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**INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY
COUNTRY PARTNERSHIP FRAMEWORK
FOR
BANGLADESH
FOR THE PERIOD FY16-FY20
MARCH 8, 2016**

**Bangladesh Country Management Unit
South Asia Region**

The International Finance Corporation

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	NGO	Non-governmental Organization
ADM	Adaptive Delta Management	MDG	Millennium Development Goals
AF	Additional Financing	MDRI	Multilateral Debt Relief Initiative
AL	Awami League	MDTF	Multi-Donor Trust Fund
ASA	Advisory Services and Analytics	MIC	Middle Income Country
AUSAID	Australian Aid	MIGA	Multilateral Investment Guarantee Agency
BB	Bangladesh Bank	MOU	Memorandum of Understanding
BBS	Bangladesh Bureau of Statistics	MW	Megawatt
BCCRF	Bangladesh Climate Change Resilience Fund	O&M	Operations and Maintenance
BNP	Bangladesh Nationalist Party	PEFA	Public Expenditure and Financial Accountability
BWDB	Bangladesh Water Development Board	PFM	Public Financial Management
CAS	Country Assistance Strategy	PGCB	Power Grid Company of Bangladesh
CEM	Country Economic Memorandum	PLR	Performance and Learning Review
CIDA	Canadian International Development Agency	PPP	Purchasing Power Parity
CPF	Country Partnership Framework	PPPs	Public-Private Partnerships
DB	Doing Business	REER	Real Effective Exchange Rate
DFID	Department for International Development	RMG	Ready Made Garments
DPC	Development Policy Credit	SAWI	South Asia Water Initiative
DPO	Development Policy Operation	SCB	State-owned Bank
EU	European Union	SCD	Systematic Country Diagnostic
FDI	Foreign Direct Investments	SDR	Special Drawing Rights
FLFPR	Female Labor Force Participation Rate	SEZ	Special Economic Zone
FY	Fiscal Year	SIDA	Swedish International Development Cooperation Agency
GAAP	Governance and Accountability Action Plan	SNSP	Safety Net Systems for the Poorest Project
GAFSP	Global Agriculture and Food Security Program	SOCB	State-owned Commercial Bank
GDSP	Global Database of Shared Prosperity Index	SPEMP	Strengthening Public Expenditure Management Program
GDP	Gross Domestic Product	SREP	Scaling up Renewable Energy Program in Low Income Countries
GNI	Gross National Income	TA	Technical Assistance
GoB	Government of Bangladesh	UHC	Universal Health Coverage
HIES	Household Income and Expenditure Survey	UK	United Kingdom
ICT	Information and Communication Technology	ULB	Urban Local Body
IDA	International Development Association	UN	United Nations
IEG	Independent Evaluation Group	UNFPA	United Nations Population Fund
IFC	International Finance Corporation	UNICEF	United Nations International Children's Emergency Fund
ILO	International Labour Organization	US	United States
IFR	Integrated Fiduciary Review	USD	United States Dollar
IWT	Inland Water Transport	USAID	USAID
JICA	Japan International Cooperation Agency	VAT	VAT
KM	Kilometer	WaMIP	Water Management Improvement Project
LMIC	Lower Middle Income Country	WBG	World Bank Group
LNG	Liquefied Natural Gas	WTO	World Trade Organization

COUNTRY PARTNERSHIP FRAMEWORK FOR BANGLADESH

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I. EXECUTIVE SUMMARY

i. Bangladesh lies along the Ganges-Brahmaputra Delta—Asia’s largest and the world’s most densely populated delta. The country’s 160 million inhabitants live on a land mass of nearly 150,000 km², resulting in a population density of about 1,600 per km². The delta not only marks the country’s physiology, but also the culture and livelihoods of its people. Like all delta environments, Bangladesh is a hotspot for natural disasters and climate change. Today, most Bangladeshis live in rural areas, but new employment opportunities in the industrial and service sectors have fueled urban population growth in recent years.

ii. Despite its challenging circumstances, Bangladesh has proven to be remarkably resilient and achieved significant human development gains. Impressive progress was made in health outcomes, especially in maternal and child health. Population growth slowed considerably during the past thirty years, falling from 2.7 percent per year in the 1980s to around 1.4 percent in the 2000s. In addition, Bangladesh attained near universal access to primary education and gender equity at the primary and secondary education levels. Not only did educational attainment of women improve, but women’s labor force participation increased significantly between 2003 and 2013, while gender wage differentials narrowed. Progress in these areas was supported by policy interventions, macroeconomic stability, a vibrant private sector and the many grass root movements which pioneered innovative mechanisms to respond to the needs of the poor.

iii. Bangladesh also achieved significant progress towards achieving the twin goals of eradicating poverty and promoting shared prosperity. Bangladesh is projected to have achieved the Millennium Development Goals (MDG) of halving the incidence of extreme poverty. Projections indicate that the national poverty rate fell from 58.8 percent in 1991-92 to 24.8 percent in 2015. Increase in labor income, agricultural productivity, female labor force participation and remittance transfers have been important drivers of poverty reduction. Moreover, Bangladesh is among a select group of countries worldwide that experienced a decline in inequality. Between 2000 and 2010, inequality in rural areas, where about 70 percent of the population continues to reside, remained more or less unchanged, while inequality in urban areas trended downwards. With a Gini index of about 0.30 at the national level, inequality in Bangladesh is lower than in Nepal, India, Sri Lanka, Indonesia, and most East Asian countries.

iv. In 2014, Bangladesh crossed the threshold to become a low middle income country (LMIC) and per capita income continued to increase in FY15 to US\$1,220. GDP grew well above the average for developing countries in recent years, averaging 6.2 percent since 2010, and GDP growth is expected to further rise to 6.7 percent in FY17 and 6.8 percent in FY18. Robust macroeconomic fundamentals, strong growth of exports and remittances, and relatively underdeveloped and insulated financial markets have played an important role in sustaining these high growth levels. Bangladeshi exports doubled their world market share between 1995 and 2012, mainly driven by exports of Ready Made Garments (RMG). Today, the country is the world’s second largest RMG exporter.

v. Despite Bangladesh’s remarkable development achievements, significant challenges remain in its quest to eliminate poverty and further climb up the middle income ladder. Bangladesh remains one of the poorest countries in South Asia, with constrained public services

and comparatively weak institutions. Even though it has done fairly well in recent years, many others, e.g. China, Sri Lanka, and Vietnam, have done much better. Moreover, even if Bangladesh's economy were to continue to grow as rapidly as it has since 2000, simulations indicate that the poverty rate would fall to 15-20 percent by 2030. While this is good progress, it still remains well short of what is required to eliminate extreme poverty by 2030.

vi. The fundamental challenge facing Bangladesh today as a nascent MIC is to create more and better jobs that contribute significantly to growth and poverty reduction. Bangladesh's labor force is growing by 3.1 percent per annum and 21 million people are expected to enter the working age population over the next decade. The World Bank Group's Systematic Country Diagnostic (SCD) identified three foundational and five transformational priorities where concerted efforts would yield the highest payoffs for promoting sustainable growth and creating jobs in Bangladesh. The *foundational priorities* include (1) maintaining macroeconomic stability, (2) promoting human development and (3) strengthening institutions and the business environment. Bangladesh has performed well in these areas and they continue to be important pre-requisites for faster job creation and require sustained attention. The *transformational priorities* represent areas where performance has lagged, such as (1) energy, (2) inland connectivity, (3) regional and global integration, (4) urbanization, and (5) adaptive delta management. Concerted actions in these areas over the next three to five years could have a profound impact on the pace of poverty reduction and growth.

vii. In light of this, the CPF will refocus the WBG's strategic direction on removing stubborn impediments to job creation and growth. The CPF's primary objective, therefore, is to increase engagement in the five *transformational priorities* to make a dent in poverty reduction. The Bank will shift more financing towards energy and transportation infrastructure—areas where progress has been limited, where the Bank has a comparative advantage and where it must play an active role to remain relevant. This strategic shift was initiated at mid-term of the previous country strategy and is consistent with the Bank's analytical work and stakeholder consultations reflecting that underinvestment in key infrastructure is the binding constraint to growth. In addition, the CPF will build on a well-performing portfolio, particularly in human development, identified by the SCD as *foundational priorities* which are important prerequisites to sustained growth. Engagements from the previous strategy that promote inclusive growth—notably in health, education and social protection, as well as in revenue mobilization, financial sector support and the business environment—will continue.

viii. The CPF will also give greater prominence to policy reforms and make policy dialogue an integral building block in the country program. This will be pursued through multiple channels that expand on the ongoing investment operations and technical assistance. These channels include engaging in high level policy dialogue, underpinned by development policy lending to promote economic competitiveness, increase the reliability of power supply, and modernize the country's infrastructure. The Bank will continue to use results-based financing to bring about systemic policy reforms in areas beyond human development such as strengthening the national statistical and procurement systems. Where possible traditional operational engagements will support operational designs that help enhance the functions and service delivery of local governments by supporting, for example, fiscal decentralization and performance-based

resource allocation. In addition, supporting government efforts to strengthen governance systems will be critical to building a strong policy dialogue to enhance Bangladesh's competitiveness.

ix. In defining the program, the CPF considers three selectivity criteria: i) consistency with the Government's 7th Five Year Plan to ensure strong country ownership; ii) alignment with policy priorities identified in the SCD, in particular the five transformational priorities to achieve the greatest impact on poverty reduction and shared prosperity; and iii) the WBG comparative advantage, taking into account the knowledge and financing support provided by other development partners. By design, the CPF follows the same cycle (FY16-20) as the government's five year plan.

x. The activities in the CPF are structured around three focus areas consistent with the South Asia Regional Strategy—growth, social inclusion and climate and environmental management. Under the Growth and Competitiveness pillar, WBG activities will seek to remove barriers to growth by increasing electricity supply, improving transport connectivity, expanding financial intermediation and creating an environment conducive to doing business. To support social inclusion, WBG activities will aim to consolidate the equity and access gains in health and education with continued due regard to gender, and address the next generation of challenges related to quality improvements in health, access to clean drinking water and sanitation, and education and skills development. In addition, the WBG will seek to expand pro-poor coverage of social protection and help the poor secure better formal sector jobs at home and abroad, while bringing the rural poor into the folds of the country's progress with support to their livelihoods. Under the third pillar, Climate and Environment Management, the WBG will support the government's efforts in adaptive delta management, which seeks to ensure that sectoral investments take into account the long term uncertainties related to climate change and growth. WBG activities will focus on boosting Bangladesh's resilience to climate change and natural disasters, improving the management of water infrastructure and promoting agricultural productivity with climate-smart farm practices and technology, diversification and accelerating the move up the value chain.

xi. The CPF identifies governance reforms as a long-term agenda that demands sustained effort as well as downstream and upstream interventions. At the national level, the Bank will continue to provide lending and technical assistance to support policies and systems aimed at improving transparency and efficiency in service delivery. These include maintaining ongoing public sector reforms to improve public financial management, promoting electronic government procurement, reinforcing audit and parliamentary oversight functions, and automating VAT administration to boost tax revenues. New IDA operations are planned to strengthen the corporate governance of state-owned financial institutions and to expand the use of personal identification by linking it to delivery of public services. At the portfolio level, the CPF seeks to strengthen institutions through capacity-building activities embedded in operations. It will also enhance fiduciary oversight in the implementation of the World Bank program—particularly for large infrastructure projects, and including extensive use of forensic audits—to ensure resources are used for their intended purposes.

xii. Bangladesh has a well performing WBG portfolio and is the largest IDA17 recipient, with an indicative total allocation of US\$3.8 billion equivalent (SDR 2.7 billion). Under IDA16, the Government utilized its entire allocation for the first time in two decades and is poised to do the same with IDA17 resources. Where possible, the Bank will also tap into regional IDA resources to finance initiatives that tap into Bangladesh's strategic location for trade, logistics and regional cooperation. Bangladesh's IDA financing will be supplemented by a robust trust fund portfolio aligned with the country program. IFC investments are expected to range from US\$500-600 million per year and, along with advisory services, will address physical, financial and regulatory constraints to competitiveness. MIGA will seek opportunities to expand its engagement in Bangladesh and has currently US\$480 million of guarantees in the pipeline in the power generation sector. Beyond financing, the WBG will undertake a range of analytical work during the course of the CPF to fill key knowledge gaps that warrant policy attention. The five key knowledge gaps identified in the SCD relate to labor markets, fiscal challenges, land markets, public service delivery and gender.

xiii. The overall risk to achieving the development objectives for Bangladesh, as outlined in the CPF, is high. The main risks emerge from the political and governance environment, weak fiduciary capacity, and an elevated safeguard risk profile due to the planned shift towards infrastructure investments. These risks are not new and have been a defining feature of the previous CAS, but each one has the potential to compromise the achievement of the overall CPF objectives. As a global development institution with the mandate to fight poverty and boost shared prosperity, the World Bank Group must take calculated risks to remain relevant in countries such as Bangladesh where the need for development assistance is enormous. As in the past, risks will be monitored continuously throughout the implementation of the CPF in close collaboration with the Government and development partners, and the mitigation measures currently in place will be further adapted based on lessons of experience.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1. Social and Political Context

1. Bangladesh lies along the Ganges-Brahmaputra Delta—Asia’s largest and the world’s most densely populated delta. The country’s 160 million inhabitants live on a land mass of nearly 150,000 km², resulting in a population density of about 1,600 per km². The delta not only marks the country’s physiology, but also the culture and livelihoods of its people. Like all delta environments, Bangladesh is a hotspot for natural disasters and climate change. Today, most Bangladeshis live in rural areas, but new employment opportunities in the industrial and service sectors have fueled urban population in recent years.

2. Since the return to electoral democracy in 1991, two political parties, the Awami League (AL) and the Bangladesh Nationalist Party (BNP), have dominated politics. Bangladeshis regard democracy as an important legacy of their war for independence from Pakistan in 1971, and they vote in large numbers. The AL and BNP alternated power in the 1990s and 2000s, until the AL government returned to power for a second consecutive term in 2014, following a BNP boycott of the elections. Increasingly confrontational politics have also resulted in long stretches of general strikes (*hartals*) and transport blockades. Unrest during election periods and following recent war crime verdicts have often paralyzed civil and economic activities: political violence around the 2014 elections led to more than 500 deaths; and turmoil in the first quarter of 2015, sparked by the one year anniversary of the 2014 election, resulted in 100 more deaths and is estimated to have cost Bangladesh US\$ 2.2 billion or about one percent of its GDP.

3. Despite longstanding political differences, governments across the political spectrum have exhibited strong commitment to the country’s long-term development agenda. Although institutions in Bangladesh remain weak, successive governments have maintained macro-economic stability, and made efforts to liberalize trade, reform the financial sector and limit interference in business. They worked with the private sector to introduce market-friendly reforms and established economic zones that fueled the growth of the export-oriented garment manufacturing industry, raised export earnings, and provided employment to many Bangladeshis, including women. As a result, Bangladesh has maintained a healthy growth rate averaging 5.5 percent in the last two decades.

4. Bangladesh is a Muslim majority democracy with a vibrant civil society. Almost 90 percent of the population is Muslim and about 9 percent is Hindu; the remainder consist of small groups of Christians and other religions and ethnic minorities. Since independence, relations among these groups have been mostly harmonious, and Bangladesh’s society is characterized by a strong cultural bond and national identity. A strong civil society and grass root movement emerged in the wake of the 1971 war to provide assistance to impoverished communities. Institutions like BRAC and Grameen Bank are world-renowned for their development work and have pioneered innovative mechanisms to respond to the needs of the poor.

5. Bangladesh shares a 4,100 km border with India, making regional cooperation between the two countries an imperative. During Indian Prime Minister Modi’s visit to Dhaka in June 2015, more than 20 cooperation agreements were signed, including a historic land

boundary agreement under which India and Bangladesh exchanged more than 160 small enclaves which had existed within each other's territories since the partition of British India in 1947. The two sides also agreed to establish a Special Economic Zone for Indian firms, initiate new trans-border bus services and enable Indian vessels to use Bangladesh's ports. India extended a US\$2 billion line of credit to Bangladesh and pledged investments of US\$5 billion, mostly in the energy sector. In addition, a 2014 UN Tribunal ruling settled a 40 year old dispute over maritime waters between India and Bangladesh, enabling Bangladesh to explore for oil and other natural resources in the Bay of Bengal. Bangladesh shares 57 transboundary rivers with India, and therefore cooperation on water management through a river basin approach is an important agenda for the two countries. This includes cooperation in managing the unique Sundarbans landscape encompassing several shared rivers and home to some of South Asia's poorest.

6. Despite its challenging circumstances, Bangladesh has proven to be remarkably resilient and achieved significant human development gains over the last four decades. The war of independence in 1971 was followed by a devastating famine in 1974, and then a series of deadly cyclones and severe floods in the 1980s and 1990s, as well as global oil and food price crises in the late 2000s. Even so, Bangladesh exceeded expectations. In 1971, Bangladesh ranked well below India in many social indicators, but today, with less than 60 percent of India's income per capita, it ranks higher in most such indicators, as well as above many other low- and lower-middle-income countries with similar or better initial conditions in 1971 (Table 1).

Table 1: Social Indicators for Bangladesh and Comparator Countries

Indicator	Bangladesh		India		Low-income countries		Lower middle-income countries	
	1971	2013	1971	2013	1971	2013	1971	2013
GDP per capita (constant US\$ 2005) [1971-2013]	259	621	272	1,165	376	456	410	1,261
Life expectancy (years) at birth [1971-2012]	47	70	50	66	46	62	52	66
Infant mortality rate [1971-2013]	149	33	141	41	145	53	124	44
Total fertility rate [1971-2012]	6.9	2.2	5.4	2.5	6.7	4.1	5.6	2.9
Mean years of schooling of adults [1985-2013]	2.4	5.1	2.4	4.4	2.3	4.0	3.1	5.4
DPT child immunization rates (%) [1985-2103]	2	97	18	72	24	80	27	76
Access to improved sanitation (%) [1991-2012]	35	57	18	36	22	37	30	47
Prevalence of undernourishment (%) [1991-2012]	34	16	26	17	34	26	25	15

Source: WDI. Mean Years of schooling: Barro and Lee (2013) UNESCO (2013b) and HDRO estimates. Low and lower middle income groups comprise countries with per-capita GNI <US\$1,045 and US\$1,046-US\$4,125 respectively in 2015.

7. Bangladesh has made notable progress on most health outcomes, especially maternal and child health. Bangladesh has achieved MDG 4 (reduce child mortality) and is likely to have achieved MDG 5 (improve maternal health). The maternal mortality ratio has declined by 40 percent since 2001, to an estimated 176 deaths per 100,000 live births in 2015.¹ The under-five child mortality rate has declined by one-third since 2004, to 46 deaths per 1,000 live births in

¹ http://www.plancomm.gov.bd/wp-content/uploads/2015/09/MDGs-Bangladeh-Progress-Report_-PDF_Final_September-2015.pdf

2014.² These achievements are the result of progressive health policies related to immunization, oral rehydration therapy, and family planning. They can also be attributed to non-health policies and interventions, such as the increase in female literacy, access to microcredit, access to safe drinking water, and rural infrastructure.

8. Population growth has also slowed considerably during the past thirty years, falling from an average of 2.7 percent per year in the 1980s to around 1.4 percent in the 2000s. This coincides with impressive achievements of Bangladesh's family planning program, which helped to increase the prevalence of contraception and to lower total fertility from over 6 children per woman in the 1970s to 2.3 in 2011. While population growth in Bangladesh has slowed, the proportion of the working-age population has continued to increase due to faster population growth in the earlier decades, and the resulting changes in the ratio of working-age-to-total population have contributed to growth and poverty reduction since the 1980s.

9. Bangladesh has also achieved impressive results in enhancing access to and equity in education. Notable achievements include nearing universal access to primary education, attaining gender equity at the primary and secondary education levels, marked reductions in repetition and dropout rates, and reasonably high levels of completion in primary education. The educational attainment of women has improved significantly since the early 1990s, when it was among the lowest in the world. Through a massive expansion of schools, continued investments in education, and targeted stipends to bring the poorest and girls into schools, female primary school enrollment rates are now higher than those in Pakistan, Nepal, and Bhutan, and similar to those of India.

10. Beyond the expansion of girls' education, special initiatives have been taken to promote women's empowerment. NGOs played an important role in mobilizing women to use microcredit and generate self-employment, and the fast-growing readymade garments (RMG) industry proactively recruited female workers onto their factory floors. Today, a large number of women play an active role in economic life. The total number of employed women nearly doubled between 2003 and 2013. Women's labor force participation rates rose from 25 percent in 2000 to 34 percent in 2013, and gender wage differentials narrowed. In the political arena, key positions are held by women, including the Prime Minister, the head of the opposition party and the speaker of the parliament. In addition, 50 seats are reserved in the parliament for female politicians.

2.2. Recent Economic Developments and Outlook

11. Rapid growth has propelled Bangladesh from low income to low middle income country (LMIC) status, as FY14 per capita GNI of US\$1,080 crossed the MIC threshold of \$1,046. Per capita income continued to increase in FY15 to US\$1,220. GDP grew well above the average for developing countries in recent years, averaging 6.2 percent since 2010, with services and industry accounting for the bulk of the growth (Table 2). While Bangladesh has achieved its ambition to reach middle-income-status by 2021, the 50th anniversary of its independence, the challenge will be to further accelerate growth so that it moves well past the threshold and further up the income range of LMICs

² Bangladesh Health & Demographic Survey 2014

Table 2: Sources of Growth FY10-15
(Contribution in percentage point in constant prices)

Sectors	FY10	FY11	FY12	FY13	FY14	FY15
Agriculture	1.07	0.78	0.52	0.41	0.70	0.48
Industry	1.77	2.31	2.47	2.59	2.27	2.72
Services	2.89	3.25	3.43	2.88	2.92	3.02
Import duty	-0.17	0.12	0.10	0.13	0.16	0.28
Overall GDP	5.57	6.46	6.52	6.01	6.06	6.51

Source: WB staff estimates based on BBS data

12. Several factors are behind the resilience of Bangladesh's economy, against the backdrop of a volatile global economy. Robust macroeconomic fundamentals at the onset of the financial crisis, strong growth of exports and remittances, and relatively under-developed and insulated financial markets have played an important role. Bangladesh's exports doubled their world market share between 1995 and 2012. The RMG sector has been a key contributor, with its share of total exports accounting for more than 80 percent in FY14. Bangladesh is now the world's second largest garment exporter, making it unique among low-income countries because of the high share of manufactured goods in its exports (90 percent vs. ~20 percent in comparator countries in 2012).

13. Growth in the near and medium-term is expected to rise modestly. If stability prevails, Bangladesh's strong domestic demand, gradually improving investment climate, and moderate single digit inflation are expected to raise GDP growth to 6.7 percent in FY17 and 6.8 percent in FY18 (Table 3). On the supply side, this will be driven by sustained expansion in industry and services, enabled by improved investments in infrastructure and energy. On the demand side, significant recovery in export growth and private investment is expected to strengthen aggregate demand while also contributing to capacity creation. Recovery in the United States and the Euro area should augment garment exports while the recent reopening of some markets in the Arab States of the Gulf for Bangladeshi labor should increase remittances. However, with rising imports boosted by private investment and export growth recovery, the current account deficit is projected to rise from 0.1 percent of GDP in FY16 to over 1.7 percent in FY19.

Table 3: Medium-Term Macroeconomic Framework

Indicators	FY 15	FY 16	FY 17	FY 18	FY 19
GDP growth	6.5	6.5	6.7	6.8	6.8
Inflation (GDP deflator)	5.8	6.8	7.2	7.1	6.8
Investment (% of GDP)	28.9	29.0	31.4	32.8	33.8
Savings (% of GDP)	29.0	28.9	30.4	31.5	32.1
Current account balance (% of GDP)	0.04	-0.1	-1.0	-1.3	-1.7
Growth of Exports goods and service (US\$)	2.6	10.7	10.3	10.3	10.3
Growth of Imports goods and service (US\$)	10.7	9.7	9.4	9.4	9.5
Remittance Growth	7.2	6.3	6.2	6.0	6.2
Revenue (% of GDP)	10.6	11.6	12.3	12.4	12.8
Expenditure (% of GDP)	14.2	16.2	16.7	16.5	16.5
Deficit (% of GDP)	3.6	4.6	4.4	4.1	3.7
Debt (% of GDP)	34.8	35.4	34.7	34.4	34.2

Source: WB staff estimates

14. Bangladesh has enjoyed the lowest inflation and price volatility in South Asia over the last two decades, and inflation is likely to remain relatively low. Most recently, inflation has been decelerating, underpinned mainly by good rice harvests and lower global prices. Annual inflation decelerated to 6.5 percent in May 2015, compared with 7.4 percent in May 2014. Declines in non-food inflation reflect a stable exchange rate and prudent monetary management. Cautious monetary policy also helped limit inflation volatility and the Bangladesh Bank is committed to maintain a restrained monetary policy stance in the near term.

15. Macroeconomic stability underpinned by sound fiscal balances and fiscal prudence is expected to continue. Public savings in Bangladesh have remained above 2 percent in recent years. The overall budget deficit has been financed through prudent external borrowing that kept the effective interest rate on public debt at 5.7 percent in FY15. The public-debt-to-GDP ratio has been declining throughout the last decade. The fiscal deficit has been consistent with debt sustainability. Fiscal gains from the oil price decline in FY15 will be offset by a prospective salary hike of government officials and increased development spending in FY16. Special effort will be needed to boost revenue in order to create fiscal space for the salary increase and growing interest payments, raise public investment, and consolidate and strengthen social safety nets as the government starts implementing the recently adopted National Social Security Strategy. The fiscal deficit is projected to increase to 4.6 percent of GDP in FY16 before falling to 4.4 percent in FY17, when the revenue impact of the implementation of the new VAT law kicks in. The central government's debt-to-GDP ratio is projected to remain on a slow downward path.

16. External balances remain comfortable, despite weak export growth and strong imports. Although the current account moved to deficit in FY15, foreign exchange reserves stayed above the equivalent of five months of imports. Since adopting a floating exchange rate in 2003, the Bangladesh Bank has followed a managed market-based exchange rate policy that smoothed exchange rate volatility and built foreign exchange reserves. Recent movements in the real exchange rate have adversely affected the competitiveness of Bangladesh's exports. The Real Effective Exchange Rate (REER) has appreciated by about 33 percent since its trough in 2011. The value of the euro against the Bangladesh taka has fallen by 16.5 percent since July 1, 2014. This presents a concern to exporters, especially in the textile and clothing sector, as the Euro area is Bangladesh's biggest trading partner, representing three-quarters of its annual merchandise shipments.

17. The financial sector remains volatile because of limited actions to improve corporate governance and accountability. The balance sheets of State-Owned Commercial Banks (SCBs) are still weak with rising nonperforming loans, which have now risen to 3.7 percent of GDP. This is the consequence of the enduring impact of a series of financial scams and resultant loan defaults in the SCBs. These banks still need further capitalization despite recapitalization in 2014. Private banks are also facing corporate governance failures.

18. Political instability and declining export competitiveness due to a sustained appreciation of the real exchange rate constitute the main risks in the medium-term. According to the 2013 Bangladesh Enterprise Survey, political instability is the top most concern among businesses. The resurgence of prolonged and intense political instability would hamper

private sector activities and threaten macroeconomic stability. Export competitiveness has also eroded due to real exchange rate appreciation, as the U.S. dollar strengthens against the Euro. The recent increase in Federal Funds Rate has increased the likelihood of further strengthening of the U.S. dollar. Nearly three-fourth of Bangladesh's exports go the U.S. and the EU; exports to emerging markets have also been growing recently, although the markets are still small. Garment export market diversification is particularly vulnerable to the slowdown in emerging markets. This will be amplified if preferential access to the EU is withdrawn or truncated for lack of progress in labor and safety standards in the garment industry, following the catastrophic RMG factor collapse in 2013 which killed more than 1,100 workers.

2.3 Poverty Profile

19. Bangladesh is projected to have achieved the MDG of halving the incidence of extreme poverty. Projections using 2010 Household Income and Expenditure Survey (HIES) data (the latest available) indicate that the national poverty rate fell to 24.8 percent in 2015, less than half the 58.8 percent rate in 1991-92 (Table 4). Estimates show that the pace of poverty reduction in Bangladesh was 1.7 percentage point per year during 2000–2010 as the number of poor people (using Bangladesh's upper poverty line) fell by more than 17 million. Based on the US\$1.25 global poverty measure during the same period, the number of the poor fell by 12 million, from around 77 million to 65 million, at a rate that was 60 percent faster than in the rest of the developing world, excluding China. Since the percentage of people living on less than \$1.25 per day is around 40 percent, for Bangladesh a focus on reducing extreme poverty is at the same time a focus on promoting shared prosperity for the bottom 40 percent of the population; thus, the two World Bank Group (WBG) goals come together.

Table 4: Long-Term Poverty Trends: 1990 – 2015

	Poverty Headcount Rate (percent)					
	1991-92	1995-96	2000	2005	2010	2015*
Upper Poverty Line						
National	58.8	51.0	48.9	40.0	31.5	24.8
Urban	44.9	29.4	35.2	28.4	21.3	
Rural	61.2	55.2	52.3	43.8	35.2	
Lower Poverty Line						
National	42.7	34.4	34.3	25.1	17.6	12.4
Urban	23.3	13.7	19.9	14.6	7.7	
Rural	46.6	38.5	37.9	28.6	21.1	
PPP\$1.25 Poverty Line	70.2	60.6	58.6	50.5	43.3	35.7

Source: 2002, 2008, 2013 Poverty Assessments, World Bank. PPP US\$1.25 estimates are from PovcalNet. * 2015: WBG projections based on observed GDP growth rate between 2010 and 2015 and estimates of elasticity of poverty reduction to GDP growth based on the HIES and GDP growth series.

20. The overall storyline on poverty in Bangladesh could be more positive than the standard poverty metrics suggest. While Bangladesh does not have surveys that enable direct comparisons of individual household situations over time, alternative methods provide reliable estimates of their mobility between poverty, vulnerability and middle class status.³ According to those estimates, the probability for household to move out of poverty into vulnerability status has

³ *Addressing Inequality in South Asia*, regional flagship report, World Bank, 2014.

been as strong in Bangladesh as in the United States and Vietnam—two countries with different systems and with a reputation for upward mobility. The probability of moving into the middle class is lower, but still higher than in neighboring India. In parallel, the 2011 International Comparison Program (ICP) data was used to revise the global poverty line from \$1.25 to \$1.90 per day and implies that consumption prices in Bangladesh could be lower than anticipated, resulting in lower poverty rates. Analytical work is underway to finalize the poverty estimate based on the 2011 ICP data.

21. Bangladesh is also amongst a select group of countries worldwide that experienced a decline in inequality. Between 2000 and 2010, inequality in rural areas, where about 70 percent of the population continues to reside, remained more or less unchanged, while inequality in urban areas trended downwards. With a Gini index of about 0.30 at the national level, inequality in Bangladesh is lower than in Nepal, India, Sri Lanka, Indonesia, and most East Asian countries. The Global Database of Shared Prosperity Index (GDSP) shows that Bangladesh experienced a modest decline in inequality, with the annual growth rate of household expenditure among the poorest 40 percent slightly exceeding that of the total population between 2007 and 2012. Other widely used measures of inequality in access to services, opportunities in education, health, and sanitation in Bangladesh are generally better than in other South Asian countries (excluding the Maldives and Sri Lanka).

22. Increases in labor incomes have been a main driver of poverty reduction. The structural shift from agriculture to industry and services has accelerated in recent years and created new and better paid jobs. Labor productivity increased dramatically across the board: the growth in output per worker was especially large in the industrial and agricultural sectors, while services also experienced a significant increase. A large share of the aggregate increase in output per worker was associated with the outflow of workers from low-productivity daily wage work to jobs in services—a phenomenon driven by rural-urban migration and the expansion of non-farm employment. In the non-agricultural sector, net employment rose by more than 10 million between 2002-03 and 2013, outstripping the 3.3 million increase in agriculture. Despite the fall in agriculture's share in total employment from around 52 percent in 2002-03 to 45 percent in 2013, increases in farm incomes accounted for more than 90 percent of the poverty reduction between 2005 and 2010. Despite the shift to non-agricultural activities, farming remains an important source of livelihood for the rural poor. They have benefitted from higher agricultural incomes due to rising real rural wages, better farm-to-market access, higher crop yields, as well as improved terms of trade for agriculture.

23. Other drivers of fast poverty reduction have included the ongoing demographic transition, increased female labor force participation and increasing remittance transfers. Changes in the demographic composition of the population, in particular a lower dependency ratio driven by a reduction in fertility, helped to increase per capita income levels. In addition, the growing share of women in the labor force also contributed to poverty reduction. With an estimated nine million citizens working abroad, overseas remittances exceeded US\$14 billion in 2013-14, equivalent to about 8 percent of GDP (i.e. nearly double their share a decade earlier). These remittances constituted a large share of household income for many and also account for a significant source of inflows into the local economy.

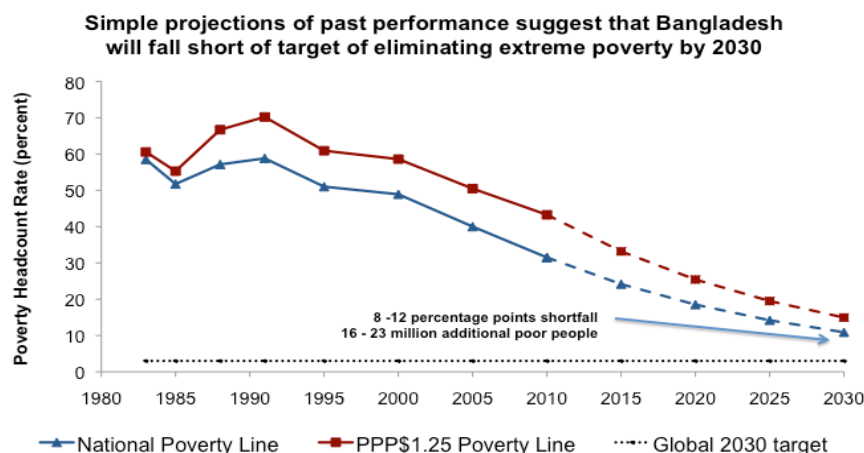
24. Despite Bangladesh’s remarkable development achievements, significant challenges remain in its quest to eliminate extreme poverty. It remains one of the poorest countries in the region, with constrained public services and comparatively weak institutions. Even though it has done fairly well in recent years, many others, e.g. China, Sri Lanka, and Vietnam, have done much better (Table 5). Moreover, even if Bangladesh’s economy were to continue to grow as rapidly as it has since 2000—much faster than it ever has before this period—simulations indicate that the poverty rate would fall to 15-20 percent by 2030. While this is good progress, it still remains well short of what is required to eliminate extreme poverty by 2030 (Figure 1).

Table 5: Income Levels: Bangladesh and Comparator Asian Countries: 1980 – 2013

	GDP per capita (current US\$)			GNI per capita, Atlas method (current US\$)		
	1980	2013	% (annual)	1980	2013	% (annual)
China	193	6,807	11.4	220	6,560	10.8
South Korea	1,778	25,977	8.5	1,900	25,920	8.2
Sri Lanka	273	3,280	7.8	280	3,170	7.6
Vietnam	239*	1,911	7.7	220**	1,740	9.0
Thailand	683	5,779	6.7	710	5,340	6.3
Indonesia	536	3,475	5.8	510	3,580	6.1
India	271	1,499	5.3	270	1,570	5.5
Philippines	685	2,765	4.3	700	3,270	4.8
Bangladesh	220	958	4.6	220	1,010	4.7
Pakistan	296	1,275	4.5	340	1,360	4.3

*Source: World Development Indicators. *Data for 1985; ** 1989.*

Figure 1: Poverty Projections Until 2030



Source: WBG staff estimates based on poverty-GDP elasticities from the 2013 Poverty Assessment.

25. Poverty in Bangladesh has also become more urban due to rapid and increasing internal migration over the past two decades. Bangladesh’s urban population has recently grown faster than all other South Asian countries, barring Nepal. While rural areas continue to account for the bulk of the poor, the share of the poor population living in urban areas has been

increasing over the past two decades. Rapid urbanization has positively impacted economic performance, but the general livability of urban settlements which suffer inadequate and poor quality of services is under stress. Urban slums have grown rapidly. While survey data on their inhabitants is partial, they have worse access to housing, health services, transport, water supply and sanitation.

2.4 Challenges to Poverty Reduction and Shared Prosperity

26. The Systematic Country Diagnostic (SCD) identifies the creation of more and better jobs as the key challenge for eliminating poverty and boosting shared prosperity in Bangladesh. Jobs remain a critical concern in the country: the labor force is growing by 3.1 percent per annum—1.3 times the South Asian and 1.7 times the global average—and 21 million people are projected to enter the working age population over the next decade. Therefore, accelerating the employment shift of casual workers and small farmers engaged in agriculture to salaried employment in more dynamic and remunerative sectors of the economy is an important priority. At the same time, growth and employment opportunities associated with diversification of agriculture and value addition in the agricultural supply chains must be captured. The Bank’s analytical work has shown that given the powerful inter-sectoral and urban-rural linkages, a balanced approach offers the most promising exit out of poverty.

27. In spite of encouraging developments in the labor market in recent years, nearly half of the workforce remains engaged in agriculture and the informal sector and unemployment among youth is considerably higher than the national average. In 2013, the 45 percent of Bangladesh’s workforce gainfully employed in the agricultural sector contributed about one-fifth of GDP. The 2013 Labor Force Survey also shows a relatively high unemployment rate of 8.1 percent among those aged 15 to 29 years—almost twice the overall unemployment rate. Many young Bangladeshis remain trapped in low-wage, labor intensive, and insecure informal work. This is especially the case for poor youth since having formal secondary education—which is largely out of their reach—is a key determinant of accessing remunerative wage employment.

28. One major impediment to higher growth rates, private sector development and job creation is the low level of investment in infrastructure. Bangladesh devotes a smaller percentage of GDP to investments than other countries in South Asia. Public investment in hard infrastructure stands at less than 2 percent of GDP, resulting in lower infrastructure quality (Table 6). China, Thailand, and Vietnam invest more than 7 percent of GDP. Unless Bangladesh’s infrastructure bottlenecks are addressed, they risk becoming increasingly important constraints for growth. WBG estimates indicate that reaching sustained growth rates of 7.5-8.0 percent would require an increase in infrastructure investments to around 10 percent of GDP per year.

Table 6: Infrastructure Quality in Bangladesh Lags Behind its Regional Competitors

Country	Country Ranking	Infrastructure Score (Overall)	Electricity	Roads	Railroad	Port
China	39	4.7	4.4	4.7	5.0	4.5
Thailand	44	4.6	4.7	4.4	2.4	4.5
Sri Lanka	64	4.2	4.1	5.2	3.9	4.3
India	81	3.7	2.8	4.1	4.1	4.2
Cambodia	101	3.2	3.6	3.3	1.6	3.7
Pakistan	117	2.7	2.0	3.8	2.8	4.1
Bangladesh	123	2.6	2.3	2.9	2.5	3.6
Myanmar	134	2.1	2.0	2.3	1.8	2.6

Source: World Economic Forum, Global Competitiveness Report 2015-16; Ranking out of 140 countries

29. Bangladesh also faces challenges in governance and institutions, which have undermined the country's competitiveness and ability to create more and better jobs. Bangladesh's rankings in global governance- and corruption-related indices⁴ have seen little improvements in the last decade. Similarly, Bangladesh's global rankings in the ease of *Doing Business* over the last five years have slid to the bottom quintile, and the private sector continues to cite corruption among the top five constraints to doing business. When it comes to building and maintaining infrastructure, diversifying exports, moving up the value chain and ensuring the health and safety of workers, weak governance—specifically the lack of transparency and accountability—has prevented Bangladesh from performing as well as it could have in areas critical to job creation. Even in areas where Bangladesh has done relatively well—macroeconomic management and improved health and education outcomes—its performance could have been boosted if capable, accountable and transparent institutions were in place to drive stronger revenue collection and public financial management.

30. The SCD identifies foundational and transformational priorities where concerted efforts by the government and other stakeholders would yield the highest payoffs for promoting sustainable growth and creating jobs. As described in Table 7, foundational priorities are areas where Bangladesh has mostly done well in the past, but which continue to be pre-requisites for faster job creation and growth and therefore require sustained policy attention and innovations. Transformational priorities represent lagging areas, where concerted actions over the next three to five years could have a profound impact on the pace of progress towards eliminating poverty and boosting shared prosperity.

⁴ Transparency International's Corruption Perception Index and Bertelsmann Index of Transformation (on political and economic governance).

Table 7: Summary of Key Priorities for Action Identified by the SCD

PRIORITY AREAS WITH POTENTIALLY TRANSFORMATIVE IMPACT ON TWIN GOALS
<p>1. Energy sector: key priorities include increasing the supply of electricity and natural gas, diversifying sources of power supply, retiring polluting and expensive emergency diesel generators, reducing energy subsidies (and the resulting significant fiscal burden).</p> <p><i>Impact on twin goals: Increased availability of electricity helps increase economic activities, which in turn generate jobs and income opportunities, thus reducing poverty.</i></p>
<p>2. Inland connectivity and logistics: key priorities include upgrading and integrating key transport corridors (in particular the Dhaka-Chittagong highway), improving management of the port in Chittagong, reviving inland water transportation, and improving the maintenance of existing assets.</p> <p><i>Impact on twin goals: Improved connectivity will help reduce transport time and costs and boost productivity, which will help promote enterprise, generate jobs and increase incomes of workers.</i></p>
<p>3. Regional and global integration: key priorities are to capture a higher share of the manufacturing jobs moving out of higher-income countries by reviving the stalled trade reform agenda; moving up to higher value added manufacturing; and making overseas migration more remunerative, affordable, inclusive, and safe.</p> <p><i>Impact on twin goals: Increased export-led growth will help accelerate and diversify the source of GDP growth and create new jobs that will help improve incomes and living standards.</i></p>
<p>4. Urbanization: key priorities are to improve urban competitiveness and livability, especially for the poor (e.g. connectivity, efficient land use, public services and amenities) and to reduce environmental externalities (air and water pollution).</p> <p><i>Impact on twin goals: Improving the livability and quality of urban amenities will make growth more environmentally and socially sustainable and ensure that the poor also benefit from urbanization</i></p>
<p>5. Adaptive delta management: key priorities are to promote agricultural productivity and diversification; to enhance long-term planning for better land and water use and natural resource management; and to revitalize and strengthen key infrastructure to protect the population, reduce vulnerability, and secure growth.</p> <p><i>Impact on twin goals: A holistic long-term approach to managing economic development of the delta will ensure that growth is sustainable, inclusive and reduces the vulnerability of the poor to natural disasters.</i></p>
FOUNDATIONAL PRIORITIES
<p>1. Macroeconomic stability and related cross-cutting challenges: Key priorities include achieving higher revenue mobilization through tax policy and tax administration reforms; better implementation of the Annual Development Program; and improved health of the financial sector and enhanced financial intermediation.</p> <p><i>Impact on twin goals: A strong macroeconomic framework is essential to promote growth, financial sector stability and private sector competitiveness needed to create jobs and boost the incomes of the poor.</i></p>
<p>2. Human development: Key next-generation priorities are related to reducing malnutrition, improving the quality of public service delivery (including workforce skills); increasing public funding for health and moving towards universal health coverage; and extending coverage of innovative social protection to both the rural and urban poor.</p> <p><i>Impact on twin goals: Investing in skills and education will help generate jobs in the formal sector and foster income opportunities; access to quality healthcare and improved social protection coverage will reduce the vulnerability of the poor and enhance their ability to participate in the labor market.</i></p>
<p>3. Institutions and business environment: Stronger institutions are needed to manage a larger and more complex economy, to meet the aspirations of a more diverse and heterogeneous population, and to ensure that the prevailing business environment is conducive to higher investment and growth.</p> <p><i>Impact on twin goals: Stronger institutions can help foster a business-friendly environment for growth, which in turn will increase economic opportunities to grow incomes.</i></p>

III. WORLD BANK GROUP ENGAGEMENT STRATEGY

3.1 Government's 7th Five Year Plan

31. The CPF is anchored in the Government's Five Year Plan, and by design follows the same planning cycle. In 2009, the Government of Bangladesh articulated its vision to become a middle income country by 2021, to mark the country's fifty years of independence. The "Perspective Plan of Bangladesh 2010-2011" called for this vision to be achieved through simultaneous fulfillment of economic and social rights of the people alongside civil and political rights. Even though Bangladesh crossed the threshold to lower middle income country status in 2015, it will require sustained reform efforts to advance further within that income bracket. Two

consecutive medium-term development plans, the 6th (FY11-15) and the 7th Five Year Plans (FY16-20) were formulated to implement the vision outlined in the Perspective Plan. The previous Country Assistance Strategy was extended by one year to FY15 to coincide with the final year of the 6th Five Year Plan, and enable this CPF to be aligned with the 7th Five Year Plan cycle.

Box 1: The Seventh Five Year Plan (FY2016-2020)

Under the overarching theme “Accelerating Growth, Empowering Citizens” the 7th Five Year Plans aims to develop strategies, policies and institutions to accelerate inclusive growth, reduce poverty, empower citizens and promote sustainable development. The plan builds on the previous Five Year Plan and embraces the UN Sustainable Development Goals (SDGs), to which the Government of Bangladesh has shown strong commitment. It puts emphasis on creating jobs through growth that is both inclusive and reduces poverty. It strives to attract higher domestic and foreign investment and to raise the productivity of capital and labor. It identifies a variety of growth drivers such as improving the investment climate, increasing investments in infrastructure and manufacturing, addressing the skills challenge that industries are facing, leverage information and communications technology, enhancing the efficiency of the financial sector, and maintaining macroeconomic stability. The plan also endeavors to empower citizens and inclusive growth by promoting gender equality in education and employment, strengthening social protection schemes, increasing access to improved public healthcare, and achieving universal primary and secondary education.

The Five Year Plan aims to attain an average real GDP growth rate of 7.4 percent per year and to significantly reduce poverty within the next 5 years. The goal is to reduce the poverty head-count from 24.8 percent in FY15 to 18.6 percent in FY20 (and for extreme poverty from 12.9 percent to 8.9 percent in the same period). Another target, critical for the CPF, is to create jobs for under-employed and new labor force entrants by increasing the share of employment in manufacturing from the current 15 percent to 20 percent in FY20. The Plan estimates that an additional 12.9 million jobs will be created by FY20, with 9.9 million new workers entering the labor force in the same period.

A comprehensive Development Results Framework, with links to the SDGs will guide implementation of the Five Year Plan. This results framework, first introduced under the 6th Five Year Plan, consists of over seventy indicators across fourteen thematic areas including macroeconomic stability, environmental sustainability, transport, energy, human development and governance, among others. The Government will undertake a mid-term review to assess progress against the goals and make necessary adjustments.

Total investments needed to finance the implementation of the Five Year Plan are estimated at about Tk32 trillion (US\$407 billion equivalent). About ninety percent of this will be financed from domestic resources and 9.6 percent from external sources. The Plan will rely heavily on private sector investments (77.3 percent of total investment), while the remaining share is expected to be financed from public sector investments.

3.2 World Bank Group Partnership Framework

3.2.1 Lessons from the FY11-15 Country Assistance Strategy

32. The previous Country Assistance Strategy (CAS) of FY11–15 focused on Bangladesh’s aspiration to achieve middle-income status. The Government’s 6th Five Year Plan underpinned the design of the CAS which consisted of four pillars that (i) supported accelerated growth through investments in economic infrastructure, (ii) maintained focus on inclusive growth through human development, (iii) deepened engagement on governance, and for the first time, (iv) added focus on sustainable growth to mitigate the effects of climate change. Following the cancellation of the Padma Bridge Project in 2012, IDA temporarily disengaged from new infrastructure projects and restricted new lending to investments in climate change, human development and governance. The 2013 CAS Progress Report defined a pathway back to financing infrastructure investments, including power generation and transport, in ways that minimized corruption risks, while supporting much-needed institutional capacity in these areas.

33. The overall performance of the FY11-15 CAS is rated moderately satisfactory (see Completion and Learning Review in Annex 2). The program achieved substantive progress in areas that were identified as priorities by the government—particularly in health and social safety net coverage; access to roads and electricity; climate change adaptation and women’s economic empowerment. There was, however, mixed progress in improving student learning which underscores the need for increased focus on education quality, as well as access. In addition, despite significant donor support, public financial management reforms fell short of expectations, with scope for further improvements in the budget preparation process.

Lessons Learned

34. In an environment of limited policy dialogue, the Bank should adopt project designs in the Bangladesh program that provide alternative channels to pursue policy reforms. Results-based features in five investment operations linked disbursements with achievements of important reforms and helped promote policy changes that would have otherwise been difficult to achieve. In the education sector, for example, the Government started using analyses from learning assessments introduced in the Bank-supported SWAp to inform policy-making such as enhancing teachers’ subsidies and equalizing the provision of physical inputs to poorer-performing schools. The CPF will continue to leverage results-based disbursements, particularly in the social sectors, to support important second generation reforms.

35. The Bank could have recalibrated its engagement, instead of disengaging from new lending in infrastructure investments when governance challenges arose. The decision to temporarily move away from a pipeline of high-risk infrastructure projects after the Padma Bridge project cancellation was an important element in stabilizing the country program, but it affected the relationship with both the Government and development partners. According to an IEG evaluation and the CAS Progress Report, the Bank succeeded in preserving a poverty focus to its Bangladesh program, but the decision to disengage from new infrastructure lending resulted in loss of knowledge and momentum and left important development objectives unaddressed. In the CPF, instead of disengaging if similar risks emerge, the Bank will focus on how to engage differently e.g. enhance oversight, change procurement arrangements, prioritize institutional reforms, and shift to analytical or technical support.

36. The Bank could have been more selective and strategic in the use of multi-donor trust funds (MDTFs). Despite the available resources, results were mixed and the pace of reform slow under some MDTFs during the CAS period—notably the Bangladesh Climate Change Resilience Fund (BCCRF) and Strengthening Public Expenditure Management Program (SPEMP). These MDTFs were overly ambitious and their performance was constrained by inadequate government capacity, ownership, and understanding of the local political economy. The MDTFs supported a long list of initiatives that were not sufficiently aligned with government-owned policy reforms. Going forward, the CPF will continue to support the reforms underpinning the BCCRF and SPEMP, under a simpler framework with due regard to sequencing of activities and ownership by counterparts.

Consultations

37. Extensive consultations with diverse stakeholder groups were conducted in various districts to inform the preparation of the CPF. In November 2014, the first round of consultations on Bangladesh's development priorities was held in Dhaka, Sylhet, Chittagong, and Jessore to inform the SCD and the CPF. The second round was organized in the same venues in October and November 2015 to solicit feedback on the CPF's conceptual framework and results matrix. The events drew participation from civil society, non-governmental organizations, the media, the private sector, think tanks and the Government of Bangladesh. In addition, an online consultation was launched in November 2015 to seek the views of the public (see Annex 4).

38. Common themes emerged as key priorities, including infrastructure development, skill and quality education, urbanization, governance and decentralization. Stakeholders stressed the importance of improving infrastructure to sustain growth, emphasizing in particular the need for inland water and rail connectivity, increased power generation capacity and the completion of the Dhaka-Chittagong four lane highway. In addition, modernization of the Chittagong port was cited as key to Bangladesh's trade competitiveness. The lack of urban management, including traffic congestions in Dhaka and Chittagong, was seen as a bottleneck to growth. Concerns were voiced across the board about the poor quality of education and lack of skilled labor. Challenges in governance and institutional capacity were seen as serious constraints to economic development. Participants from outside Dhaka, in particular, emphasized the importance of decentralization and strengthening local government. Throughout the consultations, the need for creating growth poles beyond Dhaka became apparent.

3.2.2 Overview of Strategy

39. The fundamental challenge facing Bangladesh today as a nascent MIC is to create more and better jobs that contribute significantly to growth and poverty reduction. This will require improving competitiveness while achieving several complementary transitions simultaneously. First, given that the majority of the poor continue to live in rural areas and remain largely dependent on subsistence agriculture, it will be important for agriculture to continue to perform well, with improvements over time in agricultural productivity and diversification, as well as increased agri-business. Second, to enable higher value-addition in the economy, Bangladesh needs to help people move out of agriculture and into manufacturing—particularly for exports of both goods and skilled manpower. Third, Bangladeshi businesses will need to diversify both their products and markets, building on a nascent competitive advantage in areas such as pharmaceuticals, shipbuilding, leather goods, jute-based goods (including particularly footwear), ICT (including business process outsourcing), and varieties of light engineering. Improved competitiveness will be key to diversification and exports: Bangladesh will first have to remove the binding constraints to growth posed by low access to reliable and affordable power, poor transportation infrastructure, limited availability of serviced land, inadequately skilled work force, rapid urbanization and vulnerability to climate change and natural disasters, among others. In addition to these bottlenecks, some industries may also face specific constraints in taxation, labor laws, access to finance, and sector-specific infrastructure, which the GoB will need to help the business community address. There is also still room to grow the RMG sector: although

Bangladesh is already the second-largest exporter of ready-made garments after China, these exports are still only about one-quarter of China's exports in this sector.

40. In light of this, the CPF will refocus WBG's strategic directions on policy areas which could help remove stubborn impediments to faster growth and job creation and accelerate poverty reduction. The CAS Progress Report presented to the Board in January 2014 already set the stage for this strategic shift. As outlined in that report, for the remainder of the CAS period in FY14-15, the Bank started reengaging in areas critical for growth, while consolidating achievements in service delivery through additional financing of ongoing projects. The Progress Report also noted that in the forthcoming country strategy, the Bank would shift more financing toward energy and transportation infrastructure—areas where progress has been limited, where the Bank has a comparative advantage and where the Bank must play an active role to remain relevant.

41. The primary objective of the CPF is, therefore, to increase engagement in the five transformational priorities identified in the SCD to make a dent in poverty reduction. WBG engagement in these five areas has been relatively limited and fragmented in the past. This strategic shift is consistent with the SCD, other Bank analytical work and consultations feedback reflecting that underinvestment in key infrastructure is the binding constraint to growth. Lack of access to serviced land, unreliable electricity and weak transportation links have been cited by the private sector as major impediments to doing business. Moreover, given the Bangladesh delta's susceptibility to the impacts of climate change, a holistic approach to economic development is needed to ensure that growth is both sustainable and inclusive.

42. In addition, the CPF builds on a well-performing portfolio, particularly in human development, identified by the SCD as foundational priorities which are important prerequisites to sustained growth. Engagements from the previous CAS that support drivers of inclusive growth, notably in health, education and social protection, as well as in revenue mobilization, financial sector, and the business environment, will continue. These are areas where the Bank enjoys a comparative advantage given its global knowledge and longstanding experience. It is therefore well-placed to tackle second generation reforms aimed at improving the quality of education and healthcare and the efficiency of the social protection system. Additionally, in these areas, the Bank continues to: (i) play an important convening role for leveraging development partners' support through SWAPs; and (ii) move policy reforms with the help of results-based financing.

43. The CPF will give greater prominence to policy reforms and make policy dialogue an integral building block in the country program. This will be pursued through multiple channels that expand on the ongoing investment operations and technical assistance. These channels include engaging in high level policy dialogue, underpinned by development policy lending to promote economic competitiveness, increase the reliability of power supply, and modernize the country's infrastructure. The Bank will continue to use results-based financing to bring about systemic policy reforms in areas beyond human development such as strengthening the national statistical and procurement systems. In addition, where possible traditional operational engagements will support operational designs that help enhance the functions and service delivery of local governments by supporting, for example, fiscal decentralization and performance-based resource allocation.

44. Supporting government efforts to strengthen governance systems will be critical to building a strong policy dialogue to enhance Bangladesh’s competitiveness. The CPF recognizes that governance reform is a long-term agenda that demands sustained effort as well as downstream and upstream interventions. At the national level, the Bank will continue to provide lending and technical assistance to support policies and systems aimed at improving transparency and efficiency in service delivery. These include maintaining ongoing public sector reforms to improve public financial management (particularly through the health and education SWAps, which help influence sectoral expenditures), promoting electronic government procurement (e-procurement), implementing electronic payment mechanisms for safety net programs, reinforcing audit and parliamentary oversight functions, and automating VAT administration to boost tax revenues. In addition, new IDA operations are planned to strengthen the corporate governance of state-owned financial institutions and to expand the use of personal identification by linking it to delivery of public services. At the portfolio level, the CPF seeks to strengthen institutions through capacity-building activities embedded in operations. Planned support to the Bangladesh Bureau of Statistics to improve the national statistics system will provide policymakers with reliable and timely data to make more informed decisions. The WBG will also take proactive measures to enhance fiduciary oversight, including extensive use of forensic audits in the implementation of the World Bank program—particularly for large infrastructure projects—to ensure resources are used for their intended purposes (see Box 3).

45. In defining the program, the CPF considers three selectivity criteria: i) consistency with the Government’s 7th Five Year Plan to ensure strong country ownership; ii) alignment with policy priorities identified in the SCD, in particular the five transformational priorities to achieve the greatest impact on poverty reduction and shared prosperity; and iii) the WBG comparative advantage, taking into account the knowledge and financing support provided by other development partners (see Figure 2). Indicative IDA, IFC and MIGA activities for the FY16-17 period are provided in Section 3.2.3. At the mid-point of this CPF period, the WBG will conduct a Performance and Learning Review to take stock of progress towards the CPF goals, and make mid-course adjustments to the program as needed. As in the past, this CPF will also maintain a degree of flexibility such that the WBG can respond rapidly to changing country priorities, evolving country context, global or domestic market developments, or unforeseen events such as natural disasters.

3.2.3 Objectives and Planned Support

46. The activities in the CPF are structured around three focus areas consistent with the South Asia Regional Strategy—growth, social inclusion and climate and environmental management. The CPF’s primary focus will lie in removing constraints to growth and competitiveness by addressing infrastructure bottlenecks. IFC will contribute to the implementation of the CPF by focusing on building sustainable infrastructure, expanding financial access and inclusion, and improving transport/logistics while seeking opportunities to promote climate smart solutions. The combined outcomes of the WBG activities during the CPF period are expected to contribute to a series of objectives related to the transformational and foundational priorities of the SCD (See Figure 2). The CPF objectives in turn will contribute to the achievement of Bangladesh’s national goals as articulated in the 7th Five Year Plan (See Results Framework in

Annex 1). These objectives are also closely aligned with the UN Sustainable Development Goals, which were championed by the Government of Bangladesh throughout the negotiation process.

- ***Focus Area 1: Growth and Competitiveness:*** Bangladesh has sustained impressive growth rates over the last decade, fueled by a young population, jobs in manufacturing, increased agricultural productivity and remittances from overseas workers. But it will need to grow even faster in order to create enough jobs for the 2 million new workers—male and female—stepping into the labor force each year. Increasing investments and jobs in the private sector will require Bangladesh to undertake a broad set of reforms to further enhance competitiveness. To support this, WBG activities will seek to remove barriers to growth such as increasing electricity supply, improving transport connectivity, expanding financial intermediation and creating an environment conducive to doing business, among others.
- ***Focus Area 2: Social Inclusion:*** Sustained growth will require sustained attention to worker productivity and protection of the poor. Bangladesh achieved remarkable progress in expanding health and education services to the poor, with special attention to girls, and in creating work opportunities for women, particularly in the RMG sector. There are also numerous safety nets to protect the poor. Even so, malnutrition afflicts children from both low and higher income households, and access to public services remains constrained, especially at the tertiary level. Pockets of poverty persist across the country, with a large number of the poor left without any social protection. Most workers are trapped in informal employment, with little opportunity to upgrade their skills and find better jobs. To support inclusive growth, WBG activities will aim to consolidate the equity and access gains in health and education with continued due regard to gender, and address the next generation of challenges related to quality improvements in health, access to clean drinking water and sanitation, and education and skills development. In addition, the WBG will seek to expand pro-poor coverage of social protection and help the poor secure better formal sector jobs at home and abroad, while bringing the rural poor into the folds of the country's progress with support to their livelihoods.
- ***Focus Area 3: Climate and Environment Management:*** With two-thirds of its landmass less than five meters above sea level, Bangladesh is highly susceptible to sea-level rise and storm-induced tidal flooding, which climate change is raising to an existential threat. The future is likely to threaten food security and freshwater supplies (due to saline intrusion into shallow groundwater), and increase prevalent water-related diseases, and repeated damage to poorly-sited or constructed infrastructure. To manage the complex Bangladesh delta, the Government is preparing an integrated and holistic long-term plan—the Delta Plan 2100—to promote safe living through greater resilience and sustainable economic development. The Plan is based on an adaptive delta management (ADM) approach, which ensures that all sectoral investments take into account the long term uncertainties related to climate change and growth. WBG support will be aligned with the ADM principle. Activities will focus on boosting Bangladesh's resilience to climate change and natural disasters, improving the management of water infrastructure and promoting agricultural productivity with climate-smart farm practices and technology, diversification and accelerating the move up the value chain.

Figure 2: CPF Selectivity Criteria and Focus Areas

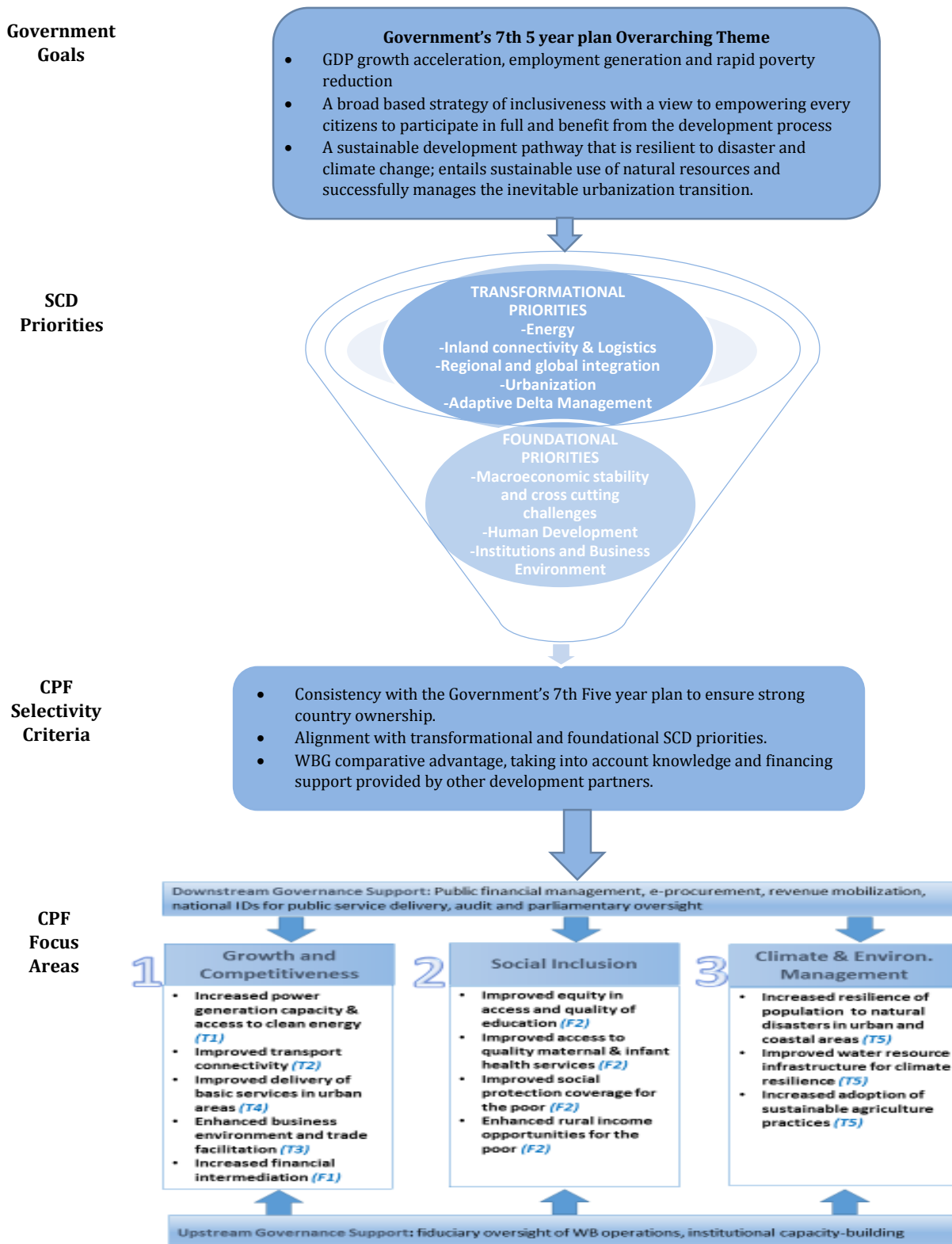


Table 8: CPF Focus Area 1

Focus Area 1	Growth and Competitiveness
CPF Objectives	1.1 Increased power generation capacity and access to clean energy 1.2 Improved transport connectivity 1.3 Improved delivery of basic services in urban areas 1.4 Enhanced business environment and trade facilitation 1.5 Increased financial intermediation

Objective 1.1 Increased Power Generation Capacity and Access to Clean Energy

47. The availability and reliability of power supply is a key concern for households and businesses in Bangladesh. While installed capacity increased from 4,900 MW in 2009 to 11,200 MW today, available capacity is only around 7,700 MW. Supply has not been able to keep pace with rapid growth in annual electricity demand of 8 percent. The shortage of supply not only affects households, but also industry and the commercial sector, which drive the bulk of value added for the economy. According to the 2013 World Bank Enterprise Survey, Bangladeshi businesses on average suffered power outages for 840 hours per year, resulting in output loss of approximately 3 percent of GDP.

48. Bangladesh needs to diversify its sources of power and squeeze inefficiencies out of the sector value chain. Natural gas currently fuels two-thirds of Bangladesh’s power generation, but gas shortages have started to constrain growth of power supply and, in combination with inefficient practices and infrastructure constraints, have led to the widespread use of more costly liquid fuel to generate power. The increase in liquid fuel use has nearly tripled the system-wide average cost of electricity generation in recent years, while consumer tariffs remain below cost recovery levels, imposing a sizeable fiscal burden. The Government’s goals of achieving universal access to power by 2021 and meeting a projected 33GW peak demand by 2030, will require: significant investment in capacity, consistent with the country’s least cost generation plan; improved availability of fuels and efficiency of allocation and use; reduction of inefficiencies in dispatch; and, enhanced system supply capabilities. The Government is considering a broad range of options: enhancing availability of domestic gas, including by incentivizing offshore exploration and production; importing liquefied natural gas (LNG); developing coal and nuclear power plants; promoting renewables; and importing power from abroad.

49. The WBG will seek to help Bangladesh narrow the growing gap between demand for power and available supply—a transformational priority—making use of synergies where possible. It will aim to provide efficient and reliable energy supply, diversity into renewables and LNG, and increase access to electricity. In generation, IDA, IFC and MIGA are supporting new gas-fired generation capacity as well as the repowering of existing gas-fired plants to enhance their efficiency. In addition, IDA is supporting off-grid rural electrification through a highly successful solar home systems program that has reached more than three million households. IDA and IFC, along with ADB, will work to scale up renewable energy investments. The WBG is also active in transmission and distribution: The WBG is strengthening rural transmission and distribution networks to reduce losses and increase carrying capacity in rural areas, supporting efforts to improve the financial and operational efficiency of the Power Grid Company of Bangladesh (PGCB), and also seeking to help finance cross-border transmission lines—with the ultimate goal (beyond this CPF period) of building a regional power pool covering Bangladesh, Bhutan, India

and Nepal. To this end, the IFC is supporting the Government of Bangladesh to purchase hydropower from private developers in Nepal, to be wheeled through India. In the gas sector, the WBG will support Bangladesh's efforts to utilize limited gas resources efficiently and develop new sources of gas. IFC is supporting the construction of LNG regasification infrastructure to supplement domestic gas supply with imported LNG.

Objective 1.2 Improved Transport Connectivity

50. To expand the economic transformation of rural areas and boost competitiveness in secondary cities, continued investment in inland connectivity is a high priority. Bangladesh has made great strides in developing an extensive transport system—particularly in road networks—but it has not been able to keep pace with the rapid growth in transport demand. Access to roads remains a challenge, with more than 60 percent of rural households living more than 2 km away from all-weather roads. As a result, access to markets can be difficult and costly, especially during the monsoon season. Agricultural traders have ranked poor road condition and road blocks as the two biggest constraints to their business. Bank studies have also repeatedly shown that improved inland connectivity can raise agricultural productivity, employment and wages, and even school enrollment, which have been important drivers of poverty reduction.

51. While roads remain the dominant mode of transport, Bangladesh can make better use of its 24,000 km of waterways. The Government recognizes the need to reduce demand on Bangladesh's congested roads and invest in multimodal transport, including inland water transport (IWT). To date, IWT has brought limited benefits to the population due to underinvestment and low quality of service. To better address the transport needs of the poor and to support trade, the Government developed the 2009 IWT Master Plan which laid out a detailed plan for investment in the sector, including for development and maintenance of river routes, navigational aids, river ports, rural development, and institutional development. Few of these initiatives have been implemented due to capacity and funding constraints. Strengthening institutional capacity is a priority in the transport sector, where many agencies have overlapping mandates.

52. The WBG support for transport connectivity—a second transformational priority for Bangladesh—will focus on upgrading and maintaining key transport corridors for safe and efficient movement of people and goods. More than 5,000 km of local roads will be maintained and improved across 26 districts as part of IDA's support to rural connectivity. Additionally, the Bank will finance improvements to the Dhaka-Chittagong inland waterway, which accounts for 80 percent of all IWT traffic in Bangladesh. The goal will be to improve capacity, reliability and safety along this 300 km route, while also preparing for greater IWT integration with India (which is making complementary investments, with Bank assistance, on its side of the border). IFC will consider support to IWT river ports and terminals. WBG knowledge and advisory work will include the development of a transport master plan for Chittagong, and a study to identify institutional, policy, and investment options to develop a modern and efficient freight logistics sector. In the roads sector, for example, IDA will support the national highway department and the government arm responsible for rural and urban infrastructure investments to improve quality, contract and road asset management efforts. IFC will consider providing PPP advisory services for roads. MIGA will look to support both public and PPP investments to enhance urban connectivity and intercity transportation.

Objective 1.3: Improved Delivery of Basic Services in Urban Areas

53. Bangladesh’s rapid urbanization served as a powerful force for poverty reduction, but it also exerted great pressure on basic service delivery, the natural resource base and urban living. Its densely populated cities struggle with dilapidated infrastructure and low levels of urban services, resulting in overcrowding, poor drainage, inadequate water supply and waste management, and high pollution levels. These in turn weaken city competitiveness and livability: the capital city, Dhaka, was cited as the second least livable city in the EIU’s 2015 Global Livability Ranking which is based on a range of lifestyle measures such as health care, education, culture, environment and infrastructure. Rapid growth in the urban population has also translated into an acute housing shortage, driving residents into informal or illegal housing. Urban slum dwellers live in more precarious conditions than their rural counterparts. Despite progress in decentralization reforms, urban institutions and local governments suffer from weak capacity: they have limited fiscal autonomy and decision making powers, limited own source revenues, and weak accountability systems. As a result, they are ill-equipped to respond to the growing demand for infrastructure and services.

54. During the CPF period, the WBG will work with municipalities and local governments to improve livability through enhanced performance and service delivery—a third transformational priority. IDA will contribute to improved service delivery through TA to Dhaka’s newly-elected mayors and through performance-based incentives for secondary cities, towns, and union parishads that demonstrate sustained progress in planning, public financial management, revenue mobilization and social accountability. An urban slums upgrading project will pilot innovative financing services to encourage private investment in housing improvement and community participation in infrastructure upgrades. IFC will seek opportunities to support private sector engagements with cities, if the public service delivery framework would include private sector investment and delivery. Additionally, the Bank will provide advisory support to the Bangladesh Bureau of Statistics (BBS) to improve the quality of urban poverty statistics analysis to inform policymaking and ensure better targeting of public service delivery in urban centers, as well as improving urban health outcomes.

Objective 1.4 Enhanced Business Environment and Trade Facilitation

55. To accelerate growth, increase competitiveness, and create more and better jobs, Bangladesh needs to remove hurdles for both domestic and foreign businesses and tap into regional and global markets—a fourth transformational priority. The export market will need to provide many of the jobs sought by the two million entrants into the labor force each year. China’s gradual exit from labor-intensive production presents an opportunity to capture a significant share of this space. For this to happen, Bangladesh would need to deepen its linkages with China, India, Japan, and South Korea, which represent underexploited markets and potential sources of FDI. It will also need to consolidate its existing strengths in RMG and diversify its export base to other high potential areas such as agribusiness, pharmaceutical products, non-leather footwear, light-engineering and manufacturing, and ship-building, where Bangladesh already demonstrates competitiveness. To enable this product and market diversification, measures must be taken to improve competitiveness, create a more attractive business environment for domestic and foreign investments, simplify a complex trade regime (both tariff and para-tariff measures),

improve trade logistics, modernize the complex legal and regulatory regimes for manufacturing and services, support industrial zones and implement labor and work safety guidelines.

56. WBG efforts to improve the business environment will focus on trade policy, facilitation and infrastructure, as well as behind-the-border reforms—building on a recently-completed trade diagnostic. To improve logistics performance and facilitate trade, the Bank will finance land ports development and improvement, customs modernization and a customs “single window,” and with IFC, provide complementary advisory services to support reforms of the legal and regulatory framework related to the private sector. IFC will also seek opportunities to support specialized logistics such as cold storage and warehousing, among others. If the GoB takes concrete steps to reform trade with neighboring countries, with similar progress in Nepal or in India where the Bank is supporting a similar agenda, a regional development policy operation (DPO) on trade and connectivity will be explored. In the meantime, the Bank will use its convening power to bring together policy makers and opinion leaders to champion regional integration and lift barriers to collaboration across borders. In trade infrastructure, IDA and IFC will continue to provide financing to develop economic zones and industrial land. IFC will complement these efforts with PPP advisory service and possible investments in developers/operators and utility services within and around the zones; as well as telecommunications and technology infrastructure. In the RMG sector, IFC will continue its interventions on labor and safety guidelines, and cleaner and sustainable production. In manufacturing and services, IFC will support diversification into light manufacturing for exports and into domestic industries to improve quality and access to services and innovative products.

Objective 1.5 Increased Financial Intermediation

57. The ability of financial institutions in Bangladesh to deliver both long-term financing, vital for sectors like energy and transport, and short-term financing has been constrained. This has inhibited long-term investments by households and the ability of firms to upgrade capital and technology, expand, and grow businesses and jobs at a faster pace. Private investment in Bangladesh, at 19 percent of GDP, is relatively low compared to India (at 23 percent of GDP) or East Asia. To develop a long-term sustainable financing market will require well-functioning insurance, pension and bond markets. Financing for other underserved market segments also requires attention. Funding for small and medium sized enterprises (SMEs) and for farmers remains constrained due to lack of capacity, credit market infrastructure, information asymmetries and risk aversion. Inadequate avenues to short term financing also pose constraints for firms in Bangladesh and need to be addressed.

58. A sound and stable financial sector is an important prerequisite for Bangladesh to increase its financial intermediation in a sustainable manner. State-owned commercial banks (SOCBs) today account for a quarter of the banking system’s assets (compared with three-quarters 20 years ago), but they still pose a risk to the sector’s stability. Their sub-optimal performance adversely impacts overall efficiency of the financial sector and leads to fiscal costs for the GoB. The SOCBs are constrained by weak corporate governance and poor asset quality, and have been the subject of loan scams and embezzlements. While they continue to enjoy high public confidence, these vulnerabilities could lead to continued costs and inefficiencies—or even a significant crisis if not addressed. In addition to improving the SOCB’s corporate governance and

financial performance, measures to enhance internal controls, appraisal systems, and the overall regulatory and supervisory capacity of the banking sector will be vital for the sector's stability.

59. The WBG will continue to support Government efforts to strengthen the foundations of Bangladesh's financial system and markets, increase financial intermediation and enhance financial inclusion. Engagement in this sector is expected to develop significantly during the CPF period, given the growing awareness of and interest for reforms by the Government, particularly Bangladesh Bank. In particular, IDA financing will seek to improve financial market infrastructure and the regulatory and oversight capacity of Bangladesh Bank. It will support long term financing to exporting firms, help to strengthen state-owned banks (i.e. commercial and development banks) through automation and improved management systems (including potentially further governance reforms), and lay the foundation for a well-functioning insurance and pension sector. To enhance financial inclusion—where significant gaps remain despite pioneering progress in the microfinance sector—the WBG will work with financial institutions to increase access by the underserved, including women, while strengthening the legal and institutional frameworks. In particular, IFC will provide investment and advisory services to promote electronic payments and consider additional services to strengthen MSME banking and women's access to finance. In the near-term, IFC will focus on SME financing by providing working capital facilities and trade lines, offshore Taka bond and remediation financing for the RMG sector. It will aim to strengthen the financial infrastructure through support for movable collateral reform, and credit reporting. IFC will also focus on strengthening the banking sector by providing long-term financing.

Table 9: CPF Focus Area 2

Focus Area 2	Social Inclusion
CPF Objectives	2.1 Improved equity in access and quality of education
	2.2 Improved access to quality maternal and infant health services
	2.3 Improved social protection coverage for the poor
	2.4 Enhanced rural income opportunities for the poor

Objective 2.1 Improved Equity in Access and Quality of Education

60. Bangladesh's remarkable progress in enhancing access and equity in primary and secondary education is well-documented; it must now turn to the next phase of reforms to propel the economy toward higher productivity-led growth. Children of the poor, particularly in urban slums, remain hard to reach and account for the 5 million children missing out on primary schooling. Learning achievements continue to be low, with large performance disparities among schools and poorly trained teachers. In the labor market, most of the work force remains undereducated, and the skills mismatch poses a major recruitment problem for employers. Like other countries that invested in targeted efforts to bring the poor and girls into classrooms, Bangladesh is now at a crossroads and must better prepare its students for a future in a dynamic labor market. A persistent challenge is to operationalize competency standards and demand-driven curricula for education and training programs and ultimately improve learning outcomes. At the tertiary level, limited public resources and weak collaboration with industry make the system ill-equipped to respond to changing labor market needs. For the last five years, education expenditures have remained at two percent of GDP. The low levels of government funding and

the relatively high share allocated to salaries have meant that insufficient funds have been left for improvements in quality of education.

61. As the leading development financier in education in Bangladesh, the WBG will sustain its efforts to close the equity gap, with continued focus on gender, quality and relevance. Education in Bangladesh is built on a strong partnership between development partners and the Government. A primary education program, enjoying US\$1.7 billion in support from nine pooled donors (including the Global Partnership for Education), will continue to be the main instrument to bring disadvantaged children into pre-primary and primary education and improve learning quality. In secondary education, where demand is increasing, IDA lending will focus on quality improvements, systematic monitoring of learning outcomes and increased access and equity in disadvantaged areas. In the skills sector, IDA will continue efforts to reform technical and vocational skills development to forge stronger links with industry. At the tertiary level, the Bank will continue to support improvements in the quality and relevance of the university subsector by encouraging innovation and accountability to produce highly skilled professionals. In addition, the Bank will for the first time support colleges in the areas of quality, relevance, governance and management: this subsector, which has been neglected, accounts for 64 percent of tertiary-level students across 1,700 affiliated colleges. In parallel, IFC will consider opportunities for supporting private sector engagement in education.

Objective 2.2 Improved Access to Quality Maternal and Infant Health Services

62. Bangladesh's efforts in family planning and immunization paid off with positive results in maternal and child health, but its underdeveloped public health system faces new challenges. Rapid urbanization, industrialization and a geographic location prone to natural disasters are shaping the country's emerging health profile. As in other South Asian countries, the burden of disease is shifting from communicable to non-communicable diseases, in part fueled by demographic and epidemiological transitions, and a growing older population. Even so, child malnutrition, while on the decline, remains a stubborn problem across all economic quintiles, and is accentuated by rising levels of obesity. Total public expenditures as a share of GDP have remained stagnant, and are among the lowest in the region, against a backdrop of rising out-of-pocket expenditures which make the poor particularly vulnerable to catastrophic health expenditures. The delivery of health services suffers from fragmentation, with public delivery accounting for less than one quarter of all services. Though access to health services has increased, universal coverage of affordable and quality healthcare remains a challenge. Service delivery in the public health system is characterized by a weak accountability framework. Inadequate enforcement of rules and regulations affect both the public and private sectors, thereby necessitating a strong stewardship role of the government and enforcement of regulations.

63. The WBG engagement in health will increasingly shift toward addressing systemic reforms and will aim to assist the Government to gradually achieve universal health coverage (UHC). The Bank will continue support the Ministry of Health's Sector Program—including through a multi-donor trust fund. Emphasis will be on reducing malnutrition, maternal and child mortality, incidence of non-communicable disease and fertility among vulnerable population and on strengthening the Government's stewardship role to help establish a district health system. On the knowledge front, a programmatic series of analytical work will aim to inform government

efforts to reform the production, delivery, financing and management of health services in pursuit of UHC. Analytic work on the public expenditures and fiduciary arrangements in the sector is also planned. Given the strong linkages between sanitation and health and nutrition outcomes, the Bank is complementing its support for health service delivery with water supply and sanitation projects in Dhaka and Chittagong that will help augment the capacity of the relevant authorities. The Bank will continue efforts to promote greater private sector participation in urban water supply and rural sanitation in Bangladesh, including through technical assistance for wholesale microfinance institutions to lend to retail institutions for sanitation loans to rural households and local entrepreneurs. IFC, in close collaboration with the Bank, will focus on supporting private sector investments in healthcare facilities to increase quality and access to affordable healthcare; it will complement investments with advisory work to replicate best practices in cost-efficient delivery systems. IFC will pursue opportunities to support outpatient and secondary care hospitals with investment and advisory services. In partnership with the Bank, it will also seek opportunities to support the pharmaceuticals and diagnostic services sector. MIGA too will consider support for PPPs as appropriate.

64. Given past irregularities and misuse of resources, particularly in the area of pharmaceutical procurement, the Bank and the Ministry of Health will continue intensified efforts to strengthen the Ministry's fiduciary oversight. The Ministry is undertaking a restructuring of its audit unit and medical stores depot. Other initiatives will include using independent procurement panels to prevent fraud and forensic fiduciary reviews to identify irregularities, developing asset management systems, strengthening supply chain management and undertaking a comprehensive market assessment to correct any distortions. In addition, third-party monitoring will be commissioned to strengthen the implementation of the SWAp.

Objective 2.3 Improved Social Protection Coverage for the Poor

65. Bangladesh has a long history of implementing social protection programs, but their large numbers—now more than 100—spread across 23 ministries have resulted in fragmentation and poor coordination. Safety net expenditures account for 12 percent of total government expenditures. Food transfers have been historically dominant due to Bangladesh's record of famines and natural disasters, although there has been a gradual shift to cash transfers to improve cost-effectiveness and lower risk of misappropriation. In addition, most programs focus on the rural poor. Although coverage of these programs has improved, with one-third of the poor participating in at least one social assistance program, exclusion rates remain high and inclusion errors are growing. Moreover significant gaps exist—few young children, disabled and elderly people receive some form of benefit. With a growing urban economy and increasing urban poverty, Bangladesh's social protection system needs to be reassessed to reflect the changing socioeconomic dynamics. A more comprehensive system will allow the poor and vulnerable to access safety nets and social insurance services, irrespective of where they live.

66. The Bank's support is aligned with the 2015 National Social Security Strategy that aims to build a comprehensive system and streamline existing programs to ensure the effective and efficient use of public expenditures. IDA is financing a results-based social safety net reform project to help the Government build common program administration platforms and improve targeting of benefits through the use of a nationwide registry of poor households linked

to the country's national ID system. This project is also introducing the use of mobile and electronic banking technology for payments, which will promote transparency in benefit delivery. A second national ID project will complement these efforts by developing a robust, integrated and cost-efficient ID system that will help identify the poor and ensure that safety net benefits reach them. In addition, the Bank is reengaging in conditional cash transfers in support of a government program to enhance child nutrition and cognitive development—both to improve Bangladesh's poor nutrition indicators and also to contribute to building a healthy and productive future workforce. The Bank will also complement its work on strengthening safety nets by focusing on both operational and analytical activities to explore means to link poor households with labor markets, both at home and abroad, and to cope with social risks.

Objective 2.4 Enhanced Rural Income Opportunities for the Poor

67. Rural households in Bangladesh now draw a substantially larger proportion of their incomes from non-agricultural activities. While the fortunes of much of the rural non-farm economy depend on the performance of agriculture, the role of agriculture is changing from being a direct contributor to GDP to a more leveraged contributor. Moreover, with the adoption of newer agricultural technologies and the low arable land size per capita, even more households will seek to earn income off the farm. Rural non-farm employment is 50 percent higher than all urban employment. It is growing faster than urban employment, and three-quarters of rural households have at least some form of non-farm income. Increasing rural incomes through productive employment opportunities, building and expanding on sustainable community support mechanisms and increased integration into higher value commodity supply chains, will continue to be an important strategy for tackling poverty.

68. WBG efforts to create rural livelihoods opportunities will be underpinned by community-based initiatives to reduce poverty and agribusiness support to enhance farmers' income. It will build on previous efforts to scale up the government's decade-old flagship program, *Nuton Jibon*, which combines livelihood support, women's empowerment, access to finance, and community development targeting the poorest *upazilas*. The majority of beneficiaries are women, who will strengthen their decision-making role in community organizations. These will be complemented by several ongoing WBG financings aimed at stimulating rural economic growth, such as solar panels for small-scale irrigation, the development and maintenance of rural roads, and a participatory approach to afforestation and reforestation which helps the poor in forest-dependent communities to protect common natural resources and improve their livelihoods. IFC will aim to boost farmers' productivity and incomes through interventions in the food value chain. In investments operations, IFC will focus on animal protein, dairy and food processing. In advisory services, it will continue to help farmers' increase yields, improve farm management, and develop a crop insurance ecosystem. In the poultry sector, IFC is advising farmers on converting poultry waste to electricity, creating an alternative source of energy for farms.

Box 2: Gender in Bangladesh

Despite high levels of poverty, political turmoil and frequent natural disasters, Bangladesh stands out as the exemplar in South Asia with impressive gains in gender equality. Perhaps the most remarkable achievement has been in girls' education—though gains in health have been equally impressive. Once predicted to be on the brink of a demographic catastrophe, Bangladesh dramatically lowered its fertility rates from 6.1 in 1971 to about 2.3 children per woman today. The gender gap in infant mortality has closed and overall child mortality rates have rapidly come down, due to good immunization coverage, diarrhea control and water and sanitation facilities. Unlike India and Pakistan, where female mortality significantly exceeds that of males, in Bangladesh sex ratios are beginning to correct themselves as the survival chances of infant girls exceed that of boys. Bangladesh also shows progress in the more stubborn area of maternal mortality.

One of the most dramatic transformations in the past decade has been women's enhanced role in the economy. The female labor force participation rate (FLFPR) has increased rapidly since 2003 and is expected to rise further in the coming years, due inter alia, to ongoing socioeconomic transformation at home and increased demand for labor intensive goods from abroad. Female employment has been particularly robust in some sectors, including in the garment industry and public service sectors, such as teaching and health care. Quotas that were established for women in local governments in the 1990s have transformed power relations at the local level, as female elected leaders have grown in experience.

But a number of challenges remain. Early marriage of young girls, especially among the poor, pose profound constraints to increasing female labor force participation. In 2010, around one-third of women between the ages of 20 and 24 were married by the time they were 15 years of age—this despite the legal age of marriage being 18 years. Early marriage also leads to early motherhood, leading to a vicious cycle of poor families having children with poor health and education outcomes, and further impoverishment. Poor law and order leading to female insecurity continues to hinder girls when seeking higher education and formal employment.

The WBG has been a partner in Bangladesh's progress towards gender equality. Where possible, operational focus on ensuring gender sensitive designs and addressing gender inequality has deepened. The *Nuton Jibon* project, for instance, focuses on empowering poor women and strengthening their community-level organizations. The *NARI* project aims to provide formal employment to women from lagging regions who otherwise would not have such access. The Safety Net Systems for the Poorest Project ensures gender targets are met in public works and food assistance programs. The Health SWAp and the Income Support Program for the Poorest ensure women receive access to reproductive services and income support for their family's well-being. Bangladesh's performance on gender-informed operations has been strong; 100 percent of Board-approved projects in FY15 were fully gender-informed in all three dimensions: analysis, actions, and monitoring and evaluation.

During the CPF period, a gender and social inclusion report will be produced, an update to the 2008 analytical piece, *Whispers to Voices: Gender and Social Transformation in Bangladesh*. The report is part of a larger effort to ensure that the Bangladesh portfolio is aligned with the World Bank Group Gender Strategy: *Promoting Gender Equality to Reduce Poverty and Boost Shared Prosperity*, and the new South Asia Regional Gender Action Plan of FY16-18—both of which focus on women's economic empowerment and voice and agency. Together with projects such as *NARI* and *Nuton Jibon*, the report and other planned analytical work aim to help address constraints on women's employment and asset ownership in Bangladesh. These constraints—which include high prevalence of gender-based violence, child marriage, and practices that limit women's inheritance of family property—also undermine the voice, agency and safety of girls and women.

Table 10: CPF Focus Area 3

Focus Area 3	Climate and Environment Management
CPF Objectives	3.1 Increased resilience of population to natural disasters in urban and coastal areas
	3.2 Improved water resource infrastructure for climate resilience
	3.3 Increased adoption of sustainable agricultural practices

Objective 3.1 Increased Resilience of Population to Natural Disasters in Urban and Coastal Areas

69. Bangladesh has, over the years, taken important steps to mitigate risks of disasters from extreme weather events, but much remains to be done. Actions taken to date illustrate global best practices, including investments in early warning systems and cyclone shelters, enactment of a legal framework for disaster risk reduction, formulation of a series of strategies and actions plans related to climate change, and government approval of a climate fiscal framework informed by a climate public expenditure and institutional review. These initiatives have contributed to the reduction of damages and losses from extreme climatic events over time, both in terms of deaths and injuries. Even with these improvements, the increasing hazard intensity and variability due to climate change demand sustained investments in land and water management infrastructure, agricultural adaptations, disaster preparedness and institutional capacity-building—a fifth transformational priority. In addition, gender issues need to be further integrated into climate change adaptation and disaster risk reduction in Bangladesh. Weather-related hazards impact women far more, especially among poor communities due to lack of social inequality, lack of access to information and lack of decision-making ability.

70. The World Bank’s large portfolio in climate change and disaster risk management, provide a strong basis to support the Delta Plan 2100. Interventions address the three strands of infrastructure enhancements, systems improvements and capacity-building. Three lending operations are supporting government efforts to invest in critical coastal housing/shelter and embankment infrastructure to protect against flooding and in long-term preparedness and response, particularly with respect to tropical cyclones. An urban resilience project will bolster the capacity of local agencies to respond to emergencies in Dhaka and Sylhet and to strengthen systems to reduce the vulnerability of future building constructions to disasters. The portfolio also includes community-level interventions to support afforestation and reforestation as well as capacity-building for communities to increase their resilience to climate change. To complement these investments, the Bank will support the Government’s capacity to deliver reliable weather forecasting and services to better prepare for natural disasters and improve access to services in weather-dependent sectors such as agriculture. This focus on building a robust national system in Bangladesh as well as neighboring countries is relevant to the Bank’s broader effort to promote regional cross-border cooperation and information-sharing in hydromet activities. Ongoing technical assistance on agriculture, livestock and fishery sector insurance, as well as a planned insurance sector support project will also contribute to Bank efforts in promoting disaster resilience. In addition, IFC will look for opportunities to enhance the climate resilience of its investment projects, particularly in infrastructure, through climate change adaptation interventions.

Objective 3.2 Improved Water Resource Infrastructure for Climate Resilience

71. As a delta country, Bangladesh’s efforts to reduce poverty are intimately linked with the need to invest in flood prevention infrastructure and institutions. Existing water resource infrastructures have surpassed their lifespan and are no longer adequate to protect communities from sea level rise and riverine and coastal flooding, leading to loss of livelihoods and large-scale displacement. Compounding this challenge is a lack of reliable data and knowledge on sea level trends, salinity levels, erosion and land subsidence patterns, which are essential for mainstreaming climate change considerations into project planning and implementation. Moreover, a large number of government agencies in Bangladesh are responsible for water management. Lack of clarity over roles and responsibilities and weak coordination among the water institutions have led to replication of activities. Weak technical and administrative capacity within water agencies have also hindered their abilities to perform their roles effectively. The Bangladesh Water Development Board (BWDB) in particular has been constrained by lack of long-term planning, poor integration of climate change trends in management practices, and insufficient maintenance of infrastructure.

72. World Bank support for water resources management is based on a multi-pronged strategy to address the sector’s underlying weaknesses—by building and rehabilitating infrastructure to improve resilience; enhancing institutional capacity of key water institutions; improving data monitoring; and developing asset management systems for long-term operations and maintenance (O&M). IDA will seek to enhance the resilience of coastal communities by rehabilitating polders, improving the BWDB’s institutional capacity in environmental compliance and O&M, supporting the improvement of monitoring systems to ensure the sustainability of embankment works, rehabilitating damaged water infrastructure along the Jamuna River and improving the BWDB’s capacity in asset management and long term planning. Advisory work supported by the South Asia Water Initiative (SAWI) will supplement these projects by supporting basin modeling for the Ganges and Brahmaputra rivers to promote efficient use of existing water resources and better understanding of the combined impacts of climate change and upstream activities on Bangladesh’s water resources as well as investment planning related to the Delta Plan 2100 and the provision of TA for improved groundwater management. Analytical work will be pursued to address long-term security of drinking water supplies (both urban and rural) as well as groundwater for sustainable irrigation. In the private sector space, IFC will support the efficient use of water in the RMG sector through a cleaner production program aimed at reducing environmental and social impacts resulting from prevailing practices such as excessive ground water extraction and surface water pollution.

Objective 3.3 Increased Adoption of Sustainable Agricultural Practices

73. Despite a decline in its share of GDP, two-thirds of the labor force is engaged in agriculture and related activities, and it is the sector hardest hit by climate change. Agriculture has performed extremely well in Bangladesh despite adverse incentives. The trend growth rate reached 5 percent—high by agricultural growth standards—driven by irrigation expansion, modern technology, better road connectivity, more efficient markets and increased mechanization. But agriculture in Bangladesh is also characterized by a yield gap, largely due to weak technology. There is potential to further increase productivity and incomes in agriculture, while making it more climate resilient and nutrition sensitive. Technology will remain central in

this pursuit to boost productivity of crops, livestock and fisheries. Research needs to increase focus on climate resilience and diversification, while leveraging private sector capacity to innovate and deliver modern technology. As in the past, the Government's objective on agriculture in the 7th Five Year Plan is to enhance agricultural production and ensure food security, while adopting 'delta-smart' climate change adaptation strategies.

74. The WBG will seek to scale up generation and adoption of climate smart technologies to enhance productivity and diversification, building on lessons from previous interventions.

In particular, the Bank will seek to contribute to increased agricultural productivity of smallholder farms and improve their access to markets, with special emphasis on women farmers. A key lesson to date is the need to focus beyond productivity increases to facilitating market linkages to ensure sustainability of farmer groups and in particular of producer organizations. IDA will seek to deliver to farming households improved extension services, stronger linkages with research, on-farm demonstrations of new technologies, training and skills development, as well as co-funding productive assets. In its remaining year of implementation, a joint IDA-GAFSP operation will leverage technology and training to enhance agricultural production in the northern and southern districts affected by flash floods, drought and tidal surge areas affected by saline. The Bank's interventions in agriculture will be guided by *Dynamics of Rural Growth*, a report jointly coordinated with the National Planning Commission. IFC is working with partners and farmers in the seeds sector, supporting climate smart agriculture, and is training farmers in farm management to improve their productivity and competitiveness. In addition, IFC is assisting farmers to mitigate weather related risks by supporting global index insurance products.

3.3 Implementing the Country Partnership Framework

3.3.1 Financial Envelope and IDA17 Allocation

75. Bangladesh is the largest IDA17 recipient, with an indicative total allocation of US\$3.8 billion equivalent (SDR 2.7 billion),⁵ or 9 percent of all IDA17 resources. Under IDA16, the Government utilized its entire allocation for the first time in two decades and is poised to do the same with IDA17 resources. In addition, annual disbursements doubled, from an average of US\$420 million per annum over FY09-12 to an average of US\$840 million per annum over FY14-15—achieved through aggressive project management, including restructuring and cancellations as warranted. In FY15, the first year of IDA17, the lending program was substantially frontloaded, with US\$1.9 billion delivered through seven operations. This leaves approximately US\$1.3 billion for new commitments in FY16 (before frontloading), followed by just US\$600 million for FY17 (see Table 11).⁶

⁵ The amounts cover FY15-17 and are indicative only. Actual allocations will depend on: (i) the total IDA resources available; (ii) the country's performance rating, per capita GNI, and population; (iii) the terms of IDA assistance (grants/credits); (iv) the allocation deductions associated with MDRI annual debt service foregone as applicable; (v) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (vi) the number of IDA-eligible countries.

⁶ Due to the USD-SDR exchange rate movement, the value of Bangladesh's IDA17 allocation fell by approximately US\$500 million between FY15 and FY16.

76. Where possible, the Bank will tap into regional IDA resources to finance initiatives that exploit Bangladesh’s strategic location for trade, logistics and regional cooperation. Given the enormous opportunities that regional cooperation provides to Bangladesh and its neighbors, the WBG and the Government are continually seeking ways to enhance cooperation—through analytical work, self-standing operations, and regional components or activities. Opportunities are particularly prevalent in trade (especially energy trade), transport logistics and connectivity, and environmental management. To this end, a series of regional connectivity projects will support improvements in priority land ports key to facilitating trade between Bangladesh, India and Bhutan as well as improvements in inland waterways along the Dhaka-Chittagong-Ashuganj Corridor, and the Bangladesh-India Bilateral Protocol Route. In addition, regional IDA resources could finance capacity-building activities to strengthen weather, climate monitoring and early warning systems as part of a regional program to enhance cooperation on disaster risk management and climate resilience.

77. The Government has expressed a strong interest in greater IDA support for infrastructure and for a development policy credit (DPC). For the Bank to re-engage in infrastructure, improvements in procurement and contract management are key prerequisites. Increased WBG financing for energy and transport infrastructure will be contingent on implementation success in several modest investments over the short- to medium-term. As part of the policy dialogue related to the DPC, the government has identified various reform areas (energy, transport, ICT, PPPs, the financial sector, tax reform, and public financial management) that could potentially inform the design of a DPC series. Given the politically sensitive nature of some of these reforms, strong leadership and decisive action will be critical in designing and implementing a meaningful reform program that would merit budget support.

Table 11: Indicative FY16-20 IDA Lending Program⁷

Fiscal Year	Project Name	Amount (US\$ million)
IDA 17 FY16-17 Proposed	Skills & Training Enhancement (AF)	100
	Siddhirganj Power (AF)	176
	Ghorashal 4 Power Generation	217
	Private Sector Development (AF)	130
	River Management Improvement 1	600
	Pro-poor Slums Integration	50
	Regional Waterways	170
	Colleges	100
	Modernization of State-owned Financial Institutions	150
	Insurance and Pensions	80
	Regional Weather and Climate Services	75
	Public Procurement Reform II (AF)	9
	Leveraging ICT (AF)	26
	Health Sector Development Program (AF)	150
	TOTAL	2,033
	<i>Note: Pipeline project amounts are provisional and subject to change</i>	

⁷ Please see footnote 5.

Fiscal Year	Project Name
IDA 18 FY18-20 Proposed	Investment Promotion Financing Facility II
	Health Sector Program II
	Inclusive Growth Development Policy Credit
	Regional Connectivity (Border Posts)
	ID System for Enhancing Access to Services (AF)
	Energy Transmission Strengthening
	Gas Sector Efficiency
	Urban Sanitation
	Safe Migration for the Poor
	Water Management Improvement (AF)
	Afforestation and Reforestation II
	<i>Note: IDA 18 operations are provisional and subject to change; they are also subject to availability of IDA resources.</i>

78. Bangladesh's IDA financing will be supplemented by a robust trust fund portfolio aligned with the country program. In FY15, trust funds disbursements accounted for about 14 percent of IDA disbursements, reflecting the growing importance of this financing stream. The Bank is administering three large trust funds—the MDTF for the Health Sector Development Program (US\$341 million); the Bangladesh Climate Change Resilience Fund (US\$185 million); and the Strengthening Public Expenditure Management Program (US\$112 million). The latter two are scheduled to close early in the CPF period, and the Bank will pursue new opportunities to continue to address climate change and public financial management reforms in Bangladesh.

79. Given Bangladesh's ability to absorb additional resources without jeopardizing debt sustainability, the WBG will explore synergies to support accelerated resource mobilization particularly in priority areas such as infrastructure and business environment. IDA and IFC have established joint work programs in several areas, including tax reform, financial sector, investment climate, and PPPs and will look at developing new work programs during the CPF period in power generation and distribution as well as ready-made garments. MIGA also will explore opportunities for joint collaboration with IDA and IFC, notably in the power sector. Additionally, the WBG will seek innovative approaches to mobilize resources for Bangladesh including through PPPs and partnerships with new donors.

80. IFC investments are expected to range from US\$500-600 million per year during the CPF period. IFC's investments, along with advisory services, will address physical, financial and regulatory constraints to competitiveness. IFC investment and advisory services will address critical gaps in energy, transport, logistics, special economic zones and industrial land. It will promote financial inclusion, help diversity sources of finance, and increase access to finance through SME banking, working capital facilities, trade lines, offshore Taka Bond, and remediation financing for the RMG sector. It will seek opportunities to support manufacturing diversification into pharmaceuticals, white goods, ceramics, and animal protein and dairy food processing, among others. IFC will also continue to support the RMG sector efficiency enhancements, climate smart investments, PPP approaches, and investment climate reforms.

81. MIGA will seek opportunities to expand its engagement in Bangladesh, including exploring possible partnership with IFC and IDA. It currently has US\$480 million of

guarantees in the pipeline for FY16-17 in the power generation sector for both public and private power projects. In the latter half of the CPF period, it may also consider supporting projects in the transport sector.

82. Beyond financing, the WBG will expand its role as knowledge provider for Bangladesh with a strong ASA program. The knowledge agenda will play an increasingly important role in the Bank's engagement in Bangladesh as a MIC and facilitate the next generation of reforms. A seminal piece on agriculture's role in growth was released, and policy dialogue on trade and competitiveness will build on a key trade diagnostic conducted during the previous CAS. In addition, programmatic work is underway to build statistical capacity to promote evidence-based policymaking (See Section 3.3.4 on Monitoring and Evaluation).

83. During the course of the CPF, the WBG will undertake a range of analytical work to fill knowledge gaps identified in the SCD as warranting policy attention. The five key knowledge gaps relate to i) labor markets; ii) fiscal challenges; iii) land markets; iv) public service delivery; and v) gender. To better understand labor market challenges in Bangladesh, Bank TA will examine the dynamics of informality in the labor market as well as international migration to promote better job opportunities for migrant workers. In addition, as part of a Let's Work pilot program for Bangladesh to boost job creation through the private sector, a jobs diagnostic will be conducted to assess demand and supply side constraints of labor. To address fiscal challenges, the Bank will undertake a public expenditure review (PER), a public expenditure and financial accountability (PEFA) assessment and a financial sector assessment program (FSAP) to help inform public finance reforms. In addition, regular economic updates will be produced to promote public debate on economic reforms. In public service delivery, a series of ASAs will examine trends in urban health, universal health coverage and malnutrition as well as impact of sanitation services on health. In gender, a 2008 analytical work on the constraints on women's employment and empowerment will be updated to reflect recent developments.

3.3.2 Financial Management and Procurement

84. Overall, progress in public financial management (PFM) reforms in Bangladesh has been uneven in the last decade. While the statutory framework for PFM is comprehensive, there are significant challenges with implementation especially with respect to budget execution, oversight, and enforcement of procedures. Bangladesh has benefited from significant financial support for PFM reforms under a World Bank-administered multi-donor trust fund, the Strengthening Public Expenditure Management Program (SPEMP). Under SPEMP, the Government rolled out a medium-term budgetary framework to all 59 line ministries, provided substantial training for finance and budget staff, and strengthened institutional arrangements related to budget management. Investments were made in hardware and the financial management information system was rolled out to subnational accounts offices. Additionally, SPEMP financed projects supported capacity building at the Auditor-General's office and the Parliamentary secretariat and oversight committees.

85. Notwithstanding these developments, budget management continues to suffer from fragmentation between the revenue and development budgets, as well as ineffective financial systems and controls. A new software for an enhanced financial management information system

(iBAS++) was initiated under the SPEMP, although not finalized before project-end. While the software development is on-going and has the potential to enhance the financial management accounting and reporting system, related policy decisions such as the adoption of a new chart of accounts remain pending, and hardware and training components will also be required. The Government is developing a new PFM strategy for 2016-21 to chart a new path for reform. The Bank and donor partners will support the strategy development, drawing on lessons from global reforms as well as the experience in Bangladesh over the last decade. The new PFM strategy will be informed by the Public Expenditure and Financial Accountability (PEFA) assessment that is underway. The strategy will help inform the Bank's and development partners' decisions to continue their support for Bangladesh's PFM reforms beyond those under the SPEMP.

Box 3: Governance in Bangladesh: Tailored Response to Tackling Risks

The quality of public sector governance in Bangladesh poses significant risks to development progress and Bangladesh has undertaken initiatives to make progress on this front. For example, to combat corruption, a legal framework under the Anti-Corruption Commission was put in place. The Right to Information Act 2009 was enacted to increase transparency and facilitate greater access of citizens to public documents. Massive automation initiatives have been taken to reduce the number of person-to-person interactions needed to receive public services. A National Integrity Strategy was adopted in 2014 to instill strong public service ethics.

While these measures constitute important steps, there is further scope for improvement in public sector governance. Like many countries at similar income levels, Bangladesh remains hindered by weak public institutions that undermine the transparent and efficient use of resources, particularly in public financial management and procurement. This poses enormous challenges to exercising fiduciary oversight in the implementation of the Bank program. The Bank's response has been to adopt a pro-active and tailored approach to improving the fiduciary performance across the portfolio—with particular attention to high-risk and high-relevance sectors such as energy, transport and health, because they are critical to the growth, job creation and development agenda. Since FY13, the Bank has introduced new measures across the country program aimed at enhancing transparency and oversight, changing procurement arrangements and supporting institutional reforms:

- **At the project level**, measures include: (i) e-procurement for national competitive bidding, (ii) independent procurement panels or independent experts for bid evaluation of major contracts, particular for large infrastructure, (iii) independent audit firms to provide internal audit data, (iv) citizen engagement and third party monitoring of implementation, (v) selective exclusion of high-risk expenditures from new IDA financing (sitting allowances, honoraria, cash per diem), (vi) Governance and Accountability Action Plans (GAAPs) with a focus on compliance with RTI legislation, and (vii) support for strengthening sector financial management systems and procedures, in coordination with central financial systems reforms.
- **At the portfolio level**, annual integrated fiduciary reviews (IFRs) for high-risk projects have been introduced, which combine post-procurement review, forensic audit, and technical audit. IFRs were completed for half the portfolio in FY15, and for most of the remainder of the portfolio in FY16. The Government has been receptive and has taken proactive measures to address recommendations from the review.
- **Through a combination of financing and technical assistance**, the Bank continues to assist the Government in building systems to manage corruption risks. These include: rolling out e-procurement, building public sector procurement capacity; strengthening audit methodology and capacity at the Office of the Comptroller and Auditor General; improving parliamentary oversight by the public accounts committees; and enabling the Anti-Corruption Commission to better manage complaints and investigations.

86. Bangladesh has had modern procurement legislation since 2008 based on principles of economy and efficiency, but procurement practices have yet to catch up with the tenets of the reformed legislation. The Government in 2012 began rolling out an electronic procurement system (e-GP) which is proving to be effective in increasing the transparency of transactions and the credibility of nationally-bid procurement decisions. The e-GP system does not yet cover all government procurement, as there are threshold restrictions for large size contracts. Efforts are underway to strengthen the professional capacity of public procurement officers through

certification programs. At present the system is in transition and would benefit from stronger enforcement of the law, improving mechanisms to address complaints, reducing procurement delays and enhancing transparency with e-GP.

87. The Bank will continue to support Bangladesh's efforts to strengthen its public procurement system. The Public Procurement Reform Project II, the only Bank-financed project that specifically aims to improve government procurement performance, is expanding e-GP, focusing on Bangladesh's large spending sectors, ministries and agencies. The goal is to achieve 100 percent use of e-GP in the four key government agencies responsible for roads and highways, local infrastructure, rural electrification and water. The project has an extensive capacity building program combined with the introduction of procurement performance monitoring system.

3.3.3 Partnerships and Donor Coordination

88. Bangladesh receives large volumes of aid from bilateral and multilateral donors, making partnerships an important priority in the CPF. Foreign aid commitments amounted to US\$5.2 billion in FY15, dipping slightly from US\$5.8 billion in each of the previous two years. Approximately 70 percent of this aid was provided by multilateral donors and 30 percent from bilateral donors. During the previous strategy period, the top five donors in terms of disbursements and commitments in Bangladesh were the WBG, Asian Development Bank (ADB), Islamic Development Bank, Japan, and China. Sectors with the highest levels of donor financing include energy, transport, education, and health. To further strengthen aid coordination and help the country to track and manage its aid flows, the Government launched an online aid portal, the Bangladesh Aid Information Management System.

89. The Bank will continue to engage in joint programming, particularly by pooling financial resources in priority sectors. In education and health, for example, the Bank and development partners have aligned their support to the government's Third Primary Education Development Program⁸ and Health, Population and Nutrition Sector Development Program⁹ through SWAs. Both programs have fostered effective multi donor partnerships with high level of coordination, joint planning and quality assurance. Donor support through trust funds and co-financing has been instrumental in leveraging WBG resources and reflects the growing importance of partnerships in sustaining a large program in Bangladesh. Major donors in the portfolio include United Kingdom (US\$311 million), Canada (US\$97 million), United States (US\$49 million), European Union (US\$53 million), Germany (US\$43 million), and Australia (US\$15 million).

90. Given the CPF's focus on expanding support to infrastructure, the WBG will work closely with ADB and JICA—key infrastructure financiers in Bangladesh. The ADB and the Bank are already coordinating closely in the financing of power plants in Siddhirganj. The Bank-funded project is financing the gas supply line which will feed several base load units and the two peaking units funded by the ADB. The Bank is engaged with JICA in a parallel financing arrangement in the water sector in Chittagong, and foresees strong partnerships in the future related to urban transport, urban resilience/disaster management, and economic zone development.

⁸ Supported by WB, Australia, EU, JICA, ADB, DFID, SIDA, Canada and UNICEF

⁹ Supported by WB, Australia, Canada; Germany (through KfW); SIDA; UK-DFID; Netherlands; USAID and the United Nations Population Fund.

3.3.4 Monitoring and Evaluation

91. The results framework will serve as the principal tool for monitoring progress against outcomes during the CPF period (see Annex 1). The Bank will continue to conduct semi-annual portfolio reviews with government counterparts to unlock implementation bottlenecks, accelerate disbursements, and address systemic challenges. A new survey instrument that monitor's the impact of each operation on poverty reduction will be tested and could serve as a source of knowledge on how infrastructure investments affect people's welfare. At mid-term, a Performance and Learning Review (PLR) will be carried out to take stock of progress and calibrate the strategy and the results framework as needed to reflect evolving demand and country context.

92. Bangladesh has a comprehensive national statistical system, but it faces resource and capacity constraints. The Bank helped the Government develop the National Strategy for Developing Statistics (NSDS), and is planning to support its implementation. The NSDS proposes to increase the frequency of key surveys¹⁰ and improve price data, which will help strengthen monitoring of poverty and welfare in Bangladesh. The Bank is already engaging with the Bangladesh Bureau of Statistics (BBS) to develop a poverty registry under the National Household Database, and is providing TA to the main data sources for official poverty related statistics—the Quarterly Labor Force Survey and the HIES, including the testing of a high-household frequency survey instrument This support to BBS will culminate in a support program for a strengthened national statistical system that allows frequent tracking of progress on poverty reduction.

V. MANAGING RISKS TO THE CPF PROGRAM

93. The overall risk to achieving the development objectives for Bangladesh, as outlined in the CPF, is high. The main risks emerge from the political and governance environment, weak fiduciary capacity, and an elevated safeguard risk profile due to the planned shift towards infrastructure investments (see Table 12). These risks are not new and have been a defining feature of the previous CAS, but each one has the potential to compromise the achievement of the overall CPF objectives. As a global development institution with the mandate to fight poverty and boost shared prosperity, the World Bank Group must take calculated risks to remain relevant in countries such as Bangladesh where the need for development assistance is enormous. As in the past, risks will be monitored continuously throughout the implementation of the CPF in close collaboration with the Government and development partners, and the mitigation measures currently in place will be further adapted based on lessons of experience.

¹⁰ The Household Income and Expenditure Survey is currently carried out every five years, resulting in long gaps in poverty data.

Table 12: Risks to Achieving CPF Objectives

Risk Category	Rating*
Political and Governance	H
Macroeconomics	M
Sector strategies and policies	M
Technical design of project & program	M
Institutional capacity for implementation and sustainability	S
Fiduciary	H
Environment and social	H
Stakeholders	M
Overall Risk	High

**Based on ratings of High, Substantial, Moderate or Low*

94. In the event the security situation deteriorates and political tensions increase, these could result in adverse consequences for the implementation of the CPF. With unresolved disagreement regarding the institutional arrangements for holding elections, there is a distinct risk that violence could increase ahead of the next general elections (currently expected by early 2019). A deepening political crisis may hamper the implementation of the CPF. During previous periods of violence, the WBG adapted its work modalities to facilitate safe movement of staff and goods and ensure continuity in project implementation. Drawing from the lessons of the last CAS, the Bank will engage government counterparts in developing alternate implementation plans to avoid disruptions in WBG field work. The mid-term review of the CPF will be used as an opportunity to adjust the assistance framework as appropriate.

95. The macroeconomic outlook remains favorable, thanks to prudent policies, but a return to violence and other risks could undermine a positive trend. The WBG's ability to mitigate political risks is limited, but it can take steps to engage with the government, political elite and civil society to build consensus on the development agenda across the political divide and enhance awareness of the economic costs of violent politics. Risks also remain related to the prolonged global economic downturn, bureaucratic procedures, and frequent staff rotations. The WBG will support efforts to reform the tax administration, the regulatory environment and infrastructure provision with a view to reducing the high cost of doing business in Bangladesh.

96. Uneven institutional capacity in Bangladesh's public sector poses a risk to CPF implementation. Uncompetitive pay and weak accountabilities are among the factors that compromise public sector effectiveness. Strengthening institutional capacity is a long-term agenda and will require sustained efforts to produce meaningful results. The WBG will continue to embed technical assistance and capacity-building support across the program to help build skills and knowledge, and improve coordination between agencies. IFC will continue to support efforts to further modernize and reform the legal and regulatory framework that governs the private sector. The Bank will also leverage well-performing operations in the portfolio that have a track record of producing results, by supporting repeater projects and additional financing. In all circumstances, the Bank will monitor portfolio implementation closely and take joint actions with the Government (including restructurings and cancellations) to address impediments and ensure continued progress toward achieving tangible results.

97. Limited fiduciary capacity will remain a pervasive challenge that exposes the World Bank portfolio to risks that will be elevated with the planned increase in infrastructure investments. As highlighted in Box 3, in addition to working with the government to strengthen its fiduciary systems, the Bank will take measures to strengthen its own fiduciary controls, especially in the context of large scale infrastructure investments. These include increased audits at the project and portfolio levels, use of independent procurement panels and citizen engagement, and the exclusion of high-risk expenditures from IDA financing. These measures will not eliminate the risks of corruption in Bank financed operations, but they should reduce the risks significantly over time. They will also help mitigate the associated reputational risks as the Bank is increasingly seen to be moving decisively to curb corruption in its operations. With respect to the private sector, IFC will continue to promote good corporate governance through its investment and advisory services.

98. Environmental and social risks are substantial and could adversely affect the achievement of CPF objectives. The program's shift towards increased investments in transportation and energy and attracting new manufacturing pose greater social and environmental safeguards risks. The Bank will continue to apply practical solutions that reduce harm, mitigate risks and advance sustainability in Bank-financed operations. The Bank is strengthening its own environmental risk management system to adopt a results-based approach that will promote environmental and social sustainability in projects and programs for more lasting and robust development outcomes. In addition, the Bank will continue to support the Government of Bangladesh to mainstream environmental planning and decision-making across institutions and sectors. IFC will continue to apply its Performance Standards to help its clients identify, assess and manage the environmental and social risks associated with their projects and look for opportunities to enhance their positive impacts. It will also pursue opportunities for interventions in climate change adaptation in its investment projects. Nevertheless, Bangladesh remains prone to extreme weather events which have repeatedly led to massive human and economic losses. These risks cannot be eliminated entirely, but the WBG aims to mitigate them in part through financing and advisory services to strengthen disaster risk management and climate change adaptation.

ANNEX 1: CPF RESULTS FRAMEWORK

Focus Area 1: Growth and Competitiveness

Definition of Focus Area: In order for Bangladesh to create enough jobs for the 2 million new workers stepping into the work force every year, the country will need to grow faster. This focus area concentrates on removing barriers to growth by improving competitiveness, supporting increasing access to electricity supply, improving transport connectivity, strengthening service delivery in local government, strengthening financial sector efficiency and streamlining the business environment.

Links between the Focus Area and Twin Goals: The SCD shows that (i) increasing availability of energy will increase economic opportunities in urban/rural areas; (ii) improving connectivity will help reduce transport time and cost and boost productivity, which will in turn help to promote enterprise, generate jobs and increase incomes of workers; and (iii) improving livability of cities, strengthening the business environment and enhancing financial intermediation can result in transformational growth, create more and better jobs and lift greater numbers out of poverty.

Country Development Goals: The government plans to accelerate growth by prioritizing attention on infrastructure development. The key elements will concentrate on ensuring efficient and cost effective supply of primary energy, strengthening the use of river transport to provide a low cost alternative to road transport and coordinating the roads and strengthening the performance of the port. The government goal also identifies several drivers of growth such as improving the investment climate, enhancing the efficiency of the financial sector and improving urban governance through the provision of affordable basic infrastructures and services.

CPF Objective 1.1: Increased power generation capacity & access to clean energy

Intervention Logic: The availability and reliability of power supply is a key concern in Bangladesh. Inadequate and unreliable electricity constraints economic growth and poverty reduction. The shortage of grid connected power supply and declining supply of natural gas affects households and impacts industry and commercial sector. Increased availability of electricity is expected to increase economic activities, which in turn will generate jobs and income opportunities.

The WBG intervention: The WBG's engagement will concentrate on select segments of the energy sector, recognized as transformational priority for the country. IDA, IFC and MIGA financing will support gas fired generation capacity to enhance their efficiency while providing technical assistance for Gas Sector Master Plan. The ongoing rural electrification projects will continue to support both grid connections as well as enhanced off grid access to clean energy for the poor and strengthened rural transmission and distribution networks to reduce losses and increasing carrying capacity in rural areas. IDA's support will also help improve the financial and operational efficiency of the Power Grid Company of Bangladesh. In addition, IFC is supporting private hydropower from Nepal that will be wheeled through India to Bangladesh. IFC will continue to support the construction of LNG regasification infrastructure to supplement domestic gas supply with imported LNG.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>1.1.1 Additional generation capacity increased in select plants</p> <p><u>Grid</u> Baseline: 490 MW (2015)¹ Target: 2,800MW (2020)²</p> <p><u>Off grid (solar)</u> Baseline: 24 MW (2015) Target: 88 MW (2018)³</p> <p>1.1.2 Number of households and businesses in rural areas with access to clean (solar) energy⁴ Baseline: 935,000 (2015) Target: 2,100,000 (2018)</p>	<p>400 km transmission line constructed and rehabilitated (2020)⁵</p> <p>6,240 km of distribution line constructed and rehabilitated (2020)⁶</p> <p>Number of solar home systems installed Baseline: 824,000 (2015) Target: 1,030,000 (2018)</p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Siddhirganj Power • Rural Electricity Transmission & Distribution • Rural Electrification and Renewable Energy II • Ghorashal 4 Power Generation • Siddhirganj Power – AF • Regent Energy (IFC) • Bibiyana II (IFC) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Gas Sector Efficiency Improvement • Transmission System Enhancement • Sirajganj II (MIGA) • Sirajganj IV (MIGA) • Ghorashal 3 (MIGA) • Sirajganj Power (IFC) • UP Ashuganj (IFC) • Summit Corporation (IFC) • PGCB (IFC) • SREP: Scaling Up Renewable Energy (WB-IFC) <p>ASA:</p> <ul style="list-style-type: none"> • Programmatic energy AAA • Bangladesh SREP Investment Plan (TA) • Energy Efficiency Improvement in Industries • Lighting Asia –Bangladesh (IFC)
<p>CPF Objective 1.2: Improved transport connectivity</p> <p>Intervention Logic: Bangladesh's inland connectivity still suffers from serious deficiencies and bottlenecks. Access to road remains a challenge particularly in the rural areas with more than 60 percent households living more than 2 km away from the all-weather roads. Inland water transport, which has a huge potential, has to date brought limited benefits to the population due to low quality of services. Improved connectivity is expected to reduce transport costs and travel time, which will promote enterprise, generate jobs and increase incomes for workers.</p>		

¹ 210 MW (MIGA) + 180 MW (Ghorashal - IDA) + 108 MW (IFC)

² 335 MW (Siddhirganj - IDA) + 400MW (Ghorashal – IDA) + 170 MW (SREP – IDA) + 1050 MW (MIGA) + 900 MW (IFC)

³ 56 MW (RERED - IDA) + 32 MW (SREP – IDA)

⁴ Program will support select rural areas which do not have access to grid energy in the medium term, as a least cost option for providing electricity.

⁵ Baseline 11 km (Siddhirganj)

⁶ Baseline 0

<p>WBG Support: The WBG support to transport connectivity will involve deeper engagement in rural roads for improving connectivity where more than 5,000 km of local roads will be maintained and improved. Support will be targeted at 26 districts where the poverty rate is higher than in urban areas. The new investment in Dhaka-Chittagong Inland Waterways will improve capacity, reliability and safety along the Dhaka-Chittagong-Ashuganj river corridor, while also preparing for greater IWT integration with India. This is a new sector engagement for the WBG in Bangladesh- which presents significant potential in the country and the region. The Bank will also work on strengthening institutional capacity through knowledge and advisory work. IFC will focus on IWT river ports and terminals in addition to PPP advisory services for roads. MIGA will look to support both public and PPP investments to enhance urban connectivity and intercity transportation.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>1.2.1 Percentage of population living within 2 km of all season road in select rural areas⁷ <i>Baseline: 60% (2015)</i> <i>Target: 64 % (2018)</i></p> <p>1.2.2 River channel maintenance contracts implemented and monitoring mechanism in place⁸ <i>Baseline: None (2015)</i> <i>Target: Yes (2020)</i></p>	<p>3,500 km of roads rehabilitated (2018)⁹</p> <p>600 km of upazila roads upgraded (2018)¹⁰</p> <p>Number of river ports with women-friendly facilities built/improved¹¹ <i>Baseline: 0 (2015)</i> <i>Target: 3 (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Second Rural Transport <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Regional Waterways <p>ASA:</p> <ul style="list-style-type: none"> • Intermodal Freight Logistics • Global Services for Jobs & Exports • Open Accessibility Planning for Transport (TA)
<p>CPF Objective 1.3: Improved delivery of basic services in urban areas</p>		
<p>Intervention Logic: A majority of urban households suffer from dilapidated infrastructure, poor urban services and weak institutional capacity within urban institutions and local government. Smaller cities suffer the most with poor access to piped water supply, private latrines, and regular garbage collection. The local governments have limited financial autonomy, resources and weak institutional capacity.</p> <p>WBG Support: A combination of lending, technical assistance and advisory services will support this objective. The CPF program will support government's initiatives to improve municipal and local governance, revenue enhancement and urban services through enhanced performance and service delivery. This will be achieved through a performance-based incentives mechanism for secondary cities, towns and union parishads that demonstrate sustained progress in planning, public financial management, revenue mobilization and social accountability. A pilot innovative financing services to encourage private investment in infrastructure upgrades particularly in housing improvement and community participation in urban slums areas will be explored. In parallel, possible IFC support through private sector engagements in cities will complement these initiatives.</p>		

⁷ The target of 64% covers approximately 22 million beneficiaries in 26 districts

⁸ For Meghan, Dhaleswari and Buriganga rivers

⁹ Baseline 0

¹⁰ Baseline 0

¹¹ These include the three river ports of Shoshanghat, Chandpur and Narayanganj where it is a challenge for women, children, the elderly and disabled to embark and disembark.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>1.3.1 Number of municipalities along the Dhaka Chittagong corridor demonstrating improved performance¹² <i>Baseline: 12 (2015)</i> <i>Target: 26 (2020)</i></p> <p>1.3.2 Number of beneficiaries with improved living condition in select urban slums¹³ <i>Baseline: 0 (2015)</i> <i>Target: 70,000 (2020)</i></p>	<p>Number of urban local bodies with investment plans prepared in a participatory manner <i>Baseline: 0 (2015)</i> <i>Target: 40 (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Local Governance Support II • Municipal Governance and Services <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Pro-Poor Slums Integration <p>ASA:</p> <ul style="list-style-type: none"> • Dhaka Integrated Urban Development (TA)
<p>CPF Objective 1.4: Enhanced business environment and trade facilitation</p> <p>Intervention Logic: Bangladesh has a poor business environment and investment climate, complex trade regulations, poor logistic performance, inadequate industrial zones, and weak labor and work safety standards, all contributing to low FDI inflows. Improvements are needed in all of these areas in order to achieve global and regional trade integration—one of the transformational priorities identified in the SCD. At the same time, in order to promote faster growth and increase its global competitiveness, Bangladesh needs to start diversifying its export base to other manufacturing areas beyond RMG such as ICT, agribusiness, pharmaceutical, non-leather footwear, light engineering goods and ship building. Increased export-led growth and private sector competitiveness will help pave the way for greater job creation and boost the incomes of the poor.</p> <p>WBG Support: The WBG will provide integrated support through lending, TA and analytical work focusing on key business regulatory reforms on sector competitiveness, trade facilitation, trade reforms and behind the border reforms. TA to help national and local government improve the investment climate will continue. IDA and IFC will support investment financing to develop economic zones using PPPs. IDA's support for economic zones and IFC's sector competitiveness and regulatory reform advisory services are expected to generate increased investments. IFC will complement this through PPP advisory services and possible investments in developers/operators and utility services within and around the zones. The Bank will also support land ports development and customs modernization to improve logistics performance and facilitate trade, while IFC will provide complementary advisory services to support legal and regulatory reforms related to the private sector. IFC will continue to support the RMG sector and high potential manufacturing areas.</p>		

¹² Annual performance improvement is based on 10 pre-determined indicators that measure Urban Local Bodies' (ULB) performance in three areas of municipal functions: (i) municipal planning, (ii) social accountability strengthening and (iii) public financial management and revenues. ULBs achieving an aggregate score of 5, 6 or 7 will be considered to have passed the assessment.

¹³ Improved living conditions refers to improved access to services in water supply and sanitation, drains, roads and electricity.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>1.4.1 Reduced border crossing time at key land ports¹⁴ <i>Baseline: 48 hours (2015)</i> <i>Target: 36 hours (2020)</i></p> <p>1.4.2 Direct investment in select economic zones <i>Baseline: US\$15 million (2015)¹⁵</i> <i>Target: US\$ 200 million (2020)¹⁶</i></p>	<p>Number of land ports improved or built <i>Baseline: 0 (2015)</i> <i>Target: 2 (2020)</i></p> <p>Number of economic zones license issued <i>Baseline: 6 (2015)</i> <i>Target: 15(2020)</i></p> <p>Number of key regulatory reforms areas related to competitiveness adopted¹⁷ <i>Baseline: 0 (2015)</i> <i>Target: 6 (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Private Sector Development Support • Bangladesh Investment Climate Fund (BICF) (Advisory) • RMG Remediation Financing (IFC) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Regional Connectivity • Private Sector Development – AF • Investment in high potential manufacturing (IFC) <p>ASA:</p> <ul style="list-style-type: none"> • Global Services for Jobs & Exports • Bangladesh Investment Climate Renewal (IFC) • Partnership for Cleaner Textile (IFC) • Bangladesh Textile Competitiveness (IFC)
CPF Objective 1.5: Increased financial intermediation		
<p>Intervention Logic: The SCD identifies as key challenges both strengthening financial stability and improving financial intermediation to sustain the growing economy in Bangladesh. Poorly performing public banks and access to long term financing are one of the top barriers to business in the country. Financial inclusion remains challenging for certain segments of the population, including women, small and medium enterprises and farmers who suffer disproportionately from lack of capacity, weak credit market infrastructure, information asymmetries and risk aversion. In addition, underdeveloped insurance and pension market adversely impact capital markets and long term financing.</p> <p>WBG Support: The CPF program will support Government efforts to strengthen the foundations of Bangladesh's financial system and markets and increase financial intermediation. IDA financing will focus on improving financial market infrastructure, the regulatory and oversight capacity of the Central Bank, providing long term financing to exporting firms and infrastructure investments. This will be complemented by IFC's private sector investments through long and short term finance, mobilization and capital market instruments focusing on critical infrastructure and firms in manufacturing, processing, agribusiness and service sectors. The IDA program will also seek to strengthen the quality of state owned commercial banks and support the development of long term financing from well-functioning insurance and pension sector. This will lay the foundations for households to mitigate risk and save for old age, To promote financial inclusion, IDA will provide advisory services for the development of a financial inclusion strategy. IFC will provide investment and advisory services to promote electronic payments, strengthen MSME banking and women's access to finance. In addition, IFC will continue to support trade transactions through its Global Trade Finance Program and short term finance through Working Capital Systemic Solutions facilities.</p>		

¹⁴ Bhomra and Sheola land ports are key for facilitating bilateral and transit trade between Northeast India, West Bengal and Bangladesh. Sheola border crossing could also facilitate Bhutanese trade.

¹⁵ Baseline for Private Sector Development Support project (PSDSP)

¹⁶ Target = \$30m (PSDSP) + \$170m (IFC BICF-2)

¹⁷ Reform areas include new companies act, inspection regime, investment promotion, customs law, border/customs clearance time, and trade tariffs.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>1.5.1 Outstanding long term finance of participating financial institution for manufacturing, services and infrastructure investments <i>Baseline: \$3.3 billion (2015)¹⁸</i> <i>Target: \$4.5 billion (2020)¹⁹</i></p> <p>1.5.2 Number of Core Banking Principles on which Bangladesh Bank is judged as largely compliant <i>Baseline: 4 (2015)</i> <i>Target: 12 (2020)</i></p> <p>1.5.3 Number of customers with access to digital financial services²⁰ <i>Baseline: 20 million (2015)</i> <i>Target: 30 million (2018)</i></p>	<p>Ratio of non-performing loans in participating financial institutions in foreign denominated long term finance portfolio. <i>Baseline: 10 (2015)</i> <i>Target: 7 (2020)</i></p> <p>Financial inclusion strategy drafted and approved</p> <p>Central Record mechanism established for voluntary pensions scheme</p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Financial Sector Support • Investment Promotion Financing Facility • Working Capital Systemic Solutions (IFC) • Global Trade Finance Facility Program (IFC) • Green Delta Insurance (IFC) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Modernization of State Owned Banks • Insurance and Private Pensions Development • Investment Promotion and Financing Facility II • Global Trade Finance Facility Program (IFC) • Working Capital Systemic Solutions (IFC) • Loan/equity investments in banks (IFC) <p>ASA:</p> <ul style="list-style-type: none"> • Financial Sector Assessment Program • Programmatic Approach on Financial Sector Development • Financial Infrastructure (IFC) • TAs on banking (SMEs, mobile, women) to BRAC Bank, City Bank, bKash, IDLC, etc. (IFC)
Focus Area 2: Social Inclusion		
<p>Definition of Focus Area: This focus area aims to consolidate the equity and access gains in health and education, address the next generation of challenges related to quality, strengthen higher education and skills development, expand social protection coverage and improve rural livelihood opportunities.</p> <p>Links between the Focus Area and the Twin goals: The SCD concludes that for Bangladesh, continued strong performance in human development is a critical foundational priority. Investing in skills and education will help generate jobs in the formal sector and foster income opportunities; moreover, access to quality healthcare and improved social protection coverage will reduce the vulnerability of the poor and enhance their ability to participate in the labor market.</p> <p>Country Development Goals: The government strategy underscores the importance of inclusive growth which include creating productive employment opportunities, expanding access to services for marginalized people, supporting skills development in response to market demand and fostering greater labor market participation, particularly for women. The government plan seeks to significantly reduce the poverty and extreme poverty rates. The plan also focuses on human development, social protection and social inclusion as essential elements of a comprehensive poverty reduction strategy.</p>		

¹⁸ Baseline = \$350m (IDA IPPF)+\$2.9b (IFC)

¹⁹ Target = \$550m (IDA FSSP) + \$750m (IDA IPPF)+\$3.2b (IFC)

²⁰ IFC support for e-payment and remittance services

CPF Objective 2.1: Improved equity in access and quality of education		
<p>Intervention Logic: While Bangladesh achieved made substantial progress in enhancing access and equity in primary and secondary education, significant challenges remain. Access and retention rates at primary school among disadvantaged population, including urban slums, remain low. Learning achievements in schools continue to be low, with large performance disparities among schools, and teachers lack training. The quality and relevance of education programs are inadequate, resulting in a skills mismatch which poses a major recruitment problem for employers. Improving the quality and relevance of the education systems will help produce skilled professionals for appropriate jobs in the labor market.</p> <p>WBG Support: The strategic focus of the WBG's interventions on educational and skills development remains consistent with the Government's strategic priority. The Bank's engagement in the sector continues to build on the successes of previous and ongoing activities. IDA lending operations will focus on quality improvements, systematic monitoring on learning outcomes and increased access and opportunities in underserved areas, with continued due regard to gender. The quality and relevance of the education will also continue to be an important priority. In the skills sector, IDA will continue efforts to reform technical and vocational skills development to forge stronger links with industry.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><u>Equity in Access:</u></p> <p>2.1.1 Number of previously out-of-school children²¹ enrolled in primary schools in underserved upazilas and urban slums</p> <p><i>Baseline: 300,000 (female: 150,000, male: 150,000) (2015)</i></p> <p><i>Target: 400,000 (female: 200,000; male: 200,000) (2017)</i></p> <p>2.1.2 Increased secondary gross enrollment ratio for the poorest quintile</p> <p><i>Baseline: 44% (female: 48%; male: 40%) (2015)</i></p> <p><i>Target: 47% (female: 51%; male: 43%) (2017)</i></p> <p><u>Quality:</u></p> <p>2.1.3 Improved average score on competency based in Primary Education Completion Exam at grade 5</p> <p><i>Baseline: Math 63 & Science 66 (2014)</i></p> <p><i>Target: Math 67 & Science 68(2017)</i></p>	<p>Second chance education unit at Directorate of Primary Education established and functional</p> <p>Stipend program for the economically poor students at secondary levels implemented in 215 of the poorest upazilas</p> <p>At least 90% of all eligible schools receive, within one month of school opening day, approved textbooks for Grades 1 to 5, based on new curriculum developed by NCTB</p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Primary Education Development Program III • Reaching Out of School Children III • Secondary Education Quality & Access Enhancement • Higher Education Quality Enhancement • Skills and Training Enhancement • Skills and Training Enhancement – AF • Global Program for Education (grant) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • College Education Development

²¹ Out-of-school children is defined as children aged 6-14 who never enrolled in any schooling or dropped out for more than six months. The Bank program will support the 100 most deprived *upazilas* and 15 urban slums based on school participation and schooling opportunities. The target of 400,000 represents 8% of an estimated 5 million out-of-school children.

CPF Objective 2.2: Improved access to quality maternal and infant health services		
<p>Intervention Logic: The public health system in Bangladesh is underdeveloped and faces new challenges. Though access to health services has increased, universal coverage of affordable and quality healthcare remains an important constraint. Service delivery in the public health system is characterized by weak accountability and inadequate enforcement of rules and regulations among the service providers. Improving health services will contribute to building a healthy future workforce for Bangladesh.</p> <p>WBG Support: The Bank's program will continue to focus on reducing malnutrition, maternal and child mortality and fertility among vulnerable populations. IDA will also support the Government's stewardship role in improving the quality and affordability of healthcare, with a view to gradually achieving Universal Health Coverage (UHC). These health interventions are supplemented by water supply and sanitation projects in Dhaka and Chittagong to help augment the capacity of the relevant authorities, together with analytical work on important reforms to promote nutrition and urban health outcomes. The IFC program will focus on supporting private sector investments in healthcare facilities to increase the quality and access to affordable healthcare.</p>		
CPF Objective Indicators ²²	Supplementary Progress Indicators	WBG Program
<p>2.2.1 Percentage of deliveries by skilled birth attendant among the two lowest quintile wealth group <i>Baseline: 23% (2014)</i> <i>Target: 27% (2020)</i></p> <p>2.2.2 Coverage of measles immunization for children under 12 months of age <i>Baseline: 85% (2014)</i> <i>Target: 87% (2020)</i></p>	<p>Proportion of women receiving postnatal care within 48 hours (at least one visit) <i>Baseline: 34 % (2014)</i> <i>Target: 38% (2020)</i></p> <p>Percentage of children age 6 to 59 months who received vitamin A supplements <i>Baseline: 62.1% (2014)</i> <i>Target: 65% (2020)</i></p> <p>Proportion of health facilities with essential medicines in stock <i>Baseline: 74 % (2014)</i> <i>Target: 78% (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Health Sector Development Program • Dhaka Water Supply and Sanitation • Chittagong Water Supply and Sanitation • Rural Water Supply and Sanitation <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Health Sector Development – AF • Health Sector Development II • Investments in healthcare facilities (IFC) <p>ASA:</p> <ul style="list-style-type: none"> • Child Nutrition & Health Impact Evaluation • Health & Nutrition Outcome and Determinants in Urban Centers • Promotion of Sanitary Products • Bangladesh Diarrhea and Sanitation • Towards Universal Health Coverage • Responding to Malnutrition in Bangladesh • Bangladesh Secondary and Outpatient Care Hospital PPP (IFC) • Public expenditure and fiduciary review

²² These are proxy indicators for access to health, and may be revised during the Program & Learning Review, to reflect the design of the new health SWAp.

CPF Objective 2.3: Improved social protection coverage for the poor		
<p>Intervention Logic: Although social protection coverage has improved in Bangladesh with one-third of the poor participating in at least one social assistance program, exclusion remains high and inclusion errors growing. There is considerable fragmentation and overlap among safety net programs. Weak administrative systems and lack of coordination between the various programs results in inefficiencies and spreads scarce resources too thin. Improving the efficiency of social safety nets and targeting of the poor will help promote inclusive growth</p> <p>WBG Support: The CPF program is aligned with the Government's 2015 National Social Security Strategy. The Bank's ongoing safety net program is helping the Government build a common administration platform to help improve targeting of benefits. A second national identification project will complement these efforts by developing an integrated ID system to facilitate a transparent payment mechanism. A conditional cash transfer program is also supporting the Government's efforts to enhance child nutrition and cognitive development, both to improve the country's poor nutrition indicators and also to contribute to building a healthy, productive work force. Activities to help link poor households with formal labor markets, at home and abroad, will also be undertaken and inputs will be provided towards a national labor strategy..</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>2.3.1 Number of targeted poorest beneficiaries²³ receiving social protection benefits <i>Baseline: 11.6 million (6.8m men, 4.8m women) (2015)</i> <i>Target: 12.1 million (4.7m men, 7.4m women)(2020)</i></p> <p>2.3.2 Percentage of beneficiaries of six major social safety net program registered in the Bangladesh²⁴ Poverty Database <i>Baseline: 0% (2015)</i> <i>Target: 50% (2020)</i></p>	<p>Automated administrative systems in place for six major safety net programs.</p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Safety Net Program for the Poorest • Income Support for the Poorest Program <p>Lending- Pipeline:</p> <ul style="list-style-type: none"> • ID System for Enhancing Access to Services • Safe Overseas Migration for the Poor <p>ASA:</p> <ul style="list-style-type: none"> • Bangladesh Safe Migration Impact Evaluation • Programmatic TA on jobs
CPF Objective 2.4: Enhanced rural income opportunities for the poor		
<p>Intervention Logic: Rural non-farm employment rate is 50 percent higher than that of urban employment. To respond to the demand for increased rural income opportunities, attention must be given to generating productive employment opportunities, building and expanding on sustainable community support mechanisms and promoting integration into higher value commodity supply chains.</p> <p>WBG Support: The WBG will focus on creating rural livelihood opportunities through community based initiatives to enhance farmer's agribusiness income. An ongoing IDA operation will combine livelihood support with women's empowerment and access to finance and community development. It will target poor households in three regions (Khulna, Mymensing and Barisal) covering 2500 villages in 15 districts. The program will target 11 percent of the poor population in Bangladesh. The majority of beneficiaries are women who will strengthen their decision making role in community organizations. Several ongoing initiatives such as solar panels for small scale irrigation, rural roads and participatory approach to afforestation and reforestation will complement efforts to improve the livelihoods of the poor. IFC will provide support for agribusiness and investments in food retail with strong linkages to the rural economy.</p>		

²³ These represent approximately one-third of the total population in Bangladesh; social protection benefits cover cash and food transfer.

²⁴ The six programs are: Employment Generation for the Poorest; Food for Work; Test Relief; Vulnerable Group Feeding; Gratuitous Relief; and Income Support for the Poorest.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>2.4.1 Number of households in the poorest districts with income increase of at least 30%²⁵ <i>Baseline: 6000 (2015)</i> <i>Target: 230,000 o/w 180,000 female HH (2020)</i></p> <p>2.4.2 25,000 youth employed through training program and sustained for at least one year</p>	<p>360,000 females participating in community-based decision making structure by 2020</p> <p>Number of forest dependent community groups formed and empowered. <i>Baseline: 200 (2015)</i> <i>Target: 1,000 (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • Nuton Jibon Livelihood Improvement Project • Social Investment Program Project II • Afforestation and Reforestation Project (CRPARP) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Afforestation and Reforestation Project (CRPARP) – Phase II <p>ASA:</p> <ul style="list-style-type: none"> • Global Index Insurance Facility (IFC)
Focus Area 3: Climate and Environment Management		
<p>Definition of Focus Area: This focus area is aligned with the Adaptive Delta Management (ADM) principle adopted by the Government, and focuses on i) boosting Bangladesh's resilience to natural disasters; ii) effective management of water and natural resources; and iii) modernizing agriculture by promoting climate smart technology, diversification and accelerating the move up the value chain.</p> <p>Links between the Focus Area and the Twin goals: The SCD cites Adaptive Delta Management as an important transformational priority for Bangladesh. It calls for a holistic long term approach to managing the economic development of the Bangladesh delta in order to promote sustainable and inclusive growth and to reduce the vulnerability of the poor to natural disasters.</p> <p>Country Development Goals: The government's goal is to adequately address climate change, reduce risks of disasters and significantly improve environmental performance. The government is preparing a long term investment plan—known as the Delta Plan 2100—which combines the use of scenarios and allows the long term planning for the Bangladesh delta to be <i>adaptive</i> and <i>dynamic</i> by constantly taking into account uncertainties in future developments in e.g. climate change, socio-economic development, population growth and regional cooperation.</p>		
CPF Objective 3.1: Increased resilience of population to natural disasters in urban and coastal areas		
<p>Intervention Logic: Bangladesh is a delta country, a complex and dynamic system shaped by natural and human factors. Rising sea levels and the increase in frequency and intensity of extreme weather events due to climate change put a strain on agriculture, water and ecosystem services. Climate change is expected to exacerbate weather-related hazards which, without adequate adaptation and mitigation measures, will increase the risk of disasters within the delta. Reducing the vulnerability of the poor to natural disaster will help stimulate economic development by facilitating growth of farm and non-farm activities.</p> <p>WBG Support: The WBG has a large portfolio focused on addressing climate change and DRM through lending, technical assistance and analytical work. Interventions will support infrastructure enhancements for housing and shelter in vulnerable coastal areas as well as improved embankment infrastructure to protect against flooding. These include cyclone Sidr-affected districts and coastal areas. Support will also be provided for long term preparedness, system improvement and capacity building. A new operation will complement these efforts to strengthen the government's capacity to deliver reliable weather forecasting and data to better prepare for and respond to natural disasters.</p>		

²⁵ Combined targets of Nuton Jibon (200,000) + Social Investment Program and CRPARP (32,000)

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>3.1.1 Number of wards with decentralized emergency response services in Dhaka and Sylhet²⁶ Baseline: 0 (2015) Target: 68 (Dhaka); 20 (Sylhet) (2020)</p> <p>3.1.2 Additional people with access to multipurpose shelters in vulnerable coastal districts by 2020 Baseline: 0 (2015) Target: 1,200,000 o/w 50% female (2020)</p> <p>3.1.3 Number of people protected from tidal and storm surges in select areas Baseline: 0 (2015) Target: 760,000 o/w 50% female (2020)</p>	<p>1,000 km length of embankment upgraded in vulnerable coastal districts (2020)²⁷</p> <p>Number of select <i>upazilas</i> receiving agro weather bulletins²⁸ Baseline: 0 (2015) Target: 50 (2020)</p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> Emergency 2007 Cyclone Recovery and Restoration Coastal Embankment Improvement Multipurpose Disaster Shelter Urban Resilience <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> Regional Weather and Climate Services <p>ASA:</p> <ul style="list-style-type: none"> Multisector approaches to Adaptive Delta Management Innovations in Urban Resilience Investment Plan for Bangladesh Delta Plan 2100 Global Index Insurance Facility (IFC)
<p>CPF Objective 3.2: Improved water resource infrastructure for climate resilience</p> <p>Intervention Logic: Bangladesh's existing water resource infrastructures are not adequate to protect communities from sea level rise, river flooding and erosion. Riverbank erosion causes displace to the areas adjacent to the river. Poor technical capacity, lack of long-term planning, poor integration of climate change trends in management practices and poor maintenance of infrastructure among various water agencies have hindered their abilities to perform their roles effectively. Investments in improving infrastructure and strengthening institutions will generate opportunities, predominantly for small and marginal farmers.</p> <p>WBG Support: The CPF program will support a multi-pronged strategy to address water resources management by building and rehabilitating infrastructure to improve resilience, enhancing institutional capacity of key water institutions, improving data monitoring and developing asset management systems for long term operations and maintenance. In addition, analytical work will be pursued to address the long term security of drinking water supplies as well as groundwater for sustainable development.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>3.2.1 Number of people protected against Brahmaputra river erosion and flooding Baseline: 0 (2015) Target: 300,000 (2020)</p>	<p>50km length of embankment and erosion protection completed Brahmaputra riverbank.²⁹</p>	<p>Lending - Pipeline:</p> <ul style="list-style-type: none"> River Management Improvement I

²⁶ The targeted wards cover 75% of all wards in Dhaka and Sylhet, and are within 5km radius of emergency response services, e.g. fire services and civil defense, emergency management and communications technology. The program will directly benefit 15.5 million people of which 48% are women.

²⁷ 551 km (Coastal Embankment) + 460 km (Emergency Cyclone Recovery)

²⁸ These are *upazilas* where Dept. of Agricultural Extension offices are located and where Agromet stations and kiosks will be installed by the IDA program.

²⁹ This area covers Hasnapara in Bogra district and Simla in Sirajganj district.

CPF Objective 3.3: Increased adoption of sustainable agricultural practices		
<p>Intervention Logic: Two-thirds of Bangladesh's labor force is engaged in agriculture and related activities, and it is the sector hardest hit by climate change. Agriculture in Bangladesh is characterized by a high yield gap due to weak technology, poor soil fertility, declining agricultural production due to water logging and salinity increase, and high vulnerability to climate shocks. Promoting sustainable intensification and diversification of agricultural technology and delivery of extension services to farmers will help increase agricultural productivity, create jobs and increase incomes.</p> <p>WBG Support: The WBG program will support the adoption of climate smart technologies to enhance productivity and diversification. IDA financing will aim to deliver improved extension services to farming communities, stronger linkages with research, on-farm demonstrations of new technologies, training and skills development. These initiatives will seek to contribute to increased agricultural productivity of small holder farms and improve their access to markets, with special emphasis on women farmers. The IDA program will cover 57 out of 64 districts and span a broad range of agro-ecological zones across Bangladesh. These areas were selected based on poverty incidence, prevalence of marginal farmers and stress levels of the agro-ecological environment. The Bank program will also provide technology and training in districts affected by flash floods, drought and tidal surge areas. The IFC, in parallel, is working with partners and farmers in the seed sector, supporting climate resilient agriculture.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>3.3.1 Number of farmers who adopt improved agricultural technologies <i>Baseline: 0 ; o/w female: 0 (2015)</i> <i>Target: 602,000; o/w female: 35% (2020)</i></p> <p>3.3.2 Area provided with improved irrigation and drainage services in select areas (ha) <i>Baseline: 800,000 (2015)</i> <i>Target: 1,300,000 (2020)</i>³⁰</p>	<p>Number of operational water user associations created and strengthened <i>Baseline: 850 (2015)</i> <i>Target: 1,500 (2020)</i>³¹</p> <p>Number of research technologies demonstrated in targeted areas <i>Baseline: 0 (2015)</i> <i>Target: 40 (2020)</i></p>	<p>Lending - Ongoing:</p> <ul style="list-style-type: none"> • National Agriculture Technology Program 2 • Modern Food Storage Facilities • Water Management Improvement • PRAN Group, Natore Agro, Dairy (IFC) <p>Lending - Pipeline:</p> <ul style="list-style-type: none"> • Water Management Improvement – AF <p>ASA:</p> <ul style="list-style-type: none"> • Dynamics of Rural Growth • Advisory services on sustainable small agribusiness technology and practice (IFC) • Bangladesh Investment Climate for Industry-Agribusiness (IFC)

³⁰ Target based on WaMIP and WaMIP AF activities

³¹ Target based on WaMIP and WaMIP AF activities

ANNEX 2: COMPLETION AND LEARNING REVIEW FY11-FY15

Date of CAS: July 30, 2010 (Report No. 54615- BD)

Date of CAS Progress Report: November 20, 2013 (Report No. 79283-BD)

Period Covered by the Completion and Learning Review: July 1, 2010 to June 30, 2015

I. INTRODUCTION AND OVERVIEW

1. **Bangladesh reached an important milestone by achieving lower middle income country (LMIC) status in 2015, crossing the threshold with a per capita GNI of US\$1,080.** The country enjoyed a period of strong economic growth, averaging more than six percent per year during the last decade. Bangladesh has either met or is on track to meet the Millennium Development Goals (MDG) related to the reduction of poverty, maternal mortality and under five mortality as well as attaining gender parity in education. The World Bank Country Assistance Strategy for FY11-14 was designed to support the strategic objectives of the Government's 6th Five Year Plan, namely (i) consolidating human development gains; (ii) accelerating growth; (iii) reducing environmental degradation and vulnerability to natural disasters and climate change; and (iv) strengthening governance. These strategic objectives defined the four pillars of the CAS: social services; growth; vulnerability, adaptation and inclusion; and governance. Following the cancellation of the Padma Bridge project in 2012, IDA temporarily disengaged from new infrastructure projects and restricted new lending to investments in climate change, human development and governance. The CAS Progress Report (CASPR) in 2013 defined a pathway back to financing essential infrastructure investments, including power generation and transport, in ways that minimized corruption risks and supported institutional capacity in these areas. The CAS period was extended by one year to FY15 to align the next Country Partnership Framework (CPF) with the timeline of the government's Seventh Five-Year Plan for FY16–20.

Development Outcome

2. **The overall performance of the CAS program is rated *Moderately Satisfactory*.** The Completion and Learning Review (CLR) rating is based on an aggregate assessment of 11 outcomes in the revised results framework introduced in the 2013 CASPR. The status of CAS indicators at the end of the CAS period (June 30, 2015) provided the evidence for the outcome ratings. Significant progress was observed in most outcomes, with eight of the eleven outcomes achieved or mostly achieved.

World Bank Group Performance

3. **The overall performance of the WBG in designing and implementing the CAS is rated *Good*.** The proposed lending program was aligned with Government's 6th Five Year Plan and the World Bank Group portfolio grew significantly during the CAS period. While the 2014 elections and the Padma Bridge cancellation in 2012 disrupted the program temporarily, IDA delivered a robust lending program of US\$6.1 billion during the extended five-year CAS period. Collaboration within WBG and with development partners was strong, and the lending program was complemented by a large trust fund portfolio. IFC scaled up its investments, focusing largely on strengthening the private sector and infrastructure, supporting 29 projects with commitments of US\$886 million. MIGA provided a US\$251 million guarantee for power generation and developed a strong pipeline, aimed at augmenting Bangladesh's power generation capacity.

4. **The WBG was proactive in addressing governance and fiduciary risks.** In response to the Padma Bridge cancellation, it placed greater emphasis on managing fraud and corruption risks as articulated in the 2012 ‘Action Plan to Safeguard the Bangladesh Program against Residual Fraud and Corruption Risk.’ All IDA projects were mandated to have Governance Accountability Action Plans (GAAP) and new procurement arrangements were introduced. At the portfolio level, the Bank carried out annual integrated fiduciary reviews (IFRs) for high-risk projects.

II. ASSESSMENTS OF CAS OUTCOMES

PILLAR 1: SOCIAL SERVICES – Moderately Satisfactory

5. The WBG objective under this Pillar was to contribute to fostering more inclusive growth in Bangladesh by consolidating the equity and access gains in health and education, and to strengthen and expand coverage of social protection to reduce vulnerability. It also sought to begin to address longer-term systemic challenges related to governance, quality, and efficiency of social services.

OUTCOME 1.1: HEALTH

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Disparities exist in urban vs rural health outcomes	<ul style="list-style-type: none"> Improved access to quality health, population and nutrition services 	Achieved	<ul style="list-style-type: none"> Increased number of births attended by skilled personnel in the two lowest income quintiles. Reduced under-five children underweight (%) 	<p>Achieved</p> <p>Achieved</p>

6. **Bangladesh made progress on most health outcomes, and is on track to achieve MDG 4 (reduce child mortality) and 5 (improve maternal health).** The Bank continued to support the government’s Health Sector Development Program (HSDP) through the US\$8 billion sector-wide program (SWAp) designed to strengthen health systems and improve health services, particularly for the poor.⁴² The Ministry of Health and Family Welfare and development partners jointly defined indicators focusing on health, family planning and nutrition outcomes, with rewards for effective and improved performance. With support from HSDP, the number of births attended by skilled personnel among the lowest two income quintiles increased from 8 percent in 2007 to 23 percent in 2015, and the number of underweight children fell from 46 percent to 32.6 percent in the same period. Programs for immunization, diarrheal diseases, and vitamin A supplementation contributed to the continued decline in child and infant deaths. Progress were also made to expand health services at the grassroots level. Some 12,577 community clinics were established and 1,441 Union (rural local government) health and family welfare centers upgraded. IFC helped introduce PPPs in the health sector; dialysis centers were established through PPPs in government hospitals in Dhaka and Chittagong. The next set of challenges includes reaching the remaining excluded segments of the population, improving service quality, as well as tackling systemic challenges of a centralized health system and weak governance and regulatory structure.

⁴² SWAp is supported DFID, CIDA, SIDA, KFW, USAID, AUSAID, and UNFPA

OUTCOME 1.2: SOCIAL PROTECTION

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Small shocks can cause large movements in poverty rates	<ul style="list-style-type: none"> Strengthened social protection system 	Achieved	<ul style="list-style-type: none"> Increased number of people covered by social safety nets in the lowest expenditure quintile Increased number of people with disabilities receiving social care services 	<p>Achieved</p> <p>Achieved</p>

7. **Bangladesh expanded safety net coverage among the poorest, but the large number of social protection programs—now more than 120—spread across 20 ministries have resulted in fragmentation and poor coordination.** Safety net coverage in the country increased from 39 percent in 2010 to 60.9 percent in 2012 for the lowest expenditure quintile.⁴³ During that period, the Bank was engaged in policy dialogue on social protection with the government, the result of which led to increased support to the sector. Responding to the continued fragmentation and weak administrative systems of safety net programs, the Bank financed a result-based operation designed to improve the equity, efficiency and transparency of Bangladesh's major safety net programs. It also helped pilot an innovative conditional cash transfer initiative to promote human development outcomes which was subsequently scaled up. Coverage of services for people with disabilities and vulnerable children also increased. The Disability and Children at Risk project financed 20 new Disability Service Centers and seven new Integrated Child Protection Services centers, reaching nearly 130,000 persons with disabilities and children at risk. Under the Employment Generation Program Project, the Bank supported the Government's nationwide effort to provide temporary employment for extremely poor households during lean seasons. An impact assessment study found that beneficiaries of the employment generation program had significantly higher consumption levels than households that did not participate in the program. The design of these Bank operations was informed by a poverty assessment.

OUTCOME 1.3: EDUCATION

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
High drop-out rates, low completion rates, poor learning outcomes, lack of accountability and poor governance in schools	<ul style="list-style-type: none"> Increased equitable education access, improved system efficiency and student learning 	Partly Achieved	<ul style="list-style-type: none"> Increased primary and secondary education completion rates Increased share of students mastering required competency levels in Bangla and Mathematics 	<p>Achieved</p> <p>Partly Achieved</p>

8. **Bangladesh neared universal access to primary education (97 percent), and attained the MDGs for gender equity⁴⁴ at the primary and secondary education levels.** The Education SWAp⁴⁵ supporting the Government's Primary Education Development Program continued to be

⁴³ 2015 numbers not yet available

⁴⁴ Primary Education Completion Rate for Girls is 82.5% Boys and 75.7%

⁴⁵ Supported by WB, Australia, EU, JICA, ADB, DFID, SIDA, Canada and UNICEF

an effective vehicle for bringing and retaining primary school-aged children in school. The indicators for primary and secondary completion rates significantly exceeded CAS targets. The program, which was scaled up in 2014, introduced a comprehensive set of reforms to upgrade the quality of learning for all children at the primary and pre-primary levels, strengthened the capacity to provide high quality data and utilization of information for effective results monitoring, and developed mechanisms that allowed public and private sectors to work more closely together in education service delivery.

9. **There was mixed progress, however, in improving student learning which underscores the need for increased focus on education quality, in addition to access.** With WBG support, Bangladesh completed its first ever learning assessment in 2011, followed by a second one in 2013—an impressive accomplishment considering that only a few countries, especially in South Asia, have established learning assessment systems. The assessments found that learning achievements continue to be quite low. The CAS targets for competency levels in Bangla and Math were only partly achieved based on 2013 data: only 25 percent of students in grade 5 mastered Bangla and Mathematics competencies. More recent data covering the latter part of the CAS period will be available through the forthcoming 2015 assessment, the results of which would be available in 2016.

10. **More disadvantaged children were brought into pre-primary and primary education.** Over 2 million students, more than half of them girls, benefited from targeted stipends and tuition for secondary education under the Secondary Education Quality and Access Enhancement Project. An additional 5.8 million students benefited from performance-based monetary incentives, additional classes in English and mathematics, and the Reading Habit Program. The project was scaled up in 2013 to reach a larger number of disadvantaged students and to institutionalize monitoring and evaluation in the Education Ministry. Despite the achievements to date, access disparities across income groups remain high, and there are growing concerns about high dropout rates for both boys and girls, particularly amongst the poor, and low learning achievements. Analytic work, principally the Education Sector Review, informed policy and program responses, addressing issues of access, equity, and quality at all levels of education.

PILLAR 2: GROWTH – Moderately Unsatisfactory

11. The WBG objective under this Pillar was to address the binding constraints to growth, focusing engagement on improving the business environment and expanding provision of energy and transport infrastructure. It also aimed to support reforms to strengthen the investment climate, sector governance, financial sustainability and private sector participation in infrastructure provision and maintenance.

OUTCOME 2.1: PRIVATE SECTOR

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Excessive regulations and weak institutional frameworks affect business environment.	<ul style="list-style-type: none"> Improved environment for private sector investment. 	Not Achieved	<ul style="list-style-type: none"> Improved ranking on the Doing Business Index 	Not Achieved

12. Private sector investments nearly doubled, but Bangladesh continued to score low on investment climate indices. Private sector investments increased from about US\$22bn in FY10 to US\$43bn in FY15⁴⁶, but remained stagnant as a share of GDP. Long term debt financing for infrastructure investments more than doubled from US\$62 million in 2012 to US\$129 million in 2014. The WBG contributed to these outcomes through IFC investment operations and the Bank-financed Investment Promotion Financing facility that created instruments for longer term lending to the private sector. However, the climate for private sector investments remained challenging. The 2014 to 2015 Global Competitiveness Index ranked Bangladesh 109 out of 144 countries, pointing to weak institutions, poor infrastructure, and a difficult environment for technology and innovation as key constraints to investments. In the 2013 Bangladesh Enterprise Survey, businesses cited political instability, availability and reliability of power supply, and access to finance as the top-most concerns. Bangladesh also slipped in the Doing Business (DB) ranking from 119 out of 183 nations in 2010 to 173 out of 189 nations in 2015. In retrospect, improved DB ranking was not an appropriate indicator for measuring the WBG's impact on the business environment. The DB indicators are only one measure of the investment climate and do not capture other key constraints, such as access to serviced land and transparency in government to business services. The DB ranking is also affected by exogenous factors beyond the control of WBG interventions and measures relative performance, which is affected by other countries' progress.

13. Despite the persistent challenges, improving Bangladesh's investment climate remained an important area of WBG support. On the regulatory front, the WBG helped Bangladesh implement key Doing Business reforms, making it easier to start a business, trade across borders, and register property. It supported the National Bureau of Revenue (NBR) initiate an alternate dispute resolution in all three categories of tax (income tax, VAT and customs), resulting in the release of more than US\$278 million tied-up public and private funds. The Board of Investment (BOI) benefitted from WBG support in automating the application and approval processes of foreign borrowing. WBG interventions also led to enactment/amendment of 25 laws, including competition act, VAT law, and an economic zones act that paved the way for private sector participation in the development, ownership, and management of serviced industrial zones. This support was complemented by the Private Sector Development Support Project which helped leverage private sector investments to finance the development of four economic zones which in the medium to longer term can help attract foreign investments to Bangladesh.

OUTCOME 2.2: INFRASTRUCTURE

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Insufficient planning and investment for future growth have resulted in severe infrastructure deficits.	<ul style="list-style-type: none"> Increased infrastructure provision and access 	Achieved	<ul style="list-style-type: none"> Increase in electricity production capacity (MW) Increase in electricity connections Increased access to all-season roads 	Achieved Achieved Achieved

⁴⁶ From BDT 1,721 billion in FY10 to BDT 3,340 billion in FY15 in current prices

14. **Shortage of reliable electricity remained a binding constraint to manufacturing growth.** While installed capacity increased from 4,900 MW in 2009 to 11,200 MW in 2015, current available capacity is only around 7,700 MW, mainly as a result of poor maintenance preventing plants from operating at full capacity. Supply has not kept pace with rapid growth in electricity demand, estimated at 8 percent annually. Access to grid electricity in rural areas is limited, and it is clear that grid electricity alone will not realize the government's vision of universal access to electricity by 2021. The WBG supported Bangladesh's efforts to increase base-load generation capacity and access to clean energy in rural areas. The Rural Electrification and Renewable Energy project provided over 2 million additional households with solar power, exceeding the CAS target of 1.48 million. The Investment Promotion Financing Facility (IPFF) supported three fully-operational power plants, adding 300 MW to the national grid. The Siddhirganj Power Project, designed to contribute 335 MW to the grid, is expected to be completed in 2016. IFC's investment in Regent Energy & Power Limited helped develop an independent thermal power project at Ghorashal, contributing 108 MW of reliable and low-cost electricity. IFC also facilitated MoUs between private hydro developers in Nepal and the Government of Bangladesh for the purchase of hydropower from Nepal that will add 450 MW to the grid, and be wheeled through India to Bangladesh. MIGA issued guarantees for a power project that will add 450 MW to the grid.

15. **Inadequate preservation of assets, including the maintenance of rural roads, remained the main challenge in the road sector.** The Bank supported the construction and rehabilitation of 3,100 kilometers of rural roads during the CAS period, contributing to increased access to all season roads (from 43.6 percent to 59 percent). The Rural Transport Improvement Project, which closed in 2012, also improved other forms of rural infrastructure, including improving 150 rural markets, 45 rural jetties, and 15,000 linear meters of bridges and culverts. The ongoing second Rural Transport Improvement project is focusing on enhancing road sustainability by shifting its emphasis from building new roads to rehabilitating and maintaining the existing network.

PILLAR 3: VULNERABILITY, ADAPTATION, AND INCLUSION - Satisfactory

16. The WBG objective under this Pillar was to improve resilience to climate change and natural disasters, increase productivity in agriculture to ensure food security, and strengthen women's participation and empowerment with strong emphasis on employment generation. Climate change adaptation interventions centered on the three strands of infrastructure enhancements, systems improvements and capacity-building. In agriculture, the Bank sought to promote climate-smart agricultural technologies and improve farm management to address productivity shortcomings.

OUTCOME 3.1: AGRICULTURE AND FOOD SECURITY

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Agriculture in Bangladesh is characterized by a “yield gap,” which is the difference between the amounts produced and the potential for production	<ul style="list-style-type: none"> Improved agriculture production and food security 	Achieved	<ul style="list-style-type: none"> Farm land with improved irrigation and drainage management for rice production, in areas affected by Cyclone Sidr (ha) Increase in agricultural productivity as measured in crops yields and livestock 	<p>Mostly Achieved</p> <p>Achieved</p>

17. **Agricultural productivity increased during the CAS period, with marked improvements in crop yields and livestock.** Bangladesh attained self-sufficiency in rice production, its main food crop, with average yields increasing from 2.92 in 2010 to 3.02 tons per ha to 2014. The country’s agricultural technology system, in particular agricultural research and extension, was a major driver in increasing agricultural output (production of staple food crops) and enhanced agricultural productivity (yields per hectare). Agricultural productivity was also enhanced in part as a result of investments in irrigation infrastructure. Through the Water Management Improvement Project, 191,000 hectares of farm lands affected by the 2007 Cyclone Sidr benefitted from improved irrigation and drainage management for rice production. The National Agriculture Technology project and the Integrated Agriculture Productivity project, funded by Global Agriculture and Food Security Program (GAFSP)⁴⁷ helped increase the efficiency and effectiveness of the research and extension systems in crops, livestock and fisheries. These projects also promoted agricultural diversification, private sector participation and stronger market linkages for farmers—which are key to increasing farmers’ income and achieving sustained household food security. IFC, with financing from the Pilot Program for Climate Resilience, supported agribusiness companies and their supply chains. It also provided US\$37 million⁴⁸ in long term financing to PRAN, a leading branded food and beverage producer in Bangladesh, to expand production capacity and integrate small farmers into retail supply chains.

OUTCOME 3.2: DISASTER AND CLIMATE CHANGE

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Bangladesh is ranked the most climate-vulnerable country in the world.	<ul style="list-style-type: none"> Enhanced disaster and climate change preparedness 	Achieved	<ul style="list-style-type: none"> Increased number of cyclone shelters in project area Rehabilitation of coastal embankments damaged by Cyclone Sidr in 2007 (Km) 	<p>Achieved</p> <p>Achieved</p>

⁴⁷ GAFSP is a multilateral mechanism that assists in implementation of pledges made by global community to support country-led investments in agriculture and food security.

⁴⁸ US\$5 million from GAFSP

18. **Bangladesh developed stronger disaster-coping mechanisms, which helped reduce the impact of recent storms, cyclones, and floods.** The Emergency Cyclone Recovery and Restoration project helped communities recover from the damage caused by Cyclone Sidr through investments in infrastructure and agriculture livelihoods. Under the project, the number of shelters in good condition increased from 133 to 554, and 564km of coastal embankments were rehabilitated. During the CAS period, the Bangladesh Climate Change Resilience Fund (BCCRF), a multi-donor trust fund, was established to channel grants to support the Bangladesh Climate Change Strategy and Action Plan. Despite implementation challenges, BCCRF made some progress in building shelters, provision of solar irrigation pumps, community-led climate adaptation initiatives, and capacity building in forestry management, and reforestation. Using financing from the Pilot Program for Climate Resilience, IFC provided support to enhance climate resilience of agribusiness companies and their supply chains.

OUTCOME 3.3: WOMEN'S ECONOMIC EMPOWERMENT

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Low female labor force participation rate	<ul style="list-style-type: none"> Enhanced women's economic empowerment 	Achieved	<ul style="list-style-type: none"> Increase in women's participation in short term employment programs 	Achieved

19. **Bangladesh achieved impressive gains in women's labor force participation with the number of gainfully employed women nearly doubling between 2003 and 2013.** The Social Investment Program Project, the Employment Generation Program Project, and the Northern Area Poverty Reduction Initiative implemented innovative activities to strengthen women's labor force participation and empowerment. The Employment Generation Program generated 195 million person-days of employment for over 3 million individuals, 36 percent of them women. The project's Impact Evaluation showed that participating female-headed households had US\$1.30 more per capita monthly consumption expenditure and US\$1 more per capita monthly non-food consumption expenditure compared to non-participating female-headed households.⁴⁹ With support from the Social Investment Program Project, savings groups mobilized one million dollars to lend to its members, 90 percent of whom are women. About 205,000 households benefitted from financial resources provided through these funds, enabling them to start income-generating activities. Gender was the focus of several studies and assessments during CAS period.⁵⁰

PILLAR 4: GOVERNANCE – Moderately Satisfactory

20. The WBG objective under this Pillar was two-fold: applying stronger integrity safeguards across the portfolio and to assist the Government in building systems to manage its own corruption risks, especially in budget formulation and management, public procurement, audit and parliamentary oversight, banking supervision and payment systems, and local government.

⁴⁹Implementation Completion and Results Report, Employment Generation Program Project, December 2014

⁵⁰ Select gender assessments and studies focused on gender and nutrition, gender and child mortality, gender and poverty, and ongoing work on gender and disaster risk management/climate change.

OUTCOME 4.1: PUBLIC RESOURCE USE

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Weak framework for accountability and internal control environment	<ul style="list-style-type: none"> Increased effectiveness and efficiency of public resource use 	Partly Achieved	<ul style="list-style-type: none"> Line ministry budget institutions strengthened Audit backlog reduced Contracts awarded within the initial bid validity period in key agencies 	Not Achieved Achieved Achieved

21. **Bangladesh's weak governance and institutions continued to undermine the country's competitiveness and ability to create more and better jobs.** Bangladesh performed poorly in global governance- and corruption-related indices,⁵¹ and corruption remained among the top five constraints to doing business. The goal of the Bank's work was to enable continued engagement, even in challenging integrity environments, and promote sustained improvements in Bangladesh's governance systems over time.

22. **Progress in public financial management (PFM) reforms in Bangladesh was uneven especially with respect to budget execution, oversight, and enforcement of procedures.** As the administrator of the Strengthening Public Expenditure Management Program (SPEMP) MDTF, the Bank supported the modernization of budget institutions and formal institutions of financial accountability. Under SPEMP, the Government rolled out a medium-term budgetary framework (MTBF) to all 59 line ministries, provided training for finance and budget staff, and strengthened the institutional arrangements that included the reconstitution of Budget Management Committees and the creation of Management Wings/Branches staffed with government officials in all line ministries. However, the goal to integrate the development and revenue budgets was not completed and additional work is needed to make the new budget management structures fully functional. SPEMP-financed projects helped strengthen the oversight functions of the Comptroller and Auditor General (OCAG) and the Parliamentary secretariat and oversight committees. OCAG's audit backlog was eliminated and reports brought up to date. Further, the National Board of Revenue (NBR) benefitted from the Bank's support to modernize the administration in order to implement the 2012 VAT law and reduce the costs of compliance for the business community through the use of online tax registration and payment, with the target of a 1 percent of GDP increase in tax revenues over 5 years.

23. **Bangladesh introduced Electronic-Government Procurement in key government agencies, increasing the transparency of transactions and the credibility of nationally-bid procurement decisions.** Four agencies—Roads Highways Department, Local Government Engineering Division, Rural Electrification Board, and Bangladesh Water Development Board—accounted for over US\$2 billion of electronic procurement (from June 2012 to March 2015). In the first nine months of FY15, an estimated 25 percent of the government's procurement was done through electronic tendering. The Public Procurement Reform Project helped improve efficiency in resource use in these four agencies by (i) reducing procurement delays; 79 percent of contracts were awarded within the initial bid validity period in 2015 compared to 10 percent in 2007; (ii)

⁵¹ Transparency International's Corruption Perception Index and Bertelsmann Index of Transformation (on political and economic governance).

improving transparency; 100 percent contract awards published online in 2015 compared to 15 percent in 2007; and (iii) enhancing competition; average number of bidders increased from 4 in 2007 to 7 in 2015.

OUTCOME 4.2: TRANSPARENCY AND ACCESS

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Bangladesh ranks in the bottom third in global governance indices	<ul style="list-style-type: none"> Enhanced transparency and accessibility of public services 	Achieved	<ul style="list-style-type: none"> National identification (NID) system established and used in three public services. 	Achieved

24. **Bangladesh made progress in establishing a secure, accurate and reliable national identification system.** With support from the Identification System for Enhanced Access to Services (IDEA) Project, identification information for 96 million citizens were digitized. Three institutions—the Passport Authority (Immigration and Passports), the National Board of Revenue (NBR), and the Bangladesh Bank (BB)—are today accessing identity verification services based on the National Identity (NID) database. In addition, the Bangladesh Election Commission signed MOUs in August 2015 with Dutch Bangla Bank Ltd and BRAC Bank Ltd to start using the database. Complementing the WB support, IFC helped NBR launch an online tax-payment portal to reduce transaction costs to payers and make the system more transparent and accessible. IFC also supported introduction of the electronic Taxpayer’s Identification Number (e-TIN).

25. **Implementation of the 2009 Right to Information (RTI) Act gave Bangladeshi citizens greater access to information.** With technical assistance from the Bank, the government took several policy actions to implement the RTI, including establishing an independent Information Commission. Proactive disclosure rules of the RTI improved disclosure compliance across government ministries. Complementing these efforts, the Local Governance Support Project supported the establishment of Union Digital Centers to enable the rural population access citizen services. These centers began as a pilot operation in 30 Union Parishads (UP), the lowest tier of local government in Bangladesh in 2009 and were subsequently rolled out to all 4,547 UPs by 2011.

OUTCOME 4.3: LOCAL SERVICE DELIVERY

Development Challenge	Outcomes Sought by CAS	Status	Indicators	Status
Bangladesh is among the most centralized countries in the world, which is a key constraint to effective public service delivery at the local level.	<ul style="list-style-type: none"> Increased capacity of local government bodies 	Mostly Achieved	<ul style="list-style-type: none"> Increased per capita expenditures of UPs ULBs with computerized tax records and billing systems (number) 	<p>Achieved</p> <p>Mostly Achieved</p>

26. **The Government took steps to allocate more autonomy and resources to local governments.** Per capita expenditures of UPs increased from US\$0.50 to US\$3.40, which is an important measure of increased capacity of local government. The Local Governance Support projects I and II supported training on financial management and budget preparation and execution for 62,382 UP functionaries and 488,613 committee members the during the CAS period. The

program also provided block grants to UPs to spend at their own discretion through a participatory process for priority investments such as community infrastructure, schools, and health clinics. At the municipal level, the Bank supported urban local bodies (ULBs) to improve urban services, helping establish computerized tax systems in 183 ULBs, just short of the CAS target of 200. Going forward, the challenge will be to build on the financial and institutional capacity developed under these programs, and implement policy reforms that can strengthen local transparency and accountability and over time devolve further autonomy to local governments.

III. WORLD BANK GROUP PERFORMANCE

27. The overall performance of the WBG in designing and implementing the CAS is assessed as Good. The proposed lending program was aligned with Government's 6th Five Year Plan and the World Bank Group portfolio grew significantly during the CAS period. While events such as the 2014 elections and the Padma Bridge cancelation in 2012 disrupted the program temporarily, IDA delivered a robust lending program of US\$6.1 billion during the extended five-year CAS period. The program achieved substantive progress in areas that were identified as priorities by the government—particularly in health and social safety net coverage; education completion rates, access to roads and electricity; agricultural production, climate change adaptation, and women's economic empowerment. There was, however, mixed progress in improving student learning, which underscores the need for increased focus on education quality, as well as access. In addition, public financial management reforms faltered and the environment for private sector investment saw only modest improvements.

28. IFC and MIGA programs were well aligned with the strategic objectives of the CAS. The IFC scaled up its investments, focusing largely on strengthening the private sector and infrastructure, supporting 29 projects with commitments of US\$886 million in long term financing. MIGA also embarked on significant business development efforts during the CAS period. The Agency provided a US\$251 million guarantee in the power generation sector and has developed a strong pipeline, aimed at augmenting Bangladesh's power generation capacity.

Design

29. Selectivity was central in the CAS design. It proposed a shift towards larger and more strategic interventions that leveraged priority reforms, and by scaling up projects and programs with demonstrated results and a high degree of country ownership, notably in health and education. As a result, the average size of IDA operations rose from US\$131 million in FY10 to US\$220 million by the end of the CAS period. The concept of consolidation was also intended to reduce corruption risks to the portfolio by supporting larger operations with fewer and larger contracts subject to fiduciary oversight. The program was recalibrated in response to the 2012 cancellation of the Padma Bridge project, placing greater emphasis on managing fraud and corruption risks. IDA temporarily disengaged from new lending in high-risk sub-sectors (highways, bridges, railways, and power generation), and scaled up its engagement in climate change, social service delivery and human development.

30. The CAS was candid about risks to the country program, many of which materialized. It assessed corruption risk as high, and identified faltering commitment to reforms and weak

institutional capacity as possible limitations to the WBG's impact. The CASPR further cautioned that civil unrest, including regular disruptions through country-wide strikes (hartals), could disrupt program implementation before and after the 2014 parliamentary elections. Mitigation measures included new and stronger procurement arrangements and fiduciary controls, greater focus on social accountability mechanisms, and alternative work arrangements during periods of political disruptions. While the Bank had limited influence on the governance and political landscape, these measures helped ensure the continued implementation of the portfolio as demonstrated by strong disbursement performance.

31. **The 2013 CASPR defined a pathway back to large infrastructure, critical to spurring growth in Bangladesh.** It proposed a strategic shift toward increased Bank Group engagement in power generation and transport, in ways that minimized corruption risks and supported long-term systems and institutional capacity in these areas. It also paved the way for IFC support to major private sector infrastructure projects, especially in energy. It proposed to consolidate past achievements in service delivery through additional financing of ongoing projects in education, disaster risk management, and renewable energy. The CASPR also outlined a framework for a development policy lending (DPL) series to help address governance challenges, if a meaningful reform program was initiated by the relevant Bangladeshi authorities. Lastly, the CASPR proposed to extend the CAS period by one year to FY15 to align the next Country Partnership Framework (CPF) with the timeline of the government's Seventh Five-Year Plan for FY16–20.

32. **At mid-term, it was deemed that the CAS results framework lacked realism with insufficient attention to the Banks' contribution to results.** The results framework was therefore modified in the CASPR, reducing the number of CAS outcomes from 16 to 11. These adjustments were driven by the Bank's limited contribution to certain outcomes, slippages in the lending program, redundancy and lack of clarity within the framework, challenges of attribution, and weak performance, especially in the water and sanitation sector.

Implementation

33. **The CAS envisioned an IDA envelope of US\$6.4 billion.** The deteriorating governance environment resulted in a lower CPIA for Bangladesh, causing the indicative allocation to fall to an estimated US\$4.8 billion at the time of the CASPR. Lending of US\$4.2 billion (excluding Padma) was delivered over the original four-year CAS period with US\$1.9 billion delivered in FY15. Due to the temporary restrictions in lending in high-risk sectors, the majority (63 percent) of the lending program focused on social services and the vulnerability, adaptation and inclusion pillars. The number of IDA operations increased from 27 to 36 with total IDA commitments increasing from US\$3.5 billion to US\$8.3 billion.⁵² The primary instrument was Specific Investment Lending, with extensive use of results-based disbursements. The Bank introduced the first Program for Results operation in Bangladesh aimed at modernizing tax administration. The share of problem projects remained relatively large, but this reflected efforts to introduce more realistic ratings. Despite transport blockades and other systemic bottlenecks, the disbursement rate, except for in FY12,⁵³ was consistently above 20 percent.

⁵² Excluding the cancelled Padma Bridge credit

⁵³ Which carried the undisbursed balance from Padma.

34. **Considerable efforts were made to ensure proactive management of the portfolio.** Emphasis was placed on ensuring quality at entry by advancing procurement readiness⁵⁴ and better alignment of the Bank's and Government's approval timelines; and taking proactive measures through restructurings and cancellations of non-performing projects. Portfolio reviews were carried out semi-annually jointly with the government to unlock implementation bottlenecks, accelerate disbursements, and address systemic challenges. As a result, Bangladesh achieved 100 percent proactivity by the end of FY14 and FY15. To ensure a robust pipeline in a challenging country environment, over-programming of 25-30 percent became the norm during the CAS period.

Table 1: Selected IDA Portfolio Indicators

Indicators	FY10	FY11	FY12	FY13	FY14	FY15
Disbursement ratio	22.7	20.0	13.4	24.2	22.9	20.6
Number of Projects	27	28	27	28	31	36
Projects at risk	5	3	3	3	8	6
Problem Projects	4	3	3	3	8	5
Net Commitment Amount (\$M)	3,561	4,974	4,004	4,783	6,492	8,347

35. **IFC committed a total of US\$886 million in long term financing for 29 projects.** A significant portion of the financing was channeled through local financial intermediaries. IFC's investments also included infrastructure, agribusiness, cement, consumer appliance, and textiles. IFC's advisory portfolio consisted of 20 projects with managed funds of US\$47.8 million. The IFC regularly pulled in resources from other parts of the WBG and worked with external partners to bring in holistic solutions to private sector issues. For example, in response to the RMG concerns related to safety, IFC collaborated with the ILO and launched the "Better Work Bangladesh" program. MIGA current portfolio consists of guarantees of US\$251 million (gross) for one power project. MIGA undertook significant business development during the CAS period, resulting in a strong pipeline especially in the power sector.

36. **Recipient Executed Trust funds totaling US\$503 million complemented the lending portfolio.** Three MDTFs formed 80 percent of total RETF grant amounts.⁵⁵ The MDTF supporting the Bangladesh Health Sector Development Program was an effective vehicle for pooling donor resources and harmonizing support to improve delivery of health services and strengthen health systems. However, implementation performance of the Strengthening Public Expenditure Management Program (SPEMP) and Bangladesh Climate Change Resilience Fund (BCCRF) was mixed. High transaction costs in managing these MDTFs offered lessons on selectivity in the use

⁵⁴ The CMU introduced a readiness criteria for all infrastructure projects involving the procurement of large contracts to be presented to Board when the procurement process is largely completed (i.e. the winning bidder identified, with WB non-objection to begin negotiations or with negotiations completed) to minimize the risk of misprocurement.

⁵⁵ Health, Nutrition and Population SWAp (HNPSp), co-financed by a \$262 million HNPSp multi-donor trust fund, the Bangladesh Strengthening Public Expenditure Management Program (SPEMP) have over \$60 million. The Bangladesh Climate Change Resilience Fund (BCCRF) have \$190 million in pledged funds.

of programmatic MDTFs. Bank Executed Trust Funds and EFOs were instrumental in supporting policy dialogue, specific capacity building initiatives, and third party monitoring activities.

37. **Analytical work helped bridge knowledge gaps to inform the lending program.** In-depth analytical cross-sectoral work focused on the key constraints to poverty reduction and economic growth, and was complemented by analysis to support the government in identifying and addressing sector specific challenges such as education, health, and climate change. Some of the key analytical findings under each CAS pillar are summarized below

- **Pillar 1:** The flagship *Education Sector Review* covered issues related to access for the hardest-to-reach children, public policy actions needed to enhance learning outcomes at primary and secondary levels, and the importance of foundational and behavioral skills in addition to market related skills. The *Bangladesh Poverty Assessment Report* found that the main drivers behind reducing poverty were growth in labor income and declining fertility rates, concluding that eliminating extreme poverty and boosting shared prosperity will require coordinated multisector action to increase agricultural productivity, promote more jobs in the manufacturing and service sectors, and improve targeting and efficiency of safety net programs. It was accompanied by an updated poverty map to guide the allocation of resources.
- **Pillar 2:** The *Country Economic Memorandum (CEM)* examined future sources of growth in the context of rapid urbanization, and pointed to investments in physical infrastructure and human development, managing rapid and unplanned urbanization, creating an enabling environment for expanding labor intensive economic activities, and promoting safe migration as critical actions for boosting growth. The *Diagnostic Trade Integration Study* provided a roadmap for strengthening Bangladesh's trade competitiveness and developing a policy regime that takes full advantage of international markets, noting the vital role of trade in the jobs and development agenda.
- **Pillar 3:** The *Urban Flooding of Greater Dhaka in a Changing Climate* report provided Bangladesh's policy makers with targeted steps to mitigate urban flooding in Dhaka and improve the city's resilience in the face of climate change and variability. The report noted that recent major floods have been worse in terms of depth and extent of inundation and duration, especially in fringe areas, where many of the city's poor reside. The Bank also undertook analytical work examining the health impacts of increased climate variability, and identified interventions which can mitigate excess health burden attributable to climate change. It proposed spatially targeted resource allocation to reach the most vulnerable locations and integrating health sector, water and sanitation, urban planning, a weather early warning system and a disaster management system as part of a holistic mitigation approach.
- **Pillar 4:** The *Public Expenditure and Financial Accountability (PEFA) Assessment* presented a mixed picture on PFM reform in Bangladesh. It noted that aggregate fiscal discipline has been maintained despite pressures placed on public resources, but cautioned that management of public resources within sectors and programs need to improve significantly to raise the level of development and service delivery outcomes. Strengthening domestic revenue mobilization and enhancing efficient use of available public resources should be at the core of the strategy to improve budget policy and institutional performance.

38. The Bank was proactive in addressing governance and fiduciary risks in the portfolio.

All IDA projects were mandated to have Governance Accountability Action Plans (GAAP), comprising a mix of measures to strengthen fiduciary controls and enhance social accountability mechanisms. New procurement arrangements were introduced that helped identify irregularities. These included e-procurement for national competitive bidding and independent procurement panels or independent experts for bid evaluation of major contracts. At the portfolio level, annual integrated fiduciary reviews (IFRs) for high-risk projects were introduced, which combined post-procurement review, forensic audit, and technical audit. IFRs were completed for half the portfolio in FY15. An independent assessment carried out in May 2015 found that the Bank had been effective in reducing fraud and corruption risks in its lending program. However, GAAPs were assessed as unduly complicated and often ambitious, applying mitigating measures that did not necessarily correspond to the identified risks.

39. Frequent strikes (*hartals*) and transport blockades posed significant challenges to business continuity⁵⁶.

WBG Staff were provided the flexibility to work from home during *hartals* and shuttle services were launched to facilitate commute to offices or meetings. Arrangements were also put in place to transport goods to the field to mitigate project implementation delays. Despite these efforts, strikes and transport blockades imposed constraints to regular project supervision.

40. Close coordination and harmonization with Bangladesh's development partners were maintained.

The Bank engaged in joint programming, particularly by pooling financial resources which helped to scale up lending operations in key strategic areas such as climate change, governance, public financial management, agriculture, renewable energy, and human development. The WBG worked closely with ADB and JICA—key infrastructure financiers in Bangladesh. For example, the Bank coordinated closely ADB in the financing of power plants in Siddhirganj where the Bank-funded project is financing the gas supply line which will feed several base load units and the two peaking units funded by the ADB. The Bank was an active member of the Local Consultative Group (LCG), the primary forum for donor coordination in the country. In the first half of the CAS period, the Bank co-chaired the LGC jointly with the government. The Bank also led efforts to implement the 2010 Joint Cooperation Strategy (JCS), and the preparation of the results framework for the Seventh Five Year Plan.

IV. ALIGNMENT WITH WBG CORPORATE STRATEGY

41. Bangladesh made progress towards the twin goals during the CAS period.

Latest projections indicate that the national poverty rate fell to around 25 percent in 2015, less than half the 58.8 percent rate in 1991-92. Bangladesh is also amongst a select group of countries worldwide that experienced a decline in inequality. While the WBG had not yet articulated its new strategy and the twin goals when the CAS was designed, the CAS had a clear objective of increasing engagement in areas critical for poverty reduction and accelerated, sustainable and inclusive growth in Bangladesh.

⁵⁶ Around 90 days of hartals and transport blockades preceded the 2014 elections; and another 79 days after the elections were held.

42. **The Bank scaled up its efforts to improve social services delivery, a binding constraint to poverty reduction and shared prosperity.** The social services pillar comprised nearly 40 percent of the lending program in the CAS period, helping consolidate the equity and access gains in health and education. The Bank also helped increase safety net coverage for the poorest and establish a nationwide mechanism guaranteeing temporary employment for extremely poor households. The Systematic Country Diagnostic (SCD) found that higher agricultural incomes was one of the main drivers of reducing poverty and boosting shared prosperity. With support from the WBG, agricultural productivity improved significantly during the CAS period with marked improvements in crop yields and livestock. The Bank focused its support in areas which are prone to adverse seasonal weather conditions, and suffer from higher poverty rates.

V. LESSONS LEARNED

43. The implementation experience of this CAS provides important lessons, including those related to four CAS Pillars, which could be incorporated into the design of the next Country Partnership Framework (CPF). Some of the key lessons are summarized below:

- **Pillar 1 (Social Services):** While the Bank's program contributed to the strong gains in access to social services, increased efforts will be needed under the next CPF to address the arguably more complex challenge of improving quality of services, which is critical to reduce the vulnerability of the poor, foster income opportunities, and enhance their ability to participate in the labor market.
- **Pillar 2 (Growth):** While Bangladesh enjoyed strong economic growth, private sector investments remained stagnant as a share of GDP and infrastructure bottlenecks continued to stifle private sector growth. Lessons from the CAS period showed that despite individual project successes, the cumulative impact did not translate into measurable improvements to the country's overall competitiveness, suggesting a broader set of policy reforms and increased infrastructure investments should be pursued in the next CPF to accelerate growth. Moreover, good governance in business could also provide further impetus to growth by removing bottlenecks for investors and entrepreneurs.
- **Pillar 3 (Vulnerability, Adaptation, And Inclusion):** Bangladesh improved its ability to manage disasters, especially from floods and cyclones, and a number of WBG supported initiatives made significant progress in building shelters, provision of solar irrigation pumps, community-led climate adaptation, etc. However, critical infrastructure systems and services remain vulnerable to climate change, especially within the Bangladesh Delta. Increasing resilience will require a more integrated and holistic approach, using adaptive delta management, to sustain infrastructure, agriculture, water resources, the environment and livelihoods for the long-term.
- **Pillar 4 (Governance):** The uneven progress in this area suggests that governance reform is a long-term agenda that demands sustained effort to assist the Government in building systems to manage its own corruption risks. Provision of investments and technical assistance to support sector specific governance reforms under the next CPF will need to be grounded in a realistic and government-owned reform program and cognizant of the government's own capacity constraints.

44. **The CAS results framework could have been more focused on the Banks' contribution to results.** The large number of indicators, some of which were not directly linked to WBG interventions, made it difficult to measure and attribute results to the Bank. For example, improved Doing Business ranking was not an appropriate indicator for measuring the WBG's impact on the business environment as the ranking is affected by exogenous factors beyond the influence of WBG interventions and is also a measure of relative performance, affected by other countries' progress. Similarly, increased safety net coverage was an ambitious indicator that did not accurately reflect the Bank's contribution in the sector, which at the time⁵⁷ was limited to policy dialogue and pilot initiatives. Finally, a more appropriate measure of education learning would have been the development of a credible learning assessment system, rather than average scores in Math and Bangla, for which recent data was unavailable. Going forward, there is scope for improving realism of the indicators to make it a more practical tool for monitoring progress under the next CPF.

45. **The Bank could have recalibrated its engagement, instead of disengaging from new high-risk infrastructure lending after the Padma bridge cancellation.** The decision to disengage temporarily from new lending in these sectors was an important element in stabilizing the Bank's program, but affected the relationship with the client and development partners. While proactive measures to address governance and fiduciary risks were effective, the GAAPs would have benefitted from simplification to build stronger ownership by Bank staff and clients. To boost buy-in from task teams and clients and improve implementation, the GAAPs should be used selectively and tailored to the lending instrument.

46. **Results based lending helped advance policy changes and increase disbursements, notably in education, social protection, and health sectors.** Disbursement for Accelerated Achievement of Results (DAAR) in the health sector helped leverage progress in areas that previously had limited traction; it was instrumental in making the Obstetrician-Gynecologist pair available at Upazila Health Complexes (UHCs) which contributed to improved maternal health outcomes. The top-up funding for attainment of annually agreed targets helped incentivize the implementation of reforms and ensured greater ownership. Use of complementary TA facility also motivated institutions to implement policies. TA support in Employment Generation Program, Investment Promotion Financing Facility, and Rural Electrification and Renewable Energy Development II brought about incremental, positive, and sustainable policy changes.

47. **The Bank could have been more selective and strategic in the use of MDTFs.** The BCCRF and SPEMP MDTFs were overly ambitious and their performance suffered from a lack of government capacity, ownership, and understanding of the local political economy. This resulted in a long list of initiatives that were not sufficiently aligned behind government-owned policy reforms. Going forward, supporting more modest and better sequenced activities and ensuring stronger ownership by counterparts are likely to yield better results.

48. **Arrangements put in place during periods of political disruptions worked well, but further progress is needed to minimize risks to project implementation.** Alternative

⁵⁷ 2012 for which most recent data safety net coverage is available.

supervision arrangements should be explored by engaging the client on the tools and infrastructure needed to ensure field level implementation continues, even during periods of political disruptions.

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Pillar 1 – Social Services
Government Goals from Bangladesh Sixth Five-Year Plan FY11-15 <ul style="list-style-type: none"> Improved access to quality health, population and nutrition services Strengthened social protection system Increased student access, improved system efficiency and student learning Achievements and Challenges: <ul style="list-style-type: none"> Improved child and maternal mortality rates. Ensured better services for the poorest through community clinics Improved primary and secondary enrollment and completion rates. Introduced reforms. Increased coverage of the extreme poorest by safety net programs. Consistent increase in budget allocations A large number of population still very poor. Disparities exist in urban vs rural health outcomes, service delivery fragmented & governance systems weak. Quality of education remains poor.

Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
Outcome 1.1: Improved access to quality health, population and nutrition services			
Births attended by skilled personnel in the two lowest income quintiles Baseline: 8% (2007) Target: 14% (2014)	Achieved 23% (2015) The number of births attended by skilled personnel among the lowest two income quintiles increased from 8 percent in 2007 to 23 percent in 2015	Financing: <ul style="list-style-type: none"> Health Sector Development Program (IDA and TF, incl. USAID) Chittagong Water Supply Dhaka Water and Sanitation AAA/Others <ul style="list-style-type: none"> Population, Family Planning and Reproductive Health Policy Harmonization in Bangladesh Responding to Malnutrition in Bangladesh Nutrition, Water and Sanitation Assessment of the NNS Program Bangladesh Health Programmatic AAA The Path to Universal Health Coverage in Bangladesh: 	The use of SWAP in the health sector helped leverage and align development partners' support behind the government's the Health Population Nutrition Sector Development Program (HPNSDP). The SWAP approach led to a significant reduction in transactions costs and facilitated a more collaborative approach between the Government and Development Partners. The Bank's role as the administrator of the multidonor trust fund supporting the HPNSDP was crucial for sustaining the dialogue during challenging periods, which included the introduction of stronger fiduciary oversight to ensure resources are used for intended purposes.
Under-five children underweight Baseline: 46% (2007) Target: 42% (2014)	Achieved 32.6% (2015) The number of underweight children fell from 46 percent in 2007 to 32.6 percent in 2015		The use of performance-based financing (Disbursement for Accelerated Achievement of Results or DAAR) helped leverage progress in areas that previously had limited traction. The

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
		<p>Bridging the Gap of Human Resources for Health</p> <ul style="list-style-type: none"> • Child Nutrition and Health • Water Supply and Sanitation Policy reform for Urban Poor • Regulatory Framework for Sanitation in Bangladesh • Assessment of pathways mediating relations between sanitation and child health in Bangladesh • Low-cost In-Line Chlorination System • Private Operators & Investors in Water 	<p>DAAR was particularly effective in making the Obstetrician-Gynecologist pair available at upazila Health Complexes (UHCs), which contributed to improved maternal health outcomes. The DAAR was also instrumental in advancing reforms, e.g. the restructuring of the Financial Management Audit Unit of the Ministry of Health and Family Welfare. It proved effective in addressing access and equity issues, while bringing a sharper results focus to the program. The financing mechanism provided the Ministry with top-up funding for attainment of annually agreed targets, which helped incentivize the implementation of reforms and ensured greater ownership.</p>
Outcome 1.2: Strengthened social protection system			
<p>People covered by social safety nets in the lowest expenditure quintile</p> <p>Baseline: 34% (2008) Target: 50% (2014)</p>	<p>Achieved 60.9% (2012)⁵⁸ Safety net coverage increased from 39 percent in 2010 to 60.9 percent in 2012 for the lowest expenditure quintile.</p>	<p>Financing:</p> <ul style="list-style-type: none"> • Disability and Children at Risk Project • Safety Net Systems for the Poorest Project (SNSP) • Second Social Investment Program Project • Employment Generation Program Project (EGPP) • Northern Areas Reduction of Poverty Project • Safe Migration for Bangladeshi Workers (JSDF) 	<p>The use of results-based lending helped drive and sustain policy changes tailored towards improving targeting of safety net programs and strengthening field-level administration. Although this can be a complex instrument, it benefits by being linked to technical assistance and extensive dialogue with counterparts to ensure realism in target setting and independent verification monitoring mechanisms. The use of smart technology has also been piloted in the SP portfolio as a means to address administrative capacity constraints – while these need to be customized based on target groups' profile, innovative technology solutions have demonstrated the potential to overcome inherent challenges of leakage and weak administration.</p>
<p>People with disabilities receiving social care services</p> <p>Baseline: 25,000 people (2010) Target: 27,500 people (2014)</p>	<p>Achieved 128,460 (2015) The Disability and Children at Risk project financed 20 new Disability Service Centers and seven new Integrated Child Protection Services centers, reaching 128,460 persons with disabilities and children at risk.</p>		

⁵⁸ Given that the safety net budget has remained fairly constant since 2012, and no major programs have been downsized or reformed dramatically, we do not expect this figure to be significantly changed as of June 30, 2015

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
		AAA/ Others: <ul style="list-style-type: none"> • BD Poverty and Shared Prosperity NLTA • Household Income and Expenditure Survey (HIES) • Social Protection and Labor Review • Bangladesh Safe Migration Impact Evaluation 	
Outcome 1.3: Increased equitable education access, improved system efficiency and student learning			
Completion rates Primary Baseline: 50.1% (2008) // Target: 65% (2014) Secondary Baseline: 38% (2006) // Target: 50% (2014)	Achieved Primary: 79.1% (2015) Secondary: 58% (2015) The indicators for primary and secondary completion rates significantly exceeded CAS targets	Financing: <ul style="list-style-type: none"> • Third Primary Education Development Program (and AF) • Second Reaching out-of-School Children Project (and AF) • Secondary Education Quality and Access Enhancement Program (and AF) • Higher Education Quality Enhancement Project (and AF) • Skills and Training Enhancement Project (and CIDA co-financing) 	As the country's EFA target was nearly achieved, the access needs became more specific. ROSC2 and several actions under PEDP3 were designed for meeting the specific needs of the disadvantaged children and SEQAEP introduced poverty-based stipend programs for the poor students. Competency-based learning assessments, in addition to various quality enhancing interventions, have been introduced to primary and secondary education. Many of these innovative activities are mainstreamed in the government programs as a result of result-based financing - such as ones under PEDP3 and SEQAEP, leveraging higher impact of the development outcomes.
Share of students mastering required competency levels in Bangla and Math Bangla – Grade 3 Baseline: 67% (2011) // Target: 72% (2014) Bangla – Grade 5 Baseline: 25% (2011) // Target: 30% (2014) Math– Grade 3 Baseline: 50% (2011) // Target: 60% (2014) Math – Grade 5 Baseline: 33% (2011) // Target: 40% (2014)	Partly Achieved Bangla – Grade 3: 75% (2013) Bangla – Grade 5: 25% (2013) Math – Grade 3: 57% (2013) Math – Grade 5: 25% (2013) The CAS targets for competency levels in Bangla and Math were only partly achieved based on 2013 data. More recent data covering the latter part of the CAS period will be available through the forthcoming 2015 assessment, the results of which would only be available in 2016. A more appropriate measure of learning at this stage would have been the development of a credible learning assessment		

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
	system, rather than average scores in Math and Bangla. This in itself is an impressive accomplishment considering that only a few countries, especially in South Asia, have established learning assessment systems		
Pillar 2 – Growth			
Government Goals from Bangladesh Sixth Five-Year Plan FY11-15 <ul style="list-style-type: none"> Improved environment for private sector investment Increased economics infrastructure Issues and Challenges: <ul style="list-style-type: none"> Ranked 173 among 189 nations on the Doing Business indicators in 2015, down from 170 in 2014. Increased access to 59% of the rural population. Road maintenance remains a key issue. Installed solar home systems in 1.94 million homes, bringing electricity to an additional 16 percent of the rural population. Significant challenges remain meeting the peak power demand. Energy tariffs are still very subsidized. 			
Outcome 2.1: Improved environment for private sector investment			
Doing Business Index Baseline : 119 of 183 countries (FY10) Target : 35 th percentile (FY15)	Not Achieved 173 among 189 countries (2015) Bangladesh slipped on the Doing Business (DB) indicators, from its ranking of 119 out of 183 nations in 2010 to 173 out of 189 nations in 2015	Financing: <ul style="list-style-type: none"> Private Sector Development Support Project (PSDSP; IDA and TF) IFC financing for the private sector: ICT investments (e.g. Grameenphone); RMG investments, (e.g. Ananta Apparels, Dynamic Textile, etc); Light manufacturing investments, (e.g. BMCL); and Financial Sector support through commercial banks and e-payments firms AAA/Other: <ul style="list-style-type: none"> PSDSP Advisory Services Prices, Middlemen, and Marketing Institutions Impact of Microcredit Programs 	Improved DB ranking was not an appropriate indicator for measuring the WBG's impact on the business environment. The DB indicators are only one measure of the investment climate and do not capture other key constraints, such as access to serviced land and transparency in government to business services. The DB ranking is also affected by exogenous factors beyond WBG interventions and is a measure of relative performance, affected by other countries' progress. With WBG support, Bangladesh made progress in many areas of the investment climate, including key Doing Business reforms such as making it easier to start a business, trade across borders, and register property. With regards to the PSDSP, it faced challenges in bringing investors for zone development/or tenancy in its initial years of operations.

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
		<ul style="list-style-type: none"> Financial Inclusion Through Digital Payments: Understanding Usage of Payroll Accounts among Factory Workers Receiving Electronic Wage Payments in Bangladesh Integrated Trade Diagnostic Study Follow-Up The Impact of Wage Frequency on Employee Effect of Islamic Finance on Bank Performance Payroll Accounts for workers in Bangladesh Islamic Banking Regulation and Supervision Antimoney Laundering/Counter Terrorism Financing BICF investment climate support, including: Out-of-court settlement and resolution; Regulatory Modernization for supporting the creation of a Digital Bangladesh; and Business Taxation Streamlining Program (IFC) Advisory services in financial sector (IFC) 	However, institutional capacity building efforts of PSDSP and expert TA provided to develop the rules & policies for licensees, encouraged private participation in the first wave of PPP zones. Much of the recent progress is owed to having a high level champion in the government ensuring bureaucratic challenges were addressed expeditiously. Further, the zones have become an enclave for private sector to invest and function efficiently (in contrast to the business environment outside the zones). The zones being developed under PSDSP will be in well-managed clusters, where construction will be to international standards of health & safety, and the developers and tenant firms will adhere to socially & environmentally sustainable policies.
Outcome 2.2: Increased infrastructure provision and access			
Increase in electricity production capacity (MW) Baseline: 0 MW (FY10) Target: 312 MW	Achieved 408 MW The Investment Promotion Financing Facility (IPFF) supported three fully-operational power plants, adding 300 MW to the national grid. IFC invested in Regent Energy & Power Limited to develop an independent	Financing: <ul style="list-style-type: none"> Siddhirganj Peaking Power Project Investment Promotion Financing Facility (IPFF) Regent Energy & Power Limited (IFC) 	Long-term engagement through a programmatic approach helps in achieving a sustained outcome. Success in achieving (and exceeding) off-grid targets was a result of a decade long partnership that resulted in a vibrant model for off-grid electrification taking root in Bangladesh. While supporting off-grid electrification, the Bank remained engaged in a dialogue for strengthening

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
	thermal power project at Ghorashal, contributing 108 MW of reliable and low-cost electricity. The Siddhirganj Power Project, designed to contribute 335 MW to the grid, is expected to be completed in CY 2016.	<ul style="list-style-type: none"> • Second Rural Electrification and Renewable Energy Development (RERED) • Second Rural Transport Improvement Project (IDA and TF) • RERED Mini Grids (TF) • Solar Home Systems (TF) • BCCRF Solar Irrigation (TF) • Rural Electricity Transmission and Distribution 	the grid electrification service delivery (through Bangladesh Rural Electrification Board, BREB). Bank's engagement in rural electrification helped to create a consensus within the Government for strengthening BREB, and the agency is now ready to implement the Government's target of 90% area under grid coverage by 2018.
Increase in electricity connections (off-grid, number) (Revised) Baseline: 236,000 (FY10) Revised Target: 1.48 million additional connections (FY15)	Achieved 2,037,110 (2015) The Rural Electrification and Renewable Energy project provided over 2 million additional households with solar power, exceeding the CAS target of 1.48 million.	AAA/Other <ul style="list-style-type: none"> • Energy Sector Program of AAA • Bangladesh Ministry of Shipping NLTA • Open Accessibility Planning for Transport 	The transport sector in Bangladesh suffers from a fragmented institutional structure, with a multiplicity of institutions/agencies, which in some cases have overlapping mandates. This creates a significant need for coordination among the different government institutions/agencies. Through the experience with transport engagements, it has become very clear that the coordination mechanism between agencies is weak – it is weak within the same sector, and very difficult for cross sector coordination. The lessons to be considered in going forward are: Have a simple implementation arrangement; empower the implementing agency through capacity building; seek political support for the implementing agency. In the case of the rural transport improvement engagement, a key element is having a transparent selection criteria for the roads that came under the project, which mitigate potential political pressures. Going forward, development and implementation of a rural road maintenance strategy, adequately supported by an appropriate policy, is crucial for sustaining the gain made in term of physical access. Comprehensive policies and strategies for the development, management and maintenance of rural bridges as well as rural waterways are crucial to expand and sustain the provision of all-season access.
Access to all-season roads (% of total population) Baseline: 43.6% (FY10) Target : 45% (FY14)	Achieved 59% (2015) The Bank supported the construction and rehabilitation of 3,100 kilometers of rural roads during the CAS period, contributing to increased access to all season roads (from 43.6 percent to 59 percent).		

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
Pillar 3 - Vulnerability, Adaptation and Inclusion			
Key Government Goals <ul style="list-style-type: none"> Improved agriculture production and food security Enhanced disaster and climate change preparedness Enhanced women's empowerment Achievements and Challenges: <ul style="list-style-type: none"> Increased efficiency/effectiveness of the research and extension systems, and supporting the adoption of new technology by the farmers. The launch of the CCSAP has helped to improve Bangladesh's ability to manage disasters, in particular floods and cyclones. Broader challenges in improving disaster preparedness are based on the needs to coordinate multi-sector intervention, to test new approaches, and to build expertise and working relationships in areas with no long-standing history of Bank intervention. 			
Outcome 3.1: Improved agriculture production and food security			
Farm land with improved irrigation and drainage management for rice production in areas affected by Cyclone Sidr Baseline: 0 ha (FY10) Target: 200,000 ha (FY14)	Mostly Achieved (96 %): 191,560 ha, (2015) ⁵⁹ Through the Water Management Improvement Project, 191,000 hectares of farm lands affected by Cyclone Sidr (2007) benefitted from improved irrigation and drainage management for rice production.	Financing: <ul style="list-style-type: none"> Emergency Cyclone Recovery and Restoration Project (ECRRP and AFs) National Agriculture Technology Project II Water Management Improvement Project (WMIP) Integrated Agricultural Productivity Project (IAPP; TF) BCCRF: Afforestation and Reforestation Project (TF) BCCRF: Climate resilient agriculture (TF) Modern Food Storage Facility Emergency Cyclone Recovery and Restoration AF Second Agriculture Technology Project (USAID co-financing) Investments in agribusiness, e.g. PRAN Group (IFC) 	Addressing agricultural productivity shortcomings by investing in climate-smart, agricultural technologies (generation and adoption by smallholders), and improved farm management, led to notable successes in several agricultural projects in the portfolio. However, the yield gaps still existing for major crops highlight the need to pursue such an approach. At the same time, the successes with productivity enhancement and production increase have showed that it is equally important to improve market access for smallholders to achieve higher incomes. Going forward, as demonstrated in the recent sector AAA, the focus of project interventions should expand to focus on nutrition-sensitive agriculture and the integration of smallholders in agricultural commodity chains for higher value products.
Increase in agricultural productivity as measured in crops yields and livestock Baseline (FY08): <ul style="list-style-type: none"> -Paddy 4.4 mt/ha -Wheat 2.6 mt/ha -Lentil 0.9 mt/ha -Milk 5.1 l/cow/day Target (FY14): 10-30% increase	Achieved Agricultural productivity, measured in crop yields and livestock (list below), increased by an average 41.75 percent. <ul style="list-style-type: none"> -Paddy 5.67 mt/ha (+51%) -Wheat 3.5 mt/ha (+34%) -Lentil 1.4 mt/ha (+55%) -Milk 6.5 ltr/cow/day (+27%) 		

⁵⁹ 17,100 ha (IAPP) + 6,000 ha (ECRRP) + 168,460 ha (WMIP)

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
		AAA/Others <ul style="list-style-type: none">Advisory services in farm management, climate smart agr and farming productivity (IFC)	
Outcome 3.2: Enhanced disaster and climate change preparedness			
Increased number of cyclone shelters in project area Baseline: 133 shelters in good condition (out of 2133 existing shelters) (FY10) Target: 546 shelters in good condition (213 upgraded and 200 built) (FY14)	Achieved 554 shelters in good condition (2015) Under the Emergency Cyclone Recovery and Restoration project the number of shelters in good condition increased to from 133 to 554.	Financing: <ul style="list-style-type: none">Coastal Embankment Improvement Project (IDA and PPCR TF)Water Management Improvement Project (WMIP)Emergency Cyclone Recovery and Restoration (ECRRP)BCCRF Cyclone SheltersMultipurpose Cyclone SheltersBangladesh Urban Resilience Project AAA/ Others: <ul style="list-style-type: none">Engendering Disaster ManagementBCCRF Urban Flooding of Dhaka in Changing ClimateMaking Climate Data relevant to Decision MakingResponsible Sourcing InitiativeBCCRF Community Climate Change ProjectAdvancing Disaster Risk Management Innovations in Flood Risk Mitigation in Dhaka	Bangladesh has improved its ability to manage disasters, especially resulting from floods and cyclones. A number of initiatives have focused on the building of shelters, provision of solar irrigation pumps, community-led climate adaptation, capacity building in forestry management, and reforestation, and climate resilience of agribusiness companies and their supply chains. Despite individual project successes, critical infrastructure systems and services remain vulnerable to climate change, especially within the Bangladesh Delta, putting at risk economic development and livelihoods. Increasing resilience will require a more integrated and holistic approach, using adaptive delta management, to sustain infrastructure, agriculture, water resources, the environment and livelihoods for the long-term.
Rehabilitation of coastal embankments damaged by Cyclone Sidr in 2007 Baseline: 0 km (FY10) Target: 272 km (FY14)	Achieved 564 km rehabilitated (2015) o/w 260 km through ECRRP; 304 km through WMIP		
Outcome 3.3: Enhanced women’s economic empowerment			

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Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
Increase in women's participation in short term employment programs Baseline: 20% of Employment Generation Program for casual workers are women Target: 30% of Employment Generation Program are women	Achieved 35% (2015) The Employment Generation Program generated 195 million person-days of employment for over 3 million individuals, 36 percent of them women.	Financing: <ul style="list-style-type: none"> Second Social Investment Program Project (SIPP) Second Local Governance Support Project Employment Generation Program Project (EGPP) Northern Areas Reduction of Poverty Project AAA: <ul style="list-style-type: none"> Impact Evaluation for SIPP-II 	The Social Investment Program Project II (SIPP-II, also called Nuton Jibon Project) showed very strong results on women's empowerment with women participating more in decision making processes inside and outside their families, by being part of a community group, able to make their 'voice' heard and also earn an income. Empowerment is often the first aspect being described by the project participants (of which 94% are women) when asked to describe how their situation has changed. The community development mechanisms developed can be a good entry point for other programs to use, immediate example being nutrition related work and messages. This is an element that has already now been introduced in the successor operation, Nuton Jibon Livelihood Improvement Project. The non-negotiable principles of this project are inclusion, equity, participation, transparency and accountability. Furthermore, it is of high importance that the impacts of empowerment of such programs should be captured in their results framework.
Pillar 4 - Governance			
Key Government Goals <ul style="list-style-type: none"> Increased effectiveness and efficiency of public financial management Enhanced transparency and accessibility of public services Increased decentralization and local governance Achievements and Challenges <ul style="list-style-type: none"> The rollout of the medium-term budgetary framework across government marked a new era in Bangladesh's public financial management (PFM) reforms, but implementation still weak Introduced e-procurement and procurement management information system that allows performance monitoring of procurement processes. 			
Outcome 4.1: Increased effectiveness and efficiency of public resource use			

CLR Annex 1: Results Framework

Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
Line ministry budget institutions strengthened Baseline: Budget Mgmt Committees, Working Grps and Wings formed in all line ministries Target: Budget Mgmt Committees, Working Grps and Wings fully operational and consistent with ToRs from Finance Division; (FY14)	Not achieved The Government rolled out a medium-term budgetary framework (MTBF) to all 59 line ministries, provided substantial training for finance and budget staff, and strengthened the institutional arrangements that included the reconstitution of Budget Management Committees and the creation of Management Wings/Branches staffed with government officials in all line ministries. However, the indicator was not achieved as the integration of the development and revenue budgets were not completed and additional work would be needed to make the budget management structures fully functional	Financing: <ul style="list-style-type: none"> Second Public Procurement Reform Project Strengthening Public Expenditure Management Program (SPEMP) Strengthening Auditor General's Office (SPEMP) Strengthening Legislative Oversight (SPEMP) VAT Improvement Program (PforR) AAA/Others: <ul style="list-style-type: none"> Public Expenditure Review Banking System Monitoring NLTA Public Expenditure Review Update Bangladesh Development Update Strengthening Budget Management in Bangladesh RTI Result Support Program Bangladesh Performance Management System 	<p>The institutional reforms introduced under SPEMP have laid the ground work for a more integrated budget to be developed. However, structural institutional changes to fully integrate the recurrent and development budget will need strong political leadership and possibly either legislative or formal policy changes. Going forward any new program should not expect to leverage or substitute for such policy changes. The new program should build on the reforms made to date and work with the existing institutions to strengthen the role of the Committees and Working Groups to better link the budgets (especially the recurrent cost implications of the development projects) using the medium term sector business plans or sector strategies. A reform program that continues to work with both Finance Division and Planning Commission could strengthen the shared understanding of a reform program that can lead to improved PFM outcomes and better allocation of scarce resources.</p> <p>Provision of technical assistance and investments in PFM reform need to be grounded in a realistic and government-owned reform program. The challenge of using technical assistance to leverage policy reforms is also noted as a lesson going-forward, as is the challenge for government agencies in managing a large investment in IT systems, particularly with bespoke IT software development. The future CPF should allow scope to be responsive to client commitment on the PFM reforms, which are very necessary and act as a constraint to effective service delivery and efficient public investments, which are critical to the national development strategy. The approach should be</p>
Audit backlog reduced Baseline: 9700 audit observations, 490 audit reports awaiting PAC hearings (2009/10) Target: reduced by 50 % (2014)	Achieved Reduced by 95% SPEMP-financed projects helped strengthen the oversight functions of the Comptroller and Auditor General (OCAG) and the Parliamentary secretariat and oversight committees. OCAG's audit backlog was nearly eliminated and reports brought up to date		
Contract awarded within initial bid validity period in key agencies – RHD, LGED, BWDB and REB (% of selected agencies' total contracts) Baseline: 30% (FY10) Target: 60% (FY14)	Achieved 79% (Dec 2014) 79 percent contracts in four agencies - RHD, LGED, BWDB and REB - were awarded within initial bid validity period in 2015 against 10 percent in 2007.		

CLR Annex 1: Results Framework

Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
			cognizant of the government's capacity constraints to deliver on a comprehensive PFM reform agenda and of the need to prioritize and be selective, as well as to leverage policy-based lending where possible.
Outcome 4.2: Enhanced transparency and accessibility of public services			
Comprehensive and reliable national identification (NID) system established and used in public services. Baseline: ID system limited, not digitized, and used only for voter identification Target: At least 3 public services using the comprehensive ID system	Achieved Three institutions - the Passport Authority (Immigration and Passports), the National Board of Revenue (NBR), and the Bangladesh Bank (BB) – are today accessing identity verification services based on the National Identity (NID) database. In addition, the Bangladesh Election Commission signed MOUs in August 2015 with Dutch Bangla Bank Ltd and BRAC Bank Ltd to start using the database.	Financing: <ul style="list-style-type: none"> • Identification System for Enhancing Access to Services Project • Safety Net Systems for the Poorest Project (SNSP) • Employment Generation Program Project (EGPP) • IFC (BICF) Regulatory Modernization for supporting the creation of a Digital Bangladesh • VAT Improvement Program (PforR) AAA/Others: <ul style="list-style-type: none"> • Engaging the Poor for Good Governance and Fighting Corruption • 	The challenge of managing a large and complex procurement was mitigated by close supervision and oversight by the Bank and government project teams and this was a successful lesson in being proactive. Using the investment operation as a leverage for legislative changes caused considerable delays at the start of the project. Looking ahead the suggestion for the new CPF would be to strengthen not only the ID system but also the system of civil registration which will help to improve and sustain the reliable ID system that has been established.
Outcome 4.3: Increased capacity of local government bodies			
Annual per capita expenditures of Union Parishads Baseline: US\$0.50-60 per capita annually (estimate) Target: US\$1.5 per capita annually	Achieved \$3.4 per capita (2014) Per capita expenditures of UPs increased from US\$0.50 to US\$3.40, which is an important measure of increased capacity of local government	Financing: <ul style="list-style-type: none"> • Second Local Governance Support Project • Municipal Governance and Services Project AAA/Others	An important element for Union Parishad (UP) accountability under Second Local Governance Project (LGSP II) was the UP audit process. The UP audits were carried out by hiring private audit firms centrally. The audit review process carried out by audit review firms helped

CLR Annex 1: Results Framework

Indicator	Status and Evaluation Summary	World Bank Group Program That Contributed to Outcomes	Lessons and Suggestions for the New CPF
Urban local bodies (ULBs) with computerized tax records and billing systems (number) Baseline: 75 ULBs Target: 200 ULBs (FY14)	Mostly Achieved (91%) 183 ULBs (2015) Computerized tax systems were established in 183 ULBs by June 2014. After that the Computerized tax systems at the remaining ULBs could not progress as the consultants (responsible for providing training at the ULB level) were not recruited and procurement of computers under MGSP were not completed.	<ul style="list-style-type: none"> Water and Sanitation Program 	<p>improve the quality of the audit reports. It helped bring discipline and accountability in the financial management system of the UPs. However, for sustainability of the UP audit process, hiring of audit firms needed to be decentralized at least to the district level with the audit review firms being continued to be recruited centrally.</p> <p>Urban Local Bodies (ULBs) received the computer hardware and necessary training under Municipal Services Project (MSP). Necessary software for billing holding tax, water charges, Accounting Management System, and provision of trade license for non-motorized transports (NMTs) were developed. Municipal Support Unit (MSU) under Local Government Engineering Department (LGED) provided training to ULB officials. Under Municipal Governance and Services Project (2014-20), all 326 ULBs will receive computer hardware and officials of these ULBs will receive necessary training.</p>

CLR Annex 2: IDA Financing FY11-15 – Planned vs. Actual (US\$m)

FY	CAS Planned	US\$m	Status	US\$m
11	Private Sector Development Support	120	Approved	120
	Health Nutrition Population Support	350	Approved	359
	Employment Generation	150	Approved	150
	Identification System for Enhanced Access to Services (idea) Project	150	Approved	195
	Padma Multipurpose Bridge Mega Project	1,200	Approved (cancelled end-FY12)	1200
	Northern Area Reduction of Poverty	20	Moved to FY12	
	Primary Education Support	200	Moved to FY12	
	Bangladesh Rivers Conservation	160	Dropped	
	South Zone Power Distribution	150	Dropped	
	Dhaka Env. and Water Program	70	Dropped	
	Rural Livelihood Development	100	Dropped	
			<i>Additional</i>	
			Emergency Livelihood Restoration	40
			Emergency Cyclone Recovery AF	75
			Regional Cooperation for Wildlife Protection in Asia	36
	Subtotal Planned	2,670	Subtotal Actual	2,175
			Subtotal Actual (w/o Padma)	975
12	Pilot Program on Climate Resilience		Projects approved under BCCRF MDTF	290
	Statistical Capacity Building		Moved to FY13 (incl. in Safety Net System for the Poorest Project - SNSP)	
	Second Rural Transport		Moved to FY13	
	Coastal Embankment Improvement		Moved to FY13	
	Technical Foundations for e-Government		Moved to FY13 (Incl. in Leveraging ICT for Growth, Employment, Governance)	
	ICT-enabled Services Sector		Moved to FY13 (Incl. in Leveraging ICT for Growth, Employment, Governance)	
	PRG for Bibiyana		Dropped	
	PSDTA AF		Dropped	
	Long-term Finance		Dropped	
	North East Regional Program		Dropped	
	Local Governance Support II		Dropped	
	PRSC I		Dropped	
			<i>Additional</i>	
			Rural Water Supply Project	75
			Primary Education Development	300
			Rural Electrification & Renewables AF	172
			Northern Area Reduction of Poverty Initiative (moved from FY11)	29
	Subtotal Planned	1,300	Subtotal Actual	866

CLR Annex 2: IDA Financing FY11-15 – Planned vs. Actual (US\$m)

13	Social Safety Net Systems for the Poorest Project		Approved	500
	Strengthening e-Government		Approved (Renamed Public Procurement Reform Procurement Systems)	35
	Rural Elec. and Renewable Energy 2		Approved	155
	Rural Water Supply and Sanitation		Approved in FY12	
	Power Generation Capacity		Moved to FY16 (renamed Ghorashal Repowering)	
	Railways and Inland Waterways		Moved to FY16-17	
	Secondary Education AF		Moved to FY14	
	Disaster Preparedness		Grant funded	
	Brahmaputra River Bank Protection		Moved to FY16	
	Tax Administration		Moved to FY14 (renamed Enabling Open Government P4R)	
	Major Cities Improvement		Moved to FY14 (Renamed Municipal Governance and Services - MGSP)	
	Urban Services and Local Governance		Moved to FY14 (included in MGSP)	
	Modernization Project		Moved to FY15 (Renamed Financial Sector Support Project)	
	PRSC 2		Dropped	
	Strengthening Micro-Financing		Dropped	
	Gas debottlenecking, LNG Terminal		Dropped	
	CASE AF		Dropped	
	Productivity Enhancement		Dropped	
			Additional	
			Leveraging ICT for Growth, Employment and Governance (from FY12)	70
			Rural Transport 2 (from FY12)	302
			Reaching Out-of-School Children 2	130
			Coastal Embankment Improvement	375
	Subtotal Planned FY13-14⁶⁰	2,600	Subtotal Actual	1,567

⁶⁰ Original CAS FY11-14

CLR Annex 2: IDA Financing FY11-15 – Planned vs. Actual (US\$m)

14	Modern Food Storage Facilities	210	Approved	210
	Municipal Governance and Services	410	Approved	410
	Secondary Education AF	265	Approved	265
	Higher Education Quality AF	125	Approved	125
	Rural Electricity Transmission and Distribution	570	Approved	600
	Enabling Open Government P4R	80	Approved. Renamed VAT improvement program	60
	Cyclone Recovery and Restoration AF	140	Approved	140
			Additional	
			Rural Electricity and Renewable Energy Development II – AF	78
Subtotal Planned FY14⁶¹		1,800	Subtotal Actual	1,888
15	Multipurpose Shelters	350	Approved	375
	Conditional Cash Transfers	200	Approved (Renamed Income Support for the Poorest)	300
	National Agriculture Technology 2	100	Approved	176
	Primary Education Development 3 AF	200	Approved	400
	Health Development Sector Program AF	140	Moved to FY16.	
	Power Sector Rehab. (Ghorashal 4)	330	Moved to FY16 (Renamed Ghorashal Repowering)	
			Additional	
			Bangladesh Urban Resilience Project	173
			Financial Sector Support Project	300
			Nuton Jibon Livelihood Improvement	200
Subtotal Planned FY15		1,320	Subtotal Actual	1,924

⁶¹ Planned in CASPR

CLR Annex 3: IDA AAA Program FY11-15 – Planned vs. Actual

PILLAR 1: SOCIAL SERVICES			
PLANNED		ACTUAL	
Nutrition Study	FY12-14	Bangladesh Multi Sectoral Nutrition II	FY11
Improving Health Service Delivery	FY12-14	Health Sector Review	FY11
Governance in the Health Sector	FY12-14	TA for Poverty Monitoring & Analysis	FY11
Vulnerability & employment opportunities for migrant/informal sector workers	FY12-14	Reaching Out-Of-School Children Project (ROSC) Evaluation Report	FY11
Bangladesh Education Sector Review	FY12-14	Addressing Extreme Poverty	FY12
Stipends impact evaluation	FY12-14	Secondary Education Quality and Enhancement	FY12
Human Development Conditions of the Urban Extreme Poor	FY12-14	Social Protection Programmatic TA	FY13
		Assessment of Area Based Community Nutrition Activities in BD	FY13
		Gender, Social Protection& Human Rights	FY13
		BD: Poverty Assessment	FY13
		BD: Education Sector Review	FY13
		Tackling Non-communicable Diseases in Bangladesh	FY13
		Bangladesh Poverty Mapping	FY14
		Nutrition Multisector Simulation Tool	FY14
		Nutrition, Water, Sanitation	FY15
		Population, Family Planning and Reproductive Health Policy	FY15
		The Path to Universal Health Coverage	FY15
		Assessment of the National Nutrition Services Program	FY15

CLR Annex 3: IDA AAA Program FY11-15 – Planned vs. Actual

PILLAR 2: GROWTH			
PLANNED		ACTUAL	
CEM on pro-poor & sustainable growth strategy to attain MIC status	FY11	Bangladesh Gas Sector Capacity Building	FY11
IFC support to PSD-related M&E	FY11	Bangladesh: Contingency Planning #10060	FY11
Land Administration	FY11	Inland Water Transport Research in Bangladesh	FY11
Digital Bangladesh related issues	FY11	PPP Framework Review	FY11
Integrated Master Plan for natural gas and power generation transmission	FY11	Trade Growth & Diversification	FY11
South West regional development program through Mongla Port	FY11	Long Term Finance NLTA	FY12
Diagnostic Trade Integration Study	FY12-14	MTDS Follow up- Bangladesh	FY12
Investment Climate Assessment	FY12-14	CA-Bangladesh-Urban Transformation	FY12
Governance in road sector including Public Expenditure Tracking Survey (PETS)	FY12-14	Bangladesh Programmatic Growth Report: Labor-Embedded Growth	FY12
Continued work on regulatory reform in BICF	FY12-14	Financial Sector Reform	FY12
Formulation of development strategies for Dhaka and Chittagong	FY12-14	Public Expenditure Tracking System	FY12
Poverty Assessment based on 2010 HIES	FY12-14	Enterprise Survey TA	FY12
Port Master Plan	FY12-14	Bangladesh ICR ROSC	FY12
		JIT Note on IN/BD Trade TA	FY12
		New Generation Issues in Growth	FY12
		Climatic Change, Climatic Variability, and Growth in Bangladesh	FY12
		GPOBA (W1) : Bangladesh Solar Home Systems	FY13
		Bangladesh AML/CFT reforms	FY13
		Bangladesh Projection Model and Strengthening Bank Risk Reporting #10252	FY13
		BD ICT for Accountability	FY13
		Financial Sector Reforms	FY13
		Jobs and Competitiveness	FY13
		BD Mobile Apps for Alternate Service	FY13
		Just-in-time Policy Notes	FY14
		Diagnostics Trade Integration Study	FY14
		2nd Jobs and Competitiveness	FY14
		Assistance to building AML/CFT capacity	FY14
		AML Strategy and Enforcement	FY14
		UNCAC compliance using AML tools	FY14
		Bangladesh Development Update	FY15
		Development Update for Spring Meeting	FY15
		Development Update for Annual Meeting	FY15
		Just-in-time Policy Notes 2	FY15
		Public Expenditure Review	FY15
		E-Science education program	FY15

CLR Annex 3: IDA AAA Program FY11-15 – Planned vs. Actual

PILLAR 3: ADAPTATION, VULNERABILITY AND INCLUSION			
PLANNED		ACTUAL	
Improving fertilizer production, distribution and use in Bangladesh	FY11	Introducing Energy-efficient Clean Technologies in the Brick Sector of Bangladesh	FY11
Energy efficiency and cleaner technology in the brick industry	FY11	Responsible Sourcing Initiative	FY12
Global Tiger Initiative	FY11	Improving Indoor Air in Bangladesh	FY12
Biodiversity Conservation & Socio-economic development in Sundarbans	FY11	Pro-poor Resettlement Programs	FY13
Climate change adaptation cost due to cyclone and storm surges	FY11	Urban Strategy	FY13
Sustainable use of tube-well/ground water irrigation in Bangladesh	FY12-14	Sundarbans: Sustainable Development, Climate Change Adaptation and Disaster Risk Management	FY13
Institutional performance audit of the water sector	FY12-14	Engendering Disaster Management in Bangladesh	FY14
		BCCRF Climate Change and Health	FY14
		BD Hydromet Technical Study	FY14
		Urban Flooding of Dhaka in Changing Climate	FY15
		Making Climate Data Relevant to Decision Making	FY15
		Improving Tropical Cyclone Forecasting	FY15
		BD Cross-Dam Development	FY15

CLR Annex 3: IDA AAA Program FY11-15 – Planned vs. Actual

PILLAR 4: GOVERNANCE			
PLANNED		ACTUAL	
Institutional and Governance review on decentralization policy options	FY11	Parliamentary Strengthening Bangladesh	FY11
PEFA Update	FY11	Bangladesh: Partnership for Excellence	FY11
Demand for Good Governance (DFGG): An operational assessment	FY11	Legal and Judicial Review	FY11
Capacity assessment of consulting industry in Bangladesh	FY12-14	Demand for Good Governance	FY11
Policy Note on integrating women into safety nets and livelihood programs	FY12-14	iBAS Review for SPEMP TA	FY12
AAA on local governments and service delivery in Bangladesh	FY12-14	Public Expenditure and Financial Accountability (PEFA) Assessment	FY12
		Promoting Policy Dialogue through Youth Engagement	FY12
		Institutional and Governance Review	FY12
		Right to Information in Bangladesh	FY12
		Review of MTBF & Public Investment Management	FY13
		TA for Strengthening Local accountability and Core capacities	
		Policy Support for Decentralization and Local Governance	FY13
		Governance in Sectors	FY14
		Partnership for Improved Audit Quality	FY14
		Strengthening Planning and PIM	FY14
		Capitalizing Open Data on Public Finance	FY14
		Citizens' Component of SPEMP	FY14
		Impact Assessment Tool of Procurement Reform	FY14
		Bangladesh ROSC Update	FY15

ANNEX 3: CPF Country Financing Parameters for Investment Operations

Items	Parameter	Remarks/Explanation
Cost Sharing. Limit on the proportion of individual project costs that the Bank may finance.	Up to 100%	Government's cost-sharing contribution to be agreed in the context of specific projects. Vehicles will be financed by government contribution.
Recurrent Cost Financing. Any limits that would apply to the overall amount of recurrent expenditures that the Bank may finance.	Some limits	Bank financing will not apply to specified categories of recurrent expenditure such as workshop allowances; sitting allowances; cash per diems; honoraria; and fuel. The list of excluded categories may be updated from time to time, based on implementation experience. The Bank will consider, on a selective basis, financing civil service remuneration in the context of programmatic lending or in sector wide approaches or when these expenditures are critical for the achievement of development objectives.
Local Cost financing. Are the requirements for Bank financing of local expenditures met, namely that: (i) financing requirements for the country's development program would exceed the public sector's own resources (e.g., from taxation and other revenues) and expected domestic borrowing; and (ii) the financing of foreign expenditures alone would not enable the Bank to assist in the financing of individual projects.	Yes	
Taxes and duties. Are there any taxes and duties that the Bank would not finance?	Above 15 percent of Bank financing, unless otherwise agreed	The Bank may finance taxes and duties associated with project expenditures. However, where taxes and duties are deemed to constitute an excessively high share of project costs, the financing plan will be adjusted so that taxes and duties do not exceed the agreed limit.

ANNEX 4: CPF STAKEHOLDER CONSULTATIONS

The WBG conducted extensive consultations with a broad range of stakeholders to inform the preparation of both the SCD and the CPF. A first round of consultations was held in November 2014, with meetings in Dhaka, Sylhet, Chittagong, and Jessore. During the consultations, the WBG sought stakeholder's views on growth bottlenecks and factors that were holding back Bangladesh's development. The feedback from participants was critical for informing both the SCD and the conceptual framework of the CPF. A second round of consultations took place in October and November 2015 and focused on the results framework. The events in both rounds drew participation of more than 300 participants from civil society, non-governmental organizations, the media, think tanks, the private sector, development partners and government officials. The second round of consultation workshops was complemented by online consultations through the World Bank's website and social media channels. Polls, consultation questions and infographics to solicit feedback reached nearly 1.8 million people via Facebook and Twitter and about 270,000 people participated in the consultations through clicking, liking, commenting or sharing the Bank's posts. In addition, the CPF was discussed with members of the Cabinet during visits to Bangladesh of the WBG's Senior Vice President and the Regional Vice President for South Asia in September and October 2015.

Stakeholders generally supported the CPF's focus on job creation in Bangladesh as well as the individual transformational and foundational priorities. They highlighted in particular the need for investments in infrastructure, especially in the transport (roads, rails, waterways, ports) and energy sectors. Both infrastructure development and maintenance were repeatedly described as essential requirements for creating new jobs and sustaining growth. Another key issue was access to and quality of education and vocational training. Private sector representatives, think tanks and civil society expressed a strong demand for enhanced skills development and a well-trained workforce. They also supported additional investments in special economic zones. Regional groups in Sylhet, Chittagong and Jessore stressed the importance of decentralization and strengthening local decision-making, while all participants were gravely concerned with the negative impacts of unplanned urbanization, especially with regard to Dhaka. The majority of respondents in the online consultation regarded "education and skill development" as the most pressing development priority for the country.

A recurring theme during both the workshop and online consultations was the need to strengthen governance in Bangladesh. Many stakeholders expressed concerns about a deteriorating governance situation, the state of national institutions and corruption. Good governance and strong institutions were persistently referred to as preconditions for social and economic development. Consultation participants also voiced concerns about Bangladesh's confrontational politics and the negative consequences of further political turmoil for the economy. They called upon the Bank to take political economy considerations into account during implementation of the CPF and to act as an honest partner, who could deliver tough messages. In addition, stakeholders urged the Bank to help build institutional capacity that could rise to the challenges of a middle income country.

Table 1: List of Consultations

Location	Stakeholder Group
<u>November 2014</u>	
Dhaka	Government of Bangladesh
Dhaka	NGOs, Opinion Leaders
Dhaka	Private Sector
Sylhet	NGOs, Local Government, Opinion Leaders
Dhaka	Development Partners
Chittagong	NGOs, Local Government, Opinion Leaders
Chittagong	Private Sector
Jessore	NGOs, Local Government, Opinion Leaders
<u>June 2015</u>	
Dhaka	Focus group meetings with Private Sector, Think Tanks, Government of Bangladesh
<u>October 2015</u>	
Dhaka	Think Tanks
Dhaka	Development Partners
Dhaka	Government of Bangladesh
Dhaka	NGOs, Media, Opinion Leaders
Chittagong	NGOs, Local Government, Academia, Media, Opinion Leaders
Chittagong	Private Sector
<u>November 2015</u>	
Online Consultation	General Public
Jessore	NGOs, Local Government, Academia, Media, Opinion Leaders, and Private Sector
Sylhet	NGOs, Local Government, Academia, Media, Opinion Leaders, and Private Sector

ANNEX 5: Government Goals, Sustainable Development Goals and CPF Objective

Government 7 th Five Year Plan (FY16-FY20)	Sustainable Development Goals (to be achieved by 2030)	CPF Objectives (FY16-FY20)
Focus Area 1: Growth and Competitiveness		
Increase electricity coverage to 100 percent	Ensure universal access to affordable, reliable and modern energy services by 2030.	Increased power generation capacity & access to clean energy
Improve the multimodal transport network with a significant increase in the share of rail and waterways traffic	Develop quality, reliable, sustainable and resilient infrastructure including regional and trans border infrastructure	Improved transport connectivity
Provide adequate and affordable basic infrastructure and services	Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	Improved delivery of basic services in urban areas
Improve the investment climate and expand market opportunity for world trade.	Adopt and implement investment promotion regimes for least developed countries	Enhanced business environment and trade facilitation
Improve the efficiency of the financial sector	Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	Increased financial intermediation
Focus Area 2: Social Inclusion		
Achieve universal access to primary and secondary education	Ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	Improved equity in access and quality of education
Improve access to improved public health care	Achieve universal health coverage, including financial risk protection, access to quality essential health care services and access to safe, effective quality and affordable essential medicines and vaccines for all.	Improved access to quality maternal and infant health services
Strengthen social protection schemes	Implement nationally appropriate social protection systems and measures for all by 2030 achieve substantial coverage of the poor and the vulnerable.	Improved social protection coverage for the poor
Strengthen rural institutions to support rural transformation for non-farm job creation, rural mobility and rural finance	Double the agricultural productivity and incomes of small scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	Enhanced rural income opportunities for the poor
Focus Area 3: Climate and Environment Management		
Adequately address climate change, reduce risks from disasters and significantly improve environmental performance.	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Increased resilience of population to natural disasters in urban and coastal areas
Sustained and balanced use of water management by reducing vulnerabilities from flooding, water logging, salinity and river siltation.	Implement integrated water resource management at all levels including through transboundary cooperation as appropriate	Improved water resource infrastructure for climate resilience
Increasing agricultural productivity and diversification commensurate with national environmental protection and climate change adaption strategies.	Implement resilient agricultural practices that increase production	Increased adoption of sustainable agriculture practices

ANNEX 6: Aid Effectiveness and Development Partners

Bangladesh continues to be a large recipient of Official Development Assistance (ODA). According to the OCED, Bangladesh was among the top five recipient of ODA worldwide in 2014. In FY15, aid commitments amounted to US\$5.2 billion. Approximately 70 percent of this aid was provided by multilateral donors and 30 percent by bilateral agencies. Sectors with the highest levels of donor financing include energy, transport, education, and health. In addition to the World Bank Group, many other donors are active in Bangladesh (see Table below). Other major donors include the Asian Development Bank (ADB), Japan, the United States, Australia, the European Union, United Kingdom, and Germany:

- The **ADB** is a key provider of infrastructure financing, focusing its investments in energy, transport, municipal and urban infrastructure, as well as water, education, finance and agriculture.
- **Australia's** key priority sectors are education and skills development, social protection, food and nutrition security, and private sector development.
- The **European Union's** focus areas are strengthening democratic and local governance, food and nutrition security, education and skills development, health, climate change resilience, trade and private sector development.
- **Germany** focusses on energy efficiency and renewable energies, climate change adaptation in urban areas, and good governance.
- **Japan** has been the third largest aid partner of Bangladesh over the last 40 years. Its aid agency, JICA, is a major supporter of infrastructure in Bangladesh. Other priority areas include private sector development, education, health, governance, rural, and urban development.
- The **United Kingdom's** Department for International Development (DFID) focuses on strengthening education, health, private sector development, public administration, rural development, agriculture, nutrition, social protection, urban development, climate change, and disaster resilience.
- The **United States** Agency for International Development (USAID) is another important bilateral donor in Bangladesh. USAID's key priorities include governance, food security, health, education, energy, and environment protection.

International donors in Bangladesh coordinate their activities through the Local Consultative Group (LCG), which has served as a catalyst for result-oriented partnerships, better alignment and harmonization. The LCG is composed of 32 bilateral and multilateral donors and the Economic Relations Division of the Ministry of Finance. Under the LCG, there are 18 sector working groups to coordinate donor interventions in specific development areas. The LCG is co-chaired by the government and a development partner (on a rotating basis). The Bank is an active member of the LCG Executive Committee, the LCG plenary, and multiple working groups. To further strengthen aid coordination and help the country to track and manage its aid flows, the Economic Relations Division has also launched an online aid portal, the Bangladesh Aid Information Management System (Bangladesh AIMS).

Development partners are cooperating with the Bank through a growing trust fund portfolio in Bangladesh. At the end of FY15, the trust fund portfolio consisted of 13 stand-alone trust fund projects and 11 co-financing trust funds with a total commitment of US\$516 million. Disbursements in FY15 amounted to US\$104 million, equivalent to about 12 percent of IDA

ANNEX 6: Aid Effectiveness and Development Partners

disbursements over the same period. Major donors in the current portfolio include United Kingdom (US\$311 million), Canada (US\$97 million), United States (US\$49 million), European Union (US\$53 million), Germany (US\$43 million), and Australia (US\$15 million). The Bank manages three large multi-donor trust funds (MDTF), including a US\$360 million co-financing MDTF for the Health Sector Development Program (HSDP), US\$110 million Strengthening Public Expenditure Management Program (SPEMP), and US\$130 million Bangladesh Climate Change Resilience Fund (BCCRF). The latter two are scheduled to close in the new CPF period and the Bank will pursue new opportunities to continue to address climate change and public financial management issues in Bangladesh.

External donors are also co-financing several Bank operations. The Private Sector Development Support Project (PSDSP) has benefited from a US\$17 million grant from the United Kingdom; the United States is supporting the second Renewable Energy Development project with a US\$8 million grant, and Canada is co-financing the Skills Training Enhancement Project with US\$20 million. A USAID grant of US\$8 million and an IFAD loan in the amount of approximately US\$24 million for the National Agricultural Technology Project II (NATP-II) are in the process of approval. In addition, the Bank closely cooperates with major donors such as ADB in coordinating interventions in energy, transport and education (secondary and vocational) and JICA on energy (generation and distribution), transport and water.

International donors, including the World Bank, have also pooled their resources in Sector Wide Approaches (SWAs) in the education and health sectors, both of which are flagship results-based operations. The Health Sector Development Program (HSDP) is a sector-wide program of about US\$8 billion that aims to strengthen health systems and improve health services, particularly for the poor. Eight donors (Australia, Canada, Germany, Sweden, UK, Netherlands; USA and the United Nations Population Fund) have pledged US\$360 million for a pooled MDTF managed by the World Bank. Disbursements are based on performance against operational plans. The Third Primary Education Development Program (PEDP3) is a results-based, sector-wide program of US\$9.8 billion supported by nine development partners (Bank, EU, ADB, Japan, UK, Australia, Sweden, Canada, and UNICEF) with donor commitments totaling US\$1.73 billion. Donor funds, including IDA proceeds, are released directly to the Treasury when targets set through Disbursement Linked Indicators (DLIs) in 9 key sector reform areas are met. Both SWAs have proven to be effective partnerships with a high level of coordination, joint planning, quality assurance and a strong focus on results. Through close engagement with the Ministry of Primary and Mass Education under the PEDP3 program, progress has been made in strengthening the Ministry's PFM systems.

ANNEX 6: Aid Effectiveness and Development Partners

Table: Development Partners in Bangladesh

Development Partner	Main Engagement Areas	Areas of Cooperation with WBG
Asian Development Bank (ADB)	<ul style="list-style-type: none"> • Transport Infrastructure • Energy Infrastructure • Municipal and urban infrastructure and services • Education and skills development • Water and Natural Resources • Agriculture • Public sector management and Governance • Financial and Private Sector Development 	<ul style="list-style-type: none"> • Siddhirganj power plant • Sector-wide 3rd Primary Education Development Program (PEDP3) • Online income tax return submission (E-TIN and E-Payment system)
Australia (DFAT)	<ul style="list-style-type: none"> • Education • Social Protection and Livelihoods • Food Security and Nutrition • Private Sector Development • Skills Development 	<ul style="list-style-type: none"> • Sector-wide 3rd Primary Education Development Program • Bangladesh Climate Change Resilience Fund (BCCRF) • IFC's program on Energy access, Renewable Energy and Energy Efficiency
Denmark (DANIDA)	<ul style="list-style-type: none"> • Rural Development • Agriculture • Education • Health 	<ul style="list-style-type: none"> • Bangladesh Climate Change Resilience Fund (BCCRF) • MDTF Strengthening Public Expenditure Management Program (SPEMP) • IFC 'Waste to Energy Scale up' project
Canada (DFATD)	<ul style="list-style-type: none"> • Education • Health • Public Administration • Labor and Employment 	<ul style="list-style-type: none"> • Skills Training and Enhancement Project • MDTF in support of Health Sector Development Support Program • Sector-wide 3rd Primary Education Development Program • MDTF Strengthening Public Expenditures Management Program (SPEMP)
Germany (BGR, GIZ, KfW)	<ul style="list-style-type: none"> • Energy (Transmission, Efficiency and Renewables) • Climate Change Adaptation in Urban Areas • Good Governance (Rule of law and human rights; corruption prevention; social and environmental standards in the RMG sector) 	<ul style="list-style-type: none"> • MDTF in support of Health Sector Development Support Program • Emergency Cyclone Recovery and Restoration Project
European Union	<ul style="list-style-type: none"> • Democratic Governance • Local Government • Financial Government • Food Security, nutrition and safety nets • Education and Skills Development • Climate Change and Resilience • Health • Trade and Private Sector Development • Labor and Employment 	<ul style="list-style-type: none"> • Sector-wide 3rd Primary Education Development Program • MDTF Strengthening Public Expenditure Management Program (SPEMP) • Bangladesh Climate Change Resilience Fund (BCCRF) • IFC's Bangladesh Investment Climate Fund facility
France (AFD)	<ul style="list-style-type: none"> • Urban Development • Water Supply and Sanitation • Infrastructure (Transport & Energy) 	
IFAD	<ul style="list-style-type: none"> • Agriculture • Rural Development • Rural Infrastructure (roads and markets) • Microfinance and Private Sector Development • Water 	<ul style="list-style-type: none"> • Planned loan for National Agricultural Technology Project II (NATP – II)

ANNEX 6: Aid Effectiveness and Development Partners

Development Partner	Main Engagement Areas	Areas of Cooperation with WBG
Japan (JICA)	<ul style="list-style-type: none"> • Transport • Energy • Urban Development (Physical planning, Water, Sewage, Solid Waste, Transport) • Health • Private Sector Development • Education • Rural and Agriculture Development • Public Administration (Local & Central Governance) 	<ul style="list-style-type: none"> • Parallel financing in water sector in Chittagong • Sector-wide 3rd Primary Education Development Program • Parallel financing in health sector • Integrated approach in urban resilience (Urban Resilience Project by WBG and Urban Building Safety Project by JICA)
Korea (KOICA)	<ul style="list-style-type: none"> • Health • Education • Communication • Transportation 	
Netherlands	<ul style="list-style-type: none"> • Water Management • Water Supply, Sanitation and Hygiene Promotion, Food Safety Sexual and Reproductive Health and Rights (SRHR) • CSR in Textile/RMG • Gender 	<ul style="list-style-type: none"> • MDTF in support of Health Sector Development Support Program • Preparation of Bangladesh Delta Plan 2100 • IFC's program 'Partnership for Cleaner Textiles' in the Textile sector
Norway (NORAD)	<ul style="list-style-type: none"> • Public Administration • Energy • Gender 	
Sweden (SIDA)	<ul style="list-style-type: none"> • Health • Primary education/skills development • Water & Sanitation • HR/democracy/gender • Private Sector Development • Labor & Employment • Climate change/resilience • Disaster risk management 	<ul style="list-style-type: none"> • MDTF in support of Health Sector Development Support Program • Sector-wide 3rd Primary Education Development Program • Bangladesh Climate Change Resilience Fund (BCCRF)
Switzerland (SDC)	<ul style="list-style-type: none"> • Physical Planning, Water Supply and Housing • Education • Agriculture • Social Protection 	<ul style="list-style-type: none"> • Bangladesh Climate Change Resilience Fund (BCCRF)
UNICEF	<ul style="list-style-type: none"> • Education • Health • Nutrition • Social Protection • Water & Sanitation 	<ul style="list-style-type: none"> • Sector-wide 3rd Primary Education Development Program • MDTF in support of Health Sector Development Support Program; Immunization Program • Costing of Nutrition Activities • Civil Registration and Vital Statistics; Birth Registration • CSR in the garment sector

ANNEX 6: Aid Effectiveness and Development Partners

Development Partner	Main Engagement Areas	Areas of Cooperation with WBG
United Kingdom (DFID)	<ul style="list-style-type: none"> • Education • Health • Private Sector Development • Public Administration • Agriculture • Rural Development, esp Extreme Poverty • Social Protection • Nutrition • Urban Development • Climate & Disaster resilience • Humanitarian 	<ul style="list-style-type: none"> • Private Sector Development Support Project • Bangladesh Trade and Transport Studies • MDTF in support of Health Sector Development Support Program • Sector-wide 3rd Primary Education Development Program • MDTF Strengthening Public Expenditure Management Program (SPEMP) • Bangladesh Climate Change Resilience Fund (BCCRF) • IFC's Bangladesh Investment Climate Fund facility
UNDP	<ul style="list-style-type: none"> • Urbanization • Disaster Management • Climate change policy and planning and local climate resilience • Renewable Energy/Energy efficiency • Local Governance • Access to Information – improvements in governance through ICT and E-governance and innovations • Governance indicators/SDGs • Social inclusion/social protection • Peace and Development • Gender equality/women's empowerment 	
United States (USAID)	<ul style="list-style-type: none"> • Food security • Environment (Climate Change and Adaptation and Natural Resource Management) • Energy (Efficiency and Renewables) • Democracy, Rights and Governance • Disaster Relief and Humanitarian Assistance • Health • Education 	<ul style="list-style-type: none"> • Grant for 2nd Renewable Energy Development Project • Bangladesh Climate Change Resilience Fund (BCCRF) • Planned grant for National Agricultural Technology Project II (NATP – II) • MDTF in support of Health Sector Development Support Program • Reaching out of School Children (ROSC)
UN Women	<ul style="list-style-type: none"> • Women's economic empowerment • Ending violence against women • Gender-responsive budgeting and planning • Women's political participation • Humanitarian action and climate change related action • Gender equality related norms and policies (international and national) • Coordination of UN system on gender equality 	

Source: Information provided by LCG members and Aid Information Management System (AIMS)

ANNEX 7: Selected Indicators* of Bank Portfolio Performance and Management

As of Date 02/16/2016

Indicator	FY13	FY14	FY15	FY16
Portfolio Assessment				
Number of Projects Under Implementation ^a	28.0	31.0	36.0	36.0
Average Implementation Period (years) ^b	3.0	3.6	3.8	4.2
Percent of Problem Projects by Number ^{a, c}	10.7	25.8	13.9	11.1
Percent of Problem Projects by Amount ^{a, c}	11.7	20.3	9.8	6.9
Percent of Projects at Risk by Number ^{a, d}	10.7	25.8	16.7	13.9
Percent of Projects at Risk by Amount ^{a, d}	11.7	20.3	10.8	12.7
Disbursement Ratio (%) ^e	24.2	22.9	20.6	9.1
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by OED by Number	179	13
Proj Eval by OED by Amt (US\$ millions)	11,558.8	1,596.1
% of OED Projects Rated U or HU by Number	29.8	33.3
% of OED Projects Rated U or HU by Amt	22.2	3.8

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

ANNEX 8 - Operations Portfolio (IBRD/IDA and Grants)

As of 01/31/2016

Closed Projects		215
IBRD/IDA*		
Total Disbursed (Active)	3,043.76	
of which has been repaid	0.00	
Total Disbursed (Closed)	4,843.54	
of which has been repaid	2,965.42	
Total Disbursed (Active + Closed)	7,887.30	
of which has been repaid	2,965.42	
Total Undisbursed (Active)	5,135.36	
Total Undisbursed (Closed)	0.00	
Total Undisbursed (Active + Closed)	5135.356422	

Active Projects											Difference Between Expected and Actual	
Last PSR					Original Amount in US\$ Millions					Disbursements ^a		
Project ID	Project Name	Supervision Rating	Dev.	Implementation	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
		Objectives	Progress									
P149493	Bangladesh Urban Resilience Project	S	MS	✓	2015	0.0	173.0		0.0	168.5	0.0	0.0
P103999	BD: Chittagong Water Supply Improvement	MS	MS	✓	2010	0.0	170.0		14.5	100.6	124.7	17.2
P098151	BD: Clean Air & Sustainable Environment	S	MS	✓	2009	0.0	62.2		0.0	12.8	12.3	4.3
P128276	BD: Coastal Embankment Improvement Proj	S	S	✓	2013	0.0	375.0		0.0	327.6	-0.8	0.0
P093988	BD: Dhaka Water Sup & San. Project	MU	MU	✓	2009	0.0	149.0		65.9	9.1	83.8	5.7
P106332	BD: Disability and Children at Risk	MS	MS	✓	2009	0.0	35.0		13.8	4.0	21.7	0.6
P111272	BD Emergency 2007 Cyclone Recovery & Rest	S	MS	✓	2009	0.0	324.0		0.0	95.7	-100.8	4.5
P128012	BD Ghorashal Unit 4 Repowering Project	#	#	✓	2016	0.0	217.0		0.0	215.2	0.0	0.0
P118708	BD: Health Sector Development Program	MS	MS	✓	2011	0.0	358.9		0.9	14.1	-8.9	-128.7
P106216	BD: Higher Education Quality Enhancement	MS	MS	✓	2009	0.0	206.0		0.0	66.4	-45.6	-4.9
P121528	BD: IDEA Project	MS	MS	✓	2011	0.0	195.0		0.0	93.4	89.7	14.5
P089382	BD: Invest Promotion Financing Facility	S	S	✓	2006	0.0	307.0		1.0	32.5	-212.5	166.9
P122201	BD: Leveraging ICT Growth, Employ & Gov	MS	MS	✓	2013	0.0	70.0		6.5	34.8	37.7	5.9
P124514	BD: Local Governance Support Project II	S	S	✓	2012	0.0	290.0		0.0	30.3	4.4	0.0
P120583	BD: Modern Grain Storage Facilities	MS	MS	✓	2014	0.0	210.0		0.0	179.2	0.0	4.0
P149553	BD NATP Phase 2	MS	MS	✓	2015	0.0	176.1		0.0	176.1	3.8	0.0
P114841	BD: Northern Areas Reduction-of-Poverty	MS	MS	✓	2012	0.0	29.3		0.0	7.2	0.0	0.0
P113435	BD: Primary Education Dev. Program III	S	S	✓	2012	0.0	700.0		0.3	401.6	53.8	117.0
P120843	BD: Private Sector Development Support	S	S	✓	2011	0.0	120.0		77.2	6.5	83.6	3.1
P098146	BD: Public Procurement Reform Project II	S	S	✓	2008	0.0	58.1		0.0	15.9	-17.2	3.2
P129920	BD: Rural Electricity T and Distribution	MS	MS	✓	2014	0.0	600.0		0.0	509.1	34.0	0.0
P122269	BD: Rural Water Supply Project	MU	MU	✓	2012	0.0	75.0		25.5	29.7	31.8	8.4
P132634	BD: SafetyNet Systems for the Poorest	S	MS	✓	2013	0.0	500.0		0.0	315.7	63.5	0.0
P106161	BD: Sec. Educ Qlty & Access Enhancement	S	S	✓	2009	0.0	395.7		0.1	143.1	-94.3	33.4
P123828	BD: Second Rural Transport Project	MS	MS	✓	2013	0.0	302.0		0.2	192.0	85.8	0.0
P095965	BD: Siddhirganj Power Project	S	S	✓	2009	0.0	526.7		0.0	246.5	92.4	60.4
P090807	BD: Skills and Trg. Enhancement Project	S	MS	✓	2010	0.0	179.0		0.0	103.6	7.0	10.9
P040712	BD: Water Management Improvement Project	S	S	✓	2008	0.0	102.3		8.5	4.4	12.5	4.7
P150938	Financial Sector Support Project	S	S	✓	2015	0.0	300.0		0.0	293.1	0.0	0.0
P146520	Income Support Program for the Poorest	S	S	✓	2015	0.0	300.0		0.0	281.0	-1.8	0.0
P146464	Multipurpose Disaster Shelter Project	S	MS	✓	2015	0.0	375.0		0.0	341.4	0.0	0.0
P133653	Municipal Governance and Services Proje	MU	MU	✓	2014	0.0	410.0		0.0	320.9	0.0	0.0
P149605	Nuton Jibon Livelihood Improv. Project	S	S	✓	2015	0.0	200.0		0.0	189.4	0.0	0.0
P131394	Reaching Out of School Children II	MS	MS	✓	2013	0.0	130.0		0.0	77.3	39.7	0.0
P131263	RE RED II	MS	MS	✓	2013	0.0	233.4		0.0	53.4	-61.8	-52.8
P129770	VAT Improvement Program (VIP)	MS	MU	✓	2014	0.0	60.0		0.0	43.2	18.4	0.0
Overall Result						0.0	8,914.6		214.4	5,135.4	356.7	278.4

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

ANNEX 9: IFC Committed and Disbursed Outstanding Investment Portfolio

As of 1/31/2016

(In USD Millions)

Commitment Fiscal Year	Institution Short Name	Committed						Disbursed Outstanding				
		Loan	Repayment IFC	Equity	**Quasi Equity	*GT/RM Participant		Loan	Equity	**Quasi Equity	*GT/RM Participant	
2013/ 2014/ 2015/ 2016	AB Bank	35.00	0	0	0	43.53	0	35.00	0	0	43.53	0
2011	AK Khan WHI Wate	0	0	0.37	0	0	0	0	0.37	0	0	0
2013/ 2015	Ananta Apparels	5.63	0.63	2.00	0	0	0	5.63	0	0	0	0
2013	BML	0	0	5.19	0	0	0	0	5.19	0	0	0
2004/ 2007/ 2008/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	BRAC Bank	40.00	40.00	5.04	0	37.38	0	40.00	5.04	0	37.21	0
2014/ 2015/ 2016	Bank Asia	30.00	0	0	0	34.56	0	30.00	0	0	34.56	0
2015	Bibiyana II	75.00	0	0	0	2.43	0	63.35	0	0	1.40	0
2012/ 2013/ 2014/ 2015/ 2016	City Bank	10.00	25.00	0	0	9.10	0	10.00	0	0	9.10	0
2014	Color City	10.50	0	0	0	0	0	3.50	0	0	0	0
1998/ 2001	DBH	0	2.02	0.65	0	0	0	0	0.65	0	0	0
1992	Dynamic Textile	0.00	0.64	0	0	0	0.00	0.00	0	0	0	0.00
2016	EKWL	7.22	0	0	0	0	0	0	0	0	0	0
2011/ 2015/ 2016	Eastern Bank Ltd	40.00	30.00	0	0	0	0	40.00	0	0	0	0
2015	Excelerate	0	0	0	2.71	0	0	0	0	0	0	0
2009/ 2013	Frontier Brummer	0	0	9.98	0	0	0	0	8.81	0	0	0
2015	Frontier II	0	0	20.00	0	0	0	0	0.38	0	0	0
2013	GDICL	0	0	4.29	0	0	0	0	4.29	0	0	0
2006/ 2007/ 2008/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	GTFP Eastern Bnk	0	0	0	0	12.28	0	0	0	0	12.28	0
2004/ 2006/ 2013	GrameenPhone Ltd	135.00	45.00	0	0	0	36.00	135.00	0	0	0	36.00
2013	Leopard Banglade	0	0	15.00	0	0	0	0	0	0	0	0
2009/ 2011/ 2012	PRAN Group	10.96	20.84	0	0	0	0	10.96	0	0	0	0
2014/ 2015/ 2016	Prime Bank Ltd.	30.00	0	0	0	10.47	0	30.00	0	0	10.40	0
2014	Regent Energy	20.20	0	0	0	0	0	0	0	0	0	0
2016	Robi Axiata	46.00	0	0	0	0	0	46.00	0	0	0	0
2010	SEAF BV	0	0	11.75	0	0	0	0	8.63	0	0	0
2016	STS Holdings	17.50	0	0	0	0	0	0	0	0	0	0
2007/ 2008/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	Southeast Bank	15.00	10.00	0	0	15.94	0	15.00	0	0	15.94	0
2016	UCBL	25.00	0	0	0	1.23	0	25.00	0	0	1.23	0
2015	VF Corp	9.37	0.45	0	0	0	0	0.73	0	0	0	0
2013	bKash	0	0	10.00	0	0	0	0	10.00	0	0	0
Total Portfolio		562.38	174.57	84.28	2.71	166.92	36.00	490.17	43.37	0.00	165.64	36.00

** includes both equity and loan types

ANNEX 10: MIGA Portfolio Summary Report

As of 02/17/2016

Management Sector	Contract	Effective Date	Expiry Date	Investor Name	Project Name	Business Sector	Region Name	Host Country	Investor Country	Priority Area	Risk Covers	Gross Exposure (\$USD)
EEI	12072-01	12/28/2012	06/30/2026	Hongkong and Shanghai Banking Corporation Limited	Ashuganj Power 450MW Gas Fired Project	Infrastructure	South Asia	Bangladesh	United Kingdom	IDA;Complex	NHSO	221,371,686
EEI	12072-02	03/08/2013	06/20/2026	Hongkong and Shanghai Banking Corporation Limited	Ashuganj Power 450MW Gas Fired Project	Infrastructure	South Asia	Bangladesh	China	IDA;SS;Complex	NHSO	30,000,000
EEI	13171-01	11/25/2015	11/24/2030	Standard Chartered Bank, London Branch	Sirajganj II	Infrastructure	South Asia	Bangladesh	United Kingdom	IDA;Complex	NHSO	68,659,270
Grand Total	3 Contracts											320,030,956