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Investing in rural people in **Bangladesh**

Since gaining independence in 1971, Bangladesh has increased its real per capita income by more than 130 per cent and cut poverty by over half. This rapid economic growth, the highest in Asia, allowed the country to graduate to lower-middle income status. Bangladesh's GDP growth – averaging 6.3 per cent per annum over the past decade – is driven by increased private consumption, public spending, private investment, exports (mainly garments), agricultural growth and remittances. At 27 per cent, the country's debt-to-GDP ratio is among the lowest in Asia.

Although over the past two decades Bangladesh has made impressive headway against poverty, its incidence remains significant. It is estimated that the national poverty rate was halved between 2000 and 2016, dropping from 49 per cent to 24.3 per cent, while during the same period extreme poverty fell from 34 per cent to 13 per cent. Rural poverty was also halved from 52 per cent to 26.4 per cent, although it remains higher than urban poverty (18.9 per cent). Nonetheless, some 41 million people still live below the poverty line.

Though agriculture now accounts for less than 20 per cent of GDP, the farm sector employs almost half of the labour force. However, urbanization is shrinking farmland so that most rural households now have little cultivable land and the poorest have none. Rice is the dominant crop, but farmers lack access to critical inputs such as improved



Urbanization in Bangladesh is reducing the amount of farmland and most rural households have little cultivable land

Projects: 34
 Total project cost: US\$2.3 billion
 IFAD financing: US\$913 million
 Directly benefiting:
 11,729,563 households

seeds. Fisheries are important economically and as a valuable source of protein, but they remain underutilized. Poor fishers need access to modern technologies and to open water. Rearing livestock, especially poultry and small ruminants, is an increasingly attractive source of income.

Population growth has dropped sharply in recent years, but population density remains extremely high, placing enormous pressure on natural resources – especially arable land. Many Bangladeshis migrate domestically or abroad to seek work.

Eradicating rural poverty in Bangladesh

Two government plans, Vision 2021 and Perspective Plan 2010-2021, seek to make Bangladesh a middle-income country by 2021. The aim is to raise living standards through higher incomes, better education, enhanced social justice and a more equitable socio-economic environment, and to improve safeguards against climate change and natural disasters.

The country's seventh five-year plan (2016-2020) seeks continued high economic growth and transformation through increased and more productive employment, reduced inequality, macroeconomic stability and infrastructure development. With 78 per cent of the labour force engaged in low-income, low-productivity jobs in the informal sector, meeting the challenge requires labour to move to the formal sector.

It is intended to strengthen partnerships with the private sector in providing critical services, such as electricity and roads in rural areas. The government will continue working with NGOs on health, education and microcredit services.

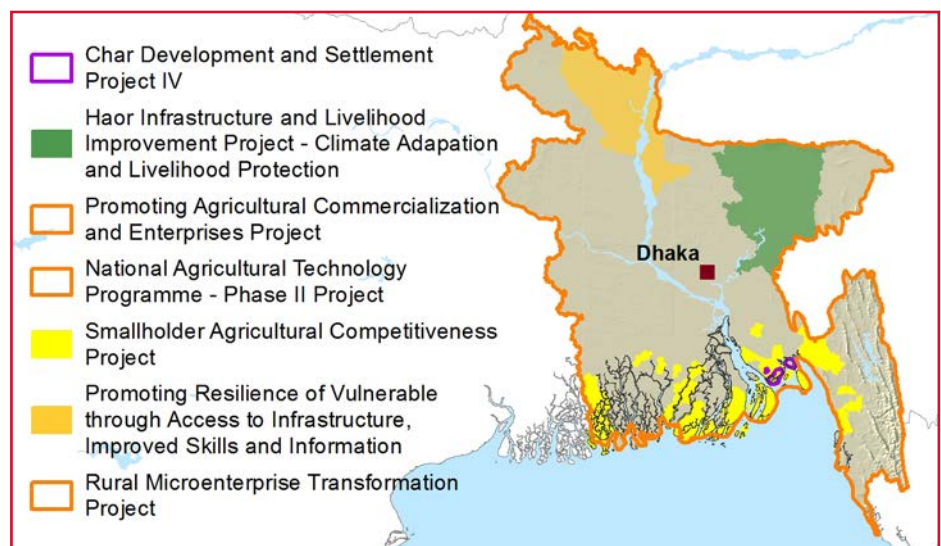
IFAD's strategy in Bangladesh

In line with the five-year plan, IFAD's 2012-2021 country strategic opportunities programme (COSOP) for Bangladesh has had three main objectives:

- enable poor people in vulnerable areas to better adapt their livelihoods to climate change;
- help small producers and entrepreneurs benefit from improved value chains and greater market access;
- economically and socially empower marginalized groups, including poor rural women.

The country programme's target groups include people living in extreme and moderate poverty, especially women, who will benefit from infrastructure development. Value chain development will help landless and marginal farmers, smallholder producers and rural entrepreneurs. IFAD's participatory rural appraisal mechanism and similar tools are designed to ensure women and indigenous peoples are included.

Ongoing operations



Char Development and Settlement Project Phase IV

This eight-year project, begun in 2010, is designed to protect and improve the livelihoods of poor people living on small, sedimentary coastal islands known as chars. The integrated approach to coastal zone development will:

- support water resource management on three of the five chars to protect land from tidal and storm surges;
- improve drainage and enhance land accretion;
- finance climate-resilient infrastructure for communications;
- improve access to markets, potable water and sanitation;
- help 20,000 households obtain secure land titles;
- teach farmers to make better use of land resources;
- provide lessons in coastal zone development and plan the development of new chars.

Additional support is being given to the most disadvantaged groups, including landless households and women, particularly through NGO activities and labour contracting. The total cost is US\$139 million, including an IFAD loan of US\$67.9 million.

The project has been extended until 2022. It will directly benefit 85,000 households.

Haor Infrastructure and Livelihood Improvement Project. Climate Adaptation and Livelihood Protection

This 2011-2021 project is active in five districts of the Haor basin, an area flooded for half of the year. The aim is to improve road infrastructure, build local capacity and expand access to natural resources, technology and markets. Improved infrastructure will also facilitate access to health centres and schools.

Specific objectives include increasing fish yields and aquatic biodiversity, enhancing smallholders' productivity and reducing their vulnerability to adverse weather events, boosting employment and incomes for poor rural women. It will directly benefit 115,000 households.

IFAD is providing a loan of US\$55 million, US\$15 million through its Adaptation for Smallholder Agriculture Programme, plus a US\$1 million grant.

Promoting Agricultural Commercialization and Enterprises Project

This nationally implemented project aims to enhance the livelihoods of rural populations by improving opportunities for microentrepreneurs and creating wage employment. Costing US\$92.8 million, which includes an IFAD loan of US\$40 million, the 2014-2022 project will build on previous experience and scale up IFAD-supported interventions in Bangladesh.

The three project components are:

- financial services for microenterprises;
- value chain development;
- technology and product adaptation.

The target group includes marginal and small farmers and non-farm microentrepreneurs and professionals in related service sectors. It is estimated that 452,000 households will benefit directly.

Climate adaptation capacity is to be increased among farmers in vulnerable coastal areas by scaling up successful results

National Agricultural Technology Programme – Phase II

This phase of the programme (2016-2023) will be implemented in 57 districts, including those covered by the first phase. The programme aims to raise the productivity of small-scale, marginalized and landless farmers, especially women. For example, it will support the development of agricultural technology through Bangladesh's National Agricultural Research System and the establishment of an agricultural innovation fund. The programme promotes the development of the crop sector, including through private-sector involvement in agribusinesses and investment in infrastructure. In the fisheries sector, support will be given to increasing productivity, quality and output and to promoting community-based fisheries management. NATP II will cost US\$220.4 million, with IFAD providing a loan of US\$23.8 million and will reach around 1 million households.

Smallholder Agricultural Competitiveness Project

The project aims to significantly increase incomes and food and nutrition security by helping smallholder farmers become more responsive and competitive in producing high-value crops and marketing fresh and/or processed products. It will increase the resilience and incomes of farmers through demand-led productivity growth, diversification and improved marketing in changing climatic condition.

The project will help farmers to access water for irrigation, produce high-value crops, and build producers' capacity to meet market demand. It will be implemented over a period of six years (2018-2024) in 11 districts in southern Bangladesh and will reach 250,000 rural households.

Promoting Resilience of Vulnerable groups through Access to Infrastructure, Improved Skills and Information

The project focuses on increasing the resilience of communities in 25 flood-prone sub-districts in the Brahmaputra-Teesta floodplain of Bangladesh. Interventions will improve the design of infrastructure and build, rehabilitate and upgrade facilities to reduce production costs and provide access to services and markets. They will also focus on improving skills to support off-farm employment. The project also aims to fine-tune flood-warning systems and to build on preparedness, planning and emergency response.

The initiative will be implemented in six districts and will cover 303,000 households (approximately 45 per cent of the total population). It will run from 2017 to 2024 and cost US\$92.4 million.

Rural Microenterprise Transformation Project

The project goal is to sustainably increase the income, food security and nutrition of marginal and small farmers and microentrepreneurs across selected value chains. The development objective is the sustainable growth of selected rural commodity value chains including small farmers and micro-entrepreneurs. The project targets 445,000 beneficiaries.

Investments will be made throughout Bangladesh. Specific focus areas will be selected based on poverty incidence, economic opportunity, feasibility, and complementarity with ongoing investments in agricultural value chain development. IFAD funding includes a loan of US\$80 million and a grant of US\$1 million. The project will run from 2019 to 2025.

IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$20.9 billion in grants and low-interest loans to projects that have reached about 483 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations' food and agriculture hub.

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