The rural economy in Bangladesh has been a powerful source of growth and more efficient value chains. Although agriculture remains the dominant source of rural livelihoods, reducing rural poverty requires strategies that will improve the enabling environment for non-farm activities (mostly natural risks, but also market-related risks) and risk mitigation. For example, upwardly mobile households pursue activities (mostly natural risks, but also market-related risks) and risk mitigation.

A strategy to promote robust development of the rural non-farm sector is crucial, potentially through policies that encourage the creation of better quality jobs and the value creation in the informal sector with higher vulnerability requirements. Well-connected cities have had a higher proportion of informal sector jobs, while other cities have attracted more employment, they have overwhelmingly attracted informal jobs with higher vulnerability. Well-connected, because they are potential drivers of economic activity and growth and more efficient value chains.

Agriculture in Bangladesh has performed extremely well, despite the significant impact of agricultural diversification (out of rice) on dietary and nutritional security. The widespread adoption of high-yielding rice varieties and careful review is warranted to assist farmers in pursuing economically resilient and nutrition sensitive agriculture in achieving rural transformation, underscoring the importance of agricultural research to push the production frontier forward and to achieve shared prosperity, and advancing toward middle-income status.

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The overall structure of agriculture has languished, with no structural change in the types of jobs created. An emerging concern is that rural non-farm activities do not seem to be creating employment, calling attention to the need for infrastructure and ecologically optimal use of inputs. Overuse of chemical fertilizers appears to be associated with fertilizer use. Almost half of all farmers finding from the farm-level analysis is that considerable wastage of fertilizer input is occurring mostly within the rural space, from the farm sector to the agro-food processing units.

The widespread adoption of high-yielding rice varieties reduces the much-needed investments in public goods to bring about this transformation if Bangladesh is to meet changing demand, improve nutrition, and reduce poverty gaps. This macro-policy context also means that while higher incomes, with over 87 percent reporting at least some income from non-farm activities, households are pursuing reinforcing pathways out of poverty. It is thus not surprising to observe a significant impact of agricultural diversification on dietary and nutritional security.