



# Bangladesh: Agribusiness Development

Project Name	Agribusiness Development		
Project Number	33224-013		
Country / Economy	Bangladesh		
Project Status	Closed		
Project Type / Modality of Assistance	Loan Technical Assistance		
Source of Funding / Amount	Loan 2190-BAN: Agribusiness Development		
	Asian Development Fund	US\$ 42.50 million	
	TA 4674-BAN: Strengthening Project Management on Agribusiness Development (piggy-backed to Loan 33224-01)		
	Technical Assistance Special Fund	US\$ 600,000.00	
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development / Agro-industry, marketing, and trade		
Gender	Effective gender mainstreaming		
Description	<p>The Project is aimed at reducing poverty in Bangladesh through agribusiness growth that generates income and employment in rural areas. The outcome of the Project will be expanded activities of rural enterprises engaged in commercial agriculture production, input supply, marketing, processing, and transportation. These will generate employment in rural and peri-urban areas, increase the value added of nontraditional crops and commodities, and increase rural incomes.</p> <p>Specifically, the Project will target small-scale agribusinesses that do not have the wherewithal to mobilize the financing they require to expand, or the capacity to open up new downstream markets. This will be undertaken with the assistance of NGOs experienced in providing credit and support to rural enterprises at the grassroots level. The rural poor will be the ultimate beneficiaries of all of these actions through enhanced employment opportunities, income generation, and agricultural production.</p> <p>The Project outputs include (i) establishment, expansion, and successful operation of agribusinesses by small-scale entrepreneurs; (ii) strengthened capacity of participating NGOs and wholesale banks in agribusiness lending; (iii) strengthened capacity of agribusiness associations in policy dialogue and agribusiness information and technology dissemination; and (iv) improved policy environment enabling private sector participation.</p>		
Project Rationale and Linkage to Country/Regional Strategy	<p>Despite several limitations (vulnerability to natural disasters, limited infrastructures, low average income), Bangladesh has lot of potentials and opportunities. Among others, productive agricultural land and a hardworking rural population are among the country' s few resources and assets. Thus, future economic growth will require stimulating commercial activities within, and based on, the agriculture sector. Since almost all cultivable land is in use, increased growth in the agriculture sector must be derived from (i) diversification of agriculture production to higher value crops; (ii) intensification of production around homestead areas; (iii) provision of services to the agriculture sector (upstream links); and (iv) value addition through further processing, storage, and transport of agricultural commodities (downstream links). In other words, future economic growth will require an expansion of agriculture-based enterprises or agribusiness.</p> <p>The Project is consistent with the poverty reduction strategies of the Government and ADB, which recognize that viable agribusiness are the key for faster growth and poverty reduction in rural areas of Bangladesh. As per National Strategy for Economic Growth, Poverty Reduction and Social Development, the rapid growth of agriculture would require agroprocessing, agribusiness development and value addition to facilitate access of farmers to modern inputs and production technologies to cater increased demand for agriculture products. The ADB 2006-2010 Country Strategy and Program for Bangladesh stressed the need to transform agriculture from a subsistence to a commercial orientation and promote agribusiness development as a means to improve the livelihood of 76% of the country's population (and 85% of the poor). To foster a vibrant and diversified rural economy, ADB assistance through this project will contribute to (i) intensification, diversification, and value addition of the crops to boost agricultural productivity, improve food security, and foster rural enterprise development; (ii) strengthened farm-to-market links; and (iii) sustained growth of agriculture and agribusiness, which generate productive on-farm and off-farm employment to raise rural incomes.</p>		
Impact	To reduce poverty in Bangladesh through agribusiness growth that generates income and employment in rural areas.		
Project Outcome			
Description of Outcome	Expanded activities of rural enterprises engaged in commercial agriculture production, input supply, marketing, processing, and transportation [Taken from the Design & Monitoring Framework.]		
Progress Toward Outcome	Tk2,729.89 million credit disbursed to 33,432 small scale agribusiness entrepreneurs, of which 36% are women. On an average, employment of about 5.51 persons per enterprise generated.		
Implementation Progress			
Description of Project Outputs	<ol style="list-style-type: none"><li>1. Agribusinesses by small-scale entrepreneurs established, expanded, and successfully operated.</li><li>2. Capacity of participating NGOs and banks in agribusiness lending strengthened.</li><li>3. Capacity of agribusiness associations in policy dialogue and agribusiness information and technology dissemination strengthened.</li><li>4. Improved policy environment enabling private sector participation.</li></ol>		

Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Small scale entrepreneurs under the Project established their enterprises (more than targeted) with project support and services, which are in operation during project's physical completion.</p> <p>Employment of about 5.51 person per enterprise generated.</p> <p>Complied with.</p> <p>36% are women</p> <p>Ongoing</p> <p>One survey conducted.</p> <p>Completed.</p> <p>Total 8 associations supported. 18 Value chain links established, and are in operation.</p> <p>Not yet due.</p> <p>Subborrowers are earning good profit, as reported and observed during ADB project review missions</p> <p>Around \$32.0 million disbursed</p> <p>A revolving credit fund has been established. The wholesale banks and NGOs will continue disbursing credit after physical completion of the Project. The project physically completed on 31 December 2011.</p> <p>Ongoing</p> <p>Planned trainings under the project for NGOs and wholesale banks completed and other capacity development initiatives/ training by the partner NGOs themselves are ongoing. The capacities of partner NGOs and wholesale banks are being strengthened on a continuous basis.</p> <p>Being complied.</p> <p>Policy environment started to improve towards more private sector participation in agribusiness promotion, value addition and commercial agriculture, and hopefully will continue to further improve in future.</p> <p>Actions initiated to establish revolving funds with NGOs and PFIs that will be monitored by Bangladesh Bank</p> <p>MOU signed with 8 associations and under process with another 7 associations</p> <p>Recently 8 associations formed. First body formed by selection procedure.</p> <p>Total 20 workshops held</p> <p>Total 4 fairs held</p> <p>MOU signed with 3 service provider associations and training provided to 60 paraprofessionals in three batches.</p> <p>Being complied.</p> <p>One survey completed.</p> <p>Not yet due</p> <p>Not yet due</p> <p>Women participates in the workshops.</p> <p>Ministry of Agriculture and Department of Agricultural Marketing are familiar by this time.</p>
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Geographical Location	
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Safeguard Categories	
Environment	FI
Involuntary Resettlement	
Indigenous Peoples	

Summary of Environmental and Social Aspects	
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Environmental Aspects	The Project involved many small-scale investments (\$500-\$5,000 equivalent) around the country. As such, any single activity under the Project is unlikely to have anything other than a minor localized environmental impact. Environmental and social impacts were considered through incorporating into work planning and monitoring of the Project. Through training, NGO staff were aware about potential negative impacts. and the means to avoid or mitigate such impacts.
Involuntary Resettlement	The Project involved 34,432 small-scale entrepreneurs with around \$34 million equivalent credit across the country. No involuntary displacement of local populations required. Public sector entities was not involved in acquiring any land under the Project. Nevertheless, the project design has incorporated safeguards to minimize potential negative effects.

Indigenous Peoples	
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Stakeholder Communication, Participation, and Consultation	
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During Project Design	Extensive consultations and dialogues with stakeholders were conducted by the PPTA Consultant during the course of PPTA implementation. Workshops, participatory meetings, focus group discussions, as well as donor coordination meetings were held between March to August 2004. (Please see Group Consulted for details.)
During Project Implementation	<p>The Project support was demand-driven with all the agribusiness investment decisions made by small-scale agribusiness entrepreneurs. The enterprises sponsored by the Project, as private sector ventures, will continue to operate on a self-sustaining and self-financing basis as long as they are profitable and value adding. The Project discouraged special subsidies or preferential treatment. The Project implementation unit closely monitored the performance of the agribusiness enterprises. The measures taken so that at least 90% of agribusiness ventures supported by the Project will be in operation during the project completion review. It is expected that by 2020 the number of new agribusinesses ventures will be double.</p> <p>The Project used well-established, financially sound and well-governed banks to channel funds through reputable and experienced NGOs to small-scale agribusiness entrepreneurs, who are presently unable to access finance for their ventures. The successful growth of agribusiness lending through experienced NGOs demonstrated to policymakers that the key to expanding rural financial services is engaging capable institutions with the financial and managerial strengths to respond to the growing demands of the market.</p>

Business Opportunities	
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Consulting Services	The project required support from 652 person-months of consulting services including 93 person-months of international consulting services, and 559 person-months of domestic consulting services. Consulting services were to include expertise in agribusiness promotion, agribusiness finance, agribusiness policy, marketing management, training, project management information systems, project accounting, environmental impact screening and mitigation, social impact screening and mitigation, legal, and the support of women entrepreneurs. Recruitment of consultants will be commenced following ADB's Guidelines on the Use of Consultants and other arrangements for recruitment of domestic consultants acceptable to ADB. The EA finally failed to recruit a consulting firm and then requested to recruit required key consultants. The consultants recruited under the piggy-backed TA (4674-BAN: Strengthening Project Management on Agribusiness Development) assisted PIU in project implementation. Besides, ADB recruited 6 key domestic consultants under the loan project for smooth project implementation.
Procurement	Goods and related services being procured following ADB's Guidelines for Procurement (the Guidelines). The procurement of equipment and machinery by small-scale entrepreneurs are being followed in accordance with para. 3.08 of the Guidelines (Purchase of Equipment for the Use of Small Private Subborrowers). A few vehicles and a small amount of office equipment for PIU were procured, though no large purchases are required. PIU purchased these items using methods specified in Public Procurement Regulation 2003 that are acceptable to ADB.

Responsible ADB Officer	Alam, Md. Shahidul
Responsible ADB Department	South Asia Department
Responsible ADB Division	Bangladesh Resident Mission

Timetable	
Concept Clearance	04 Apr 2005
Fact Finding	05 Apr 2005 to 30 Apr 2005
MRM	19 Aug 2005
Approval	27 Oct 2005
Last Review Mission	-
PDS Creation Date	24 Feb 2006
Last PDS Update	25 Mar 2013

## Loan 2190-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Oct 2005	22 Jun 2006	17 Nov 2006	30 Jun 2011	30 Jun 2012	28 Nov 2012

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	59.80		Cumulative Contract Awards			
ADB	42.50		17 Jun 2022	39.06	0.00	100%
Counterpart	17.30		Cumulative Disbursements			
Cofinancing	0.00		17 Jun 2022	39.06	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	-	-	-

## TA 4674-BAN

Financing Plan/TA Utilization						Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others		
600,000.00	0.00	0.00	0.00	0.00	0.00	-	0.00

Project Page	<a href="https://www.adb.org/projects/33224-013/main">https://www.adb.org/projects/33224-013/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=33224-013">http://www.adb.org/forms/request-information-form?subject=33224-013</a>
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