, SCBRMP, FEDEC and NATP) were completed by December 2014 and three of them will be implemented well into the new COSOP until 2018 (PSSWRSP, CDSP IV) and beyond the COSOP (HILIP, 2021).
86. The COSOP 2012-2018 will cover the last year (2012) of the current PBAS cycle plus 2 new PBAS cycle 2013-2015 and 2016-2018. A total of four loans are envisaged for the entire COSOP period, which will be distributed over two (2) loans per PBAS cycle in order to minimize transaction costs. As of January 2105,

the two projects planned in the first cycle have already been approved and a new one for the second cycle, NATP2, is under preparation.

87. The two projects approved so far under the 2012 COSOP are:
- *Coastal Climate Resilient Infrastructure Project (CCRIP)*, approved in 2013. Total cost of US\$ 150 million, financed with an IFAD loan of US\$ 60 million, co-financing from ADB (US\$ 50 million), KFW (US\$ 8.8 million) and national counterpart from the Government of Bangladesh (US\$ 31.2 million). The project will cover coastal areas in the South-west. In addition to addressing climate change affects, the project aims at improving livelihood of poor and small rural producers through improved road connectivity, improved market services, better access to demand-driven financial services and enhanced climate change adaptation capacity
 - The *Promoting Agricultural Commercialization and Enterprises Project (PACE)*, approved in September 2104. Total cost US\$ 92.85 million, with an IFAD loan of US\$ 40 million, and financing from PKSF and Partner organizations (US\$ 52.49) and the government of Korea (US\$ 0.36 million). It is designed to support smallholders in fully capitalizing on opportunities for commercialization in agriculture and the growing rural non-farm sector, building on experience and scaling up activities of previous projects, FEDEC, MFMFP and MFTSP. It will implement three components: (i) financial services for microenterprises; (ii) value chain development; and (iii) technology and product adaptation.

Table 8
Projects approved within the 2012 COSOP
(Millions of United States dollars)

<i>Project title</i>	<i>Total cost</i>	<i>IFAD financing</i>
Coastal Climate Resilient Infrastructure Project	150	60
Promoting Agricultural Commercialization and Enterprises Project	92.85	40

B. Country-programme management

Implementation and supervision arrangements.

88. The main implementing agencies for IFAD-funded operations have been the Local Government Engineering Department(LGED) -under the Ministry of Local Government, Rural Development & Cooperatives- and the Palli Karma-Sahayak Foundation (PKSF). Among the 10 projects covered by the CPE: 5 were implemented by LGED, 3 by PKSF, 1 project implemented jointly by Ministry of Agriculture (MOA) and the Ministry of Fisheries and Livestock (MOFL), and 1 by Bangladesh Water development Board of the Mistry of Water Resources (MOWR) . The recently approved PACE will be implemented by PKSF.
89. Implementation of specific project components across the portfolio (e.g extension) is entrusted to several line agencies and government departments including the Department for Agricultural Extension (DAE) of the Ministry of Agriculture (MoA), Department of Forestry (DOF), and the Department of Livestock services (DLS). In NATP, the Bangladesh Agricultural Research Council (BARC) and the Krishi Gobeshona Foundation (KGF) are responsible for implementing its research component.
90. NGOs are an integral part of most IFAD-funded projects in Bangladesh. They are contracted in most cases for provision of credit funds, technical support (e.g supply chains, income-generating activities) and to ensure 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.

91. **Supervision** was assigned to UNOPS until 2007. Since then, all the projects are IFAD supervised, following the new policy on supervision and implementation³⁴ with the exception of NATP and PSSWRSP, supervised by co-financers WB and ADB respectively³⁵.
92. **Country presence** . IFAD established a proxy country presence in Bangladesh in 2006 with the appointment of a local field presence officer based in Dhaka, who was on secondment from ERD. He was responsible to provide projects with day-to-day support and to liaise and coordinate with government and other donors. The IFAD Bangladesh Country Office was formally set up in Dhaka in 2011 hosted by WFP. It is staffed by a Country Programme Officer (CPO) and a Knowledge Management Consultant (on long term consultancy contract). The host country agreement is currently under negotiation.
93. The COSOP identifies policy linkages to each of the strategic objectives: support policies dealing with resilience to climate change; policies that enable producers and small traders to play a greater role in managing formal and informal markets and -together with other donors-, continue to encourage improvements in the regulatory environment for microfinance institutions; and developing pilot regulations that enable disadvantaged groups to be included in decision-making bodies at various levels. On partnerships the strategy focuses on building on effective partnerships with the Government (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

Key Points

- Over the period covered by the CPE IFAD has focused its efforts and developed expertise in the areas of rural infrastructure, inland fisheries, agriculture, markets, microfinance and gender. It has been guided by three COSOPS prepared in 1999, 2006 and 2012.
- Innovation, scaling up, sustainability and common property resources management has permeated through IFAD's strategy in the country.
- The current COSOP (2012-2018) will support the Sixth Five Year Plan's goal of diversifying agriculture towards higher value-added production to promote commercialization and raise farm incomes. It focuses on the adaptation of rural livelihoods to climate change and the scaling up of successful approaches
- Non-lending activities are acknowledged in various parts as the COSOP as an integral part of the country strategy. KM and communication are mentioned as key elements of IFAD's programme in Bangladesh in the last COSOP 2012 aimed at disseminating lessons across projects, institutions and policymakers
- The main implementing agencies for IFAD-funded operations have been the Local Government Engineering Department (LGED) -under the Ministry of Local Government, Rural Development & Cooperatives- and the Palli Karma-Sahayak Foundation (PKSF). Implementation of specific project components across the portfolio (e.g extension) is entrusted to several line agencies and government departments.
- Supervision was assigned to UNOPS until 2007. Since then, all the projects are IFAD supervised, with the exception of NATP and PSSWRSP, supervised by co-financers WB and ADB respectively
- IFAD established a proxy country presence in Bangladesh in 2006 .The IFAD Bangladesh Country Office was formally set up in Dhaka in 2011 hosted by WFP and staffed by a Country Programme Officer (CPO). A host country agreement is currently under negotiation.

³⁴ <http://www.ifad.org/pub/policy/supervision/e.pdf>

³⁵ IFAD actively participates in supervision missions of NATP and PSSWRSP.

IV. Portfolio performance

94. This chapter will assess the portfolio performance of programs funded by IFAD in Bangladesh during the CPE period (2005-2014) guided by the COSOPs of 1999, 2006 and 2012.
95. The programme operations in Bangladesh use a number of cross sectoral interventions and cross cutting instruments in support of the main target groups. For ease of treatment, the analysis in this assessment below will be in seven functional clusters combining both the sectors (agriculture, enterprise development, environment and climate change, natural resource management) and instruments or means of engagement (institution building an capacity development, rural infra-structure, microfinance). The portfolio assessment will be following the established evaluation criteria and carried out based on these clusters of interventions

A. Relevance

96. **Agriculture Research, Extension and Productivity.** The key element of approved projects during the first COSOP period from 1999 to 2005 (SCBRMP, MFTSP, MFMS, and MIDPCR) was provision for support and services for the project beneficiaries to undertake on-farm and off-farm income generation activities (IGA). The contribution of these earlier projects to support extension services through participatory demonstration trails was relevant to IFAD strategy to unleash the productive potential of poor rural people.
97. The approved interventions under the 2006-2011 COSOP (NATP, FEDEC, PSSWRSP, CDSP and HILIP) were consistent with the national priorities for agriculture sector and IFAD's strategic priority for rural poverty reduction, which specifically includes "increased availability of agricultural technologies to small farmers- thereby boosting agricultural productivity, incomes and employment"- as one of its four subprograms.
98. NATP design in particular closely addresses the Government's strategy to increase national agriculture productivity and farm income through improving the national agricultural technology system. The needs and requirements of the targeted project beneficiaries were also adequately analyzed and considered in the design. Agriculture related activities in other projects FEDEC, SCBRMP, NATP, PSSWRSP, CDSP IV and CCRIP) also fully support successive five year plans, Vision 2021 as well as IFAD priority to increase agricultural productivity via intensification and diversification, and adaptation to climate change.
99. The three projects under the current 2012-2018 COSOP (CCRIP, CALIP, and PACE) -geared to carry forward achieved successes and to support more viable commercial agricultural entrepreneurship development- are fully in line to Government's 6th Five Year Plan's goal of diversifying agriculture, promoting higher value added production and commercialization, and raising farm incomes. It attaches high importance to the adaptation initiatives of rural livelihoods to climate change and scaling up of approaches with particular attention to improved access to markets/value chains by marginal and small farmers including marginalized groups and poor women, finance and rural infrastructures.
100. The relevance of the agriculture (crops, livestock, and fishery) component in the programme needs to be recognized for its significant contribution towards achieving the objective of livelihood improvement of the targeted beneficiaries and rural poverty reduction.
101. **Enterprise development, access to Markets and value chains** .Several IFAD-supported project designs (MIDPCR, FEDEC, NATP) have included enterprise development as a sub-activity in all projects. Attention to this area by the programme is in line with government recognition that much of the enterprise

growth operates within the informal small business sector, hence in most of government initiatives there is thrust towards business growth, particularly agribusiness and linking small and medium scale enterprises into a formal business sector. The 1999 COSOP focused on income generation for the poor through an area-based approach in the most poor and environmentally fragile areas. The national scale FEDEC and NATP projects amply embraced these approaches.

102. The strategies of the several projects (SCBRMP, MIDPCR, NATP, CDSP, CCRIP)- largely focused on **market access**- are relevant to the 2006 and 2102 COSOP objectives of increasing and scaling up successes in access to markets ,and respond adequately to the need to facilitate economic opportunities for the rural poor. The portfolio clearly demonstrates significant investment in development of rural roads and market infrastructure. It has also supported development of market institutions. While physical access is essential, the programme has focused less on strengthening the capability of producers and traders to engage with the market players or to link directly to consumers (market facilitation).
103. Investment in improved access to markets and increasing knowledge and skills within the context of **value chain development (VCD)** are relevant approaches for the MSME sector. The VCD activities respond to opportunities for scaling up within the MSME sector and the potential for high profit margins for the poor and also for employment generation. However, despite a strong advocacy for enterprise development through a value chain approach, the application of the approach is being designed and implemented in varying ways, and some projects were given limited guidance on what is an appropriate approach to them. MIDPCR and FEDEC piloted a value chain approach with conduct of a proper value chain analyses. And MIDPCR engaged a suitably qualified partner, which led to successful value chain interventions and market linkages. However, other value chain approaches have not been sufficiently refined and have fallen short of adequate market analysis. NATP promotes increased production and a supply chain approach but includes no sub-programme for market analysis or enterprise support. The HILIP-CALIP design states that it is taking a VCD approach but does not include any resources for value chain analysis nor matching of financing to the VCD requirements. Despite the strategic alignment and the potential for benefit for the poor in VCD approaches, the current programme lacks clarity and coherence in the design approaches.
104. Across the Micro Small and medium-sized Enterprise (MSME) development projects, the resource allocation for capacity development was considered to be insufficient. Adequate provision for rural finance (MFTSP, MFMSFP, FEDEC and PACE) and for road and market infra-structure (MIDPCR, CCRIP) were driven by project objectives. However, investment in market skills development and support for the enabling environment for MSMEs could have been enhanced. In more recent projects (HILIP-CALIP and CCRIP) did not include a focus on financing. The portfolio missed out on providing any support for the regulatory framework for the MSME sector which could have addressed important emerging issues faced by the MSME sector such as provision for occupational health and safety, protection from extortion and recognition of small producer rights, which were not explicitly addressed. FEDEC included provisions for trainings on occupational health and safety, as well as environmental assessment trainings, which are planned to be scaled up in PACE.
105. Implementation experience has demonstrated that value chain strengthening of known chains was more viable, less risky and more cost-effective than comprehensive value chain development with the assistance of an out-sourced service provider. The new PACE project is clearly based on these lessons and is focusing on value chain strengthening within the PKSF capacity. The HILIP-CALIP value chain development interventions include no detailed chain analysis or micro credit support and have not contracted experienced service providers. Finally, Value chain development risks have not been sufficiently analysed. Most of the

value chain development projects were designed to benefit poor producers whose resources are limited. This poses a risk if high value crops are encouraged that are prone to seasonal variations, and disease and could lead households into greater poverty. As identified in the pilots, incremental activities are more appropriate.

106. Overall, the IFAD portfolio in Bangladesh for the MSME sector has been relevant to the strategic thrusts of both the Government and IFAD. The focus on microfinance and addition of technical support services has been valid. The shift towards value chain development is relevant but needs clearer articulation in the project designs. More attention is required to ensure that the poor can take advantage of the opportunities. There have been gaps in strategies for improving business and marketing skills and in support for the enabling environment for the MSME sector.
107. **Microfinance** The choice of an efficient apex institution such as PKSF as the main credit management and delivery channel in four IFAD-supported projects (MFTSP, MFMSFP, FEDEC and PACE) has proven quite adequate. At the project level, the **relevance of various approaches and funding allocations is mixed**. The microfinance component of SCRBMP relied on the establishment of self-reliant community-based COs which mobilize their own resources and were designed as a sustainable model for savings and credit in remote areas. But the design did not factor in the various institutional and capacity deficits in the project area including: low capacity of the CO leadership, insufficient governance of the savings and credit funds, and reluctance of the participating bank (BKB) to connect with the COs to provide support and a channel towards formal credit. In consequence, this strategy was not fully relevant to the context.
108. In contrast, the three projects (MFTSP, MFMSFP, and FEDEC) with a clear microfinance focus channel credit through PKSF and existing MFIs. Here the relevance of IFAD's support lies in the redirection of the MFIs to neglected target groups: moderately & ultra-poor, small farmers and micro entrepreneurs. However, the design of MFTSP lacked provisions for reaching the ultra-poor. In the case of MFMSFP the focus was on marginal and small farmers and the trials in seasonal credit and lump sum repayment were found to be relevant and well-adapted to the farmers' needs³⁶.
109. The rural finance model used has been mainly credit-driven and does not adequately support the mobilization of (voluntary withdrawal) savings, with the exception SCBRMP are acknowledged, which was successful in mobilizing savings from ultra-poor communities. The more recent projects have missed the potential of savings mobilization, either assuming the availability of credit (NATP, HILIP-CALIP and CCRIP) or relying on training to improve credit activities (PSSWRP).
110. In FEDEC the relevance of engaging in microenterprise and value chain finance and development is aligned with the findings of microfinance review. However, important **challenges of value chain financing** need to be addressed. The mechanisms for financing of value chains are new for PKSF, financing allocated was insufficient to the original target (60 value chains) and there are questions on whether risk management has been adequately considered. It is doubtful whether IFAD and the MFIs are really up to that challenge, particularly when it comes to high-value investments and high-potential markets required for progress under increasing competition.
111. Of concern are the **too optimistic assumptions of wide credit availability**. This assumption in the more recent IFAD portfolio that rural finance is easily available to the target group in the format in which it is required. The NATP Impact assessment consistently raised the lack of rural finance as barrier to technology adoption and growth of commercial agriculture, thus an impediment to achieving

³⁶ IFAD IOE, MFMSFP Project Performance Appraisal, Feb. 2104.

wider impact. The early implementation findings of HILIP-CALIP are that the common interest groups that have been established are unable to replicate the technologies that have been introduced due to lack of available credit.

112. There is not uniform coverage of MFIs in all areas. The experience of MIDPCR and CDSP IV confirms that MFIs will enter into more remote and challenging areas if provided with the initial establishment costs until groups are at viable levels of operation. The HILIP-CALIP experience to date suggests that where this support is not provided, there are challenges in attracting MFI to cover project areas. Furthermore, the CPE mission found that in the more remote areas, seasonal loans were still not available. Reverting to the estimate that 80% of Bangladesh has access to credit, the CPE notes that many of the IFAD target group are in the 20% that still do not have access; furthermore, there is a question as to whether the credit is available in the right format for the specific activity.
113. Overall, the focus on rural credit is still relevant in terms of the strategic context of the country and the needs of the rural poor. The support for PKSf and its partners has been relevant in supporting the evolving credit market and aligning to the needs of the ultra-poor and the moderate poor. The rural finance mechanisms used across the portfolio in projects that do not have an explicit focus on rural credit but which rely on the availability of rural credit for uptake of technology have not been fully relevant. There is still a credit gap that is not yet being adequately filled or acknowledged within program design and improvements are required³⁷.
114. **Environment and natural resources management (NRM)**. The portfolio has included four projects (SCBRMP, HILIP-CALIP, CDSP, CCRIP) that have an explicit focus on environmental considerations and associated investment. There are two projects (MIDPCR, PSSWRSP), that have an implicit environmental focus but which have little or no clearly identified resources for environmental considerations. An important addition to the portfolio was the CALIP project that has been funded specifically through IFAD's newly established Adaptation for Smallholder Agriculture Grant Programme (ASAP).
115. The focus on investment in **fragile environments** (the *haors*) through a locality approach has been highly relevant. Focusing on these areas brought environmental protection and disaster mitigation initiatives together with other poverty reduction interventions. Moreover, in all of the projects, there have been some training activities related to sustainable farming. However, the training did not quite point to negative environmental consequences of some practices (such as negative environmental consequences of high yielding rice crop varieties and crop diversification).
116. The move towards a focus on climate change adaptation of more recent projects such as HILIP-CALIP and CCRIP is valid and commendable. However, the strategies for optimizing environmental benefits and enhancing climate protection are not firmly developed at the operational level³⁸.
117. The investment in **disaster preparedness** is relevant to the local communities in being able to co-exist with the environment in areas that are prone to environmental disasters. For instance, the – combined school and cyclone centre under CDSP IV , later replicated in HILIP-CALIP and CCRIP, acted as a centre of for community members during cyclones.
118. Overall, the attention of project investments to some of the most fragile environmental areas in Bangladesh has been critical. Incorporating environmental protection measures with poverty reduction activities has been considered in the

³⁷ The most recent project (PACE) approved in September 2014 , has a specific provision to pilot new loan-products in acknowledgement of the fact that more tailored financial services are necessary to reach all of the rural poor.

³⁸ The start- up of CRRIP took place only following the CPE mission. During this start -up phase, implementation activities were further detailed out.

designs and is strengthening. The activities that have been supported are relevant to the situation of the communities and to protecting and enhancing the natural resources. More could have been done to explicitly integrate environmental planning in each project design.

119. **Community development.** IFAD has been supporting community organizations and community development through various programmes in Bangladesh so that the poor and the excluded can be involved in the development process and improve their incomes and assets. IFAD programmes in Bangladesh during the period under review are very much consistent with the rural development strategy of Bangladesh as well as with the past COSOPs and it involves very high degree of community participation.
120. Community organization has been the main vehicle for doing this grassroots-based rural development as highlighted in the COSOPs. Most of these programmes are located in poor and vulnerable regions of Bangladesh such as the Haor basin, the coastal belt and the char lands thus benefiting the target group whose livelihoods are threatened by the changes in climate and frequent occurrence of natural disasters. SCBRMP and HILIP for example have provided critical support to community-based fisheries management programmes in the Haor areas where poor households organized in Beel User Groups (BUGs) were helped to gain access to the beels previously controlled by non-fisher influential persons.
121. **Rural infrastructure.** Much needed infrastructure was built in remote and inaccessible areas inhabited by the poorest in the country, such as the *haors* and *char* areas in newly accreted land. The project works of all categories of Rural Infrastructure, such as roads, markets, sanitation infrastructure, and area-specific infrastructure, in all the project areas, are found very much relevant, from the point of view of selection of items and sites. The need for roads and markets was largely identified through the Local Government Engineering Department's standard priority listing. In CDSP IV some adjustments of the program occurred during the project design and implementation which does not seem to be based on a formal selection criteria and economic analysis.
122. The geographic areas selected are also very relevant. The haor areas in Sunamganj, Netrakona, Habiganj, Brahmanbaria and Kishoreganj districts and char areas in newly accreted land near sea in and around Noakhali are remote and hard-to-reach inaccessible locations. Also these are inhabited by poorer section of the people. The needs for such infrastructure facilities are very high in these areas and are often not attended by other development partners, due to difficulties in accessibility. Standard long practiced sustainable designs are used by the implementing agencies (LGED, BWDB, DHPE and others), with modifications and innovations as per location specific needs. The use of labor-intensive construction techniques ensured that project funds flow directly into the pockets of very poor households.
123. **Gender equality and Women's empowerment.** IFAD-supported activities in the portfolio -aimed at helping women gaining greater access to economic opportunities- are fully consistent with IFAD country strategies and in line with the Bangladesh Sixth Five Year Plan (SFYP), the National Strategy for Accelerated Poverty Reduction-II and the National Policy for Women's Advancement. These plans and strategies are focused on eliminating all forms of discrimination against women by establishing the overall rights of women and by empowering them through providing better options to ensure their participation in private and public life. In particular, the SFYP has given priorities to the geographically disadvantaged areas and has acknowledged the social barriers for women who are mostly the excluded.
124. Overall IFAD has adopted a clear gender-sensitive targeting approach, the focus on gender issues is well reflected into the project design, and efforts were made to

ensuring their active participation in the activities. One aspect of gender equality that still needs to be addressed is that of women participating in agriculture (vegetables, crops, etc.). Due to cultural challenges women do not normally get access to land for agriculture - this is a significant issue especially for women headed households. In acknowledging that this cultural challenge cannot be solved overnight, IFAD-supported projects have introduced a number of income generating activities or gender sensitive value chain activities, that can largely be completed within the homestead – poultry, handicraft, pond fisheries, etc.

125. **Targeting.** Several projects focused on lagging regions and deprived sections of the population with some targeting measures using the poverty mapping services. A key example is SCBRMP, where the targeted area (Sunamganj district), is one of the poorest regions in the country. The target groups were landless, marginal and small-farmer households and women. On HILIP, the approach is based on poverty criteria and participatory consultations for the selection of beneficiary households and individuals. MFTSP was also catering to a target group consisting of 90% women while Microfinance for Marginal and Small Farmers Project had small and marginal farm households as the target group. FEDEC catered to microenterprise owners -the project anticipated that more than 80% of this target group to be women in the moderately poor section of the rural society. FEDEC did not target the very poor as benefits were expected indirectly, through employment. However the project was formulated to ensure that the value-chain subprojects were designed so that the very poor and small farmers -who are otherwise not eligible for ME loans- can access project benefits- in addition to ME borrowers. The MIDPCR project has a target group of three distinct groups: (i) primary producers; (ii) small traders; and (iii) women laborers. The primary producer group is made up of households growing crops or raising livestock on less than 2.5 acres of land; fishers and fish farmers; and households with non-farm enterprises.
126. The strategies of the newer projects CCRIP and HILIP-CALIP are largely focused on market access (infrastructure) so are targeting whole communities rather than poor households per se. The focus on VCD still targets landless and marginal farmers and rural entrepreneurs. Yet, the more recent project approved PACE is only targeting a minimum of 60% poor households, recognizing that value chains will require supporting the non-poor. Both of these key strategies in the recent program work on the assumption of a trickle-down benefit to the poor; a risk that has not been explicitly addressed in the COSOP 2012 or design documents. Therefore, there is potential that the relevance of the programme to the rural poor will erode unless clear safeguards are put in place.
127. Relevance is rated overall satisfactory (5) for the 10 projects evaluated by the CPE. The individual CPE ratings for each IFAD-funded project, by evaluation criteria, including relevance, may be seen in Annex I. Ratings for relevance each of the clusters of intervention are provided in Annex II.
128. **Effectiveness Agricultural development.** IFAD investments across the portfolio contributed to increasing agriculture productivity and production (crops, livestock fisheries), mainly by increasing access to agriculture technologies and other ancillary services to small farmers. IFAD has invested in this area through: i) NATP, the principal project with direct inputs for enhancement of agricultural productivity; ii) components in projects supporting on-farm production or value added activities (SCBRMP, HILIP, MIDPCR, CDSPP, MFTSP, MFMSFP); and iii) through grants. All the agricultural development activities have been undertaken in conjunction with DAE and through DAE field staff.
129. NATP, in its first phase of a national program, has contributed to revitalizing the national agricultural technology system, supporting the MoA research programme, carrying out policy and institutional reform initiatives including development of new agricultural extension policies for crops and livestock. About 700 Farmer

Information Advice Centers (FIACs) have been established to provide combined extension services in crops, fisheries and livestock for farmers in the project area. Throughout the project period about 81,000 demonstration trials organized in the project farmers' field demonstrating 47 improved production technologies that were adopted by more than 1.2 million smallholder farmers, a 50% increase against the target. A recent impact study reports increases in agriculture productivity in the project area, across farm sizes³⁹, between 14% to 52% for crops, 54% to 65% for livestock and 60% to 76% for fisheries.

130. The introduction of common interest groups (CIGs) in NATP -and also in HILIP- is contributing to a commodity-driven supply chain approach that is increasing local production and resulting in improved incomes for farmers. The NATP impact study estimated a reduction of post-harvest losses by 15% and an average increase in farm-gate price of 11% through facilitating market linkages. The FIACs have increased the level of support for farmers at the local level.
131. Project beneficiaries directly involved in on-farm activities for their livelihood which included cultivation of crops, rearing livestock, fisheries and forestry activities, received a variety of support services including: awareness raising, organizing groups, information on high yielding crops, breeds/species of livestock and fishes, demonstration trials, technical training on improved agriculture or livestock husbandry, assistance to procure necessary capital, and marketing assistance. These supports and services contributed to enhance productivity and household income significantly. As per impact study of NATP, household net income increased ranged from 47-159% for marginal farmers; 31% for small farmers and 23% for medium farmers compared with baseline.
132. New agricultural technologies introduced include mini-hatcheries, new technologies that reduce fertilizer and water use for paddy (leaf color charts, urea super-granules and alternate wetting and driving), and reducing pesticide use in vegetables (pheromone traps). In addition, the widespread dissemination of high yielding rice varieties and crop intensification through improved water use and other enhanced practices has led to substantial benefits across all projects.
133. The projects with direct inputs for enhancement of agricultural productivity (NATP) or project components supporting on-farm production or value added activities (SCBRMP, HILIP, MIDPCR, CDSP, MFTSP ,MFMSFP) were able to achieve close-to-target disbursement levels. The quality and effectiveness of services delivery to the group members could have been further improved by engaging more qualified technical staff at the ground level with stronger accountability and monitoring systems. Feedback from beneficiaries during CPE field visits confirmed that the dissemination of improved production technologies made the absorption and adoption of technology much easier for the farmers. Rural producers (both men and women) interviewed during the CPE demonstrated signs that many are diversifying their production and confirmed that diversification is building capacity, strengthening ability to negotiate in local markets, increasing household income and contributing to resilience.
134. IFAD Grants provided to support research on farming system technologies, particularly in climate-smart agriculture and at reducing damage to human health and agricultural contamination from arsenic contamination of rice crop (see section VI.D on grants) were very relevant undertakings. Research outcomes from were integrated in DAE knowledge base for use in extension training.
135. **Enterprise development, access to markets and value chains.** IFAD support in providing support for MSMEs has been effective across all projects, leading to increased productivity and profitability. Improving household income for the rural poor through supporting enterprise development of different scale (micro, small,

³⁹ The share of farmland cultivated by small farms is less than one hectare.

and medium) has been a common objective pursued in most projects of the portfolio. In most cases support was provided to groups receiving a combination of access to micro credit or inputs in kind, training and capacity development/market facilitation to help improve their livelihood, and market access through infrastructure building support. Provision of micro credit through group formation proved to be the most essential ingredient for financing income generating activities of rural producers and growth of MSME.

136. The micro enterprise activities that have been successfully supported with micro credit have generated a supplementary income to the households. Overall, the projects in the portfolio demonstrated satisfactory effectiveness in achieving objectives based on the criteria of numbers of entrepreneurs supported, number of groups formed, amount of credit disbursed, and net profit growth. Information available from project reports indicate that more than 1.2 million entrepreneurs have been supported through the portfolio, 23,203 groups have been formed and were active, and over US\$137 million in credit has been supplied. FEDEC reports that at completion its contributions to the MSME's average net profit growth was 71% i.e. average 12% per annum during the project.⁴⁰
137. In NATP and HILIP-CALIP enterprise support is provided to a few group members in kind with an expectation that other group members will replicate what has been learned. But there is an emerging trend that the group members in both NATP and HILIP-CALIP (generally poorer households) are finding it difficult to replicate the successful lessons of the leaders due to lack of capital or insufficient technical support or lack of access to the markets.
138. Each project included some focus on training and capacity building ranging from credit management and some life skills (MFTSP and SCBRMP), to technical and business skills (MFMSFP). Overall, training has been focused largely on technical training rather than business or enterprise development. The results from the training have been variable with some reports of important gains from applying the technical training. On the other hand, adoption rates were low for some training due to some factors such as: (i) training contents not matching the demand and needs of the entrepreneurs; (ii) training and loans are often not timed in right sequence to apply new knowledge (NATP and HILIP-CALIP) or inappropriate size of loan available (e.g. CDSP IV, SCBRMP) or; (iv) limited emphasis on market opportunities; and v) no capacity development training in enterprise management in most projects. For these reasons, the activities related to MSME training and capacity building was not as effective as projected.
139. **Access to markets** has been enhanced by physical construction of roads and market facilities, and landing platform for boats. Most targets have been met in all projects and some faced procurement delays (MIDPCR, CDSP IV and NATP). Infrastructure constructed was found functional and provided expected services. The infrastructure built has brought positive changes to the overall development of the areas supported. During project visits by CPE team optimum benefits of infrastructure investments were seen in areas where the associated and coordinated support for establishment of cohesive and active producer groups, training, enterprise development support and access to rural finance were available simultaneously.
140. Most projects, particularly NATP, have contributed to **supply chain development** through technology training and some support for market access. This has encouraged production of agricultural products that have perceived market potential. In 25 areas, this has resulted in the establishment of commodity collection and marketing centers (CCMC) and the forging of 402 market linkages. CCMCs enabled CIG members to get a higher price for their products and thereby

⁴⁰ FEDEC Project Completion Report, June 2014.

contributing to increased income. A more rigorous investigation of markets and competition would increase resilience of the activities.

141. Despite IFAD portfolio's increasing emphasis on value chains development, the application of the approach is being designed and implemented in varying ways. MIDPCR and FEDEC piloted a value chain approach with conduct of a proper value chain analyses and engaging a suitably qualified partner which led to successful value chain interventions and market linkages. For other projects that assist micro-enterprises to access markets the approaches need to be refined to ensure at least basic market screening and risk assessments are conducted before projects support expansion or new activities.
142. A key result expected to be achieved through the VCD approach is employment generation. There is little data generated through the projects that relate to jobs created through MSME. MIDPCR reports that 75,009 wage employment positions were created through expanding businesses. FEDEC has noted positive increase in employment through MSME support, recording generation of 276,000 full-time jobs and 206,000 part-time jobs. FEDEC completion report shows that over a period of three years microenterprises increased employment by 13%; an average of 5.5 per enterprise, of which 1.75 were family members and 3.8 externally hired workers⁴¹.
143. Overall, provision of support for MSMEs has been effective across all projects, leading to increased productivity and profitability. MSME growth has been more broadly and sustainably achieved where an integrated approach has been adopted; combining support for harnessing productive resources, introducing improved production processes, increasing market orientation of production and access to finance. In projects where one or more of these elements was missing, a higher level of challenge was experienced.
144. **Microfinance.** IFAD portfolio has substantially contributed to the expansion of the microfinance sector across Bangladesh. Through the projects credit support has reached approximately 600,000 poor farmers and micro entrepreneurs that may not have otherwise been able to access credit funds for the growth of their income generating activities. A majority of the borrowers are women. The increased diversity of products and approaches has increased the effectiveness of credit to the diverse needs of rural households. The support for innovation, product diversification and the provision of training for PKSF and its MFIs has led to institutional and sector development.
145. Three microfinance projects with a major microcredit line (MFTSP, MFMSFP and FEDEC) along with three completed /ongoing projects contributed to the expansion of credit services and to support increased access to credit for their specific target groups. A separate microfinance component in SCBRMP provided increased access to credit in remote communities. MIDPCR and CDSP IV engaged PKSF MFIs to facilitate group formation and use their own credit funds to respond to group credit needs. The newly approved PACE project has a major focus on increasing credit availability for value chains but it is too early to assess its effectiveness.
146. *Increasing credit access for the poor.* MFTSP disbursed US\$17.837 million (out of total credit fund of US\$18.6 million) successfully demonstrating an overall increase in availability of credit for the poor in the project area. The credit plus training approach gave the targeted poor access to loan funds and skill development training, exposure to improved production technologies and linkages with service providers and markets. However, it proved to be of limited effectiveness as adoption rates for technology were low. With the ultra-poor constituting only 17% of group members, 11.6% of borrowers and 8.6% of disbursements, the PPA rated

⁴¹ The CPE cautions that there is no evidence of this figure being reported accurately. The number of employees at time of joining the project was not recorded to compare against any increase during the project.

MFTSP effectiveness of the credit activities as moderately effective.⁴²The CPE concurs that despite enhancement of credit availability through the MFTSP, the objective of improving credit availability for the ultra-poor in a sustained way was not fully achieved.

147. *Increasing credit access for small farmers.* MFMSFP was effective in its objective of increasing access to credit for marginal and small farmers in project areas.⁴³ It had an impressive achievement record at project completion (June 2011): an outreach of 208,868 members (99.5% of the target, 84% women) in 14,289 groups (at an average group size of 14.6); over 80% of the members borrowing and BDT 1,717 million (US\$25 million) in loans outstanding, mostly used for productive purposes. As a recognition IFAD received the distinctive 'Development Impact Honors' award from the United States Department of the Treasury for its MFMSFP with citation: 'In recognition of work to give 200,000 small-scale farmers in Bangladesh access to vital financial services.'
148. *Increasing credit access for the poor on a national scale.* FEDEC positively contributed to strengthening of the institutional capacity of PKSF and its partner MFIs to expand the scale of microenterprise credit nationally. Based on overall quantitative outreach to target groups and in terms of number of people trained the project is assessed as effective. In terms of outreach the project achieved five times its appraisal target. As at 31 March 2014, 160 MFIs, with more than 5000 branch offices in 64 districts reached out to 563,177 micro entrepreneurs (67% women)⁴⁴. PKSF's microenterprise portfolio of outstanding loans was BDT 6.67 billion (USD 87.5 million); the outstanding microenterprise portfolio of the 160 partner MFIs was BDT 25.82 billion (USD 338.9 million) Between 2008 and 2013 the share of microenterprise loans of PKSF via partner MFIs more than doubled from 10.2% to 22.6%⁴⁵.
149. *Expansion of credit opportunities through group lending.* In SCBRMP, the model of credit operation was different and proved that the given training and discipline, the local groups could self- generate substantial resources through regimented savings which could augment the credit capital for group members. The project was successful in forming 2,995 COs with 86,737 members, fully achieving the target for COs and 96% of the member enrolment target. The cumulative amount of loans from project credit funds to CO members was BDT 227.1 million, at a turnover rate of 2.5 of the credit fund. The source of credit was largely from project funds (64%) but 36% was generated from internal savings of the COs. At completion all the domains of the microfinance component were rated as satisfactory.⁴⁶ The CPE mission findings confirms that the Savings and Credit COs had been a critical success factor for the SCBRMP, supporting a wide range of income generating activities that would not have been possible without financial support.
150. *Diversification of loan products, Flexibility of credit modalities, Value chain support.* MFTSP, MFMSFP, SCBRMP and FEDEC piloted new credit modalities within the microfinance sector keeping in view the emerging needs of different groups of entrepreneurs. Although all were not successful, some managed to influence a major shift within the sector. Despite its overall moderate success, MFTSP generated a model for an ultra-poor lending program as an adjunct to the on-going PKSF programs that is still being implemented. It also introduced a seasonal credit pilot that was then successfully scaled up in MFMSFP.

⁴⁴ It should be noted that while 67% of loans for micro enterprises went to women this does not represent the number of women running enterprises. Many of the enterprises visited by the CPE, established and run by men, had received loans through women (mothers, sisters, etc.) .

⁴⁵ Project Completion Report - PCR p. 3

⁴⁶ Asia Pacific Portfolio Review 2012-13 (p. 18).

151. MFMSFP succeeded in introducing seasonal loans as an innovation to include small and marginal farmers among their target groups and also to adapt their lending terms to the seasonal cash flow of the farmers. In 2010-11, 53% of the loan portfolio disbursed by MFMSFP was with seasonal repayment (44% of group members compared with 12% of the control group, 2012). Value chain support commenced in MFTSP and was continued through MFMSFP, with a focus on production activities and technology development. FEDEC piloted value chain lending that was up-scaled in the PACE design. During the project FEDEC engaged a total of 39 POs to implement 44 value chain sub-projects with 15,382 microenterprises in 22 subsectors.
152. **Environment and Natural Resource Management (NRM).** The IFAD program in relation to the environment addresses some major environmental issues despite the fact most projects did not have explicit environmental objectives and there was no built in tracking of environmental results. However, few results were measured. Environmental-related investment in the portfolio has comprised of approximately 19% of the total investment. This investment includes mainly infrastructure that can be loosely considered to be related to climate change adaptation such as village protection walls, submersible roads and char infrastructure. In addition, the programme includes 2 grants to IRRI: Reducing risk from Arsenic contamination, and Support to Agricultural Research for Climate Change Adaptation in Bangladesh (see section VI.D on grants).
153. In the absence of specific objectives related to the environment in the two first country strategies (1999 and 2006) covered by the CPE , the effectiveness of the IFAD program in relation to the environment is assessed based on the extent to which the program considered these two aspects: (i) promotion of sustainable agriculture techniques, and, (ii) climate change adaptation. The project documents provided little quantitative data and targets on results to be achieved in relation to these objectives.
154. Sustainable agriculture. A fundamental requirement for effective agriculture is adequate soil and water. Most of the projects have included activities that support improvements in farm land and water management through soil testing, training and assistance for land development. Almost all project participants have received training in integrated pest management (IPM) technology which has contributed to reduced use of pesticides⁴⁷. NRM training increased the use of crop waste in producing mulch, for use as animal feed, fencing and for alternative fuel to firewood. In CDSP IV, agriculture training has included introduction of salt-resistant rice varieties in newly accreted lands and short-season rice in areas subject to flooding. Reduced use of chemical fertilizer has been promoted through the use of composting, planting of leguminous crops and other forms of soil enhancement. In SCBRMP, the construction of submersible dams has improved water management by holding back flood waters to allow for longer use in the area surrounding the dam.
155. Sustainable agriculture training introduced practices for intensive agriculture that involve securing the livestock in animal shelters and providing feedstuff rather than free grazing. SCBRMP extensive training on improved fisheries management helped protection of fish habitat through the establishment or re-excavation of fish sanctuaries in appropriate locations within the beels. In SCBRMP and in CDSP IV, tree planting, including swamp trees was encouraged for environmental protection, to stimulate habitat and for income generating purposes. The development of livestock and off-farm rural enterprises have a number of environmental implications, such as use of chemical materials, inputs, pesticide, applied technologies, residual management, recycling and use of natural resources such as

⁴⁷National Agricultural Technology Project (NATP) Impact Assessment Report, October 2014.

water and soil. The awareness raising on these issues and monitoring of remedial measures have been rather weak in project areas.

156. *Climate change adaptation.* The major emphasis on climate change adaptation has been in infrastructure development. This has included flood protection through the construction of village protection walls (VPW). Construction of submerged rural roads allowed access to more remote villages during dry season and are able to withstand being submerged for part of the year. Roads have also undergone environmental assessment and design changes in a way that they do not create artificial barriers for the flow of water, prevent flood surges and also allows for movement of fish during flood periods so that fish can reach breeding areas. In CDSP IV, newly accreted land has been protected and stabilized by installing embankments, sluice gates and drainage channels to manage water movement and to prevent salt water intrusion and loss of acceded soil. The area protected is expected to directly benefit 28,000 households. The project has also constructed cyclone shelters and livestock refuges (killas), protective tree belts, and other cyclone-resilient infrastructure to protect people and property from cyclones and other extreme weather events.
157. **Community development.** The community organizations supported by IFAD have been mainstreamed in the programme as an instrument of mobilization and outreach. Besides being a vehicle facilitating project implementation, they also demonstrated many intrinsic attributes and generated shared values and understanding among the beneficiaries. IFAD has been supporting community organizations and community development so that the poor and the excluded can be involved in the development process and improve their incomes and assets. A large part of the programme is implemented in a participatory way through various groups formed at the local levels and contributed towards programme goals and objectives. Over time these groups have attained an informal institutional character for collective productive and social work. Group-based community development in IFAD programmes has generally been innovative and very effective.
158. SCBRMP made an important contribution by introducing wide-scale community-based fisheries management by creation of BUGs, and securing fishing rights for 242 fishing grounds/beels. In rural infrastructure development the Labour Contracting Societies (LCS), formed with extreme and moderate poor households, have been involved in several projects (MIDPCR, SCBRMP, HILIP and CDSP IV). LCS take responsibility for building community roads and markets under the supervision of Local Government Engineering Department (LGED)⁴⁸. They get a wage (equivalent to going market rate) and a profit income (usually about 10% of the value of the work). The projects also contributed to the formation or reconstitution of Market Management Committees and their efficient performance training. MMCs overtime has achieved a local organizational standing and has a representative character.
159. Community organizations such as the Water Management Groups (WMGs), Common Interest Groups (CIGs), Tube well User Groups (TUGs) etc. are also formed for active participation in the construction, design and maintenance of roads, markets and other structures (irrigation, submergible etc.). The members of these groups are provided with training, credit or capital goods to help improve their livelihoods.
160. **Rural Infrastructure.** The infrastructures constructed in the project area are functional and are providing desired services. The roads are being used for travelling with ease, less time and to remote places, including to schools and health complexes and other nearby larger towns with more amenities including banking facilities. Improved access to market places are providing opportunity for

⁴⁸ Under CDSP IV, LCS are also employed by the BWDB and the DPHE in addition to the LGED.

selling and buying of produce and commodities efficiently, with less spillage and with competitive fair price. Provision of tube wells or other water points and support in sanitary latrines, in villages and markets, has created a great positive impact on health and hygiene of the rural population and has reduced the disease incidences.

161. The submerged roads in haor areas, in SCBRMP and HILIP, are effectively used in low lying areas during low water period and immediately after the water recedes. The submerged dams in SCBRMP are storing water in canals in dry season for use in agriculture and livestock rearing activities. The Village protection walls in haor areas in SCBRMP and HILIP are protecting the basic livelihood houses and other properties of the villagers. The sea dykes/ embankments in CDSP are protecting lives and agriculture in coastal areas against tidal surges. The cyclone shelters are effectively used by the villagers during the time of cyclone.
162. Six out the 10 projects were evaluated for effectiveness. Overall, the achievements of the portfolio is considered satisfactory (5) compared to the set objectives both in quantitative and qualitative terms. Ratings for effectiveness for each of the clusters of intervention are provided in Annex II.

B. Efficiency

163. Efficiency is a measure of the extent to which the projects utilized the allocated resources to achieve the planned results and how economically the resources and inputs (funds, expertise, time, etc.) are converted into results. Depending on the availability of data, the CPE applied a number of criteria for efficiency assessment of projects and programs: percentage disbursement of funding, achievement of physical targets, the economic rate of return (ERR) at design and completion, cost per beneficiary, time efficiency of delivery compared to schedule.
164. In general, projects have **disbursed close to funds allocated, within the assigned time period**, and the fund flow to the projects has been smooth. One exception, NATP, was extended for 21 months (from original September 2013 to June 2015), due to delay in start-up phase.
165. The average **time lapse** between loan approval and loan effectiveness was 6.2 months which is lower than the IFAD average of 10.7 months for ongoing projects and also lower than the regional average of 8.2 months for ongoing projects. The period between approval and the first disbursement is with 16.6 months slightly above the APR average of 15.7 months.
166. Time lapse for effectiveness had been minimal since for majority of the projects it was less than 6 months while for four projects it has widened from 9 to about 16 months. One key generic challenge was unusual delay in approval process of Government's development project proforma (DPP) and delay in project management unit (PMU) appointment and operation. Rapid turnover of key project staff within project period sometimes slowed down implementation process. As a common issue faced by the development partners, the DP Local Consultative Group has put this issue on the agenda for discussions/negotiations with the Government last year. Government has committed to stream-lining the process, but concrete actions are yet to be taken. If DPP approval is completed promptly and PMU is staffed with qualified project staff immediately following loan signing, the efficiency of projects would be enhanced substantially.
167. **Project management costs** for all IFAD projects covered by the CPE averaged 10% of total project costs. The three micro-finance projects implemented by PKSAF through POs have significantly lower percentage (3.3 %). Excluding these projects average project management cost goes up to 13.3%. SCBRMP stands out with a project management share of 21.4% at completion. For the five completed projects funds used for PMU at project completion were below its budgeted allocations.

168. **Cost per beneficiary HH** ranges significantly across the projects from US\$ 106 in MFTSP to US\$ 3 186 in CDSP IV, influenced by particular conditions of implementation of individual projects or programmes. Average cost stands at USD USD819 per beneficiary household or USD163 per individual beneficiary. If CDSP IV is excluded, average cost per beneficiary household is USD 337. High costs in CDSP IV are due to the challenging and remote location and consequently high costs for contractors and manufacturing costs for building roads, bridges and polders in the newly accreted lands.
169. Given the scope of households covered by the **MSME activities** (more than 2,000,000 based on micro credit and training activities), the investment of US\$ 139 per participant is acceptable. The actual cost per beneficiary varied across the projects, for example, MFTSP with US\$ 21.20 was the lowest with mostly microcredit activities. MIDPCR was one of the highest at USD 359 per participant. This was due to the investment in infrastructure and the intensive value chain support. Yet both reported higher than expected benefits. In MIDPCR the economic internal rate of return (EIRR) of the project was 18.1%, higher than the baseline value of 12.8%.⁴⁹ For FEDEC the estimated EIRR was 27%, again demonstrating a high efficiency.
170. Contributory factors to positive economic returns at the enterprise level include: use of borrowing for productive purposes; re-investment of income generated to build assets and business growth; local purchasing of inputs, stimulating the local economy; and employment generation. Moreover, the project mechanism through existing government institutions, PKSF and LGED has contributed to keeping project management costs low. Both organizations have demonstrated efficiency in implementation through good compliance with fiduciary and procurement requirements and for implementing activities in accordance with the proposed project schedule. Some delays were experienced in the VCD activities; however, this is to be expected with pilot activities.
171. The cost estimates for **infrastructure** works were prepared as per official schedule of rates (SOR) of implementing agencies (LGED, BWDB, etc.) Competitive tenders are invited and works are allotted to the preferred bidder. The estimated cost unit cost in SOR varies in different regions. It is higher in haor or coastal areas than in plain areas. The tendered value of contracts, has been in general close to the official estimated cost, with a 10% possible variance according to the season and competitiveness.
172. Except large package contracts for roads and large structures, many small contracts were offered to **Labour Contracting Societies (LCS)** formed by local community. In this way the local under-privileged community people get work and wage, as well as they share the profit from the LCS contract, and also benefit from the infrastructure itself. This is an efficient way of work implementation and empowering the poor in the community. However, the percentage of work carried out by the LCS still very low and the quality and efficiency of LCS works also depends on the level and quality of supervision of the supervising staff of LGED.
173. The introduction of **sustainable agriculture** including livestock practices has been cost effective because it has been integrated with other training programs related to agriculture intensification. This means that little or no additional costs have been incurred.
174. The SCBRMP completion report estimates that cumulative revenue from sales of fish during the project period from the supported beels was Bangladeshi Taka (BDT) 168.3 million against a total investment of BDT 74.57 million. This means that BUG members made a profit of BDT 93.73 million of which BDT 70 million has been distributed among members, showing that for fisheries there is a net gain and

⁴⁹ MIDPCR Completion Report, February 2014.

cost-efficiency in the project support. This aligns with the efficiency projections of 47% financial return on investment estimated at project design.

175. In terms of **climate change** infrastructure investment costs, the CPE investigated the extent to which climate proofing was cost-effective. The LGED representatives indicated that the village protection walls were expensive and the SCBRMP design estimated that the financial return on investment would only reach 8% for VPW. Similarly, the embankments in CDSP IV are a high cost infrastructure expenditure item. The costs for typhoon shelters are mitigated by the dual use function of the upper portion being used as a school. Little analysis has been carried out on the cost-benefit of investing in the flood protection works, although yet the expected economic gains from the protection of livelihood for 28,000 people are expected to be positive. Overall, the extent to which benefit has been achieved in environmental terms has had high costs and moderate benefits.
176. The investment in roads has been noted as part of climate change protection but there is no cost differential for roads constructed under climate-change related projects or in previous projects that were not termed as climate change related. Furthermore, the construction of bridges and drainage is also the same across different projects. Improvements for exceptional flood events had been considered but the costs were calculated to be too high so the construction has proceeded as per LGED standards. In summary
177. In **microfinance** all four projects were rated as efficient in terms of time required between IFAD Board approval and loan effectiveness, ranging from 3 months (FEDEC) to 7 months (MFTSP). All projects demonstrated high disbursement rates, ranging from 94.5% (MFTSP) to 97-98% in the other three projects. SCBRMP displayed disbursement rates of 96% of all funding but was extended twice. All projects complied with procurement and other fiduciary requirements. None of the projects has been noted as a problem project during implementation, indicated efficient implementation processes.
178. *Management costs.* There is some variation of management costs depending on the extent to which management is the responsibility of a Project Management Unit (PMU) or where PKSF is the fund manager and implementing agency (as in MFTSP, MFMSFP and FEDEC). The PKSF approach through partner MFIs was more cost-effective with PKSF absorbing part of the management costs from its own resources. The SCBRMP PMU approach absorbed a high proportion of officer time with the intensive support required so was less than efficient. All four projects are also efficient in terms of high recovery rates and mobilization of savings.
179. *MFI/Savings and credit group's institutional viability.* As at 31 March 2014, the cumulative recovery rate of loans by PKSF to partner MFIs and of MFIs to micro-entrepreneurs was 98.5% and 99%, respectively, demonstrating a high level of institutional viability, assuming effective management. The FEDEC loans have reportedly benefited the targeted microenterprises, but also others in the value chains without incurring additional cost, adding value to project investments. On the other hand, the number of value chains supported was lower than expected and job creation from the enterprises was below target so these gaps in performance balance the gains in efficiency.
180. *Costs per participant.* The cost per project participant over project period for MFTSP was calculated at US\$23 per borrower and the same for MFMSFP was US\$14.20. The cost per project participant for the MIDPCR for the on-lending component was about US\$10 per borrower⁵⁰ because the coverage was high (208,868 borrowers) and the credit funds were provided through PKSF's normal financing mechanism with the partner MFIs. The direct cost per project participant for the microfinance component of the SCBRMP was US\$0.05 per participant

⁵⁰ MIDPCR Project Completion Report US\$5.6 million / 57,951 beneficiaries.

because the group formation was a general cost under group mobilization and the credit was micro-level and supplemented through the group savings. The FEDEC cost per borrower was \$91, again due to the support provided to the 560,000 borrowers.

181. Overall, the program objectives in microfinance have been achieved in an efficient manner with low management overheads and a relatively low cost per borrower, with some exceptions. The high cost- efficiency is largely due to capitalizing on the experiences and resources of PKSf as well as its POs with extensive rural and urban linkages, organizational networks and infrastructure.
182. To summarize six out of the ten projects rated were evaluated for efficiency. All six projects were rated as satisfactory. Overall, the CPE assesses efficiency of the portfolio as satisfactory (5).

C. Rural Poverty Impact

183. Measuring portfolio impact is usually beset with limited availability of quality and appropriate data, adequacy of monitoring system information and the rigor of impact surveys done at different times of the project life cycle. In Bangladesh, despite this limitation, overall the portfolio under review demonstrated having a positive contribution to rural poverty alleviation, in particular with respect to increases in rural household income and assets in project areas, as well as improvements in productivity. Alongside income and productivity increase, the portfolio is also contributing to the building/ strengthening of social capital and empowerment of the beneficiary target groups and in particular to the promotion of gender equality and women empowerment. While the overall trend in all dimensions is positive, it is important to remember that poverty and income is impacted by a multiplicity of factors beyond the project interventions.
184. **Household Income and Assets**
Analysis of PPAs, project completion reports and mid-term household surveys demonstrate that the projects across the portfolio had a significant **positive impact on household incomes** in the project areas compared to the non-project areas. *This* was generated, in particular, from on-farm activities facilitated by the combination of microcredit/seasonal agricultural credit, adoption of improved production and management techniques, marketing support linking with supply/value chain, and infrastructure development.
185. In NATP household net income increased up to 159% from 47% in the case of marginal farmers, 31% for small farmers and 23% for medium farmers in excess of the baseline, depending on the farm type and the per capita annual income of the CIG members was 17% higher than non-CIG members. NATP introduction of seedless high yielding lemon for example have increased income of small farmers significantly in Delduar upazila of Tangail district. Many small farmers are now engaged in commercial production of seedless lemon. In CDSP IV by 2014, household annual income had increased about 50% with the major contribution from field crops (128%), pond aquaculture (286%), homestead gardening (147%) and poultry rearing (341%)⁵¹
186. Access to credit, connected to agriculture activities and/or small scale enterprise development has also made an important contribution to increases in income and productive asset generation for the rural poor. The outcomes study of the MFMSFP⁵² indicated that the income of member households went up from BDT 111,692 to 181,566 per annum, which is a 63% increase in nominal terms, while household expenditure increased from BDT 100,028 to 152,556 per annum (53 % increase)⁵³. Minimal increase in physical assets was reported but an improvement

⁵¹ CDSP IV Project-level Self-Assessment, 18 September 2014.

⁵² Nielsen Company, 2012. Impact Study.

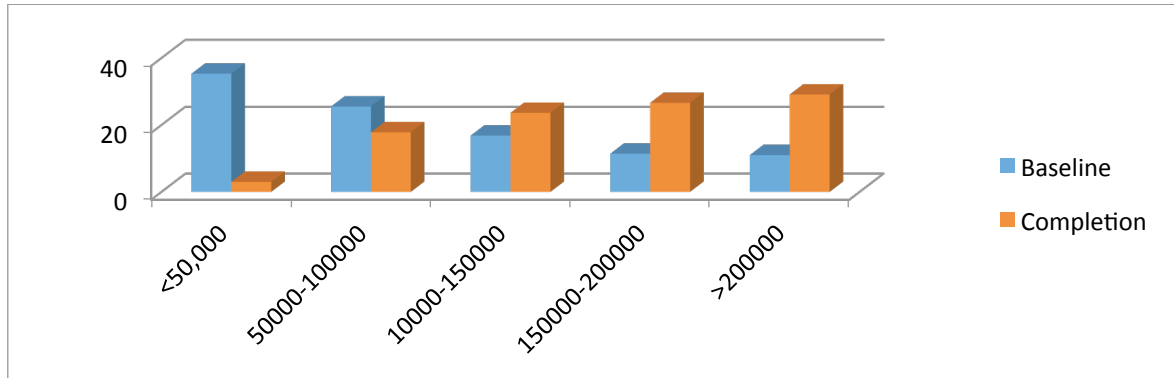
⁵³ It should be cautioned that there are some questions on the reliability of these data and analysis (IFAD IOE, Project Performance Assessment, Feb 2014).

in house condition (24%) and an increase in savings of 58% from BDT 7,673 to 12,128 from both compulsory and voluntary savings.

187. The MIDPCR completion report provides data on increases in beneficiaries income, with clear shift from baseline to completion in number of people who moved from less than BDT50, 000 per annum to higher income levels (see Figure 3 below)

Figure 3

MIDPCR Income generation Movement from baseline to completion



Source: MIDPCR Project Completion Report February 2014, p15

188. In FEDEC, the end of project outcome survey results showed that on average, the nominal increase in net income for a two year period (mid-term to end of project) was 34%. The study demonstrates that there is some asset growth in terms of productive investment in stock and other business assets. Other outcomes include an improvement in personal assets, a reduction in indebtedness and an improvement in health and education. The generation of employment has an impact on household income. In FEDEC total employment increased from 2,248 in 2009 to 2,809 in March 2014.
189. In some cases, particularly in more remote areas like haors and chars, a part of the increase appears to have been derived from wages paid for employment in project-related construction (LCS), which may not be sustained after project completion. Positive impact on household assets of poor people has also been recognized.
190. Enhanced control and access to natural resources, combined with better management has resulted in substantial increases in household income and assets for the beneficiaries. In the Haor areas, improving access to the beels through leases shifted the resources to the poor households. Moreover, upkeep of the sanctuaries are leading to increased fish numbers through regeneration. The BUG members work together to manage and improve the beel resources, resulting in increased production and sales, improved marketing by the BUGs, seeking better price by holding fish auctions. In SCBRMP, a study of the Beel User Groups (BUG)⁵⁴ showed that average income from fishing had increased by 180% during the project period.⁵⁵ A further study undertaken by the The World Fish Centre which studied 125 BUG households over 10 years (2004-2008-2010-2012-2014) supported by SCBRMP found that the (absolute) income of the BUG households increased 3 times from the base year. However, this cannot be entirely attributed to SCBRMP because income from non-fishing sources also increased during the same periods of observation.
191. Irrigation infrastructure has also contributed to increase in income e.g. submersible dams in channels and under-ground irrigation led to an intensification and

⁵⁴ There are approximately 100 members per beel and 293 beels supported through the project.

⁵⁵ SCBRMP Project Completion Report June 2014.

diversification in agriculture in the neighbouring areas. However, because of limited number of such structures, the impact was not as extensive as for the *beels*. The resource improvements have contributed a main household income stream for some households (fisheries, livestock and agriculture intensification) and supplementary income for other households. For example planting of fruit trees produced fruit for sale, the swamp trees contributed to fish increases and timber trees along embankments, all have generated additional income for the forestry groups.

192. With regard to assets, there has been **increased diversification of capital assets** like purchase of lands, livestock, cultivation in leased lands, increased stock holding and mechanization in small scale businesses. In MFTSP, household assets improved over the project period. Compared to the baseline (2005) in the final 2011 follow up survey, the number of households with electricity increased from 36.7% to 59.9% , ownership of television ownership increased from 21% to 36.9% , that of refrigerator increased from 1.4% to 6.1% and motorbike increased from 0.7% to 5.1%.

193. The CPE rates impact in this domain as satisfactory (5).

Human and social capital and people's empowerment

194. All projects of the portfolio contributed substantially in enhancing social capital and empowerment among its beneficiaries. Projects followed a group approach for service delivery through formation of beneficiary/ common interest groups which proved to be an effective way for achieving sustainable results. Organizing groups involving targeted members encouraged formation of informal institutions which promoted social capital and cohesiveness among members and contributed towards empowerment. Formation of groups facilitated shared understanding of problems and helped address common challenges and issues by the community.
195. The most effective utilization of such social groups was in *training and skill building* in all of the projects. For example the MMFSP, formed 14,289 groups and each group was provided with various training (crop, non-crop, social development). The outcome survey found that 77% of men and 88% of women respondents considered the social development training useful which covered issues such as sanitation, child health, education, child marriage and women's rights. In SCBRMP 84,091 CO members were trained in S&C management and also in life skills. The MIDPCR training also built skills in credit management, life skills and also provided skills on technology and construction training for the LCS. From field level feedback during CPE mission, beneficiaries reconfirmed the gains from these group-oriented institutional approach. Increase in household income resulted in better food, housing, health and education.
196. In terms of empowerment, a major impact of the portfolio has been on women⁵⁶. A high proportion of women borrowers are supported through each project. The impact of women earning their own income and that they can contribute to household income had a powerful effect on gender relations. In general, women and men met during the CPE clearly articulated the benefits of women being able to take decisions on the use of her funds and that it raised her status within the household. In addition to the economic independence, the group formation increased the opportunity for women to take leadership roles within their communities. In MIDPCR, women's representation in the Market Management Committees and establishing a space for women in the market areas enabled more women to integrate themselves in small trading and encouraged more women customers to visit these markets.

⁵⁶ Section IV.D of this report, dedicated to achievements on gender equality and gender empowerment, provides further information in this regard.

197. BUGs deserve particular attention as a successful example of well performing informal institution supported by the programme. For the BUGs securing the *beel* leases proved to have a far reaching impact in terms of empowering local fisher people to understand that they have a right to the resources in their area and a responsibility to protect the resources. BUG members met during the CPE mission demonstrated increased knowledge of their *beels*, the species present, the habitat and practices required to protect the fish and how to fish in a way that will both increase their catch and protect the resources for the future. The BUGs leadership has also become active in lobbying for their fishing rights. The World Fish study of 125 BUG members over 2004-2014 period confirmed that 90% of them held membership in this institution for the entire and participated in most activities. The strength and sustainability of BUGs seem to be reasonably secured.
198. Overall, the impact in this domain is assessed as satisfactory(5)

Food security and agricultural productivity.

199. Introduction of new production technologies/practices by the projects has significantly increased food availability and thereby increased food security and reduced malnutrition scenario among beneficiary HHs. For example, MIDPCR impact assessment reported malnutrition in the project area dropped from 16% at baseline to 8% at completion. As per SCBRMP survey report, malnutrition dropped from 56.7% to 39.8% and households with no food shortage increased from 20% to 37.2%. All these achievements were possible through enhancing productivity and increased HH income mainly from on-farm activities and increased wage from employment. In addition a grant implemented by World Fish focused on promotion highly nutritious small indigenous species of fish in water bodies (see section VI D on grants). An analysis of impact surveys and project completion reports confirm that the project interventions in agriculture as a whole has contributed to improve food security and agricultural productivity specifically in the vulnerable haor basins and char land areas of the country. However, for the very poor, the benefit in terms of food security is less clear. SCBRMP recorded a slight increase in the number people no longer experiencing hungry seasons from 27.6% to 30.7% which indicates that further attention and work is required to ensure food security for the very poor.
200. In NATP, HILIP, and SCBRMP, the improved production technologies introduced contributed to increased productivity and cropping intensity. In NATP the 1.2 million farmers adopting modern production technologies increased productivity from 14% to 52% for crops, 54% to 65% for livestock and 60% to 76% for fisheries.⁵⁷ However, in SCBRMP there was a drop of agricultural activities (farming, livestock and poultry) compared to baseline at mid-term which requires further investigation. The other issue requiring some investigation is the extent to which the increase in revenues accruing from fish sales to BUGs came from increase in fish prices and beel productivity.
201. Activities related to environmental protection also positively impacted agricultural productivity and food security. The improved stability of the agricultural land on the *chars*, soil improvements, improved water availability through irrigation, the introduction on short season rice varieties and growth of fodder for livestock has helped to diversify and increase agricultural production. The advance for fisheries production in the northwest has been substantial, both in terms of improving local food supply and in commercial fisheries production.
202. The contribution of the MSME sector to agriculture production and food security has been considerable because of a strong focus on agriculture as a business. With the introduction of seasonal credit in CDSP IV, cropping intensity has increased by 33%, productivity by 11%. Vegetable and poultry production rate has increased by

⁵⁷ NATP Impact Assessment Study.

33% and 148% respectively which contributed to improved household food intake as well as quantity and diversity of food from the income generated.

203. Enhanced access to microcredit also had an impact on increased food security at the household level. Across the various projects where credit is available, there is evidence that the loan funds were extensively used to support small scale agricultural production, a strong contributor to food security. In the MFTSP 59% of loans were used in the livestock and poultry sector. In CDSPIV, the women's groups also used loans for livestock and home gardening where the surplus is sold at the local markets. In MIDPCR, the credit via PKSF for value chain production was used for fish and vegetable production. In MFSMFP the end of project study indicated that 69% of project participants reported having a surplus of food compared to 56% in the control group.
204. Overall, the portfolio has made an important contribution to improving food security and agricultural productivity. This impact domain is rated as satisfactory (5) by this CPE.

Natural resources, the environment and climate change

205. There has been substantial improvement of natural resources in beels and chars. The activities of the SCBRMP were cognizant of the proximity to the Ramsar-designated protected area and have supported efforts of the local communities to be involved in the protection of their local environment e.g. through the appointment of guards to prevent resource exploitation. The investment in the establishment of fish sanctuaries also allows regeneration of wider biodiversity that increases the environmental value of the Ramsar wetland. The increase in rare species signals the reinstatement of complex biodiversity connections within the biota of the beels and haors. The water bodies have now partly been used for integration with crop production as well as planting swamp forest along the sides which offers improved ecosystems for various animals including migratory birds.
206. Waste management practices have improved sanitary conditions in fragile areas through the use of pit latrines and reduced the inflow of effluent into waterways. Conversely, in areas where there are public markets, intensive livestock or increased enterprise activities, there was evidence of increased flow of effluent and waste into adjacent fishponds. In NATP, biogas units have been trialled, re-using effluent from livestock and resulting in an estimated savings in use of fuel wood of 1.5-2 tonnes per year. Portable biogas will be piloted under CALIP.
207. Each project has promoted the use of pheromone traps and other IPM practices such as composting to reduce use of chemical pesticides and chemical fertilizer. Reduction of contaminants in farming contributes to improved water quality and reduced eutrophication of waterways. No measurement of water quality has been taken but the known science indicates that reduced levels of nitrogen, phosphorus and chemical contaminants will result in healthier aquatic and bird life. This in turn reduces the environmental impact of farming on the natural biodiversity of the local environment.
208. There has been no quantification of the balance between the gains achieved in areas where there has been a reduction in fertiliser use, with the area that has an increase in fertiliser use through increased application of inputs. This emphasises the need to combine training on increasing production with sound environmental agricultural practices to ensure that there is no net loss of environmental benefit.
209. On climate change adaptation major emphasis through the portfolio has been in infrastructure development (see effectiveness). The 2012 COSOP introduces an explicit focus on the environment. An Environmental and Climate Change Assessment was carried out as an input to the preparation of the COSOP, with a specific objective aiming at making livelihoods of poor people in vulnerable areas better adapted to climate change. The target is that approximately 8 million

people will benefit **from climate-smart infrastructure** under the strategy. The two more recent projects approved (CCRIP and CALIP) have specific objectives addressing climate change effects, including infrastructure, as well information tools and technologies for small holders to help them build their resilience to climate change.

210. Given the opposing impacts of environmental improvements with deterioration, the impact of the program on the environment and natural resources is rated as moderately satisfactory(4).

Institutions and policies

211. In implementing the portfolio a plethora of community organizations and groups were formed by projects at the local levels (see para 66-69) .Over time these groups have attained a quasi-institutional character for collective economic or productive work. These rural institutions have been a practical instrument for mobilization and participation of targeted beneficiaries. However, beyond the project period a large majority of them are losing esteem due to lack of links with other local development partners or activities... So far most of them operated on their own with project support with no informal or formal links with the local government or development agencies working at the local level. Sustainability and better leveraging the strengths of these institutions, need follow up and careful consideration. Certain groups would move to the next level of institutional legitimacy through government registration (BUGs, WMGs) and others need to be linked to follow up activities either under other projects or through government's or non-government programmes.
212. The programme has succeeded in moving some issues at higher institutional levels such as land titling, access to water bodies and market management. Through CDSP IV very poor and landless households are provided with secure land titles (in the name of both wife and husband). This process has been an initiative with the support of the Government of the Netherlands and is being continued in new char areas. On the other hand, in SCBRMO in the north, the policy gains through the issuance of beel leases to the BUGs through the LGED has been positive but is not yet secure as leases will expire in 2019 with no guarantee of continuation. More policy work at the ministry and legislative levels is required through HILIP-CALIP to ensure that the gains are sustained. MIDPCR has ensured the proper implementation of the respective government regulation in instituting Market Management Committees (MMCs) and strengthen their operational and management capacity.
213. In the MSME sector, IFAD's partnership with the Palli Karma Sahayak Foundation (PKSF) has been the major avenue for institutional building. Through the implementation of the portfolio (MFTSP, MSMFMP, FEDEC and the newly approved PACE), PKSF has gained a strong experience in microfinance for the poor, provision of technical assistance, MSME development practices and the pilots in VCD and VCS. The capacity building of PKSF partner organisations have been the main avenue for institution building but this has been an incidental benefit of the portfolio rather than a proactive approach to strengthening the PO capacity as a sustainability mechanism. There have not been resources specifically allocated to institution building and policy interventions for MSMEs apart from in micro credit, despite the challenges to MSME growth in the policy environment.
214. In the Microfinance sector through the IFAD portfolio, the PKSF have expanded its outreach and the range of products and activities. During key informant interviews with the CPE team, PKSF indicated that the opportunity provided by the projects to trial innovations has been essential to institutional growth. However the PPA of MFTSP and the PCR of FEDEC were cautious in attributing any large-scale influence of the IFAD portfolio on financing policies, product development and approaches. The reports also noted that an overwhelming majority of micro-enterprises has

remained small in scale using small amounts of credit, unpaid family labour and poor record-keeping, resulting in unreliable information about sales, revenues and profits. In this respect, there seems to be an indication that there is more work to do on improving the growth potential of microenterprises and thus the market for microfinance. The design for PACE is addressing this to an extent. PACE specifically includes provisions for PO training and Policy dialogue: the outputs of Component 2 include among others: strengthen capacity of PKSf and POs to manage large-scale value chain subprojects; enhance capacity of PKSf and POs to identify, advocate and strengthen pro-poor business policies, especially sector specific policies. There has been little direct benefit on institutions and policies in relation to environmental benefits. However, there have been initiatives that are related to resource management improvement practices and these have the potential for wider impact on the environment in Bangladesh. The partnership between the IFAD projects and World Fish with the BUGs has generated knowledge on best practice in fisheries management within the beels. Generation of high quality data on fish species and incidence is of wider benefit to the fisheries sector in Bangladesh and worldwide.

215. PKSf has developed trainings on environmental and regulatory issues, distributed guidelines on Environment, Health and Safety, and has conducted an environmental audit to assess compliance of microenterprises with the guidelines and to further improve them. These include instructions for small and medium enterprises on reducing environmental pollution, creating good work environments, ensuring security and safety in the workplace and preventing child labour. However, these guidelines are not yet evident in the marketplaces visited during the CPE and there was little recognition of the potential negative impact of increasing enterprise scale through investment in value chain activities. The FEDEC PCR noted the gap in application of the policies and recommended "continued effort in environmental protection and work safety while working in the micro-enterprise development".
209. Overall, in institutions and policies, some moderate gains have been achieved through the program but the impact is still tentative and not fully secured in a number of instances. Hence, the program is rated as moderately satisfactory (4).

D. Sustainability

The assessment of sustainability looks at the likely continuation of net benefits from IFAD-supported interventions beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.

216. At project level, the IFAD-supported programme in Bangladesh incorporates a number of important instruments to strengthen prospects for sustainability, including exit strategies and ensuring mainstreaming into operations of successful institutions or being scaled up by other projects. Exit and sustainability strategies define several mechanisms to ensure benefits are sustained such as e.g. strengthening field level organizations such as market management committees, linking beneficiaries to existing structures/services providers such as microfinance NGOs, and defining procedures for maintenance of infrastructure. All projects have sustainability and exit strategies that are reviewed and discussed by IFAD supervision missions.
217. Several projects have been either mainstreamed into regular programs or scaled up. FEDEC is fully sustainable as its financial interventions have been mainstreamed into PKSf's loan operations. Its value chain activities are being scaled by the new PACE project. SCBRMP's recently created Beel User Groups (BUG) will be monitored under HILIP, and CCRIP is building on the capacities and structures developed by MIDPCR. In addition to FEDEC, activities piloted under MFMSFP and MFTSP are fully mainstreamed into PKSf regular operations. The

SCBRMP BUG-approach is not only being scaled up by HILIP but also by the JICA funded haor development project.

218. Key additional factors which re-enforce sustainability include (a) continuous ownership of various initiatives by the Government of Bangladesh and other stakeholders, (b) strong political support at various levels, including local MPs, Ministries, Line-departments and Local Administrations; and (c) overall sufficient flow of financial resources in order to carry out activities post-project closure.
219. Notwithstanding strong sustainability mechanisms in the projects and good level of government ownership, sustainability prospects in the various areas supported is mixed.
220. **Rural infrastructure.** The maintenance of project constructed infrastructure, mainly roads and markets, is included in the maintenance inventory of LGED. However, it is observed in the field that maintenance of earlier completed projects -dependent on regular maintenance from Government revenue- are not always properly attended and therefore its sustainability may be at risk. Limited Government revenue budget for O&M is a major constraint to infrastructure sustainability.
221. **Community organizations.** Ensuring sustainability and better leveraging the strengths of these institutions needs follow up and careful consideration. Certain of these groups would move to the next level of legitimacy through registration (BUGs, WMGs) and others need to be linked to follow up activities either under other projects or through government's regular programme. In the area of group-based development in community fisheries, the BUGs need special care and support by HILIP to ensure that their rights for fishing continue beyond the current cut-off date of 2019. The BUGs retained access to fishing grounds throughout the programme period and derived benefits on a continuous basis. However, at the moment there is no guarantee that these groups will continue do derive these benefits after the project is over. Neither SCBRMP nor the successor HILIP could develop formal, registered institutions.
222. The organizations supported by the programme need stronger linkages with the local government and development administration machineries. So far most of them are operating on their own with project support with no informal or formal links with the local government or development agencies working at the local level.
223. While introduction of community fishing in Sunamganj and giving access rights to the BUGs remain as major successes of SCBRMP, sustainability issues remain a major concern for HILIP in the longer run. The BUGs need special care and support by HILIP to ensure that their rights for fishing continue beyond the current cut-off date of 2019. The uniqueness of IFAD supported community fisheries hinges very much on the sustainability fishing rights as very few fishing grounds under community fisheries has attained this in Bangladesh.
224. Market Management Committees are in principle sustainable institutions as they have legal responsibility for market management (formed following government rules) , and are likely to function after project completion provided government continues to support them.
225. WMCAs are a common approach and well established in the country. However, their sustainability depends on the support they would receive from the Water Development Boards and LGED and on the extent of their registration. In PSSWRSP, the partnership between the beneficiaries, local development services and the local government is not yet developed. Sustainability of the project requires this partnership is well established.
226. **Rural finance.** The sustainability of the IFAD-supported microfinance activities in Bangladesh depends on a large degree on three key elements. The first is the

policy framework which at present is positive given the focus of the GOVERNMENT on increasing access to finance and the work of the MRA. The second is the continuation of PKSF as the umbrella organisation supporting the MFIs with training, access to funds and sector innovation. The third is the institutional health of the partner MFIs. The sustainability of PKSF is secure at present, given its history and weight in the microfinance sector of Bangladesh as its apex fund. Currently MFIs are highly subsidized⁵⁸ and some of them might not be sustained, but others will emerge. The training and support provided by PKSF will assist in strengthening the MFI partners. At the institutional level, the sustainability of the microfinance sector is therefore highly likely. There is a strong demand for continued access to microfinance and PKSF is efficient in delivering those services through its partners.

227. On the other hand, the work with the S&C societies has not been sustained. The gains achieved have not had an institutional framework to support their continued operation. The sustainability of activities in the groups is not assured due to the diversity in capability. In SCR BMP the continuation of savings and lending activities of the COs was expected to occur following graduation. In reality, the support through the LGED has disappeared and the CPE found that many of the groups have dispersed the available savings amongst their members and disbanded. The structure in the PSSWRMP may be more stable given that the groups are connected into the cooperatives support structure.
228. **Enterprise Development, Access to Markets and Value Chains.** Micro-enterprises supported are likely to be sustained as business experience is developed and income generated is re-invested into achieving further growth. On the other hand, there are risks to sustainability for larger scale activities. While focus of the portfolio has turned to commercial agriculture, supply chain development and VCD, there has been insufficient analysis of market capacity, competition, market share and price sensitivities. At a small scale, the risks of reduced market share or profit, excess supply and declining prices can be absorbed and micro entrepreneurs can quickly change production. With larger volumes this is less easily managed and can lead to substantial losses; losing the gains achieved.
229. In addition, institutional support is not strong for MSMEs. The MIDPCR Completion report identified that the new enterprises commenced through the VCD approach were still in early stages and that with the withdrawal of the International Development Enterprise (IDE) support, there is no other support mechanism for the micro entrepreneurs such as cooperatives, local chambers of commerce, business sector associations or leading private companies. In a mature market, these actors have an important role in providing business services when required. Lack of the services leaves a support vacuum that can affect sustainability of new enterprises.
230. Finally, long term feasibility of infrastructure needs consideration. The construction of access and market infrastructure is capital intensive. In areas where there is an improvement in road infrastructure, the benefits are substantial. However, continued benefits rely on effective road maintenance. The Local Government has limited funds for infrastructure and it is likely that the condition of roads will deteriorate.
231. **Agriculture production.** Prospects of sustainability are good supported by the profitability of disseminated technologies by the projects (e.g. high yielding rice varieties, crop intensification, mini-hatcheries), increases in agriculture productivity in the project areas, strong market demands of the commodities produced, and sustained access to development inputs (finance, technical services, technologies).

⁵⁸ Many MFIs do not cover their operational cost (measured as Operational Self-Sufficiency- OSS), or their financial self-reliance (measured as Financial Self Sufficiency - FSS).

The provision of technology support post-project is expected to continue through line departments (DAE, DoF), and in partnership with research institutions such as IRRI, BARI and BRRI. On-farm activities practiced during project are likely to be continued after project completion.

232. **Environment.** The environmental gains that have been achieved in the IFAD-Government country program in the last ten years have varied degrees of sustainability. The work in the chars to protect accreted land is likely to be sustained because the commitment of the government to maintenance of the embankments is strong and the implications of not adequately maintaining the protections of the new farm lands would result in a severe negative impact on a large population. In the haors, maintenance of submersible roads and dams is likely to be supported through the LGED. However, there is a risk that, with a major typhoon, the investment costs required to repair major damage would not be available and would lead to infrastructure not being replaced.
233. The gains in fisheries management have been substantial but the sustainability of these gains is in doubt. There is fierce competition for access to fisheries and high risk of over-exploitation in case the BUGs cease to have control and responsibility for the protection of the beel resources (see sustainability of BUGs earlier in this section). In agriculture, some gains have been achieved through improved practices and some will continue at the farm level, however, the rate of intensification of agriculture and enterprises are likely to contribute to continued environmental degradation, cancelling out the benefits achieved and resulting in an overall worsening of the environmental condition in the project areas.
234. **Overall,** despite adequate sustainability mechanisms introduced in the projects and good level of government ownership, the scope for sustainability in several areas supported by the programme is limited. Sustainability is rated moderately satisfactory (4).

E. Innovation and Scaling-up

235. The promotion and scaling up of successful innovations have received strong attention in the IFAD-supported programme in Bangladesh. A number of important **innovations** have been introduced during design, but also developed during implementation in several areas, including agriculture technologies, microfinance, natural resource management and value chain development.
236. Financed with grants, IFAD working with partners has supported successful innovations related to **agriculture technologies** and farming systems such as e.g: mitigation approaches to arsenic contamination (IRRI); climate change resilient technologies, including the introduction of new seed varieties, and building the capacity of small-scale and marginal farmers in coastal saline areas to adapt to the adverse effects of climate change (IRRI); and exploring the potential of small fish species to improve human nutrition⁵⁹ (World Fish). Other innovations relate to technical agriculture solutions such as sand-based mini hatcheries, and cage fish culture new to the project areas. From an institutional perspective, the provision of coordinated extension services for crops, livestock and aquaculture from a single point (FIAC) to small farmers under NATP also needs to be acknowledge as an important innovation. Moreover, several agricultural technologies trialled within projects and have now been expanded to many parts of the country. The link between MSME and farming as a business has capitalised on the opportunities within Bangladesh for high value crop farming. New practices for more intensive farming on small plots and short season varieties have been

⁵⁹ Raising the nutrient-rich small fish, mola, in the 4 million small, seasonal ponds in Bangladesh has the potential to meet the annual recommended vitamin A intake for over 6 million children.

innovative in terms of linking to market demand for off-season vegetables, a wider market variety and organic agriculture.

237. There have been four main areas of innovation trialled in the **microfinance portfolio**. These include the (i) focus on the ultra-poor, (ii) agricultural (seasonal lending), (iii) combined credit and business development services, and (iv) lending to value chain pilots. In the micro credit sector, the MFMSF expanded financial services to marginal and small farmers at a time when Bangladesh microfinance sector was not targeting marginal and small farmers directly. IFAD has supported PKSF in the process of introducing incremental innovations and in mainstreaming and consolidating non-financial services activities within its activities. The approach to value chain lending is still in its infancy and carries a range of risks such as over-extension of loan funds with larger financial requirements, higher risk exposure with new product lines, amongst others. The emphasis of SCRBMP' microfinance component on self-managed savings-led local institutions delivering both savings and credit services was also an innovation and in operational terms was successful (36% of the total amount of credit disbursed under SCRBMP came from internal savings of the COsI. This is a valuable lesson in regard to the potential of rural financial intermediation that has not been sustained).
238. The innovativeness of IFAD programme on **community-based resource management** can be found in SCBRMP in two areas. First innovativeness can be found in developing community organizations and community fisheries in difficult areas such as in the haors. Fishing rights of the BUG members were established and community fisheries implemented in an area where the beels used to be controlled by very powerful people. Other projects aiming to implement community fisheries faced an uphill task of establishing the rights of the fishers in less conflict-prone areas. Obviously this was successful for many factors but the role of effective, empowered BUGs cannot be underestimated and this is the second innovative factor. The BUGs are created and supported by the project and not by the NGOs. In other community fisheries projects such as the Fourth Fisheries Project or CBFM, NGOs were hired to mobilize the fishers. This aspect of the SCBRMP has hardly been noticed and not intensively analysed and documented. Unless this is done, the replicability and scaling up of this approach will become limited.
239. Small **value chain pilots** in MIDPCR and FEDEC have helped a number of POs learn the principles of market development and later, to expand market development activities of their own with the support of PKSF. The value chain interventions have taken producers into new activities that they have not previously been engaged in. As previously noted, not all of these have been successful but overall the innovations have been appropriate. Value chain strengthening activities are being scaled up in the design of PACE.
240. In **infrastructure**, in the Sunamganj haor area, SCBRMP has designed and built innovative structures such as submersible dams that create a series of canal lakes where water is retained and used for dry season water and irrigation, and submersible roads. In most cases of infrastructure development, mainly the construction and maintenance of village roads, IFAD projects have used "Labour Contracting Societies", an institution with strong poverty and gender focus aimed at ensuring employment generation mainly for destitute women. While the use of LCSs has not been introduced specifically by IFAD, the fund has put special emphasis on this institution and ensured its wider presence in the programmes it finances in Bangladesh.
241. The more recent portfolio is attempting to continue creating space for innovations (and future opportunities for scaling up); for example, PACE will pilot new loan products and support the dissemination of new technologies and CALIP will pilot climate change adaptation activities.

Scaling up

242. There has been a deliberate pursuit and many examples of scaling up in the program. Both the 2006 and the 2012 COSOP recognize adoption and scale of successful innovations as a strategic priority. The most recent COSOP in 2012 includes an explicit strategy for pursuing scaling up of impact. This is a relevant approach to extend the reach and benefits of IFAD projects as widely as possible within the context of the vast rural poor population in Bangladesh.
243. IFAD scaling up agenda in Bangladesh is being pursued through various approaches including scaling up of IFAD's successes by other financiers (Government, private sector, NOGs and donors), and also scaling up with IFAD resources, both through the continuation of previous IFAD experiences, as well as scaling up of others successes. A number of important scaling up examples are provided in box 1.

Box 1

Examples of scaling-up in the Bangladesh Portfolio.

- Innovations in small-scale infrastructure (e.g. community based management of fishery resources, block roads and LCS approach) introduced by SCBRMP. Scaling-up is currently carried out by a follow on project i.e. HILIP, expanding the SCBRMP area from 1 to 5 districts in the Haor region. Moreover, JICA is also scaling up the SCBRMP approach into the new Haor Flood Management and Livelihood Improvement Project.
- Market infrastructure focus introduced in MIDPCR is being scaled up in CCRIP through USD 150M project with ASDB and KFW in a collaborative co-financing approach, whereby each agency supports sectors of their comparative advantage, e.g. IFAD finances community roads and markets plus market management.
- Microfinance innovations introduced by MFMSFP have been scaled up nationally by PKSF. Agricultural/livestock innovations in MFTSP and MFMSFP have led to the creation of a special unit in PKSF to continue these activities with their own funds;
- Innovations in micro-enterprise and value chain financing introduced in FEDEC are now being scaled up under the new project PACE.
- The National Agriculture Technology Programme (NATP2) will build on and scale up achievements from NATP. NATP2 will scale up horizontally and expand current activities to reach a greater number of beneficiaries. As its predecessor, NATP2 will be jointly funded by WB (USD150 million), IFAD (USD23.8 million) and USAID (USD15 million), over a period of six years (2015 to 20210) NATP 2 will also scale up the value chain development intervention and introduce a number of new elements, such as a nutrition and food-safety focus which was not present under the previous project.

244. IFAD's collaboration with PKSF deserves particular mention as PKSF has been a very effective mechanism for sustaining and scaling up successful microfinance approaches promoted by IFAD projects within its large network. Agriculture micro-credit, seasonal loans, and the combined credit and business development service introduced under MFTSP and MFMSFP are now part PKSF's regular loan programme. The organization has recently created two technical, non-financial cells on agriculture and livestock, that are providing follow up support to activities introduced the projects. The respective pilots in each project have been scaled up in subsequent projects i.e. the value chain pilots which are being up-scaled in PACE.
245. Implementation of projects in local institutions has contributed to scaling up through partners. While IFAD is supporting this effort through knowledge

management and policy dialogue, there is room for improvement and an expanded country presence would be helpful towards this end.

246. Consolidation of knowledge and building on successful experiences in wider project areas or with a more intensive market-oriented approach can bring new elements that have not been fully explored; leveraging of financing is not sufficient. Risks and benefits of increasing complexity should be analysed carefully before embarking on scaling up.
247. Taken as a whole, the pursuit of innovation within the programme has been consistent and carefully implemented through pilots and trials. In general, the lessons learned have been built into subsequent projects and scaled up. More recently, the larger scale of innovation has generated more risks that need to be more carefully considered but overall, innovation and scaling up is rated as satisfactory (5).

F. Gender equality and women's empowerment

248. The promotion of gender equality and the empowerment of women have been a central issue in IFAD's programme and strategy in Bangladesh. It is mentioned in the COSOP 1999, and explicitly recognized as a strategic objective in the 2006 and 2012 COSOPs. To achieve this objective, gender issues have been broadly mainstreamed into all operations supported by IFAD and women are the main target of most IFAD projects in the country. Overall the focus on gender issues is well reflected into the project design and projects aimed at ensuring their active participation in the activities.
249. Several projects (particularly the most recent ones) include at appraisal a Gender Action Plans (GAP), (PSSWR, CDSP IV, HILIP) and Gender Inclusive Strategies (NATP) which provide guidelines for inclusion of gender focus in project activities and to ensure women's participation in the community based groups. A number of projects (SCBRMP, CDSP IV, MIDPCR) have also introduced a quota system to ensure women's participation in project activities, as well as adequate representation in community based groups, e.g. Water Management Groups, Social Forestry Groups, and in decision making bodies such as Market Management Committees.
250. Quantitative sex disaggregated data to monitor women participation of female in project activities are usually collected and targets are achieved in most cases. However, there is in general a lack of quantitative data on impact and outcome level as confirmed by supervision missions reports.
251. Through the LCS approach for example, a number of projects (SCBRMP, MIDPCR; CCRIP, HILIP) aimed at creating employment opportunities and livelihood support for the poorest women by involving them in different components of infrastructure construction (markets, roads) and the tree plantation. Projects also provided women with micro credit together with technical and social training (MFMSFP, MFTSP, FEDEC) that had helped expand the role of women inside and outside the home (in MFTSP 95 per cent of group members were women). In SCBRMP, the project identified women as important agents of change, and addressed this by increasing women's access to knowledge and technology, control over productive resources (water bodies), and leadership and management skills⁶⁰. The project has also contributed to shape the gender policy of its implementing agency, LGED.
252. Progress has been achieved on three strategic objectives of IFAD's gender policy (2012). First, most projects have contributed to **expanding women's access to and control of productive assets**. Economic empowerment of women under the portfolio has primarily focused on microfinance and self-help or savings and credit groups (e.g. SCBRMP, MFTSP, MFMSFP, HILIP); small or micro enterprise

⁶⁰ SCBRMP won the first regional IFAD Gender Award in 2013 for its excellent contribution to women empowerment.

development alongside value chain strengthening and access to markets (e.g. MIDPCR, FEDEC); and trainings on fisheries, horticulture and livestock (SCBRMP, NATP).

253. In particular, access to credit linked with financial and training on Income Generating Activities (IGA) on e.g. livestock, handicraft, fisheries and primary level marketing has proven a powerful tool to generate sustainable empowerment of women and achieved good results. Loans were used as social funds, to send children to school, or renovate the house; but also for productive economic goals, to buy more cattle, or increase agriculture productivity.
254. MIDPCR has contributed to increase woman's participation in markets activities supporting new government rules such specific women market section (woman corners) enforcing the quota for women in Market Management Committees (MMCs), and improving the market infrastructures (in particular toilette and access to clean water).
255. Access to and control of productive assets is being addressed by two projects. In SCBRM an important result is the achievement of the target of 25% enrolment of women fisher in BUGs that enables groups of poor fishers to gain secure access to leased public water bodies. In CDSP IV the project is providing legal title to land to landless families. The land settlement process was designed to ensure that the new issued certificates have a joint land title, with the wife name first in order. Despite interventions on rights to Beel resources and land titling, access to and control over natural resources remains one of the main issues in women's empowerment in Bangladesh.
256. Second, there is some evidence of women gaining more influence in rural institutions and organisations thereby **enabling women and men to have equal voice and influence in rural institutions** and organisations. High level of engagement and representation of women in community-based organizations, such as LCS, CO, Beel Users Group, Management Committees (water, markets), Common Interest Group (CIGs) etc. has provided a valuable opportunity not only to increase their income, but also to participate in management groups and to control and make decisions on expenditures. It has given a voice to women in defining community priorities and selecting sub-projects to be financed. Various trainings provided have also contributed to empower women in terms of knowledge and skills. The CPE found high demand for refresher trainings and the opportunity to expand it through training leaders as trainers.
257. The LGED community participation process (in particular the Labour Contracting Society LCS) applied to five of the ten IFAD's projects under review, was effective and comprehensive. The demonstration that women can do a "traditional men's work" has had a significant impact on the perception of gender roles in the community.
258. The increased income and improved job opportunities has largely changed women's status in the household and more decisions are now taken jointly. However, despite considerable progress, women participation at community level is still not widespread. Additional efforts are required in ensuring higher women's representation in community institutions and more decision-making authority to achieve equal voice and influence. Training on social issues and capacity have resulted in women becoming actively involved in raising awareness against key issues such as early marriage, and violence against women.
259. Third, achieving a **more equitable balance in workloads and in the sharing of economic and social benefits between women and men** was somehow addressed by several projects. Rural infrastructure, -mainly village roads- constructed by women through LCS has contributed to increase mobility, reduce travel time, and facilitate access to markets and health facilities, both for men and

women. While women's work through LCS provides destitute women an opportunity to earn income, their participation in construction activities has also contributed to increase their workload as this is added to traditional household work and their time dedicated engagement in income generation activities (poultry, handicrafts, fisheries and primary level marketing). The introduction of women sections in markets, and the improved infrastructure –more women friendly- have resulted in increased participation of women in markets.

260. In sum, the combination of advances in several areas; economic empowerment, increased mobility, awareness of women's rights, increased participation in decision-making process -in particular at household level-, changes in the men attitude have significantly contributed to gender equality and women's empowerment in the rural areas supported by the programme. Larger inclusion of rural youth in the projects would also help to ensure the sustainability of the good results obtained by the programme. The overall rating for gender equality and women's empowerment is satisfactory (5).

G. Overall assessment

261. Table 9 provides a summary of the ratings for IFAD's portfolio in Bangladesh during the period under review (2005-2014)⁶¹. As per the guidelines of IOE's Operations Manual, the overall portfolio achievement (which is rated satisfactory) is based on five broad criteria, namely, relevance, effectiveness, efficiency, rural poverty impact, and other impact. As with all rating exercises, this is not simply an arithmetic average of individual rating sub-components, but involves informed judgments by the Evaluation Team. The averages for the Bangladesh portfolio are also compared with the averages of IFAD's projects in Asia and the Pacific (APR) evaluated during 2002-2010 and presented in IFAD's Annual Report on Results and Impact (ARRI). The overall satisfactory portfolio performance for Bangladesh is above the average for the APR region.

Table 9
CPE Ratings of the Bangladesh project portfolio (*)

<i>Evaluation Criteria</i>	<i>Bangladesh CPE Ratings</i>	<i>APR avg. ARRI 2002-14</i>
Core performance criteria		
Relevance	5	4.8
Effectiveness	5	4.4
Efficiency	5	4.0
Project performance	5	4.4
Rural poverty impact	5	4.3
Other performance impact		
Innovation and Scaling-up	5	4.2
Sustainability	4	3.9
Gender equality and women empowerment	5	4.4
Overall portfolio achievement	5	4.3

(*) Ratings are assigned on a scale of 1 to 6 (6=highly satisfactory, 5=satisfactory, 4=moderately satisfactory, 3=moderately unsatisfactory, 2=unsatisfactory and 1=highly unsatisfactory (see Annex VI);

⁶¹ Detailed ratings are provided in Annex 1.

Key points

- Projects objectives are relevant to the Government's development strategies, IFAD's general strategic focus and the needs of the poor.
- Portfolio effectiveness is satisfactory, with most projects achieving- in some cases surpassing- targets.
- IFAD portfolio has substantially contributed to the expansion of the microfinance sector across Bangladesh. Credit support has reached approximately 600,000 poor farmers. The programme has also been effective in infrastructure development, community natural resource management and in enhancing access to markets.
- The programme has made overall good use of resources. Projects have disbursed close to funds allocated and effectiveness lag (6.2 months) is below IFAD average. High variance in average cost per beneficiary depending on project circumstances.
- The portfolio demonstrated having a positive contribution to rural poverty alleviation, in particular with respect to increases in rural household income and assets in project areas, as well as improvements in productivity.
- The programme is also contributing to the building/ strengthening of social capital and empowerment of the beneficiary target groups and in particular to the promotion of gender equality and women empowerment
- A number of important innovations have been introduced during design, but also developed during implementation in several areas, including agriculture technologies, microfinance, natural resource management and value chain development.
- Sustainability of some results achieved is at risk. Effective functioning of Beel User groups (BUGs) beyond project is not guaranteed. Infrastructure maintenance dependent on limited public funds.
- Gender considerations have been broadly mainstreamed into all operations supported by IFAD and women are the main target of most IFAD projects in the country. Advances in several areas; economic empowerment, increased mobility, awareness of women's rights, increased participation in decision-making process - have significantly contributed to gender equality and women's empowerment in Bangladesh

V. Performance of partners

262. The objective of this chapter is to assess the contribution of partners (IFAD and Government) to the formulation of the country strategy, as well as in project design, execution, monitoring and reporting, supervision and implementation support.

A. IFAD

263. IFAD's performance as a partner in Bangladesh has been overall positive. IFAD has designed strategic frameworks for its programme in Bangladesh through three COSOPs that are relevant to the country and include clear objectives despite a number of shortcomings (see chapter VIII on COSOP performance). Country strategies were developed following wide consultation with local stakeholders and partners, and ownership by government has been ensured in most cases.

264. IFAD took over the supervision of all its projects in Bangladesh (other than where another donor is leading) in 2007, at the beginning of the with new 2006 COSOP period. Comprehensive supervision missions have been fielded regularly (at least one mission per year per project), mission teams included adequate level of expertise required and supervision reports are of good quality, providing a comprehensive assessment of implementation progress as well of fiduciary matters. Mid-term reviews were well timed and effective in introducing necessary adjustments to the projects. Direct supervision has contributed to streamlining decision making and allowed enhanced implementation support. It has also provided IFAD with direct feedback from project implementation, an essential element for learning. Project Completion Reports (PCRs) have been produced for all

five completed projects covered by the CPE. Reports are overall of good quality in terms of scope, process and methods.

265. At the project level, IFAD's role in supporting implementation is seen as positive. In its dealings with IFAD on MFTSP, MFMSFP and FEDEC, PKSF and its partners organizations found it to be both extremely responsive and flexible. The appropriateness and speed of responses from IFAD, the mid-term review process and participative supervision and sound advice provided through technical experts who were a part of IFAD missions, were all highly appreciated.
266. At the programme level, the IFAD CPM holds twice yearly portfolio review meetings at which all Project Directors or Coordinators meet to discuss progress and plan future IFAD implementation support. The CPO organizes more regular (quarterly) coordination meetings with all the Project Directors. In addition IFAD holds annual project management workshops for all projects in the Asia-Pacific region where project managers get an opportunity to meet and interact with senior IFAD management.
267. Project impact is monitored through IFAD's Result and impact Monitoring System (RIMS) that have greatly improved during the period under review. RIMS is now producing baseline survey, mid-term survey and a final follow up survey.
268. The IFAD Programme Management Department is aware of corruption issues in Bangladesh and has taken a number of initiatives to reduce this risk in the IFAD-supported programme in the country including: i) preparation of a country-wide analysis of governance issues and preparation of an action plan for all ongoing projects; and ii) a deliberate attempt to work with organizations which have an international reputation for zero corruption. In cases where IFAD is working with organizations where there is a perception of increased risk the approach included: (i) ensuring presence of international FM specialists are on all supervision missions; (ii) ensuring full time international TA consultants are placed in the PMU of projects to oversee all transactions and procurement (for example the Dutch financed TA in MIDPCR); (iii) ensuring the project design includes provision for internal and external audits, and internal control systems in projects.
269. IFAD has been assisted in Bangladesh by a proxy country presence since 2006 and an IFAD Country Office (ICO) since 2011 headed by a Country Programme Officer. The setting up of country office in Dhaka (hosted in WFP premises) has been a positive move in strengthening project implementation and improving partnership both with the government, and with the UN country Team and other development donors. The appointment of a full time CPO in the country has already made an improvement and ensured IFAD's involvement in the preparation of the next Five Year Plan (see policy dialogue). However, despite being a large country program (the third largest in IFAD) the CPM for Bangladesh is located in Rome. The lack of international staff with seniority may impinge on IFAD's capacity to achieve some COSOP objectives, including in particular those related to non-lending activities (see Chapter VI).
270. IFAD maintains a strong and long standing partnership with Bangladesh. Several partners met by the mission recognized IFAD participatory approaches and efforts to promote innovation in Bangladesh. Reforms introduced in the last few years such as direct supervision and decentralization have contributed to improve overall IFAD performance as a partner in Bangladesh, including more active involvement in policy dialogue and knowledge management.
271. Despite the above, knowledge and visibility of IFAD operations in the country appears limited, which could limit the ability to mainstream or to scale up the successful innovations and lessons from IFAD funded projects. IFAD has taken concrete steps in recent year to address this limitation. Media is being regularly

solicited to attend IFAD organized events, and IFAD communication materials (including notebooks) have been produced and are being distributed.

272. Overall, IFAD's performance is assessed as satisfactory(5).

B. Government

273. The Government of Bangladesh has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio. It has participated actively in the design of programmes, preparation of three Country Strategies, participated actively in supervision missions, and has always offered an opportunity for open dialogue with IFAD. The Government has contributed around 0.5 USD in counterpart funding per each USD invested by IFAD, financed 22.1 per cent of total project/programme costs and honoured commitments in a timely manner
274. The government has ensured high quality in project management and has built a strong team of project directors running the programme. Projects generally comply with audit requirements. The cumbersome process associated to the preparation and approval of the National Project Document, the Development Project Proforma (DPP) has caused delays in entering into force for HILIP and delays in disbursement as recruitment of project staff started only after DPP approval.
275. The policy environment has been overall supportive, and the government has generally been open to new trends promoted by IFAD. In enterprise development the Government has taken a consistent approach to recognising the worth of the informal Micro, Small and Medium-sized Enterprises (MSME) sector. The efforts taken to achieve rural development including MSME and agri-business development has been a relevant focus. The performance of the GOVERNMENT in relation to (MSME) development has followed the lead of IFAD, largely through the relationship with PKSF, LGED and MoA. In environment the GOVERNMENT agencies are well aware of the requirement for compliance with environmental safeguards and are carrying out that responsibility effectively, in fact often stretching their role into aspects that are not their core business to achieve environmental benefits. The Government needs to engage more with environmental partners and to consider more proactive investment in environmental protection through inter-agency arrangements.
276. Despite the above, institutional capacity for sectoral planning, monitoring and implementation remains fragmented and weak. Direct responsibilities for agriculture and Rural Development are spread among eight separate ministries, often with overlapping and poorly coordinated functions⁶².
277. The M&E function –carried mainly by the PKSF and LGED - was overall successful. The strategies agreed by IFAD and the Government (COSOP 2006 and 2012) to improve M&E system were relevant and effective, and considerable progress has been made both at project design and during implementation. At project level, M&E system is generally satisfactory supported by independent M&E units established in several projects within the PMU- generally with an M&E specialist (MIDPCR, SCBRMP, CDSP IV, HILIP/CALIP and CCRIP). In addition to RIMS, a number of studies were carried out to assess impact in collaboration with different institutions such as World Fish Center (WFC), or the Bangladesh University of Engineering and Technology (BUET). An example of M&E arrangements in one of the projects covered by the CPE, (Market Infrastructure Development Project in Charland Regions (MIDPCR)is provided in box 2.

⁶² Ministry of Agriculture, Ministry of Environment and Forests, Ministry of Fisheries and Livestock, Ministry of Food and Disaster Management, Ministry of Land, Ministry of Local Govt., Rural Development and Cooperatives, Ministry of Water Resources, and Ministry of Textiles and Jute.

Box 2.

Example of M&E arrangements in MIDPCR

An independent M&E unit was established within the PMU, headed by an M&E Specialist with a field monitoring officer (FMOs) based in each district (5), plus two computer operators one in each zonal office. The PMU also hired a short term consultants to assist with data analysis and report writing and to assist with the MTR and PCR. At MTR the M&E section carried out a total of 10 baseline and impact studies in 2009-10. The M&E section of the PMU also carried out an impact assessment of the improved market connecting roads and ghats, impact studies on fish, vegetable and poultry subsector, and two Knowledge, Attitude, Practice (KAP) surveys to assess the effectiveness of training on homestead vegetable cultivation and beef fattening, and prepared a number of case studies.

278. The average PSR score performance of M&E of the 8 projects supervised by IFAD is 4.8 better than APR average that is 3.9. NATP and PSSWRSP were led by WB and ADB, respectively and applied their M&E system.
279. The performance of PKSF and LGED -the two IFAD's main government implementing partners- deserves particular attention in this section. PKSF has a clear mandate by the Government since 1990 as an apex fund with the mandate of providing resources to MFIs to alleviate poverty. PKSF plays an important role in the microfinance sector in Bangladesh. It is a partner that is well-suited to partnership with IFAD and had performed its role in each project effectively. PKSF has constantly been seeking to improve services to its member MFIs and has operated in a cost-effective way. In the last few years, PKSF has diversified its focus on non-credit programmes, such as training, education, health, awareness building, nutrition, direct employment linkages, and marketing supports with the objective to provide all-inclusive services for the persistent betterment of poor.
280. The LGED under Ministry of Local Govt., Rural Development and Cooperatives is the second main implementing agency. LGED is an efficient organisation for project delivery and has demonstrated good performance in infrastructure development . While LGED employs mainly engineers, PMUs are staffed with relevant experts (livelihoods, agriculture, gender etc.). In addition, all projects have strong link with other government agencies, such as the Departments of Agricultural Extension (DAE) and Fisheries and Livestock, for support on the ground. The partnership with LGED on projects that also include a microfinance component or sub-component has worked best where the project outsources the activities to partner MFIs.
281. There is mutual commitment of government and partners to develop more effective ways of working together, intensify collaboration and improve aid delivery. Coordination between the Government of Bangladesh and Development Partners (DPs) has been steadily increasing over the years. The Government and its DPs signed a Joint Co-operation Strategy (2010-2015) aimed at enhancing results in poverty reduction by reforming aid management and delivery mechanisms in Bangladesh. The Bangladesh Local Consultative Group meets regularly as the main forum for development dialogue and development coordination.
282. Overall, the performance of the government is satisfactory (5). The Government has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio and has ensured high quality in project management. The policy environment has been overall supportive.

Key points

- IFAD has designed relevant strategic frameworks through three COSOPs, with clear objectives and in consultation with national stakeholders.
- Project designs were also relevant in general, despite overoptimistic objectives in some cases.
- Direct supervision and implementation support to all projects in Bangladesh since 2007 has resulted in a marked improvement in the quality of support offered by IFAD.
- The setting up of country office in Dhaka has been a positive move in strengthening project implementation and improving partnerships.
- Overall knowledge and visibility of IFAD operations in the country appears limited, which could limit the ability to mainstream or to scale up the successful innovations and lessons from IFAD funded projects. By and large the Government has demonstrated a good level of ownership and commitment to the IFAD-supported portfolio
- The policy environment has been overall supportive, and the government has generally been open to new trends promoted by IFAD
- Coordination between the Government of Bangladesh and Development Partners (DPs) has been steadily increasing over the years.
- Institutional capacity for sectoral planning, monitoring and implementation remains fragmented and weak. Direct responsibilities for agriculture and Rural Development are spread among eight separate ministries

VI. Assessment of non-lending activities

283. Non-lending activities are a set of instruments that encompass the interrelated areas of policy dialogue, knowledge management and partnership-building (ARRI, 2011). They complement lending activities, which together transfer financial resources and technical knowledge to client countries, thereby building the country's capacity for development of the agricultural sector. This chapter assesses the relevance and effectiveness of the IFAD's overall support to non-lending activities.

A. Policy dialogue⁶³

284. Over the CPE period, the three COSOPs included a range of relevant policy issues to work with the government and the development partners. The agenda evolved overtime with new issues being added with many issues waiting in the list in succession. Listed below are some of the relevant items which recurred in the agenda over the period:

- Reforms to improve agricultural extension and research performance through improved governance and autonomy of NARS, including BARC and decentralization of agricultural extension.
- Laws and regulations favouring secure access to water bodies by fisher communities
- Mainstreaming the women's LCS approach to infrastructure construction, with the issuance of formal regulations by LGED.
- Improvements in the regulatory environment for microfinance institutions to facilitate provision of sustainable services to rural people.
- Supporting policies to increase participation by local government institutions (LGIs) in the provision and maintenance of rural infrastructure.
- Lobby for policies that enable producers and small traders to play a greater role

⁶³ ARRI, 2011, p.42) noted that partnership-building "is a measure of the strength of IFAD's partnership with government agencies, development organizations (including donors, NGOs and civil society organizations) and the private sector.

- in managing formal and informal markets.
 - 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.
285. The focus of the Government- IFAD relationship remains largely operational, with limited repercussion at the policy level. The policy influence at the country level has been undertaken mostly through the IFAD-financed investment projects and also through periodic dialogue by the CPM, the visiting missions and IFAD's Country Presence Office (CPO). The main project counterpart departments of IFAD projects like the LGED, BARC, and PKSF exerted their respective influence in moving forward the proposals for complementing policy changes or reforms developed in the context of specific lending operations. The emerging lessons from the project implementation helped to strengthen the messages through informal dialogues and eventually shaping the content of relevant legal, policy and administrative reforms proposals.
286. The policy dialogue carried out at the project and department level has drawn the attention of policy-makers in the ministries to the needs of poor people in the Char areas or the fisher communities in Haor areas. The project operations and experience added their weight and voice to those lobbying the higher levels in the Government for ensuring that the rights of the beel fishermen or the landless people in chars are recognized and granted . Some specific examples include:
- **Natural resource management:** SCBRMP managed to secure the access of Beel User Groups (BUGs) to the water bodies (beels) through a Memorandum of Understanding with the Ministry of Land for the project period. At completion of the project, 280 beels have been transferred to BUGs out of a total of 300. To legally ensure the BUGs' sustainability and their continued right of access to beels beyond the current lease term, a national policy need to be enacted which require further policy dialogue at higher levels. The successor project HILIP is looking into possibilities of institutionalizing BUGs within the Cooperative Societies Act.
 - **Land rights titling:** The Char Development and Settlement Project IV (CDSP IV) works to develop the char land areas and to provide land ownership deeds to 20,000 landless households.. CDSP IV managed to restructure and simplify the lengthy process by shortening it from 17 to 7 stages and significantly reducing the time needed to hand over the land ownership to landless households. The project is aiming at sharing these experiences for scaling-up at the national level.
 - **Market management:** MIDPCR in *charland* regions has worked to enhance rural infrastructure by building roads and markets. It has further streamlined establishment of market management committees (MMC) that are in charge of managing and sustaining each developed market. MMCs are established according to Government's market leasing policy. The project has ensured the proper implementation of the respective regulation and installed measures to strengthen the operational and managerial capacity of MMCs. Lessons learned so far indicates that LGED should continue monitoring the functioning of MMCs for the project sustainability.
 - **Agricultural extension:** The National Agricultural Technology Project (NATP) developed Common Interest Groups (CIGs) following a participatory approach to facilitate transfer technologies among marginal farmers and small traders. In addition, Farmers Information Advice Centres (FIACs) have been established that serve as a one-stop farmer service point. The decentralization of extension

services to Upazilla level and FIACs need policy support for nationwide implementation.

287. IFAD participates in 2 LCG working groups (Agriculture and Water Management) which are forums for development partners and the government. In addition, documentation of cases and good practices has been strengthened to facilitate an evidence-based policy dialogue. A clear constraint is the availability of resources, both human resource and financial, to follow up on all opportunities. The appointment of a full time CPO in the country has already made an improvement. The preparation process of the next Five Year Plan was an opportunity to push for inclusion of some of IFAD's project generated issues. Due to lack of access to substantive resources, contribution in that respect was minimal compared to other UN agencies.
288. Although the policy issues above present an impressive set to pursue national level advocacy and dialogue, progress in terms of initiating and moving forward policy agenda seems to have been minimal. There was no definitive follow up mechanism, plan or resources allocated for the purpose. More could have been done through engaging the authorities to some of the broader systemic issues raised in the list above. In fact, outside its immediate counterpart government agencies that directly implement its projects, knowledge of IFAD's niche, experiences and innovations is barely known in wider public and policy circles.
289. In fact, contributing to national policy debate in a country requires, inter alia, the ability to generate or have access to analytical policy research work and a sufficient substantive presence at an appropriate level which provides access to high level policy and development platforms. So far, lack of such country presence at a policy level and lack of access to sustained technical support resource in country limits IFAD's ability to engage in high level policy forums. As a result, many of the policy agenda items included in the COSOPs which deserve or has the potential of being considered for policy changes at the higher level failed to reach that status. During CPE mission some of the important development partners indicated the same views. Appointment of the CPO is a right step forward but not sufficient to enable IFAD to better engage in policy dialogue forums.
290. In view of the reasons above, the performance rating for policy dialogue is moderately satisfactory (4)

B. Partnership building

291. **Government.** The partnership with the Government has been excellent at the operational level such as the key counterpart departments (LGED, DOA, WDB etc.). The relationship with the central coordinating ministry (Economic Relations Division, Ministry of Finance) is cordial and characterized by mutual respect and trust. The relationships with the concerned line ministries (Agriculture, Rural Development and Cooperatives, Fisheries and Livestock, Water Resources, Food, Forestry and environment) and the Planning Commission seemed to be more at a formal rather than substantive level. Ministry of Agriculture, which is a natural constituency for IFAD, seemed not in a close interactive relationship with the Fund. Over all, the partnership with Government at large has been responsive and supportive but the depth of a secured constituency anywhere seemed to be missing, which is key for initiating and sustaining policy dialogue and other transformative changes (as aspired in COSOPs) based on IFAD's experience and knowledge nationally and globally.
292. IFAD delivered 29 projects, with an average of almost one project a year and quite a few grants. A review of the portfolio shows that the projects in general have done well; the average time needed to make the projects effective is below average for IFAD as a whole, and projects are also efficient in terms of cost for delivering benefits to clients. The Country Portfolio Managers (CPMs) who managed projects

in recent years talked about high efficiency, good access and cooperation from the contact departments, the Local Government and Engineering Department (LGED) and PKSF (Apex not-for-profit institution), the two main implementation agencies of most of the projects. The relationship with subnational (District, Upozilla, and Thana) levels of administration and local government seemed to be scant. Interaction at that level is essential for coordination with other development projects and integration of line department technical support in project activities.

293. Although the choice of LGED was based on pragmatic considerations and it demonstrated excellence in technical proficiency and implementation, they do not have much of an experience or expertise on rural finance, in working with smallholder agriculture and their organizations, or in developing agricultural technologies. These were and still some of the core elements of IFAD's projects in the country. It was however suggested that LGED at project level did facilitate interaction with relevant Ministries or their departments/agencies. LGED has been rated high by development partners in terms of its ability for taking quick decision, prompt action, and implementation. Working directly with ministries, more often, constrained implementation with bureaucratic controls, and slow decision making process.
294. **Donors.** Judged by the volume of co-financing that IFAD supported projects raised in Bangladesh in the more recent years (since 2007), IFAD is doing well in terms of collaborating with other donors. Between 2000 and 2007, IFAD associated itself with the Netherlands for Market Infrastructure Development in Charland Regions (MIDPCR). Since 2007, the partnership expanded significantly, for technology development under the NATP with the World Bank, for water resources development under PSSWRSP with the Asian Development Bank, for the charland development under CDSP with the Netherlands, for haor infrastructure and livelihood development under the HILIP project with support from Spanish Fund and for coastal climate resilience development under the CCRIP project with ADB, KfW and the Strategic Climate Fund. However the percentage of funds raised as co-financing and counterpart financing in recent years, since 2001, declined to about 53 from 62 percent (1979-2001).
295. The financial cooperation however is only a part of the story of partnership; equally, if not more important, is the partnership in terms of sharing of knowledge and expertise, joint consultation and exchange of information. IFAD regularly attended the annual country consultations for sharing information and views among all the donors as well as with the country; it has also been a regular member of the local consultation process. Different sectoral groups are convened by the designated conveners for consultations. IFAD had good consultation in the water and natural resources sector group, but it has not much of an interaction in other sectoral groups like Agriculture and Food.⁶⁴ Without being fully connected with the local donor dynamics, it is very difficult to know what is happening in other sectors. In fact, the example of a large scale project being funded by Japan in five haor districts, replicating the successes of IFAD supported Sunamganj project, but without any contacts with IFAD, came in as a surprise to IFAD. It is not only a failure of the donor to inform and consult past donors in similar projects, it is also an example of where IFAD could beef up its visibility and information network to know what is happening in relevant areas. IFAD country office, still at its infancy, needs to be strengthened further to increase IFAD's visibility as well as develop its information gathering and processing capabilities.
296. IFAD is a member of **UN Country Team** and it participates in UNDAF formulation and implementation process. But it seems to be not an active player in any of the UNDAF programme pillars. Partnerships with the UN system does not reflect any strategic intent or approach for leveraging common interests. WFP is hosting the

⁶⁴ Some of the sector groups do not meet regularly and are almost dysfunctional.

IFAD country office and is further implementing an IFAD grant on capacity building for poverty targeting, food security and climate change. Interaction with the FAO representative in Bangladesh seem to be good but besides a small technical assistance component in CCRIP, the potentials for a more substantive partnership remains unexploited. Also, the relationship with the UNDP has been weak. There has been no substantive cooperation or joint activity with any UN agency in portfolio or non-lending spheres. IFAD's partnership with donors seemed to be more with the multilateral agencies and recently expanding to bilateral donors. The multilateral environment and the consultations at the HQ levels, is probably an enabling factor facilitating this interaction with the multilateral organizations. However, bilateral donors in Bangladesh have done some excellent work for rural poverty reduction. IFAD's partnership in Bangladesh is seeking to engage more with bilateral donors which is appropriate. It would be necessary to have more in-Bangladesh consultations with the bilateral donors. In addition, IFAD has established good partnerships with CGIAR institutes, such as IRRI and World Fish, and the Fund and FAO are in talks about the possibility of including FAO as a technical assistance to DoF under a new Fisheries project.

297. **NGOs.** Bangladesh enjoys a very vibrant (large and very active) NGO sector, and IFAD seems to have developed good partnership with some crucial and large NGOs (such as BRAC), engaging and partnering with many of them in different projects. In the past, there were country restrictions on the extent to which such partnership could develop; however, the environment in recent years have become more accommodating, and IFAD projects seems to enjoy collaboration in terms of engaging the services of the NGOs (such as in the MFMSFP, MIDPCR, and CDSP-IV projects). All projects with PKSFP rely on NGOs for implementation.
298. Engagement with the **private sector** has overall been limited, despite clear emphasis from government on private sector as main driver for growth. The latest COSOP mentions the intention to seek new partnerships and cooperation arrangements with the private sector but it does not outline any clear strategy for integrating private sector into IFAD's work. Private sector participation in the portfolio has occurred mostly in microfinance through the private NGO sector. Other examples include efforts in blending public extension services with that of the private sector under NATP, and private sector participation through projects adopting a value chain approach (FEDEC).⁶⁵
299. However, IFAD partnerships require some strategic shift going beyond the implementing partners and with line ministries and other stakeholders in the policy arena. Beyond the ERD (Ministry of Finance) which is a key coordinating body, IFAD need to develop a strong constituency within some substantive ministries (Agriculture; Local Government, Rural Development and Cooperatives; Food; Fisheries and Livestock; Land Administration and Reforms; Water Resources and Planning Commission) through regular engagement at both in lending and non-lending arenas. One structural constraint may be the composition of the country office. Some lessons may be drawn from the evolution of country presence of other UN agencies and MDBs in country, who used to operate in a similar mode like IFAD in 70s and 80s but eventually evolved into full-fledged country representation over time.
300. Partnership at the operational levels is satisfactory but at a strategic policy level both within the government and beyond is moderately satisfactory. Overall the performance in Partnerships is rated as moderately satisfactory (4)

⁶⁵ PACE has made clear provisions to test models such as contract farming/subcontracting. The private sector is still developing with very little engagement of international corporations. IFAD has however facilitated partnership with Euglena, a Japanese venture buying mung beans from Bangladesh. These activities will provide an important experience base for the strategic engagement with private sector going forward.

C. Knowledge management

301. In IFAD knowledge management is now considered as a critical element in ensuring development effectiveness of its programme at the corporate, regional and country level. Although knowledge management was not specifically mentioned in first and second COSOPs of Bangladesh, the current COSOP made specific mention of knowledge management: "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 activities are gaining increasing importance at project and portfolio level in the Bangladesh country programme.
302. Under the current COSOP period, IFAD initiated a few steps to enhance knowledge management in Bangladesh. Among the measures, a noteworthy one is the appointment of a dedicated (part time) Knowledge Management /Communications specialist who is working in the ICO to support projects and country programme. A number of initiatives have been introduced to facilitate knowledge and information sharing, which include: (i) the newsletter "Updates for Bangladesh" is published twice per year and highlights project impacts based on policy issues (English and Bangla versions). (ii) IFAD Asia, where relevant news and upcoming events are published. In addition, projects increasingly use it to share updates about their work. (iii) media visits to project sites and other media activities. (iv) CCRIP is piloting a rural radio initiative. (v) establishment of a KM Focal Point network and regular meetings with all Project Directors to facilitate exchange among projects. (vi) utilization of regional grants, such as the Learning Routes, for case study development. Given IFAD's relatively low visibility, targeted activities have been taken to increase coverage in media, usage of the logo for IFAD-supported activities, and encouraging projects to increase communications. These measures are all positive steps towards enhancing public information profile and media presence of IFAD. The process now has to move on the next level of a dynamic knowledge sharing and interactive platform.
303. In line with the principle of knowledge management, IFAD is in a position to share the experience of an intervention with a wide range of partners and stakeholders through the preparation, implementation and supervision process of the operations. Much of the knowledge that the Fund acquired in the country is in the form tacit knowledge remaining with the project professionals (PDs) or the IFAD officials (CPM) dealing with the portfolio. The intrinsic (and undocumented) knowledge of the process and lessons learned through project implementation are not systematically captured and shared at a wider scale for enhancing knowledge within the country and the organization. Doing so would be a considerable boost in securing support from the policy makers for developing innovation and upscaling successful elements of IFAD programme within the country.
304. There is little awareness of IFAD's rich country, regional and global knowledge among the project professionals and other development professionals that CPE team interacted with during the mission. CPE considers that knowledge management is still one weak link of the Bangladesh country programme. The capacity and resources of the country office and project management units in documenting and disseminating implementation experience and lessons is still not sufficient. The country office and the APR should develop a clear and serious knowledge management strategy along with a plan for generating specific knowledge products, sponsoring knowledge sharing events, developing platform for periodic facilitated interactive discussions on emerging agriculture and rural development issues among project professionals, research organizations and the academia. Experience of other UN agencies in Dhaka could be tapped or partnership secured in developing such a strategy.

305. A dynamic knowledge management effort require active interaction with national research organizations, think tanks and academia. IFAD projects in the past and currently worked with BARI, BRRI, BUET, BMD , IWFM and carried out useful technical work at project level but these were less amenable to broader knowledge management efforts. However engagement and collaboration with broader set of institutions on policy and economic research, governance and institutional capacity development are important for well-rounded knowledge generation and management. IFAD needs to beef up this aspect of partnership. Such an effort could be introduced in a phased way with due allocation of time, resources and accountability from the headquarters and the CPO.
306. In addition to the country focused knowledge management activities, APR has been working towards regional knowledge exchange, particularly through the strategic use of grants. Representatives of Bangladesh projects and government have participated in regional workshops and conferences.
307. Although there have been some visible advances recently in the information sharing and media interface aspect along with the appointment of a dedicated part time Knowledge Management Officer, the overall progress in the KM area is moderately satisfactory (4).

D. Grants

308. Bangladesh has benefited from a considerable amount of grant resources, both in the form of country grants and participations in activities financed by regional grants. During the period covered by this CPE, IFAD has approved 6 country-specific grants to Bangladesh (ranging from US\$ 0.2 to 1 million) for a total amount of USD 3.9 million⁶⁶. Grants recipients were mainly International Research Centres such as the International Rice Research Institute (IRRI) and World Fish Centre (WFC). Grants were also provided to FAO and WFP. Please refer to Annex IV for a full list of IFAD-funded grants in Bangladesh.
309. The country-grants provided were in most cases directly linked to the portfolio (e.g., the "Small Fish for Nutrition" grant implemented under SCBRMP) and pursued innovative activities. Some recent grants, classified as "in-loan grants" (e.g. rural radio project that is being implemented under CCRIP; knowledge management and dissemination of results under HILIP) are directly integrated into loan projects. Grants have contributed to a number of objectives in Bangladesh including research and development, and knowledge management , including promotion of ICT for development. The following are examples of grant contributions in these areas.
310. **Research and development.** IRRI, in collaboration with two research partners, the Bangladesh Agricultural Research Institute (BARI) and Bangladesh Rice Research Institute (BRRI) developed technologies to improve the ability of small and marginal farmers living in the coastal saline areas to adapt to the adverse effects of climate change. Other institutions such as BRAC, and DAE were in charge of the scaling up of the technologies in the different districts. A second grant implemented by IRRI developed methods (practice of alternate wetting and drying) on how to reduce damage to human health and agricultural productivity from arsenic contamination of rice crops and livestock with very positive results. One grant implemented by World-Fish Center linked with SCBRMP is focusing on the enhancement of income and nutrition through cultivation and consumption of small fish in ponds and wetlands ("Small Fish for Nutrition" grant). Results show an extraordinary increase in the production of nutrient-rich fish.

⁶⁶ Supplementary funds are excluded. Two financed by the Government of Netherlands linked with CDSP IV and MIDPCR and one Korean Supplementary Funds linked with PACE for a total amount of USD 9.9 million.

311. **Knowledge management.** A grant implemented by WFP is producing nutrition maps and a study on climate change and nutrition. It is providing trainings on the use and interpretation of such maps for government and NGO staff. This grant is expected to support IFAD's engagement in nutrition-sensitive agriculture and inform policy discussions.
312. Within CCRIP, a grant is piloting the use of ICTs for supporting the recently started rural community radio initiative in Bangladesh to enhance the dissemination of important information for farmers and small producers such as market days, commodity prices, weather forecast and messages for extension of crop, fish and livestock production.
313. CALIP, a supplementary project integrated in HILIP, is financed through additional grant financing (US\$15 million) from the Adaptation for Smallholder Agriculture Grant Programme (ASAP). It will finance new activities with a focus on capacity building for climate change adaptation
314. Bangladesh also benefited from activities financed by **global and regional grants** in several areas. Under FoodStart IFAD supported the International Potato Centre (CIP) to carry out research aimed at improving food security, nutrition and income-generation potential of rural communities in the Asia and Pacific region, based on sustainable rice, root and tuber crop (RTC) production and utilization. In the Hindu Kush, ICIMOD is implementing a sub-regional grant seeking to enhance the resilience of the poor in the Himalayas, especially women, to socioeconomic and environmental changes. Capacity building and knowledge sharing are being supported by PROCASUR - implementing the learning route methodology in Asia and the Pacific to promote experiential exchange and interaction through which local people become trainers to their peers- and the APRACA grant, which aims at promoting and improving rural financial markets in the region.
315. Lately almost all the grants have built into their objectives the aim to promote the sharing of knowledge and the need for developing networks between developing countries; as well as to devote attention to gender inequalities and the vulnerability of ethnic minorities.
316. Overall, grants achieved their objectives and have generated considerable outputs/results. As confirmed by the assessment made by APR in August 2013, overall the grants are satisfactory in terms of disbursement and implementation. Country grants generally developed activities linked to the loan portfolio. However, there are missed the opportunities in the utilization of findings. For instance, the lessons learnt during the IRRI project on Arsenic contamination were not utilized or incorporate in new grants and projects. IRRI and WFC expressed their interest in continuing their partnership with IFAD and scaling up their projects.

E. Overall assessment

317. In overall terms, the planning, designing and follow through of the non-lending activities together have not been systematic, well-resourced and relegated to a lower priority in overall operations. Hence the performance in non-lending activities in Bangladesh has been moderately satisfactory (4).

Table 10
Assessment of Non-lending Activities

<i>Type of Non-lending Activity</i>	<i>Rating</i>
Policy Dialogue	4
Partnership Building	4
Knowledge Management	4
Overall Non-lending Activities	4

Key points

- The three COSOPs identified a range of relevant policy issues to work with the government and the development partners. The policy influence has been undertaken mostly through the IFAD-financed investment projects. IFAD's influence in initiating and moving forward policy agenda seems to have been minimal. More could have been done through engaging the authorities to some of the broader systemic issues.
- Lack of country presence at a policy level and lack of access to sustained technical support resource in country limits IFAD's ability to engage in high level policy interaction.
- IFAD's relationship with the Government has been excellent at the operating level with institutions and key counterpart departments. Although the partnership with Government at large has been responsive and supportive it somehow failed to harness a secured constituency within any substantive line ministry/is.
- Judged by the volume of co-financing that IFAD supported projects raised in Bangladesh in the more recent years (since 2007), IFAD is doing well in terms of collaborating with other donors.
- IFAD country office needs to be strengthened further to increase IFAD's visibility as well as develop its information gathering and processing capabilities.
- IFAD as a member of UN Country Team participates in UNDAF formulation and implementation process. But it seems to be not an active player in any of the UNDAF programme pillars. On the whole, IFAD has developed a good partnership with the country authorities as well as other donors and NGOs at the country level. However, the partnerships require some strategic shift going beyond the implementing partners and with line ministries and other stakeholders in the policy arena
- CPE considers that knowledge management is still one weak link of the Bangladesh country programme. Although there has been some concrete developments, the capacity of the country office and project management units in documenting and disseminating implementation experience and lessons is still not sufficient
- Bangladesh has benefited from a considerable amount of grant resources, both in the form of country grants and participations in activities financed by regional grants. Overall, grants achieved their objectives and have generated considerable outputs/results. Country grants generally developed activities linked to the loan portfolio. However, there are missed the opportunities in the utilization of findings.

VII. COSOP performance (and overall partnership assessment)

318. The objective of this chapter is to provide a performance assessment of the three COSOPs that guided IFAD's activities in Bangladesh during the period under review (2005-2014). The assessment is done in terms of the relevance and effectiveness of the strategies.

A. COSOP performance Relevance

319. As stated in chapter 3, IFAD's focus for the first two decades of its operation in Bangladesh was on targeting the poorest in rural areas, the marginal and small farmers, women, small scale infrastructure and irrigation projects, livestock support and most notably, microcredit programmes. The first Country Strategic Opportunities paper (COSOP) prepared in 1999, shifted IFAD's strategy towards "creating a more enabling environment" to bring on stream the productive potential of poor rural people, for their capacity building through training and by developing

viable locally managed institutions, community organizations and empowerment. The COSOP, 1999 supported four opportunities: (i) development of haors in Sunamganj, (ii) community based agro-forestry in the CHTs, (iii) char development in the rivers and, (iv) livestock development in the Eastern Districts. Under this COSOP, IFAD approved four projects: SCBRMP, MFTSP, MFMFSP, and MIDPCR.

320. In the **2006 COSOP**, IFAD's focus and strategic priorities in Bangladesh underwent some major changes, in line with the overall shift in focus of IFAD corporate strategy, the priorities set in the PRSP as well as on the evolving country opportunities. 'Innovation' and 'Scaling up' received special attention than in the past. The importance of markets was underlined in the growth of business opportunity for micro and smaller entrepreneurs. Environmental sustainability and common property resources management, and gender received special focus in programme development. It specifically identified small farmers and entrepreneurs as a prime target group and designated two separate sub-programmes for increasing access to markets and financial services for rural small entrepreneurs and for investment in road and market infrastructure.
321. The COSOP completion review 2006-2011 confirmed the overall relevance of the 2006 strategy and generated a number of lessons of significance for developing the next COSOP (2012).
- **Agricultural development** as pivotal for sustaining food security and employment; enhancement of non-farm sector, technology support to agriculture and progression to value chain approach combined with access to financial and complementing extension services as critical for employment and poverty reduction.
 - **Support to Microfinance**, including microcredit, remained important for the forthcoming COSOP period.
 - **Small-scale infrastructure** like the construction of rural markets and roads, impacted on the local economy and employment.
 - **Combining natural resources management and community fisheries** produced successful results in poverty reduction.
 - **Women's empowerment** is critical for enhancing productivity and income of rural communities. The use of LCS modality boosted empowerment and self – esteem of extreme poor women through enhancing skills and provision of cash in hand.
322. The **COSOP of 2012** took note of the lessons above and the strategic focus continued to evolve towards a forward looking agenda with emphasis on growth, market access, microcredit, gender and climate change (sustainable livelihoods). The current COSOP (2012-2018) supports Government's 6th Five Year Plan's goal of diversifying agriculture promoting higher value added production and commercialization, and raising farm incomes. It attaches high importance to the adaptation initiatives of rural livelihoods to climate change and scaling up of approaches with particular attention to improved access to markets/value chains by marginal and small farmers. The COSOP aims to scale up successes in access to markets through developing rural roads and market infrastructure, building sustainable market institutions, and enabling producers to acquire the knowledge and skills needed to access input and output markets. But it moves away from exclusive targeting of the poor.
323. **Over the three COSOP periods, consistency was maintained in sectoral focus:** rural poverty was targeted, although there was a gradual change towards broader targeting through a more "inclusive policy" including the non-poor, if their activities helped in the reduction of poverty of the poor (e.g. through employment generation and other spill over effects). Sustainable development and resource

management were emphasized including the adverse impacts of climate change. Projects started focusing on strengthening resilience of the poor communities in facing natural disasters (both inland and in coastal areas). Employment generation and non-farm activities received greater emphasis mostly through provision of rural credit. The emphasis on microcredit operations continued diversifying from initial support to Grameen Bank to supporting credit programmes through BRAC, other commercial Banks and later through PKSf.

324. **Portfolios under all three COSOPs demonstrated strong relevance to national poverty alleviation strategies and were consistent with IFAD's mandate.** The projects maintained full alignment with strategic objectives of the Government's Sixth and Fifth Five Year Plans. Projects have also conformed to IFAD's overarching goals, as articulated in the IFAD strategic framework 2011-2015. All projects were designed with complete participation of the Government to ensure full national ownership. The relevance was further enhanced by maintaining a coherent path of project identification and design process, ensuring minimal level of redundancy in the portfolio and building on and scaling up of successful elements of past projects. The progression from MFTSP and MFMSFP, to FEDEC and finally to PACE provides a good example of scale up initiative.
325. **COSOPs also demonstrated excellent responsiveness to changing environments.** The emerging need for attention to environmentally sustainable and climate resilient development has also been mainstreamed in the 2012 COSOP. The projects PSSWRSP, CDSP IV, HILIP/CALIP and CCRIP have elements that respond to the need for diversification of production and mitigation of adverse environmental effects emanating from the vulnerability of the country to natural disasters and climate change.
326. A few specific illustrative highlights are presented in the following paragraphs to reflect **relevance of the IFAD programme in Bangladesh to SFYP and FFYP strategic aims**⁶⁷:
- a. COSOP 2006 goal of promoting innovations in pro-poor infrastructure development responds directly to the SFYP strategic aim of reducing and eventually eliminating the infrastructure constraint and strengthening human development (similar to the Fifth Five year plan objective). IFAD projects like MIDPCR, HILIP/CALIP, CCRIP, CDSP IV and SCBRMP have strong rural infra-structure component aligning to this aim.
 - b. COSOPs' goals of increasing market access, improving value chains and providing innovative financial services for small rural entrepreneurs respond to the SFYP objective of promoting small enterprises in rural areas. Innovative microfinance enterprise products were introduced by MFTSP, MFMSFP and FEDEC to small farmers and rural households, and scaled up into PACE.
 - c. The current COSOP objective of adapting livelihoods of poor people in vulnerable areas to climate change and increasing the availability of agricultural technology to small farmers is in full alignment of the SFYP goal of enhancing economic opportunities of agriculture workers by increasing land productivity and diversification of agricultural production, as well as the goal of ensuring environmental sustainability. SCBRMP, PSSWRSP, CCRIP and NATP include specific components addressing these dimensions.
 - d. All COSOPs underlined the importance of gender equality and empowerment which matches the SFYP goal of ensuring gender parity. Most projects include

⁶⁷ Please find additional information and analysis on Annex XIII "IFAD Strategic Focus and relevance to Bangladesh Country Strategies" which maps the strategies and priorities of COSOP 2006 and 2012 with the strategic priorities and objectives of the 5th FYP and 6th FYP (2010-15) respectively.

gender targeting and participation element which increase women's incomes and a voice in decision making, management, and local policy issues.

327. The main **instruments of consultations** between IFAD and the Government of Bangladesh have been the COSOP process and more frequently the country missions providing useful lessons and feedbacks into the process. The periodic project assessments and the independent CPEs provide further knowledge about IFAD's position vis-a-vis the country and how responsive IFAD is to the country's rural poverty reduction needs. In short, mechanisms are well in place for ensuring that IFAD's country operations respond to country strategies and that there is full government ownership in the collaborative effort between IFAD and Government.
328. **Geographic focus.** The programme over the three CPE period had a fairly even geographical spread across the country excepting three area-based programmes covering the isolated depressed area in the north (haors), the coastal areas of the south and the newly accreted char areas in the and south-east. The micro finance projects FEDEC and PACE, the NATP and PSSWRSP have national coverage. The area development programmes were well justified based on the criteria of exclusion, remoteness and poverty.
329. **Subsector focus.** The portfolio under COSOPs had a strong bias towards infrastructure. The largest share of the portfolio supported by IFAD in Bangladesh over the last 10 years is concentrated in rural infrastructure component (51% of all funds approved), and includes roads, markets, sanitation infrastructure, and area-specific infrastructure. The COSOP 2006 identifies innovations in pro-poor infrastructure development to benefit the extreme poor as one of the four strategic subprograms of the country strategy. This emphasis is carried through in 2012 COSOP. Initially there was reasonable balance with other capacity development and empowerment components. Overtime the investment tilted even more towards hardware infrastructure with receding emphasis on sustainable livelihood elements and institutional elements.
330. IFAD has supported the Government's approach to strengthening microfinance at all levels and throughout an evolutionary process. IFAD's own focus on poverty alleviation by providing microcredit combined with capacity building is in line with the needs of small farmers and micro entrepreneurs, particularly women for agricultural and rural development. The three COSOPs covering the CPE period have clearly identified rural finance as an important sub-program. IFAD strategies adjusted with emerging lessons and experience are assessed as fully relevant.
331. **Targeting strategy.** The COSOPs provided a clear targeting strategy in Bangladesh which was complied with in project designs based on criteria of geographical focus, income and asset. The use of PPAs provided additional validity on focusing on the appropriate households in the project areas. Bangladesh government puts high priority to agriculture and rural development for reducing rural poverty and improving food security of the poor. The supporting strategies in this regard which focus on development of physical infrastructure, irrigation and flood control projects for the rural poor include participation of the poor through community organizations as a main modality.
332. Country Strategic Opportunities Programme or COSOP 1999 made the promotion of "self-managing grassroots community organizations" as a central goal while COSOP 2006 emphasized access of the rural poor to common property resources, in particular fisheries and land. IFAD support to promote community organizations are aimed at facilitating the inclusion of the poor in the development process and improve their incomes and assets. IFAD strategy and portfolio in all COSOPs during the period under review are very much consistent with the national strategy for rural development.

333. **Mix of instruments.** The lending instruments were well focused on the projects identified and designed through a fairly rigorous methodology and process. The non-lending instruments seems to have followed a loose course and in many instances were not optimally linked with or leveraged for project benefits.

Effectiveness

334. The effectiveness of the COSOPs to a large extent is a culmination of the effectiveness of the portfolio. As the COSOP objectives tend to mirror collective intent of completed, ongoing or pipeline projects, the analysis of effectiveness of the COSOP would be a higher level or aggregate distillation of effectiveness in different areas of the portfolio.
335. The analysis of COSOP's performance below is based on analysis of results achieved in different projects which is essentially qualitative in nature based on data and information gathered from the project level monitoring system. It is difficult, almost impossible, to attribute the results exclusively to IFAD's interventions. An analysis of performance and impact therefore is presented below in terms of COSOP (IFAD organizational)contributions towards rural poverty alleviation and rural development.
336. **COSOP emphasis in improving agricultural productivity through technological innovations, and extension services proved to be effective.** IFAD made some very useful contributions towards improving agricultural productivity of small agricultural producers through both technological innovations and expansion of extension services. A good example of is the promotion of mini hatchery technology (more than 170 of these are now in operation) in remote locations (through MFTSP), and dissemination of this technology to a larger areas through PKSf partners NGOs. Other examples are the use of urea granules as an economic, effective and environment friendly way of increasing productivity and use of leaf colour charts for fertilizing crops effectively (MFMSFP), pesticide use in vegetables (pheromone traps), and introduction of saline tolerant varieties of rice to cope with encroachment of salinity in the coastal areas with rising sea level.
337. IFAD also contributed towards beefing up and blending agricultural extension services of public extension services with that of the private sector, thus marking a reversal of the earlier strategy of rolling back the public sector services (as a part of the economic reform programme) which left many small farmers without any extension. The blending gave a useful and pragmatic way of reaching services to poor farmers, and at the same time not taking up the burden of full extension responsibility by the government. The spread of technology and extension services were helped by IFAD's significant involvement in building up rural infrastructure (market places, rural roads).
338. **COSOP strategy for developing and supporting micro enterprise development has achieved success.** In the main during the three COSOP period, the IFAD programme has effectively and efficiently achieved its strategic objectives for enterprise development and market access. All projects were successfully implemented, innovative, reached their poor target population and contributed to reduce poverty through a combination of financial services, technology transfer and business promotion. The microcredit activities have been hugely valuable within the MSME sector and IFAD has played a major partnership role in supporting PKSf. The technical support has led to improved production and diversification. This in turn has resulted in positive impact for micro entrepreneurs, including small-scale commercial farmers. IFAD has a strong approach on agriculture and rural development through road and market building, commercial agriculture, micro-credit and more recently value chain development. However future COSOPs should look into areas needing more support e.g. small business registration and regulation, business skills and capability building, power and ethical relationships in business, amongst others.

339. **Expansion of microfinance facility: empowering poor women and men to improve their economic conditions.** Financing for agricultural and rural enterprises has been a consistent need that has been substantially addressed through the IFAD-PKSF partnership. Overtime the sector has been transforming and each project in the portfolio has introduced a new major innovation. The important contributions in this areas are (i) a change in the focus of microcredit programme from non-farm activities to agricultural activities through radical change in operational modality, (ii) promoting credit for entrepreneurship development through the MFMSFP (iii) combining microfinance services with the delivery of technical services (MFTSP and MFMSFP and FEDEC) (iv) expanding the outreach of microfinance from the functionally landless to marginal and small farmers, (agricultural loans, including livestock and fisheries, accounted for nearly 90 percent of total loans extended by MFMSFP). MFMSFP also started issuing seasonal loans which now have been mainstreamed into PKSF operations. A new area of lending which is emerging through IFAD support is lending for advancing value chain processes.
340. Overall, the microcredit operations have been successful, reaching out to thousands of borrowers and with good repayment performance. The microfinance has supported poor and ultra-poor people to invest in microenterprises and small farms to increase production, sales and profit. This has generated an increase in income to a majority, with good impact on household income, food security and agricultural production. These approaches have been applied and adapted to local conditions as well as scaled up at the national level. Nevertheless there are still areas of the country and some groups that still do not have adequate access to credit.
341. **Empowering poor rural women.** IFAD can rightly claim through its various projects, but mostly through its microfinance projects, to have supported and significantly advanced rural poor women's economic advancement. This theme appeared as the cross cutting theme, recurring in almost all projects, both microfinance but also in infrastructure, natural resources management, nutrition support and resilience development activities funded by IFAD. IFAD is supporting the creation of employment opportunities for women through building institutions in the Coastal Climate Resilient Infrastructure project (CCRIP). LCS activities have supported women under SCBRMP, MIDPCR, CDSPIV and CCRIP and have had a significant impact on women empowerment.
342. **Improving access to markets.** The majority of IFAD's projects reviewed for the current CPE have market development modules aimed at improving access to markets. MIDPCR completed improvement of 40 small rural markets, and also helped set up market management committees, which started accessing a part of the lease fees for further market development. The volume of trade increased in all the markets. Market linkages were also developed by MIDPCR and SCBRMP with remarkable shift in the mode of transport (from human driven to motorized vehicles). Women's access to markets also improved by designating specific market areas for marketing by women traders/producers.
343. Lately, there is also an increased attention and support towards market linkage development. FEDEC aimed to bring together various participants in a "value-chain" such as farmers groups, traders, input suppliers and public agencies in 18 specific sub-sectors in partnership with six POs. The Rural Enterprise Development component of MIDPCR is also developing market linkages for specific sub-sectors, as is FEDEC value chain sub-projects and NATP's market linkage components.
344. **Managing natural resources for the benefit of poor men and women.** With regard to environmental protection and natural resource management, the focus of COSOPs on environmental protection has increased in time within the program. The most recent COSOP (2012) aims for a massive thrust for climate smart

infrastructure and targets eight million people. IFAD’s projects provide some good examples of targeted approach for natural resources management for the benefits of poor men and women and contributing in the process towards developing resilience towards climate induced risks. A number of interrelated elements were brought together towards these ends in the SCBRMP : (a) it provides a good example of protecting infrastructure though building concrete walls to protect them from stormy waves; (b) better managing open water fisheries and changing laws to lease out haor land to groups of small fishermen for fish cultivation and fishery development in general; and (c) improving the culture of small fish which the major source of protein for poor men and women in Bangladesh.

345. The recent attention to environmental matters and the level of interest and knowledge building is likely to result in program benefits but this will not occur unless there is investment in human resource skills and capacity. The range of grants that are being financed do contribute towards improved knowledge but work is required to transfer this knowledge into practical operational requirements within the projects. This requires outsourcing of expertise. The main partners of the IFAD program, LGED and PKSf do not have internal staff with environmental skills and knowledge of the level required to ensure that environment management within the program is relevant and effective. This means that an effective mechanism for knowledge and skills building is required. It may also require new partnerships within the program.
346. Additional information on COSOP effectiveness is provided in Annex XIV "Specific Contributions to Strategic Objectives of COSOPs 2006 and 2012" It provides project- specific concrete evidences and achievements in support of strategic objectives of COSOPs. The table is based on information and data gleaned from COSOP completions review, the PPAs, the self-evaluations and the CPE field mission process in Bangladesh.
347. The **overall performance of COSOP** is rated at 5 (satisfactory) although its effectiveness is rated 4. The effectiveness is rated as such because the achievements in Non-lending component in COSOP was less than satisfactory. As noted in the analysis achievements in all three components of non-lending i.e. policy dialogue, broad-based partnership building and knowledge management, fell short of COSOP expectations. However considering the Bangladesh context, greater attention is attributed by the CPE to the investment portfolio –which is satisfactory, and a major driver of COSOP effectiveness- as compared to the non-lending activities.

Table 11
Ratings for COSOP Performance

<i>Criteria</i>	<i>Rating</i>
<i>Relevance</i>	5
<i>Effectiveness</i>	4
<i>COSOP Performance</i>	5

Key points

- COSOPs have been appropriate and have given clear guidance and direction to the individual projects/programmes supported.
- The COSOPs evolved throughout the period evaluated and aligned with the development strategies of the Government.
- IFAD's strategic position during the period under review focused initially on targeting the poorest in rural areas, the marginal small farmers, and women. It evolved into supporting marketing and commercialization for small farmers and small entrepreneurs. Emphasis started being placed on mitigating adverse impact of climate change
- The programme focused mainly on rural infrastructure and strengthening access to microfinance
- Gender has been central to all three COSOPs as a cross-cutting issue.
- The mix of instruments was limited to largely lending activities with non-lending activities playing a supporting role. Synergies between lending and non-lending activities have been limited
- The programme had a fairly even geographical spread across the country, except some area-based programmes for the isolated/ depressed areas.
- The programme has overall been effective in achieving strategic objectives stated in the COSOP 2006. Substantial progress was achieved in supporting improvement of agricultural productivity through technological innovations, development of microenterprise. Implementation is on track in contribution towards achievement of strategic objectives set in COSOP 2012.

B. Overall IFAD-Government partnership

348. Table 12 contains the overall assessment of the CPE of the IFAD-Government partnership. It is based on the ratings of portfolio performance, non-lending activities and COSOP performance. The final score is not a simple averaging of the scores for the seven projects/programmes in the portfolio, non-lending activities and COSOP performance over the 14 years under review, otherwise the scoring would be negatively skewed towards the lesser performing earlier projects (the first cohort). It is rather based on an informed and objective judgement of the evaluation team, taking into account improvements in recent years.

Table 12
CPE Overall assessment ratings

<i>Assessment</i>	<i>Rating</i>
Portfolio Performance	5
Non-lending activities	4
COSOP Performance	5
Overall IFAD-Government Performance	5

VIII. Conclusions and Recommendations

A. Conclusions

349. **Storyline.** The period under review is marked by a responsive and productive partnership between the Government and IFAD, continuing a long-standing and fruitful relation that started more than 30 years ago. Since 1979, IFAD has financed 30 projects in Bangladesh for a total project cost of more than US\$ 1.6 bn (US\$ 0.7 bn from IFAD), which places Bangladesh among the top three recipients of IFAD funding in the Asia Pacific region and also globally. The organization's significant contribution, consistent engagement and important catalytic role in promoting rural poverty reduction has positioned the Fund well as a trusted

development partner in the country. The strategies and priorities of the three COSOPs (1999, 2006 and 2011) have been well nested within the country's overall strategy as reflected in the country's five year plans and the Poverty Reduction Strategy Papers (PRSP). IFAD's strategic focus and development priorities have been flexible, forward looking and generally well prioritized responding to the emerging country needs and economic realities.

350. The CPE considers that the IFAD-supported programme during the CPE period produced significant results in rural poverty reduction and brought substantial value to the country. The programme made important contributions in a number of areas such as e.g. microfinance, rural infrastructure and enterprise development promoted some successful innovations and generated some results and lessons which serve as excellent candidates for upscaling and mainstreaming within the country. Some successful lessons are already being scaled up by IFAD and others.
351. Notwithstanding the significant achievements noted above, there are still many issues on long term sustainability and further scaling up of results which require policy level dialogue, strategic initiatives and decisive action for carrying the successes forward and sustaining benefits for the future generations. Given the intensity of poverty, changing demographics and composition of labour force, shrinking rural space, limited potential for expansion yet critical role of agriculture for rural employment and climate change vulnerabilities of the country, IFAD's role and strategy in the country faces dynamic challenges and future programmes would require creative rethinking and sectorial shifts.
352. Yet, IFAD's remarkable project (micro) level successes require a stronger policy level (macro) uptake to reap the full potential of benefits. The organizations current in-country policy level reach, advocacy and influence deserves a stronger stance to successfully confront this 'Micro-Macro' dilemma. The COSOP aspirations in policy dialogue, partnership building and knowledge management would require serious attention and follow up work, due diligence, accountability and resources to be results oriented and to unlock the full potential of the programme. In this regard a number of constraints need to be addressed, including lack of broad based institutional partnership with government, poor knowledge and visibility of IFAD in the country and limited country presence.
353. Based on the analysis in previous chapters, the CPE presents the following conclusions.

I. Overtime IFAD's strategy for rural poverty alleviation and rural development in Bangladesh evolved into a holistic approach and made a significant contribution.

354. Starting with a focus on sustainable livelihood development, pro-poor infrastructure, micro-enterprise development, and subsequently extending to access to micro-finance by poor and small farmers , technology support for agriculture , and specific training and capacity support for women's empowerment have manifested into a coordinated multi-dimensional approach for intervention which brought significant gains for rural poor in economic, social and human development spheres. Four coordinated streams of interventions elaborated below merged overtime to form an integrated package to support needs of the rural poor.
355. The programme's initial emphasis on **sustainable livelihoods** proved to be a critical foundation of the programme and produced substantial gains in livelihood development across many poor households. The novelty of the approach was a coordinated effort to improving and sustaining the livelihoods (income, nutrition, health and well-being) of rural poor households, through improved access to natural resources, supporting on or off farm income generating activities, financing for small-scale enterprises or more complex activities to generate employment and better services. This modality of work through group formation stimulated

empowerment and social capital building that provided a sustainable foundation for broader socio-economic upliftment of the poor.

356. IFAD's continued investment in **rural infrastructure** development formed the other vital pillar which benefitted the rural poor and brought positive changes to the overall development of the areas supported via *inter alia* reduced transport costs, better access to agricultural works and employment opportunities, and improved access to health, education, and bank services. This proved to be a game changer to bring isolated areas and people within the ambit of development. However, beyond a certain level, IFAD need to weigh carefully the feasibility and opportunity cost of investing such high proportion of programme funds on infrastructure against the wider criteria of optimality in allocative efficiency and leveraging character of IFAD funds.
357. The new and successful models of **enterprise development** proved to be a timely and critical front of efforts which made a positive contribution to household income and productive asset generation for the rural poor. Given the intensity and breadth of rural poverty in Bangladesh, and the vulnerability of the poor, IFAD's continued focus on micro enterprise development as a dimension within projects remains critical for support to rural poor. The related progression in portfolio investment in providing **access to markets** by IFAD's target group, and also gradual inclusion of **value chain development** for enterprises is a right and progressive step in the sequence
358. Effective results in **gender equality and women's empowerment**. The IFAD programme supported women in gaining greater access to economic opportunities and the projects adopted a gender-sensitive targeting approach. Partnership with grassroots institutions played an important in enhancing gender role in society. With emerging dimensions and complexities of the programme, the gender dimensions would require a progressive treatment for being mainstreamed both in advocacy and specific components of programmes.

II. Areas of priority attention and future investment in programmes: Agriculture, Rural credit, Environmental management and climate change.

359. **IFAD's role and level of involvement in agriculture sector need reassessment.** Despite limited potential for expansion, the role of agriculture remains critical in reducing rural poverty, employment (the sector employs nearly half of the total manpower) and in ensuring food security in Bangladesh. In recognition of this role, government has set targets in several areas including diversification of agricultural crops, strengthen crop intensification in the coastal zone, and encourage R&D for increasing productivity. Specific strategies to promote development of fisheries and livestock sectors are also considered. Based on consultations at various levels of the government and other development partners, the CPE observed that agriculture deserves a more direct focus and policy level engagement in IFAD programmes than has been the case in the past country programmes. While IFAD's recent support as a cost sharing partner in NATP was very well appreciated, the government at all levels emphasized need for a more sustained and direct engagement (both portfolio and non-lending) of IFAD in support of the sector's development. The Fund could be a more active partner to contribute to the transformation of agriculture into a more dynamic and commercially profitable sector for reducing rural poverty in the country.
360. **Pockets of unmet need in rural credit and need for diversification and policy support for emerging entrepreneurs.** The program focus on microfinance evolved to respond to the changes within the microfinance sector with the emergence of new types of credit, support extending to business development services and support to employment generation under FEDEC. However, despite a level of maturity of the MFI sector, there are pockets of locations and target groups who do not have access to credit and there is a low uptake of new technologies and

methods due to lack of access to funds by relatively poorer group members. This points to need for IFAD's continued engagement in rural credit arena.

361. **Environmental protection and sustainable management of natural resources offer opportunities for further collaboration.** Most of the projects in the portfolio have recognised environmental fragility and the need to protect natural resources, encouraged community-based natural resource management, reduced erosion of the resource base and engaged in social forestry. More recently, the environmental focus in the IFAD-supported portfolio on climate change adaptation in Bangladesh – mainly through infrastructure, but also through adaptation of rural livelihoods to climate change- is relevant in view of the country high vulnerability to climate change. However, the need for environmental safeguards and protection is getting more pressing with changing agricultural production technologies, emerging rural enterprises and processing activities. The IFAD programme needs to incorporate more active components on these issues. The design of the most recent project (PACE) makes provisions to build upon initial work in relation to environmental, health and safety guidelines to strengthen safer working conditions and minimize environmental impacts.

III. Requirements for long term sustainability and scaling up of results achieved are not sufficiently in place in the programme. A number of constraints are apparent that limit the full potential of the programme.

362. **Insufficient broad –based institutional partnerships and limited convergence and/or interface with Government.** Any mainstreaming or upscaling initiatives require strong support of a variety of partners within the government, both at the policy and operational levels. In order to enhance the prospects of sustainability of the programme and its potential for scaling up the fund requires a stronger constituency who would champion innovations arising through the program and help mainstream them in policy circles. IFAD could do more to develop and build strategic relationships across a wider range of stakeholders. This requires a sustained and perceptive approach to partnership building.
363. Greater convergence with government programmes .Substantial amount of resources are allocated in the government's development budget for agriculture and rural development activities. A greater convergence between IFAD operations and Government-assisted programmes, would ensure wider programme coverage, better resource use and future mainstreaming of programme for sustainability. Along with other issues of planning and coordination, this will require in-depth analysis during project design of other ongoing or planned development initiatives in the areas to be covered by IFAD- supported projects. The objective would be to ensure complementarities in objectives and activities between IFAD-funded and Government financed agriculture and rural development projects and programmes.
364. **Knowledge and visibility** of IFAD operations in the country appears limited. The IFAD supported programme has accumulated a vast experience and generated successful lessons in the last 35 years in Bangladesh. Despite this wealth, the CPE considers that knowledge management is still one weak link of country programme and the enormous potential to share this experience more widely has not been untapped. Although there has been some concrete developments⁶⁸, the capacity of the country office and project management units in documenting and disseminating implementation experience and lessons is still not sufficient. Knowledge of IFAD's country and global work on rural poverty lends greater credibility to policy makers and citizenry. A lack of such knowledge of the organization and its work could limit the ability to mainstream or to scale up the successful innovations and lessons from IFAD funded projects.

⁶⁸ The country team and the division have made a strong effort to strengthen knowledge sharing not only in the country but also within the region, also strategically using grants considering the limited resources.

365. **Scaling up approaches calls for deeper analysis.** There has been a deliberate pursuit and many examples of scaling up in the program. Scaling was specifically identified as a priority in the COSOP. This is a relevant approach to extend the reach and benefits of IFAD programmes as widely as possible within the context of the large rural population in Bangladesh. In order to be successful, scaling up requires broad –based partnership support from the partners, supporting policy environment and careful consideration of financial viability and institutional capacity. Moreover, consolidation of knowledge and building on successful experiences in wider project areas or with a more intensive market-oriented approach can bring new elements (e.g. value chain targeting, institutionalization of common interest groups, local government capacity, infrastructure maintenance funds, higher costs for climate change adaptations) that have not been fully explored. Leveraging of financing is not sufficient, risks and benefits of increasing complexity and their impact on the poor should be analysed carefully before embarking on scaling up.
366. **Sustaining program achievements needs policy interventions.** Rural social institutions and practices generated through IFAD supported projects have been successfully tested and far-reaching results have been achieved (BUGs, WMG, etc.). While these kind of community organizations or groups were not new in Bangladesh, IFAD had a decisive role in mainstreaming their inclusion as a critical instrument for mobilization and participation in the design of publicly supported programmes for agriculture and rural development. The valuable experiences and models generated through years of investment require conscious policies and a legal basis for sustainability. There is a danger that the gains achieved could be eroded if the future pathways to institutionalisation are not supported.
367. **Weak markets and private sector strategy.** What is missing in the IFAD strategy is a clear emphasis for support to developing enabling environment for private sector including policy, strategy and legal framework for small-medium scale entrepreneurs. Although the COSOPS include a broad statement for integrating private sector into IFAD’s work, there was no clear subsequent strategy or guidance developed for operationalizing it. IFAD’s investment in microfinance and expanding support to micro-small- medium enterprises touch upon the lower but critical end of the private sector spectrum in Bangladesh. As the rural finance portfolios grows in future to support for more commercially driven value chains and export led enterprises, the profile of IFAD support for private sector needs to evolve for that role.

IV. Program design and management consideration in order to maximize the development effectiveness of the programme

368. **Strategic program balance.** IFAD and its partners sometimes face a strategic dilemma that can have competing imperatives. For example, whether the focus on supporting remote and fragile areas of low population density with high delivery cost (charlands and haors) outweigh the longer term benefits and opportunity costs for alternative investments in higher number of beneficiaries in other densely populated poor areas.
369. Likewise, choice of relative allocation of resources between infrastructure and social capital is an important consideration having bearing on sustainability issue. While infra-structure investments have brought positive results for the poor people, the value of IFAD investment lies in: i) being the catalyst, and ii) providing leveraging windows. While this was an appropriate first step to open up remote and neglected areas, the second round investment should be the responsibility of the government or other partners.
370. Within projects, often fast moving hardware components have dominated the budget allocations with more software type social and capacity development components receiving lower resources insufficient to the tasks. Insufficient

allocation of time and resources to build capacity at all levels affects the sustainability in the long run.

371. **Synergies and design coherence.** Interfacing objectives in different projects at the program level provide opportunities to reap mutually beneficial synergies in project results, for instance between FEDEC (increasing access to finance) and NATP (intensification of agriculture requiring finance). Complementarity within and between projects could be better calibrated in the program. Within projects, when there is an inter-linkage between sub-component (e.g. enterprise development, agriculture development and access to rural finance; group formation and community capacity development as a basis for planning) stronger coherence can contribute to greater effectiveness, efficiency and sustainability.

B. Recommendations

372. **Stronger focus on agriculture.** In future COSOPs, IFAD should consider a more clear-cut focus on agriculture (including fisheries and livestock) and related issues. To support government objective of achieving far reaching reduction in rural poverty, IFAD should focus on some important aspects of agriculture e.g. strengthening investment in extension and research, supply chain development, intensification, diversification, livestock, and particularly inland fisheries which is a major and growing export commodity.
373. **Access to credit should remain a priority for the IFAD portfolio in Bangladesh.** Despite significant advancement over the last two decades, there are still gaps in the microfinance sector that IFAD, with its knowledge and resources is well-placed to support. The unevenness of microcredit market saturation and the remaining risks, gaps and opportunities within the sector offer imperatives for further IFAD involvement. If new projects are designed to link with the existing portfolio with export led value chains, more specific mechanisms and further capacity development of the functionaries as well as specialized credit products and services is required in e.g. debt management, technology, business and marketing capacity development and this may require identification of new partners.
374. **Environmental protection as a priority in the face of emerging challenges.** In addition to maintaining its current effort in climate change adaptation the future programme will have to carefully balance two competing priorities of environmental protection and poverty reduction in the context of two confronting realities of increasing agricultural intensity and population pressure. The program will require careful assessment of the potentials and risks and have to track the extent to which the short term gains are being achieved for the communities at a cost of longer term resource depletion. All Project Implementation Plans should include environmental assessment processes and put in place activities to ensure that environmental objectives are achieved and risks are mitigated. IFAD should be involved in the initiatives to find solutions and mitigation opportunities.
375. **Broadening policy and institutional support for the programme.** To push for more lasting and longer term reform in policies and legislation, IFAD needs to engage more proactively with the Ministries at the central level (e.g. ministries of Agriculture, Fisheries and Livestock, Food, Water Resources, Land) to leverage their expertise and experience to focus on some of the important areas of intervention. These agencies also play an important role in national policy formulation, legislation, coordination as well as in designing and financing important national programmes, a broad based partnership with Ministries would offer IFAD an opportunity to be a partner in wider national policy processes and contribute towards shaping them. There is potential of strengthening partnership with FAO to pursue joint policy goals.

376. **Further investment in Knowledge Management.** The country office and the Asia and the Pacific Division should develop a clear and thorough knowledge management strategy along with a plan for generating specific knowledge products, sponsoring knowledge sharing events, developing platform for periodic facilitated interactive discussions on emerging agriculture and rural development issues among project professionals, research organizations and the academia. Experience of other UN agencies in Bangladesh could be tapped or partnership secured in developing such a strategy. A dynamic knowledge management effort require active interaction with national research organizations, think tanks and academia, which currently seems to be very weak or non- existent. Such an effort could be introduced in a phased way with due allocation of time, resources and accountability from the headquarters and the CPO.
377. **Enhancing IFAD presence and capacity in the country including out-posting the Bangladesh CPM.** The recent appointment of the CPO is a welcome step in strengthening IFAD's in-country presence and role. But considering the size of the Bangladesh programme (the third largest IFAD programme) and the volume of in-country interactions between and among the development partners and the government, there is a need to further strengthen IFAD's in-country profile in Bangladesh. In particular, the CPE recommends that the Bangladesh CPM be out-posted from Rome to Dhaka as soon as possible. The high level public officials and other development partners met during the CPE all expressed similar views. More effective participation and achievement of deeper results in policy dialogue and partnership building requires a different configuration of IFAD's representation, at an equivalent level with other multilateral banks or UN system agencies. A strengthened country office with an outposted CPM would improve opportunities for policy dialogue, enhance project supervision and implementation support, strengthen cooperation and harmonization with other donors, and further facilitate follow-up on supervision, mid-term review decisions and CPE recommendations.