I. Introduction and Context

Country Context

With almost 85 percent of the poor living in rural areas, poverty in Bangladesh is largely a rural phenomenon. The drivers of the rural economy—agriculture and rural non-farm enterprises—are also drivers of the national economy, contributing about 56 percent to Bangladesh’s GDP. Improving the economic performance of the agriculture and rural non-farm sectors is critical to reducing poverty and spurring economic growth in Bangladesh and is a priority for the donor community working in the country.

Sectoral and Institutional Context

Accelerating agricultural and rural growth requires overcoming: (i) weak research and technology development and, particularly, technology transfer; (ii) a degraded natural resource base, especially cultivable land; (iii) poorly functioning input and output markets; (iv) a weak climate for private sector investment; and (v) weak local institutions to demand services and good governance from the private sector.
public and private sectors. Overall, Bangladesh’s research and extension system is not fully equipped to meet the challenges emerging from high population growth, decreasing arable land, climate change effects, and global food price volatility. Since several constraints to accelerating agricultural growth are directly influenced by the performance of the technology system, a program designed to address its current weaknesses would be critical to increase agricultural productivity and reduce rural poverty.

Relationship to CAS

In its Sixth Five Year Plan (FY2011-FY2015), the Government of Bangladesh (GoB) recognizes the need to implement strategies that enhance income earning opportunities for workers remaining in agriculture by raising land productivity and increasing diversification of agricultural production to address growth and employment imbalances. Agriculture still remains vital to poverty reduction and food security. Enhancing land productivity is a top priority given the binding constraints to land resulting from a growing population and pressures of urbanization. Alongside productivity improvements to enhance food security, emphasis is also placed on diversification of agriculture in crop and non-crop sectors to promote commercialization and raise farm incomes. The potential sources of future agricultural growth—increased productivity, high value agriculture, and post-harvest value addition that raise farm incomes—require some new technologies (varieties adapted to changing climate conditions and/or market demands) and better dissemination of some existing technologies. Starting from a low of 0.22 percent of agriculture GDP, GoB has gradually increased its budget to the National Agricultural Research System for technology development and dissemination to 0.26 of Agricultural Gross Domestic Product (AGDP). However, it lacks the resources to increase investment to 0.6 percent of AGDP, which is the average for developing countries. By comparison, industrialized economies invest an average of 2 percent of AGDP for developed countries.

GoB has made impressive progress in enacting the policy reform to support a more decentralized and demand-driven agricultural research and extension system. The revised National Agricultural Extension Policy (2012) explicitly recognizes the need for local institutions and farmers organizations to increase the dissemination of appropriate technology to farmers and to encourage adoption. It also describes a multi-party extension system with providers coming from the public, private, and civil society sectors. In March 2012, Bangladesh’s Parliament amended the BARC Act, which institutionalizes the role of the Research Council to effectively pursue excellence in research by building research infrastructure and human resource capacity in the country. The Act provides a legal framework for BARC to set the agenda for agricultural research and have greater control over resource generation and management. Prior to these recent developments, in 2010, the Government also approved the Bangladesh Country Investment Plan (CIP) that provides guidance on investments to increase and diversify food availability in a sustainable manner and to improve access to food and nutrition. This grant will contribute to the effective implementation of the new NAEP, strengthen the system created by the amended BARC Act and further harmonize with Government programs in line with the Paris Declaration and the five Rome Principles on food security.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The United States Agency for International Development (USAID) has proposed to provide a grant to improve agricultural productivity and farm incomes in the country through research into appropriate technology, increased adoption of low risk-high reward technologies in marginalized
areas, and fostering farmers’ links to markets. The project will build on the lessons learned and good practices developed in the World Bank financed Bangladesh National Agricultural Technology Project and the Bangladesh Integrated Agricultural Productivity Project.

Key Results (From PCN)

The proposed Agricultural Research and Technology Support (ARTS) projects will contribute to a more efficient and effective agricultural research and extension system and will measure the following:

High-level outcome: Increase in household income among participating farmers
Intermediate outcomes: (i) the number of appropriate agricultural technologies developed; (ii) the number of farmers, particularly small and marginal farmers, adopting new agricultural technologies; and (iii) the number of farmers engaged in production of high value commodities with effective market linkages.

III. Preliminary Description

Concept Description

The grant will finance research, extension, and supply chain development through sub-projects, demonstrations, and training. Activities will emphasize low-risk, high reward investments targeting resource-constrained, small and marginal farmers.

1. Funds for Agricultural Research Support will enhance the efficiency and effectiveness of the national agricultural research system. This is a grants-based activity that is national in scope, and funds will flow through 2 windows:
   • Competitive Grants Program (CGP) will finance collaborative short- and medium-term applied and adaptive research by public, private, civil society, and academic institutions. It will also provide funds to increase the capacity of KGF, the implementing agency, with the addition of 2-3 experts to their team.
   • Sponsored Public Goods Research (SPGR) will support long-term strategic and cross-cutting research on production and improvement of critical crops—e.g., oilseeds, pulses, horticulture, floriculture, spices, etc.—aimed at improving varieties to meet consumer demand and adapt to changing climate conditions. It will also support research programs on disaster management, ICT, livestock, farm machinery, post–harvest technology, farming systems, and other issues in farm management and agricultural production.

2. Technology Adoption will support the establishment of a decentralized, demand-led extension service that is knowledge intensive as opposed to input-intensive and that is accountable to farmers, particularly small and marginal farmers. It will focus on further scaling up best practices emerging from the National Agricultural Technology Project (NATP) and increasing the adoption of low-risk/high reward technologies in under-served remote areas through (i) mobilization of common-interest groups (CIGs); (ii) decentralization of extension service; and (iii) enhancing efficiency of national institutions involved in agricultural extension.

3. Supply Chain Development to increase and diversify sources of income for small and marginal farmers by identifying local, national, and international markets for producers and facilitating the services that will help them access those markets on a competitive footing. Under NATP, this component was limited to 10 districts. The USAID funds will enable expanded outreach to additional districts and scaling up existing good practices.

4. Project support and coordination will monitor and evaluate investment activities and increase communication throughout the agriculture research, development, and extension system. It
will also finance special studies related to the project objectives. The PCU for the National Agricultural Technology Project (NATP) will assume overall coordination for implementation of grant activities.

USAID will provide US$25 million in the trust fund, and the World Bank will act as sole administrator. The invested funds will finance grants, goods, works, services, training, and overhead operating costs associated with implementing the grant activities. The project team will provide detailed information on the final design of project components and the investment costs assigned to each component—along with detailed cost tables by expenditure category—in the project appraisal document.

IV. Safeguard Policies that might apply

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V. Tentative financing

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VI. Contact point

**World Bank**

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**Borrower/Client/Recipient**

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