1. Country and Sector Background
Bangladesh has made impressive improvement in the basic conditions of its population, especially in the areas of education and health. Since 1990, its GDP has been growing at 6 percent a year in real terms, helping to reduce the percentage of people living below the poverty line to 31.5 percent in 2010. The production of paddy more than tripled between 1971 and 2010 although the area under cultivation increased by only 10 percent. This increase in productivity brought about a major shift from dependence on food aid to self-sufficiency. Yet despite this progress roughly one-sixth of the population remains undernourished. Despite the positive developments mainly linked to the increasing role of irrigation and subsidies provided to farmers, Bangladesh’s research and extension system is still not equipped enough to meet the emerging challenges including climate variability and global food price volatility. The potential sources of future agricultural growth—increased productivity, high value agriculture, and post-harvest value addition that raise farm incomes—require a number of more effective generation and dissemination of technology packages to farmers.

2. Objectives
The Project Development Objective for the Additional Financing would remain the same as under NATP-I. It is to improve the effectiveness of the national agricultural technology system in Bangladesh. The additional financing will contribute to achieving that objective by deepening and scaling up best agricultural technology packages and practices under NATP-I to 6 more districts.
Rationale for Bank Involvement: In its Sixth Five Year Plan (FY2011-FY2015), GoB recognizes the need to enhance the income earning opportunities for workers remaining in agriculture by raising land productivity and increasing the diversification of agricultural production to address growth and employment imbalances. Agriculture is recognized as essential to poverty reduction and food security, and the binding constraints to land that result from population growth and the pressures of urbanization make enhancing land productivity a top priority. In addition to improvements in productivity, significant emphasis is also placed on diversifying both crop and non-crop agriculture in order to raise farm incomes and promote commercialization. The Bangladesh Country Investment Plan (CIP), approved in 2010, provides guidance on priority investments to increase and diversify food availability in a sustainable manner and to improve access to food and nutrition.

GoB has made impressive progress in enacting institutional and policy reforms to support a more decentralized and demand-driven agricultural research and extension system. Some of the key achievements include: (i) successfully passing amendment of the Bangladesh Agricultural Research Council (BARC) Act which provides a legal framework for BARC to set the agenda for agricultural research and have greater control over resource generation and management; (ii) setting up, for the first time in the country, a comprehensive framework and a multi-disciplinary platform for both competitive and sponsored public goods agricultural research; (iii) promoting a demand-led and decentralized planning and funding mechanism for agricultural extension; and (iv) developing new agricultural extension policies for crops and for livestock. Apart from the institutional reforms being implemented, a demand-led priority setting of research activities, along with a competitive grant mechanism has been established for the first time in the country and demonstrated to be effective in accelerating technology generation and transfer. This includes, though not limited to, high yielding stress tolerant varieties, especially for coastal saline, drought and flood prone areas for rice; summer tomato and jute.

Farmer Information and Advisory Centres (FIACs) have also been set up at the sub-district level and are becoming active one stop rural hubs for technology access and dissemination, integrating crop, livestock and fishery services which have resulted in widespread adoption of recommended technologies and agricultural which has led to increased productivity (14 to 20% in crops, 6 to 65% in livestock and 20 to 150% in fisheries)

Finally, a program on supply chain development is being successfully piloted in 20 Upazillas involving 12,438 farmers and will enable them to access city based traders and supermarkets.

In terms of enhancing institutional efficiency of national agricultural research and extension systems, an enabling environment and an appropriate incentive framework for career development is being pursued. The skills gap and shortfall in manpower in research and extension are being addressed through continuous on the job training, mentoring and coaching and through long term training in-country and overseas. The grant will leverage all these emerging good practices, lessons and impacts to further accelerate agricultural productivity and increase farmer incomes for the future.
The Additional Financing is a grant provided by USAID as part of its assistance strategy to help harmonize, coordinate and improve cost effectiveness in service delivery in line with the Paris Declaration and the five Rome Principles for Sustainable Global Food Security.

3. **Description:** The additional financing will call for a Level-1 restructuring of NATP-I-1 since it triggers 3 safeguard policies which were not of a concern in the National Agricultural Technology Project Appraisal Document. It will involve (a) aligning the closing date of NATP-I to match with that of the grant additional financing (September 30, 2016); (b) integrating the baseline and target values of performance indicators of the grant into the Results Framework of NATP-I; slightly adjusting the number of intermediate indicators to be limited to the most relevant ones and upgrading those target values considered to be underestimated based on current achievements; (c) reallocating Credit proceeds by category of expenditure to reflect current NATP-I needs; (d) including an additional expenditure category for “unallocated” to ensure uninterrupted implementation of activities between completion of phase-1 and initiation of phase-2.

**Component 1: Agricultural Research Support (US$9.10 million):** The main objective of this component is to upscale the Competitive Grant Program (CGP) and Sponsored Public Goods Research (SPGR) activities that were initiated under NATP-I. This component will have national coverage but assign particular emphasis to coastal zones and hill districts that are more prone to weather vagaries and that have proportionately higher populations of poor and vulnerable people.

*Subcomponent 1: Competitive Grant Program:* The project will support short-term competitive grant subprojects which focus on on-farm, applied, and adaptive research for yield and income maximization.

*Subcomponent 2: Sponsored Public Goods Research (SPGR):* SPGR sub-projects are designed to ensure a steady flow of usable technologies as well as intermediate research for future needs.

*Subcomponent 3: Enhancing Institutional Efficiency:* The grant will support a limited program of skills development through in-country training and a selected number of short-term training abroad.

**Component 2: Agriculture Extension Support (US$11.44 million):** The objective of the component is to promote access to appropriate technology packages (including quality seeds and small equipment) and enhance their adoption by beneficiaries through a decentralized, demand-led extension service that is knowledge-based and accountable to farmers.

**Component 3: Development of Supply Chains (US$2.17 million):** The objective of the component is to increase and diversify sources of income for project beneficiaries. The component builds on lessons learnt from the supply chain development technology packages for selected high value agro-commodities piloted under NATP-I. The value added for the farmers is expected from reduction of losses, better prices for well sorted and graded products and stronger negotiation power.

**Component 4: Project Management and Coordination (US$1.0 million):** The objective of the component is to ensure efficient coordination and smooth implementation of the project as a whole. It will also ensure compliance with the financial management, procurement,
environmental and social safeguards, governance and accountability and overall monitoring and evaluation requirements.

4. Financing
Source: ($m.)
Borrower 0
Additional financing Trust Fund 23.72
Total 23.72

5. Implementation: No changes will be made to the current implementation arrangements.

6. **Sustainability:** The foremost indicator for sustainability of the operation is the strategic support Government of Bangladesh is providing to NATP-I. The Ministry of Agriculture is showcasing NATP as its flagship program for the sector. This is further reinforced by the amendments to the BARC Act which have been passed by the Bangladesh Parliament and the promulgation of the newly drafted Agriculture Extension Policy and the Livestock Extension Policy which were informed by the successful implementation experience of the NATP-I.

**Institutional Sustainability** will be ensured by establishing robust farmers’ institutions in the form of CIGs and building their capacity at the village level prior to networking at the inter-village level. All management efforts and coordinating activities aim to institutionalize and build capacity among these groups and organizations to ensure they can effectively function to benefit farmers and apply principles of good governance and accountability. Their efficiency and effectiveness will be instrumental in ensuring the sustainability of investments and results.

**Financial Sustainability** of farmer institutions is being ensured through the following: (i) all equipment and investments are owned and managed by farmer institutions, thus ensuring proper maintenance by generating adequate revenue (e.g. Commissions in marketing and user fees for collective equipment); (ii) support through the project is restricted to one time investments, including capacity building costs; and (iii) all operational expenses are generated by the farmers out of their enhanced incomes through adoption, marketing, input supply, or value addition.

7. **Lessons Learned from Past Operations in the Country/Sector:** The project will build on lessons learned and good practices emerging from NATP and similar other programs in the sector to better address farmer expectations and to achieve longer term impacts.

**Safeguard Policies (including public consultation):** Grant activities are unlikely to adversely affect any disadvantaged group. The design is such that the research activities are determined through effective consultations with the relevant stakeholders to ensure that the technologies developed by the researchers are needs-based and suited to local agro-ecological conditions. The technology adoption activities are highly participatory in nature and can therefore be expected to be self-selectively pro-poor, including the landless and women. Because the grant will be implemented in areas where tribal people may live, OP 4.10 on Indigenous Peoples will be triggered and a Social Management Framework (SMF) has been prepared and disclosed.

**Environment Safeguards:** The proposed project is reclassified as Category “B” from Category “C”. The reclassification is necessary to reflect the potential impacts associated with the
implementation of the project. The potential adverse environmental impacts on human populations or environmentally important areas are less adverse than those of Category “A” projects, site-specific with no irreversible impacts and mitigation measures can be designed more readily. Environmental Assessment OP/BP 4.01 and Pest Management OP 4.09 are triggered. Since the interventions are site specific, an Environmental Management Framework (EMF) has been prepared and disclosed on March 4, 2013

8. **List of Factual Technical Documents:**
   - Project Paper
   - Integrated Safeguard Documents
   - Environmental and Social Safeguards Management Framework
   - Project Administrative and Financial Manual
   - Project Implementation Manual

9. **Contact points**

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