



Bangladesh: Second Crop Diversification Project

Project Name	Second Crop Diversification Project		
Project Number	40534-013		
Country	Bangladesh		
Project Status	Approved		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	Loan 2649-BAN: Second Crop Diversification Project		
	Asian Development Fund	US\$ 40.00 million	
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development - Agricultural policy, institutional and capacity development		
Gender Equity and Mainstreaming	Gender equity		
Description	The project will foster commercialization of agriculture through interventions to promote diversification into high-value crops (HVCs) and value addition, gender mainstreaming, and climate change adaptation. The project is market oriented and demand driven, and will increase farmers' incomes and enhance food security in Bangladesh.		

Project Rationale and Linkage to Country/Regional Strategy	<p>Land, and its cultivation, is Bangladesh's most basic resource with more than 75% of the population directly or indirectly engaged in agriculture. Rice is the dominant crop contributing most to self-sufficiency in food grains and hence food security. However, the emphasis on rice production has resulted in increased dependency on imported food, particularly HVCs including fruit, which remain unaffordable to many poor consumers. Therefore, increasing HVC production is of critical importance for reducing imports and enhancing affordable and varied nutritious diets for the poor. Fertile and well-drained soils, a varied climate that favors a range of crops, and low daily wage rates contribute to the comparative advantage for growing HVCs in Bangladesh.</p> <p>The Second Crop Diversification Project directly supplements government policies on food security and agriculture sector growth. The government's overall objective in the National Agriculture Policy is to make the nation self-sufficient in food and ensure a dependable food and nutrition security system by increasing production of all crops, including HVCs.</p> <p>The Asian Development Bank (ADB) is supporting inclusive economic growth and poverty reduction in Bangladesh through its strategic priorities as identified in the country strategy and program for 2006-2010. The project is a follow-on to the successful ADB-assisted Northwest Crop Diversification Project (NCDP) completed in June 2009. The NCDP substantially raised the incomes of small and marginal farmers in the northwest region. The proposed project will build on the successful NCDP activities and expand into new areas, especially the southwest of Bangladesh. The project will complement the NCDP and other ADB support, such as the Agribusiness Development Project, particularly by promoting value addition to HVCs, strengthening value-chain integration by developing backward and forward linkages between farmers and consumers, and including service provision by private sector agribusinesses and technically and financially qualified microfinance institutions (MFIs) and wholesale banks.</p> <p>The project is consistent with the ADB country strategy and in conformity with recommendations made in the recent country assistance program evaluation in Bangladesh. The evaluation found that lack of agricultural diversification is one of the country's binding constraints to growth, and confirmed that agricultural and rural development is one of the government's top priorities and key to reducing rural poverty. The project is aligned with the ADB Operational Plan for Sustainable Food Security, which suggests enhancing ADB's multisector food security engagement by increasing synergy and value addition in backward and forward linkages along the food and agriculture value chain, with particular attention to small farmers and farm households headed by women and other vulnerable groups. Also, the Project is fully consistent with the recent Country Investment Plan (CIP) of the Government on food security. Climate-resilient crop varieties, cropping patterns, and modern and appropriate technologies will be tested and disseminated to help farmers adapt to climate change.</p>
Impact	The impact will be increased rural income in 27 districts of the southwest and northwest of Bangladesh.
Project Outcome	
Description of Outcome	The outcome will be improved efficiency and value addition of HVC production. The direct beneficiaries will be marginal, small and medium farmers with landholdings up to 3 hectares. Landless people will benefit through generated employment opportunities in rural areas.
Progress Toward Outcome	Mid-term review conducted in March 2013. As of 31 December 2014, total 62,557 women farmers trained, 180 women staff provided with TOT training, 1,469 women staff trained on gender awareness. Of the total climate change adaptability training more than 50% of women farmers participated. Approximately, 50% women actively manage their own credit.
Implementation Progress	
Description of Project Outputs	<ul style="list-style-type: none"> (i) increased HVC production and commercialization; (ii) Reduced HVC postharvest losses, improved product quality and value addition, and enhanced market efficiency (iii) Enhanced capacity of public sector institutions and participating partners in supporting farmers to increase their incomes (iv) Increased participation of women in commercial agricultural activities

Status of Implementation Progress (Outputs, Activities, and Issues)	<p>Field activities ongoing. Implementation supports consultants fielded. the NGO (BRAC) engaged and qualified field staff deployed. Agreement between BRAC and wholesale banks (EBL Ltd. and BASIC Bank Ltd) signed. Bangladesh Bank as EA of Credit component is monitoring. Credit fund advanced to BRAC to extend credit support to the beneficiaries. Project is proceeding towards increased HVC production. As of 31 Dec 2014, about 50,346 ha of land converted for HVC production. Farmers' training ongoing. As of 31 Dec 2014, total 140,526 small farmers trained. Credit disbursed to 156,015 farmers amounting Tk2,690.6 million.</p> <p>Total 14,120 demonstration trials organised in the farmer's field to disseminate HVCs modern production technologies.</p> <p>Total 907 farmers field days organized at demonstration sites.</p> <p>Actions are underway.</p> <p>awareness building on quality products, possibility of premium price and advantages of contract farming among project farmers are underway.</p> <p>Total 104 sites selected for establishing On Farm Small Scale Infrastructure (OFSSI).</p> <p>Capacity development training imparted to 13,693 DAE, MFI and TOT.</p> <p>Field level staff are being trained to improve support services to the farmers and staff are getting more interested to promote HVCs in the project areas.</p> <p>As of 31 December 2014, TOT training provided to 710 implementing staff.</p> <p>Credit provided to 156,015 with total Tk2,690.6 million. Need assessment, seasonal planning for HVCs cultivation are being undertaken on a continuous basis.</p> <p>Award of contract for upgrading nine HDTCs approved by ADB. Works in all HDTCs completed.</p> <p>Expert consultants are working to develop standards and certification systems suitable for the farmers.</p> <p>Technical training on HVCs production provided to 62,557 of trawomen farmers.</p> <p>180 staff provided with TOT training on gender.</p> <p>1,469 gender awareness and value addition training on HVCs</p> <p>Planned to provide group leader (25) training in each Upazila by December 2014 using Gender consultant</p> <p>To be done after establishing OFSSI. So far, construction of 8 OFSSIs completed but not yet functional.</p> <p>5,200 farmers trained of which more than 50% are women.</p> <p>It is in practice.</p> <p>Approximately, 50% women manage the credit.</p>
Geographical Location	Selected upazilas in the southwest and northwest of Bangladesh.

Safeguard Categories

Environment	B
Involuntary Resettlement	C
Indigenous Peoples	B

Summary of Environmental and Social Aspects

Environmental Aspects	Likely to have adverse environmental impact that are less adverse than those of Category A projects
Involuntary Resettlement	Has no involuntary resettlement impacts. No further action is required.
Indigenous Peoples	Likely to have limited impacts on Indigenous Peoples that are being addressed during project implementation

Stakeholder Communication, Participation, and Consultation

During Project Design	<p>During the PPTA regular contact and consultation was maintained with the Government, particularly, the Ministry of Agriculture (MOA), DAE, Department of Agricultural Marketing (DAM), Planning Commission, Bangladesh Bank, and the Local Government Engineering Department (LGED). Stakeholder participation and consultation has been undertaken through (i) meetings with a wide range of NGOs and banks; (ii) current international donors active on the agricultural sector, particularly the Danish International Development Agency (DANIDA), International Fund for Agricultural Development (IFAD), the United States Agency for International Development (USAID), and the World Bank; (iii) workshops held in Dhaka and Jessore, and a private agribusiness sector marketing workshop in Dhaka; (iv) extensive field trips to the proposed project areas and focus group meetings held with farmers, farmers groups, and women. The major findings from consultations were (i) the Project must be demand and market driven with improved capacity building of farmer capacity in value addition; (ii) value chain integration is critical and must be led by involving private sector agribusiness, not the Government; (iii) farmer community group activity in value addition and marketing is the key to improving farmers' incomes; (iv) access to affordable rural credit is critical; (v) active involvement of women in commercial agriculture is essential to make the optimum use of human resources.</p>
During Project Implementation	<p>Regular stakeholder participation and consultations are arranged during implementation. The PMU is organizing and conducting regular workshops with DAE officials, MFIs, and service providers to review progress, identify problems, and discuss remedial action. Participatory and focus group sessions will be held regularly with farmer communities and women's groups to assess their needs and discuss project progress and activities.</p>

Business Opportunities	
Consulting Services	All consultants to be recruited according to ADB's guidelines on the use of consultants
Procurement	The procurement will be done as per Government's public procurement rules, 2008 and ADB's procurement guidelines.
Responsible ADB Officer	Md. Shahidul Alam
Responsible ADB Department	South Asia Department
Responsible ADB Division	Bangladesh Resident Mission
Executing Agencies	<i>Bangladesh Bank</i> Mr. S. M. Moniruzzaman SM.MONIRUZZAMAN@BB.ORG.BD <i>Bangladesh Bank Component</i> <i>Department of Agricultural Extension</i> Mr. Md. Saydur Rahman Salimpdncdp@dhaka.net <i>Khamarbari, Farmgate, Dhaka</i>

Timetable	
Concept Clearance	08 Mar 2007
Fact Finding	08 Nov 2009 to 22 Nov 2009
MRM	03 Mar 2010
Approval	30 Jun 2010
Last Review Mission	-
PDS Creation Date	05 May 2010
Last PDS Update	23 Mar 2015

Loan 2649-BAN

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
30 Jun 2010	13 Oct 2010	10 Jan 2011	31 Dec 2016	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	45.81	Cumulative Contract Awards			
ADB	40.00	30 Jun 2010	35.27	0.00	86%
Counterpart	5.81	Cumulative Disbursements			
Cofinancing	0.00	30 Jun 2010	38.37	0.00	94%

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

Project Page	http://www.adb.org/projects/40534-013/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=40534-013
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