

91624



Bangladesh Country Snapshot

World Bank Group

October 2014

World Bank Group – Bangladesh Partnership: Country Program Snapshot

Overview

Progress has continued in Bangladesh on reducing extreme poverty and boosting shared prosperity through human development and employment generation. This needs to be further consolidated in the near-term by sustaining Gross Domestic Product (GDP) and remittances growth recovery, creating jobs, containing inflation, and making progress on improving the quality of service delivery in health and education. To sustain growth in the near- and medium-term, private investments need to increase significantly. At the same time, the quality of public investment needs to be substantially enhanced to alleviate the infrastructure constraints on private investments and to expand service delivery. Moving forward in the immediate future, stronger attention is needed to (i) swiftly complete the transition in the garment industry, (ii) finish the critical ongoing road development projects, (iii) enact the Public Private Partnership (PPP) law, and (iv) award contracts to build Special Economic Zones (SEZs).

Commendable progress on poverty reduction and shared prosperity. There is no survey-based evidence on what has happened to poverty since 2010. But most simulations done by the Planning Commission suggest poverty incidence is likely to have declined to less than 25 percent in FY14, compared with 31.5 percent in FY10.¹ Employment and wage growth are likely to have boosted shared prosperity—i.e. increased the income of the bottom 40 percent. According to the U.N. Development Program’s Human Development Report for 2014, Bangladesh has graduated from the Low Human Development (LHD) category to the Medium Human Development (MHD) category. The challenge now is consolidating its position by accelerating economic growth in an inclusive and sustainable manner.

Growth recovery has begun with the return of political stability. Economic activities in FY14 suffered setbacks due to political turmoil and declines in remittances and the private investment rate. However, the Bangladesh Bureau of Statistics provisionally estimated FY14 GDP growth at 6.1 percent, compared with six percent the previous year. Increased agriculture and service sector growth outweighed the decrease in industrial growth. How growth in FY14 (a very abnormal year) exceeded growth in FY13 (a relatively normal year) is not well understood.

Inflation is still high but stable. Overall consumer inflation increased to 7.4 percent in FY14 from 6.8 percent in FY13, driven by an increase in food prices. Part of the rise was due to supply disruptions caused by the political unrest of late 2013. The gap between rural and urban food inflation narrowed. Stable international oil prices and prudent monetary management helped reduce non-food inflation from 9.2 percent in FY13 to 5.5 percent in FY14.

Foreign exchange reserve accumulation has continued despite remittance declines in FY14. Despite a lower trade deficit, reflecting a rise in export growth, the current account surplus narrowed last fiscal year because of a 1.6 percent decline in remittances. The overall balance of payment surplus increased from \$5.1 billion in FY13 to about \$5.5 billion in FY14, creating an upward pressure on the nominal exchange rate. The Bangladesh Bank (BB) remained active on the buying side of the foreign exchange market to prevent any significant nominal exchange rate appreciation, although the real effective exchange rate has appreciated by 8.5 percent. BB interventions perpetuated foreign exchange reserve build up, reaching over \$21 billion by mid-September, which is equal to over six months of imports.

Monetary management remained on course. Monetary management was challenged by fast reserve accumulation, but the Bangladesh Bank managed to keep reserve and broad money growth within target by stepping up sterilization operations. BB’s net domestic assets and reserve money targets were met. Private

¹ Based on a national poverty line of \$1.13 per person per day.

sector credit growth remained subdued, reflecting both the impact of lingering political uncertainty and the reluctance of bankers to extend loans due to a high level of non-performing loans. With comfortable banking sector liquidity, deposit and lending rates have declined. BB raised the banks' cash reserve ratio by 50 basis points to 6.5 percent in late June 2014.

Credit and risk management status in the banking sector is unsatisfactory. Asset quality in the state-owned commercial banks deteriorated in FY14. While their aggregate stock of assets and share in the total assets of the banking system has declined, deposits continued to grow at a healthy rate, thus ensuring adequate liquidity. High liquidity levels are also reflected in below average loan to deposit ratios. The Bangladesh Bank has begun implementing the new provisions related to lending and banks' exposure to stock markets.

Fiscal policy plagued by revenue collection and development budget implementation shortfall.

Overall, the fiscal deficit in FY14 has been kept in check despite underperformance in tax collections due to weak imports and slow economic activity. Public debt as a share of GDP has remained on a downward path. The overall FY15 budget deficit target is less than 5 percent of GDP, notwithstanding somewhat ambitious revenue targets. While the fuel subsidy has declined, there has been little visible improvement in the quality of Annual Development Program (ADP) implementation. Yet the size of ADP in FY15 is envisaged to increase by 34 percent relative to the FY14 revised ADP.

Good progress in the garment industry, but the overall pace of structural reforms is slow. While the fourth review of the IMF's Extended Credit Facility (ECF) arrangement has been successfully completed, the pace of structural reforms has remained slow. Significant progress has been made towards improving conditions for factory workers, including amendments to the labor and export processing zone (EPZ) laws, capacity building of the government in assessing factory safety, and agreement on common standards to assess structural building safety. Speedier progress is needed in the implementation of the new value-added tax (VAT) law, liberalization of exchange regulations, infrastructure management and financial supervision.

Growth and inflation outlook is favorable. Growth for FY15 is projected at 6.2 percent, with positive indications including political stability since early January, signs of an uptick in remittance inflows from last year's decline of less than two percent, continued strength in exports if compliance reforms are speedily implemented, and buoyant consumption. Key factors for sustaining growth are macroeconomic stability, better governance in the banking system, development of markets for long term finance, further trade liberalization, and stronger attention to efficient implementation of infrastructure investments with necessary institutional changes relating to regulation and policy formulation. Underlying inflationary pressures, as reflected in non-food inflation, are expected to maintain a downward trend on continued policy restraint. Achieving this will depend on international price trends as well as domestic supply conditions and macroeconomic policies.

Moving forward, stronger attention is needed to swiftly complete the transition in garments, finish the critical ongoing road development projects, enact the PPP law and award contracts for building Special Economic Zones.

In garments, much more needs to be done for effective implementation of wage increases and the new labor legislation, recruiting more factory inspectors and completing building inspections, followed by swift remediation measures such as relocation of closed factories. So far, inspections have been completed in about 50 percent of factories, resulting in 17 of them being closed. Non-availability of land, gas and electricity as well as the reluctance of workers to move to new locations have emerged as major impediments to relocation.

There is also a need to focus on speedy completion of transformational ongoing projects in the road and energy sectors, particularly the Dhaka-Chittagong and Dhaka-Mymensingh highway; Double Tracking of Dhaka-Chittagong Railway; the Padma Bridge; the Dhaka metro rail, and the two Bibiyana gas field based large power plants.. The government should prioritize the most transformative projects and provide all necessary resources for completion within a specified timeline.

The government also should enact the PPP law and equip the PPP office with staff having knowledge and experience in developing, negotiating and supervising public-private partnership projects. A proper legal framework providing internationally attractive guidelines and incentive policies is essential. PPP cannot be managed as a part of the day-to-day bureaucracy.

In addition, there is an urgent need for the government to finalize the awarding of contracts for the economic zones proposed to be developed under the Bangladesh Economic Zone Authority while ensuring the related services such as power, gas, good road-connectivity, and security are available on the developed land.

Poverty Reduction and Shared Prosperity

Commendable progress on poverty reduction. There is no survey based evidence on what has happened to poverty since 2010.² However, it is reasonable to assume that the sustained GDP growth rate in excess of 6 percent, a decent 3.3 percent agricultural growth and remittance growth of 6.7 percent on average since 2010 contributed to maintaining the 1.74 percentage point annual decline observed during 2000-2010. There has also been corresponding improvements in several social indicators such as life expectancy and the fertility rate. Poverty incidence based on Bangladesh's national poverty line is projected to have declined to 24.47 percent by 2014.³ The UNDP's Human Development Report 2014 finds a significant decline in Bangladesh's Multidimensional Poverty Index from 0.292 in 2007 to 0.237 in 2011.⁴ This remarkable progress in poverty reduction is attributable to decline in the population growth rate and a changing age structure, increase in labor income, internal and external migration, improved connectivity and the government's targeted safety net program.⁵

The income of the bottom 40 percent is likely to have continued to increase because of increased employment and wages. Total domestic employment is estimated to have increased from 51.9 million in FY10 to 56.5 million in FY13. The shortfall in GDP growth relative to the Sixth Plan target reduced the overall domestic job creation, but manpower exports abroad more than compensated. As a result, the total number of additional labor who found employment in the domestic market or abroad exceeded the number added to the labor force. Consequently, the unemployment rate is likely to have decreased. Agricultural real wages have continued to increase.⁶

Consolidating the gains in human development and moving further up remain as big challenges which Bangladesh needs to tackle relentlessly. In the Human Development Index 2013, Bangladesh's ranking improved by one step relative to 2012.⁷ Bangladesh graduated from Low Human Development (LHD) category to Medium Human Development (MHD) category. In 2012, Bangladesh was below Congo, Solomon Islands, Sao Tome and Kenya at the top of 45 LHD category countries. In 2013, Congo, Sao Tome and Bangladesh graduated to MHD, with Bangladesh ranking third from the bottom in this list. Countries like Nepal, Kenya, Pakistan, Nigeria, Zimbabwe, Tanzania and Ethiopia continued to be in the LHD category.

² Poverty measurement cannot properly be done without collecting household consumption data throughout a year so that seasonal effects do not distort the measurements. BBS is considering increasing the frequency of household income and expenditure surveys, but has so far not been able to ensure a sustainable source of funding for such surveys.

³ GoB, Mid-Term Implementation Review of the Sixth Five Year Plan (2011-2015) of Bangladesh, July 2014. Page-39.

⁴ This index is a composite of multiple deprivations at the household level in education, health and standard of living. This is additional confirmation that Bangladesh's rise on the human development dimension is no artifact of statistics.

⁵ Government of Bangladesh, Millennium Development Goals, Bangladesh Progress Report 2013, August 2014.

⁶ GoB, *ibid*, page-124.

⁷ The Human Development Index (HDI) is a composite statistic of life expectancy, education, and income indices used to rank countries into four tiers of human development. It is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions.

Bangladesh graduated despite an increase in the cutoff point for the MHD category from 0.535 in 2013 to 0.550 in the 2014 index. It surpassed not only last year's cutoff point but also its increase this year. This testifies the robustness of the magnitude of increase in Bangladesh's HDI 2013 score relative to HDI 2012. Bangladesh's recent progress has been impressive on both gross national income (GNI) per capita and life expectancy (Table-1).

Table 1: Bangladesh's Recent HDI Trends				
Year	Life Expectancy at Birth	Mean Years of Schooling	GNI per Capita (2011 PPP\$)	HDI Value
2010	69.4	5.1	2337	0.539
2011	69.9	5.1	2457	0.549
2012	70.3	5.1	2592	0.554
2013	70.7	5.1	2713	0.558
<i>Source: Human Development Report, 2014 (UNDP)</i>				

GNI per capita has grown rapidly because of growth in GDP per capita and remittance per capita. Sustained acceleration of GDP growth, declining population growth rate and continued growth of the stock of Bangladeshis working abroad contributed to growth in GNI and remittance per capita. Most recent research evidence reconfirms that remittances contribute significantly to poverty reduction – directly by augmenting the income of the receiving families and indirectly by contributing to local level development.⁸

Bangladesh has made impressive gains in the health Millennium Development Goals, increasing the odds of surviving through childhood and pregnancy and controlling the burden of communicable disease. The health sector (government and NGO providers) has continually incorporated proven cost-effective interventions, which have contributed to the impact of health services. The development of a highly pluralistic health system environment characterized by the participation of a multiplicity of different stakeholders and agents and by ad hoc, diffused forms of management has contributed to these outcomes by creating conditions for rapid change.⁹ With donor support, the government has focused attention on expanding access to services and strengthening governance.

Bangladesh has improved access and completion at all levels of education, especially at the primary level. As a result of massive expansion of supply, targeted stipends to bring the poorest and girls into schools and continued investments in education, Bangladesh achieved almost universal access in primary education. The primary net enrollment rate (NER) is most recently reported as 93 percent. Enrollment in pre-primary is low at 23 percent (2009). Primary, lower secondary and secondary education completion have systematically increased over time. In 2010, 36 percent of people aged 41–50 had completed primary education; the figure among people aged 15–19 was 76 percent, indicating that the share of primary school completers had more than doubled in 30 years.¹⁰

Still, the health and education systems remain challenged on the governance front, particularly in holding civil service employees accountable for performance. The strong centralization of authorities and decision-making is considered a reason. There is therefore no reason for complacency. Bangladesh made it to MHD category before (2007 for instance), but later slipped back due to both methodological changes and slowdown in progress on human development. A recent International Labor Organization (ILO) report finds that 53.4 percent of youth leave primary school before completion.¹¹ The combined effects of the ongoing demographic transition and the growing labor force participation of women is increasing the size and share

⁸ Professor Tasneem Siddiqui and Dr. Raisul Awal Mahmud, Key Findings, Impact of Migration on Poverty and Local Level Development, August 31, 2014.

⁹ Syed Masud Ahmed et al, Bangladesh: Innovation for Universal Health Coverage, Lancet 2013.

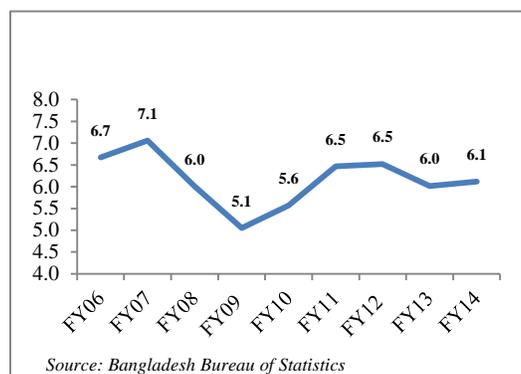
¹⁰ The World Bank, Education Sector Review, 2013.

¹¹ ILO, Labor market transitions of young women and men in Asia and Pacific, August 2014.

of the working population. Providing quality jobs to new entrants and increasing productivity of the employed population in agriculture and services are major challenges.

Recent Economic Developments

Figure 1: GDP Growth (Base Year: 2005-06,%)



Return of political stability spurs growth recovery. During the first half of FY14, the Bangladesh economy weathered severe disruption in production, transport and service delivery. The second half was remarkably stable, although political uncertainties lingered on, resulting in a deceleration in private investment growth that constrained the transmission of the relative macroeconomic stability into higher economic growth. Bangladesh Bureau of Statistics (BBS) provisionally estimated FY14 GDP growth at 6.1 per cent (Figure-1). Most analysts expected the economic growth in FY2014 to be between 5.5-6.0 percent in view of political unrest in the first half of the fiscal year and the trends of associated growth correlates (Box 1).¹²

Box 1: The Growth Debate

The consensus forecast earlier was that GDP growth in FY14 would dip below six percent. These forecasts were based on a storyline that hinged on weak growth in private consumption and stagnant or even declining private investments. These two components account for nearly 93 percent of GDP.

BBS data reaffirmed the composition of growth scenario sketched on the basis of proxy indicators and anecdotal evidence. Yet the bottom-line is very different. Growth is estimated to have been higher than last year despite declining private consumption and investment rates. Part of the explanation may be an over-estimated public investment, amounting to 986 billion taka (more than \$12 billion) in FY14.

BBS estimates public investment from budget data. The public investment data reported in the national accounts show large variance from the government budget. Not all government expenditures classified as “capital” expenditures (recapitalization of state owned banks, for instance) constitute creation of real wealth. Such capital expenditures are not investment expenditures from a national point of view. The items constituting investment expenditures (based on the revised FY14 budget) amount at best to 510 billion taka (about \$6.5 billion). This leaves unexplained 476 billion taka (more than \$5 billion) that could be attributed to investments by public enterprises and local governments from own sources. Most large public enterprises run an operational deficit. Local governments rely on central government transfers to meet their operating and investment costs. It is therefore difficult to see how the public enterprises and local governments could possibly fund such large investments, equivalent to 3.5 percent of GDP, from their own sources.

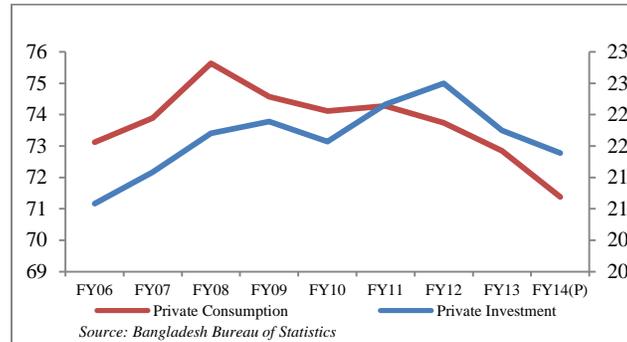
It is possible that the proxies and methods used to estimate production and expenditures work well in a normal year, but fail to capture the impact of disruptions in an abnormal year.

According to BBS, growth was driven by the industry sector, notwithstanding a decline in industrial growth from 9.6 percent in FY13 to 8.4 per cent in FY14. Industrial growth decline reflected slower growth of manufacturing from 10.3 percent in FY13 to 8.7 percent in FY14. The construction sector registered a growth

¹² These included the Bangladesh Bank, IMF, WB, ADB and CPD.

rate of 8.6 percent, the highest in the last five years despite prolonged disruption in activities in the first half due to hartals, or labor actions, and blockades. Agriculture growth is projected to have improved to 3.4 percent from 2.5 percent in the previous year. This is not implausible, given good harvests of aman and aus rice.

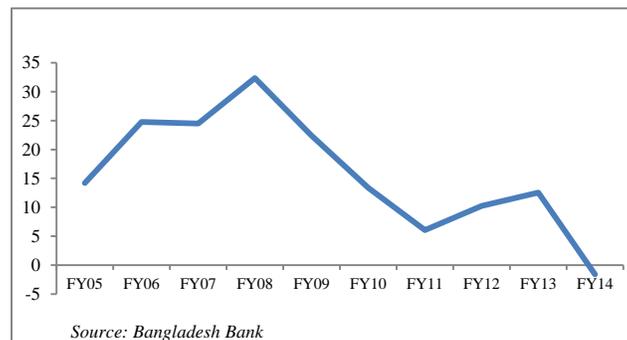
Figure 2: Private Investment & Consumption (% of GDP, BY: 2005-06)



The biggest surprise is the growth rate estimated for the services sector, which increased to 5.8 percent in FY14 from 5.5 percent in FY13. All the nine sub-sectors are projected to have grown at a higher rate relative to FY13. Political turmoil affected the services sector most badly, yet the BBS estimates show a significant improvement in the performance of sectors that were presumably more adversely affected by political unrest - land transport, wholesale and retail trade, hotel and restaurant and real estate, renting and business activities.

On the expenditure side, the share of private consumption in GDP declined by about 1.5 percentage points, while the share of private investment declined by 0.36 percentage points (Figure-2). Remittances declined by 1.6 percent (Figure-3). The public investment rate on the other hand increased from 6.6 percent of GDP in FY13 to 7.3 percent of GDP in FY14. The deficit in external resource balance (export minus import) in FY14 shrank significantly, with an increase in export-GDP ratio from 19.5 percent in FY13 to 19.8 percent in FY14 while the import-GDP ratio declined from 26.8 percent to 25.2 percent. National savings stagnated at 30.5 percent, although still 1.85 percentage points higher than the domestic investment rate. The excess of national savings over investments reflect weaknesses in the domestic investment climate. Bangladesh is not able to redeploy its entire national savings in the domestic economy. An emerging economy like Bangladesh is expected to have deficit in its current account driven by strong imports of capital machinery and intermediate inputs. While imports appear to have recovered relative to last year, the growth rate is still in single digits, a significant part of which came from increase in food and other consumer goods imports.

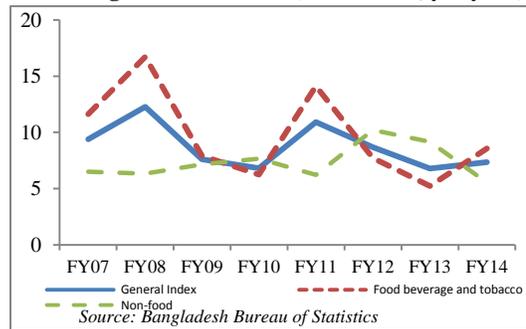
Figure 3: Remittances Growth (%)



The FY15 budget has set a very ambitious 7.3 percent growth target. Achieving that will require the total investment to GDP ratio to rise by over five percentage points—from 28.7 percent in FY14 to 33.8 percent (new 2005/06 base). This cannot happen without a major rise in the private investment rate. The other source of growth could be increased capacity utilization, but the potential is limited. According to the recently released Enterprise Survey (ES) 2013 by the IFC, Bangladeshi manufacturing firms report very high levels of capacity utilization. Average capacity utilization for Bangladesh is 84 percent, while the average for 122 countries with ES data is 73 percent.¹³ Labor productivity increases in Bangladesh historically come mostly from capital accumulation. Total factor productivity (TFP) growth has remained rather small. Findings of an Asian Development Bank (ADB) study also suggest that the gap between actual output and estimated potential output is small.¹⁴

Inflation is still high but stable. Overall inflation increased to 7.4 percent in FY14 relative to 6.8 percent in FY13, driven largely by an increase in food inflation (Figure-4). For the first time in FY14, year-on-year inflation came down below seven percent in June, but the average for the whole year has exceeded the seven-percent target. Food inflation increased in FY14 while non-food inflation declined. These were closely linked with the political turmoil experienced in the first half of FY14. The food supply chain was severely disrupted due to nation-wide and regional strikes (hartals) and blockades. At the same time, non-food inflation declined in the face of lower domestic demand. In addition, the exchange rate of the taka currency was stable and broad money growth declined.

Figure 4: Inflation (FY 2005-06, y-o-y. %)



The rising trend of food inflation towards the end of FY14 is largely explained by the higher retail price of rice. Indeed, during the harvest season of boro, rice prices at retail level were significantly higher than the same period in the previous year. The widening gap between wholesale and retail rice and flour prices after January 2014 suggests that middlemen in the food distribution network may have raised their margins to make up for losses during the disruptions. One notable feature of recent food inflation is the narrowing gap between rural and urban food inflation. The higher rural food inflation could be due to higher purchasing power due to rural wage growth and expanded safety net coverage.¹⁵

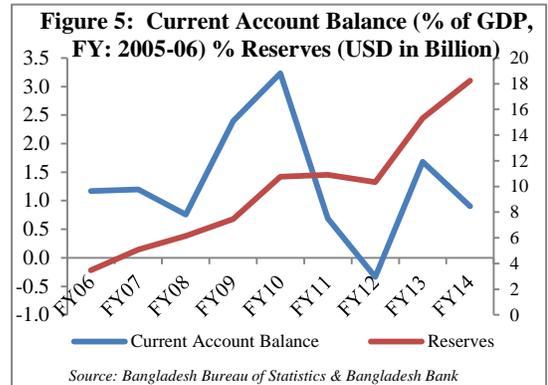
Non-food inflation declined from 9.2 percent in FY13 to 5.5 percent in FY14. The decline encompassed all sub-categories of non-food inflation—clothing and footwear, rent and lighting, household equipment, transport and communication, medical care, and recreation and entertainment. It therefore looks very much like a demand-driven phenomena in which remittance decline, a slow pace of economic activity due to uncertainties and structural bottlenecks, and prudent monetary management contributed. Stability in global oil prices helped contain the cost-push to non-food inflation.

¹³ IFC, Country Highlights, Bangladesh 2013, Enterprise Survey.

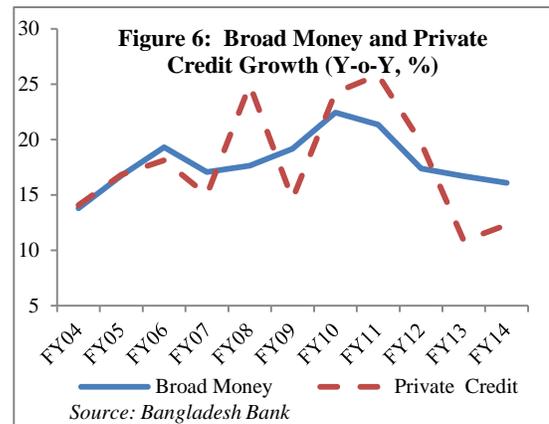
¹⁴ ADB, Bangladesh Quarterly Update, June 2014.

¹⁵ Bangladesh Bank, Monetary Policy Statement, July-December 2014.

An increase in the balance of payments surplus contributed to ongoing accumulation of foreign exchange reserves. Despite a lower trade deficit, the current account surplus narrowed last fiscal year because of a decline in remittances and increased deficit in the services account (Figure-5). The impact of the current account surplus on the overall balance of payments was reinforced by surplus in the financial account despite a decline in foreign direct investment (FDI) inflows and a sharp increase in outflows on account of trade credit. The financial account surplus came largely from a reversal of errors and omissions from \$752 million outflows in FY13 into \$504 million inflow in FY14 and increase in net medium and long-term official loans.¹⁶



Overall balance of payment surplus increased from \$5.1 billion in FY13 to about \$5.5 billion in FY14, creating excess supply of foreign exchange relative to demand in the foreign exchange market. This led to pressure on the nominal exchange rate to appreciate. Bangladesh Bank remained active on the buying side of the foreign exchange market to prevent any significant exchange rate appreciation. BB’s net purchase of foreign currencies amounted to \$2.35 billion during first half of FY14 and \$2.80 billion in the second half. Reserve accumulation reached \$21.6 billion at the end of June 2014, sufficient to cover over six months of projected goods and non-factor services imports (Figure-5).



The exchange rate has remained stable at between 77-78 taka per U.S. dollar in recent months, while the difference between the unofficial market rate and the inter-bank rate has remained very small, indicating a very stable foreign exchange market. The difference between the Real Effective Exchange Rate based nominal rate and the inter-bank rate has shrunk in recent weeks, indicating that the nominal exchange rate is in line with the economic fundamentals. BB’s interventions in the foreign exchange market have limited the loss of external competitiveness by stemming any significant nominal appreciation of the taka. However, because of a small nominal appreciation and higher domestic inflation, the real effective exchange rate appreciated by 8.5 percent in FY14 relative to FY13.¹⁷

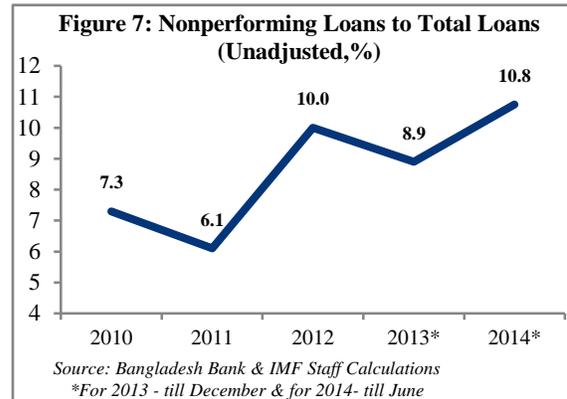
Monetary management remained on course. BB succeeded in keeping the FY14 broad money and reserve money growth below target rates of 17 percent and 16.2 percent respectively. Broad money growth slowed to 16.1 percent while reserve money growth increased to 15.5 percent relative to FY13. BB had to contain growth of net domestic assets to counter the overshooting of target for net foreign asset growth. Private sector credit growth remained subdued at 12.3 percent (Figure-6). Policy rates were not changed despite pressures from stakeholders. With ample liquidity created by BB purchase of foreign exchange, sterilization operations had to be stepped up, which adversely affected BB profitability. To mitigate the rise in BB’s interest costs, the Cash Reserve Requirement was increased from six percent to 6.5 percent in June 2014 after more than three years. BB conducted Treasury bill auctions regularly. With excess liquidity, the T-bills were in high demand, which resulted in declining interest rates on instruments of all maturities. Weak private investment due to political uncertainty and deteriorating infrastructure, along with increased international

¹⁶ The positive errors and omissions signifies that the mismatch between changes in foreign exchange reserve and recorded balance of payments flows was dominated this year by mismatch in recorded balance of payment inflows.

¹⁷ IMF data.

borrowing by the corporate sector, contributed to perpetuation of weak private demand for domestic credit.

Financial sector not out of the woods yet. Credit and risk management status is unsatisfactory in the banking sector (Box 2). There has been a steady rise in non-performing loans (NPLs) to 10.75 percent in June 2014, up from 10.5 percent in March 2014 and 6.1 percent in December 2011 (Figure-7). Defaulted loans in the banking sector increased to 513.45 billion taka (more than \$6 billion) as of June 30, 2014 from 405.83 billion taka (about \$5 billion) as of December 31, 2013—an increase of over 26 percent in six months. Some of these banks also require recapitalization and cleaning up of unrecognized loan losses from ever-greening of loans, weak loan classification and provisioning requirements, especially in SCBs.



Box 2: Financial Sector Woes

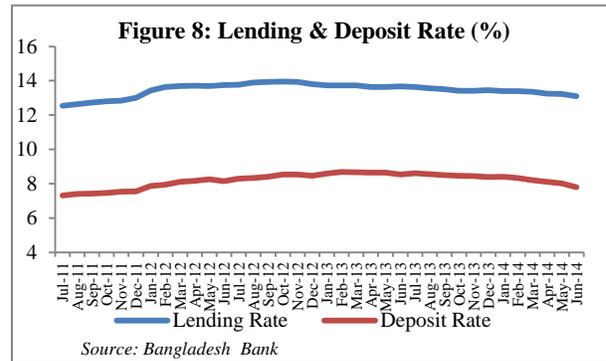
Weak corporate governance, especially in state-owned banks, leads to sub-optimal loan decisions. The government passed the Bank Company (Amendment) Bill, 2013, amending key provisions in order to improve good governance and bring discipline in the banking sector. Bangladesh Bank’s supervisory and regulatory capacity is still weak (compliance based instead of risk based) and this needs to be strengthened to improve efficiency and stability of the banking sector. Another critical issue is the high cost of finance, as well as the low level of access to finance for small and medium enterprises (SMEs) and agriculture. Access to affordable finance is identified as one of the top four obstacles for doing business (2013 Doing Business report). In particular, long term finance (only 19 percent of total lending in June 2013) is limited, particularly for exporters and SMEs, while the financial sector remains ineffective in its capacity to perform its term transformation functions.

The banking sector faces risks due to low capital base in State-owned Commercial Banks (SCBs) that account for a quarter of the assets of the banking system. Asset quality in the SCBs deteriorated in FY14. The deterioration reflected both the impact of disruptions caused by political unrest and the lagged effects of poor lending decisions in the past. With more than 70 percent of financial system assets in the banking system, banking assets to GDP at 77 percent and deposits to GDP at 60 percent, risks in the SCBs are systemically significant. Reasons why include:

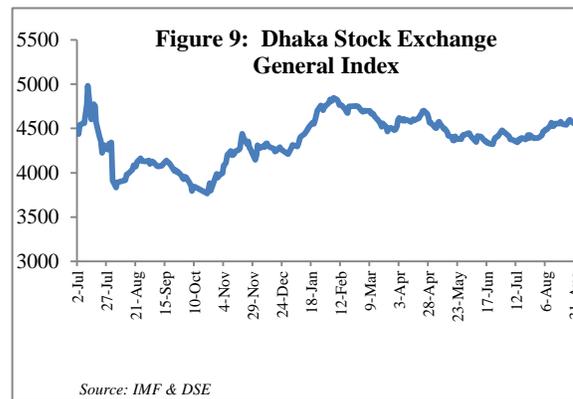
- Capital Adequacy Ratio (CAR) of the scheduled banks stood at 10.68 percent¹⁸ at the end of June, compared to 11.52 percent six months ago.
- Nine banks failed to keep minimum required capital. Their capital shortfall collectively stood at 119.33 billion taka (about \$1.5 billion), which pulled down the overall capital base of the banking sector.
- The banking sector faced a capital shortfall of 8.48 billion taka (about \$110 million) in the first half of 2014 against the required capital of 645.42 billion taka (more than \$8 billion).
- Capital shortfall in the SCBs stood at 14.42 billion taka (about \$180 million with 8.65 percent CAR as of June 30, 2014 while shortfall in the four state-owned specialized banks rose 75.42 billion taka (more than \$950 million) in the first half of 2014 from a shortfall of 63.82 billion taka (more than \$800 million) as of December 31, 2013. Their CAR was a *negative* 13.68 percent as of June, 2014.

¹⁸ The average CAR is significantly lower in Bangladesh than other countries in SA like India (14.20 percent), Pakistan (15.40 percent) and Sri Lanka (14.50 percent). Banks in Bangladesh hold low level of risk weighted assets.

For its part, the government injected 50 billion taka (about \$630 million) for recapitalization of state-owned banks in FY14 and made a budgetary allocation of 55 billion taka about \$700 million for FY15. Excess liquidity in the banking system has increased. Call money rates declined in the second half of FY14 to around six to seven percent since their peaks (20 percent) in early 2012. At the retail level, both deposit and lending rates fell in the second half of FY14, but interest rate spreads have on average increased – from 4.99 percent in January 2014 to 5.22 percent in May 2014. The deposit rates have fallen faster than lending rates (Figure-8). Domestic lending rates have fallen due to lower cost of funds for banks, lower demand for credit and increasing competition from overseas lenders whose lending rates are in single digits.



For the capital market, overall, 2014 has been a year of some recovery and relative stability (Figure-9). It marked some sustained gains in the second half of FY14 after remaining sluggish in the first half. DSEX, the benchmark index of the Dhaka Stock Exchange, gained five percent during January – June. From July onward, the market remained relatively stable with occasional ups and downs. The uptrend started at the beginning of the calendar year, following national parliamentary elections on January 5, 2014. DSEX reached its peak at 4,845 on February 6, 2014. However, the post-election euphoria dissipated shortly and the benchmark index lost 5.7 percent in the following five months, reaching its lowest at 4,363 on June 23, 2014. From July onward, it moved within a band of 4,400 to 4,600. Stocks with good fundamentals marked higher return compared to the overall return on the market portfolio. DS30, the blue chip index, marked a sustained 12.7 percent yield, which is more than double the return on the benchmark index (five percent).



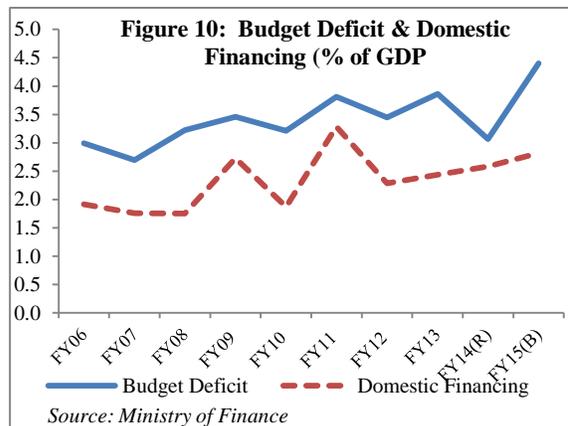
The trade volume improved during January—June of 2014. Average daily turnover reached 6.2 billion taka (about \$80 million) in January 2014, exceeding the 6 billion taka threshold for the first time after 2011, when the average daily turnover was 6.6 billion taka following the 2010 market crash. Movement in the average daily turnover also was an outcome of the euphoria associated with the January 2014 national election. The average daily turnover started declining from February and reached its lowest at 3.02 billion taka in May 2014. Daily turnover started picking up again from early August and crossed the 6 billion taka mark again on September 4, 2014. Recent episodes of volatility in emerging markets have so far had negligible impact on Bangladesh’s financial markets, with continued strong performance in stock markets helped by a return of foreign portfolio investment flows.

Bangladesh Bank has begun implementing the new provisions related to lending and the banks’ exposure to stock markets under the amended Banking Companies Act. It has also taken steps to implement the plans to strengthen the bank resolution and lender of last resort frameworks. The financial policy for FY14 sought to strengthen credit and debt markets by taking steps to improve corporate governance and supervisory capacity, stimulate higher demand for government securities, and broaden financing options. The enhanced authority given to BB over the appointment and dismissal of senior management in SCBs in the 2013 revisions to the Bank Companies Act has been exercised, providing a clear signal to the industry. The temporary relaxation of loan classification and provisioning policy introduced

during the December 2013 turmoil expired in June 2014. However, some of the rescheduled loans, particularly of SCBs, have become non-performing again. BB has set financial improvement plans with the four SCBs and Basic Bank, which include differential ceilings on loan growth. Debt markets are becoming active with several recent auctions over-subscribed and a sharp fall in devolvement from 26.6 percent in the first half of FY14 to 5.3 percent in the second half.

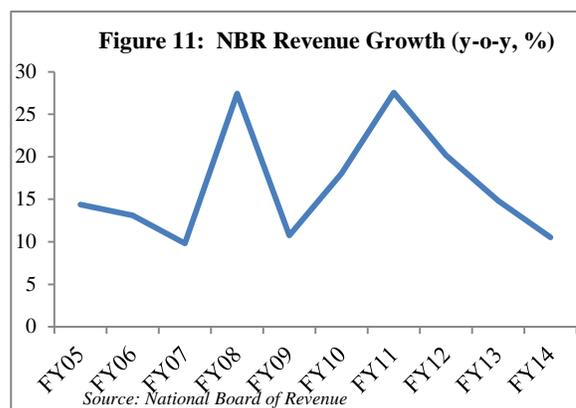
Fiscal policy plagued by revenue and development budget implementation shortfall.

Overall budget deficit narrowed to 3.1 percent of GDP in FY14, relative to 3.9 percent in FY13 while the share of non-bank financing of deficit increased (Figure-10). Net external financing declined from 1.5 percent of GDP in FY13 to 1.1 percent in FY14. Shortfall in foreign finances (in terms of both foreign grants and net foreign borrowing) was offset by a boom in the sale of national savings bonds. Net sale of National Savings Directorate (NSD) certificates surpassed the budget target by a significant margin. Consequently, government borrowing from banking sources remained below budget target and the government managed to repay its debt to the Bangladesh Bank and other short term loans under 'other non-bank sources'.¹⁹ Public debt to GDP ratio remained on a downward path with external debt at about one half of total public debt.



Having surpassed budgetary targets for three years in a row prior to FY13, the National Board of Revenue (NBR) faced a revenue shortfall in FY14, when compared to the budget target, for the second straight year (Figure-11).

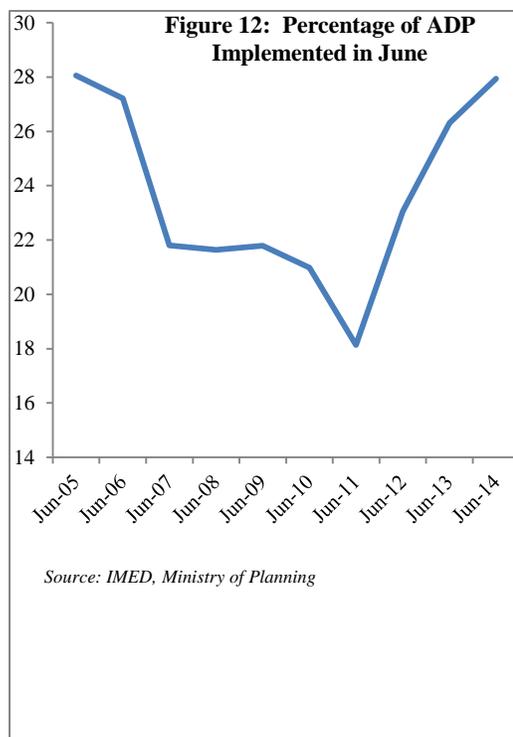
Although tax revenue collection gained some momentum in the second half, it failed to recover fully from the slowdown experienced in the first half of FY14, resulting in weaker revenue growth relative to FY13 across most revenue categories. As a result, NBR targets were revised downward in FY14 for the first time since FY09. Although efforts from non-NBR and non-tax sources have also lagged behind the target growth in FY14, they maintained performance at 0.3 and 1.8 percent of GDP as in FY13. NBR attempted to boost tax collection by launching a drive focused on collection of unpaid taxes by tax dodgers and through resolution of pending tax related disputes in a speedy manner, with limited results.



¹⁹ This shift in the composition of domestic debt towards costlier non-bank domestic sources is a concern in view of interest payments emerging as one of the major sources of non-development expenditures.

Sluggish expenditure growth compensated for a shortfall in revenue mobilization in containing budget deficit (Box 3). The sluggish growth is attributable mainly to low implementation of the Annual Development Program (ADP) and restraints on subsidies, transfers and net lending. Progress on the implementation of ADP was slow in the first eleven months followed by about 20 percentage point increase in the implementation rate in June alone. No major breakthrough could be achieved in addressing the year-end bunching problem in ADP implementation (Figure-12).²⁰ There has been inadequate visible improvement in the management of ADP implementation in a way as to improve the quality of public investments.

Implementation is the main challenge in the FY15 budget. The overall FY15 budget deficit target is prudent (less than five percent of GDP), notwithstanding somewhat ambitious revenue targets. Revenue-GDP ratio is projected to increase by over one percentage point. This is not beyond the realm of possibility since such an increase was achieved in FY11, but it has been rather rare. The Expenditure-GDP ratio is projected to increase by about 0.7 percentage points—slightly less than the 0.8 percentage point annual increase achieved on average in last five years.



Improving the quality of ADP implementation is difficult when the number of projects keep increasing. The size of ADP in FY15 is envisaged to increase by 34 percent relative to the FY14 revised ADP. Usual problems of too many projects with too little allocation have not been addressed. The FY15 ADP includes 959 new projects in addition to the 1,034 ongoing ones. Of the unapproved new projects, 683 are proposed to be financed from domestic sources with 276 expected to be funded from external sources. Most of the unapproved projects are for constructing rural roads, bridges and culverts, and expanding power distribution lines that are generally undertaken by some ministries and agencies under pressure. Expenditure on subsidies in FY15 are projected to decline to 260.5 billion taka (about \$3.3 billion), compared with 323.8 billion taka (more than \$4 billion) in FY14 conditional on upward adjustments in fuel and electricity prices. The government has committed to provide budgetary transfers of subsidy cost to the state-owned enterprises (SOEs) on a regular basis and improve financial reporting by SOEs. The government released the full FY14 budget allocation of 134.5 billion taka (about \$1.7 billion) to settle part of the past liabilities of Bangladesh Petroleum Corporation (BPC) and Bangladesh Power Development Board (BPDB) to banks and other creditors.

²⁰ ADP expenditures increased from 399.8 billion taka by end-May to 567.5 billion taka in June—almost 42 percent increase in just one.

Box 3: Fiscal performance deficit in Bangladesh

Despite recent gains, tax collection in Bangladesh remains below that in other Asian countries: Vietnam (24 percent), China (18 percent), India (15 percent), Nepal (13 percent), and Sri Lanka (13 percent). Bangladesh ranks behind the others in the collection of both direct and indirect taxes relative to GDP, while its collection of international trade taxes relative to GDP exceeds the others. With comparatively high nominal tax rates but low revenue yields, Bangladesh's revenue productivity for personal income tax and the VAT is very low compared with other countries in its region because of excessive use of a variety of tax incentives, structural flaws in the main taxes, and weak tax administration.

A similar pattern exists on the expenditure side. In FY13, total public expenditure to GDP ratio in Bangladesh was 16.9 percent, compared with 26.2 percent in Vietnam, 28 percent in India, 17.2 percent in Nepal, and 19.3 percent in Sri Lanka. Opportunities, policies, and finance are not the binding constraints on expenditure effectiveness in Bangladesh. The binding constraint is implementation. According to a recent ADB portfolio review, no less than half the project time elapses by the time 20 percent of funds get released, primarily because of poor project readiness. Apart from procedural constraints, there is a capacity problem in the planning cell of executive agencies and line ministries. Delays in procurement and recruitment of consultants remain endemic in infrastructure projects. Low level of delegation of power in the government approval system also contributes to delays. Resettlement and land acquisition delay project implementation by 2 to 2.5 years.

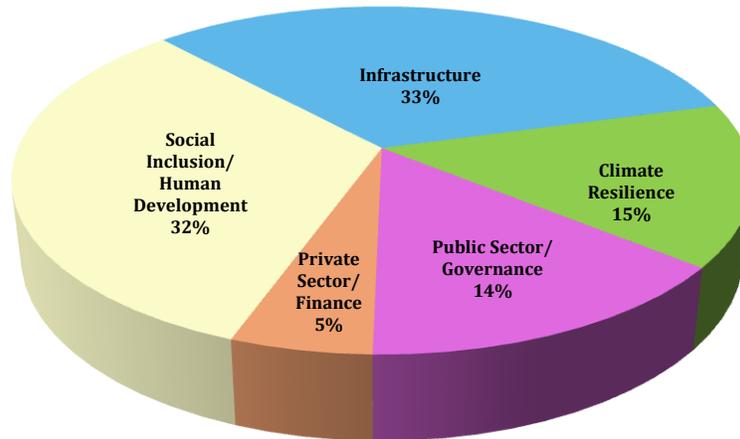
Steady implementation of the new VAT and stronger revenue administration will be needed to go beyond the cyclical recovery in revenue in FY15. Bangladesh will enter FY15 on the heels of a disappointing revenue performance in FY14. In the FY14 budget, the government set an ambitious revenue target of 1.36 trillion taka (about \$17 billion), which was 25.2 percent higher than the FY13 actual. Achieving this would have been very challenging even under normal circumstances. Economic slowdown exacerbated by shutdowns and strikes made its achievement even more difficult, resulting in only 10.5 percent revenue growth in FY14. The revenue growth slowed across the board, although the deceleration was dominated by trade based taxes that grew by only 3.2 percent. Both VAT (domestic) and income tax revenue growth have been well below the rates of growth required to achieve their respective budget targets. The government has already reduced the Advance Income Tax on exports which will remain effective throughout FY15. In this context of a weakened tax effort, achieving the one percentage point increase in the tax-GDP ratio will be a huge challenge. Delay in the implementation of the new VAT law will make it even tougher.

The composition of deficit financing can be improved by ensuring that the net foreign financing target is met. Foreign financing is a lot cheaper with an effective interest rate of less than one percent. The effective interest rate on domestic debt is around 11.4 percent. Increasing foreign financing will require a significant increase in the disbursement rate from the outstanding aid commitment, which is over \$19 billion. Meeting the target will require a 22 percent disbursement rate in FY15. The only way this can be achieved is through prioritized attention to large and high impact aided projects.

Inability to meet the net foreign financing target will not necessarily mean greater than targeted reliance on domestic financing because foreign financing shortfall usually arises from the inability to spend on the aided projects. However, the relationship is not one-to-one. A domestic bank financing target of about 350 billion taka (about \$4.4 billion) is rather large and may constrain private credit growth if private investment demand picks up. It may also challenge achieving the inflation target. The government will need to tread carefully on this front.

WORLD BANK PORTFOLIO

Bangladesh joined the International Development Association (IDA) in 1972, one year after the country's independence. Since then, IDA has consistently been the most significant development partner, providing more than \$18 billion in support for policy reforms and investment projects in Bangladesh and accounting for more than one-quarter of all foreign aid to the country during this period.



The current IDA portfolio consists of 31 projects (two of which are not yet effective), for a total commitment of \$6.5 billion (end August 2014). The IDA portfolio is dominated by investment operations and one P4R operation. Within the IPF portfolio, Bangladesh makes regular use of results-based disbursement practices: four projects use Disbursement Linked Indicators (DLIs) as the basis for fund release and three other operations use performance-based mechanisms to trigger fund releases. The Additional Financing (AF) instrument is used frequently (four AFs were approved in FY13-14 with a commitment value of \$608 million). The recipient-executed trust fund portfolio, with \$541 million in commitments, is strategically aligned with country assistance strategy (CAS) priorities. Out of 29 approved Recipient Executed Trust Fund projects, 15 are stand-alone and 14 are co-financing instruments with IDA operations.

With respect to sectoral composition, human development and infrastructure operations account for about two-thirds of total IDA and trust fund portfolio commitments, with the remaining third divided between private sector, governance, and rural development investments. About 84 percent of IDA/trust fund commitments (projects greater than \$5 million) are rated in the satisfactory range. About 16 percent of commitments are classified as poor performers. Portfolio proactivity and realism was 100 percent at the end of FY14. The FY14 disbursement ratio was 23 percent, and compared favorably to the South Asia Region average of 19 percent.

IDA and the International Finance Corporation (IFC) are collaborating in both advisory services and investment finance. Joint advice has been concentrated on economic zones, export processing zones, banking sector reforms and tax modernization. On the investment side, IFC and IDA are exploring co-financing opportunities for private sector sub-projects, as well as joint financing opportunities for public private partnership projects and economic zone development. IFC and IDA also are actively engaged in supporting efforts to attract foreign investors relocating from China, with the goal of drawing 15 million jobs to Bangladesh.

Analytical and Advisory Activities

The World Bank is regarded as a source of high quality analysis on key development themes. In the past year, the Bank has produced a number of core analytic reports that were widely disseminated and well received by the government of Bangladesh, the development community and local stakeholders. Launched in November, 2012 the Country Economic Memorandum “Bangladesh: Towards Accelerated, Inclusive and Sustainable Growth-Opportunities and Challenges” examined future sources of growth in the context of rapid urbanization. In order to reach sustain Middle Income Country status by 2021, a remittance rate of eight percent and GDP growth rates of 7.5—8.0 percent must be achieved and sustained. To do this, the report emphasized increasing investments in physical infrastructure and human development by managing rapid and unplanned urbanization, creating an enabling environment for expanding labor intensive economic activities, and promoting safe migration.

The Bangladesh Poverty Assessment Report (June 2013) “Assessing a Decade of Progress in Reducing Poverty, 2000-2010” documented Bangladesh’s remarkable progress in reducing poverty from nearly 63 million people in 2000 to 47 million in 2010. The report found that the main drivers behind reducing poverty over the past decade were growth in labor income and steadily dropping fertility rates. The report concluded that eliminating extreme poverty and boosting shared prosperity in the future will require coordinated multi-sector action to increase agricultural productivity, promote more jobs in the manufacturing and service sectors, and improve targeting and efficiency of safety net programs.

The Diagnostic Trade Integration Study (October 2013) suggested actions centered around four pillars to sustain and accelerate export growth: 1) breaking into new markets through improved logistics and better exploitation of dynamic markets in Asia; 2) breaking into new products through a more neutral trade policy, attracting more investment, promoting and developing services trade; 3) improving worker and consumer welfare by improving skills and implementing worker safety measures; and 4) building a supportive environment by sustaining sound macroeconomic fundamentals and strengthening institutional capacity for strategic policy making.

At the sector level, a flagship Education Sector Review, "Seeding Fertile Ground: Education That Works for Bangladesh" (March 2014), 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 review was prepared with substantial stakeholder input and was disseminated at the division level to reach regional practitioners and policy makers.

The Bangladesh Climate Change Resilience Fund supports cutting-edge studies on climate change impacts and adaptation. “Impact of Climate Change on Climate-Sensitive Diseases and Implications for the Health Sector” analyzed the impacts of climatic variability on health in Bangladesh to inform health policy-makers on emerging challenges in the region. As Bangladesh is highly vulnerable for natural disasters, the Bank has also been providing non-lending technical assistance related to earthquake resilience. A stakeholder consultation process (involving 51 ministries and agencies) has generated recommendations related to managing earthquake risks and produced a number of practical user-friendly tools: Dhaka Earthquake Risk Profile and Atlas, Legal and Institutional Arrangements Framework Guidebook, Dhaka Risk Sensitive Land Use Planning Guidebook, Data Sharing Platform Roadmap, and Information, Education and Communication Action Plan. This non-lending technical assistance is providing the analytic foundation for a pipeline urban resilience operation (FY15).

International Finance Corporation (IFC)

IFC has a large Advisory Services program in Bangladesh, with approximately \$13 million a year in funding provided by the U.K. government, the European Union, the Norwegian Agency for Development Cooperation, the Dutch and other donor financiers. IFC works in areas that are important for the Bangladesh economy, such as agriculture, infrastructure, financial markets and energy efficiency.

Expanding the availability and affordability of finance: Since 1990, IFC has been involved as an equity investor to Bangladesh's first leasing company, first mortgage finance company, first independent power project, the first SME bank, the first private equity fund, the first foreign direct investment in the insurance sector, and the first mobile payment platform. IFC provides debt, equity, and guarantee products in sectors such as financial markets, infrastructure, agribusiness, and manufacturing, and in companies that generate employment, fuel growth, and spur innovation. IFC works to enhance the capacity of the financial intermediaries to increase access to finance for SMEs; supports product standardization and new product development, and promotes environmentally friendly financing. Examples include: the SME Market Segmentation Database; Environmental Risk Management Guidelines; and the Sustainable Energy Finance loan product.

Improving business environment: IFC partners with different government agencies to carry out transformative reforms that help create an enabling business environment for domestic and foreign enterprises. In keeping with the government's agenda for a "Digital Bangladesh," IFC's projects promote efficiency and transparency in public sector agencies through e-governance, for example, establishing the online tax payment portal, and automating registration process of businesses. As a result of IFC's efforts, Bangladesh has leaped ahead 21 places from the previous year in the ease of starting a business ranking of Doing Business Report, 2014. IFC has also supported the adoption of alternative dispute mechanisms (arbitration and mediation) in Bangladesh to relieve pressure on the court system and accelerate appeals procedures. It also has helped form Business Initiative Leading Development (BUILD), which is a platform for public-private dialogue, with support from key private sector agencies. Responding to BUILD's recommendations, the government has carried out 24 business reforms. In order to strengthen the capacity of the bureaucracy, IFC has helped introduce Regulatory Impact Assessment, which will help review the impact of new laws and regulations, and business process re-engineering, which will deal with the measures in issuing licenses and permits under any law. In the past year, IFC has also initiated sector-specific interventions in the agribusiness sector by partnering with the Ministry of Agriculture. Under this initiative, several policies and acts will be reviewed and updated to improve the seed industry, upgrade food safety standards, and attract both domestic and foreign investment.

Promoting sustainability in agriculture: Bangladesh has been identified as one of the most vulnerable countries to climate change threats. To help ensure food security and climate change adaptation, IFC is working with partners and farmers in the seeds sector, supporting climate-resistant agriculture. In the poultry sector, IFC helps farmers convert poultry waste to electricity, creating an alternative energy source for farms. IFC also trains farmers in farm management to improve their competitiveness and access to finance. A leading Bangladesh agriculture company was the first instance of the private sector using the IFC-managed Global Agriculture and Food Security (GAFSP) facility.

Promoting Clean Growth: To reduce environmental degradation and ensure sustainability, IFC is promoting cleaner production and resource efficiency in the textiles and apparels sector. The first phase of a cleaner production project with 18 factories in Bangladesh led to savings of \$2 million and 1.26 million cubic meters of water through resource efficiency measures. Estimates show that if the industry's 1,700 textile wet-processing units adopt cleaner production measures, they can save up to \$70 million and 10.5 billion liters of water a year – important savings in a country where 31 million people do not have access to clean water.

Drawing from its global and local experience and using a combination of investments and advisory services, IFC in Bangladesh focuses on sustainable private sector development by providing financing, enabling a better business environment, and promoting the competitiveness of small and medium enterprises.

IFC presently has 20 investment clients with a committed portfolio of approximately \$500 million (of which financial institutions comprise 56 percent, telcom 30 percent, agribusiness four percent, textile three percent). Until 2013, IFC investments averaged \$100 million a year. Last year, IFC committed \$747 million including mobilization, with a goal of approximately \$1 billion a year by 2015.

Multilateral Investment Guarantee Agency (MIGA)

MIGA's current portfolio in Bangladesh consists of two active projects with a total guarantee amount of \$329 million. The first guarantee of \$78 million was issued in 2005 to Egyptian investors to cover risks related to their investment in Sheba Telecom Pvt. Ltd., a national mobile telephone network. Since acquiring Sheba, the company has been rebranded as Banglalink, and the network coverage and capacity have been significantly expanded using new technology and equipment, resulting in a high-quality mobile telecommunications service and strong subscriber growth. Banglalink's subscribers increased from 1.2 million subscribers at the end of 2005 to over 29 million in December 2013.

The second guarantee of \$251 million was approved in 2012 to support a financing package arranged by HSBC of the United Kingdom to Ashuganj Power Station Company Limited (APSCL), a state-owned utility. The financing is for the construction of the 450-megawatt combined-cycle gas-fired Ashuganj South power plant, which is expected to provide nearly 12,000 households with electricity. MIGA's contribution will provide coverage against the risk that sovereign financial obligations will not be honored, for a period of up to 13.5 years.

Bangladesh: Climate Change Resilience Fund		
<p>Key Data: \$184 million multidonor trust fund. Established May 31- 2010. End disbursement June 30, 2017.</p>		
Recipient executed projects:	Approval	Closing
Community Climate Change Project (CCCP)	July, 2012	Dec 31, 2016
Climate-Resilient Participatory Afforestation and Reforestation Project	Feb, 2013	Dec 31, 2016
Rural Electrification and Renewable Energy Development Project II (Solar Irrigation project)	Sept, 2012	Dec 31, 2016
Emergency 2007 Cyclone Recovery and Restoration Project (Multipurpose Cyclone Shelter Construction Project)	Aug, 2011	Dec 31, 2014
Secretariat for BCCRF Phase I (Capacity Building Project Phase I)	Oct, 2011	Dec 31, 2014
<p>Project Background: Bangladesh is one of the most vulnerable countries to the potential impacts of climate change. To address this challenge, Bangladesh launched its Climate Change Strategy and Action Plan (BCCSAP) in 2009 to build a medium- to long-term program for enhancing resilience to climate shocks and facilitating low carbon and sustainable growth. To support implementation of the BCCSAP, seven development partners established the Bangladesh Climate Change Resilience Fund (BCCRF) in 2010, pledging about \$184 million to the fund.</p>		
<p>Project Development Objective and Components: The objective is to support the implementation of the BCCSAP, a ten-year program (2009-2018) aimed at building the capacity and resilience of the country to meet the challenge of climate change. Sectoral ministries are implementing five investment projects: (i) cyclone shelters (\$25 million); (ii) solar irrigation (\$10 million); (iii) afforestation (\$33.8 million); (iv) community climate change (\$12.5 million); and (v) capacity-building (\$200,000).</p>		
<p>Results: The Bank is carrying out analytical work related to climate change. One study (climate change and health) has been completed, while the remaining are underway (urban flooding, temporal downscaling of climate data, cross-dam development, and innovative flood risk management).</p> <ul style="list-style-type: none"> • Expected outcomes include: 61 new multipurpose cyclone shelters built in climate-vulnerable areas. • 45,000 farmers provided with access to clean energy services for irrigation pumping. • 17,000 hectares of land reforested or afforested. • 40,000 climate vulnerable people receive resilient investments/advice to build climate adaptive capacity. <p>The BCCRF grant for the cyclone shelters will be extended by one year to enable all final shelter constructions to be completed.</p>		
<p>Key Partners: Ministry of Environment and Forests , Local Government Engineering Department, Department of Forestry, Palli Karma -Sahayak Foundation , Infrastructure Development Company Limited, U.K. Department for International Development (\$94 million), Europe an Union (\$37 million), Sweden (\$19 million), Australia (\$7.1 million), Denmark (\$1.8 million), Switzerland (\$12.6 million), United States (\$13 million).</p>		

Bangladesh: Clean Air and Sustainable Environment Project			
Key Data: Approved: May 12, 2009 Effective: Aug 19, 2009 Closing: Dec 15, 2016			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	62.2	61.9%	38.1%
GoB	9		
Total cost	71.2		
As of August, 2014			
Project Background: Brick fields expel into the air more than 9.8 million tons of greenhouse gases annually, due to a combination of old technology, weak environmental legislation and enforcement, and a lack of corporate responsibility. Meanwhile, growing numbers of motorized vehicles are clogging up roads and contribute further to poor air quality. Brick kilns and motor vehicles contribute up to 60 percent of fine particulate pollution in Dhaka during the dry season.			
Project Development Objective and Components: The Clean Air and Sustainable Environment (CASE) Project aims to improve air quality and safe mobility in Dhaka through the implementation of demonstration initiatives in urban transport and brick-making. CASE components include: (i) Encouraging the adoption of cleaner and more energy-efficient brick manufacturing technologies such as converting to improved kiln alternatives and launching 12 demonstration projects.. The project also encourages research into alternatives to bricks such as micro-concrete, while helping the government strengthen environmental laws and providing support for the newly- established Air Quality Management section responsible for air quality monitoring, data analysis and reporting. (ii) Promoting safe pedestrian mobility in Dhaka by actively rehabilitating and improving sidewalks and constructing foot bridges; and improving traffic management by upgrading intersections, installing traffic signals and training police in enforcing them.			
Results:			
<ul style="list-style-type: none"> • Installation of 11 Continuous Air Quality Monitoring Stations (CAMS) in eight cities to monitor major air pollutants and generate real-time air quality data. • Completion of three brick kiln pilot programs, with another three underway. • Completion of 55 km of sidewalk and road improvement, and 31 intersection improvements, • Construction of 14 foot bridges, with six others being built. • Installation of 65 solar-powered traffic signals. • Designing of Bus Rapid Transit (BRT) Line 3 underway. 			
Key Partners: Dhaka South and North City Corporations, Department of Environment, Dhaka Transport Coordination Authority			

Bangladesh: Coastal Embankment Improvement Project-Phase 1			
Key Data: Approved: June 26, 2013 Effective: Nov 24, 2013 Closing: Dec 31, 2020 PDO and IP ratings: S, MS			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	373.28	1.2%	98.8%
GoB			
CIF	25		
Total cost	400		
As of August, 2014			
<p>Project Background: Bangladesh's coastal zone spans over 580 km and includes territory where 28 percent of the population resides. A higher percentage of the population lives below the absolute poverty line in the coastal area than in the rest of the country. A recent World Bank study on the cost of adapting to extreme weather estimated that eight million people are currently vulnerable to inundation depths greater than three meters due to cyclonic storm surges. This number will increase to 13.5 million people by 2050, and an additional nine million because of climate change. There is an urgent need to rehabilitate and upgrade protection polders – areas of low-lying land - and enhance the resilience of coastal areas to cyclones, tidal and flood inundations, and salinity intrusion.</p> <p>The Coastal Embankment Improvement Project-Phase 1 (CEIP1) as approved in June 2013 and has been effective since November 2013. The main design and engineering consultant was hired in August 2014 and the tender for the construction of the first phase of polder investments is ongoing.</p>			
<p>Project Development Objective and Components:</p> <p>CEIP1 aims to: (i) increase the area protected in selected polders) from tidal flooding and storm surges, which are expected to worsen due to climate change; (ii) improve agricultural production by reducing saline water intrusion in selected polders; and (iii) improve the government's capacity to respond promptly and effectively to a crisis or emergency.</p> <p>It calls for upgrading Bangladesh's embankment system by increasing the area in polders protected from tidal flooding and frequent storm surges, which would provide direct protection to those living within the polder boundaries and enhance the resilience of coastal areas to cyclones, tidal and flood inundations, and salinity intrusion. This, in turn, will enhance people's livelihoods through increased agricultural production during normal weather as well as reduced loss of life, assets, crops and livestock in the event of a disaster.</p>			
<p>Expected Results:</p> <ul style="list-style-type: none"> • Rehabilitation of 17 polders in six coastal districts: Bagerhat, Khulna, Satkhira, Barguna, Patuakhali, and Pirojpur. • Improved protection for 760,000 people living within polder boundaries. • Poverty reduction and stimulated economic development from facilitating the growth of farm and non-farm activities in the coastal area. 			
<p>Key Partners: Bangladesh Water Development Board, Pilot Program for Climate Resilience (a fund within the Climate Investment Fund Framework).</p>			

Bangladesh: Chittagong Water Supply Improvement and Sanitation Project
Key Data:

Approved: June 23, 2010

Effective: Oct 25, 2010

Closing: Dec 31, 2015

Financing (US\$million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	157.8	4.4%	95.6%
GoB	16.7		
Total cost	174.5		

As of August, 2014

 *Project restructuring included cancellation of **\$14.5 million** of IDA credit

Project Background:

Chittagong, Bangladesh's second-largest city, suffers from inadequate water production and sewerage systems. The port city's water production capacity is only 40 percent of the estimated demand, and the pipe network is run down. A large percentage of the city continues to access water through shallow tube wells. The quality of this underground water is questionable, with high salt and iron levels posing health risks to the public. In addition, very little investment has been made into sanitation and storm water drainage since the late 1980s. Chittagong still does not have a water-borne sewage system or effective storm-water drainage service. The Chittagong Water Supply and Sanitation Authority (CWASA) lacks both the capacity and finance to establish these systems. The Bank helped CWASA develop its institutional capacity development program launched in June 2012.

The Chittagong Water Supply Improvement and Sanitation Project was restructured in February 2014 following the mid-term review held in December 2013.

Project Development Objective and Components:

The project aims to increase access to safe water and improve CWASA's institutional capacity and investment planning for sanitation and drainage in Chittagong.

It supports major interventions in treated water production, transmission and distribution including the construction of a Water Treatment Plant (WTP) in CWASA's development plan and the rehabilitation and extension of the water distribution system. The support includes studies to update the sewerage master plans and drainage master plans for Chittagong, as well as capacity building at operational levels to improve the efficiency of overall service delivery.

Project performance is primarily driven by major works packages that account for about 80 percent of the restructured project.

Achieved and Expected Results:

- Contract awarded for Kalurghat Booster Station
- Providing 150,000 people with access to improved water sources;
- Cover 85 percent of CWASA's operation and maintenance cost from direct water sales revenue;
- Prepare \$150 million of priority sanitation and drainage investments for financing.

Key Partners:

Chittagong Water Supply and Sewerage Authority

Bangladesh: Disability and Children at Risk Project			
Key Data:			
Approved: July 1, 2008			
Effective: Jan 22, 2009			
Closing: June 30, 2016			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	26	24.2%	75.8%
GoB			
Total cost	26		
As of August, 2014			
Project Background:			
<p>Disability in Bangladesh is estimated to cost the country \$1.2 billion, or 1.74 percent of GDP, per annum (2008 estimates). It is far less costly to invest in social care for vulnerable children during childhood than to reverse the effects of neglected human development in later years. To increase social cohesion and reduce poverty in Bangladesh, the quality of social care services and economic opportunities for people with disabilities and vulnerable children need to be improved. This is particularly challenging in a weak capacity environment where implementing entities often lack the requisite technical skills and management tools.</p>			
Project Development Objective and Components:			
<p>The Disability and Children at Risk Project (DCAR) aims to expand coverage and improve the quality of services for people with disabilities and children at risk by strengthening and scaling-up government service delivery systems.</p> <p>Components include supporting the Jatiyo Protibondhi Unnayan Foundation (JPUF) in adding new disability service centers (DSCs) to an existing government program, as well as supporting technical facilities upgrades, providing assistive devices to the disabled, enhancing outreach to remote areas of the country, and institutionalizing specialist training for service providers. The project also aims to improve and expand the network of services for children at risk, and strengthen the institutional capacity of the Department of Social Services (DSS).</p>			
Results:			
<p>Helped provide 83,700 people with disabilities (including 35,580 women) and 2,574 children (including 1,278 girls) services tailored to their needs as of June 30, 2014.</p> <p>Established 20 disability service centers (DSCs) in various district headquarters, as well as seven integrated child protection service centers (ICPSCs) in divisional cities with an additional four planned to provide crisis management services, referral services, psychosocial counseling, skills training and development, reintegration services, case management, and health and education services.</p>			
Key Partners:			
Jatiyo Protibondhi Unnayan, the Department of Social Services, Ministry of Social Welfare			

Bangladesh: Dhaka Water Supply and Sanitation Project			
Key Data:			
Approved: Dec 2, 2008			
Effective: Mar 17, 2009			
Original Closing: June 30, 2013			
Rev. Closing: Dec 31, 2015			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	83.09	37%	63%
GoB	16.7		
Total cost	99.79		
As of August, 2014			
*Project restructuring included cancellation of \$65.34 million of IDA credit and extension of the closing date to Dec. 31, 2015			
Project Background:			
Dhaka's growing population of 15 million is placing serious strains on the city's ability to provide basic water, sanitation, and drainage services. Dhaka Water Supply and Sewerage Authority (DWASA) provides water services to about 70 percent of the population of Dhaka City. However, the quality of these services is inadequate and uneven. In some areas (especially slum areas), services are non-existent. The existing sewerage network covers only about 30 percent of the city area.			
Project Development Objective and Components:			
The Dhaka Water Supply and Sanitation project aims to improve stormwater drainage in select catchments in Dhaka, and to improve DWASA's planning capacity. It supports the ongoing rehabilitation work in parts of the Khilgaon-Basabo, Abdullahpur, Shutivola, Shahjadpur, Baunia, Digun, Mohakhali and Gerani canals in a bid to improve storm water drainage and minimize urban flooding, particularly in the eastern part of Dhaka. The project also has completed preparation of the Dhaka sewerage master plan as part of the initiative to improve planning in sanitation, particularly for the identification of key future wastewater collection and treatment investments in the city. Engineering designs and corresponding bidding documents for \$45 million of priority sewerage and wastewater treatment interventions also have been prepared, with work continuing on other steps for institutional strengthening of DWASA.			
Results:			
<ul style="list-style-type: none"> • Completion of the Rampura and Kamlapur pumping station is scheduled for December 31, 2014 and June 15, 2015, respectively • Improved drainage facilities that benefit two million of the targeted four million people. • Permanent storm water pumping capacity increased by 40 cubic meters, and the capacity of rehabilitated drainage canals increased by 120 cubic meters, almost half the target of 250. • Approval of four master plans by the implementing agency. 			
Key Partners:			
Dhaka Water Supply and Sewerage Authority			

Bangladesh: Emergency 2007 Cyclone Recovery and Restoration Project			
Key Data: Approved: November 06, 2008 Effective: December 24, 2008 Closing: December 31, 2017			
Financing (US\$million) (As of August 2014)			
Financier	Financing	Disbursed	Undisbursed
IDA	324	43.5%	56.5%
GoB			
BCCRF	25	72%	28%
GFDDR	3	100.0%	-
KfW Parallel Fin.	4.86	100.0%	-
Total Project Cost	356.86	47%	53%
Project Background: On November 15, 2007, Cyclone Sidr made landfall across the southern coast of Bangladesh, causing extensive damage to lives and property. Overall, around 30 districts and nine million people were affected by the storm. Total damage and losses caused by 2007 Cyclone Sidr were estimated about \$1.7 billion			
Project Development Objective and Components: The objective is to support government efforts to facilitate restoration and recovery from the damage to livelihoods and infrastructure caused by Cyclones Sidr in 2007 and Aila in 2009, and build long-term preparedness through strengthened disaster risk reduction and management. The project has six components: (i) restoration of the agriculture sector in Sidr/Aila affected areas; (ii) improvement of existing multipurpose shelters and construction of new disaster shelters; (iii) rehabilitation of coastal embankments; (iv) strengthening the capacity of the government's disaster risk reduction management; (v) monitoring and evaluation to ensure effective implementation of the sub-projects; and (vi) a project management component to support the government in coordinating all project related activities, strategic studies for the preparation of future operations for the long-term disaster risk reduction program, technical assistance and training, as well as providing emergency support for future disasters during implementation.			
Results:			
<ul style="list-style-type: none"> • Efforts to restore the agriculture sector have exceeded beneficiary targets, with crops by 33 percent, livestock by 13 percent and fisheries by 30 percent. • Rehabilitation work on the existing 240 shelters has been completed, along with construction of 104 new shelters. • Repair work on the 260 km of coastal embankments has been completed. • According to the impact evaluation survey carried out in 2013, a majority of households have reported increased income in the past two seasons due to project interventions. In addition, there has been a 36 percent reduction in poverty incidence. 			
Key Partners: Bangladesh Water Development Board, Disaster Management Bureau, Local Government Division, Local Government Engineering Department, Planning Division, Department of Fisheries, Department of Livestock Services, Bangladesh Climate Change Resilience Fund, Global Facility for Disaster Reduction and Recovery			

Bangladesh: Empowerment and Livelihood Improvement Project (Notun Jibon)
Key Data:

Approved: June 23, 2010

Effective: Dec 5, 2010

Closing: June 30, 2016

Financier	Financing	Disbursed	Undisbursed
IDA Credit	115	88%	12%
GoB			
Local Communities	5		
Total cost	120		

Financing (US\$million)

As of August, 2014

Project Background:

Rural poverty continues to be significantly higher and more extreme than urban poverty in Bangladesh, with more than 70 percent of the population residing in rural areas. While the decline in extreme poverty in rural areas has been impressive – from 37.9 percent in 2000 to 21.1 percent in 2010 – the poverty level remains almost three times that of urban areas. Rural poverty and food security thus remain critical policy areas with emphasis on the need for growth to be broad-based and pro-poor.

The Notun Jibon project builds on its predecessor, the Social Investment Program Project (SIPP), which developed an inclusive, transparent and accountable planning tools and governance structure, and established a web-based management information system that records performance at the village level.

Project Development Objective and Components:

The project aims to improve the livelihoods of the rural poor, especially the left-out poor and vulnerable households in selected districts. It supports poor and ultra-poor in the 16 poorest districts of Bangladesh through community financing for livelihood support, community infrastructure, and skills-development training for youth. The project also seeks to empower the poor and strengthen community-level organizations by supporting small-scale, demand-driven community investment sub-projects that are prioritized, implemented, and managed directly by the rural poor.

Results:

- Comprises 657,593 eligible households in 3,262 villages in 16 districts
- Women are 94 percent of the project beneficiaries are women, helping them hold decision-making status in their villages and households.
- Project beneficiaries have almost doubled their average monthly household income compared to the project baseline, and have on average a 28 percent higher monthly income compared to the control group.
- Benefited 887,250 households through 4,282 community infrastructure and social services sub-projects.
- Created about 36,000 jobs for youth under the project.
- About 36,000 jobs for youth have been created under the project.

Key Partners: Social Development Foundation

Bangladesh: Higher Education Quality Enhancement Project			
Key Data:			
Approved: Mar 17, 2009			
Effective: May 13, 2009			
Closing date under Additional Financing (AF): December 31, 2018			
Financing US\$million			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	206	46.4%	53.6%
GoB	42.9		
Total cost	248.9		
As of August, 2014			
Project Background:			
<p>The Bangladesh government allocates about 2.2 percent of GDP to education, but just 0.2 percent is dedicated to tertiary education. With 85 percent of the tertiary education budget feeding into recurring expenditures, development programs for promoting and establishing research and innovation in higher education institutes (HEIs) remain under-funded. Additionally, there is still no effective mechanism linking university research with industry and business at home or abroad. Low connectivity and inadequate information and communications technology penetration further limit knowledge exchanges and collaboration among HEIs and their researchers with local and global research platforms.</p> <p>The original International Development Association (IDA) credit for the Higher Education Quality Enhancement Project (HEQEP) was \$81 million. IDA has provided an additional funding of \$125 million to scale up existing project activities, provide support to create industry-university linkage, and establish a quality assurance mechanism in Bangladesh's universities.</p>			
Performance Development Objective and Components:			
<p>The project aims to improve the quality and relevance of the teaching and research environment in higher education institutions by encouraging both innovation and accountability within universities, and by enhancing the technical and institutional capacity of the higher education sector.</p> <p>It promotes academic innovation among eligible public and private universities through a competitive funding mechanism known as the Academic Innovation Fund (AIF) granted through four windows: (i) improvement of teaching and learning; (ii) enhancement of research capabilities at the universities; (iii) university wide innovations including establishment of a technology transfer office (TTO); and (iv) innovation and university-industry collaboration. The project also has established the Bangladesh Research and Education Network (BdREN) that connects universities to a high-speed data communications network, enabling teachers, researchers, and students to access the latest knowledge and, inter-university video classes, and engage in collaborative research.</p>			
Results:			
<ul style="list-style-type: none"> ● Awarding of 329 academic innovation grants to 27 public and nine private universities. ● Fully functional BdREN connectivity at the University Grants Commission (UGC) and in six universities. ● The UGC digital library is fully operational, providing 38 member universities (31 public, seven private) access to more than 17,000 e-resources (research databases, e-journals, e-books). 			
Key Partners: University Grants Commission, Ministry of Education			

Bangladesh: Health Sector Development Program (HSDP)
Key Data:

Approved: May 26, 2011

Effective: Oct 23, 2011

Closing: Dec 31, 2016

Financing (US\$million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	358.9	77.3%	22.7%
GoB	5,844		
Cofinancing	1,817		
Total Cost	8,019		

As of August, 2014

Project Background:

Bangladesh has made remarkable progress in improving access to and delivery of public health services. The country conducted the world's largest measles-rubella campaign earlier in 2014, covering 53 million children. The World Health Organization recently declared Bangladesh a polio-free zone. Bangladesh is also on track to achieve child and maternal mortality Millennium Development Goals. Still, significant development challenges remain in the health sector. Figures for malnourished women and children in Bangladesh are on a declining trend, but remain high. Public spending on health is low in comparison to other countries.

Performance Development Objective and Components:

The Health Sector Development Program (HSDP) aims to enable the government of Bangladesh to strengthen health systems and improve health services, particularly for the poor.

It supports the government in providing essential health services including reproductive health, family planning and antenatal care; scaling up emergency obstetric and newborn care services; and ensuring 24-hour services in district hospitals and selected health centers. The project also aligns multiple development partners to the country's priorities in health, nutrition, and population, and uses country systems for implementation and monitoring. It strengthens health sector planning and resource management, human resource development, pharmaceuticals management, health information systems and the maintenance of health care facilities. In addition, HSDP seeks to improve the control and treatment of both communicable and non-communicable diseases through the provision of vaccinations, scaling up HIV/AIDS interventions for the most-at-risk groups, and improving the quality of treatment for tuberculosis and the control and treatment of malaria in 13 highly-endemic areas. For non-communicable diseases, HSDP aims to improve awareness of cardio-vascular disease risks, provide better diagnosis and management of diabetes, and improve screening for cancer.

Results:

- Reduced maternal mortality by 40 percent, down to 194 deaths per 100,000 live births in 2010.
- Helped bring basic vaccination coverage of children younger than 23 months to approximately 80 percent in 2013.
- Skilled birth attendants were at 34.4 percent of births in 2013, up from 18 percent in 2007.

Key Partners:

Canada International Development Agency, KfW of Germany, Swedish International Development Cooperation Agency, U.K. Department for International Development, U.S. Agency for International Development, U.N. Population Fund

Bangladesh: Integrated Agricultural Productivity Project				
Key Data:				
Approved: Sept 12, 2011				
Effective: Sept 12, 2011				
Closing: Sept.30,2016				
Financing (US\$million)				
Financier	Financing	Disbursed	Undisbursed	Financier
IDA Credit (incl GAFSP)	46.31		50.3%	49.7%
GoB	17.2			
Total cost	63.5			
(As of August , 2014)				
Project Background:				
<p>Agriculture provides livelihoods more than 60 percent of the population of Bangladesh. Despite Bangladesh's success in reaching near self-sufficiency in food production, people living in the flash flood and drought-prone districts in the northwest and the saline-affected tidal surge areas in the south struggle to earn a living or produce enough food to eat. These regions suffer from higher poverty than the national average. The link between unfavorable agricultural environments, where farmers lack knowledge and technology, and chronic poverty, coupled with food insecurity, is abundantly clear in these areas.</p>				
Project Development Objective and Components:				
<p>The Integrated Agricultural Productivity Project (IAPP) aims to enhance the productivity of agriculture (crops, livestock, and fisheries) in selected agro-ecologically-constrained and economically-depressed areas. It seeks to use 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 project focuses on alleviating poverty and increasing food security through increased production of major crops such as cereals, diversification of high-value non-cereal crops such as fruits and vegetables, and development of non-crop agriculture such as fishery, poultry, and livestock. Livelihood Field Schools improve farmers' understanding and skills base, and also demonstrate the use of new technologies. IAPP also aims to release new and improved crop varieties and more productive fish species, and help farmers increase crop intensity by conserving and utilizing surface water and improving the availability and efficient use of irrigation water.</p>				
Results:				
<ul style="list-style-type: none"> • The Department of Agriculture Extension formed 4,990 Livelihood Field Schools and conducted more than 24,074 demonstrations on various crops and improved technologies. • The Department of Fisheries formed 1,328 fish farmer groups and conducted 4,260 demonstrations on improved fish varieties and production technologies. • Improved agricultural technologies adopted by more than 128,000 farmers, including improved irrigation for 11,970 ha. • Release for use of 10 improved production packages for crops and three for aquaculture, as well as five improved crop varieties – two wheat, two rice and one mustard. • Distribution to farmers of 537 tons of certified seeds of different crops. 				
Key Partners: Global Agriculture and Food Security Program, Australia, Canada, Japan, Republic of Korea, the Netherlands, Spain, United Kingdom, United States, U.N. Food and Agriculture Organization				

Bangladesh: Investment Promotion and Financing Facility			
Key Data:			
Approved: May 2, 2006			
Effective: Aug 24, 2006			
Closing: Dec 31, 2015			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	306	42.1%	57.9%%
GoB	60		
Local Interm.	190		
Total cost	556		
As of August 2014			
Project Background:			
<p>Bangladesh has enormous need for investment in infrastructure. Facilitating public-private partnerships is an important step in reducing the investment gap by way of leveraging private resources and project management expertise. Due to the ongoing preference for shorter term financing, and with limited capacity, local financial institutions are not keen to finance infrastructure projects for longer terms such as 10 to 15 years. As a consequence, infrastructure development programs, which tend to be long-term in nature, are suffering, and the country needs International Development Association support with new lending facility to bridge the gap. The Investment Promotion and Financing Facility (IPFF) aims to increase private sector investment in infrastructure by working with local financial institutions, selected based on pre-set eligibility criteria. Financial institutions that have agreed to finance a sub-project with a private sector sponsor can apply through Bangladesh Bank, the project's implementing agency.</p>			
Project Development Objective and Components:			
<p>The objectives of the project are to: (i) supplement the resources of Bangladesh financial markets to provide term finance for infrastructure investment projects; and (ii) promote the role of private sector entrepreneurs in infrastructure development. The project provides technical assistance in two streams: (i) for institutional strengthening of the Public Private Partnership (PPP) Office and (ii) for identifying PPP sub-projects and completing upstream activities such as feasibility studies, transaction support, and preparation of bid documents. The overarching goal is to increase eligibility of the sub-projects for IPFF funding and impart good practices in project development in Bangladesh.</p>			
Results:			
<ul style="list-style-type: none"> ● Delivery through public-private partnerships of eight fully-operational power plants adding 228 MW of electricity to the national grid and to industries of Dhaka and Chittagong export processing zones, with another 300MW coming by April 2015. ● Financing of three central water treatment plants in export processing zones of Chittagong, Adamjee and, Comilla. ● Financing and start-up of an inland terminal container in Chittagong, as well as a nation-wide fiber optic cable network extension sub-project. 			
Key Partners:			
Bangladesh Bank, Bangladesh Public Private Partnership Office			

Bangladesh: Leveraging ICT for Growth, Employment, and Governance

Key Data:

Approved: Sep 20, 2012

Effective: Jan 24, 2013

Closing: Dec 31, 2017

Financing (US\$million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	61.68	15.3%	84.7%
GoB	1		
Total cost	62.68		

As of August, 2014

Project Background:

Bangladesh's information and communications technology (ICT) industry has developed over the past decade, with telecommunications generating total industry investments of \$4.5 billion since 2002 and providing about eight percent of the government's total revenue per annum. In stark contrast, the information technology (IT) industry has remained relatively nascent, with total industry output estimated at \$300 million per annum. The government recognizes Bangladesh's significant competitive advantages in the ICT industry that could be tapped into for economic and social development. At the same time, the government also recognizes the need to leverage electronic government (e-government) for public services delivery and to facilitate its reform efforts. The lack of shared IT hosting infrastructure, governance policies, and standards and structures present a major barrier to providing seamless electronic services and improving the public sector's effectiveness and efficiency.

Project Development Objective and Components:

The project aims to catalyze growth of Bangladesh's IT and enabled services industry for employment creation and export diversification, and to establish basic e-government foundations to support public sector modernization. Components include using IT to improve the government's efficiency and effectiveness by enabling all ministries and agencies to have a shared data center for hosting their systems, exchanging information and collaboration, as well as improving the public sector's ability to secure data through information security policies, guidelines, and standards.

Expected Results:

- Creating 30,000 direct jobs, including 9,000 for women.
- Improving Bangladesh's ranking on the World Economic Forum's Network Readiness Index by at least five places

Key Partners: Bangladesh Computer Council

Bangladesh: Identification System for Enhanced Access to Services (idea) Project			
Key data:			
Approved: May 10, 2011			
Effective: Aug 28, 2011			
Closing: June 30, 2016			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	195	8.0%	92%
GoB	24		
Total cost	219		
As of September 15, 2014			
Project Background:			
<p>A reliable and authentic national identification system can serve as an efficient and secure data platform for delivering multiple public services. The Election Commission Bangladesh (ECB) has established a national identity database (NID) and issued each registered adult an NID card. These paper laminated cards lacked durability and could easily be forged. The information stored on them was limited to simple biometric data such as name, address, finger print, signature and a photograph. Upgrading to “smart” NID cards would be used to realize the full potential of an effective system.</p> <p>The Bangladesh parliament passed the National Identity Registration (Amendments) Act of 2013, boosting implementation of the project.</p>			
Project Development Objective and Components:			
<p>The Identification For Enhanced Access to Services (IDEA) project aims to establish a secure, accurate and reliable national identification system in Bangladesh to serve as the basis for more efficient and transparent service delivery.</p> <p>Components of the IDEA project include upgrading data quality, issuing digitalized NID cards with robust security features; and supporting the ability of the National Identity Registration Wing (NIDW)’s ability to administer the program. The system will reduce transaction costs for private sector service providers due to the greater reliability and efficiency in identifying clients, maintaining their own databases of customers and fulfilling legal know-your-customer requirements.</p>			
Results:			
<ul style="list-style-type: none"> • First online data sharing/verification system between two public sector agencies in Bangladesh in 2013 • Eventually will provide 90 million citizens with secure and reliable means of identification • National and local government systems will use the NID verification system and related services, with 771 staff members trained. 			
Key partners:			
National Identity Registration Wing, Election Commission Bangladesh			

Bangladesh: Local Governance Support Project II				
Key Data:				
Approved: Nov 29, 2011				
Effective: Feb 22, 2012				
Closing: Nov 30, 2016				
Financing (US\$million)				
Financier	Financing	Disbursed	Undisbursed	IDA Credit
	290	48.5%	51.5%	
GoB	255.4			
Total cost	545.4			
As of August, 2014				
Project Background:				
<p>Within Bangladesh's public sector, local governments have always been relatively minor players, with a tiny share of sub-national expenditure to the total government expenditure and a more trivial percentage of the total government revenue collected. Nonetheless, local governments – especially at the lowest tiers – are key features of the governance landscape. In recent initiatives, successive governments have affirmed their intent to devolve powers to lower levels and allocate more autonomy and resources to local governments. Changes have shown that empowered <i>Union Parishads</i> (UPs, the lowest tier of local governments) and engaged constituents can make effective decisions, both transparently and accountably. Consequently, there is an increasingly strong government-led push towards decentralization.</p>				
Project Development Objective and Components:				
<p>The Local Governance Support Project II (LGSP II) aims to strengthen Union Parishads to become accountable and responsive, supported by an efficient and transparent intergovernmental fiscal system. It provides UPs with direct block grants, along with full discretion to decide their spending priorities. Through a participatory process involving open planning and budget sessions, members can debate spending needs and question spending efficacy. The project design prescribes block grants only to be distributed to the UPs with a clean audit issued by private auditors; and the project introduced a nationwide performance grant system with clear criteria and transparent assessment. The project strengthens the capabilities of UPs in participatory planning, budgeting, financial management and procurement. It also ensures they are held accountable through independent audits and disclosure requirements.</p>				
Results:				
<ul style="list-style-type: none"> • Disbursed an equivalent of \$254.73 million, which exceeds the mid-term target, with performance grants distributed to 3,348 UPs during FY2013. • Established a comprehensive management information system for strengthening capacity of monitoring, evaluating and supervising local governments. • Trained more than 60,000 public officials, including UP chairmen and members, on local government functioning during FY2013. 				
Key Partners: U.N. Development Program, U.N. Capital Development Fund				

Bangladesh: Modern Food Storage Facilities Project

Key Data:

Approved: December 30, 2013

Effective: N/A

Closing: June 30, 2020

Financing (US million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	210	0%	100%
BCCFRF	25		
Beneficiaries	5		
Total cost	240		

As of August, 2014

Project Background:

Despite strong economic growth and a steady decline in poverty in Bangladesh over the past decade, natural disasters regularly cause serious damage to the country's infrastructure and agricultural sectors, severely affecting food access and food availability for the poor and vulnerable. The expected increase in the frequency and intensity of weather-related shocks makes it imperative that the government enhance its preparedness to address food insecurity in disaster-prone areas. The Public Food Distribution System (PFDS) is a core element of the government's food security strategy. The modern food storage facilities proposed for construction under this project could considerably improve the efficacy of the government's emergency response and recovery efforts in disaster-prone areas, and if grain stocks are properly managed, could enhance the efficiency of its PFDS at the same time.

Project Development Objective and Components:

The Modern Food Storage Facilities Project's (MFSP's) overall objective is to increase the grain reserve available to households to meet post-disaster needs and improve the efficiency of grain storage management.

Components include improving the storage capacity for grain by financing the construction of modern steel silos for rice and wheat that will be built in accordance with social and environmental sustainability parameters and safeguards compliance criteria. In addition, the project will facilitate households' access to domestic silos for food grain and seed storage to improve household-level food security during and after natural disasters. It also will finance investments in small-scale storage at the rural household level, which is expected to bring important benefits to the farming community in the form of safer storage of rice seed (which is more valuable than commercial grain). Another component will finance costs required to ensure adequate overall management of the project, monitoring and evaluation of the activities implemented, and capacity enhancement of selected stakeholders.

Expected Results:

- Increased availability of grain stocks (400,000 metric tons at the end of the project)
- Increased number of households whose grain needs can be met (4.5 million)
- Decreased grain storage cost (from \$800 to \$300 per ton)
- Reduced loss in grain stocks (from 17percent to three percent losses)

Key Partners: Directorate General of Food, Bangladesh Climate Change Resilience Fund, International Finance Corporation

Bangladesh: Municipal Governance and Services Project			
Key Data: Approved: January 14, 2014 Effective: April 6, 2014 Closing: June 30, 2020			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	410.00	14.43	85.57
GOB	37.26		
Urban local Bodies	24.50		
Total Cost	471.76		
As of August 2014			
Project Background: Bangladesh is one of the most densely populated and rapidly urbanizing countries in the world. The population density and high urban growth are putting great pressure on basic urban services, particularly on local governments, district towns or municipalities and city corporations that are entrusted to provide such services. Bangladesh has 331 urban local bodies (ULBs), comprising 10 city corporations and 321 municipalities. Despite progress in the decentralization reform agenda, the capacity of these urban institutions is still weak: they have limited fiscal autonomy and decision-making powers, inadequate own source revenues and weak systems of accountability. The bank has supported basic urban services development and capacity building of ULBs through the Municipal Services Project (MSP) completed in 2012. The Municipal Governance and Services Project (MGSP) is designed to build on the MSP experience.			
Project Development Objective and Components: The objective is to improve municipal governance and basic urban services in participating ULBs, and improve the capacity of recipients to respond promptly and effectively to an eligible crisis or emergency. The project comprises the following four components: <ul style="list-style-type: none"> • Municipal Governance and Basic Urban Services Improvement (\$246.35 million). This provides ULBs located along the three growth corridors and three district towns in the South with (i) a base allocation to 26 pre-selected ULBs annually for the first five years; (ii) performance-based allocation that demonstrate performance improvements in municipal planning, social accountability, public financial management and revenue mobilization for four years starting from the third year of project implementation ; and (iii) financial support for operation and maintenance. • Demand-based Financing for Urban Services (\$171.50 million). This provides demand-based sub-credits by the Bangladesh Municipal Development Fund (BMDF) to all ULBs for 90 percent of eligible urban services improvement investment costs based on transparent and objective eligible criteria, at an 80-20 grant to loan ratio. • Capacity Building and Implementation Support (\$53.91 million). This provides capacity building support to ULBs, the Local Government Division, and the MGSP implementing agencies, namely, the Local Government Engineering Department and the Bangladesh Municipal Development Fund. • Contingent Emergency Response (\$0). This will support, at the government's request, response and reconstruction activities following a natural or man-made major disaster by re-allocating the IDA credit to this component. 			
Expected Results: The Local Government Engineering Department (LGED) and 26 participating ULBs have signed their respective implementation partnership agreements. LGED started to disburse operations and maintenance grants for the first year while the Bangladesh Municipal Development Fund (BMDF) has appraised 25 sub-projects, three of which have been reviewed by the Bank.			
Key Partners: Local Government Engineering Department, Local Government Division, Bangladesh Municipal Development Fund, Banking and Financial Institutions Division.			

Bangladesh: National Agricultural Technology Project			
Key Data: Approved: Feb 7, 2008 Effective: Mar 25, 2008 Closing: Dec 31, 2014			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	62.6	87%	13%
GoB	2.6		
IFAD	19.4		
Total cost	84.6		
As of August, 2014			
Project Background: Agriculture and the rural non-farm economy, which together contribute 55 percent of GDP, are the main sources of livelihood for rural people in Bangladesh. Raising agricultural productivity and improving the economy of the rural non-farm sectors is crucial to ensuring food security, generating employment and reducing poverty in rural Bangladesh. Agriculture in Bangladesh is characterized by a "yield gap," which is the difference between the amounts produced and the potential for production. Weak technology carries much of the blame for this gap, as farmers lack the machinery and information systems to store their products post-harvest or to process them into high-value commodities such as jam or fruit juice. Lack of crop diversification, deteriorating and declining cultivable land, and poor linkages to markets also leads to loss of potential sales.			
Project Development Objective and Components: The project aims to improve the effectiveness of the national agricultural technology system, as measured by increase in agricultural productivity and farm income in selected districts. It has established an autonomous Krishi Gobeshona (Agriculture Research) Foundation that has financed applied agricultural research projects, resulting in outcomes translated into technical bulletins for farmers. In addition, the project set up Commodity Collection and Marketing Centers to act as commercial forums for farmers and local stakeholders, and to help in negotiating better prices for their products. It also helps producers organize themselves into groups and diversify production by self-selecting market options and the products they wish to invest in, with 8,000 farmers organized into 400 groups.			
Results:			
<ul style="list-style-type: none"> • Agriculture productivity increased by 14-52 percent for crops, 55-65 percent for livestock and 60-76 percent for fisheries. • Increase in income by 112 percent for marginal farmers, 31 percent for small farmers and 23 percent for medium farmers. • New agricultural technologies adopted by 2,198,564 farmers (43 percent of the farm households in the project area), of which more than half are considered to be sustained adopters (for more than one season). • Funding and implementation of 199 applied research projects. • Establishment of 732 Farmers Information and Advisory Centers. • Mobilization of 390,000 farmers into 20,000 Common Interest Groups linked to markets. • Training of 12,245 traders and farmers in commercial agricultural practices 			
Key Partners: Bangladesh Agricultural Research Council, Department of Agricultural Extension, Krishi Gobeshona Foundation, Hortex Foundation, Department of Livestock Services, U.S. Agency for International Development, International Fund for Agricultural Development			

Bangladesh: Northern Areas Reduction of Poverty Initiative			
Key Data:			
Approved: Oct. 27, 2011			
Effective: Mar 25, 2012			
Closing: Dec. 31, 2015			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	29.3	53%	47%
GoB	7		
Misc.	3.5		
Total cost	39.8		
As of August, 2014			
Project Background:			
<p>The garment industry in Bangladesh accounts for 75 percent to 80 percent of Bangladesh's export earnings, and has also played a significant role in providing economic benefits to poor and vulnerable women. Today, around 80 percent of the garment workers are female. Yet, the number of poor women from impoverished north-western districts joining the garments sector is much lower than the number of women garments workers from other parts of the country. Female garment workers constitute a highly vulnerable group, with few support systems in place that provide them adequate training or social services. For these women, their first few months in the city and at the factory are the most hazardous, deterring many women who are in desperate need of work from joining the industry.</p>			
Project Development Objective and Components:			
<p>The Northern Areas Reduction of Poverty Initiative (NARI) aims to help poor and vulnerable women from lagging areas of Bangladesh gain access to work opportunities in the garment sector by providing technical and life skills training, transitional housing and other support to help them adjust to urban life and formal sector employment.</p> <p>The project (<i>nari</i> means women in Bangla) will recruit about women from five districts in northern Bangladesh for an orientation course to help them make informed decisions about beginning a new life in one of three export processing zones (EPZs) in Dhaka, Karnaphuli, or Ishwardi. The women will be settled into newly-built complexes, with transitional housing facilities at dormitories, giving them time to develop social networks and support systems. The project also provides three months of training in skills for the garment industry, allowing women to enter factories as semi-skilled workers. Trainees also will receive life-skills training, covering topics such as adjustment to city life, savings and remittances, safety and security, rights and responsibilities at the work-place, finding appropriate housing, contract negotiation, and health and fertility.</p>			
Expected Results:			
<ul style="list-style-type: none"> • The first 900 selected candidates will be inducted into the dormitories and training centers by February 2015 • Around 10,800 women will gain formal employment, and networks will be established for continuing the flow of potential workers. • Three months of training will be provided and the employment bureaus will place the trainees into employment. • The women will also be accommodated in transitional housing facilities for six months. 			
Key Partners:			
Bangladesh Export Processing Zones Authority, Ministry of Labor and Employment.			

Bangladesh: Third Primary Education Development Program			
Key Data:			
Approved: July 31, 2011			
Effective: Dec 7, 2011			
Closing: Dec 31, 2015			
Financing (US\$ million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	300	61.0%	39.0%
GoB	4,951		
Other DPs	609.4		
Total cost	5,860		
As of August, 2014			
Project Background:			
<p>Bangladesh had made remarkable progress in primary education in the last decade. The net enrollment rate (NER) reached around 80 percent while the gross enrollment rate (GER) reached above 90 percent, and gender parity had been achieved. Despite the impressive progress, cycle completion rate of the children enrolled in primary, as well as transition rate to secondary level, remained as concerns with only around 60 percent of the children enrolled completed grade 5, and among them only 44 percent moved on to the secondary level. Poverty along with educational background of the family, remoteness of the society and distance from the school, were the main reasons for dropping out. The quality of education remained a bigger concern; many schools were overcrowded, while teacher qualifications and motivation remained low and exams mostly tested memory recall and rote learning.</p>			
Project Development Objective and Components:			
<p>The Third Primary Education Development Project (PEDP III) aims to increase participation rates in primary education and reduce social disparities; increase the number of children completing primary education; improve the quality of the learning environment and the measurement of student learning, and improve the effectiveness of resource use for primary education.</p> <p>It builds on the experience and successes of previous programs but stands out from them because its financing is linked to specific results being achieved on the ground. Funds are disbursed when disbursement-linked indicators (DLIs) covering nine areas are met. The DLIs for quality enhancement cover: (i) development of an 18-month diploma program and teacher training; (ii) the development and incremental introduction of competency-based examinations; (iii) merit-based teacher and head teacher recruitment; and (iv) timely distribution of textbooks (within a month of the start of the academic calendar), including an updated curriculum. The DLIs supporting reduction in disparities include: (i) the widespread introduction of pre-primary education, especially in disadvantaged areas; and (ii) needs-based infrastructure development to reduce overcrowding in schools and improve the quality of the facilities as well as school-level planning. Two other DLIs are set for enhanced sector financing and effective program monitoring and reporting.</p>			
Results:			
<ul style="list-style-type: none"> • By the project's mid-term, 24 out of the 27 DLI milestones have been fully met. • Completion of the 2013 round of the National Student Assessment (grades 3 and 5). • Large-scale try-out of revised textbooks and teachers' editions (all subjects, grades 1-5). • Formulation of an information communications and technology strategy for multi-media classrooms, digital learning, and teacher training. • Completion of "efficiency gains analysis" to feed into construction design for schools; • Proportion of schools preparing and receiving funds for SLIPs rose from 29 percent in 2012 to 61.6 percent in 2013 • Launch of nationwide electronic Government Procurement for 20 percent of the FY 2013/14 contracts. 			
Key Partners:			
Directorate of Primary Education, Asian Development Bank, U.K. Department for International Development, European Union, Canadian International Development Agency, Swedish International Development Cooperation Agency, AusAID, the Japan International Cooperation Agency, UNICEF.			

Bangladesh: Private Sector Development Support Project				
Key Data:				
Approved: Mar 1, 2011				
Effective: Aug 3, 2011				
Closing: June 30, 2016				
Financing (US\$million)				
Financier	Financing	Disbursed	Undisbursed	Financier
IDA Credit	42.8	32.5%		67.5%
GoB				
DFID	17.4			
Total Cost	60.2			
As of August, 2014				
Project Background: Economic zones are a strategic instrument for attracting domestic and foreign investment, creating jobs and accelerating growth. The World Bank, together with U.K. Department for International Development (DFID) is supporting the government of Bangladesh to develop economic zones through the Private Sector Development Support Project (PSDSP).				
Project Development Objective and Components:				
The project aims to facilitate investment in growth centers in the emerging manufacturing and services sectors of the economy, with a view to generating employment.				
It promotes private sector investment by improving the business environment and access to industrial land through economic zones. The project also supports the government in establishing economic zones through public private partnerships.				
Expected Results:				
<ul style="list-style-type: none"> • Generating \$10 million in direct investment in the economic zones. • Creating 2,000 new jobs, with 30 percent for women. • The Bangladesh Economic Zones Authority has completed feasibility studies for three economic zone sites, with one in Mongla tendered out directly in the market. 				
Key Partners:				
U.K. Department for International Development, Bangladesh Economic Zones Authority, Economic Relations Division, High-Tech Park Authority, Bangladesh Export Processing Zone Authority.				

Bangladesh: Public Procurement Reform Project II

Key Data:

Original Credit	Additional Financing
Approval July 5, 2007	May 9, 2013
Effective Sep 12, 2007	July 28, 2013
Closing Dec 31, 2016	Dec 31, 2016
Financing 23.6 (\$M)	34.5 (\$M)

Financing (US\$ million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	58.1	54.6%	45.4%
GoB	1.3		
Total cost	59.4		

As of August, 2014

Project Background:

Public procurement expenditures constitute over 70 percent of the annual development program (ADP) in Bangladesh. Thus procurement plays a pivotal role in the development agenda of the government. It is well- documented that weaknesses in public procurement have a cumulative negative effect on investment and economic growth. Poor public procurement skews investment toward areas where rent-seeking is prevalent, rather than toward the areas that need it most for poverty reduction and development. Procurement was identified as the main reason for poor utilization of aid and development programs in the country. Given this context, the government initiated a systemic procurement reform in the country starting 2002, with the focus on legislations, followed by extensive capacity development and electronic procurement.

Project Development Objective and Components:

The Public Procurement Reform Project II (PPRP-II) aims to improve the performance of the public procurement system, focusing largely on the key sectoral ministries and their implementing agencies. It follows on the successes of the first PPRP that supported the enactment of procurement laws and rules. The four components of PPRP II deal with comprehensive capacity development, procurement performance monitoring, electronic procurement, and social accountability. Objectives include the four key government agencies involved – the Roads and Highways Department (RHD), Local Government Engineering Department (LGED), Bangladesh Rural Electrification Board (BREB) and Bangladesh Water Development Board (BWDB) – rapidly expanding electronic procurement with a target of 100 percent by 2016, including on-line procurement performance monitoring. In addition, PPRP-II has launched a social accountability and behavioral change communications campaign to demystify procurement at the grassroots level.

Results:

- Invited 70 percent of tenders through electronic procurement in four key agencies in 2014, up from three percent in 2012.
- Awarded 70 percent of small-value contracts at decentralized levels within the initial bid validity period in 2013, up from 10 percent in 2007.
- Published 75 percent of contracts awards on Central Procurement Technical Unit (CPTU) website in 2014, up from 15 percent in 2007.
- Published 100 percent of bids invitations in newspapers in 2012, up from 70 percent in 2005.
- Trained more than 10,500 officials, of which 3,500 were provided with a three-week procurement course.

Key Partners:

Central Procurement Technical Unit (CPTU), Implementation Monitoring and Evaluation Division.

Bangladesh: Reaching Out-of-School Children Project II			
Key Data:			
Approved: Oct 2, 2012			
Effective: Jan 30, 2013			
Closing: Dec 31, 2017			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	130	20.4%	79.60%
USAID	3.8		
BETF			
GoB	7.5		
Total cost	141.3		
As of August, 2014			
Project Background:			
<p>In 2004, nearly 1.5 million primary school-aged children were out of school in Bangladesh – mainly because their parents could not afford to buy uniforms or pay for transport if they lived far from the school, or because they needed the child’s help to earn an income to feed the family. As a consequence, these children were deprived of a key opportunity to escape poverty. The second Reaching Out-of-School Children (ROSC) project helps restore that opportunity.</p>			
Project Development Objective and Components:			
<p>The project aims to improve equitable access, retention and completion in quality primary education for out-of-school children in selected under-served areas.</p> <p>ROSCII reintegrates out-of-school children into education through Ananda schools established a <i>upazilas</i> (sub-districts) with high poverty and low enrollment and completion rates. Called Schools of joy, they provide education stipends to lessen the burdens on families, and also distribute free books, stationery, and school uniforms. The schools blend formal education with non-formal methods: ROSC students tend to be older students and teachers observe a flexible schedule, with students taught by a single class teacher until they are ready to join mainstream secondary schools. The project also tries to empower disadvantaged rural communities to establish, own, and manage their own Ananda schools with support from the government and local education non-government organizations.</p>			
Results:			
<ul style="list-style-type: none"> • Enrollment of 343,109 out-of-school children (50 percent girls and 79 percent from disadvantaged families) in 14,032 Ananda schools established in 148 of the most disadvantaged <i>upazilas</i>. • Average grade retention rate stands at 67 percent, with the attendance rate at 86 percent and teacher absence rate below 15 percent. • Most Ananda schools have water and sanitation facilities, and 80 percent of teachers at them are women. most • For the first time, ROSC students participated in the 2013 national learning assessment for primary level. 			
Key Partners:			
Directorate of Primary Education, USAID, Save the Children			

Bangladesh: Rural Electrification and Renewable Energy Development II			
Key Data: Original Credit Approved: Sep 20, 2012. Additional Financing Approved June 19, 2014 Effective: Feb 20, 2013. Closing: Dec 31, 2018 Financing (US\$ million) (as of Sept 16, 2014)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	233.4	37.9%	62.1%
IDCOL	14.1		
BCCRF	10		
USAID	7.6		
KfW	10.7		
GPOBA*	16.1		
Local Beneficiaries	47.9		
NGO/Private Sector	89.1		
Funding Gap	6.2		
Total cost	435		
*GPOBA funding includes <i>potential</i> contribution of \$15 million			
Project Background: Only about 42 percent of rural households in Bangladesh have access to grid electricity, and even these consumers suffer frequent and prolonged power cuts. Currently, electricity supply is about 6,500-7,000 MW, against a peak demand of about 8,500 MW. The dispersed nature of rural settlements and the numerous rivers that crisscross the country make grid electrification in many areas of Bangladesh both difficult and expensive. Despite steady progress in enhancing coverage, it is clear that reliance on grid electricity alone will not allow the Bangladeshi government to realize its vision of universal access to electricity by 2021.			
Project Development Objective and Components: The second Rural Electrification and Renewable Energy Development (RERED) project aims to increase access to clean energy in rural areas of Bangladesh promote more efficient energy consumption. It builds on the success of RERED I by supporting solar home systems and other renewable energy options in remote rural areas, where grid electricity is not economically or geographically viable. The World Bank initiative led to support from other donors, with more than 50,000 solar homes systems now being installed every month to make it the fastest-growing solar home systems program in the world. The implementing agency is the Infrastructure Development Company Ltd. (IDCOL), a government-owned financing institution, and 47 partner organizations are installing solar home systems through a micro-credit scheme it supervises. The project is also supporting renewable energy-based mini-grids, solar irrigation pumps (replacing diesel pumps), dissemination of improved cook stoves, and biogas digesters for cooking.			
Results: <ul style="list-style-type: none"> • Provided 3.19 million remote households and rural shops with solar home systems, with more than 50,000 systems now installed every month. • Increased access to electricity in Bangladesh by 11 percent. Dissemination of improved cook stoves has started with a target of one million rural households. 			
Key Partners: Asian Development Bank, Japanese International Cooperation Agency, KfW of Germany, the German Federal Enterprise for International Cooperation, Islamic Development Bank, U.S. Agency for International Development, Global Partnership on Output-Based Aid, Bangladesh Climate Change Resilience Fund			

Bangladesh: Rural Electricity Transmission and Distribution			
Key Data: Approved: February 27, 2014 Effective: September 16, 2014 Closing: June 30, 2020 Financing (US\$ million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	600	0%	100%
Government	237		
Total cost	837		
As of August, 2014			
Project Background: Only about 42 percent of rural households in Bangladesh have access to grid electricity, and even these consumers suffer frequent and prolonged power cuts. Currently, electricity supply is about 6,500-7,000 MW, against a peak demand of about 8,500 megawatts (MW). Despite the supply shortages, electricity availability and the number of consumers have grown steadily over the last decade because of less system loss and some added generating capacity. While the government and other sources made substantial investments to extend the rural low-voltage system network to support new connections, the rural medium-voltage distribution system and the associated transmission system received relatively less attention during the last decade of system load and grid expansion. As a result, the rural electricity system is now over-loaded and experiences frequent load-shedding, leading to higher technical losses and services interruptions.			
Project Development Objective and Components: The objective is to reduce system losses and enhance capacity in the rural distribution network, primarily in the eastern part of Bangladesh. The project aims to rehabilitate and bolster the distribution network of the Bangladesh Rural Electrification Board (BREB) in support of reducing systems losses and enhancing capacity for carrying electricity when additional power generation is available. The project is also expected to support transmission enhancements by the Power Grid Company of Bangladesh (PGCB).			
Results: While the project became effective only recently, bids have been invited for line materials for the rehabilitation work, and a design for grid substations has started.			
Key Partners: Bangladesh Rural Electrification Board, Power Grid Company of Bangladesh			

Bangladesh: Safety Net Systems for the Poorest Project			
Key Data: Approved: June 26, 2013 Effective: Nov 17, 2013 Closing: Dec 31, 2017			
(Financing US million)			
Financier	Financing	Disbursed	Undisbursed
IDACredit	500	5.0%	95.1%
GoB	2,172		
Total cost	2,672		
Project Background: Despite Bangladesh's remarkable progress of lifting 16 million people out of poverty in the past decade, it remains a stubborn problem with about 47 million people living in poverty and 26 million in extreme poverty. To support the poor and vulnerable, the government spends up to two percent of GDP annually on its public social safety net programs. However, 70 percent of poor people still do not receive any safety net support, mainly due to shortcomings in identifying poor beneficiaries and program administration.			
Project Development Objective and Components: The Safety Net Systems for the Poorest (SNSP) project aims to improve the equity, efficiency and transparency of major social safety net programs to benefit the poorest households. It supports the five major safety net programs implemented by the Ministry of Disaster Management and Relief, including the Employment Generation Program for the Poorest (EGPP), Food for Works (FFW), Test Relief (TR), Gratuitous Relief (GR) and Vulnerable Group Feeding (VGF) programs. The project offers performance-based partial reimbursement of government spending under the major safety net programs, with determining indicators that include allocating increased resources to the poorest, particularly poor women; introducing an objective targeting system better to identify the poor; improving implementation and monitoring capacity; and enhancing accountability mechanisms. In addition, it will introduce modern program management information systems for improved planning and monitoring efficiency. and support the Statistics and Informatics Division in developing the Bangladesh Poverty Database to better target safety net service delivery and contribute to improving coordination among various safety nets implemented by different ministries.			
Expected Results: <ul style="list-style-type: none"> • More effective safety net programs for four million households (18 million poor people) • Creation of the Bangladesh Poverty Database 			
Key Partners: Department of Disaster Management, Bangladesh Bureau of Statistics			

Bangladesh: Secondary Education Quality and Access Enhancement Project			
Key Data:			
Approved: Jul 31, 2008			
Effective: Sep 4, 2008			
Closing Date: Dec 31, 2017			
Financing (US\$ million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	395.60	41.7%	58.3%
GoB	40		
Total Cost	435.6		
As of August, 2014			
Project Background:			
<p>Special measures taken over the last couple of decades have enabled more Bangladeshi children than before, especially girls, to continue their education at the secondary level. But it still remains a challenge for children from low-income families to access a good-quality education in Bangladesh.</p>			
Project Development Objective and Components:			
<p>The Secondary Education Quality and Access Enhancement Project (SEQAEP) aims to improve the quality of secondary education in Bangladesh, systematically monitor learning outcomes and increase access and equity in 215 project <i>upazilas</i> (subdistricts). It provides stipends and tuition to disadvantaged girls and boys based on proxy means-testing (PMT) and incentives to students, teachers, and schools in 125 upazilas so that they perform better. Eligible students receive stipends of from \$15 to \$40 a year if they maintain 75 percent average attendance, achieve a passing grade in final examinations and remain unmarried until they complete Grade 10.</p> <p>The project also includes measures to provide water and sanitation facilities in schools, and strengthen school management and accountability systems while helping with reading skills. Financial rewards are given to the teachers and institutions that consistently increase the number of students appearing in and passing the Secondary School Certificate (SSC) examinations.</p>			
Results:			
<ul style="list-style-type: none"> • The pass rate in SSC examinations was higher than 85 percent • Supported 5.1 million student-years (55 percent girls) under the stipends program. • Awarded more than 100,000 students for academic performance while supporting some 150,000 students in English and mathematics and about 810,000 students in reading skills. 			
Key Partners:			
Directorate of Secondary and Higher Education			

Bangladesh: Second Rural Transport Improvement Project
Key Data:

Approved: Sep 20, 2012

Effective: Nov 28, 2012

Closing: Apr 30, 2018

(Financing US million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	302	11.2%	88.8%
GoB	115		
Total cost	417		

As of August, 2014

Project Background:

Despite a wide road network and large investments in it, rural roads in Bangladesh need regular repair and rehabilitation. The quality, construction, and carrying capacity of parts of the secondary and tertiary road network is poor. In 2000, only 37 percent of the population lived within two kilometers of an all-season road. About 13,000 km of *upazila* (subdistrict) roads (out of 36,500 km) were all-weather standard, and most of the rural union roads remained unpaved. As a result, large portions of the secondary and tertiary road network remained impassable during the rainy season.

Project Development Objective and Components:

The second Rural Transport Improvement Project (RTIP II) aims to improve rural accessibility in project areas (covering 26 districts), and to strengthen institutional capacity for sustainable rural road maintenance.

It builds on the success of RTIP 1, which covered more than 44,000 square km in 21 districts, in developing rural trade and transport infrastructure by focusing on the physical improvements of inter-linked roads, small bridges and culverts, growth center markets, and river jetties. The project's improved roads, many built by destitute women, make it easier for children to go to school, expectant mothers to reach hospitals in an emergency and local farmers and consumers to reach markets. It also has contributed to developing a comprehensive rural road transport safety framework to help reduce the alarming number of injuries and fatalities that occur, and expanded coverage to improve road connectivity in the countryside.

Results:

- Maintained or improved 3,000 km of rural roads, 120 growth centers and 30 jetties. Created 50,000 person years of employment, and 30 percent of the employees were poor women.
- Better rural roads helped reduce travel times for motorized vehicles by 65 percent on average during the monsoon season, and 58 percent during the dry season.

Key Partners:

Local Government Engineering Department

Bangladesh: Rural Water Supply and Sanitation Project
Key Data:

Approved: Mar 22, 2012

Effective: May 13, 2012

Closing: June 30, 2017

Financing (US\$million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	75	6.0%	94.0%
Communities	14.87		
GoB	2.76		
Total cost	92.63		

As of August, 2014
Project Background:

National rural water supply coverage in Bangladesh is estimated to be around 97 percent, but water quality issues and contamination by arsenic have effectively lowered this figure to around 83 percent. Arsenic is the single largest threat to safe water service provision in Bangladesh. The quality of sanitation coverage is another area of concern, with only 37 percent of latrines being hygienic. The poor infrastructure and facilities for water and sanitation services, along with increased demand, is making it difficult to provide reliable water and sanitation services.

Project Development Objective and Components:

The Bangladesh Rural Water Supply and Sanitation Project (BRWSSP) aims to increase the provision of safe water supply and hygienic sanitation to the rural areas of Bangladesh, where shallow aquifers are highly contaminated by arsenic and other pollutants such as saline, iron, and bacterial pathogens.

It calls for scaling up piped and non-piped water facilities to provide safe and clean water to villagers in some 383 Union Parishads (local governing units) with acute arsenic contamination and low coverage for safe water supply. The project also seeks to provide hygienic sanitation facilities, and is financing the construction of 125 piped water supply schemes and 14,000 water point sources in hot-spot *upazilas* (subdistricts) where piped water supply is not geographically or economically possible. In selected disaster-affected areas, the project is supporting the government's emergency disaster response mechanism through expanded water supply services. To fight the poor sanitation, it intends to provide financial incentives for the poor to construct hygienic latrines, build local private sector capacity so that markets can better react to rise in demand; and increase the government's role in ensuring that latrines are maintained and accessible to all.

Expected Results:

- Increase access to improved water sources for 1.65 million people.
- Construct or rehabilitate 20,000 community water points.
- Provide 71,000 new piped household water connections.
- Increase access to hygienic latrines for 1.7 million people.

However, initial delays in mobilizing the project preparatory activities make it unlikely the project will achieve all its targets before the closing date of June 30, 2017. Therefore, project restructuring is needed.

Key Partners:

Department of Public Health Engineering

Bangladesh: Siddhirganj Power Project			
Key Data:			
Approved: Oct 30, 2008			
Effective: Mar 31, 2009			
Closing: Mar 31, 2016			
Financing (US\$ million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	350	48.9%	51.1%
GOB	120		
Total cost	470		
As of August, 2014			
<p>Project Background: Electricity demand in Bangladesh has increased at an average rate of 10 percent per annum in recent years, with peak demand reaching about 9,000MW. Yet per capita generation remains among the lowest in the world (321 kwh), and present generation capability at 7,600 MW falls far short of peak demand. Although the supply situation has improved recently, load shedding and outages occur during peak times in irrigation/summer season that affect households, commercial enterprises and heavy industries. The sector is financially weak, access to capital is severely constrained and prices do not cover costs, necessitating large government subsidies to keep the key institutions operational. Increasing shortages of natural gas, the primary fuel for power generation, have added to the sector's challenges.</p>			
<p>Primary Development Objective and Components: The Siddhirganj Power Project (SPP) aims to increase electricity supply to the Bangladesh grid network by constructing a 335 MW Combined Cycle Power Plant (CCPP), as well as an 11 km 230 kV power evacuation system, and a 60 km 30-inch gas transmission pipeline. The combined cycle design for the power plant is a comparatively cleaner technology with lower carbon emissions and higher thermal efficiency.</p>			
<p>Expected results:</p> <ul style="list-style-type: none"> When complete, the power plan will add 335 MW of electricity generating capacity to the national grid. <p>Mechanical completion of the gas supply line will be achieved on September 30 to provide initial gas supply. The government is working to secure an additional \$165 million to finance the additional capital cost of the combined cycle power plant and associated supports.</p>			
<p>Key partners: Gas Transmission Company Ltd., Electricity Generating Company of Bangladesh, Power Grid Company of Bangladesh</p>			

Bangladesh: Skills and Training Enhancement Project
Key Data:

Approved: June 10, 2010

Effective: Aug 22, 2010

Closing: June 30, 2016

(Financing US \$million)

Financier	Financing	Disbursed	Undisbursed
IDA Credit	79	62.5%	37.5%
GoB	9		
Total cost	88		

Project Background: The Bangladesh economy has been registering steady economic growth of around six percent over the past decade. As local and global economic shifts continue toward industry and services, demand for skilled manpower is expected to rise at home and abroad. A labor-surplus country, the Bangladesh government is increasingly focusing on workforce development through technical and vocational education training (TVET). This is a timely response as the country prepares to accommodate and capitalize on the ongoing demographic dividend. However, poor training quality, low employability and inadequate wages plague the TVET sector, requiring interventions for addressing these issues.

Project Development Objective and Components:

The Skills Enhancement and Training Project (STEP) aims to strengthen selected public and private training institutions to improve training quality and employability of trainees, including those from disadvantaged socioeconomic backgrounds.

It is designed to address the key issues concerning TVET by ensuring that the programs offered are relevant to labor market needs by incorporating views from industries and civil society. The project provides performance grants for institutions and stipends for students from disadvantaged socio-economic backgrounds. Those receiving a stipend must maintain 75 percent annual attendance and 45 percent pass marks in the annual examinations.

Results:

- Stipends provided to 96,345 diploma students from 93 polytechnic institutions, with the share of female recipients increasing to 15 percent from 10 percent.
- Deployment of 980 full-time contractual teachers in 50 public polytechnics, filling up 95 percent of vacant teaching posts.
- Training provided to 46,076 people, 25 percent of them women. Diploma course pass rate increased from 50 percent in 2010 to 64 percent in 2013.

Key Partners:

Directorate of Technical Education, Bangladesh Technical Education Board, Bangladesh Bureau of Manpower Employment and Training; Department of Foreign Affairs and Trade of Canada.

Bangladesh: Strengthening Public Expenditure Management Program

Key Data:

SPEMP Program – August 20, 2009 to December 31, 2016, Financing: \$110.9 million multi-donor trust fund

Recipient Executed Projects:

		Approved	Closing
SPEMP A	Deepening Medium Term Budget Framework and Strengthening Financial Accountability	September 23, 2009	September 30, 2014
SPEMP B	Strengthening the Office of the Comptroller and Auditor General's Office	May 29, 2011	June 30, 2016
SPEMP C	Strengthening Parliamentary Oversight	Aug.30, 2010	Dec. 31, 2015

Project Background:

The main public financial management challenges in Bangladesh are the development of a comprehensive, automated financial management information system with appropriate controls, the development of a new chart of accounts capable of reporting standard classifications of expenditures, low levels of professional budgeting, accounting and auditing capacity, a dual budgeting process, timeliness in preparing audit reports and low capacity for budget oversight.

Project Development Objective and Components:

The Strengthening Public Expenditure Management Program (SPEMP) seeks to strengthen and modernize budget institutions and improve the formal institutions of financial accountability, with a focus on the Office of the Comptroller and Auditor General (OCAG) and the parliamentary bodies that deal with the allocation and monitoring of government resources.

There have been three recipient-executed projects so far:

- (i) The Deepening Medium Term Budgeting Framework and Strengthening Financial Accountability project (\$52.5 million) aimed to improve the financial management information system, introduce a multi-year and performance perspective to budget preparation, provide professional training and strengthen the macro-fiscal framework, including debt management.
- (ii) The Strengthening of the Office of the Comptroller and Auditor General project (\$13.03 million) intends to enhance the quality, scope and follow-up of audits, and create a cadre of internationally accredited professionals in OCAG.

The Strengthening Parliamentary Oversight project (\$4.2 million) provides technical support to the three financial oversight committees and the Parliamentary Secretariat.

Results:

- All 59 line ministries adopted a medium-term budget framework in 2010 and established budget management committees, and six developed medium-term strategy and business plans while two submitted annual performance reports.
- The audit backlog was eliminated and reports brought up to date; 5,550 audit objections were settled.
- A macroeconomic database and modeling framework was developed for macro-fiscal forecasting.
- Training in public financial management for 14,170 public servants, and 78 OCAG officials passed the Chartered Institute of Public Finance and Accountancy certificate-level exam.
- The OCAG completed eight pilot audits, with six more in progress. 2010 Public Expenditure and Financial Accountability report completed and published.

Key Partners:

U.K. Department for International Development, Canadian International Development Agency, European Union, Danish International Development Agency, Netherlands

Strengthening Regional Cooperation for Wildlife Protection in Asia			
Key Data:			
Approval: Apr 7, 2011			
Effective: Jun 29, 2011			
Closing: Dec 31, 2016			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	36	8.98	25.36
Note: Undisbursed figure reflects US\$-SDR fluctuations.			
GoB			
Total cost	36		
As of August, 2014			
Project Background:			
Illegal trade in wildlife is largely controlled by criminal gangs that poach flagship species such as tigers and elephants in one country, stockpile them in another, and then trade them beyond the South Asia region. Thus, no single country can manage or eliminate poaching or the illegal wildlife trade on its own. Since wild animals cannot be confined to national boundaries, a single country also cannot manage a contiguous cross-border wildlife habitat effectively. This makes the control of the illegal trade of wildlife and wildlife parts a challenging multi-country affair.			
Project Development Objective and Components:			
The project aims to assist participating governments in building or enhancing shared capacity, institutions, knowledge and incentives to collaborate on tackling the illegal wildlife trade and other selected regional conservation threats to habitats in border areas. It has a two-pronged approach that calls for (i) capacity building to address the illegal wildlife trade through regional cooperation; and (ii) habitat protection and management to generate regional conservation benefits and address the human-wildlife conflict.			
Components are:			
<ul style="list-style-type: none"> • Building capacity to address the illegal trans-boundary wildlife trade by bringing about regional collaboration in combating wildlife crime through strengthened legislative and regulatory frameworks and well-equipped specialized agencies and systems, as well as relevant training and awareness programs for staff responsible for enforcement of wildlife laws and regulations. Bangladesh and Nepal are participating in the first phase (with the Nepal project amounting to \$3 million) and Bhutan joined in the second phase. • Promoting wildlife conservation in Asia through establishing a virtual regional center of excellence; improving existing park infrastructure; conducting species monitoring and recovery programs; preparing and implementing endangered species recovery plans; protecting inviolate areas for species conservation; implementing real-time field-based monitoring systems; developing landscape scale imaging platforms; strengthening enforcement of laws and regulations; and carrying out innovative research projects in wildlife conservation. 			
Results:			
<ul style="list-style-type: none"> • Established a hotline for reporting illegal wildlife trafficking and other wildlife related crimes to the Wildlife Crime Control Unit (WCCU) in the Forest Department's head office and seven divisional offices. • Successful arrests of 171 wildlife crime offenders and rescue of 5,253 animals by the WCCU. • Inter-agency coordination among WCCU, Rapid Action Battalion (RAB), Border Guard, Coast Guard, Customs, Police, and the Ministry of Foreign Affairs in combating wildlife and forest crime. • Ongoing preparation of management plans for protected areas. • Completion by 30 Forest Department officials of the Certificate Training Course on Wildlife Management at the Wildlife Institute of India. • Ongoing census of Bengal Tigers in the Sundarbans using camera trapping. • Ongoing implementation of 34 subprojects totaling \$8.7 million on habitat improvement, eco-tourism development and human-wildlife conflict mitigation • Support for the 2nd Global Tiger Stock Taking Conference hosted by the Forest Department on September 14-16, 2014. 			
Key Partners:			
Bangladesh Forest Department			

Bangladesh: Revenue Mobilization Program for Results (VAT Improvement Program)			
Key Data:			
Approved: May 09, 2014			
Effective: ---			
Closing: June 30, 2020			
PDO and IP ratings: S, S			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	60	0	
GoB	13		
Total cost	73		
As of August 2014			
Project Background:			
<p>Low revenue mobilization in Bangladesh is a critical constraint to the government's development aspirations. The level of tax collection was 10.4 percent of GDP in 2012. Additional problems in tax administration include manual systems, governance issues and lack of skilled staff. A new VAT tax law to take effect in 2015 will broaden the base and limit exemptions.</p>			
Project Development Objective and Components:			
<p>The objective is to improve revenue mobilization and transparency in administering the VAT.</p> <p>The project seeks to strengthen organization of the core VAT functional areas including: VAT tax registration; tax return filing and processing; tax payment; taxpayer accounting; tax refund; tax audit; tax collection and enforcement; tax appeal; and taxpayer services. It also will develop and deploy an integrated VAT management system that will establish a central processing center and a contact center operated by the private sector on contract. In addition, a communications campaign and other steps will prepare the public for the new VAT law and strengthen institutional capacity of the National Board of Revenue, the Economic Relations Division and the Anti-Corruption Commission.</p>			
Results:			
<ul style="list-style-type: none"> • Project staff trained in electronic procurement. • Project Management Consultancy tender launched 			
Key Partners:			
National Board of Revenue, Economic Relations Divisions, Anti-Corruption Commission.			

Bangladesh: Water Management Improvement Project			
Key Data:			
Approved: September 18, 2007			
Effective: November 26, 2007			
Closing: June 30, 2015			
Financing (US\$million)			
Financier	Financing	Disbursed	Undisbursed
IDA Credit	94	79.1%	20.9%
GoB	12		
Dev Partners	2.6		
Total cost	108.6		
As of August, 2014			
Project Background:			
<p>Bangladesh is the terminal floodplain delta of three large rivers: the Ganges, the Brahmaputra, and the Meghna – with over 90 percent of their catchment areas situated outside the country. Each year during the monsoon season, 20 percent to 30 percent of Bangladesh is flooded. While this creates opportunities for highly-productive farming and fishing systems, these are balanced by the risks of deep flooding, erosion and drainage. By contrast, in the post-monsoon period, soil-moisture content declines rapidly and the water deficit needs to be compensated by irrigation. Salinity intrusion, water-logging and the arsenic contamination of groundwater aquifers further exacerbate the problem. Much work has been done in recent decades to prepare for disasters, but water management remains a critical issue.</p>			
Project Development Objective and Components:			
<p>The Water Management Improvement Project (WMIP) aims to enhance water resources management in Bangladesh by upgrading infrastructure and institutions through rehabilitating damaged water infrastructure, piloting the role of local communities and enhancing the institutional performance of the principal water institutions, particularly the Bangladesh Water Development Board (BWDB) and the Water Resource Planning Organization (WARPO).</p> <p>It supports the government's goal to decentralize the authority of the BWDB and hand over its management responsibilities to community organizations, where feasible. By taking the emphasis off flood control and focusing more on water management, the project shifts responsibility from technicians and bureaucrats to a wide variety of community stakeholders who may participate at any stage of the project development cycle. It also aims to rehabilitate the BWDB schemes damaged by the 2007 floods, and later on by a 2009 cyclone, and to reform government institutions involved in the water sector by improving governance and transparency to enhance their ability to better manage water systems.</p>			
Results:			
<ul style="list-style-type: none"> ● Repair or reconstruction of 675 km of embankments, 297 water control structures and 35 km of protective works. ● Creation of 12 million person-days of employment. ● Formation of 793 Water Management Organizations (WMOs). 			
Key Partners:			
Bangladesh Water Development Board, Water Resources Planning Organization			