

BANGLADESH | BACKGROUND

Population¹	158 million
Of which in agriculture¹	~71 million (45%)
Of which smallholders²	~65 million (2.9% of global total)
Funding flow % world	2.6% of total funding captured
% Asia	7.6% of total Asia funding captured

Total Funding Captured 2009-onward:

\$311M

Total Number of Projects Captured:

23



Overview of Bangladesh's agricultural sector

Average annual growth in Bangladesh was 4.6% and 5.7% between 1988-98 and 1998-2008, respectively.³ According to predictions of the World Bank, **average growth rates will further increase further between 2008 and 2012.**

While trailing behind services (52.5%) and industry (28.5%), **agriculture** (including crops, livestock, fisheries and forestry) still directly accounts for 19% of national GDP, and underpins the non-farm sector for another 33% of GDP.³ However, the agricultural sector grew at only 3.2% in 2008, **thus lagging behind** total GDP growth that year. Almost 80% of Bangladesh's population lives in the rural areas, with 54% of them employed in agriculture.⁴

Despite the fact that Bangladesh produces enough rice to feed its population, **high rates of poverty and malnutrition** persist. Today more than 40% of Bangladesh's 150+ million citizens are chronically unable to adequately feed themselves.⁵ A growing population, demographic pressures and increased urbanization are rapidly reducing the agricultural land base.

With cultivated areas shrinking 1% annually and cropping intensity reaching its limit, the outlook for **future food security is uncertain.**⁴ Thus reforms in agricultural research and extension systems are needed. According to the World Bank, **growth opportunities exist** from intensification of cereal production, **diversification** into high-value crop and non-crop activities, and **value addition** in the agro-processing sector (storage, processing and marketing).

Rice production dominates about **60% of all cropped land** in Bangladesh.⁵ **Jute** however, is the **main cash crop**. Also known as the "golden fiber", jute is the main export earner, with Bangladesh being the world's second largest producer of jute after India.⁵ Its fibers are used to produce carpets, bags, and clothes. Other crops grown in Bangladesh include tea, sugarcane, potatoes, tobacco, and barley.

The government of Bangladesh is currently **revising its Country Investment Plan (CIP)**. It is engaging a broad group of stakeholders including the private sector, civil society, and NGOs in its efforts to come up with a strategic national agricultural development plan. The draft plan builds on existing government framework documents and has evolved through extensive consultation and analyses from several development partners.⁶

Challenges and opportunities of the agricultural sector

The agricultural sector faces a range of development challenges, but can also gain from opportunities:

- Poverty in Bangladesh is primarily a rural phenomenon. 53% of its rural population is classified as poor, comprising about **85% of the country's poor.**⁴
- The **lack of easily accessible markets** for smallholders⁷ combined with collusion by traders hinders a proper functioning of both agricultural input and output markets.⁴
- Almost **45% of the rural population** is either **landless** or functionally landless (owning less than 0.05 acres of land). Since employment rates in urban centers are low, this group seeks jobs mainly in the rural non-farm sector.⁴
- **Formal rural institutions remain very weak.** The NGO sector, however, is well developed and the quality of informal institutions is improving.⁴
- Bangladesh is the terminal floodplain delta of three large rivers – Ganges, Brahmaputra and Meghna. It is therefore **exceptionally vulnerable to natural disasters.**⁷ Each year about 20 -30%, and every few years about 40%, of the country is flooded, causing serious damage to infrastructure, crops and the overall economy.⁴

Bangladesh has been identified as one of the **USAID Feed the Future** initiative's potential 'Focus countries', driven in particular by the government's efforts around the new CIP.

In May 2010, Prime Minister Sheikh Hasina hosted a Food Security Investment Forum in Bangladesh for stakeholders to discuss and review a draft of the Bangladesh Country Investment Plan and six technical background papers. In particular, the draft CIP identifies several **priority areas of investment**⁶:

- Agricultural production and diversification
- Climate change
- Income growth
- Social safety nets
- Marketing and trade
- Livestock and fisheries
- Nutrition
- Cross-cutting issues such as gender and governance

¹ World CIA Factbook

² Estimate extrapolated from "Small farms: current status and key trends", Oksana Nagayets, IFPRI, 2005

³ World Bank: "Bangladesh at a glance", 2009

⁴ World Bank: "Bangladesh: Priorities for Agriculture and Rural Development" (World Bank Website)

⁵ Encyclopedia of the Nations: "Bangladesh – Agriculture" (Encyclopedia of the Nations Website)

⁶ Feed the Future: "An Improved Approach to Agriculture and Food Security: Bangladesh"

⁷ IFAD: "Rural Poverty in Bangladesh"

BANGLADESH | SMALLHOLDER FUNDING TRENDS

Funding trends by focus area

The vast majority of smallholder development funding in Bangladesh is **concentrated on inputs/training**. Many of these projects focus on **water resource management**, which is in line with the challenges around water noted on the previous page.

IFAD's **National Agricultural Technology Project** aims to improve the quality of national research and extension services and to make them more responsive to farmers' needs. The efforts include decentralizing extension services and enabling common interest groups of crop, livestock and fisheries farmers to form producers' organizations and federations to **strengthening farmer-market linkages**.

IFAD's other large project, **Market Infrastructure Development in Charland Regions**, seeks to strengthen the capacity of producer groups in char areas and to develop supporting market and communications infrastructure. It will build physical infrastructure such as **market facilities and farm-to-market roads** while boosting capacity for market management. It will also provide market traders and producers with technical and management training and access to **credit**.

In the infrastructure/environment focus area, the key effort is a **Rural Markets and Roads** initiative that will result in 13 markets and 238 kilometers of feeder roads to these markets being built, and 62 kilometers of rural roads made passable all year round.

The donor landscape

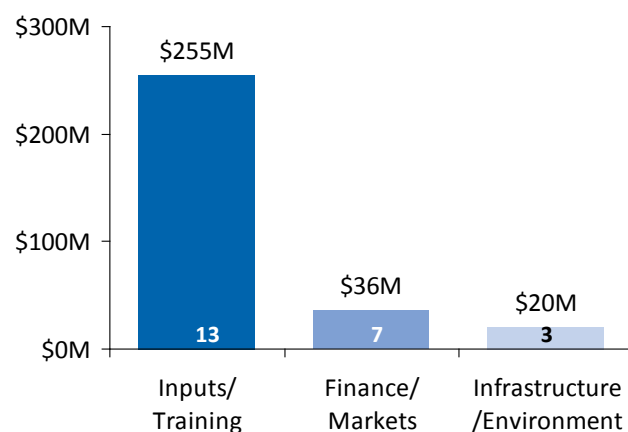
IFAD is the largest donor to smallholder development efforts in Bangladesh, providing more than half of the total funding captured in this analysis, through four large projects covering microfinance, market infrastructure development, agricultural technology, and small-scale water resources.

In terms of bilateral activity, seven countries are investing in Bangladesh in ways large and small. **DANIDA** has provided nearly one third of the bilateral funding captured in this analysis through its Agriculture Sector Programme Support effort. Other large bilateral efforts include **JICA's** Small Scale Water Resources Development Project and a Rural Markets and Roads project financed mainly by **KfW** with support from the Asian Development Bank.

The Bill & Melinda Gates Foundation is funding efforts around rice and milk.

At the recent stakeholder forum on the CIP, the U.S. announced more than \$40 million in commitments for agriculture programs in 2010 and 2011 (*not included in figures*). Several other donors, including the **United Kingdom, European Commission, Japan, Denmark, FAO, World Food Program, World Bank, and ADB**, are active in the Local Consultative Group through which they coordinate efforts across several sector areas. Complementing these actions, the **Global Agriculture and Food Security Program** has awarded Bangladesh **\$50 million** (*not included in figures*) to enhance the productivity and resilience of smallholder farmers against tidal surges, flash floods and frequent droughts through improved seed varieties and water management.

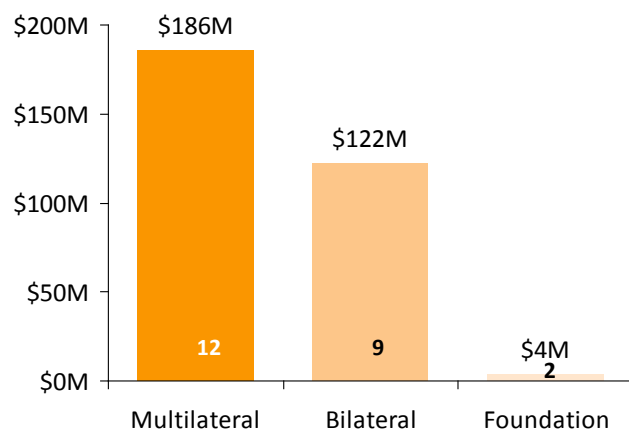
Funding & number of projects by main focus area



Representative projects

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Eradication of Extreme Poverty, AusAid Participatory Small-scale Water Resource Sector Project, IFAD | <ul style="list-style-type: none"> Microfinance for Marginal and Small Farmers Project, IFAD Market Infrastructure Development Project in Charland Regions, IFAD | <ul style="list-style-type: none"> Rural Markets and Roads, KfW and ADB |
| <ul style="list-style-type: none"> National Agricultural Technology Project, IFAD | | |

Funding & number of projects by funder type



Active funders

IFAD ADB	JICA KfW DANIDA USAID	Bill & Melinda Gates Foundation
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