

## SECTOR ASSESSMENT (SUMMARY): AGRICULTURE AND NATURAL RESOURCES<sup>1</sup>

### A. Sector Road Map

#### 1. Sector Performance, Problems, and Opportunities

1. Agricultural development and sustainable rural natural resource management are critical for poverty reduction as the majority of the poor in Bangladesh are in rural areas and depend on agriculture for their livelihoods. Some 75% of the population and 85% of the poor live in rural areas. Agriculture generates half of employment, contributes 20% of the gross domestic product, and provides a secure supply of food to the whole population. Fostering agricultural and rural development has taken on increased importance since 2005 as policy makers grapple with climate change and sudden spikes in global and domestic food prices.

2. Growth drivers in rural areas are shifting from rice cultivation to high-value agricultural commodities and off-farm employment. Transforming from subsistence to commercial agriculture is the key to improving rural livelihoods, boosting rural economic growth, and contributing to long-term food security. The Government of Bangladesh promotes diversification in agriculture by fostering private sector-led agribusiness and improving rural infrastructure. Rural infrastructure includes developing farm-to-market roads; providing access to affordable power; developing rural growth centers, including marketplaces with women's sections; and building rural water supply and sanitation infrastructure. With climate change risks growing, the provision of climate-resilient rural infrastructure assumes growing importance. Rural institutions that help ensure better market access must also be developed to improve livelihoods and bring more rapid social development. All these issues have important gender-equality dimensions, and households headed by women can benefit. The provision of rural infrastructure has been linked with efforts supported by the government and development partners to foster local communities' greater participation in decision making, enhance gender equity, ensure the proper operation and maintenance (O&M) of rural assets, build technical skills and local government capacity, and raise awareness of rural road safety concerns. The broader sustainability of rural infrastructure is threatened by heavy dependence on central government budget transfers to meet maintenance requirements. Such transfers have been sufficient to meet only about half of the upkeep and routine maintenance of rural roads.

3. Despite substantial improvement, rural infrastructure remains underdeveloped. Road connectivity and related infrastructure remain weak. The main problems in improving rural connectivity are (i) rapidly growing demand for rural road transport (over 6% a year); (ii) lack of funds to develop infrastructure; (iii) frequent inundation by floods resulting from climate change effects; (iv) weak compliance with design specification; (v) inadequate maintenance funding (covering only 50% of requirements); (vi) lack of measures to stop overloading on rural roads; and (viii) lack of technical skills and capacity of local government institutions. The government's road safety policies and regulations are not enforced. Women's access to economic opportunities and participation in decision-making processes of local governments remains limited. The absence of efficient rural transport and supporting infrastructure reduces the accessibility of the poor and women to resources and services, and impedes economic and social development in the country. Bangladesh is considered one of the countries to be most affected by climate change. An increased risk of severe flooding, more frequent extreme weather events, and a potential rise in the sea level pose new challenges to rural infrastructure. Planning

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<sup>1</sup> This summary is based on Asian Development Bank (ADB). 2011. *Country Partnership Strategy: Bangladesh, 20011–2015*. Manila.

of infrastructure has to take into account these new challenges and consider which areas will be most severely affected.

## **2. Government's Sector Strategy**

4. The development strategy of Bangladesh is closely linked to upgrading rural infrastructure with a focus on road connectivity. The country's Sixth Five-Year Plan for FY2011–FY2015<sup>2</sup> underscores the importance of rural infrastructure, climate resilience, and adaptation measures.

5. The plan recognizes the need to raise agricultural productivity, foster crop diversification, and boost public spending on rural infrastructure. The plan indicates that more rapid progress in improving farm-to-market roads, and the increased availability of rural power will be achieved by refocusing agricultural spending away from subsidies and into rural infrastructure. The plan emphasizes improving the enabling environment for agribusiness development by enhancing production scale, focusing on quality and standards for export markets, and developing private trade logistical assets such as cold storage facilities.

## **3. ADB Sector Experience and Assistance Program**

6. Initially focusing on building rural roads, bridges, culverts, and the capacity of local government institutions, the Asian Development Bank (ADB) has broadened its support since 1990 to improve growth center markets, flood shelters, and union *parishad* (council) offices. Subsequently, gender considerations and community participation in rural infrastructure planning, implementation, and operations and maintenance (O&M) were included. ADB interventions have contributed to agricultural and rural growth and were in line with the government's efforts to diversify sources of rural growth. The interventions contributed to the sustainability, market orientation, and pro-poor impact on public policies. They provided opportunities to promote gender equality and women's empowerment.

7. In rural infrastructure development, ADB aims to foster rural connectivity through improved road connectivity, upgraded marketing facilities, and better rural infrastructure management. ADB's priorities are (i) ensuring the local community participates in the decision-making process; (ii) promoting gender equity in economic opportunities; (iii) ensuring proper O&M, technical skills enhancement, and capacity building of local government institutions; (iv) developing climate-change-resilient infrastructure; and (v) raising awareness on road safety.

8. In Bangladesh, rural infrastructure projects have high potential for contributing to poverty reduction and social inclusiveness. ADB, other development partners, and the Local Government Engineering Department (LGED) have learned lessons by implementing several such projects. Those lessons, which were incorporated into the designs and implementation arrangements of subsequent rural infrastructure projects, include the following: (i) using advance action to engage consultants; (ii) establishing soil laboratories in LGED regional offices, which enabled adequate soil and material testing before construction; (iii) training contractors in contract management and financial management; (iv) adopting a participatory approach to project planning and implementation as a standard practice; (v) conducting a road user cost study; (vi) institutionalizing labor contracting societies to maintain rural roads, plant trees, and

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<sup>2</sup> Government of Bangladesh, Planning Commission, Ministry of Planning. 2011. *Sixth Five Year Plan: FY2011-FY2015*. Dhaka.

maintain trees; (vii) providing sections for women in most markets; (viii) institutionalizing gender and development principles in the LGED; (ix) sharpening the poverty focus of projects; and (x) building the capacity of local governments.

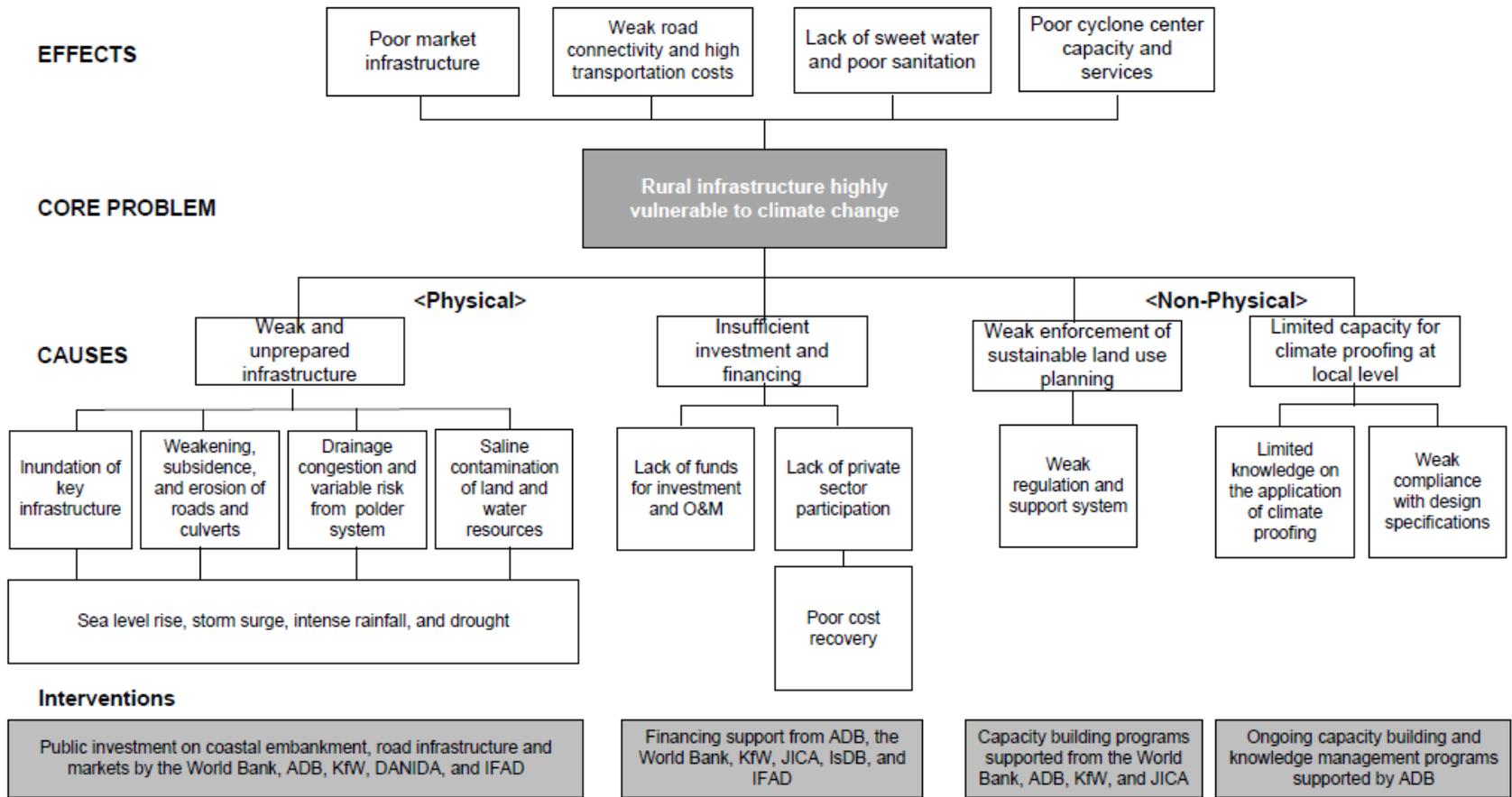
9. ADB's country partnership strategy for Bangladesh, 2011–2015<sup>3</sup> emphasizes the need for integration of climate change consideration into sector interventions and climate-proofing infrastructure. ADB support to agriculture and natural resources will focus on two major areas: rural infrastructure development and water resource management. The plan has highlighted both as high priorities. Rural infrastructure development is critical to fostering agricultural commercialization and widening rural livelihoods, and water resource management is essential to mitigating disaster risks and adapting to the environmental dangers posed by climate change.

10. Rural infrastructure development supporting the emphasis of the plan on boosting rural productivity, adding value, and fostering rural transformation will be a key area of ADB support. This will build on ongoing initiatives in agribusiness, rural livelihoods, and rural infrastructure development. ADB will provide assistance to develop rural infrastructure and building institutions that can ensure their sustainable O&M. Support will target the ultra-poor, women, and excluded groups, as well as provide for social groups vulnerable to climate change and support gender-directed extension services. Building the capacity of local governments will be emphasized in the financing, planning, design, implementation, and O&M of rural infrastructure. The aim is to ensure participatory, transparent, climate-resilient, and gender-directed service delivery. Climate change considerations will be mainstreamed in ADB support to help Bangladesh follow a path of agricultural and rural development that is more climate-resilient.

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<sup>3</sup> ADB. 2011. *Country Partnership Strategy: Bangladesh, 2011–2015*. Manila.

### PROBLEM TREE FOR AGRICULTURE AND NATURAL RESOURCES (RURAL INFRASTRUCTURE)



ADB = Asian Development Bank, DANIDA = Danish International Development Assistance, IFAD = International Fund for Agricultural Development, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, KfW = Kreditanstalt für Wiederaufbau, O&M=operation and maintenance  
Source: Asian Development Bank

### Sector Results Framework (Agriculture and Natural Resources, 2011–2015)

Country Sector Outcomes		Country Sector Outputs		ADB Sector Operations	
Outcomes with ADB Contribution	Indicators with Targets and Baselines	Outputs with ADB Contribution	Indicators with Incremental Targets	Planned and Ongoing ADB Interventions	Main Outputs Expected from ADB Interventions
Sustained high growth in agriculture	Agricultural growth remaining at 4.5% on average from 2011 to 2015	Agricultural infrastructure and systems expanded and improved	<p>10 million people have all-weather access to roads, markets, and social services</p> <p>Women's access to rural markets, social services, commercial agriculture, and microenterprises improved</p> <p>Climate-resilient rural infrastructure management plan and vulnerability mapping developed</p> <p>Sustainable road maintenance plan developed</p>	<p>Rural infrastructure development</p> <p><b>Pipeline project</b> Coastal Climate-Resilient Infrastructure Project (\$50 million)</p> <p><b>Ongoing projects</b> Chittagong Hill Tracts Rural Development (\$55 million)</p> <p>Sustainable Rural Infrastructure Improvement (\$60 million)</p> <p>Second Rural Infrastructure Improvement (\$96.1 million)</p>	<p>2,000 kilometers of rural roads upgraded</p> <p>8,000 meters of bridges and culverts constructed</p> <p>300 rural markets improved, with women's market sections</p>

ADB = Asian Development Bank.  
Source: Asian Development Bank.