BANGLADESH–ADB
50 YEARS OF PARTNERSHIP
BUILDING
A PROSPEROUS,
INCLUSIVE, RESILIENT,
AND SUSTAINABLE
FUTURE
BUILDING
A PROSPEROUS,
INCLUSIVE, RESILIENT,
AND SUSTAINABLE
FUTURE
I would like to extend my heartiest felicitation to the Asian Development Bank (ADB) for assisting the socioeconomic and infrastructural development of Bangladesh since 1973. On 50 years of partnership, the Government of Bangladesh conveys its deep gratitude to ADB for the invaluable and generous support and contribution to our development journey. I consider ADB as one of the most trusted development partners of Bangladesh.

I acknowledge ADB’s cumulative contribution of $27.5 billion since 1973 in many critical sectors like transport, health, education, energy, agriculture, and finance. The South Asia Subregional Economic Cooperation (SASEC) Dhaka-Sylhet Corridor Road Investment Project, Skills for Employment Investment Program, and Strengthening Social Resilience Program etc are some of the ADB-funded flagship projects that have pushed forward the development trajectory of Bangladesh. We also acknowledge with deep appreciation ADB’s immediate response of $2.29 billion support in mitigating the coronavirus disease (COVID-19) pandemic.

Bangladesh has made remarkable progress in almost all sectors to show its strength toward attaining a secure and promising future as it was dreamt by Father of the Nation Bangabandhu Sheikh Mujibur Rahman. To continue his legacy, the visionary and prudent macroeconomic policy of my government has navigated Bangladesh to a new height of prosperity. Bangladesh has already attained recognition for graduating from least developed country status in 2026. I believe ADB will continue to support Bangladesh in achieving our goal for transforming the country into a high-income knowledge-based smart developed nation by 2041.

I wish a grand success to the celebration of 50 years partnership between Bangladesh and ADB.

Joi Bangla, Joi Bangabandhu
May Bangladesh live forever.

MESSAGE

As Bangladesh and the Asian Development Bank (ADB) celebrate 50 years of partnership, I offer my warm congratulations to the people and the government of Bangladesh for their many notable achievements in advancing the country’s development.

Bangladesh declared independence in 1971 and joined ADB 2 years later. Facing major social and infrastructure gaps, natural disasters, and periods of political upheaval over the past 5 decades, Bangladesh managed to achieve strong economic growth and drastic poverty reduction. Nearly all citizens have reliable power, and drinking water and food production has more than doubled. Life expectancy rose from 56 to 73 years between 1990 and 2021. There is nearly universal access to primary education and gender parity in primary and secondary schools.

These development achievements have gone hand in hand with rapid economic progress. Supported by its emergence as the world’s second-largest exporter of ready-made garments, Bangladesh was among the fastest-growing economies globally in the last decade, with an average gross domestic product (GDP) growth of 6.5% between 2013 and 2022. In 2019, prior to the coronavirus disease (COVID-19) pandemic, Bangladesh posted its fastest-ever annual GDP growth of 7.9%. In 2015, Bangladesh attained lower-middle-income status; it is poised to formally graduate from the group of Least Developed Countries by 2026.

Throughout this journey, ADB has worked alongside the government, communities, development partners, the private sector, and civil society groups to help Bangladesh address its evolving development needs.

Looking ahead, Bangladesh must confront many new challenges. In order to maintain high growth and achieve its aspiration to become a high-income country by 2041, Bangladesh must diversify its sources of economic growth and increase the number of productive jobs. It will be equally important to ensure green growth and to increase resilience to the threatening impacts of climate change. Building robust systems for domestic resource mobilization, disaster risk management, food security, environmental conservation, and social protection will be critical for achieving these objectives.

We look forward to strengthening our close relationship as Bangladesh continues on its path to a more prosperous, inclusive, resilient, and sustainable future.
Bangladesh became a member of the Asian Development Bank (ADB) on 14 March 1973. The initial focus was to reconstruct the country ravaged during the liberation war. Agriculture, crop production, food security, and critical infrastructure development received prime attention. ADB assistance since then has supported almost all the areas of the economy. Transport, energy, water and urban infrastructure, education, agriculture and rural development, finance, and private sector development received prime attention. ADB focused on women empowerment, job creation, environmental sustainability, climate change, and, most recently, tackling the impacts of the coronavirus disease (COVID-19) pandemic.

In 1982, ADB opened its first field office in Dhaka. The Bangladesh Resident Mission has supported real-time coordination of ADB’s operations with the government and other stakeholders and provided a template for 31 satellite ADB offices around the world.

During the 1990s, ADB further sharpened its focus on the energy and transport sectors, providing increased financial and knowledge resources.

In the new millennium, the focus of the partnership turned to smaller-scale infrastructure activities, small and medium-sized enterprises, primary education, water and urban infrastructure, and further support in the agriculture, energy, and transport sectors. Around 2010, ADB reinforced its focus on making cities more livable, strengthening capital markets, upgrading work skills, and further improving transport and access to electricity.

Since 2020, ADB has been working closely with the Government of Bangladesh in tackling the impacts of the COVID-19 pandemic by improving social protection, public financial management, and health services.

ADB’s Country Partnership Strategy 2021–2025 for Bangladesh supports a sustainable and resilient recovery from the COVID-19 pandemic and the external economic shock from the Russian invasion of Ukraine. The focus is on boosting competitiveness, employment, and private sector development; promoting green growth and climate resilience; and strengthening human capital and social protection.

ADB has so far provided around $50 billion to Bangladesh, including cofinancing. The current ADB portfolio for Bangladesh has 52 projects with around $11 billion.

ADB will assist Bangladesh’s smooth graduation from the least developed country status in 2026, and transforming into a developed nation by 2041 by helping diversify the economy, create jobs, improve business competitiveness, and promote innovation and knowledge solutions.
INTRODUCTION
BANGLADESH: SOCIOECONOMIC PROGRESS

Bordered by the Bay of Bengal, India, and Myanmar, Bangladesh is inhabited by about 171 million people living on less than 150,000 square kilometers (km)1. Its geography is dominated by the Ganges Delta—the largest river delta system in the world—with much of the land standing less than 10 meters above sea level. The climate is humid and warm with frequent heavy rains.2 These combined factors mean that Bangladesh and its people are highly vulnerable to disasters and climate change, including rising sea levels, cyclones, droughts, and floods.

With around one-third of the population aged 15 or below—the median age of the population below 28, and 5% are 65 years or older—Bangladesh has a strong demographic dividend of working-age citizens who are able to drive economic growth.1 Dhaka is the capital and largest city with a population of over 21 million, while Chattogram (formerly known as Chittagong) is the largest seaport and second-largest city with over 5.1 million people.

The economy is dominated by the ready-made garments industry—Bangladesh being the second-largest exporter of this industry in the world—accounting for over 82% of all exports in 2022 and 10.7% of the gross domestic product (GDP).3 Remittances from overseas workers and domestic consumption are other key contributors to the economy. Major imports include machinery, cotton, petroleum products and oil, iron and steel, chemicals, and plastics.

Although agriculture remains an important contributor to the economy with exports of fine rice, jute, and tea, it is no longer the dominant source of income in the countryside, with rural households now drawing more from nonagricultural activities, as well as from remittances from both local and foreign migrant workers.4 The share of workers engaged in agriculture has also declined steadily as the manufacturing, construction, and services sectors have grown. Bangladesh was among the fastest-growing economies in the world during 2013–2022 with annual growth averaging 6.5%, supported by its strong ready-made garments exports, remittances, stable macroeconomic conditions, and youthful population.

Bangladesh declared independence in 1971 and became a people's republic. In 1972, it adopted a constitution creating a secular, multiparty parliamentary democracy. In 1973, Bangladesh joined the Asian Development Bank (ADB) as it sought to rebuild infrastructure, address food security, and tackle massive poverty in the wake of the liberation war in 1971. The late 1970s and 1980s were characterized by years of political upheaval and military rule before Bangladesh returned to electoral democracy in 1991.
BANGLADESH: 50 YEARS OF PROGRESS
A LOOK BACK

Table 2: Poverty and Social

<table>
<thead>
<tr>
<th>POVERTY AND SOCIAL</th>
<th>1990</th>
<th>2000</th>
<th>2010</th>
<th>Latest Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (million)</td>
<td>109.6</td>
<td>129.8</td>
<td>147.8</td>
<td>171.3 (2022)</td>
</tr>
<tr>
<td>Population growth (annual % change)</td>
<td>1.0</td>
<td>1.3</td>
<td>1.4</td>
<td>1.3 (2022)</td>
</tr>
<tr>
<td>Maternal mortality ratio (per 100,000 live births)</td>
<td>480</td>
<td>399</td>
<td>242</td>
<td>163 (2020)</td>
</tr>
<tr>
<td>Infant mortality rate (below 1 year/1,000 live births)</td>
<td>44</td>
<td>44.4</td>
<td>38.9</td>
<td>21 (2020)</td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td>56</td>
<td>56</td>
<td>70.9</td>
<td>72.8 (2020)</td>
</tr>
<tr>
<td>Adult literacy (%)</td>
<td>37</td>
<td>37</td>
<td>64.6</td>
<td>75.6 (2020)</td>
</tr>
<tr>
<td>Primary school gross enrollment (%)</td>
<td>56</td>
<td>94.4</td>
<td>106</td>
<td>116 (2021)</td>
</tr>
<tr>
<td>Child malnutrition (% below 5 years old)</td>
<td>64</td>
<td>48</td>
<td>45</td>
<td>21.9 (2018)</td>
</tr>
<tr>
<td>Population below poverty line (%)</td>
<td>58.0</td>
<td>48.9</td>
<td>31.5</td>
<td>18.7 (2022)</td>
</tr>
<tr>
<td>Population with access to safe water (%)</td>
<td>71</td>
<td>76</td>
<td>84</td>
<td>98.5 (2019)</td>
</tr>
<tr>
<td>Population with access to sanitation (%)</td>
<td>28</td>
<td>46</td>
<td>54</td>
<td>84.6 (2019)</td>
</tr>
</tbody>
</table>


Table 1: Country at a glance

<table>
<thead>
<tr>
<th>Economic(s)</th>
<th>1977</th>
<th>1990</th>
<th>2000</th>
<th>2009</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP ($) billion, current</td>
<td>9.5</td>
<td>10.5</td>
<td>47.1</td>
<td>99.4</td>
<td>460.2</td>
</tr>
<tr>
<td>GDP per capita ($) current</td>
<td>124</td>
<td>283</td>
<td>346</td>
<td>620</td>
<td>2657</td>
</tr>
<tr>
<td>GDP growth (%) (constant prices)</td>
<td>9.6</td>
<td>5.9</td>
<td>5.9</td>
<td>5.7</td>
<td>7.1</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.4</td>
<td>9.4</td>
<td>7.4</td>
<td>4.1</td>
<td>3.1</td>
</tr>
<tr>
<td>Industry</td>
<td>22.6</td>
<td>7.7</td>
<td>6.2</td>
<td>6.5</td>
<td>9.9</td>
</tr>
<tr>
<td>Services</td>
<td>9.7</td>
<td>3.9</td>
<td>5.5</td>
<td>6.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Gross domestic investment (% of GDP)</td>
<td>21.3</td>
<td>12.1</td>
<td>23.1</td>
<td>24.4</td>
<td>32.1</td>
</tr>
<tr>
<td>Gross domestic saving (% of GDP)</td>
<td>0.7</td>
<td>12.9</td>
<td>17.9</td>
<td>20.1</td>
<td>25.3</td>
</tr>
<tr>
<td>Consumer price index (annual % change)</td>
<td>-</td>
<td>3.9</td>
<td>3.9</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>Liquidity (M2) (annual % change)</td>
<td>25.8</td>
<td>16.9</td>
<td>18.4</td>
<td>19.2</td>
<td>9.4</td>
</tr>
<tr>
<td>General fiscal deficit (as % of GDP)</td>
<td>-</td>
<td>(0.5)</td>
<td>(0.5)</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td>Merchandise trade balance (% of GDP)</td>
<td>(6.4)</td>
<td>(7.3)</td>
<td>(6.5)</td>
<td>(5.3)</td>
<td>(7.2)</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
<td>(7.3)</td>
<td>(5.3)</td>
<td>-0.2</td>
<td>2.7</td>
<td>(4.7)</td>
</tr>
<tr>
<td>External debt service (% of exports of goods and services)</td>
<td>4.3</td>
<td>20.9</td>
<td>9</td>
<td>6.4</td>
<td>6.2</td>
</tr>
<tr>
<td>External debt (% of GDP)</td>
<td>7</td>
<td>24.8</td>
<td>34.4</td>
<td>26.4</td>
<td>16.3</td>
</tr>
</tbody>
</table>

- = not available, ( ) = negative, [ ] = latest year for which data are available, GDP = gross domestic product, GNI = gross national income, M2 = broad money.
ª Year represents fiscal year.
Despite periods of political stress, devastating disasters, a narrow economic base, and infrastructure deficiencies, Bangladesh has made huge steps since 1971 in growing the economy, cutting poverty, increasing incomes, and making headway on most human development indicators, including getting children in school, reducing illiteracy and infant and maternal mortality, and improving gender equity (Table 2).

The population living below the national poverty line fell from 59% in 1990 to 20.5% in 2019 and in the 45 years to 2015, the economy grew by an average of 4.7% a year, steadily increasing each decade. Before the COVID-19 pandemic, Bangladesh recorded the highest rates of GDP growth in its history, reaching a record 7.9% in fiscal year (FY) 2019. In 2015, it gained lower-middle-income status, with a per capita gross national income of $1,210, which rose further to $2,793 by 2022 (footnote 7). With these gains, Bangladesh is now on track to graduate from least developed country status by 2026, after meeting United Nations eligibility criteria.

Between FY1990 and FY2021, food production more than doubled. Life expectancy rose from 56 in 1990 to 72.8 in 2020, with the number of infants dying in their first year falling more than two-thirds. The fertility rate sharply declined from 3.10 in 2000 to 2.04 in 2020, and the population growth rate fell from nearly 3% per year in 1979 to 1.2% by 2020. Adult literacy rose from 37% in 1990 to 73.6% in 2020. Bangladesh has eliminated gender disparity in primary and secondary education. There is now almost universal access to power and basic drinking water, while reducing open defecation practices to almost zero in 2019. New roads, railways, and bridges—along with the development of gas fields and other energy infrastructure, part of which is supported by ADB—have sharply contributed to reduced poverty, higher incomes, better access to services, and improved quality of life.
Greater availability of microfinance, cell phone services, and the internet have increased financial inclusion and the rollout of small businesses, while the expansion of the ready-made garments industry has been a major boost for the welfare of women, who hold around 80% of the jobs in this industry.\footnote{World Bank News, 2017 to Bangladesh: Empowering and Employing Women in the Garments Sector, 7 February (accessed 1 March 2023).}

Remittances from both foreign and local migrant workers have given a major lift to the incomes of poor households, while the emergence of private banks in the 1980s—and along with other measures to strengthen and deepen the financial sector and to reform tax and trade policies—has allowed the economy to become more open and the private sector to become a key partner in the development process.

Following the onset of lockdowns and global restrictions on travel, trade, and tourism due to the COVID-19 pandemic in 2019, GDP growth slowed to 3.4% in FY2020. Despite the pandemic causing lost jobs and income—especially for vulnerable groups such as poor people and women—the economy rebounded to post-growth of 6.9% in FY2021 and 7.1% in FY2022 from a recovery in exports, overseas remittances, and domestic consumption.\footnote{ADB Bangladesh Country Overview, Manila (accessed 1 March 2023).}

Before the COVID-19 pandemic and the Russian invasion of Ukraine, foreign exchange reserves and external debt remained stable. The low revenue-to-GDP ratio remains a major macroeconomic concern. Bangladesh will need to mobilize more domestic resources to meet its spending needs for both physical and social infrastructure as it recovers from the pandemic.
EVOLUTION OF A PARTNERSHIP
Bangladesh joined ADB on 14 March 1973, with the first assistance approved in June of that year. The immediate operational tasks were to help reconstruct infrastructure damaged or destroyed during the liberation war, and to boost the rural sector to strengthen food security.

The ADB program has evolved in close alignment with the Bangladesh national development plans and priorities, which include reducing poverty, developing the rural sector, building energy and transport infrastructure, providing accessible, quality education and health services, growing the private sector and financial services to accelerate growth and job creation, addressing environmental concerns, and most recently tackling the impacts of the COVID-19 pandemic and the Russian invasion of Ukraine.

ADB is a key source of external assistance for Bangladesh with cumulative committed assistance—both sovereign and nonsovereign—totaling over $30 billion, as of the end of 2022 (Table 3). Around $20 billion was also mobilized in cofinancing.

### Table 3: Asian Development Bank Bangladesh Portfolio, 1973–2022 (as of 31 December 2022)

<table>
<thead>
<tr>
<th>Item</th>
<th>No of Projects</th>
<th>No of Loans</th>
<th>No of Grants</th>
<th>Approved Loan Amount ($, million)</th>
<th>Committed Loan Amount ($, million)</th>
<th>Approved Grant Amount ($, million)</th>
<th>Committed Grant Amount ($, million)</th>
<th>Total ($, million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign Operations</td>
<td>267</td>
<td>317</td>
<td>56</td>
<td>27,831.57</td>
<td>27,831.57</td>
<td>1,003.58</td>
<td>1,003.58</td>
<td>28,835.15</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>19</td>
<td>22</td>
<td>--</td>
<td>1,115.389</td>
<td>1,115.389</td>
<td>--</td>
<td>--</td>
<td>1,115.39</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>463</td>
<td>--</td>
<td>520</td>
<td>--</td>
<td>309.89</td>
<td>309.89</td>
<td>309.89</td>
<td>--</td>
</tr>
<tr>
<td>Total</td>
<td>749</td>
<td>339</td>
<td>576</td>
<td>28,946.96</td>
<td>28,946.96</td>
<td>1,313.47</td>
<td>1,313.47</td>
<td>30,260.43</td>
</tr>
</tbody>
</table>

Note: Numbers may not be exact due to rounding. Source: based on the database of the ADB procurement, portfolio, financial management department (accessed 1 March 2023).
Soon after the partnership began in 1973, the Government of Bangladesh and ADB agreed to focus their efforts on rehabilitating infrastructure damaged in the liberation war and building up the capacity of the rural sector to meet urgent food needs.

During 1973-1979, more than one-third of ADB assistance went into agriculture and natural resources, helping farmers to access credit and inputs such as seeds, and to improve fisheries facilities, irrigation systems, drainage, and flood protection. A concessional loan in 1975 helped establish a fertilizer plant, and extended funding to provide credit to firms producing jute, cotton, textiles, and other manufactured goods.

ADB earmarked substantial resources for infrastructure, with initial investments to support the power sector and to develop the port at Chittagong, the national gateway which handles over 90% of Bangladesh’s exports and imports. In 1974, ADB provided its first loan for a rail project to improve the Dhaka-Chittagong line and other parts of the national railway system.

To speed up the processing of high-priority loans, ADB designed a quick disbursing mode for program loans in 1978. The first loan in Bangladesh under the new mode assisted the operations of the Bangladesh Agricultural Development Corporation, a government agency that plays a major role in supporting farmers with agricultural inputs and irrigation services.

The focus of ADB operations moved from food security to further infrastructure improvements, and institutional reforms in sectors including energy, finance, industry, and transport. The need to expand access to electricity and strengthen links to less developed areas of the country saw 55% of ADB assistance allocated for transport and energy, with ADB becoming a leading partner in the development of the Bangladesh gas fields. Investments in education, health, urban development, and other social infrastructure started picking up, supporting the overriding government goal of curbing poverty and improving quality of life.

The advent of private banking in the 1980s was a major turning point for the private enterprise-led development in Bangladesh. Financial reforms supported by ADB enhanced the stability, depth, and efficiency of the financial system and expanded access to finance. Tax reforms boosted revenues and trade policy reforms led to greater trade openness. As a result, the private sector progressively emerged as a key player and partner in the development process.

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The ADB Bangladesh Resident Mission opened in 1982 as the first ADB field office to support real-time coordination of its operations with government executing agencies and other stakeholders. It has provided a template for 31 satellite ADB offices and is one of the largest, with over 60 staff as of 2023.
ADB continued to put a strong focus on supporting Bangladesh in expanding access to power and improving transport connectivity over this period. Among its key operations was assistance to build the 4.8-kilometer (km) Bangabandhu Multipurpose Bridge over the Jamuna River which helped provide faster and easier access to markets and services for around 30 million people living in the isolated northwest of the country. The bridge—which is one of the longest in South Asia—was built in just 4 years, opening in 1998.

ADB initiated a dialogue on energy in December 1992 with the government and development partners which paved the way for reforms needed to address chronic service problems. ADB investments in the sector during the decade were instrumental in improving rural access to electricity, while it also played a major role in the unbundling of the Bangladesh Power Development Board into separate electricity generation, transmission, and distribution entities.

There was a substantial focus on improving secondary education with ADB projects helping to boost secondary school enrollment, which rose from 34.9% in 1996 to 75.5% in 2021. A public–private partnership project on health supported by ADB provided primary health-care services that benefited over 6 million people.

1990s
BUILDING BRIDGES, IMPROVING ENERGY, EDUCATION, AND HEALTH

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With the start of the new millennium, the focus of the partnership turned to smaller-scale infrastructure activities along with support for small- and medium-sized enterprise development, primary education, urban water supply and infrastructure services, and further investments in agriculture, energy, and transport.

The urban population of Bangladesh has grown by 6% a year for more than 4 decades. By 2050, more than 50% of the population is expected to live in urban areas. 19 Along with financing much-needed construction of urban roads, water pipelines, drains, toilets, wells, footpaths, transport terminals, community centers, parks, and other infrastructure, ADB operations in the sector over the decade helped strengthen governance to deliver better urban services.

In education, a key ADB-assisted program had a major impact in recruiting and training tens of thousands of new teachers, allowing participating schools to move to single shifts, resulting in substantial improvements in student grades. During 2000–2009, the Government of Bangladesh worked closely with ADB and nongovernment organizations to undertake a major crop diversification project to help poor rural farmers shift to the production of more lucrative crops. The results were dramatic with participating farmers seeing their incomes rise by between 21% and 56%. 20

With the onset of the global financial and economic crisis in 2009, ADB assisted in the development of public expenditure and countercyclical support programs, extending assistance that allowed the government to continue providing social protection to vulnerable populations, and to address the impacts of a global recession stemming from the crisis.

Since 2010, the partnership has focused on addressing issues that had been holding back the full development and growth of Bangladesh. These included taking steps to deepen and strengthen the efficiency of Bangladesh capital markets, upgrade industry-demanded skills, further improve transport and access to electricity, and make cities more livable.

The decade saw ADB support the installation of hundreds of megawatts (MW) of new electricity-generating capacity and the construction of thousands of kilometers of electricity and gas transmission and distribution lines. A major water supply program in Dhaka benefited nearly 100,000 poor and disadvantaged people to gain access to safe water.

Along with road and rail projects that sought to remove inefficiencies and boost connectivity to less developed areas, the Bangladesh–India Electrical Grid Interconnection Project allowed Bangladesh—starting in 2013—to access 3,000 gigawatt-hours of electricity a year from India, highlighting efforts to strengthen regional cooperation.21 ADB operations also supported the government push to upgrade the job-ready skills of the growing young working-age population, aligned with industry demands. The Skills for Employment Investment Program, approved in 2014, provided skills training to more than 800,000 people, including at least 30% women.

By the end of the decade, Bangladesh was posting its highest rates of growth in its history and the highest in South Asia.
With the onset of the COVID-19 pandemic in 2019, governments around the world quickly imposed lockdowns and other restrictions. As a result, economies came under severe strain with trade volumes contracting sharply and tourism largely coming to a halt. Health services—particularly in less developed economies—soon became overwhelmed.

In Bangladesh, canceled garment orders caused widespread job losses, hurting low-income households. Vulnerable groups—particularly women—were especially hard hit.

From the start of the pandemic, Bangladesh took prompt actions to control the spread of the disease and manage its impacts, launching a social protection and economic stimulus package worth the equivalent of $22.1 billion. To help Bangladesh meet its most pressing needs, ADB quickly mobilized combined assistance of around $1.25 billion in 2020–2022, including an emergency assistance loan of $100 million and around $1 billion in budget support, as well as extending loan and trade finance through its private sector operations. ADB also approved in 2021 a $1.78 billion multitranche financing facility for the South Asia Subregional Economic Cooperation Dhaka–Sylhet Corridor Road Investment Project. With swift policy action, Bangladesh maintained positive economic growth of 3.4% at the peak of COVID-19 in 2020.

The emergency loans helped the government to purchase urgently needed health equipment, upgrade testing facilities, and increase capacity for infection surveillance and protection. The budget assistance also helped the government expand its social protection programs and protect jobs. In the ADB-supported COVID-19 Active Response and Expenditure Support Program, at least 18.5 million poor and vulnerable people (at least 51% women) received direct financial assistance, and 3.8 million workers (53% women) in export-oriented industries benefited from extended salary support during 2020–2021.

A second wave of infections hit the country in March 2021, but during the year, the pandemic globally showed signs of easing with vaccine rollout, with restrictions on movement rolled back and trade activity picking up again. The economy began to recover, supported by stronger exports, remittances, and domestic consumption.

ADB continued to provide substantial assistance in 2021, with $2.4 billion out of total country assistance of $2.8 billion allocated to respond to COVID-19 impacts. This included a $940 million loan for the national vaccination program for faster economic recovery from COVID-19 and protection of vulnerable people, and $500 million to support the government in strengthening social resilience through enhancing the inclusiveness and responsiveness of the social protection system.

ADB aims to help Bangladesh put in place the necessary measures to support long-term socioeconomic recovery. To that end, it has committed $650 million in loans to support reforms that will strengthen public financial management and boost revenue collection, and is providing $150 million to help micro, small, and medium-sized enterprises get back on their feet. In addition to continued support to various infrastructures, a policy-based loan for climate change actions is being processed. An emergency project to rehabilitate the facilities affected by the floods during May–June 2022 was also approved.
Access to energy is critical to economic growth and poverty reduction. ADB has been the leading development partner of Bangladesh in the sector, helping it improve the availability and quality of energy output and services. ADB investments have underpinned the expansion and modernization of the electric power and gas systems of the country and pioneered regional energy trade (Figure 1). The results of these interventions have been near-universal access to electricity—up from just 40% when ADB operations began in the sector—as well as marked improvements in power quality and reliability, including the elimination of blackouts linked to generation shortages.

ADB has assisted in multiple areas, including promoting the commercial orientation of power sector entities, promoting investments in power generation, removing transmission constraints, expanding access to electricity, increasing gas production capacity, improving the gas transmission and distribution network, and improving the governance and regulatory framework. With cumulative assistance of $6.5 billion as of the end of 2022, the energy sector has received the highest amount of ADB support in Bangladesh.22
Natural gas accounts for more than 70% of commercial energy in Bangladesh and is the largest fuel source for power generation. ADB helped develop major gas fields, gas transmission systems, and most of the distribution networks across the eastern part of the country during the 1980s and 1990s. ADB has also provided technical assistance to prepare a gas master plan, draft a gas law, and develop a policy on private sector participation in the industry.

Among key ADB gas initiatives is the Gas Transmission and Development Project—approved in 2005 and completed in 2013—which constructed over 270 km of gas distribution lines and 353 km of transmission lines. The Dhaka Clean Fuel Project—approved in 2002 and completed in 2010—introduced compressed natural gas as an alternative fuel for transport in Dhaka city, resulting in remarkable improvements in air quality, with resultant health gains.
QUALITY MEETING DEMAND FOR ECONOMIC GROWTH: ELECTRICITY

Starting with assistance for the development of a gas-fired electricity generation plant in western Bangladesh in the 1970s, ADB operations have played a key role in supporting the drive of the country to rehabilitate and then improve the delivery of quality electricity services. In the 1980s, ADB financed a series of projects that helped expand and upgrade electricity transmission and distribution infrastructure, and carried out rural electrification and Doha power system improvement projects in the 1990s.

ADB has also played a role in supporting reforms and the development and restructuring of institutions in the sector. The Ninth Power Project—which was approved in 1996 and closed in 2001—paved the way for the unbundling of the Bangladesh Power Development Board and the creation of separate companies for generation, transmission, and distribution. The Power Sector Development Program supported the government plan to convert two key state-owned companies—the Power Grid Company of Bangladesh and the Dhaka Electric Supply Company—into corporate entities, and to build a national load dispatch center to improve the delivery of electricity to underserved areas.

The Meghnaghat Power Plant Project—assisted by ADB—significantly increased electrification rates. Before the plant was built and came online in 2002, annual per capita electricity consumption was among the lowest in the world at 75.88 kilowatt-hours in 1995. By 2011, this figure had tripled owing to the contribution of the plant to the national grid. The plant was established under a public-private partnership arrangement—a first for the power sector in Bangladesh—and paved the way for the entry of independent private operators who now produce over 60% of electricity in Bangladesh. Power generation capacity has risen from 546 MW in 1973 to around 26,000 MW in 2023.

“I shudder to recall the turbulent days in the 1990s when the electricity supply was at its poorest and we endured about 6 or 7 hours of load shedding on average every day,” said Ashraf Chowdhury, who owns a factory at Kachpur in Dhaka which produces ready-made garments. In 2023, the factory barely experiences any power interruptions.

Meeting the demand for affordable, reliable power supplies in northern and western areas of Bangladesh to drive development and reduce poverty has been a government goal, and ADB has supported this by assisting in the construction of the east–west power interconnector. As a result of interconnected infrastructure—which became operational in 2009—the power transfer capacity from east to west almost tripled from 400 MW to 1,100 MW. The project had a major impact on reducing transmission losses, saving millions of kilowatt-hours of energy, and significantly improving the voltage profile of northern and western regions. Another ADB-assisted interconnection project has allowed India to transfer surplus electricity to Bangladesh, helping to provide reliable supplies to less developed western areas, and supporting efforts in South Asia to develop regional energy trade.

The GoB has also been building a more than 170 km-long transmission line linking Doha to the southwest of the country, as well as upgrading and expanding distribution networks in the capital and rural areas. This ongoing project plays a role in meeting the government goal of ensuring the delivery of power to all, with the distribution improvements benefiting around 875,000 households.

A review of ADB energy sector operations during 2011–2020 found that they delivered significant benefits to Bangladesh including providing assistance in the unbundling and corporatization of public power entities, the establishment of independent regulation, and the introduction of highly efficient combined cycle gas turbine technology.

As it looks to the future, Bangladesh—with support from its partners including ADB—is looking to both expand and improve the efficiency of traditional energy sources while moving to scale up use of renewable energy resources. This assistance for renewable energy development will be an important part of future ADB operations as it supports the drive of Bangladesh to build up its resilience to climate change and promote green growth.

Through its private sector operations, ADB has extended a loan to help Reliance Bangladesh LNG and Power Limited develop a gas-fired power plant that will increase the amount of electricity produced in Bangladesh by as much as 5,300 gigawatt-hours a year.

ADB—along with assistance from the Japan Fund for Prosperous and Resilient Asia and the Pacific (formerly the Japan Fund for Poverty Reduction)—has also been building a more than 170 km-long transmission line linking Doha to the southwest of the country, as well as upgrading and expanding distribution networks in the capital and rural areas. This ongoing project plays a role in meeting the government goal of ensuring the delivery of power to all, with the distribution improvements benefiting around 875,000 households.

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TRANSPORT
CONNeC TIVITY
Bangladesh has a complex multimodal transport network and strengthening and expanding it has been at the heart of government development strategies to cut poverty and broaden socioeconomic growth during the past 50 years. ADB has been a close partner over that time with investments in roads, railways, ports, bridges, and urban transport. This assistance is the second largest of all sectors in the ADB Bangladesh portfolio, with cumulative commitments of $5.7 billion as of April 2022 (Figure 2).

Along with upgrading and expanding physical infrastructure, ADB has helped Bangladesh carry out sweeping organizational reforms in the rail sector and to improve the efficiency of its major port, Chattogram. It has been a significant investor and supporter of the South Asia Subregional Economic Cooperation (SASEC) program, helping to build regionally focused road and rail links and to smooth the flow of trade with improvements to border customs systems.
The vast road network of Bangladesh carried 86.67% of all passengers and 77.41% of all freight in 2018. However, there are many gaps in the network and much of it is exposed to significant climate risks.

Supporting the government drive to give poorer, remote regions better access to markets and services has been at the heart of ADB road sector operations throughout the partnership. During the last decade, ADB has been bringing an innovative solution to improving rural connectivity by making road infrastructure resilient and sustainable with nature-based bioengineering technologies through the Chattogram Hill Tracts Sector Project and the Rural Connectivity Improvement Project, with support from the technical assistance project Protecting and Investing in Natural Capital.

Starting with the Khulna–Mongla road project—approved in 1977—to provide a road link and ferries to boost imports and exports, ADB has undertaken several key road initiatives to strengthen connectivity with underserviced areas and improve the transportation of people and goods. The Southwest Road Network Development Project—approved in 1999—supported the development of a road corridor linking Dhaka with the southwest of the country. As a result, regional GDP grew by 6% a year during 1999–2005, higher than the national average, while vehicle operating costs in the corridor fell by 36% over the same period.

As well as building new roadways and upgrading roads damaged in disaster events, ADB has assisted in the construction of bridges that have had a major impact on supporting socioeconomic development and reducing poverty in Bangladesh. The Bangabandhu Multipurpose Bridge spanning the Jamuna River—financed by ADB and other partners—provides a critical lifeline between the less developed northwest of Bangladesh with eastern areas including Dhaka and Chattogram. Before it was constructed, the Jamuna River had been a barrier to development, with frequent flooding making it difficult, and time-consuming to cross.

“Until 1998 (when the bridge opened), transportation of fruits and vegetables to markets in Dhaka was a tedious 14 hours journey by a detour using ferry services and the owners consistently suffered losses to their perishable commodities,” truck driver Abdul Halim said. “Now, with the bridge built, and access roads and highways to the bridge from all parts of the country constructed and rehabilitated, I can drive to Dhaka in just 5 hours, in all weathers and all times of the day and night. In addition, the bridge and the improved roads have reduced fuel consumption and wear and tear on my truck.”

The provision of electrical, gas, and telecommunications links under the project created opportunities for new businesses in the northwest, and with its location along the Asian Highway and Trans-Asian Highway, the bridge has strengthened subregional integration with Bhutan, India, and Nepal. Studies have shown that, nationwide, the project has lifted an estimated 1 million people out of poverty. Another multipurpose bridge across the Padma River—linking underdeveloped southwest areas of Bangladesh with the rest of the country—was built with ADB assisting at the design stage.

ADB is also assisting in the development of a sustainable urban transport system for Dhaka, including a 20 km bus rapid transit corridor and a mass rapid transit rail system. ADB also helped establish a motor vehicle transport agreement among Bangladesh, Bhutan, India, and Nepal that will allow the four countries to freely transport cargo and passengers in each other’s territories. This is expected to give a substantial boost to the subregional movement of goods and people.

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The Bangladesh rail network spans more than 3,093 route kilometers and has faced substantial infrastructure and operational challenges over the past 50 years. ADB has been the lead development agency in supporting the drive of the government to improve the infrastructure and operational performance of the rail system. In 1974, ADB extended its first loan for a rail project, to upgrade the Dhaka to Chattogram line along with other sections of the national rail system. This support was critical for reconstructing the railways for getting food and other basic commodities to communities in need in the wake of the liberation war.

In 2006, ADB signed a $430 million multitranche financing facility for the Railway Sector Investment Program to help the Government of Bangladesh carry out infrastructural and organizational reforms to put the rail system on a more commercial footing and improve its governance and accountability. ADB also assisted in upgrading rail corridors, procuring modern rolling stock and improving logistics, reducing costs, and boosting trade along subregional transport corridors.

A $1.5 billion project is constructing a dual-gauge 102 km railway line to connect the tourist town of Cox’s Bazar with the Bangladesh railway network to promote trade and tourism and improve access to the neighboring countries and beyond. Under various projects, ADB assistance also supported the modernization of the railways by enhancing digitalization, safety, signaling systems, and maintenance.
Chattogram and Mongla are the two seaports in Bangladesh, with Chattogram handling about 85% of all cargo exports and imports. To help Chattogram port upgrade its infrastructure and improve its operations, ADB in 2005 approved loans that have automated container management and introduced a 30-year strategic master plan for the port.

By assisting in the improvement of border infrastructure and customs procedures, ADB was also facilitating cargo movements across the borders of Bangladesh. ADB assistance also supported other bilateral and multilateral agreements aimed at boosting cross-border transport and logistics services and ultimately seeks to help the Chattogram port realize its potential of becoming a gateway port for South Asia.

ADB will give priority to further developing the SASEC transport corridors and will support reforms needed to strengthen transport institutions. It will also assist with the improvement in operating efficiency and financial sustainability of Bangladesh Railway given the limited progress in increasing the share of rail passenger and freight transport since 2005.
WATER SUPPLY AND OTHER URBAN INFRASTRUCTURE AND SERVICES
Bangladesh has undergone rapid urbanization over the past 5 decades with about 31.51% of the population now dwelling in cities and other urban centers. At the same time, infrastructure and services have not kept pace with the fast population growth, with many deficiencies including low access to piped water and decent sanitation. Many of the poorest citizens of the country live in urban areas, particularly in informal settlements.

ADB has been a prominent agency in supporting improvements in urban infrastructure and services with assistance for water supply, sanitation, solid waste management, drainage, flood protection, bus and/or truck terminals, and roads (Figure 3). It has also played a significant role in supporting institutional and governance reforms needed to improve the management of municipal services.

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Figure 3: ADB Assistance to Water Supply and Other Urban Infrastructure and Services (1973–2022, in $ million)
Source: ADB staff estimates.

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The Secondary Towns Infrastructure Development Project—and its follow-up completed in 2003—made substantial improvements in living conditions and the environment in 32 secondary urban centers, or pourashavas. The Urban Governance and Infrastructure Improvement Project (UGIIP) and its follow-ups benefited over 1.85 million citizens across about 90 pourashavas, with improved drainage systems, sanitary facilities, and roads; the construction of housing, markets, bus terminals, and solid waste management facilities; and the provision of health and education services. The UGIIP introduced a performance-based resource allocation mechanism that promoted efficiency and good governance in managing the pourashavas.

“We lived with no permanent roof overhead and only makeshift toilets, and we were often reduced to drinking water from a nearby pond, with our children suffering from all kinds of diseases,” said Kanti Lal Vasfor of Moulvibazar, Sylhet. The project financed a housing complex that provided homes for his family and over 30 other disadvantaged families. The community receives regular monthly visits from the pourashava medical officer and the children go to local schools.

This groundbreaking project also delivered significant improvements in governance and tax collection in the pourashavas and helped address gender inequality by providing job opportunities to women, as well as microcredit to them to create income-generating activities.

*AFD. 2016. Transforming Poor Communities, Changing Lives in Bangladesh: Project case study. 9 June.*
Dhaka is home to around one-third of the total urban population of Bangladesh and has grown twice as fast as other urban areas. This rapid growth has tested the ability of city authorities to supply safe, reliable potable water to all its inhabitants. One of the most significant urban interventions by ADB in Bangladesh has been helping the metropolis meet this challenge.

The Dhaka Water Supply Sector Development Program—approved in 2007—was the start of a series of initiatives that supported a full rehabilitation of the city network of water pipelines, providing water supply for the first time to some informal settlements. The program introduced metered house connections and has sharply reduced non-revenue water losses, with more than 10 million people gaining access to safe water. It also introduced state-of-the-art trenchless pipe-laying technology to minimize traffic disruption. The benefits of the program have included both health improvements and increased productivity for women, who now spend less time fetching and storing water.

Water supply improvements were supported by ADB in the coastal city of Khulna where saline intrusion—exacerbated by climate change—affected its groundwater supplies. At the time of the project approval in 2011, only 23% of the city’s 1 million people had access to piped supplies, infrastructure was in poor condition, and unconnected households had to spend substantial amounts of time collecting potable water each day. The project—cofinanced by the Japan International Cooperation Agency—helped the city introduce surface water as its main source of supply, taking pressure off diminishing stocks of low-quality groundwater. It also extended distribution pipes and household connections, reduced water losses, introduced water user groups, and strengthened corporate management at the Khulna Water Supply and Sewerage Authority. As a result of these measures, an additional 110 million liters of water a day can now be produced and pressure on the extraction of groundwater has been substantially reduced.

ADB operations in the urban subsector have also supported flood protection works, primary health care, and the development of other sustainable infrastructures. As it looks to the future, ADB will be targeting the development of green, livable cities which are more climate resilient and include low-impact transport options. It will support stronger governance and the mainstreaming of digital and other technology solutions to help drive these improvements while promoting greater participation by communities and the private sector.

The City Region Development Project and its follow-up promoted connectivity and regional links, with an approach of clustering and linking urban centers, and developing economic corridors, which contributed to the potential for regional cooperation. The Coastal Towns Infrastructure Improvement Project and the Coastal Towns Environmental Infrastructure Project have developed climate-resilient urban infrastructure in vulnerable coastal towns.

AGRICULTURE, NATURAL RESOURCES AND RURAL DEVELOPMENT
Almost two-thirds of the population—including the majority of poor people—live in rural areas, and around two-thirds of the entire labor force works in agriculture. Therefore, the sector plays a pivotal role in food security, poverty reduction, and inclusive growth. Over the past 50 years, agricultural production has come under increasing pressure from a growing scarcity of water and land, diminished natural resources, competing food crop use, and most recently rising climate change risks.

ADB operations in the sector have played a role in increasing food production, creating jobs, diversifying crops, developing livestock and fisheries, improving irrigation and flood control systems, and upgrading rural infrastructure (Figure 4). These interventions have helped to substantially increase farmer incomes and link them to markets and services. They have supported the establishment of new agribusinesses and employment opportunities while water-related activities have allowed smallholder farmers and the landless to better manage irrigation and flood control systems.
ADB assistance in the 1970s began with helping Bangladesh raise agricultural productivity to meet immediate food needs in the aftermath of the liberation war. This included loans and technical assistance for physical infrastructure, as well as the provision of credit to allow farmers to access critical inputs, including seeds. There was support for the development of aquaculture, an important industry in Bangladesh where the climate and soil support inland fisheries cultivation and where fish are a crucial nutrient source for both the rural and the urban poor.

The 1980s saw ADB operations continue to support the drive of productivity improvements while broadening support to help Bangladesh develop its livestock and forestry sectors. The need to improve water use in the sector saw a project launched to upgrade the Ganges–Kobadak irrigation system, the largest surface water irrigation system in the country.

Strengthening water management remained an important theme moving into the 1990s, with the rehabilitation of drainage systems and support for agricultural extension services and fisheries management in the districts of Khulna and Jashore. It resulted in more than 48,000 hectares of additional land being brought under year-round cultivation, while poverty levels declined and incomes rose in project areas.34 Projects on small-scale water resources management used a bottom-up participatory approach by forming grassroots-level water management associations, resulting in better management and sustainability of water infrastructures, and a significant boost in crop and fish production. The Participatory Small-Scale Water Resources Sector Project developed community water infrastructure with the participation of stakeholders including farmers, fishers, landless people, and women. The project and two forerunners helped raise cropping intensity from 176% to 237%, saved one crop from regular flooding, added 390,000 tons of additional harvests, and annually created 6.27 million person-days of employment.

Seasonal flooding and riverbank erosion plague vast areas of the floodplains of Bangladesh, often resulting in large-scale crop destruction, which hurts livelihoods and displaces tens of thousands of people annually. In response, ADB operational support targeted major upgrades to flood protection with the Jamuna–Meghna River Erosion Mitigation Project—implemented during 2002–2011—putting in place erosion protection works that improved about 44,000 hectares of land and reduced flood risks to 400,000 households. The result was a more than 200% increase in crop intensity in project areas, sharply increasing cereal and fishery production. It also prevented the displacement of 50,000 people in target areas.

The first decade of the new millennium also saw ADB support the goal of improving incomes for smallholder farmers by helping them switch from traditional crops, such as rice, to higher-earning commodities. The Northwest Crop Diversification Project—implemented between 2000 and 2010 in partnership with nongovernment organizations—saw the incomes of participating farmers more than double. As a result of the project, a quarter of a million smallholder farmers, half of them women, now produce crops that can earn them much more than traditional rice growing.

Rina Rani Das—a farmer from Sherpur in the district of Bogra—was one of those beneficiaries. Using microcredit provided under the project, she was able to move to higher earning crops which saw her income more than triple. “My children are now grown up and go to high school, we have repaired our house, bought some lands, and engaged in the agricultural products wholesale business,” she said.

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Another area of support was upgrades to infrastructure to give poor rural communities better access to markets and social services. The Rural Infrastructure Improvement Project approved in 2002 and completed in 2009 supported significant upgrades in rural roads in 16 districts of Khulna and Barisal covering 22.6 million people, representing over 18% of the total population of Bangladesh. Close to half the people in both Barisal and Khulna lived below the country’s poverty line and the improvements sharply reduced travel times, with the average income of households below the poverty line increasing by 47% in constant terms.

In the decade to 2020, ADB operational support targeted further rural infrastructure upgrades to reduce poverty and expand access to new economic opportunities for poor people and women. It also made investments through its private sector operations in the PRAN-RFL group—the largest food and agribusiness group in Bangladesh—in support of agribusiness development and increased food security. In 2012, ADB provided a $12.5 million loan to allow the group to construct new production facilities, with a starch and liquid glucose plant established, providing direct employment to around 190 employees, while benefiting up to 2,600 farmers supplying cassava under contract.34 This support continued over 10 years with the provision of two further loans allowing PRAN group companies to finance additional food-processing facilities and to preserve contracts with suppliers during the COVID-19 pandemic, benefitting thousands of more farmers.

Overall, ADB-assisted projects in the sector from 2011 to 2020 resulted in the provision or upgrade of over 4,700 km of rural roads; flood control and drainage improvements on more than 550,000 hectares of land; the provision of over $116 million in rural credit to more than 1 million poor families, farmers and small-scale entrepreneurs; the planting of more than 86,000 hectares of high-value crops; and skills training provided to over 900,000 project beneficiaries as well as over 41,000 government and nongovernment organization (NGO) personnel.37

As Bangladesh seeks to grapple with growing pressures on natural resources, ADB has been providing it with knowledge support and technical assistance to help pave the way for natural capital investments which will protect its biodiversity and allow it to transform food production systems so that they are green, resilient, and sustainable. This support is expected to be scaled up in the face of the worsening climate change crisis and other pressures on food security.
Bangladesh has seen extraordinary success in getting children into classrooms, ensuring gender parity, and improving completion rates and competency levels over the past 50 years. By 2020, education was offered to almost all children of primary school age and 70% of the secondary school age group, while gender disparity in both primary and secondary education had been eliminated. Examination pass rates and completion rates at the secondary level have sharply improved, although still have some way to go.

ADB played a vital role in bringing together development partners to support education projects and programs in both primary and secondary education, with the results of the cooperation acknowledged by the government as close and effective. Operations started with a focus on expanding access to primary education for boys and girls, upgrading the quality and relevance of curricula, and improving the competency of teachers, before expanding into the secondary sector (Figure 5).
The Second Primary Education Development Program, approved in 2003 and completed in 2012, recruited 45,000 new teachers, intensively trained another 95,000 teachers, constructed 40,000 new classrooms, and renovated another 10,000 classrooms, allowing participating schools to go to a single shift teaching system.38

“After we changed the two shift system to one, students’ grades began to improve a lot, mainly because we now spend more time on each pupil,” said Mirza Johura Akhter, head of the Nayabazar Government Primary School in Syedpur Upazilla of Nilphamari District. She noted that student attendance rose from 75% to 90% throughout the project.

ADB worked with several multilateral and bilateral development partners on the program which became a model for agency harmonization and cooperation.

The drive of the government to reform and restructure secondary education was supported by the Secondary Education Sector Improvement Project, which ran from 1999 to 2007. The drive had broad impacts ranging from the development of new school assessment systems to the introduction of modern skills-based curricula, and the provision of training to tens of thousands of teachers. New schools and other education infrastructure were built and the project helped strengthen access to schooling for female students through the provision of stipends.

During 2010–2020, primary, secondary, and higher secondary enrollments exceeded ADB targets, dropout rates lowered, pre-primary education was introduced for all children, and completion rates for schooling increased. The overall impact of these interventions can be seen in the education profile of the workforce, with workers aged between 15 and 34 in 2020 now much better educated than those over 35, reflecting the improved efforts to upskill youth.
Bangladesh and ADB are working together to develop a skilled, competitive workforce to support the human resource needs of priority and emerging industries, which would ensure the demographic dividend and drive the growth of diverse industries. The working-age population is expanding fast from 87 million in 2011 to an estimated 119 million by 2026, with 2 million potential new entrants to the labor force every year. More than half of the labor force has only primary education or less, and less than 4% of the working-age population has received technical or vocational training. The youth unemployment rate rose from 4% in 1991 to more than 10% in 2019.

Since 2014, ADB has supported government major reform initiatives in skills development—led by the Ministry of Finance—with a multitranch financing facility for the Skills for Employment Investment Program (SEIP). SEIP aims to enhance the productivity and employability of the growing workforce with industry-relevant skills across government-identified priority sectors. To expand the national training capacity and improve the relevance of skills courses, the Ministry of Finance formed public-private partnerships with more than 10 industry associations and other nongovernment organizations, while coordinating more than 60 public institutes across three ministries. As of 2022, more than 800,000 men and women across the nation have been trained through SEIP training courses (with 30% women) and at least 60% of graduates had been placed in jobs across various industries. SEIP also established the National Skill Development Authority to coordinate fragmented training systems with quality assurance mechanisms, and created the National Human Resource Development Fund to provide financing for sustainable skilling initiatives in the private and public sectors.

ADB-assisted interventions in education have helped to boost inclusion, end gender inequities, strengthen learning outcomes, and upgrade skills. But there is still room for further improvement. Poor people, minority ethnic groups, urban slum residents, and those in remote locations still lack access to quality educational opportunities, while around 19% of children that start still do not complete their schooling. Upgrading the quality of higher education and improving the employability of graduating students—a goal that is supported by the increasing demand for higher-level technology-oriented skills—will continue to be the focus of future operations. Furthermore, ensuring equal access to schooling, meeting the needs of disadvantaged groups, and scaling up contributions to climate adaptation and mitigation—with keen attention to the education and skills of women and socially disadvantaged groups—will be key goals of future operations. ADB will leverage the broader use of digital technologies across education and skills operations, and continue to work with development partners for a coherent sector approach to ensure development impacts.

40 ADB. Bangladesh: Supporting Fourth Primary Education Development Program. Active Project Data Sheet (accessed on 1 March 2023).
Although making up a relatively small portion of its total country portfolio, ADB health operations have supported the Bangladesh drive to upgrade health services and improve access to them. Throughout the partnership, child and maternal health and mortality indicators have improved significantly.

After initial support to help Bangladesh strengthen selected district hospitals, nursing institutions, and family planning services, ADB operations began to focus on upgrades to urban primary health care in the 1990s in response to high levels of child and maternal ill health and a lack of services in informal settlements in cities.
The Urban Primary Health Care Project—a public–private partnership initiated in 1997—supported the provision of basic health services targeted mainly at poor people, women, and children. Working through partnership agreements with nongovernment organizations, the project benefited over 6 million people with 163 new primary care centers and 17 reproductive health-care centers established. It was the first large-scale urban primary health-care project undertaken by ADB in South Asia and through a public–private partnership model. These interventions to improve access to and the quality of urban primary health services continued under follow-up ADB projects and from 2005 to 2014, the infant mortality ratio declined by 26% and the maternal mortality ratio by 41% in project areas.41

In 2005—in collaboration with the UN Food and Agriculture Organization and World Health Organization—ADB pioneered initiatives to help Bangladesh prevent and control avian influenza. With the outbreak of the COVID-19 pandemic in 2020, ADB moved swiftly to support the government as it took action to control the spread of the disease and manage its impacts. Starting with a $100 million emergency assistance loan in April 2020 to finance the procurement of urgently needed equipment and supplies and to upgrade testing facilities, ADB support has been wide ranging. It has included funding to expand social protection services and protect jobs, and working capital for a dairy unit of PRAN-RFL to aid food security and protect the incomes of farmers.

In 2021, $2.4 billion—out of total ADB country assistance of $2.8 billion—was allocated to respond to COVID-19 impacts, including a $940 million loan package under the Asia Pacific Vaccine Access Facility to allow Bangladesh to purchase safe vaccines. The pandemic has revealed underinvestment and pressure points in the Bangladesh health and social protection services, and ADB intends to expand support to mitigate exposure to systemic shocks like disease outbreaks, natural hazards, and climate change. A future needs assessment is being carried out and operations are likely to target further assistance for urban primary health care, as well as potential support for tertiary health care, universal health coverage, and enhanced social protection programs.

F% AND MANAGE NANCE PUBLIC MENT
Well-functioning financial systems are crucial for funding investments needed to support economic growth, job creation, development of the private sector, and poverty reduction. The Bangladesh finance sector has traditionally been dominated by banks and oriented toward the provision of short-term funding. The limitations in the sector have hampered economic growth, the rollout of infrastructure, and the development of small- and medium-sized enterprises (SMEs) which are critical for job creation and income generation.

ADB operations in the sector have been focused on helping Bangladesh strengthen its capital markets, providing an alternative long-term source of funds to banks, as well as supporting SMEs to grow (Figure 6). Early on in its partnership, ADB also played a significant role in promoting the development of the leasing industry in the country.
Support for capital markets has mostly come through a long-running ADB program which is fully aligned with the government master plan for developing the subsector. Starting in 1997, the program has played a major role in helping Bangladesh introduce reforms and policies that have addressed structural deficiencies and improved the stability and efficiency of the markets. The second phase of the program, beginning in 2012, followed a remarkable correction in the Dhaka stock exchange, which wiped out $27 billion in market capitalization and triggered bankruptcies and job losses.42

The crisis saw a high-level probe by the government which—with ADB assistance—saw the introduction of several reforms to strengthen and improve the operations of the Bangladesh Securities and Exchange Commission, including the introduction of a real-time market surveillance system, and to change the governance structure of the Dhaka and Chattogram stock exchanges by separating ownership from management. It also resulted in legislative changes that set the foundation for more sustainable development of the capital markets.

The third phase of the program, starting in 2015, supported further policy actions to address remaining barriers to the development of the capital markets. This included the creation of an equities clearing and settlement company and the strengthening of the Insurance Development and Regulatory Authority to promote the growth of the industry and encourage insurers to use the capital markets more. All these measures have combined to promote more efficient and liquid markets, diversify the availability of financial instruments, and broaden the investor base.

SMEs in Bangladesh employ up to 80% of the nonagricultural labor force, and play a central role in growth, job creation, and poverty reduction. A lack of access to finance has been a major impediment to their development, particularly in rural areas. In response, ADB has provided medium- to long-term credit to financial institutions for on-lending to SMEs in areas outside the major metropolitan centers. The result has been a substantial rise in the proportion of credit provided to SMEs out of the total loan portfolios of financial institutions, while a case study conducted by ADB found that the number of women-led SME borrowers increased by over 200% from 2010 to 2014.43

Women are traditionally more disadvantaged than men in Bangladesh and by putting a strong emphasis on financing women-led SMEs, ADB projects and programs have helped to steadily increase disbursements to female entrepreneurs, providing them with much-needed long-term funds. As part of its efforts to support women in the workplace, ADB provided a loan facility to BRAC Bank, which is being on-lent for the construction and upgrade of ready-made garment factories, which have agreed to meet global standards for workers’ rights and safety. Women make up around 80% of the more than 4 million workers employed in the textiles and garments industry, which suffers from infrastructure deficiencies and has been affected by serious fires and building collapses.44

ADB operations in the finance sector have sought to encourage more private sector investment in the economy, particularly through public-private partnerships (PPPs) for infrastructure development. With support from ADB and other development partners, the government established a PPP policy and strategy to lay the groundwork for attracting domestic and international private investor support. The mandate to promote and finance PPP projects was given to the state-owned Infrastructure Development Company Limited (IDCOL), which oversees a financing facility that has received several ADB fund injections.

With assistance from ADB and other development partners, IDCOL has been able to extend long-term finance to fund several energy projects, including the installation of millions of home solar energy systems. More than 2 million systems—mainly in remote areas without access to grid-connected power—had been installed by 2013, cutting energy costs and opening up new income-generating opportunities.45

Another project saw ADB provide a credit facility of $50 million to the central bank for on-lending to domestic financial intermediaries to fund the construction of more energy-efficient and cleaner burning brick kilns. The project provided financing to 19 kiln manufacturers by 2020 and supported the government goals of tapping domestic financiers to fund development, as well as reducing greenhouse gas emissions.46

While ADB operations have led to greater financial inclusion, sound and better-governed capital markets, and the creation of a PPP culture, much more needs to be done. As the partnership moves forward, ADB will look to continue its push to build more effective financial markets, improve access to finance for cottage, micro, small, and medium-sized enterprises, and support further reforms to strengthen the overall business and finance environment. It will also work to promote innovative financial solutions for climate change and increased use of digital technologies in the sector.

Bangladesh has achieved impressive growth and social development in a short space of time, demonstrating a consistent track record of fiscal discipline and debt management in the decade to 2020. However, its business competitiveness needs significant improvement.

In response, ADB has made good governance one of the strategic priorities in its assistance to Bangladesh, with support to reduce corruption and improve integrity, strengthen financial management systems, reconstitute regulatory bodies, promote corporatization, and improve regulations and supervision of the capital markets. It has also played a role in promoting reforms to separate management from regulatory functions in the power sector and to adopt and enforce regulatory standards in transport.

In 2004, ADB provided technical assistance that helped establish a modern organizational structure and operational rules for the newly formed Anticorruption Commission (ACC).

Further ADB technical assistance, completed in 2021, helped develop a new digital investigation and prosecution management system for the ACC. These initiatives have helped to substantially improve the efficiency of the work of ACC, and in 2018, it had a 100% conviction rate for money-laundering cases, with overall annual conviction rates for cases rising steadily since 2011.
The early support for the ACC was followed by the Good Governance Program, which was approved in 2007 and ran until 2018. It is the most comprehensive institutional reform program ever undertaken in Bangladesh. It sought to put in place policy, legal and institutional reforms to reduce corruption, strengthen the judiciary and public administration, and improve governance in sector agencies.

There was widespread support from all major political parties for the wide raft of recommended policy actions—with 44 out of 47 of the actions achieved—and the program laid the groundwork for many milestone governance achievements in Bangladesh, including the separation of the judiciary from the executive branch of government, the development of a national integrity strategy, and the creation of the National Integrity Advisory Council, headed by the Prime Minister. Strong leadership from the executing and implementing agencies ensured quality inputs during the rollout of the program, and all policy reforms being implemented have been sustained with adequate budgets provided for them.

Delays in projects caused by slow procurement have hampered the effectiveness of ADB operations in Bangladesh in the past. In 2017, ADB reformed its procurement processes to make them simpler and speedier to carry out.

In Bangladesh, ADB has taken steps to strengthen monitoring and guidance for procurement staff of executing agencies, and is pursuing the adoption of an e-procurement digital system to further improve outcomes. One successful example of effective procurement has been the Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility. This initiative provided loans of $940 million, approved in 2021, for the procurement of over 44 million doses of COVID-19 vaccines.
CROSSCUTTING AS SISTANCE
Bangladesh faces many environmental challenges, in particular climate change, where its low-lying land mass and geographic location leave it highly exposed to cyclones and other weather extremes. The rapid growth of urban centers has also resulted in water and air pollution, along with sanitation and solid waste problems. Rural areas face problems of land and forest degradation, loss of wetlands, and pollution of waterways from the runoff of agricultural chemicals.

The Government of Bangladesh is adopting policies and action plans and establishing funds to address these challenges. ADB operations are closely aligned with government priorities and the work of other development agencies. Initial ADB assistance focused on improving water resources management, particularly in agriculture and natural resources. That included projects to build flood control infrastructure, upgrade and expand irrigation systems, and increase community involvement in water resources management, with the creation and training of water user groups. In the urban subsector, operations focused on improving the quality and quantity of potable water supplies and building and upgrading sanitation, solid waste, drainage, and flood protection infrastructure.

The partnership has included operations aimed at improving the productivity and sustainability of the forestry and fisheries industries, as well as helping Bangladesh to develop its clean energy resources and to introduce sustainable low-carbon transport systems in Dhaka.

The Meghna River—30 km east of Dhaka—offers a major alternative source of water for the city whose supplies have been depleted in both quantity and quality. In 2013, ADB approved a loan to finance the Dhaka Environmentally Sustainable Water Supply Project which was to provide treated water from the Meghna River to Dhaka. However, with concerns raised about pollution and contamination of the Meghna River, ADB carried out a follow-up technical assistance study into measures needed to ensure the sustainability of the river as a source of potable water. The recommendations have given Bangladesh a blueprint for protecting and managing the river into the future.
Between 1999 and 2018, Bangladesh was the seventh most affected country in the world by increasingly extreme events linked to climate change. During this period, severe floods, cyclones, and droughts caused annual average losses of around $1.69 billion, or about 0.41% of GDP.

During 2010–2020, Bangladesh mainstreamed climate change considerations with assistance by ADB through the strengthening of climate risk screening and climate-proofing of key investment projects, which were built with standards designed to enable them to withstand significant flooding and other extreme events. ADB has also assisted in green growth by expanding renewable energy and financing instruments to promote cleaner technology.

Aligned with national strategies and plans including the Bangladesh Delta Plan 2100, the Mujib Climate Prosperity Plan, and the National Adaptation Plan, ADB is deepening its operational focus on building a climate-resilient nation by implementing effective climate change adaptation measures. Through its country partnership strategy for 2021–2025, ADB has committed to adopting a holistic approach to integrating climate change in all its operations, fully aligned with the goals of the Paris Agreement, while expanding operations that directly aim to address climate change impacts. Climate change adaptation, environmental, and disaster risk-reduction measures will be systematically addressed in all ADB investments.

In 2022, ADB and the Planning Commission of Bangladesh jointly launched the Bangladesh Climate and Disaster Risk Atlas. The atlas—which includes geospatial maps for climate and disaster risk screening and assessment—will be an effective tool for infrastructure planning and design, hazard mitigation, and climate and disaster proofing. It will support the design and implementation of projects and options for climate change adaptation and disaster risk reduction and management in Bangladesh.
REGIONAL COOPERATION AND INTEGRATION
The outward-looking policies and support for regional cooperation and integration of Bangladesh contributed to a rise in its economic growth rate from 4% in the 1970s to 6% in the 2000s. The shift of the country from inward-looking policies to an export orientation helped expand the private sector and generate new jobs, resulting in a 130% increase in real per capita income, and the halving of poverty over the same 30-year period.

Bangladesh has played an important role in accelerating economic cooperation in South Asia through the South Asia Subregional Economic Cooperation (SASEC) program, covering Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka. By fiscal end-2022, Bangladesh received ADB assistance for 24 SASEC projects (transport, energy, trade facilitation, economic corridor development, information and communication technology, and tourism) at a total cost of about $6.70 billion, with cumulative ADB lending of $3.68 billion. Bangladesh is also playing an important role in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) comprising Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. BIMSTEC, with its headquarters in Dhaka, is promoting technological and economic cooperation among South Asian and Southeast Asian countries along the coast of the Bay of Bengal. The location of Bangladesh makes it well suited to be a transit hub within South Asia, and between South Asia and East Asia and Southeast Asia, with increased connectivity and economic integration offering major opportunities for trade and investment.

ADB is facilitating negotiations among Bangladesh, India, and Nepal to finalize and sign a memorandum of understanding for a motor vehicle agreement, and protocols for passenger and cargo movements across borders.

ADB works closely with the South Asian Association for Regional Cooperation (SAARC) by facilitating dialogues, supporting knowledge work, and capacity building. Under a memorandum of understanding signed between SAARC and ADB in 2004, ADB and the SAARC Secretariat agreed to support member states’ efforts to attain sustainable poverty reduction by promoting initiatives for economic growth; social development; good governance; and cross-border movements of goods, services, and people; and to establish institutional linkages between SAARC and other regional cooperation initiatives such as SASEC and the Central Asia Regional Economic Cooperation (CAREC).
The Bangladesh–India Electrical Grid Connection Project, approved in 2010, established the first ever interconnection of two national grids in South Asia, allowing exchanges of electricity between both countries. The initial goal was to provide power to meet shortages in Bangladesh, but the project was also designed to support the development of a wider regional energy trading market for South Asia, allowing countries with surplus power, such as Bhutan and Nepal, to export it. More than 100 km of a 400-kilovolt transmission line was constructed between electricity substations in Bahrampur, India, and Bheramara, Bangladesh, reducing the power deficiency in Bangladesh by 500 MW.47

A follow-up project, approved in 2015, has provided financing to further double the transmission capacity of the interconnection system. The success of this initiative has underpinned the mutual benefits of cross-border cooperation and helped advance the goal of a regional energy trading market. In September 2018, ADB approved $2 million for a regional technical assistance project to prepare master plans and raise capacity to promote regional oil, gas, and power trade cooperation.

Improving connectivity along transport and economic corridors linking countries in South Asia is another major focus. The SASEC Railway Connectivity: Akhaura-Laksam Double-Track Project, approved in 2014, is upgrading a section of the Dhaka to Chattogram line along a major subregional corridor. Once completed, this project will allow for increased movement of goods along an important corridor route, boosting both the national economy and the subregional trade. ADB is also supporting regional road projects that are boosting links between Bangladesh and its neighbors.

47 Bangladesh–India Electrical Grid Interconnection Project. Undated. South Asia’s First Interconnection of Two National Grids.
To speed up and smooth the passage of goods transported across borders, ADB is supporting the SASEC Integrated Trade Facilitation Sector Development Program. It will pave the way for reforms of customs border infrastructure and procedures, including the adoption of the “single window” system for clearing goods. The projects implemented earlier—including the SASEC Trade Facilitation Program—supported the better alignment of Bangladesh customs procedures and practices with internationally accepted standards toward improved border clearance mechanisms, automation of customs, and enhanced trade access to information.

ADB projects have also supported regional tourism, with assistance to build up a “tourist circuit” for Buddhist sites in Bangladesh, India, and Nepal, while a regional information highway project sought to strengthen communications links between Bangladesh, Bhutan, India, and Nepal to deliver more inclusive, affordable, and sustainable internet services. The project had established over 200 community e-centers that play a significant role in giving many remote, rural communities better access to the internet.48

As it continues its partnership with Bangladesh, ADB operations to deepen regional cooperation will continue to center around the SASEC program. This includes further support to develop intra- and inter-regional transport and economic corridors, upgrade transport infrastructure, and carry out further trade facilitation reforms. ADB will support the continued development of the cross-border electricity trade, as well as help Bangladesh promote regional public goods, needed to address shared challenges including climate change, communicable diseases, disasters, and degradation of waterways.

The partnership between ADB and Bangladesh has coincided with rapid and impressive gains in gender equity. Parity between the sexes in primary and secondary education has been achieved and the fertility rate for women has declined sharply, along with the maternal mortality ratio. Women play increasingly prominent roles in economic and political life. At the same time, women still suffer disproportionately from unemployment, underemployment, and vulnerable employment. Far fewer women than men have bank accounts, financial assets, or land. Violence against women is an increasing problem, exacerbated during the COVID-19 pandemic.

ADB operations to promote gender equity have evolved. In the late 1970s and 1980s, support for gender equity focused on skills development for women and the provision of microfinance, to increase their involvement in the economy. In the 1990s and into the 2000s, the partnership evolved into a mainstreaming approach to ensure gender equity and the empowerment of women are incorporated into all ADB activities. Under its gender equality and social inclusion framework, ADB is now implementing comprehensive actions to promote social inclusion and development. This framework puts forward an overarching strategic approach to gender equality and social inclusion aligned with the concept of transformation that facilitates a harmonized and integrated approach to gender and social inclusion. Agriculture and natural resource operations have seen women benefit from the establishment of agribusiness value chains, crop diversification activities, livestock development, and the construction of rural infrastructure. Assistance for micro, small, and medium-sized enterprises has increased access to institutional finance for women-led businesses and entrepreneurs. Projects in education, transport and water supply, and other urban infrastructure services, have had gender action plans incorporating the full participation of women in jobs and decision-making. In 2022, ADB conducted a study for Gender Equality and Social Inclusion Diagnostic for the Finance Sector in Bangladesh to assess how Bangladesh is cutting gaps in gender equality and social inclusion in financial services and shows how support for women entrepreneurs alongside better technology access can boost sustainable development.
Under the Urban Governance and Infrastructure Improvement (Sector) Project 2002−2010—which delivered infrastructure and governance improvements to pourashavas—a microfinance facility was made available specifically to provide credit for women to set up businesses in project areas. The project also supported an increased involvement of women in the administration of the pourashavas, established satellite schools run by female teachers, and supported leadership training and skills development for over 3,000 poor women. The success of its performance-based approach and strong gender action plan has led to two follow-ups.

“We’re no longer just onlookers in pourashava affairs,” said Tahmina Akhtar, a member of a committee overseeing administration for the town of Moulvibazar in northeastern Bangladesh. She noted that women play a prominent role in setting the annual budget of the town and officials listen to their views and incorporate their suggestions.

As part of the Government of Bangladesh drive to improve general secondary education, the Secondary Education Development Program was the first ADB investment to support addressing the issues such as poor quality and low participation rates. It contributed to a substantial increase in overall enrollments (particularly for females), as well as reduced the dropout rate. Over 7.3 million students benefited—nearly half of them female—mostly from rural and disadvantaged areas.
ADB helped design rural infrastructure projects specifically to address gender equity issues which have seen a range of new jobs and other opportunities open for women, including road maintenance employment. The Second Rural Infrastructure Improvement Project 2006–2011 improved hundreds of kilometers of rural roads, and increased livelihood opportunities for women by building female–dedicated sections in markets and training them in shop management and other income-generating skills. The physical improvements boosted the enrollment of girls in schools and made it safer and easier for women to go to work.

While Bangladesh has made commendable progress across multiple dimensions of gender equality, economic opportunities for men and women remain unequal, women’s salaries lag behind men’s for equal work, and in the labor market women remain concentrated in the informal sector. Future ADB operations will seek to help Bangladesh accelerate efforts to give women equal access to education, skills development, employment opportunities, and productive assets, as well as increase their involvement in decision-making activities.
PRIVATE SECTORS
The private sector has been a driver of growth and jobs in Bangladesh, with private investment increasing from close to 10% of GDP in 1985 to more than 23% in 2019 and 24.52% in 2021 following the COVID-19 pandemic. The sector is dominated by textiles, steel, finance, and some services. Small and medium-sized enterprises (SMEs) make up more than 98% of all private companies and account for close to 25% of GDP.

ADB has worked closely with Bangladesh in laying the groundwork for the development of the private sector with policy and regulatory advice, and investments in infrastructure and private businesses that can contribute to growth and sustainable development. ADB private sector operations have financed projects in agriculture, energy, finance, and telecommunications. Assistance for SMEs and the development of the capital markets also aided the government drive to make the private sector the centerpiece of a market-driven economy (Figure 7).

<table>
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Source: ADB Private Sector Operations Department. Projects committed in 2022 do not have any actual results achieved as of end-2022.

Figure 7: ADB Results Achieved for Bangladesh Committed Private Sector Projects 2012–2022


In the financial sector, ADB signed a $30 million loan to BRAC Bank in 2016 and a $20 million loan to Eastern Bank in 2017 to finance socially and environmentally sustainable projects in the ready-made garments and textiles sector. Six ready-made garment and textile subprojects have been financed using ADB loans for the establishment of compliant factories. Apart from improving the environmental and social standards in the garments and textiles sector, intermediary loans are assisting in introducing higher value-added products in the sector.
ADB private sector operations in Bangladesh began in 1989. Among the most significant activities have been assistance for the development of the Meghnaghat Power Plant and the rollout of a cellular telecommunications network by Grameenphone Ltd Telecom, which revolutionized rural access to mobile phone services. The power plant project—which ADB supported with a loan, complementary financing, and a political risk guarantee—was the first to be developed under a public–private partnership arrangement in the power sector. Its success demonstrated how effectively the private sector could build and operate power infrastructure and has paved the way for further investments with private operators now delivering the bulk of energy produced in the country.

In the 1990s, Bangladesh had one of the lowest teledensities in the world. To expand services, ADB provided loan and equity assistance to Grameenphone Ltd. The funds helped the company build and operate nationwide cellular telephone services, which included a village phone program for rural areas. By the end of 2011, the company mobile services covered 99% of the population, with the village program providing telephone access to about 95% of all rural villages.\(^\text{52}\) The project provided earning opportunities to thousands of people in rural areas who served as village phone operators and aided the development of the private sector, by promoting competition and innovations, as well as giving a lift to the capital markets.

In 2014, ADB approved a $75 million loan for Summit Bibijana II Power Company Ltd. for setting up a 341 MW gas-fired combined cycle power project. The plant played a crucial role in alleviating the power crisis in the country. ADB also provided Reliance Bangladesh LNG and Power Ltd. $100 million from its ordinary capital resources and catalyzed $100 million from Leading Asia's Private Sector Infrastructure Fund for a 718 MW combined cycle power project.

Assistance for PRAN-RFL group, the largest private food and agribusiness operation in Bangladesh, has helped boost the livelihoods of farmers and aided food security. In its first nonsovereign agribusiness project since 1985, ADB provided a $12.15 million loan in 2012 to allow the group to invest in new production facilities. This support has continued over 10 years with the provision of two further loans, allowing PRAN group companies to expand operations and preserve contacts with farmer suppliers during the COVID-19 pandemic. Further, during the COVID-19 pandemic, ADB provided $10 million in emergency working capital support to the dairy operations of the PRAN-RFL group to navigate through supply chain disruptions ensuring sustained procurement of milk from dairy farmers.

ADB also supports the private sector through its Trade and Supply Chain Finance Program (TSCFP) which aims to deliver maximum gains in development from trade, by providing guarantees and loans to fill market gaps, including for small and medium-sized enterprises, and works in partnership with the private sector, including financial institutions, to provide capacity, liquidity, and stability to the trade and supply chain financial system. The TSCFP began its activities in Bangladesh in 2005, and the country is now one of its most active markets. It has relationships with 16 banks and has supported $9.6 billion in trade through more than 15,200 transactions from inception to December 2022. In 2022, the TSCFP supported 2,711 transactions valued at $1.8 billion, $1.2 billion of which was cofinanced by the private sector. Along with aiding the flow of funds for trade, the TSCFP plays an important role in helping partner banks build up their knowledge and capacities for providing supply chain finance, and it works with the Bangladesh Financial Intelligence Unit to strengthen reporting of trade-based money-laundering activities.

While much progress has been made in improving the environment for doing private business in Bangladesh, many challenges remain. High costs for doing business, weak land acquisition and land use policies, an inadequate banking system, low levels of foreign direct investment, and still underdeveloped capital and bond markets all conspire to hamper the development of the sector.

Under its country partnership strategy for 2021–2025, ADB has committed to boosting investments in infrastructure and supporting further reforms to strengthen the business and finance sector environment. It looks to expand domestic resource mobilization and improve access to finance for micro, small, and medium-sized enterprises, while public–private partnerships will continue to be promoted to attract private investor support, particularly for infrastructure development. Tapping cofinancing from private businesses will remain a central element of nonsovereign operations, along with using innovative financial products that can diversify financing sources and mitigate risks.
Established in 2010, the Microfinance Program (MFP) was designed to help microfinance institutions (MFIs) mobilize commercial funding in local currency (e.g., Taka). As part of the regional microfinance program, ADB has been sharing default risk, on a 50:50 basis, of the loans provided by Standard Chartered Bangladesh to two microfinance institutions, BRAC and BURO. The deal size is $45.5 million as of 2022.

This risk-sharing arrangement helps expand the participating financial institution risk appetite by encouraging them to lend where there is a significant lack of access for MFIs, providing capital relief in some situations, and adding endurance to the relationship with the MFIs. At the same time, it lessens the exposure of MFIs to foreign exchange risks since the underlying loans that are guaranteed by ADB are in local currency. More than 95% of beneficiaries under the microfinance program are women.

As of November 2022, MFP helped mobilize $38 million in financing. With program-level approval, MFP can potentially support funding of up to $200 million on an annual and rolling basis.
The ADB safeguard policy aims to help its developing members address environmental and social risks in projects and minimize, mitigate, and where possible, avoid any adverse impacts on people and the environment.

When an ADB-financed project is processed, any safeguard issues are identified and mitigation measures are agreed upon through project-specific plans with the executing agencies. ADB also engages in knowledge sharing and training support for the staff of project executing and implementing agencies to ensure that best practice safeguard procedures are correctly applied.

SAFEGUARDS
PROTECTING
COMMUNITIES AND
THE ENVIRONMENT

SUPPORTING
IMPROVED
RESETTLEMENT
POLICY

From 2004, ADB supported the Government of Bangladesh in developing the National Involuntary Resettlement Policy, which was completed in 2007. From 2010, ADB also helped the government in carrying out mapping exercises for gaps in the Bangladesh legal framework for environmental and social safeguards.

Following these actions, there have been several positive changes in national laws related to land acquisition, including the passing of an act in 2017 providing for compensation for affected persons at market value plus 200% when the government acquires land for a public purpose. This compensation rate is sharply higher than the amounts provided under previous legislation.

CONSULTATION
AND
GRIEVANCE
REDRESS

Under ADB operations, consultation and grievance redress mechanisms ensure that community stakeholders are fully engaged in project preparation, identification of needs for end users, and grievance resolution processes. Regular missions, ongoing consultations, and semiannual reporting ensure the safeguards monitoring process continues through the life cycle of projects. ADB also provides compensation at market rates to people affected by projects, as well as extends livelihood restoration training. As a result of these initiatives, ongoing projects are on track to meet safeguards implementation and compliance targets.

As it moves its partnership forward, ADB will prioritize further capacity-building support to executing and implementing agencies responsible for carrying out safeguard work in its operations.
PART+NER SHIP
Strong partnerships are the bedrock of successful development. Along with its primary partnership with the Government of Bangladesh, ADB works closely with a diverse group of stakeholders including other development institutions, the private sector, nongovernment organizations (NGOs), academia, and others. Consultations with people expected to benefit or be affected by projects are conducted to ensure their knowledge and inputs are included in the design and implementation of planned activities. These partnerships ensure the harmonization of assistance and improve the overall impact and effectiveness of ADB operations.

As part of this coordination and cooperation process, ADB actively seeks cofinancing and, from 1974 to 2021, received cumulative cofinancing for sovereign operations of $11.67 billion for 71 investment projects, with $96.5 million received for technical assistance projects. Nonsovereign cofinancing totaled $5.63 billion for eight investment projects during 2001–2022.53

In the first three-and-a-half decades of its partnership, ADB received cofinancing and other support from partners mainly in agriculture and natural resources, education, energy, and transport. During 2010–2020, ADB, Japan, and the World Bank were the top three sources of official development assistance for Bangladesh, with ADB forging close and effective partnerships across sectors including agriculture and natural resources, education, health, transport, and water, and other urban infrastructure and services.

ADB played a leading role in bringing other development partners under common sector-wide approach frameworks in primary and secondary education. The phased, long-term support for government policies and objectives pursued by ADB and its partners has resulted in significant educational improvements, particularly at the primary level. Skills development, training capacity, and quality have been expanded through effective partnerships with industry associations, and the mobilization of private partners, NGOs, and public training providers. Partnerships in water supply and other urban infrastructure and services have also led to strong outcomes, with ADB working in close collaboration with the World Bank and other international development partners, along with local NGOs, to deliver significant improvements in the provision of water and sanitation.
THE EVOLUTION OF PUBLIC–PRIVATE PARTNERSHIPS

Fast-growing needs for infrastructure and other public investments, along with limited state resources, have made public–private partnerships (PPPs) a crucial tool for national development. ADB has been extensively involved in supporting the growth of PPPs in Bangladesh, with assistance in the establishment of a government PPP authority, as well as through project investments in areas including energy, health, and transport. The ADB Office of Public–Private Partnership provides transaction advisory services (TAS) to help Bangladesh identify, develop, tender, and finance PPP projects. As an example of the role of PPPs in mobilizing private sector finance, the ADB TAS on three road PPPs in Bangladesh will collectively mobilize over $1 billion of private investment.

In 2010, Bangladesh approved and adopted a PPP policy and guidelines for formulation, appraisal, and approval of large, medium, and small projects with support by ADB. These provide a legal framework for domestic and foreign private investors interested in PPPs in Bangladesh. Through technical assistance, ADB also supported the preparation of model documents, guidelines, and manuals for the screening, development, and tendering of PPP projects. ADB also supported the operationalization of the PPP Authority under the umbrella of the Prime Minister’s office through capacity building, including training for the PPP Certification Program.

The Public–Private Infrastructure Development Facility—approved in 2013 with loan assistance from ADB—supports the PPP agenda of the government by providing long-term funds for infrastructure development. Through the facility, the Infrastructure Development Company Limited (IDCOL), has financed energy infrastructure under PPP arrangements, including millions of home solar systems. With its initial success, ADB has provided more funding, with a $526 million multitranch financing facility approved in 2017.

ADB also provided a financial intermediary loan to the Bangladesh Infrastructure Fund Limited to facilitate long-term local currency financing for PPP projects, which is essential for successful PPP transactions. The loan proceeds were on-lent to the Dhaka Bypass Project (for which ADB provided TAS) and demonstrated ADB-integrated support by combining multiple modalities and expertise.

The Government of Bangladesh has mandated ADB to provide TAS on the following three road PPP projects:

(i) The 48 km Dhaka Bypass Expressway at an estimated cost of $384 million (the concession contract was signed in December 2018),

(ii) The 13.5 km Rampura–Amulia–Demra Expressway at an estimated cost of $260 million (the concession contract was signed in January 2022),

(iii) The 87 km Joydebpur Mymensingh Expressway at an estimated cost of $445 million (TAS under implementation since 2022).

The ADB scope on TAS mandates agreed upon with the Bangladesh PPP Authority covers project feasibility, transaction due diligence and structuring, bidder procurement, and negotiation to reach commercial and financial closure. By providing continued support to road PPPs, ADB aims to create and establish a model case for the road PPP program in the country, including developing the capacity of relevant agencies, as well as reducing road congestion and improving road safety.

ADB is strategically targeting new sectors for developing PPPs, such as the rail connected Dharsanrom Inland Container Depot; health-care facilities and services; and smart, resilient, and sustainable cities to support Special Economic Zones. These projects can contribute to improving the competitive advantage of the country, reducing greenhouse gas emissions, increasing local employment, contributing to tax revenue, and improving public welfare.
In 2017, around 700,000 people fled from Myanmar across the border into Bangladesh and entered the Cox’s Bazar District. They joined over 212,000 displaced persons already living in camps there. The camps lacked even the most basic services, leaving the inhabitants highly vulnerable to disease, malnutrition, and weather extremes, including cyclones.

Starting with an emergency assistance grant of $100 million in 2018, ADB and its partners, including the UN Inter Sector Coordination Group, and the World Bank, worked swiftly together to provide support for urgently needed basic services including water and sanitation facilities, roads, street lighting, cyclone shelters, and food distribution centers. These combined interventions made the camps healthier and safer, restoring hope and dignity to the inhabitants, as well as taking strains off surrounding host communities forced to compete for scarce resources.

In June 2022, ADB committed $71.4 million in additional funds to expand health facilities and improve water supply, sanitation, and waste management services, strengthening the resilience of the camps against COVID-19 and any future pandemics. While the combined support from ADB and its partners has been effective, the growing needs in the camps continue to outpace the availability of funding, highlighting the importance of further ongoing cooperation and assistance.

A series of disasters and conflicts in Bangladesh helped spur the creation of what is now one of the world’s largest nongovernment organization (NGO) sectors. After initially focusing on relief and rehabilitation work, NGOs working in Bangladesh now provide a multitude of services, particularly in the areas of health and education, as well as in the provision of microfinance.

ADB recognizes NGOs as significant partners in the development process and cooperates with them to improve the impact, sustainability, and quality of ADB operations. It also maintains ongoing dialogue with advocacy NGOs interested in ADB operations, frequently drawing on NGO suggestions to improve the effectiveness, quality, and sustainability of projects.

Through the Second Chittagong (now Chattogram) Hill Tracts Rural Development Project—which ran from 2000 to 2010—NGOs played a significant role in project design mission meetings, as well as in the provision of microfinance and oversight of community development activities including the construction, operation, and maintenance of village infrastructure. Community development committees received help from six NGOs in selecting and carrying out subprojects and for the training of beneficiaries. Under the microenterprise component of the project, the three partner NGOs organized training courses, registered members for savings and credit organizations, and disbursed 50,000 credit packages to provide beneficiaries with funds for both on-farm and off-farm micro-businesses.

Under the Jamuna−Meghna River Erosion Mitigation Project 2002−2011, NGOs were involved in both management and service provision roles, including awareness campaigns on pollution, health and hygiene, and disaster risk management training, which saw the formation of dozens of village disaster preparedness committees. The project also supported skills development in trades such as poultry, fisheries, livestock, tailoring, and food processing, with more than 50% of the beneficiaries of this training becoming members of local microfinance NGOs, giving them access to funds to utilize their new skills.

Building on the partnerships forged under the first Urban Primary Health-care Project, NGOs under the Second Urban Primary Health-care Project—which ran from 2005 to 2014—provided health-care services including immunization, micronutrient support, family planning, obstetrics, management of selected diseases in both children and adults, and health education. The second phase of the project established partnership agreements for service provision with 12 NGOs in six city corporations and five municipalities. By the time it was completed, 47.5 million services had been provided through health centers operated by the NGOs, with women making up 79% of the beneficiaries.

The Secondary Towns Water Supply and Sanitation Project 2006−2016 saw NGOs take an active part in the development and implementation of the sanitation improvement component, as well as in overseeing the construction of community infrastructure, and information campaigns on water tariffs and metering. The involvement of the NGOs, working alongside the private sector, resulted in a better understanding of tariffs and increased community buy-in, with bill collections more than doubling between 2009 and 2014.

Access to up-to-date knowledge and advice on policy issues related to development is essential for effective and inclusive outcomes. In Bangladesh, knowledge work by ADB covers sector and thematic studies, country diagnostic reports, evaluation studies, and pilot testing of technologies and innovations. ADB provides regular policy advice and engages in frequent dialogue with stakeholders and partners to support informed, effective, and coordinated policy-making. Among its most effective policy interventions were discussions that helped move the Second Capital Market Development Program forward and supported the establishment of a policy framework for public–private partnerships.

In 2021, knowledge products on cottage, micro, and small-sized enterprises, along with a needs assessment of public financial institutions, helped generate discussion on policy measures needed for Bangladesh to accelerate its recovery from the COVID-19 pandemic.

In Bangladesh, ADB has provided extensive capacity-building support to a wide range of ministries, divisions, departments, agencies, and organizations. Capacity-building work by ADB has included assistance for the development of SMEs and improving results-based project monitoring and evaluation in the planning ministry and the comptroller and auditor general’s office. The Public–Private Infrastructure Development Facility includes a significant capacity-building component to help develop PPPs. Capacity support has been provided for agencies and communities involved in water and urban infrastructure management, with water utility agencies better able to plan, design, supervise, and monitor their businesses as a result. Following training and other capacity-building initiatives for local government officials in secondary towns covered under an ADB flood protection project, local tax revenue collections rose between 5% and 10% in some cases.\(^5\)

During 2010–2020, capacity building was provided for around 90% of projects and ADB produced many knowledge products (footnote 58). Under its knowledge management action plan for 2021–2025, ADB focused on delivering tailored knowledge solutions to Bangladesh. This knowledge work—which includes technical and analytical studies, policy dialogue, and capacity development for government agencies and stakeholders—will help drive the identification of priority investments and policy reforms needed to support them. One focus will be helping Bangladesh develop and disseminate knowledge solutions to strengthen environmental protection, climate change adaptation and mitigation actions, and disaster risk management. This support includes helping Bangladesh access concessional climate finance, from both international sources and ADB-administered trust funds. To further expedite these objectives, a Capacity Development Resource Center has been established to provide integrated and needs-based capacity development support to government agencies in Bangladesh.

BANGLADESH’S PATH TO PROSPERITY
Under its Eighth Five-Year Plan 2020–2025, Bangladesh has laid out a clear road map to recover from COVID-19. It includes scaling up growth, accelerating poverty reduction and job creation measures, improving inclusiveness, and taking steps to increase resilience to climate change and disasters. Strengthening key institutions, achieving the Sustainable Development Goals (SDGs), and managing the impacts of graduating from least developed country status are other core objectives.

To address the ongoing impacts of the pandemic, Bangladesh is moving to strengthen health care and social protection, with health-care spending targeted to increase from 0.7% of the national budget in FY2019 to 2.0% by FY2025, and social protection spending to grow over the same period from 1.2% to 2.0%. The service and manufacturing sectors are expected to be the main drivers of economic growth, with measures being taken to promote labor-intensive, export-oriented manufacturing, to develop cottage, micro, small, and medium-sized enterprises, and to strengthen modern services.

Financing these goals over the 5-year time frame will require estimated resources of about $750 billion, with over 94% earmarked to come from domestic sources. Remittances will be an important source of income and are projected to grow from around $18 billion to $25.5 billion by 2025, while the government is looking to significantly scale up foreign direct investment from around $1.8 billion to about $15.8 billion by FY2025, to support its objectives.

Emerging out of war, political instability, and widespread poverty, Bangladesh has come a long way in the past 50 years, reaching lower-middle-income status by 2015, and being poised to formally graduate from least developed country status by 2026. Now, it is aiming to become an upper-middle-income country by 2031, advancing to high-income status by 2041.

This path to prosperity will not be easy. Before 2020, Bangladesh saw sharp improvements in GDP growth, poverty reduction, and a shift away from a primarily rural-based agrarian economy, but the pandemic slowed growth and development. The worsening climate crisis—and most recently the Russian invasion of Ukraine—has undermined both growth and development progress. Spikes in food and fuel prices are threatening food security and tipping people back into severe poverty.

Building stronger institutions and raising the implementing capacity of public agencies and ministries to carry out public investment programs are other important pillars of the plan, along with the full implementation of the Bangladesh Delta Plan 2100 for water management and the integration of climate change and environmental management issues into fiscal policy.
CHALLENGES TO PROGRESS

With remarkable economic progress in Bangladesh, the high levels of poverty seen 50 years ago declined consistently during 1992 to 2022, particularly from 2012 to 2022. There have been major gains in other human development indicators, including primary education, infant and maternal health, and gender equity. Nearly all citizens have power and drinking water, while over 86% have sanitation facilities and rising access to finance and cellphone services, increasing the level of financial inclusion.59

As Bangladesh aspires to become an upper-middle-income country in 2031 and a high-income country by 2041, development challenges will be different and in some ways more complex than those that the country has successfully overcome. As stated in the Mujib Prosperity Plan, the country plans to build forward stronger by continuing robust socioeconomic development and fully integrating climate resilience and low-carbon growth. For this, Bangladesh will need to implement concerted efforts on several fronts. The economy needs further diversification to reduce an overreliance on ready-made garments and remittances from overseas workers while continuing to address significant gaps in infrastructure to enhance competitiveness. Private and foreign direct investment levels are low compared to countries with similar levels of development. This will require further efforts to remove the remaining impediments to doing business and attract investment, as well as to deepen the financial market.

As Bangladesh moves toward upper-middle-income country status, the sources of growth will increasingly come from skills, productivity, and innovation. In addition to increased productive capital investment, this progress will need to be underpinned by strong human resources development. This effort will need to be supported by significantly enhanced domestic resource mobilization. Bangladesh could also benefit more from regional and global value chains through regional cooperation and increased inflows of foreign direct investment with even development across the country. Female participation in the garment industry, labor migration, and microfinance programs have demonstrably improved women’s lives, but some gender disparities remain in the workplace. Further efforts in this area—particularly in enhanced support for the elderly and disadvantaged groups through enhanced social protection systems—will help make future growth more inclusive.

Hanging over all these constraints is the greatest challenge of them all: climate change. Without substantial and swift action, the effects of climate change could reverse years of development gains.

The Eighth Five-Year Plan 2021–2025 is the first of four being carried out under the Perspective Plan 2021–2041. This long-term development strategy aims to end poverty and enable Bangladesh to transition from lower-middle income to high-income status with a per capita income of over $12,500 in 2023 prices.\(^{60}\)

The strategy is anchored on the pursuit of rapid, inclusive growth to eliminate poverty while increasing the productive capacity of the country, building an innovative, knowledge-based economy, and protecting the environment. Getting there will require effective tax and spending policies; mobilization of domestic savings; and stepped-up investment in key areas including transport, trade, and energy infrastructure. Further investment in human capital and skills development and more effective government institutions will also be needed to drive change.

By 2041, Bangladesh is aiming to have a 100% literacy rate, universal free education for up to 12 years, and more effective government institutions will also be needed to drive change.

As a major long-term and trusted partner, ADB will make climate change a key driver of most of its support to the government. All infrastructure supported by ADB will embed climate-resilient and low-carbon growth in the greener economic corridors outside Dhaka and Chattogram.

ADB will continue to align its support with government key development priorities. To support the economic transformation envisioned in the Mujib Climate Prosperity Plan, ADB will expand its support to the social sector to improve the quality of education and enhance green and digital skills, while continuing to refine the social protection system to improve the economic resilience of poor people affected by extreme poverty. At the same time, ADB will work with the government to develop and bring climate-resilient, low-emission development solutions, strengthening institutional capacity where needed, and deliver transformative capacity building to support innovations. To support the journey of Bangladesh from resilience to prosperity, the government will need to step up domestic resource mobilization.

Future For a Cooperating Bangladesh and ADB:

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Bangladesh–ADB 50 Years of Partnership
BUILDING A PROSPEROUS, INCLUSIVE,
RESILIENT, AND SUSTAINABLE FUTURE

Bangladesh became a member of the Asian Development Bank (ADB) in 1973. The initial focus was to reconstruct the infrastructure ravaged during the liberation war and improve agriculture and food security. The ADB program has evolved in close alignment with Bangladesh’s national development plans and priorities, which include reducing poverty, developing the rural sector, building energy and transport infrastructure, providing accessible, quality education and health services, growing the private sector and financial services to accelerate growth and job creation, addressing environmental concerns, creating livable cities, and most recently, tackling the impacts of the coronavirus disease (COVID-19) pandemic and the Russian invasion of Ukraine. ADB is a key source of external assistance for Bangladesh with cumulative committed assistance totaling over $30 billion till 2022.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.