

# Bangladesh

## Experience in policy action for sustainable food system transformation

### Context

Bangladesh has exhibited remarkable agricultural growth since the mid-1990s, with the sector consistently expanding at an annual rate exceeding 4% from 1996 to 2019. Along with expanding production, the per capita availability of food items increased substantially.<sup>1</sup> Bangladesh has achieved self-sufficiency in rice production and overall food security, two paramount objectives of past agriculture strategies. Notably, this agricultural progress significantly contributed to the reduction of rural poverty. Between 2005 and 2010, the agriculture sector played a pivotal role, accounting for 69% of rural poverty reduction. Although its contribution decreased from 2010 to 2016, it remained substantial at 27%.



Much of the success in agriculture can be attributed to deliberate policy reforms initiated since the 1980s, coupled with strategic investments in research and infrastructure. These reforms began by liberalizing the agricultural input market in the 1980s, especially concerning fertilizer and irrigation. In the 1990s, additional reforms targeted the seed sector. Furthermore, Bangladesh has maintained a substantial agriculture support programme since the Green Revolution era, with the primary aim of ensuring basic food security. Bangladesh has, therefore, made remarkable progress in domestic food production, which almost doubled during the past two decades, avoided hunger, and ensured food security for 170 million people.

However, this success is accompanied by a set of challenges, including the excessive use of inputs, notably fertilizer and water, leading to environmental, health and even productivity risks. Furthermore, the sector is confronted with other significant issues. Agricultural growth, once robust, has been decelerating since 2010, with the trend growth rate declining to 3.2% in 2017 from over 5% in 2010. Inadequate diversification of agricultural products has also emerged as a concern. Additionally, the changing dietary preferences resulting from rising incomes and rapid urbanization have created a growing demand for diverse and nutrient-rich agricultural products.

---

<sup>1</sup> Eighth Five Year Plan of Bangladesh, Ministry of Planning, 2021.

These challenges are compounded by climate change, as Bangladesh's agriculture remains highly susceptible to climatic fluctuations. Notably, projections indicate that the increased soil and water salinity due to rising sea levels may lead to a 15.6% reduction in yields of high-yielding rice varieties by 2050.

## Rationale

Although Bangladesh's agriculture has achieved notable successes in the past, existing agricultural incentives do not align with the current strategic objectives of climate resilience, diversification and improved nutrition. The policies and incentives that have predominantly focused on expanding cereal production in the past are inadequate to deliver transformation to a sustainable agrifood system. Increased support for the sector is needed. However, it is equally critical to repurpose and realign current agrifood policies and public expenditures to better support productivity, diversification, improved nutrition and sustainability.



## Approach

The new Program on Agricultural and Rural Transformation for Nutrition, Entrepreneurship, and Resilience (PARTNER) is built on strong analytical foundations and supports the implementation of the Plan of Action of the National Agriculture Policy 2020. It reorients the strategic priorities of the sector towards diversification, value-addition and climate resilience.

In contrast to the historical focus on rice and fertilizer subsidies within the Ministry of Agriculture's expenditure programme, PARTNER focuses on policies and investments that promote climate resilience, diversification, food safety, nutrition, value chain development and entrepreneurship. Additionally, PARTNER acknowledges the importance of rice and directs its attention primarily to research for stress-tolerant and high-yielding rice varieties, addressing yield gaps and reducing the sector's carbon footprint.

A pivotal component of this new programme is the introduction of an e-voucher pilot, offering an alternative approach to agricultural subsidies. This pilot initiative aims to inform the gradual repurposing of the fertilizer subsidy programme. By offering multiple direct support options for farmers, it intends to generate valuable insights into which of these are best placed to deliver resilience, diversification, productivity, efficiency and profitability for farmers.

Concurrently, a comprehensive review of agricultural public support programmes, including the fertilizer subsidy programme, is underway in a collaboration between the Ministry of Agriculture and the World Bank. The objective is to identify the best policy options to incentivize farmers to optimize their use of inputs as well as how best to redirect public expenditure towards greater investment in research, innovations, extension services, markets and infrastructure. This realignment is expected to build climate resilience, enhance incomes and improve competitiveness in the agricultural sector.

### Experience and expected results

- Direct beneficiaries will be the 500,000 farmers, 200,000 of whom are female, who will participate in PARTNER's e-voucher pilot for improved delivery of input subsidies and who will receive additional support for crop diversification and for the adoption of good agricultural practices and improved and efficient irrigation technologies.
- The e-voucher pilot evaluation will assess the effectiveness of different pilot interventions in delivering increased resilience, input use efficiency, diversification, productivity and farmers' profitability. Results will guide repurposing of the country's input subsidy programme towards a more efficient and effective approach to increase resilience and sustainability of the agrifood system.
- The pilot will increase the adoption of climate-smart practices such as precision agriculture, good agricultural practices and improved and efficient irrigation technologies.
- The Ministry of Agriculture will benefit from strengthened policy-making capacity by having access to information and digital tools to track and monitor agricultural public expenditure and to reorient public support, based on evidence, towards more strategic priorities of the sector.

### Lessons learned

- To effectively drive the repurposing agenda for agricultural support programmes, it is essential to adopt a gradual reform approach, considering the strong political economy factors.
- Policymakers in Bangladesh tend to be more receptive to reform advice when it originates from local technical experts. Therefore, it is critical to establish consensus at the technical level regarding outcomes like diversification, productivity, efficiency, resilience and farmers' profitability under various policy scenarios. This consensus-building process involves ongoing dialogue and the execution of pilot programmes that explore proposed policy reforms, engaging local technical experts in the process.
- Furthermore, aligning the policy reform agenda with donor supported investment operations can enhance public awareness of the benefits that policy reforms can yield. Also, strong technical assistance support is imperative for designing, implementing and evaluating these policy changes effectively.

This is one in a set of country case studies demonstrating policy action that individual countries are taking with the aim of transition to sustainable agriculture. They are country owned and do not represent wider views of the Policy Dialogue participants.