

# The World Bank Group in Bangladesh, Fiscal Years 2011–20 Country Program Evaluation



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INDEPENDENT  
EVALUATION GROUP

**WORLD BANK GROUP**  
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Group in Bangladesh,  
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Country Program Evaluation**

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# Abbreviations

ASA	advisory services and analytics
CAS	Country Assistance Strategy
CASPR	Country Assistance Strategy Progress Report
COVID-19	coronavirus
CPE	Country Program Evaluation
CPF	Country Partnership Framework
CPIA	Country Policy and Institutional Assessment
DLI	disbursement-linked indicator
DPC	development policy credit
FSAP	Financial Sector Assessment Program
FY	fiscal year
GDP	gross domestic product
IDA	International Development Association
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IMF	International Monetary Fund
MIGA	Multilateral Investment Guarantee Agency
MPO	Macro Poverty Outlook
NPL	nonperforming loan
PBA	performance-based allocation
PforR	Program-for-Results
PLR	Performance and Learning Review
PPP	public-private partnership
RERED	Rural Electrification and Renewable Energy Development
RMG	ready-made garment
SCD	Systematic Country Diagnostic
SOCB	state-owned commercial bank
SOE	state-owned enterprise
SWAP	sectorwide approach
UN	United Nations

*All dollar amounts are US dollars unless otherwise indicated.*

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# Overview

## Key Messages

- » This Country Program Evaluation assesses the development effectiveness of the World Bank Group's engagement with Bangladesh over the past decade.
- » Bangladesh is widely acknowledged to be a development success story, having reached lower-middle-income status less than 50 years after its independence in 1971. Success was underpinned throughout much of the past five decades by strong macroeconomic fundamentals, good progress in reducing extreme poverty, increasing access to primary and secondary education, and decreasing under-five mortality rates. Growth over the past decade has been driven by the ready-made garment sector and by remittances from migrant workers.
- » However, as the country transitions to middle-income-country status, critical economywide reforms are needed for it to sustain progress. The impact of the coronavirus (COVID-19) pandemic on the economy, particularly on the ready-made garment sector, has accentuated the country's vulnerabilities to fiscal and financial risks associated with a low tax-to-gross domestic product ratio, contingent liabilities from state-owned enterprises, and weaknesses in the banking sector, which existed well before the pandemic.

## Findings

The World Bank Group made important contributions over the past decade to help Bangladesh address several of its development challenges. The most notable contributions included support for (i) increasing power generation capacity, (ii) improving access to clean energy, (iii) improving access of rural populations to all-season roads, (iv) improving financial inclusion, (v) increasing equity in access to primary and secondary education (especially for girls and the vulnerable populations), and (vi) reducing child and maternal mortality. The Bank Group also played a positive role in

enhancing Bangladesh's preparedness and resilience in the face of natural disasters caused by climate change.

However, achievements fell short in several areas. In education, while the Bank Group contributed to improvements in access, it did not invest sufficiently in data and measurement, particularly on learning outcomes, despite the fact that inadequate monitoring of education outcomes had been identified as a shortcoming in the 2009 Independent Evaluation Group Country Assistance Evaluation for Bangladesh. Progress on regional connectivity was negatively impacted by the Bank Group's decision to step back from large infrastructure projects in the wake of the Padma Bridge cancellation. In other areas, domestic vested interests prevailed, resulting in little progress in improvements to the business environment, natural resource management, banking sector reform, and tariff reform.

Bank Group support adapted in response to changing circumstances. In light of the difficulties experienced with large infrastructure projects early in the evaluation period (fiscal years 2011–14), resources were shifted to sectors in which the Bank Group had more traction and a long-standing history of effective engagement, such as education and health. Bank Group adaptability was also notable in response to the Rohingya refugee crisis in 2018 and the coronavirus (COVID-19) pandemic that began in 2020.

Headline official data suggested that the fiscal position of the central government was sound, but rising vulnerabilities received insufficient attention. Bangladesh was consistently assessed to be at low risk of debt distress, and macroeconomic risks were regularly assessed as moderate. But World Bank staff flagged the main fiscal vulnerabilities early in the evaluation period and became increasingly aware that fiscal and banking sector vulnerabilities were mounting. Greater attention to fiscal vulnerabilities, and a more cautious public assessment of fiscal risks, would have been warranted given rising domestic borrowing costs, interest payments that increased to 25 percent of current expenditures, and a still low ratio of tax to gross domestic product. In the past, Bangladesh's performance has been persistently strong despite preexisting macrofinancial weaknesses. But as the country continues to develop into a more diversified economy with a more sophisticated

financial sector, those weaknesses may pose greater risks than in the past. Issues such as central bank independence and the quality of banking sector supervision, the accurate reporting of nonperforming loans (including in state-owned banks), the accounting of implicit contingent liabilities in state-owned enterprises, and the quality of official gross domestic product data will continue to grow in importance as the economy matures toward upper-middle-income status.

Despite a trend of deterioration in the country's institutional quality and economic management, the Bank Group significantly increased financing to Bangladesh over the review period, making Bangladesh one of the largest borrowers from the International Development Association (IDA). Although Bangladesh's core IDA performance-based allocation declined by 14 percent in the face of a deterioration in the quality of its institutional and governance framework, lending commitments from the World Bank expanded significantly through the use of IDA windows (with varying degrees of concessionality). Most of the increase came in the form of financing from the IDA Scale-Up Facility, which accounted for 20 percent of total IDA lending during the second half of the Country Program Evaluation period.

## Lessons

1. Rebalancing the portfolio in the face of changing conditions and a difficult political economy helped the Bank Group remain relevant in Bangladesh. In the wake of the Padma Bridge cancellation, the World Bank successfully reallocated financing away from large infrastructure and toward human development, where the World Bank had long-standing and successful engagement. Through sectorwide approaches in education and health, the World Bank, together with other development partners, helped achieve good results on access in these areas.
2. Where reform is deemed critical to sustain development progress but government commitment is weak or absent, continued targeted analysis of key development constraints—highlighting the costs and risks associated with inaction—can help prepare the ground for future action when a window of opportunity presents itself. In turn, active engagement of Bank

Group management with high-level decision makers on critical reforms can help foster ownership and sustainability of reform.

3. Measuring improvements in the quality of education requires deliberate and ongoing investment in data collection.
4. Despite a decline in the country's performance-based allocation, the overall IDA financing increased, largely due to the Scale-Up Facility. The World Bank also resumed budget support operations in a context of persistently low domestic revenue mobilization and governance shortcomings. These developments raise a question about the alignment of the performance-based allocation and Scale-Up Facility in terms of the significance that IDA assigns to measures of institutional quality and governance.
5. Given the presence of significant explicit and implicit contingent liabilities, concerns about the quality of financial sector and national accounts data, and supervisory shortcomings in the financial sector, the World Bank could provide clearer caveats in its public statements about the quality of the macroeconomic framework. Underlying concerns with data quality and coverage (for example, the lack of information on contingent liabilities in state-owned enterprises, underreporting of nonperforming loans, and questions about the accuracy of gross domestic product data) could be more explicitly taken into account in macroeconomic assessments.
6. Financial Sector Assessment Program arrangements between the World Bank and the International Monetary Fund (IMF) can constrain the ability of the World Bank to provide comprehensive and timely assessments of financial sector vulnerabilities in nonsystemically important economies. The Bangladesh experience points to challenges to the World Bank's ability to obtain a timely assessment of financial stability in some client countries, given the current division of labor with the IMF on the Financial Sector Assessment Program and differences in the prioritization criteria between the World Bank and the IMF.

# 1 | Introduction and Country Context

This Country Program Evaluation (CPE) assesses the development effectiveness of the World Bank Group’s engagement with Bangladesh during the past decade (fiscal year [FY]11–20). The CPE reviews the extent to which the Bank Group’s support was effective and strategically focused and how it evolved to remain relevant during the decade in relation to changes in country context, lessons from experience, development priorities, and Bank Group corporate and International Development Association (IDA) priorities. The CPE includes a special focus on two thematic areas supported by the Bank Group and of particular relevance to Bangladesh: the jobs agenda and clean energy. In these and other areas, the CPE assesses how well the Bank Group leveraged partnerships to achieve objectives. Finally, the CPE provides lessons that may be of relevance to the next Country Partnership Framework (CPF) with Bangladesh, which is expected in FY23. The lessons may also be relevant to countries facing similar challenges.

The CPE is organized as follows: Chapter 1 presents the country context, highlighting the key socioeconomic achievements and development challenges faced by Bangladesh during the review period. Chapter 2 presents the Bank Group–supported program during the review period and its evolution and assesses its overall design, performance, risk assessment, and quality of internal and external partnerships. Chapter 3 assesses the Bank Group–supported program in the three focus areas of Bank Group–supported strategies. Chapter 4 reviews the Bank Group’s contributions to key IDA themes (gender, governance, and displaced populations), and chapter 5 assesses the Bank Group’s contributions to the jobs agenda and clean energy. Chapter 6 presents conclusions and lessons.

## Country Context

In 1975, Bangladesh had one of the world’s lowest per capita incomes, but during the ensuing years, Bangladesh grew rapidly, with growth driven by

the ready-made garment (RMG) sector and fueled by remittances. The rapid expansion of the RMG sector facilitated a structural transformation from agriculture to a more manufacturing-based economy. The transformation created jobs in manufacturing, and women accounted for half of the net increase in total employment. Between 2011 and 2020, the country registered average annual gross domestic product (GDP) growth of 6.4 percent (or an average of 6.3 percent between 2011 and 2015 and 6.6 percent between 2016 and 2020), allowing Bangladesh to cross the lower-middle-income threshold in 2016. Although Bangladesh's average per capita income growth has been consistently high relative to its comparators, it is still low compared with India, Sri Lanka, and Vietnam and with averages for lower- middle-income countries and upper-middle-income countries. Bangladesh's per capita health expenditure is the lowest among its peers, as is its Human Capital Index score. Bangladesh's performance on a number of socioeconomic indicators lags behind its peer countries (table 1.1).

Bangladesh has made good progress toward achieving the United Nations (UN) Sustainable Development Goals. It has achieved this progress by reducing extreme poverty, decreasing under-five mortality rates, increasing gross enrollment in primary and secondary education, and improving gender parity (table 1.2). In 2021, Bangladesh ranked 65th out of 156 countries on the Global Gender Gap Index, ahead of other South Asian countries, with a score of 0.721. Bangladesh's score suggests it closed 72 percent of its gender gap. At the same time, Bangladesh has been (and remains) highly vulnerable to natural disasters and climate change. The Global Climate Risk Index ranks Bangladesh as seventh among the countries most affected by climate change events over the past 20 years.<sup>1</sup>

**Table 1.1.** Selected Indicators: Bangladesh, Peer Countries, Lower-Middle-Income Countries, and Upper-Middle-Income Countries

Indicator	Years (Bangladesh)										Average (2011–20)				
	2011	2015	2019	2020	2020	Bangladesh	India	Sri Lanka	Vietnam	Thailand	Philippines	LMIC	UMIC		
Real GDP growth (% annual)	6.5	6.6	8.2	3.5	3.5	6.6	5.1	4.1	6.0	2.3	4.7	4.1	4.5		
GDP per capita growth (% annual)	5.3	5.4	7.0	1.4	1.4	5.3	3.8	3.3	4.9	1.9	3.1	2.4	3.4		
Poverty headcount ratio at \$1.90 a day (2011 PPP; % of population) <sup>a</sup>	—	—	—	—	—	14.30	22.50	1.40	2.23	0.02	6.40	15.64	2.54		
Poverty headcount ratio at national poverty lines (% of population) <sup>a</sup>	—	—	—	—	—	24.3	21.9	5.4	11.8	10.1	21.8	—	—		
Gross fixed-capital formation (% of GDP)	27.4	28.9	31.6	31.5	31.5	29.6	29.9	27.0	24.3	24.3	22.9	26.5	30.4		
Exports to goods and services (% of GDP)	19.9	17.3	15.3	12.2	12.2	17.0	21.2	20.9	93.3	65.3	27.7	25.0	25.6		
General government revenue (% of GDP)	10.4	9.8	10.0	9.6	9.6	10.3	19.6	18.5	12.7	21.4	18.8	26.5	30.3		

(continued)

Indicator	Years (Bangladesh)										Average (2011–20)				
	2011	2015	2019	2020	Bangladesh	India	Sri Lanka	Vietnam	Thailand	Philippines	LMIC	LMIC	UMIC		
Access to electricity (% of population)	59.6	74.4	92.2	—	74.6	86.1	94.1	99.2	99.6	90.6	81.6	81.6	99.1		
Current health expenditure per capita (current US\$)	22.8	32.8	—	—	31.2	59.1	140.7	121.2	225.2	121.7	89.4	89.4	464.9		
Learning gap (HCI source) <sup>b</sup>	—	—	—	0.50	0.46	0.49	0.60	0.69	0.61	0.52	0.48	0.48	0.56		
School enrollment, primary (% gross) <sup>c</sup>	—	—	—	—	115.7	108.7	100.7	110.0	99.4	109.0	103.9	103.9	103.3		
School enrollment, secondary (% gross)	52.4	65.6	72.6	—	65.0	72.1	99.0	—	106.7	86.7	65.3	65.3	89.8		

Sources: World Development Indicators database; World Bank, Washington, DC (last updated September 23, 2021); World Economic Outlook (database), International Monetary Fund, Washington, DC (accessed April 2021).

Note: GDP = gross domestic product; HCI = Human Capital Index; LMIC = lower- middle-income countries; PPP = purchasing power parity; UMIC = upper-middle-income countries; — = not available.

a. Average based on selected years.

b. HCI based on 2020 data only.

c. Bangladesh average based on 2017–18 only.



**Table 1.2.** Ranking of Bangladesh on Selected Indicators, 2019–21

Indicator	Most Recent Year	Indicator Score	Ranking
Global Gender Gap Index	2021	0.721 (1 = full gender parity)	65 of 156
Incidence of corruption	2019	26 (0 = best)	125 of 141
Corruption Perceptions Index (Transparency International)	2020	26 (100 = very clean)	146 of 180
Poverty headcount ratio at \$1.90 per day (2011 PPP; % of population)	2016	14.5	
Poverty headcount ratio at national poverty line (% of population)	2016	24.3	
Gini index (World Bank estimate)	2016	32.4	
Global Competitiveness Index score and ranking <sup>a</sup>	2019	52.1	105

*Sources:* Corruption Perceptions Index (database), Transparency International (accessed 2021), <https://www.transparency.org/en/cpi/2020>; Schwab and Zahidi 2020; World Bank 2019c, 2020f; World Economic Forum 2021; Worldwide Governance Indicators (database), World Bank, Washington, DC, <https://databank.worldbank.org/source/worldwide-governance-indicators>.

*Note:* PPP = purchasing power parity.

*a.* The Global Competitiveness Index (GCI) ranking covers 141 economies in 2019. The GCI measures national competitiveness, defined as the set of institutions, policies, and factors that determine the level of productivity. The GCI score has a scale of 0 to 100, where 100 represents the “frontier,” a state where an issue ceases to be a constraint to productivity growth. As of 2020, the GCI rankings have been paused.

Despite the increase in manufacturing employment, half of all workers remain in agriculture and the informal sector. Unemployment and underemployment are high, accentuating vulnerability (especially among youth), and labor productivity is low by international standards. The Bank Group’s 2015 Systematic Country Diagnostic (SCD; World Bank 2015a) concludes that Bangladesh has a fundamental challenge of creating “more and better jobs” for continued growth and poverty reduction. But the pace of job creation has slowed in recent years. There is also a significant gender gap, with low female nonagricultural labor force participation. The coronavirus (COVID-19) pandemic has disproportionately affected urban poor people and women, given the population concentration in cities. Women are employed in sectors (for example, garment production and household services) that have been heavily affected by the pandemic.

COVID-19 has significantly affected Bangladesh's growth prospects. The country's GDP grew by an estimated 3.5 percent in 2020, lower than the prepandemic World Bank projection of 7.4 percent for 2020. This was due, in part, to contraction in external demand for the RMG sector. In 2020, average household per capita consumption was estimated to have declined by 13 percent, with national poverty rates rising from 23 percent to 35 percent (implying an additional 21 million people falling into poverty; Genoni et al. 2020). Finally, challenging domestic and international economic conditions have affected the government's already low fiscal revenue and, together with spending related to COVID-19, are likely to result in a budget deficit of more than the government target of 5 percent of the GDP. The severity of the impact has the potential to lead to significant losses for the banking sector.

Governance challenges persisted, with no significant improvement (and some deterioration) in a range of governance indicators over the CPE period. Most governance indicators, including Worldwide Governance Indicators and others,<sup>2</sup> have shown no significant improvement for Bangladesh, with the exception of the rule of law and political stability indicators; indicators for voice and accountability deteriorated sharply (table 1.3).

Transparency International ranked Bangladesh 147th out of 180 countries in 2021 on perceived levels of public sector corruption. Bangladesh's Corruption Perceptions Index score of 26 is among the lowest in the South Asia Region.<sup>3</sup> Transparency International reported that corruption in Bangladesh has been pervasive during the pandemic, ranging from bribery to misappropriation and related to the procurement of medical supplies and contracts among business and government authorities.<sup>4</sup>

Institutional shortcomings pose a significant risk to Bangladesh's aspirations to reach and maintain upper-middle-income country status. Stronger public institutions will be needed to manage an increasingly complex and open economy and create an environment conducive to private sector-led growth and investment. The World Bank's Country Policy and Institutional Assessment (CPIA) rating for Bangladesh declined over the CPE period and relative to averages for the South Asia Region and lower-middle-income countries (figure 1.1a). The CPIA subrating for public sector management

and institutions, which influences IDA's performance-based allocation (PBA) of concessional financing, has been declining since 2016 (figure 1.1b). Other CPIA subratings also declined over the CPE period, including for economic management (despite a single-year increase in 2014). Much of the decline in the overall CPIA rating and subrating for public sector management and institutions took place after completion of the program supported by the International Monetary Fund (IMF) in October 2015.

**Table 1.3.** Bangladesh: Indicators of Institutional Quality and Governance

Governance Indicator	2011	2015	2019	2020	2021
Control of corruption	14.2	22.1	16.3	16.8	–
Government effectiveness	24.6	24.0	23.5	20.1	–
Regulatory quality	22.7	18.2	15.3	16.3	–
Rule of law	27.0	25.9	27.8	30.7	–
Voice and accountability	36.1	30.5	27.0	26.5	–
Political stability and absence of violence	9.0	10.0	15.2	16.0	–
CPIA economic management <sup>a</sup>	3.5	3.8	3.7	3.7	–
CPIA public sector management and institutions <sup>a</sup>	2.9	2.9	2.6	2.5	–
Corruption Perceptions Index <sup>b</sup> (score / rank)	25 / 139	25 / 139	26 / 146	26 / 146	26 / 157

*Source:* Worldwide Governance Indicators (database), World Bank, Washington, DC (accessed 2021), <https://databank.worldbank.org/source/worldwide-governance-indicators>.

*Note:* Percentile rank indicates rank among all countries in the world (0 = lowest rank; 100 = highest rank). CPIA = Country Policy and Institutional Assessment; – = not available.

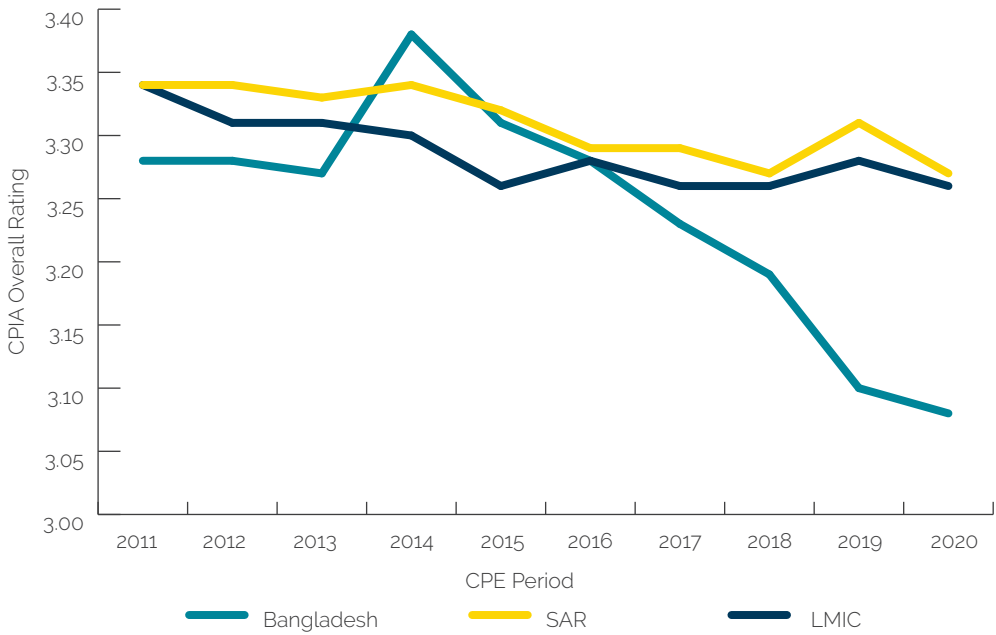
*a.* World Development Indicators database. The economic management cluster includes macroeconomic management, fiscal policy, and debt policy. The public sector management and institutions cluster includes property rights and rule-based governance; quality of budgetary and financial management; efficiency of revenue mobilization; quality of public administration; and transparency, accountability, and corruption in the public sector. CPIA cluster average (1 = low to 6 = high).

*b.* The Corruption Perceptions Index ranks 180 countries and territories around the world by their perceived levels of public sector corruption. The results are given on a scale of 0 (highly corrupt) to 100 (very clean).

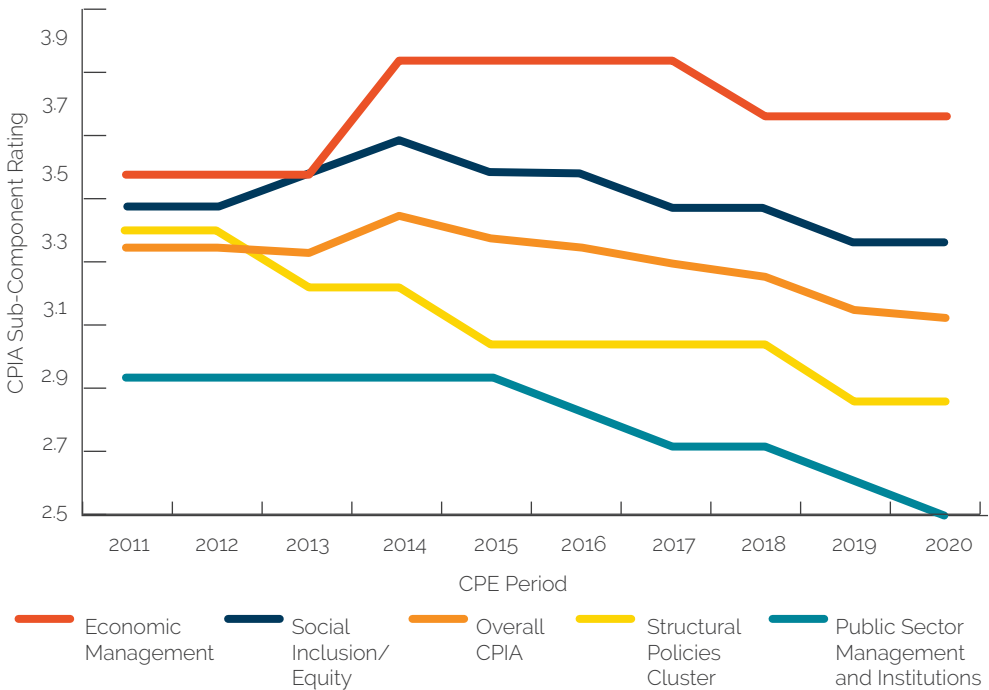
The central government's fiscal position was sound in 2010 but deteriorated steadily thereafter, and fiscal and financial sector vulnerabilities increased after the completion of the IMF program in 2015 (table 1.4). Until recently, Bangladesh's headline annual fiscal deficit was contained below 5 percent

**Figure 1.1.** CPIA Ratings: Bangladesh, South Asia, Lower-Middle-Income Countries (FY11–20)

a. CPIA rating: Bangladesh, South Asia, and LMICs



b. Bangladesh: Overall CPIA rating and subratings



Source: World Development Indicators (database), World Bank, Washington, DC, accessed April 19, 2022.

Note: CPE = Country Program Evaluation; CPIA = Country Policy and Institutional Assessment; FY = fiscal year; LMIC = lower-middle-income countries; mgt = management; SAR = South Asia Region.

**Table 1.4. Key Fiscal Indicators for Bangladesh (2010–20)**

Indicator	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary fiscal balance <sup>a</sup>	-0.8	-1.9	-1.1	-1.4	-1.0	-1.9	-1.5	-1.6	-2.8	-3.1	-3.4
Overall fiscal balance <sup>a</sup>	-2.7	-3.6	-3.0	-3.4	-3.1	-4.0	-3.4	-3.3	-4.6	-4.8	-5.5
Tax revenue <sup>b</sup>	7.3	8.1	8.4	8.5	8.1	7.9	8.2	8.4	8.1	8.8	9.7
Interest payments <sup>c</sup>	2.1	2.0	2.2	1.1	2.1	2.0	1.9	1.7	1.9	1.7	1.8
Subsidies and transfers <sup>c</sup>	3.8	3.9	3.9	3.4	3.0	1.4	1.3	1.3	2.9	3.2	3.7
Public and publicly guaranteed debt (US\$, billions) <sup>d</sup>	21.1	22.2	23.3	24.4	23.9	24.3	26.0	31.4	36.3	41.0	49.0

Sources: a. IMF Fiscal Monitor (2021). b. IMF World Longitudinal Data (last updated August 27, 2020). Compilation of government tax and nontax revenue from the Government Finance Statistics and the World Economic Outlook. c. IMF Article IV Consultations. d. World Development Indicators database (last updated February 15, 2022).

Note: In percentage of GDP, unless otherwise stated.

of GDP, including through slower-than-programmed implementation of the Annual Development Program. But on average over the past decade, Bangladesh had one of the lowest revenue-to-GDP ratios in the world, reflecting a narrow base, extensive use of ad hoc tax exemptions and incentives, significant informality, and slow progress in the automation of revenue collection processes. The current expenditure-to-GDP ratio was increasing, driven by high growth in wages, interest, subsidies, transfers, and large, unplanned expenditures resulting from the Rohingya refugee crisis. These pressures have been further exacerbated by COVID-19.

At the same time, the government faced rising fiscal vulnerabilities. The 2015 Public Expenditure Review update identified a number of core fiscal challenges including poorly targeted subsidies (including for agriculture/fuel), and a doubling of interest costs since 2010, accounting for 25 percent of current expenditure (equivalent to public spending on education, health, and welfare combined). The debt-to-GDP ratio was regularly assessed as modest. However, this did not reflect contingent liabilities from state-owned enterprises (SOEs) and what the World Bank described as “glaring inadequacies of expenditure accounting which resulted in an overstatement of economic growth” (Macro Poverty Outlooks 2017/18 Annual Spring Meetings; World Bank 2016–20).

Bangladesh’s financial sector also faced significant challenges over the evaluation period. State-owned commercial banks (SOCBs) were weak and a source of systemic risk despite corporatization efforts supported by the Bank Group and earlier efforts to strengthen banking sector governance (under the 2006 Country Assistance Strategy [CAS]). The 2011 CAS warned that a return to populist policies on bank lending, including politically motivated appointments to the boards of SOCBs and a return to directed lending for agriculture, could worsen the condition of SOCBs. The World Bank’s Macro Poverty Outlook (MPO) for Bangladesh (spring 2016) raised concerns about mounting nonperforming loans (NPLs), which were described as a “major concern,” and noted that the main factor holding back the recovery of defaulted loans was inadequate enforcement of laws and slow execution of decrees. The SCD cautioned that the integrity of the financial sector had been compromised by banking sector loan scams and embezzlements and by weaknesses in the regulatory and supervisory frameworks, which contributed to underreporting of NPLs.

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<sup>1</sup> The Global Climate Risk Index measures the level of exposure and vulnerability to extreme events based on data over a 20-year period (2000–19). The index is produced by Germanwatch (<https://www.germanwatch.org/en/cri>).

<sup>2</sup> The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of enterprises, citizens, and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

<sup>3</sup> This index measures levels of corruption, ranging from 0 (highly corrupt) to 100 (very clean).

<sup>4</sup> Transparency International, Corruption Perceptions Index 2021, <https://www.transparency.org/en/cpi/2021>.

## 2 | World Bank Group–Supported Strategies

### Highlights

Two strategies underpinned the World Bank Group's engagement in Bangladesh over the evaluation period—the Country Assistance Strategy for fiscal years 2011–15 and the Country Partnership Framework for fiscal years 2016–20. Bank Group support was streamlined at the Country Assistance Strategy Progress Report (November 2013) but expanded toward the end of the evaluation period, partly in response to two major shocks (Rohingya refugee crisis and coronavirus global pandemic), resulting in a large and diverse program by the end of the review period.

Bank Group internal coordination was strong. There was complementary work across the three institutions, particularly in the energy sector. Joint work with the International Finance Corporation was notable on the investment climate agenda and in the financial sector, although much effort failed to gain traction with the authorities. Greater internal synergies could have been leveraged in transport, health, and urban service delivery.

The World Bank's relationship with development partners was productive, notably through the sectorwide approach in education and health and in addressing the Rohingya displaced population crisis. The World Bank leveraged its comparative advantage in knowledge work, monitoring and evaluation, and fiduciary oversight.



## World Bank Group Strategies and Objectives

The 2015 SCD identified constraints to development in energy, inland connectivity, and weak public institutions that Bangladesh needed to address to achieve its official goal of upper-middle-income status. Weaknesses in the banking sector—including in governance, high and growing NPLs, and undercapitalized banks—posed significant financial and quasi-fiscal risks. High poverty rates persisted in areas with inadequate infrastructure and low human capital. Bangladesh ranks low in infrastructure quality among its peers (Global Competitiveness Report, Schwab 2019), with quality undermined by low maintenance budgets. Underinvestment in infrastructure was a binding constraint to growth, and access to services (such as water and sanitation, roads, and electricity) was inadequate.

Two strategies underpinned the Bank Group’s engagement in Bangladesh over the review period. These were the CAS for FY11–15, updated in November 2013 through a CAS Progress Report (CASPR), and the CPF for FY16–20, updated in January 2020 after a Performance and Learning Review (PLR), which also extended the CPF period to June 2021. Bank Group support to Bangladesh was informed by the government’s Vision 2021 (Center for Policy Dialogue 2007) and by the 2015 SCD (World Bank 2015a).

Bank Group engagement in Bangladesh evolved but remained substantially concerned with three key focus areas: growth and competitiveness (focus area 1), social service delivery and inclusion (focus area 2), and climate and environmental management (focus area 3). Figure 2.1 depicts the evolution of Bank Group–supported objectives at the CAS and CPF stages (while changes at the CASPR and PLR are discussed in the paragraphs that follow).

The FY11–14 CAS sought to address the country’s development challenges through 16 objectives in four broad areas: transformative investments and business environment, environment and climate change, social delivery, and accountability and inclusion. The CAS had three cross-cutting themes: regional cooperation, gender mainstreaming, and aid effectiveness. The objectives reflected the Bank Group’s support for the government’s policy agenda and its optimism as the country transitioned to greater political stability. However, the wide range of objectives also reflected a lack of selectivity

and focus. Bank Group support for the financial sector was mainly provided through analytical work and technical assistance on Anti-Money Laundering / Combating Financing of Terrorism and a review of standards and codes on insolvency. The government's Sixth Five Year Plan (2010–14) financial sector strategy included strengthening the regulatory framework, deepening financial markets, enhancing financial inclusion, implementing Basel capital requirements of banks, and automating the credit information bureau. Fiscal reform received little attention, possibly reflecting the focus on this area in the IMF-supported program.

At the CASPR (FY14), the CAS program was consolidated and objectives were reduced to 11 in recognition of implementation challenges, including the cancellation of the Padma Bridge project.<sup>1</sup> Five of the 16 CAS objectives were dropped to reflect slippages in the lending program (including the objective of expanded access to safe water and sanitation services) or due to limited progress toward targeted outcomes (as in the case of public investment and revenue generation). Some other CAS objectives were either revised or merged with other objectives.

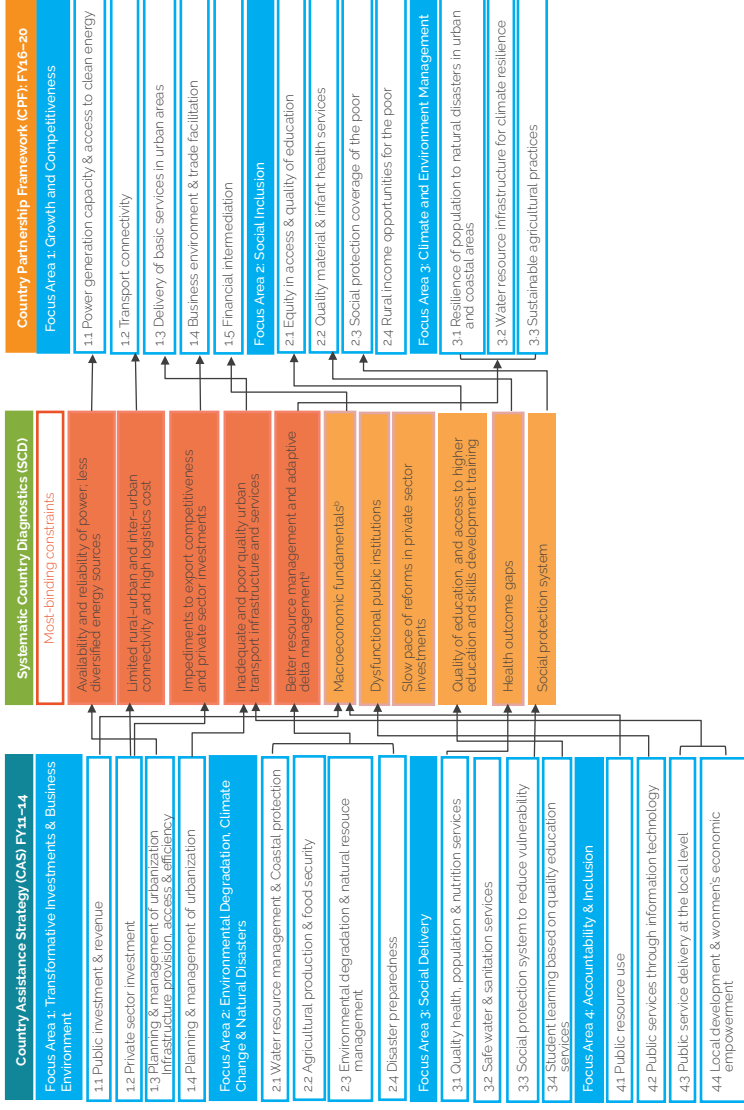
The FY16–19 CPF retained three of the four CAS focus areas (growth, social inclusion, and climate resilience) while addressing governance as a cross-cutting theme. It added objectives related to financial intermediation, trade facilitation, and urban service delivery. Little focused attention was given to fiscal vulnerabilities, including those associated with the SOE sector. However, analytical work by the World Bank, with emphasis on fiscal issues (a Country Economic Memorandum and a Public Expenditure Review), was begun during FY20–21, which may open the way for a deeper policy dialogue and engagement on fundamental fiscal reforms. The number of objectives expanded to 12 (from 11 objectives at the CASPR). At the PLR stage (FY20), two objectives were added in response to emerging issues such as the influx of the displaced Rohingya population. Adjustments were also made to existing objectives and targets due to slippages in implementation (including in transport connectivity).

There was modest attention to the financial sector in the CPF, according to which improving corporate governance and financial performance of SOCBs and the overall regulatory and supervisory capacity of the banking sector

were vital for sector stability. As part of the CPF, the World Bank approved the Modernization of State-Owned Financial Institutions Project to contribute to the modernization, transparency, and efficiency of SOCBs. However, the project was canceled after approval by the Bank Group's Board of Executive Directors when it failed to obtain the approval of the Executive Committee of the National Economic Council, which is headed by the prime minister. The CPF indicated that IDA support to strengthen the foundations of Bangladesh's financial system would be "complemented by [the International Finance Corporation's] private sector investments through long- and short-term finance, mobilization, and capital market instruments focusing on critical infrastructure" and that the International Finance Corporation (IFC) would "also focus on strengthening the banking sector by providing long-term financing" (World Bank 2016b, 23).

The CPF's modest attention to the financial sector reflected the government's confidence in the strength of the banking sector. Ministry of Finance and central bank officials interviewed for this evaluation considered the Bank Group's concerns overstated, citing as evidence Bangladesh's experience in favorably weathering the 2008–09 global financial crisis, the declining share of SOCBs in the financial sector, and a belief in the capacity of Bangladesh's government to bail out any state-owned or private commercial bank in the event of a default. The central bank was explicitly counting on faster private bank growth (relative to SOCB growth) to enhance banking system stability through private commercial banks' better management of asset quality (Bangladesh Bank 2018, xxi). However, the strength of this strategy was undermined by weakened supervisory independence,<sup>2</sup> revisions to definitions of asset quality (that resulted in underreporting of NPLs), and significant ownership of private banks by strongly connected interests.

**Figure 2.1.** Evolution of Bank Group Engagement from the Fiscal Years 2011–14 CAS, 2015 SCD, and Fiscal Years 2016–19 CPF



Source: Independent Evaluation Group.

Note: CAS = Country Assistance Strategy; CPF = Country Partnership Framework; FY = fiscal year; SCD = Systematic Country Diagnostic. Red box: These are the most binding constraints or what SCD called transformational priorities. Concerted action in the next 3–5 years could have transformational impact on the pace of progress towards eliminating poverty and boosting shared prosperity. These are areas where Bangladesh tagged behind Asian peers. Orange box: Labelled as ‘foundational priorities’ by SCD. These are prerequisites for faster growth and job creation which Bangladesh has addressed reasonably well in recent years. a. Includes improving productivity, crop diversification and reduce vulnerability to climate change. b. Includes strengthening tax system, improving health of financial sector and enhancing financial intermediation.

## Program Design

The Bank Group deployed the full range of instruments to support the government's program, including IFC investments and advisory services and Multilateral Investment Guarantee Agency (MIGA) guarantees. Where there was a lack of client interest in reform, analytical work and advisory services were usually pursued to maintain an up-to-date understanding of challenges, sustain a dialogue with the government, and (particularly in the case of the financial sector) prepare the ground for quick response if and when a window of opportunity opened.

The World Bank scaled up well-performing operations in education, health, rural roads, rural energy, and local government through the use of additional financing. Several development policy operations were approved toward the end of the CPE period (FY19–20) to support the jobs agenda, but they did not meaningfully confront rising macroeconomic and financial sector stresses. The limited role played by budget support operations reflected the government's reluctance to undertake economywide fiscal, financial, trade, and energy sector reforms and was in sharp contrast with the preceding decade, when policy-based lending played an important role in the World Bank's portfolio.

Five Program-for-Results (PforR) projects were approved during the second half of the CPE period to advance reforms in tax administration, public finance management, education, and transport. All five PforR operations experienced implementation delays caused by the COVID-19 pandemic, but there were implementation issues before the pandemic as well. For example, the first PforR (on value-added tax) suffered a major setback after the government's reversal of associated reforms in 2016, which required a retrofitting of value-added tax online systems and contributed to implementation delays. In the case of the rural bridges project, implementation was affected by procurement delays in civil works and consultancy services and project management turnover.

The CAS results framework reflected the Bank Group's ambition to support "transformative" investments while at the same time continuing long-standing engagement in education, health, and rural development. The framework was streamlined at the CASPR stage to reflect changes in the relationship

with the authorities after the cancellation of the Padma Bridge project and the pause on new lending for large infrastructure projects. The CPF results framework reflected a reengagement in large infrastructure investments and the introduction of climate and natural resource management as a focus area. Further adjustments were made at the PLR stage, including the addition of a new objective related to support for the Rohingya refugee population and the dropping of an objective for improved water resources when the planned intervention did not materialize. The River Management Improvement Program was negotiated but later dropped. Several results indicators in transport and education were also dropped. There were no fiscal results indicators in the CPF. The only aspect of financial sector performance that was formally tracked was financial inclusion, though it was an important aspect.

There were several shortcomings in the results frameworks used to monitor progress toward the objectives of the Bank Group–supported strategy. First, there was a lack of measurement of learning outcomes for primary education despite two decades of engagement and significant investments in projects and analytical work by the World Bank. The results framework also did not capture the impact of contributions from higher education and skills training interventions, which had been in the portfolio for a decade. Results from governance interventions were not captured, including those associated with projects in the portfolio before and during the CPE period (for example, Local Government Support Project, procurement, and value-added tax). Second, some of the results indicators did not adequately capture the substance of the objectives. For example, indicators for food security and resilience were output oriented rather than outcome oriented or were too broad given the scope of World Bank–supported interventions. The results indicator for transport connectivity was narrow in scope and reflected only the rural access dimension, not the broader objective (regional and waterway connectivity). Third, some new interventions, such as in livestock and forestry, were not well linked to objectives. Finally, there was limited integration of IFC and MIGA interventions in the results frameworks, although this was rectified at the PLR stage to reflect IFC engagement in energy and financial services.

## Flexibility and Responsiveness

The early phase of the Bank Group’s engagement started with an ambitious program, which was significantly impacted after the cancellation of the Padma Bridge project. The project’s cancellation strained the Bank Group’s relationship with the authorities and led to a temporary pause in new borrowing from the World Bank for large infrastructure projects. The Bank Group redirected its support to human development projects and continued its support for rural transport and rural energy. In the second half of the CPE period, the Bank Group resumed lending for large investments in energy and transport.

The Bank Group–supported program was adjusted to what the government was willing to implement. Projects that had been approved by the World Bank Board of Executive Directors (including those related to financial modernization and water resource management) were later dropped due to changing government priorities and lack of commitment to reform. The Bank Group responded well to government requests, including one request to address the influx of displaced Rohingya to Bangladesh in 2017 (box 2.1) and the COVID-19 pandemic in 2020.

### Box 2.1. World Bank Group Support during the Rohingya Refugee Crisis

The World Bank’s support during the Rohingya crisis was informed by the Rapid Impact, Vulnerability and Needs Assessment funded by the World Bank’s Global Facility for Disaster Reduction and Recovery. The assessment informed early discussion with the government and development partners about recovery interventions and underpinned the World Bank’s Emergency Multi-Sector Rohingya Crisis Response Project. The World Bank also generated analytical work through the Cox’s Bazar Analytical Program to inform the medium-term policy response to the Rohingya crisis and the development of the host community, Cox’s Bazar. During the coronavirus (COVID-19) pandemic, the program was adapted to provide just-in-time briefs on the impact of the pandemic on the Rohingya camps and Cox’s Bazar.

The International Development Association provided more than \$500 million through its refugee subwindow to support the government’s response to the Rohingya crisis to

*(continued)*

### Box 2.1. World Bank Group Support during the Rohingya Refugee Crisis (cont.)

meet immediate and broader economic and social needs of the 1.1 million displaced Rohingya and 336,000 residents in the host communities. To ensure effective coordination, the World Bank appointed a dedicated staff to work with the government, the United Nations, nongovernmental organizations, and other agencies.

Using existing systems, interventions addressed both the needs of the refugees and the host communities with regard to education, health, social protection, infrastructure, and gender-based violence. Interventions are relatively recent (since 2018). Despite implementation delays due to COVID-19, initial results suggest good progress overall. Some projects have been reprogrammed to support prevention of and response to COVID-19 for the Rohingya refugees and host communities. See details on implementation in chapter 4.

*Source:* Independent Evaluation Group.

## Risk Identification and Emerging Vulnerabilities

The Bank Group's ex ante assessments of risks to the achievement of development objectives showed increasing risks to both portfolio and program. Risks identified in the CAS—such as faltering commitment to reforms, weak institutional capacity, and corruption—were rated from substantial to high throughout the evaluation period. However, risks from macroeconomic and sector strategies were rated as moderate.

The moderate macroeconomic risk rating contrasted with growing fiscal and financial vulnerabilities in the second half of the CPE period, many of which had already been flagged early on in the evaluation period. The 2010 Public Expenditure Review was particularly clear and forthright in this regard. It recognized fiscal vulnerabilities associated with persistently weak tax revenue collection, rising and poorly targeted subsidies, unfunded public sector pension systems, weak and inefficient SOEs and banks, a large volume of outstanding sovereign guarantees issued, policy and institutional weaknesses in government debt management, and deteriorating credibility of the



budget. Several of these were echoed in Bangladesh Development Updates in 2012 and 2013.

Vulnerabilities increased after the completion of the IMF-supported program. Although Bangladesh's fiscal deficit was being contained below 5 percent of the GDP, this was achieved through slower-than-programmed implementation of the Annual Development Program (with negative implications for potential growth). The current expenditure-to-GDP ratio was increasing, driven by high growth in wages, interest payments on increasingly less concessional debt, subsidies, transfers, and large, unplanned expenditures resulting from the Rohingya refugee crisis and then in response to the COVID-19 pandemic.<sup>3</sup> Uncertainty was further compounded by inadequacies of expenditure accounting, which resulted in the overstatement of growth.<sup>4</sup> According to the 2013 CASPR, macroeconomic risks were to be mitigated through joint monitoring with the IMF. However, with the IMF-supported program completed in October 2015, IMF surveillance in Bangladesh de-intensified. Despite these developments, the World Bank was muted in voicing concerns with rising fiscal vulnerabilities in the latter part of the review period. Although most individual fiscal risks were identified and reconfirmed in the 2015 Public Expenditure Review update, the vulnerability associated with a compounding of risks—including those associated with the large buildup of implicit contingent liabilities and the understatement of NPLs—received little attention. In the context of the resumption of policy-based lending in 2018, the characterization of macroeconomic risks remained mostly benign, with the October 2019 MPO describing macroeconomic fundamentals as strong despite downside risks that included financial sector vulnerability, reform reversals, fiscal pressures, and a loss of competitiveness (Macro Poverty Outlooks 2017/18 Annual Spring Meetings; World Bank 2016–20).

The 2019 World Bank–IMF debt sustainability analysis concluded that Bangladesh was at a low overall risk for debt distress. It noted that “favorable debt dynamics” will keep public and publicly guaranteed external debt on a declining path (IDA and IMF 2019). However, this finding was based on a number of assumptions that include the following: (i) optimistic growth assumptions (the baseline projection assumes average annual real GDP growth of 7.3 percent over the long term, above the historical average of

6.5 percent a year); (ii) optimistic assumptions regarding export performance (for example, continued rapid growth of RMG exports) and remittance inflows; (iii) exclusion of implicit government guarantees (contingent liabilities of both financial and nonfinancial SOEs); and (iv) exclusion of several recent megaprojects financed with nonconcessional debt.<sup>5</sup> There was also no mention of the previously identified potential for a systematic upward bias in GDP data.<sup>6</sup>

In contrast, Bangladesh's growing financial sector risks were well documented. Vulnerabilities were concentrated in the banking sector, on which Bangladesh was reliant.<sup>7</sup> The baseline financial sector assessment for the evaluation period was the 2010 Financial Sector Assessment Program (FSAP), jointly carried out by the World Bank and IMF and publicly released. The FSAP noted that the recovery rate of NPLs was low and constrained by lengthy legal processes. The overall banking sector faced a large and growing NPL problem despite strong economic growth. By March 2019, the NPL ratio had risen to 11.9 percent from 9.3 percent at the end of 2017. Policy decisions had undermined supervisory independence and obscured the accurate measurement of NPLs, which had led to a significant underestimation of problem assets.

World Bank MPOs for Bangladesh from spring 2016 to 2020 consistently and increasingly raised concerns about financial sector vulnerabilities (World Bank 2016–20). These concerns included mounting NPLs, which were described as a “major concern,” with the MPOs noting that the main factors holding back the recovery of defaulted loans were poor enforcement of laws and slow execution of decrees. The April 2019 MPO asserted that “risks to the outlook stem *mainly* from financial sector weaknesses and adverse private sector dynamics.”<sup>8</sup> Heightened risk derived partly from policy changes that eroded bank supervisory independence and allowed defaulters to reschedule loans on easy terms. MPOs over this period regularly noted that financial sector weaknesses could derail investment and growth as weak governance in the banking sector limits lending capacity, diverts credit away from productive investment, and imposes large recapitalization costs.

## Intra–World Bank Group Synergies

There was good coordination across Bank Group institutions during the evaluation period. The co-location of an IFC office in Dhaka fostered collaboration with the World Bank through regular sharing of information and complementary or joint work. This was not always the case when there was no IFC physical presence in Dhaka. The CPF envisaged that the World Bank and IFC would collaborate or undertake joint or complementary work, particularly in infrastructure (transport and energy) and private sector development. Complementary work in energy did materialize during the CPE period but not in transport. In the case of private sector development, IFC cofinanced the Private Sector Development Project through the Bangladesh Investment Climate Fund supported by the United Kingdom’s Department for International Development and provided implementation and technical support for the technical assistance and capacity-building component of the project. IFC advisory services provided inputs at preparation for three World Bank operations, including Export Competitiveness for Jobs and the Programmatic Jobs Development Policy Credits (DPCs 1–3). There was complementary work across three institutions in the energy sector, where IFC promoted private investment in five public-private partnership (PPP) operations and MIGA provided guarantees for five energy projects. IFC also provided financing for Bangladesh’s first liquefied natural gas import terminal to address the shortage of natural gas fuel supply for power generation.

## Partnerships

Overall, the World Bank’s relationship with development partners was positive. Partnership was underpinned by a 2010 Joint Cooperation Strategy among bilateral and multilateral partners (including the World Bank) that was signed by the government of Bangladesh and 18 development partners. The World Bank effectively collaborated with development partners through several channels, notably through its long-standing engagement in the sectorwide approach (SWAP) in education (primary and secondary) and health. The World Bank’s collaboration with development partners in addressing the Rohingya displaced population crisis was also notable.

In education, the World Bank was a standing member of the Executive Committee of the Local Consultative Group, taking the rotating lead on several sector and thematic working groups. In primary education, the World Bank worked closely with the Asian Development Bank, the lead development partner, including through joint missions. It contributed by providing technical support in financial management, procurement, safeguards, and monitoring and evaluation, and it led and facilitated dialogue with the government and development partners in developing the secondary education SWAP.

As the lead development partner in the health SWAP, the World Bank provided fiduciary and technical oversight. Its leadership facilitated effective management of significant fiduciary risks through timely and quality technical support, helping improve the transparency of the procurement system and overall governance of the health sector (Implementation Completion and Results Report Review, Health Sector Development Program). Although the World Bank never served as chair or deputy of the Health Sector consortium, it led many aspects of the program, including implementation. The World Bank also contributed significant knowledge work to the SWAP (see chapter 3).

The World Bank coordinated with other UN agencies and development partners in responding to the Rohingya refugee crisis, including through joint advocacy on behalf of the displaced population and to ensure effective implementation of programs. The World Bank assigned a dedicated staff member whose terms of reference were to work with the government, the UN, nongovernmental organizations, and other agencies in the field. The relationship between the World Bank and the UN also supported the early-stage COVID-19 response in the host community and Rohingya population, including by raising awareness about how individuals and communities could protect themselves from the spread of the disease.

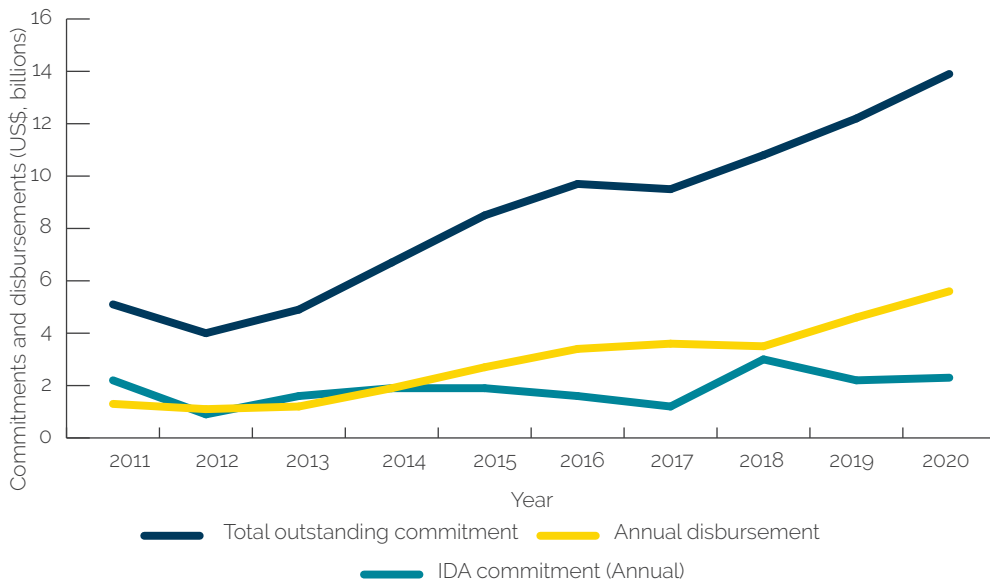
Although collaboration with the IMF was generally good throughout the period, collaboration on financial sector issues diminished somewhat during the decade. In mid-2018, World Bank staff requested IMF support to update the 2010 FSAP given marked changes in circumstances and significant growth in the banking sector. Under the agreed-on division of labor, the World Bank was able to conduct “development” modules for FSAP and the IMF conducted “stability” modules. IMF participation was therefore needed

to address many of the obvious financial stability issues. However, given its own resource constraints and its prioritization of more systemically important countries, the IMF was not available to prepare an FSAP stability module at that time. The World Bank eventually decided to proceed with an FSAP development module in 2019, which was completed in 2020 (World Bank 2020b).

## World Bank Group Program Delivery

The Bank Group was the largest source of official development assistance to Bangladesh. Between 2011 and 2019, the Bank Group accounted for 60 per cent (\$6.7 billion) of total official development assistance flows (\$11.2 billion) to Bangladesh. Total outstanding commitments at the end of the evaluation period were just under \$14 billion (figure 2.2).

**Figure 2.2.** International Development Association Commitments and Disbursements in Bangladesh, Fiscal Years 2011–20



Source: Business Intelligence (database), World Bank, Washington, DC (as of July 20, 2021).

Note: IDA = International Development Association.

The World Bank approved 86 projects (including 23 additional financing) during the evaluation period, with total net commitments of \$18.6 billion (table 2.1). This net commitment comprised 79 investment, 5 PforR, and 2 budget support operations. IFC financed 72 investments, with a total commitment of \$1.6 billion, and MIGA had 6 guarantees, of which 5 were in the

energy sector. Bangladesh also benefited from 40 trust-funded operations (for \$887 million) from 17 sources. During the review period, transport accounted for the largest share of IDA commitments (15.8 percent), followed by education (14.2 percent) and social protection (13.8 percent; see appendix B for details). Two operations were halted due to government concerns.<sup>9</sup>

**Table 2.1.** Source and Value of World Bank Group Financial Support to Bangladesh, Fiscal Years 2011–20

Source of Financing	Active Portfolio at the Start of Evaluation Period		Commitments Approved During Evaluation Period		Total	
	Projects (no.)	Commitment (US\$, millions)	Projects (no.)	Commitment (US\$, millions)	Projects (no.)	Commitment (US\$, millions)
	IDA	26	2,539	86	18,585	112
Trust fund	14	494	40	887	54	1,381
IFC <sup>a</sup> (net)	3	24	72	1,584	75	1,608
MIGA <sup>b</sup>	0	–	6	976	6	976

*Sources:* Business Intelligence (database), World Bank, Washington, DC (as of December 30, 2020); Client Connection (December 30, 2020); Project Portal (database), International Finance Corporation, Washington, DC (as of December 30, 2020); and Project Portal (database), Multilateral Investment Guarantee Agency as of December 30, 2020.

*Note:* IDA = International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; – = not available.

*a.* Long-term investment commitments (excludes short-term finance).

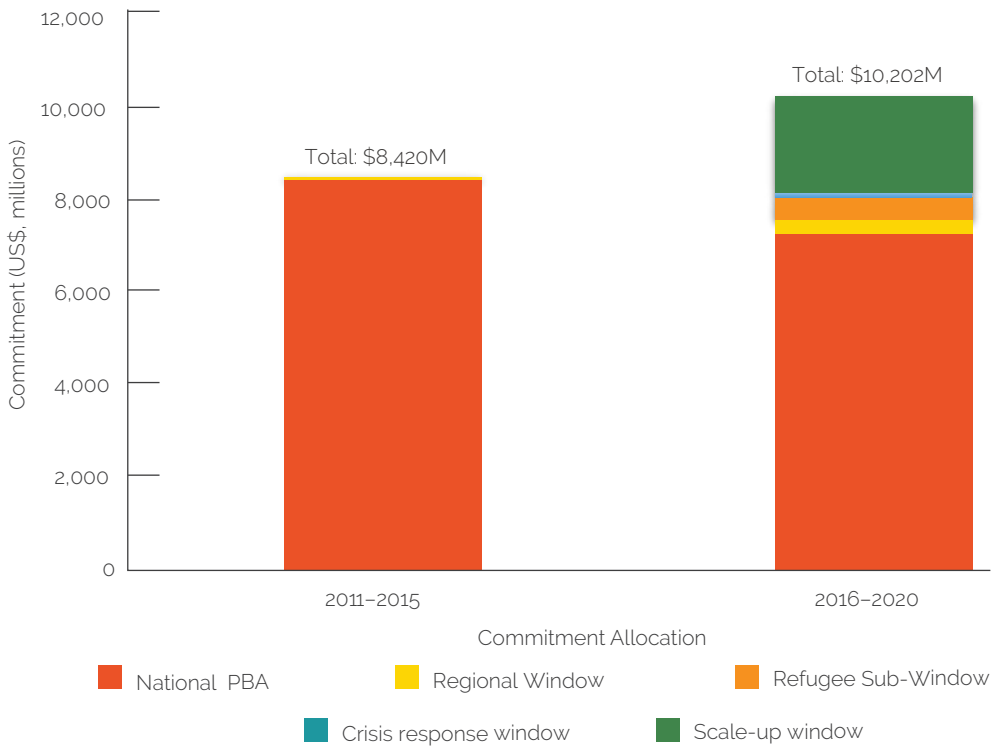
*b.* Guarantees issued during 2013–20.

World Bank budget support resumed in 2018, but fiscal and financial sector issues received little attention among prior actions. A DPC was approved to support strengthening social protection and schemes for creating jobs for youth. As of the end of 2019, the authorities had not engaged the World Bank on fundamental fiscal reforms. However, recent work on a Country Economic Memorandum and a Public Expenditure Review may open the way for stronger policy dialogue and engagement on fiscal reforms.

The IDA allocation for Bangladesh during the review period amounted to \$18.6 billion, consisting of the national PBA and other IDA windows (refugee, regional, crisis response, and Scale-Up Facility). Although Bangladesh's core PBA declined, due in part to a deteriorating CPIA rating in the second half of the review period,<sup>10</sup> the total IDA allocation increased over the

review period, from \$8.4 billion to \$10.2 billion. The decline in Bangladesh’s PBA was offset by an increase in funding, mostly from the Scale-Up Facility (figure 2.3).<sup>11</sup>

**Figure 2.3.** International Development Association Commitment Amount by Source, Fiscal Years 2011–20



Source: World Bank, IDA Resource Mobilization Department, Development Finance (DFi) database.

Note: CPE = Country Program Evaluation; FY = fiscal year; IDA = International Development Association; PBA = performance-based allocation.

The World Bank delivered 192 advisory services and analytics products, which concentrated on public administration, social protection, and the financial sector, while IFC delivered 42 advisory services. The World Bank’s advisory services and analytics (ASA) work consisted of several core diagnostics and analytical pieces, including the Poverty Assessment (2020), FSAP (2020), Country Environmental Analysis (2018), Jobs Diagnostic (2017), Diagnostic Trade Integration Study (2017), and several sector reviews on education, health, and social protection. No Debt Management Performance Assessment, Public Expenditure and Financial Accountability, or Public Investment Management Assessment was delivered. In terms of number of

projects, IFC's advisory services were mostly for financial institutions, followed by manufacturing, agribusiness, and services and PPPs.

## Implementation and Results

Complex and ambitious project design combined with parallel project preparation and review process by the government contributed to implementation delays. Government processing of externally financed operations requires preparing a development project proposal before negotiations and having it approved by the Executive Committee of the National Economic Council, which is chaired by the prime minister. In particular, the government's policy of prohibiting procurement and recruitment of key project management staff until after approval of the development project proposal by the Executive Committee of the National Economic Council has often been cited by World Bank staff and management as contributing to significant implementation delays. Capacity issues on the part of the government and delays in approval of large procurement packages (works and consultancy services) by the World Bank also contributed to delays, as did high turnover of government counterparts and task team leaders.

Despite the challenges of implementing projects in a capacity-constrained environment, overall performance was better than regional or World Bank-wide averages. The World Bank's portfolio in Bangladesh saw a reduction in the share of problem projects starting in 2016.<sup>12</sup> Before 2016, projects with ambitious design (for example, scope and outcome targets) were often restructured late in the project's life and their closing dates extended, notwithstanding lack of progress. For example, the Central Bank Strengthening Project was ambitious in scope and restructured late. Its implementation was extended for another 5 years (for more than 10 years total). The Independent Evaluation Group (IEG) rated its outcome moderately unsatisfactory. Political instability also affected project implementation due to countrywide strikes after elections, which were particularly prolonged in 2014 and raised security concerns for Bank Group staff.

A reduction in the share of problem projects was achieved through early restructuring, including changes in project development objectives, results indicators, and, in some cases, partial cancellation of funds for nonperforming



projects. Notwithstanding timely actions, implementation delays continued to occur due to procurement-related issues and delayed counterpart staffing. The location of a portfolio and country manager in the country office in Dhaka since 2016 has contributed to more focused attention on the portfolio.

Although there were shortcomings in results frameworks (see chapter 2, Program Design), project outcome ratings and subratings (Bank performance and M&E quality) compare favorably with the South Asia Region and World Bank averages (table 2.2; see appendix B for details).

**Table 2.2.** Project Outcome and Subratings: Bangladesh, South Asia, and World Bank, Fiscal Years 2011–20 (percent)

Ratings	Bangladesh	South Asia	World Bank
<b>Outcome rating</b>			
Highly satisfactory	22.1	4.8	3.0
Satisfactory	45.3	36.5	35.0
Moderately satisfactory	27.7	47.4	44.3
Bank performance	91.5	88.6	84.6
M&E quality	50.0	41.4	38.1

*Source:* Business Intelligence (database), World Bank, Washington, DC (as of February 8, 2022).

*Note:* Percentage of projects rated moderately satisfactory or above, averaged by commitment value. M&E = monitoring and evaluation

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<sup>1</sup> The Padma Multipurpose Bridge Project was approved by the World Bank’s Board of Executive Directors in fiscal year (FY)2011 but was canceled before becoming effective because of allegations of corruption. The International Development Association was to finance the project for \$1.2 billion, with cofinancing from the Asian Development Bank, the Japan International Cooperation Agency, and the Islamic Development Bank for \$1.55 billion. The cancellation was documented in Moreno-Ocampo, Tong, and Alderman (2013) and World Bank (2013d, 2014b).

<sup>2</sup> The October 2018 World Bank Macro Poverty Outlook for Bangladesh noted that central bank autonomy (along with banking supervision) had been “substantially eroded,” and it assigned a “high priority” to “allowing the Bangladesh Bank to function independently, avoiding regulatory forbearance, and strengthening banking supervision” (World Bank 2016–20, 186).

<sup>3</sup> The Independent Evaluation Group’s recent evaluation Addressing Country-Level Fiscal and Financial Sector Vulnerabilities argues that these risks were consistently understated for Bangladesh starting in 2016 (World Bank 2021a).<sup>4</sup>

<sup>5</sup> These include Padma Bridge (\$3.65 billion), Seaport (\$2 billion), Dhaka Metro Rail project (\$2.5 billion), and Roopu Nuclear Power Plant (\$11.4 billion).

<sup>6</sup> The accuracy of recent national accounts data that indicate an acceleration of growth from 6.5 percent a year between 2010 and 2015 to more than 8.3 percent per year has been questioned by several observers, including World Bank staff.

<sup>7</sup> Total bank assets represented about 60 percent of the country’s financial assets.

<sup>8</sup> Six state-owned commercial banks (and four private banks) failed to maintain the regulatory capital in Q2 2019, raising concerns about supervisory enforcement and independence. Stress testing by Bangladesh Bank indicates high sensitivity to the top large borrowers—the default of the top three borrowers results in 21 banks falling below the minimum capital adequacy ratio.

<sup>9</sup> The River Management Improvement Program was negotiated but later dropped, and the Modernization of State-Owned Financial Institutions Project was approved but later canceled at the request of the government. The Performance and Learning Review noted that the projects were halted due to “lack of awareness and sensitivity to the client counterparts’ limitations and concerns” (World Bank 2020d, 12).

<sup>10</sup> Criteria for national performance-based allocation include Country Policy and Institutional Assessment rating, portfolio performance (as measured by percentage of problem projects),

gross national income per capita, and population. The International Development Association (IDA) allocation is also influenced by the size of total IDA replenishments.

<sup>11</sup> Allocation of IDA subwindows is based on specific criteria for each subwindow. For instance, the Scale-Up Facility is provided based on criteria agreed to by the World Bank's Operations Policy and Country Services and Development Finance (DFi) and uses International Bank for Reconstruction and Development terms (see <https://documents1.worldbank.org/curated/en/117811517713219394/pdf/IDA17-SUF-Retrospective-Board-paper-Final-Dec29-01042018.pdf>) and are vetted at the regional level.

<sup>12</sup> The World Bank defines problem projects as projects that are rated unsatisfactory on progress toward achievement of the project development objective and/or the implementation progress in the Implementation Status and Results Report.

# 3 | World Bank Group–Supported Results

## Highlights

World Bank Group support contributed to increased generation capacity and clean energy access, increased access to all-season rural roads, and greater financial inclusion. Progress has been limited in improving regional connectivity and enhancing urban service delivery. Efforts to support improvements in the business environment and in building fiscal and financial sector resilience have been largely unsuccessful.

The Bank Group contributed to increasing access to education and retention in school, with particular emphasis on girls and poor people, but evidence of improvement in learning outcomes in primary education has been elusive. In the health sector, the World Bank exceeded targets in the percentage of births attended by skilled personnel (although the targets were unambitious) and contributed to reducing maternal and infant mortality rates. World Bank support also contributed to improvements in the coverage, efficiency, and targeting of social protection systems.

Bank Group support had some success in reducing vulnerability to natural disasters, improving access to reliable water sources in urban and rural areas, and increasing adoption of improved agricultural technologies and yields. Bank Group support for water resource management did not materialize due to technical and political economy considerations.

# Country Partnership Framework Focus Area 1: Growth and Competitiveness

In line with the diagnosis of the 2015 SCD (World Bank 2015a), Bank Group support for growth and competitiveness focused on transformational (energy, transport, and urban services) and foundational (including education, health, and private sector development) priorities in an effort to help create more and better jobs. Fiscal and financial sector reform did not figure prominently in this focus area.

## Power and Clean Energy

Availability and reliability of electricity in Bangladesh were key obstacles to doing business in the country and lagged regional peers. The power sector in Bangladesh faced a dual challenge of requiring massive investment in new generation capacity while facing increasing costs of fuel and a fiscal burden from tariffs below cost-recovery levels.

The Bank Group supported the sector through a diverse set of instruments, including investment lending, technical assistance, and advisory services and analytics. The Bank Group's lending was complemented by IFC investments and advisory activities and MIGA guarantees. The Bank Group supported investment in infrastructure to extend electricity access to the rural population, add generation capacity, and strengthen transmission and distribution networks. It also supported the scale-up of renewable energy to increase installed generation capacity and mobilize private sector financing. The legacy portfolio sought to improve government capacity, including in power sector planning and regulation.

The Bank Group-supported program made significant contributions to increasing power generation capacity and access to clean energy, achieving most of the targets for this focus area. It contributed additional generation capacity of 2,531 megawatts by 2019 (from 490 megawatts in 2015) and supported the installation of 1.2 million solar home systems that provided access to 2.8 million households by 2019. The Bank Group's solar home system program is one of the most successful in the world in terms of the number of systems installed.<sup>1</sup> Progress was also made in the construction and

rehabilitation of transmission (385 kilometers) and distribution (7,550 kilometers) networks by 2020 to improve reliability of supply. Support provided under the power sector technical assistance succeeded in building capacity in the Bangladesh Energy Regulatory Commission. However, subsequent efforts to gain regulatory independence and financial sustainability through executing tariff increases and fostering fair competition were constrained by excessive political and bureaucratic interference in staffing and decision-making (World Bank 2014c).

Bank Group success in the energy sector can be attributed in part to its long and sustained engagement in the sector. The Bank Group played a catalytic role in helping the government establish and sustain an appropriate policy framework to guide the rural electrification program, and also set standards and promoted knowledge transfer in the field of renewable energy (World Bank 2014c). Its expertise, long-standing relationships with key government agencies, and consistent policy views made the Bank Group a trusted partner in the energy sector SOE reform process (Bangladesh country case study on SOE reforms; World Bank [2020i]). In the case of renewable energy, the World Bank drew on sector experience and lessons on design and implementation from within and outside Bangladesh, ensured institutional readiness for implementation, and identified major risks and ways of mitigating them. It worked closely with the government and implementing agency to resolve issues in a timely manner.

However, Bank Group investment projects focused on energy infrastructure provision without the accompanying efficiency-enhancing policy reforms (for example, tariff reforms and gas pricing). Although the CPF envisaged supporting the government in advancing tariff reform through policy lending, this did not materialize during the review period due to the government's lack of appetite for reform in the sector.

## Transport

Transport infrastructure and services in Bangladesh had not kept pace with the country's rapid economic growth and urbanization. Institutional fragmentation was a key challenge, with five ministries and 21 agencies with overlapping mandates. Bank Group support for infrastructure provision and

access and improved transport connectivity was aligned with the government’s objective “to develop an efficient, sustainable, safe, and regionally balanced transportation system” (Government of Bangladesh 2012, 7).

The Bank Group supported rural and regional connectivity through a mix of lending, analytical work, and advisory services. The centerpiece of the World Bank’s engagement under the CAS (FY11–14) was the multibillion-dollar Padma Bridge project (FY11; see chapter 2, footnote 1), which was envisaged to connect the isolated southwestern region to the rest of the country. Its cancellation due to governance concerns led to a pause in large infrastructure lending, including for planned multimodal transport investments, and cast a long shadow over the Bank Group’s relationship and dialogue with authorities. Nevertheless, the World Bank maintained engagement in rural transport. Bank Group support for large transport infrastructure resumed in the second half of the review period with three regional projects to improve inland connectivity and logistics. It also continued to provide support for rural road and bridge infrastructure and asset management. IFC contributed through investment in cold chain logistics.

The Bank Group’s contribution to rural access has been significant, improving inland connectivity to enhance access to markets for agricultural products and agricultural productivity. It substantially achieved its targets of increasing the share of the rural population with access to all-season roads (from 43 percent in 2011 to 59 percent in 2015) and increasing access for roughly 9.1 million people living within 2 kilometers of upazila and union roads in 26 districts. Bank Group–supported operations also rehabilitated 4,383 kilometers by 2019, including 829 kilometers of upazila roads and 370 kilometers of union roads.

However, there was limited progress in improving regional connectivity due in large part to the rapid scale-up of World Bank lending in complex and diverse subsectors where both the World Bank and the government had limited expertise and experience. Although the World Bank appointed a field-based infrastructure coordinator to facilitate engagement with government counterparts, the increase in lending was too rapid to build up sufficient World Bank staff expertise in specialized disciplines in the field. This resulted in inadequate project design, lack of readiness for implementation, and implementation

problems (including staffing and procurement delays). Implementing agencies also had limited expertise in the sector and in implementing World Bank projects. The World Bank restructured and canceled funds from nonperforming components of regional projects. In the case of the Regional Waterway Project, one-third of its project cost was canceled (\$126 million) after more than four years of very limited implementation progress. More recently, implementation of rural road and bridge projects has been negatively affected by COVID-19 and continuing procurement delays.

In sum, although the Bank Group has made substantial progress in improving rural connectivity and access, there was limited progress on regional connectivity due to significant design and implementation challenges and a rapid increase of lending without adequate implementation capacity in the field. Results from efforts to improve maintenance and asset management have yet to materialize. Key objectives in the transport sector, such as private sector participation and institutional consolidation, have yet to be addressed.

## Urban Management and Service Delivery

Substandard living conditions, high cost of living, and heavy road congestion have eroded the competitiveness and livability of cities in Bangladesh, particularly Dhaka and Chittagong. Dhaka was ranked 137th out of 140 cities in 2019 in terms of livability according to the Global Liveability Index 2021.<sup>2</sup> The UN Economic and Social Commission for Asia and the Pacific estimated that about 70 percent of the urban population live in slums (twice the rate in India), often in precarious areas. The SCD highlighted the need for transformative investments to improve the competitiveness and livability of cities, especially with respect to urban public transport, water and sanitation, and affordable housing (World Bank 2015a).

Bank Group support for improved urban service delivery has been limited during the review period despite an ambitious strategy to address urban challenges in successive government strategies. The Sixth Five Year Plan (2010–15) sought to address deficiencies in service delivery and reduce poverty in urban areas (Government of Bangladesh 2011). The Seventh Five Year Plan (2016–20) had a chapter on urbanization strategy, including the development of the institutional framework for urban governance and



management emphasizing decentralization, capacity strengthening, resource mobilization, and transparency and accountability (Government of Bangladesh 2015). During the first part of the CPE period, only one legacy operation, the Municipal Services Project (FY99), supported the urban service delivery agenda, with a total project cost of \$216 million and an implementation time of 12 years.

The Dhaka City Neighborhood Upgrading Project (FY19) was the first large-scale World Bank engagement that targeted improving Dhaka’s competitiveness and livability. ASA covered urban policy, technical assistance for capacity building, and development strategies and plans for the city of Dhaka. An ASA (Muzzini and Aparicio 2013) provided a comprehensive analytical basis for guiding future Bank Group operations and engagement across multiple sectors and influenced early thinking on the Metro Dhaka Transformation Platform (FY19).

Bank Group–supported urban operations are still being implemented. Implementation challenges affected two of the three urban sector projects, due to both the pilot nature of the operations and weaknesses in counterpart capacity. Projects in the urban sector have also faced major coordination challenges with several different government ministries (for example, Ministry of Local Government, Ministry of Road Transport, Ministry of Housing) and levels of local government structures.

## Business Environment and Trade Facilitation

During the review period, the Bank Group sought to improve the business environment by supporting a new export zone regime. This step was intended to enhance the supply of serviced land, which had been identified as one of the key obstacles to doing business in Bangladesh due to inefficient land administration and deficiencies in urban planning that contributed to high cost (2015 SCD, World Bank 2015a). The new export zone regime was an effort to move away from the export processing model of the 1980s, which was heavily subsidized and had weak linkages and spillover from foreign investments.

The Bank Group achieved limited progress in improving the investment climate and diversifying exports. Although there has been an increase in gross domestic capital formation by the private sector, and the targeted reduction

in cost to set up a business was exceeded, there has been no change in the time to set up a business. There was also a significant deterioration in the World Bank’s ease of doing business index (table 3.1). Exports continue to be highly concentrated in the RMG sector, with little by way of diversification.

**Table 3.1.** Investment Climate Results Indicators from the Country Assistance Strategy and Country Partnership Strategy

Outcome Indicator	Baseline	Target	Progress to Date
Private investment-to-GDP ratio increases by at least 2 percentage points of GDP	21.5% (2010)	23.6% (2015)	23.7% (2020)
Overall improvement in ease of doing business index	35th percentile (DB 2010) Rank: 119/183 Score: 3.0	40th percentile (DB 2015) Rank: 173/189 Score: 46.8	12th percentile (DB 2020) Rank: 168/190 Score: 45.0
Reduction in time and cost to set up a business	19.5 days and 22.3% of income per capita (2018)	25% reduction (2021)	No change in time to set up a business (DB 2020) 60% decline in cost to set up a business (DB 2020)
Direct investment in select economic zones	\$15 million in 2015	\$2 billion (2021)	\$3.2 billion (2020)

Sources: Various *Doing Business* reports, latest Implementation Status and Results Report.

Note: Ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance (ease of doing business score and ease of doing business ranking 2020).

Methodology of ease of doing business score and ease of doing business ranking: Ranking of economies is determined by sorting the aggregate ease of doing business scores. The aggregate ease of doing business score for each economy is the simple average of their scores on each of the 10 topics included in the ranking: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. All topics are weighted equally. DB = *Doing Business*; GDP = gross domestic product.

Bank Group support for investment climate reform was provided through investment lending, technical assistance, and ASA. Three investment projects supported export processing zones and export diversification while the Programmatic Jobs DPC series (FY19–21) had prior actions to help modernize the trade and investment environment (pillar A), including the new Companies Act (to modernize the processes of starting and running a business by replacing the archaic 1913 Companies Act).

Substantial analytical work was produced related to competitiveness, jobs, and trade, including the analytical underpinnings to the Programmatic Jobs DPCs, such as the 2017 Jobs Diagnostic (Farole et al. 2017), which provided the framework and basis for several prior actions, including the One Stop Service for investment and the new Companies Act (see chapter 5). IFC provided advisory services primarily through the Second Bangladesh Investment Climate Fund, which was funded by the UK Department for International Development and coordinated closely with two World Bank operations.

## Financial Inclusion

The Bank Group’s contribution to financial inclusion has been significant. The number of customers with access to digital services reached 30 million as targeted, while the number of small and medium enterprises with access to financial services reached 78,000, well below the target of 100,000. IFC investments supported financial inclusion, including through investment in a mobile payment company (bKash). bKash has approximately 50 million registered customers and has been instrumental in improving financial inclusion. The 2017 Global Findex reported that the percentage of adults with financial accounts in Bangladesh rose from 31 percent (2014) to 50 percent (2017)<sup>3</sup>—a gain almost entirely due to a 20 percent increase in bKash mobile money accounts, although significant challenges remain in closing the gender gap in financial access. bKash was also critical during the COVID-19 pandemic, as the government of Bangladesh disbursed assistance through mobile financing services.

## Country Partnership Framework Focus Area 2: Social Inclusion

### Health

Bank Group support for the health sector focused on improving access to quality health, population, and nutrition services (CAS), and improving access to quality maternal and infant health services (CPF). Public and private health sector spending in Bangladesh as a percentage of the GDP is among the lowest in the region. The support was therefore relevant to the country

context and priorities of the government as set out in the Second National Strategy for Accelerated Poverty Reduction (2009–11) and the Health, Nutrition, and Population Strategic Investment Plan (HNPSIP) 2016–21. The 2015 SCD identified health as one of the foundational priorities to sustain growth and poverty reduction in the country (World Bank 2015a).

Under the CAS, there was a strong focus on service delivery at district and local levels with emphasis on expanding access, availability, and quality of maternal and child health services, reproductive health and family planning services, and the effectiveness of interventions related to the nutritional status of mothers and children. Under the CPF, the Bank Group engagement shifted progressively in addressing systemic reforms and supporting the government in its ambition for universal health coverage.

The World Bank, together with development partners, supported the health sector through a SWAP, which financed a specific slice of the overall national health program. In addition, the World Bank produced significant analytical work to support the lending program. One analytical work, “Bangladesh Governance in the Health Sector” (Rose, Lane, and Rahman 2014), informed development partners and government on the state of governance issues in the health sector and called for greater transparency and effectiveness to further improve health outcomes. Another analytical work, *Health and Nutrition in Urban Bangladesh: Social Determinants and Health Sector Governance* (Govindaraj et al. 2018), recommended that, with rapid urbanization, Bangladesh needed to address urban health delivery services and outcomes and undertake reform across several areas, including in governance, financing, and policy framework. IFC had relatively little engagement in the health, nutrition, and population sector. It provided advisory input in the form of the Bangladesh Secondary and Outpatient Care Hospital PPP and the Bangladesh Dialysis Centers PPP, with financial support from the HANSEP Health PPP facility funded by the UK Department for International Development. The Bangladesh Dialysis Centers PPP was recognized in the *Infrastructure 100 World Markets Report* (KPMG 2014) as one of the top 100 projects across the globe in 2014.

The complex nature of the sector and of the SWAP arrangement gave rise to implementation challenges (notably financial irregularities) that were

progressively addressed over the period. At entry, fiduciary-related project risks were rated high. To mitigate this risk, a comprehensive Fiduciary Action Plan was developed that focused on control functions of the ministry in collaboration with development partners. Numerous financial irregularities were identified during project implementation. For example, about \$2.2 million was declared an ineligible expenditure due to financial irregularities and misprocurement identified by government and World Bank audits. The government refunded the full amount to the World Bank. External audits identified other irregularities.

Lessons from implementation of the FY11 SWAP helped structure the design and risk mitigation of subsequent SWAPs. For example, disbursement-linked indicators (DLIs) were introduced in the FY11 SWAP. Seven of the 15 DLIs were dedicated to strengthening the fiduciary capacity of the client and improving the overall governance of the sector. These DLIs include contract management guidelines, restructuring of the financial management audit unit, and internal audits of the Ministry of Health and Family Welfare with time-bound actions. IEG's Implementation Completion and Results Report Review for the FY11 SWAP noted that effectiveness of the DLI approach is attenuated when budgetary incentives are only partly associated with the achievement of results. In the FY11 SWAP, the government budget for Health Population Nutrition Sector Development Program was prefinanced by the Ministry of Finance, which reduced the effectiveness of the incentive structure.

Overall, sector-level indicators pointed to improvements over time, to which the World Bank-supported program contributed. Project-level assessments of two completed projects through the SWAP arrangements suggest a positive direction of travel.<sup>4</sup> Over the CPE period, health outcome targets were achieved, including the increased share of births attended by a skilled birth attendant among the lowest two wealth quintiles (see table 3.2). The outcome target related to attendance of skilled personnel at births in the lowest two income quintiles was exceeded well before the target dates.

**Table 3.2.** Health Results Indicators from Country Assistance Strategy and Country Partnership Framework

Indicator	CAS and CASPR:	
	FY11–15	CPF and PLR: FY16–21
Percentage of births attended by skilled personnel in the two lowest income quintiles*	Baseline (2007): 8% Target (2014): 14% Actual (2015): 23%	Baseline (2014): 23% Target (2020): 27% Actual (2017): PLR reports target exceeded at 33.6%
Percentage of under-five children who were underweight	Baseline (2007): 46% Target (2014): 42% Actual (2015): 32.6%	
Coverage of measles immunization for children under 12 months of age		Baseline (2014): 85% Target (2020): 87% Actual (2017): PLR reports target achieved
Children under 2 years of age receiving nutrition services in Sylhet and Chittagong division (new at PLR)		Baseline (2017): 0% Target (2021): 20% Actual: (2021): 35% (ISR October 2021)

Source: Independent Evaluation Group based on CAS/CPF/PLR, ICRRs/ISRs.

Note: CAS = Country Assistance Strategy; CASPR = CAS Progress Report; CPF = Country Partnership Framework; FY = fiscal year; ICRR = Implementation Completion and Results Report Review; ISR = Implementation Status and Results Report; PLR = Performance and Learning Review.

## Education

The CAS/CASPR objective for “increased equitable education access, improved system efficiency, and student learning” (World Bank, 2010a, 2013a, p.9) and the CPF objective of “improved equity in access and quality of education” (World Bank 2016b, 23) were in line with the government’s priorities, including job creation through inclusive growth, promotion of gender equality in education, and achievement of universal primary and secondary education. The objectives were also aligned with the SCD’s identification of the need to improve the quality of learning outcomes. IDA was the largest source of finance in education among development partners (notably through SWAP arrangements in primary and secondary education, which accounted for 88 percent of IDA commitments in education). More than half of it went to primary education. The Bank Group also supported higher education and skills training (see chapter 5).

During the CPE period, the World Bank contributed to increased completion rates in primary education (80 percent), achieving the CPF target in 2017; the CPF target (50 percent) for completion rates in secondary education was not achieved. The World Bank also contributed to increased enrollment of out-of-school children in underserviced upazilas and urban slums, reaching 687,556 in 2019, which exceeded the target of 400,000. These achievements were made through the World Bank’s long-standing engagement in the SWAP with development partners.

Despite favorable outcome ratings for individual projects,<sup>5</sup> improvements in learning outcomes have proven elusive. This shortcoming was identified in the 2009 IEG Country Assistance Evaluation for Bangladesh (World Bank 2009). Key factors associated with weak learning outcomes included lack of access to early childhood development programs, low quality of teaching practices, inadequate school management, and low levels of spending on public education (World Bank 2013b). Given that enhanced quality of education was a strategic objective for both the CAS and the CPF, the lack of progress is concerning, particularly given significant efforts and investments made in this area.

## Social Protection

There was a continuity of focus across CAS and CPF objectives—“Strengthened social protection system to reduce vulnerability” and “Improved social protection coverage for poor people”—which was relevant in support of government strategy. A top priority for the Seventh Five Year Plan was to streamline existing programs to ensure the effective and efficient use of public expenditures. At the start of the CAS period, a significant number of Bangladeshis were poor, in extreme poverty, or vulnerable to reentering extreme poverty. To mitigate this, the authorities operated 31 social safety net programs at the time of the CAS and more than 100 programs at the start of the CPF period. These accounted for 15 percent and 12 percent of total government expenditure, respectively. Weak coordination and targeting in the social protection system reduced the effectiveness of targeted programs and was identified as in need of improvement as part of the World Bank’s strategic focus on improving public service delivery.

The World Bank sought to provide support to improve the equity, efficiency, and transparency of major social safety net programs that it provided through investment lending and support for prior actions under the Programmatic Jobs DPC series 1–3 (including a financing scheme for workers in export industries affected by COVID-19). Lending was complemented by a substantial body of knowledge work, particularly the *Bangladesh Social Protection and Labor Review: Towards Smart Social Protection and Jobs for the Poor* (World Bank 2016c), which reviewed the social protection landscape and labor policy agenda and programs and offered relevant policy recommendations, such as measures to develop a pension system that would cover workers regardless of employment type. Pillar B of the DPC series supported strengthening systems to protect workers and included a trigger for the cabinet to approve a comprehensive pension strategy; however, this trigger did not materialize into prior action. (See appendix D on the DPC evolution of prior actions and indicative triggers.)

The Bank Group made progress in supporting an increase in the share of people covered by social safety nets, people receiving social care services, and additional beneficiaries receiving social protection benefits. The World Bank built on lessons from previous operations, such as the Employment Generation Program (FY11), on beneficiary targeting. However, reforms supported under the DPC series to protect workers' rights did not materialize as envisaged, as prior actions in subsequent operations in the series were weakened relative to the indicative triggers supported by the program. For example, the planned overseas migration legislation addressing gaps in the regulation of intermediaries to reduce the cost of international migration was replaced by a weaker action related to the publication of recruitment agency licensing and code of conduct for performance monitoring, which has less traction compared with a legislative act.

## Country Partnership Framework Focus Area 3: Climate and Environment Management

Focus area 3 sought to address the nexus of climate change preparedness, disaster risk management and resilience, and environmental management (water resources and agriculture).



## Resilience to Natural Disasters in Urban and Coastal Areas

The Bank Group supported enhanced disaster and climate change preparedness (CAS/CASPR) and increased resilience of the population to natural disasters in urban and coastal areas (CPF/PLR). These objectives were highly relevant to country conditions, notably the country's extreme vulnerability to disasters and climate change. The government placed high priority on adaptation to and mitigation of the consequences of natural disasters. Successive five-year plans stressed the urgency of paying attention to disaster management and climate change.

During the review period, the Bank Group provided lending and analytical support to enhance the country's preparedness for natural disasters and the consequences of climate change. The CAS objective was supported by the Emergency 2007 Cyclone Recovery and Restoration Project (FY07), which was the largest and most comprehensive response to the cyclone Sidr that hit the country in November 2007.<sup>6</sup> The World Bank provided financing to rehabilitate coastal embankments and existing disaster shelters as well as build new multipurpose disaster shelters, and provide assistance to restore the livelihoods of affected communities. The project benefited 4.8 million people in areas affected by the cyclone with the rehabilitation of 353 multipurpose shelters, the construction of 460 new shelters, and the rehabilitation of more than 500 kilometers of coastal embankments intended to prevent flooding in low-lying areas (World Bank 2019a). According to the Implementation Completion and Results Report Review, the project's multipurpose shelters have successfully reduced the country's vulnerability to weather-related disasters. At least two subsequent cyclones, Mahasen in 2013 and Mora in 2017, were more intense than Sidr but caused many fewer deaths, injuries, and damages.<sup>7</sup>

Early results from CPF-supported interventions suggest some progress in increasing the number of wards with decentralized emergency response services and providing additional people with access to multipurpose shelters. The portfolio experienced implementation delays due to protracted procurement processes, delays in land acquisition, and weather-related events, necessitating restructurings and extensions.

During the second half of the review period, World Bank lending focused on infrastructure such as investments in new or rehabilitated multipurpose shelters (cyclone shelters, which serve as primary schools during the year) and rehabilitation and improvement of rural roads to improve access, with no explicit provision for operations and maintenance after the project has closed. For instance, nearly 95 percent of the project cost for the Multipurpose Disaster Shelter Project was dedicated to construction and rehabilitation. Given the World Bank's focus on extensive infrastructure projects to improve the country's resilience to natural disasters and impact of climate change, there are concerns with how these investments would be maintained after project completion, as there was insufficient attention to operations and maintenance, resulting in a cycle of build-neglect-rebuild. The 2015 SCD suggests that Bangladesh needs to move away from the build-neglect-rebuild mindset. It states that insufficient attention to operation and maintenance of infrastructure results in a fiscally inefficient cycle of build-neglect-rebuild (World Bank 2015a, 10, 84, 108).

## Water Resources

Throughout the review period, the World Bank envisaged supporting water resource management. Inefficient water resource management, particularly river management, poses risks to the country's development through recurrent floods, erosion, and water pollution. River management in Bangladesh is complex because of the vulnerability of transport, agriculture, and human health to water-related impacts. Fifty-seven transboundary rivers feed into Bangladesh, creating the world's second-largest riverine drainage basin, the Ganges-Brahmaputra-Meghna Basin (which it shares with India, Nepal, Bhutan, and China). The Bank Group sought to support strengthened water resource management and protection of coastal areas (CAS) and water resource infrastructure for climate resilience (CPF). However, none of the World Bank's proposed interventions were approved. The World Bank prepared two operations in the CAS period on water resources, but they were dropped after the Padma Bridge project cancellation.

In the CPF, the World Bank brought forward the River Management Improvement Program, which reached the negotiation stage, but government priorities had changed by the time the project was presented to the Executive

Committee of the National Economic Council for approval. The World Bank refocused its support to water supply and sanitation services with the approval of two operations in FY20. These operations supported infrastructure investments in piped water systems and sanitation along with institutional capacity building for water supply and sanitation management. Bank Group support contributed to improving access to reliable water sources for an estimated 1.48 million people in selected urban and rural areas.

The World Bank produced several analytical pieces, including *Multisector Approaches to Delta Management: Investment Plan for the Bangladesh Delta Plan 2100* (World Bank 2017b) to support the Bangladesh Delta Plan 2100 implementation. The Bangladesh Poverty Diagnostics for Water Supply, Sanitation and Hygiene (FY18) ASA provided the foundation for several subsequent water and supply sanitation projects approved in FY20. Given that the planned operation supporting water resource management had been dropped, the expected results of upgrading the hydrological network and preventing soil erosion and flooding from the Brahmaputra River were not realized.

## Agriculture

The Bank Group supported improved agriculture production and food security (CAS/CASPR) and increased adoption of sustainable practices (CPF/PLR), in line with government priorities. Vision 2021 stressed self-sufficiency in rice production, and the need to diversify agricultural production and increase crop intensification. IDA priorities include climate smart agriculture, with an emphasis on increasing agricultural productivity and incomes, adapting and building resilience to climate change, and reducing and removing greenhouse gas emissions.

During the review period, the Bank Group achieved its targets for increasing both yields in selected crops in targeted areas and the number of farmers adopting improved agricultural technologies. These targets were achieved through the World Bank's lending operations, which provided support for agricultural research and extension; and release of new technologies for selected crops by the Bangladesh national research institutes (in agriculture, livestock, and fisheries); targeted support to farmers in the project area to adopt improved agricultural production technologies and management

practices; and expansion of irrigated areas to enhance cropping intensity. The World Bank's contributions to improving food security are reflected in World Development Indicators' crop production index, which shows an overall increasing trend over the CPE period. A crop production index shows agricultural production for each year relative to the base period 2014–16. It includes all crops except fodder crops. Regional and income group aggregates for the Food and Agriculture Organization's production indexes are calculated from the underlying values in international dollars, normalized to the base period 2014–16.

In addition to lending, the World Bank's engagement in agriculture was supported through grants from the Global Agriculture and Food Security Program and in collaboration with the Food and Agriculture Organization as the implementing agency. Key analytical pieces included *The Climate Smart Investment Plan*, which underpinned the Climate Smart Agricultural Water Management Project (FY21), and *Dynamics of Rural Growth in Bangladesh: Sustaining Poverty Reduction* (Gautam and Faruqee 2016), which informed the World Bank's dialogue with the government.

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<sup>1</sup> World Bank Group success in Bangladesh with solar home systems is cited in several reports: Bangladesh Institute of Development Studies (2012), Cabraal et al. (2021), and World Bank (2015c, 2017c).

<sup>2</sup> Economist Intelligence Unit (2021), <https://www.eiu.com/n/campaigns/global-liveability-index-2021/>.

<sup>3</sup> Global Findex Database 2017, <https://globalfindex.worldbank.org>.

<sup>4</sup> The two projects—Health, Nutrition and Population Sector Program (FY05) and Health Sector Development Program (FY11)—validated by the Independent Evaluation Group (IEG) were rated moderately satisfactory and satisfactory, respectively, for overall outcome.

<sup>5</sup> All five closed projects were rated highly satisfactory or satisfactory by IEG. The Secondary Education Quality and Access Enhancement Project (closed December 2017) was rated highly satisfactory. All four remaining education projects—Primary Education Development Program II (PEDP II; closed June 2011), PEDP III (closed December 2017), Reaching Out of School Children (ROSC; closed June 2013), and the Higher Education Quality Enhancement Project (closed December 2018)—were rated satisfactory.

<sup>6</sup> Cyclone Sidr caused the loss of more than 3,000 lives and 55,000 injuries, and damages estimated at \$1.7 billion.

<sup>7</sup> The Mahasen cyclone struck eight coastal districts: Chittagong, Bhola, Barguna, Pirojpur, Noakhali, Patuakhali, Satkhira, and Laxmipur. Cyclone Mora hit some districts near the city of Cox's Bazar and the province of Chittagong. Approximately 30 of Bangladesh's 64 districts were affected by Cyclone Sidr, mainly within the administrative divisions of Barisal and Khulna.

# 4 | World Bank Group Contributions to Key IDA Themes: Gender, Governance, and Displaced Populations

## Highlights

The World Bank Group contributed to substantial progress in girls' education and maternal and child mortality. Although progress was made in improving female empowerment through employment, further efforts are needed to address gender gaps in labor force participation, economic rights, and financial inclusion.

The Bank Group's shift in its approach to governance from project-based to support for country systems was in the right direction given its cross-cutting nature. Although there was limited progress overall due to weak government commitment to reforms, the World Bank contributed to sustained improvements in public procurement after more than a decade of sustained engagement.

The World Bank responded promptly and actively mobilized financing to support the displaced Rohingya population and host communities of Cox's Bazar. Early results from its interventions suggest that there has been good progress, despite implementation delays due to the coronavirus (COVID-19).

## Gender

Throughout the CPE period, there was increasing recognition of gender issues in the Bank Group, reinforced by the corporate gender strategy and gender platforms and through World Bank interventions in education and health. Bank Group support contributed to improving gender equality through substantial progress in increasing girls' access to education and reducing maternal and child mortality (see chapter 3). Gross primary enrollment for girls increased from 109.3 percent in 2010 to 125 percent in 2020, while gross secondary female enrollment increased from 56.2 percent in 2011 to 81.5 percent in 2020. Rates of maternal mortality were reduced from 248 (per 1,000 live births) in 2011 to 173 in 2017.

However, Bank Group work to support financial inclusion and combat gender-based violence has yet to produce significant results. In terms of the labor market, efforts to increase female labor force participation focused on investment in education on the supply side and on the establishment of female-friendly workplaces on the demand side, but these efforts have yet to show sustained progress. Although the female labor force participation rate increased from 31.7 percent to 38.4 percent between 2011 and 2019, it lagged comparator countries. In urban areas, this rate declined recently due to decelerating growth in the RMG sector, while much of the uptick in the rural rate is due to unpaid agricultural work (Solotaroff et al. 2019).

Through its analytical work, the Bank Group contributed to a deeper understanding of the impact of social norms on gender equity, which also informed its lending. *Whispers to Voices* (World Bank 2008), considered a milestone for empirical work on gender, was followed by an updated *Voices to Choices* (Solotaroff et al. 2019), which addressed female employment gaps, asset ownership, inclusion, and entrepreneurship. IFC's (2017) *Tackling Childcare: The Business Case for Employer-Supported Childcare* raised awareness and made the business case for employer-supported childcare and other family-friendly workplace policies to enhance women's employment, children's learning and health outcomes, and business and economic growth. Analyses of employer data and insights from employee discussions confirm the need for and opportunities associated with childcare solutions.<sup>1</sup>

## Governance

Governance challenges persisted over the CPE period, posing major risks and constraints to the country's development aspirations. At the CAS stage, the Bank Group focused on three key results areas related to public resource management. The multidonor trust fund, which anchored the World Bank's engagement during the CAS, supported ambitious reforms related to finance, audits, and the legislative branch. However, these efforts were constrained by weak government commitment to reform. Overall, there was limited progress in improving budget management and the quality and timeliness in reporting or improving audit quality and audit capacity (World Bank 2020e). However, there has been progress in increasing the capacity to mobilize own-source revenue in selected local (rural) governments (Union Parishads).

The decision to make governance a cross-cutting theme at the CPF stage took the form of Bank Group support for improvements in country systems, including procurement and public financial management. This included the use of the PforR instrument to strengthen country systems for financial management and promote reforms in value-added tax administration. Additional Bank Group support for governance, including the national ID system, did not perform well due to corrupt and collusive practices under the project, which led to the debarment of the contractor.<sup>2</sup> The Public Financial Management Service Delivery Project is relatively new (FY19), so it is too early to assess its effectiveness (see table 4.1 of completed governance projects). Unfortunately, the shift from project-based to cross-cutting theme did not include the use of indicators to measure progress, making it difficult to assess the efficacy of World Bank support on governance.

An exception to the lack of progress was public procurement reform. With more than a decade of sustained engagement, the World Bank supported a series of Public Procurement Reform Projects and financed digital technology operations to enhance governance. It also supported the introduction of electronic government procurement across many public sector organizations. The World Bank produced a series of policy notes on the legal and regulatory framework; the Integrated Budget and Accounting System and integration of nondevelopment and development budgets; civil servants' pensions; and SOEs' financial reporting and oversight, in an effort to



inform development of the Public Financial Management Reform Strategy (2016–21).

**Table 4.1.** Independent Evaluation Group Ratings List of Governance-Related Operations-Closed Projects

Project Name	Approval Date	IEG Outcome Rating	IEG Bank Performance Rating
BD: Deepening MTBF and Strengthening Financial Accountability	02-Nov-09	Highly unsatisfactory	Highly unsatisfactory
BD: Strengthening Auditor General's Office	27-May-11	Moderately unsatisfactory (PPAR)	Moderately unsatisfactory
BD: Public Procurement Reform Project II	05-Jul-07	Satisfactory	Satisfactory
BD: Identification System for Enhancing Access to Services (IDEA) Project	10-May-11	Moderately unsatisfactory	Moderately unsatisfactory

Source: Independent Evaluation Group.

Note: BD = Bangladesh; IEG = Independent Evaluation Group; MTBF = medium-term budget framework; PPAR = Project Performance Assessment Report.

## Displaced Populations (Rohingya Crisis)

In its Rohingya crisis response, the Bank Group sought to increase access to basic services for the displaced Rohingya population, delivering several operations in less than three years. The World Bank responded quickly between June 2018 and March 2020 to support the government in addressing the impact of the Rohingya crisis on both the host communities and the displaced Rohingya population (see table 4.2). The three complementary operations approved in March 2020 were part of a second phase of World Bank support for the government.

Most operations supporting the Rohingya are recent, and, as such, there is limited evidence of impact. Implementation Status and Results Reports suggest implementation has been progressing well, although it has slowed down due to COVID-19. The target for the number of children (0–11 months) who have received three doses of pentavalent immunization has been exceeded.

Additional financing under the Health Sector Support Project was rapidly re-programmed to support prevention of and response to COVID-19 for the displaced Rohingya population and host populations. The number of displaced Rohingya children enrolled in informal learning centers reached 112,000 by project closing (versus a target of 150,000) due to closures of learning centers for more than a year due to COVID-19. The number of women and girls with access to gender-based violence services exceeded the target, while various civil works under the Emergency Multi-Sector Rohingya Crisis Response Project are in various stages of implementation (table 4.2).

IDA's regional subwindow for refugees and host communities allowed the World Bank to help advance policy changes with reference to refugees. The government's official position was that the Rohingya will eventually be repatriated. As such, the government was not interested in borrowing from the World Bank to support the Rohingya and was initially reluctant to have the World Bank involved in what it saw as a humanitarian issue. However, the World Bank engaged in "quiet dialogue" and argued that it would play a development role (for example, related to education and health). The World Bank worked with the government to agree to the provision of services for the Rohingya based on existing systems.<sup>3</sup> The World Bank undertook a rapid needs assessment, with human development being the initial priority (for example, immunization, education, gender-based violence). There was significant collaboration between the World Bank and UN agencies, with joint advocacy on behalf of the displaced population and in implementation (see chapter 2, Partnerships).

**Table 4.2. Projects Supporting the Host Community and the Displaced Rohingya Population**

Timeline/Project	Amount	Objective/Progress to Date
Phase 1 AF for the Health Sector Support Project (FY18)	Grant of US\$41.67 million from RSW and credit of US\$8.33 million	Enhance the capacity of the Ministry of Health and Family Welfare to respond to the Rohingya crisis and support the extension of HNP services to the displaced population in Cox's Bazar. ISR (October 2021): More than 70,000 DRP children (ages 1–11 months) had received three doses of pentavalent immunization (exceeding the project target of 35,000) as of September 2021. For the same period, the number of births delivered in HNP facilities in Cox's Bazar reached 25,000, exceeding the project target (20,000).
AF Bangladesh Reaching Out-of-School Children Project II (FY19); Parent +AF: closed June 2021	Grant of US\$20.84 million from RSW and a credit of US\$4.16 million	Support the Ministry of Primary and Mass Education in planning, coordinating, managing, providing, and monitoring safe and equitable learning opportunities for the displaced children in Cox's Bazar, while the original project catered to the needs of the host communities. ISR (June 2021): The number of DRP children enrolled in informal learning centers reached 112,000 (versus the project target of 150,000) due to a closure of learning centers for 1.3 years caused by COVID-19.
Emergency Multi-Sector for Rohingya Crisis Response Project (FY19)	US\$165 million (US\$137.5 million from RSW and \$27.5 million credit)	Improve access to basic services and build disaster and social resilience of the DRP through infrastructure provision to strengthen emergency response services, provide community works and services, and prevent gender-based violence. ISR (September 2021): Number of people with access to improved public infrastructure (improved water sources) was 216,300 (DRP), eligible households participating in workforce and services reached more than 175,000, exceeding target (100,000); works packages for infrastructure (roads, multipurpose shelters, bridges) are in various stages of implementation and delays encountered due in part to COVID-19.

(continued)

Timeline/Project	Amount	Objective/Progress to Date
Phase 2		
Health and Gender Support Project for Cox's Bazar District (FY20)	US\$150 million (US\$125 million from RSW)	Enable 3.6 million people in Cox's Bazar, including the Rohingya, to have access to health, nutrition, and family planning services, and also address gender-based violence through preventive and response services. ISR (September 2021): The number of women and girls using services to respond to gender-based violence from the health services in Cox's Bazar reached more than 19,000 as of July 2021 (exceeding the target of 15,500).
AF for the Emergency Multi-Sector Rohingya Crisis Response Project (FY20)	US\$100 million (US\$83.3 million from RSW)	Scale up access to energy, water, sanitation, and disaster-resilient infrastructures for the Rohingya and the surrounding host (see also the update for the Emergency Multi-Sector Rohingya Crisis Response Project in FY19).
AF for the Safety Net Systems for the Poorest Project (FY20)	US\$100 million (US\$83.33 million from RSW)	Provide livelihoods and income support using cash for work for poor and vulnerable households in host communities and scale up social assistance coverage to the Rohingya. The AF will benefit approximately 40,000 host community households and 85,000 Rohingya households. ISR (November 2021): Rollout of the planned safety net program for host communities was expected in Cox's Bazar in November 2021 and for DRP in January 2022.

Source: Independent Evaluation Group.

Note: Total: US\$590 million (of which RSW = \$491.67 million; IDA credit = \$98.33 million). AF = additional financing; COVID-19 = coronavirus pandemic; DRP = displaced Rohingya population; FY = fiscal year; HNP = health, nutrition, and population; IDA = International Development Association; ISR = Implementation Status and Results Report; RSW = regional subwindow.

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<sup>1</sup> Out of 306 companies surveyed, 55 percent reported that their employees' children were eligible for childcare (that is, children from six months to six years of age), 23 percent offered some form of childcare solution to their employees, and 16 percent planned to provide a childcare solution in the future.

<sup>2</sup> World Bank, "World Bank Announces Settlement with Oberthur Technologies SA," Press Release, November 30, 2017, <https://www.worldbank.org/en/news/press-release/2017/11/30/world-bank-announces-settlement-with-oberthur-technologies-sa>.

<sup>3</sup> This was consistent with the recommendations in IEG's *World Bank Support in Situations Involving Conflict-Induced Displacement* (World Bank 2019e). The recommendations include the following: (i) intensify use of analytical work related to conflict-induced forced displacement to inform policy dialogue; (ii) improve monitoring and evaluation to demonstrate intended development impacts on displaced population and host communities; and (iii) foster selective partnerships with key humanitarian and development agencies at the country level and promote stronger coordination with key agencies and government.

# 5 | Special Topics: Jobs Agenda and Clean Energy

## Highlights

World Bank Group support for the jobs agenda was largely through support for improving the business environment and education (higher education and skills training). More recently, Bank Group support for the jobs agenda has been more direct and explicit, including through the three-operation Programmatic Jobs development policy credit series (fiscal years 2019–21), which has not, however, produced significant results.

The Bank Group has supported Bangladesh in its transition to clean energy since 2002. Its contribution to developing clean renewable energy and extending access to underserved areas has been significant. But challenges to the country's clean energy transition remain due to problems in attracting private sector investment and reforming tariffs.

This chapter assesses the Bank Group’s contributions to support two IDA priorities: the creation of more and higher productivity jobs (jobs agenda) and climate change mitigation through support for clean and renewable energy. The Bank Group’s contribution to the jobs agenda is assessed through the lens of investment climate and education and skills training.

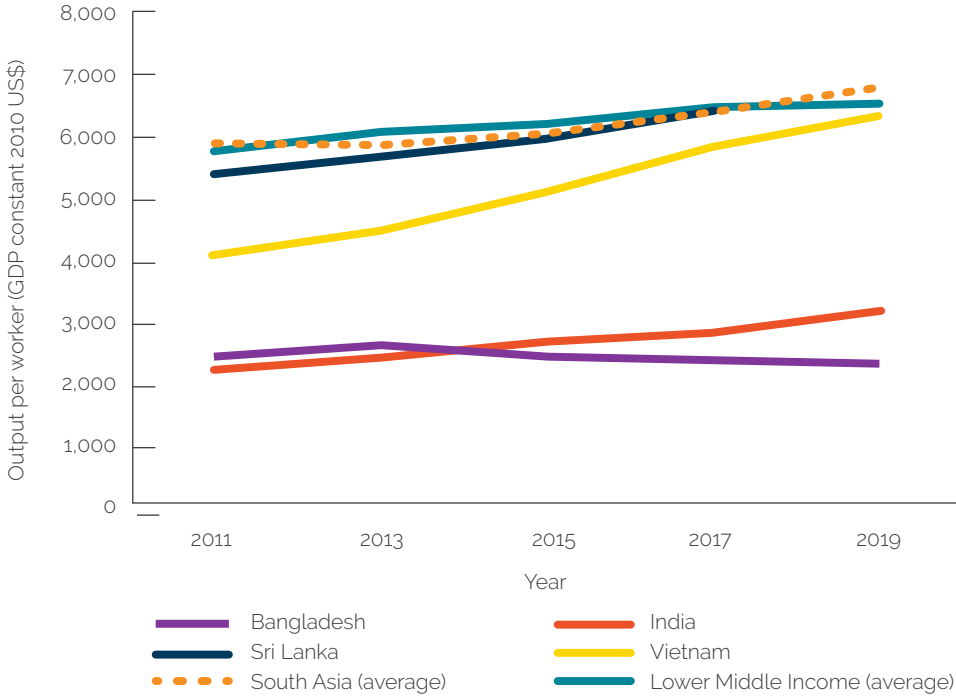
## World Bank Group Contributions to the Jobs Agenda

Noting that Bangladesh’s labor force had been growing by an average of 3.1 percent per year and 21 million people are expected to join the working-age population over the next decade, the 2015 SCD identified the creation of “more and better jobs” as a fundamental challenge to Bangladesh’s continued growth and poverty reduction (World Bank 2015a). Before the SCD, Bank Group support for the jobs agenda was indirect, taking place via the business environment and education reforms. Following the SCD, the Bank Group was more explicit in its support for the jobs agenda. The CPF stated that it would refocus the Bank Group’s strategic directions on removing stubborn impediments to job creation and growth, including underinvestment in key infrastructure such as transport and energy.

Despite the increase in manufacturing employment in Bangladesh in recent decades, job quality remains weak, with half of workers employed in subsistence agriculture and the informal sector. The pace of job creation in the formal sector, especially in the RMG sector, has slowed over the past decade. Bangladesh’s labor productivity is below that of its peer countries and the averages of South Asia, lower- middle-income countries, and upper-middle-income countries (figure 5.1).

Bangladesh’s workforce has very low educational attainment, with less than half of youth entering the workforce having completed secondary education (Country Private Sector Diagnostic; IFC 2021). Bangladesh’s Human Capital Index score (at 0.46) is on par with Guatemala, Lao People’s Democratic Republic, and Gabon, and it compares unfavorably to peer countries such as

**Figure 5.1.** Labor Productivity of Bangladesh, Peer Countries, South Asia, and Lower-Middle-Income Countries



Source: ILOSTAT (database), International Labour Organization, Geneva, Switzerland (last updated November 7, 2021).

Note: GDP = gross domestic product.

Vietnam (0.63), Thailand (0.61), and Sri Lanka (0.60). Productivity is undermined by shortcomings in education and health, where Bangladesh also compares unfavorably to peer countries. The female labor force participation rate (at 34.8 percent) is less than half the rate for men (83.6 percent).

Following the 2015 SCD, the Bank Group produced a series of analytical pieces to better understand Bangladesh's jobs, business environment, and human capital constraints (appendix C). The 2017 Jobs Diagnostic (Farole et al. 2017) identified several reform pathways including (i) investment climate and trade and urbanization infrastructure and amenities to increase the pace and diversification of job creation; (ii) firm-level quality and productivity and pensions to raise job quality, and (iii) youth and women labor market transitions and international migration to improve access to jobs for vulnerable groups.



The Programmatic Jobs DPC series 1–3 (FY19–21) was the Bank Group’s main instrument for directly supporting policy reforms for the jobs agenda and contained prior actions related to trade, business environment, worker protection, and access to jobs for vulnerable populations. The Programmatic Jobs DPC series was designed in relation to the three objectives outlined in the 2017 Jobs Diagnostic and included reforms related to (i) trade and investment environment, (ii) workers’ protection (through pension reforms and labor laws); and (iii) improved access to jobs for vulnerable populations (women, youth, and migrant workers). The DPC series was complemented by several investment lending operations (see table 5.1).

**Table 5.1.** Operations Supporting the Jobs Agenda

Operation	Description
Private Sector Development Project (FY11) and AF (FY17)	Facilitate private investment and job creation and promote compliance with institutional quality standards in economic zones supported by the project.
College Education Development Project (FY16): \$100 million	Strengthen strategic planning and management capacity of the college education subsector and improve the teaching and learning environment of participating colleges.
Export Competitiveness for Jobs Project (FY17): \$100 million	Contribute to export diversification and more and better jobs in targeted sectors.
Jobs DPC series 1–3 (FY19–21): \$750 million (\$250 million per operation)	Support program of reforms to (i) modernize the trade and investment environment; (ii) strengthen systems that protect workers and build resilience; and (iii) improve policies and programs that enhance access to jobs for vulnerable populations.
Private Investment and Digital Entrepreneurship Project (FY20): \$500 million (Scale-Up Facility)	Promote private investment, job creation, and environmental sustainability in participating economic zones and software technology parks in Bangladesh.
Accelerating and Strengthening Skills for Economic Transformation (FY20): \$300 million	Equip Bangladeshi youth and workers, including women and the disadvantaged, with skills demanded for the future of work and improved employment prospects.

Source: Independent Evaluation Group.

Note: AF = additional financing; DPC = development policy credit; FY = fiscal year.

Progress in advancing key reforms supported by policy-based lending has been less than hoped for. The DPC programmatic series started with strong prior actions and indicative triggers (appendix D). For example, pillar A (modernizing the trade and investment environment) supported establishment of a One Stop Service for investment, the new Companies Act, the Customs Act, and bonded warehouses, including for non-RMG sectors. But by the end of the series, the focus had been diluted when the second operation in the series was brought forward by several months to help the government address the fiscal impacts of COVID-19 and several actions were diluted (World Bank, 2021c).

Although the One Stop Service was enacted by parliament and published in the *Bangladesh Gazette*, it has not been fully operationalized (only 35 streamlined regulatory services are available, out of more than 150). The enactment of the new Companies Act was an indicative trigger for DPC 2, but it did not materialize into a prior action and was replaced by a weaker prior action (approval by the cabinet of the draft amendment to the new Companies Act). The IFC's (2021) Country Private Sector Diagnostic noted that passage of a new Companies Act would be a game changer, as Bangladesh is one of the world's most difficult environments for the private sector to operate in because of its archaic business processes. Parliament approved the establishment and governance structure of the Single Window but not its operationalization or financing.

Progress on other reforms supported under pillars B (workers' protections and resilience) and C (access to jobs for vulnerable populations) was also watered down. Although the Labour Act was enacted and a new cash transfer program was established for informal workers, the cash program was not expanded to poor people in urban areas as envisaged. The comprehensive pension strategy, which was a trigger for DPC 2, was replaced by a financing scheme for export industry workers.

The Bank Group's investment projects sought to increase foreign direct investment by developing export processing zones to address constraints to land access and infrastructure availability (see chapter 3). This was achieved through infrastructure investments in targeted economic zones and technical assistance and building capacity for economic zone-related institu-

tions. Although the interventions made progress in generating foreign direct investment to the zones (to an estimated \$3.2 billion by 2020), countrywide foreign direct investment remained low relative to comparators, raising questions about the additionality of the Bank Group–supported interventions in terms of foreign direct investment.

The Bank Group support to higher education and skills development was concentrated in the second half of the evaluation period. Two operations focused on institutional strengthening and capacity building and creating a better learning environment to produce more qualified and employable graduates: Higher Education Quality Enhancement (FY09) and Skills and Training Enhancement (FY10). Both closed in FY19, and IEG’s outcome ratings were satisfactory and highly satisfactory, respectively.

Under the College Education Development Project (FY16), the Bank Group supported institutional strengthening and capacity of colleges (planning and management) and grant financing to improve the learning environment and training for college teachers in participating colleges. Under the Accelerating and Strengthening Skills for Economic Transformation Project (FY20), the Bank Group will provide grant financing for diploma and training institutes, and to teachers and management, to bring the quality standards of training programs in line with international standards. The Bank Group will also provide grant financing to industry groups to scale up enterprise-based training programs.

## World Bank Group Contributions to Clean Energy and Sustainable Power

Bangladesh is extremely vulnerable to climate change. Mitigating the effects of climate change through reductions in greenhouse gas emissions is therefore a top priority for the country, a point made consistently in the government’s Vision 2021, the SCD, and both the CAS and CPF.<sup>1</sup> Of Bangladesh’s total carbon dioxide emissions of 57.1 metric tons in 2011, the bulk came from the electricity sector (Sarkar et al. 2018). Emissions have continued to grow at a rapid rate: By 2019, fossil fuel–related emissions from the power sector had reached nearly 37 metric tons of carbon dioxide equivalent, and

they are projected to increase to 41 metric tons of carbon dioxide equivalent by 2024 (Hasan and Chongbo 2020). The reliability of Bangladesh's electricity supply is also the lowest among regional peers, reflecting transmission and distribution system bottlenecks.

There are several factors that constrain scale-up of renewable energy in Bangladesh. Potential is limited by land constraints (for solar photovoltaic) and climatic conditions (moderate resource availability for wind; World Bank 2015a, 79). Bangladesh imports power from India (which in turn imports hydropower from Bhutan), with very limited private sector participation. The cross border electricity trade multilateral trade involves (i) harmonization of regulations among participant countries to allow access to third-country markets through tripartite agreements and help address investor concerns regarding noncommercial risk and (ii) opening the market in a predictable, phased manner, potentially with sovereign assurances of open access to transmission infrastructure and each country's national market.

The Bank Group has been supporting Bangladesh's transition to clean energy and climate change mitigation through the dual pathways of (i) promoting green (renewable) energy and (ii) supporting more efficient use of conventional and traditional sources of energy (including a shift away from coal) and demand management. The effectiveness of Bank Group support has been significant. The main vehicle for maximizing the potential role for renewables was the Rural Electrification and Renewable Energy Development (RERED) project (approved in FY02, with additional financing in FY09 and FY12) and the successor project (RERED II, approved in FY13 with additional financing in FY14 and FY18; World Bank 2014c). Building on successful experience in Sri Lanka and lessons from other Asian countries, the World Bank supported a solar program using private vendors and a financial intermediary to provide consumers with access to finance and assurance of product quality to enhance access to power in underserved areas in anticipation of grid rollout. Lessons included the following: (i) A vendor model of private sector-led renewable energy development (versus a fee-for-service model) could be successful if sufficient attention was paid to institutional arrangements, private participation, quality control, maintenance arrangements, and financial provisions to make solar home systems affordable to beneficia-

ries; and (ii) There was potential to scale up off-grid access to remote areas until such time as the grid would reach those locations, at which time off-grid schemes would be phased out.

The program achieved rapid rollout of nearly 4 million solar home systems by 2016 (with a target of 1.08 million by 2018), providing clean electricity to some 12 percent of the population (World Bank 2016d, 8–9). RERED operations also provided financial and technical support to minigrids (connecting households and businesses), solar irrigation pumps, and production of energy-efficient light bulbs as part of an effort to improve demand management (though the last initiative ran into quality problems when nearly one-third of the bulbs procured were found to be defective).

Bank Group efforts to strengthen institutional capacity in the renewable energy sector have been modestly successful. Significant technical assistance was provided by the World Bank to both the Rural Electrification Board and the Infrastructure Development Company Limited through the RERED project and its additional financing to help build administrative and project implementation capacity. The impact of this support was demonstrated by the Infrastructure Development Company Limited’s successful management of the growing renewable program (World Bank 2014c). Technical assistance was also provided through the Siddhirganj Power Project to three implementing agencies (Electricity Generation Company of Bangladesh, Power Grid Company of Bangladesh, and Gas Transmission Company Limited) to support core management information systems and assist in the preparation of bidding documents and bid evaluation (World Bank 2021b). Support under the Power Sector Development Technical Assistance Project was successful in building capacity within the Bangladesh Energy Regulatory Commission as an independent regulatory authority agency. However, as reported by IEG, the commission’s ability to fulfill its key role in fostering fair competition in the sector was undermined by the government’s actions to set tariffs below cost-recovery levels, and by its multiplicity of roles and lack of independence as a regulatory body (World Bank 2014c).

Public entities still have limited capacity to undertake competitive Renewable Energy auctions, the regulatory framework remains underdeveloped, power infrastructure is inadequate, long-term domestic financing is lacking

for projects, and institutional capacity is insufficient to negotiate power purchase agreements with independent power producers (World Bank 2020c). As a result, and despite government commitment to increasing generation of renewable energy, progress has been slow. By June 2020, only 311 megawatts of installed renewable energy capacity on-grid and 317 megawatts off-grid were coming from solar energy, and 230 megawatts came from hydro energy. Hence, the focus of Bank Group support has been on projects that will improve the efficiency of existing gas-fired power plants.

Bank Group efforts to help improve the efficiency of traditional (grid-based) operations have been largely successful. The Siddhirganj Power Project, which closed in December 2019, successfully contributed to an increase in supply of low-cost electricity, based on combined-cycle operation, while helping to strengthen the capacity of implementing agencies. Ongoing operations, such as the Rural Electricity Transmission and Distribution Project, are helping the country build new transmission and distribution lines and reduce technical electricity losses. Combined-cycle gas-fired power plants—such as Sembcorp’s 414 megawatt Sirajganj Unit 4 combined-cycle gas turbine plant, which is supported jointly by IFC and MIGA and went into full commercial operation in 2019—are expected to operate significantly more efficiently via repowering than single-cycle plants. However, the Ghorashal Unit 4 Repowering Project (closing in 2022), which aimed to increase capacity and efficiency of generation, is off track due to technical problems (). The reduction in greenhouse gas emissions from World Bank–financed projects is estimated at between 2.4 and 3.18 metric tons of carbon dioxide equivalent per year.

The Bank Group’s ASA had a strong focus on renewables, with assessments of the impact of solar home systems, support for the Sustainable and Renewable Energy Development Authority’s preparation of its investment plan, and other analytical work designed to build up a better understanding of sector issues. Analytical work contributed to the design of the Power System Reliability and Efficiency Improvement Project. Advisory work played a more limited role. For instance, despite undertaking analytical work on the impact of electricity price increases on the economy, the Bank Group had limited engagement with the Ministry of Power, Energy and Mineral

Resources on tariff and subsidy reform despite its relevance to the financial viability of the sector.

IFC's advisory work in the sector was relatively limited and had less-than-successful results. IFC had four advisory assignments during the period. Two of these (Lighting Asia and Waste-to-Energy) were rated unsuccessful. In both cases, private investors were unwilling to take commercial risks and make long-term commitments. One of the remaining assignments (BD Solar), a transaction advisory, did not advance from phase 1 mode. The Low Carbon Initiative was deemed successful form of approval of Low Carbon Roadmap and Guidelines, and the raising of awareness in academia.

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<sup>1</sup> See chapter 8, Government of Bangladesh (2012). The Bank Group–supported Nationally Determined Contribution Support Facility is helping countries like Bangladesh address barriers to lowering their carbon footprint in their power sectors, which currently account for a significant portion of their greenhouse gas emissions.



## 6 | Conclusions and Lessons

The Bank Group's support to Bangladesh was informed by government priorities as articulated in Vision 2021 (Center for Policy Dialogue 2007) and the Seventh Five Year Plan (Government of Bangladesh 2015), and the priorities identified in the Bank Group's 2015 SCD (World Bank 2015a). The Bank Group supported several IDA priorities and adjusted to major shocks during the review period. However, some of its activities went beyond what the authorities were prepared to support (for example, on water resource management and financial sector modernization), resulting in projects being aborted or canceled after approval.

The Bank Group contributed to increasing power generation capacity and access to clean energy, improving rural populations' access to all-season roads, and improving financial inclusion. It contributed to a significant increase in access to primary and secondary education, especially for girls and vulnerable populations, and to a reduction in child and maternal mortality rates. The Bank Group also helped enhance country preparedness for and resilience to natural disasters due to climate change, and supported reforms in procurement through the introduction of e-procurement. Although it is too soon to assess the impact of support on displaced populations and host communities, the World Bank has played an important convening role and has responded to the government's concerns with the nature of the support it provided.

However, there are some areas in which Bank Group support has not led to meaningful results. Bank Group interventions in regional transport and urban services continue to experience implementation challenges. Efforts to advance economywide structural reforms (for example, reforms related to the financial sector, trade, investment climate, and PPPs)—which are critical to the country's middle-income aspirations—gained little traction with the authorities and achieved few results. Improvements in water resource management also proved elusive. Although significant progress was made to improve education access, data on improvements in learning outcomes were not systematically collected.

Headline official data suggested that the fiscal position of Bangladesh's central government over the evaluation period was sound, but underlying vulnerabilities rose and were significantly higher in 2019 than in 2010. Although World Bank staff flagged the main fiscal vulnerabilities early in the evaluation period and became increasingly aware that fiscal and banking sector vulnerabilities were mounting, Bangladesh was consistently assessed to be at low risk of debt distress, and macroeconomic risks were regularly assessed as moderate and fundamentals as strong. Greater attention to fiscal vulnerabilities, and a more cautious public assessment of fiscal risks, would have been warranted given issues such as Bangladesh's low tax-to-GDP ratio, rising interest costs as a share of current expenditures, eroded central bank independence, high and rising NPLs in state-owned banks, an underfunded public sector pension system, concerns with the quality of banking sector supervision (including understatement of NPLs in the banking system more broadly), growing explicit and implicit contingent liabilities in SOEs and the banking sector, and concerns with the quality of GDP data.

In a number of cases, and in the absence of a government commitment, the Bank Group maintained its engagement by producing relevant analytical work that could inform its dialogue with the government and allow it to respond more rapidly when conditions permitted (for example, regarding banking sector reform). The World Bank consistently delivered clear, objective analysis and cautioned about emerging vulnerabilities in the financial sector, but rising vulnerabilities on the fiscal side were sometimes downplayed by the World Bank in the second half of the evaluation period, contributing to a preexisting sense of complacency.

During the CPE period, the Bank Group proactively supported the government in addressing the Rohingya crisis and the COVID-19 pandemic. The Bank Group leveraged internal synergies through complementary and joint work in energy, although progress on private sector development was not forthcoming. Together with other development partners, the Bank Group sustained its long-standing engagement in health and education through the SWAP. The Bank Group also produced analytical work that meaningfully informed dialogue with authorities and underpinned lending.

Despite mixed performance across the portfolio and deteriorating indicators of institutional quality and economic management, the portfolio grew significantly in size and complexity over the review period. Although Bangladesh's performance-based allocation from IDA declined as a result of deteriorating CPIA indicators, this decline was more than offset by allocations from the World Bank's Scale-Up Facility, potentially sending mixed signals about the role of IDA's performance-based incentives.

Experience over the evaluation period suggests the following lessons:

1. Rebalancing the portfolio in the face of changing conditions and a difficult political economy helped the Bank Group remain relevant in Bangladesh. In the wake of the Padma Bridge cancellation, the World Bank successfully reallocated financing away from large infrastructure and toward human development, where the World Bank had long-standing and successful engagement. Through SWAPs in education and health, the World Bank, together with other development partners, helped achieve good results related to access to education and health.
2. Where reform is deemed critical to sustain development progress but government commitment is weak or absent, continued targeted analysis of key development constraints—highlighting the costs and risks associated with inaction—can help prepare the ground for future action when a window of opportunity presents itself. In turn, active engagement of Bank Group management with high-level decision makers on critical reforms can help foster ownership and sustainability of reform.
3. Measuring improvements in the quality of education requires deliberate and ongoing investment in data collection.
4. Despite a decline in the country's PBA, the overall IDA financing increased, largely due to the Scale-Up Facility. The World Bank also resumed budget support operations in a context of persistently low domestic revenue mobilization and governance shortcomings. These developments raise a question about the alignment of the PBA and Scale-Up Facility in terms of the significance that IDA assigns to measures of institutional quality and governance.

5. Given the presence of significant explicit and implicit contingent liabilities, concerns about the quality of financial sector and national accounts data, and supervisory shortcomings in the financial sector, the World Bank could provide clearer caveats in its public statements about the quality of the macroeconomic framework. Underlying concerns with data quality and coverage (for example, the lack of information on SOE-contingent liabilities, underreporting of NPLs, and questions about the accuracy of GDP data) could be more explicitly taken into account in macroeconomic assessments.
6. FSAP arrangements between the World Bank and the IMF can constrain the ability of the World Bank to provide comprehensive and timely assessments of financial sector vulnerabilities in nonsystemically important economies. The Bangladesh experience points to challenges in the World Bank's ability to obtain a timely assessment of financial stability in some client countries, given the current division of labor with the IMF on the FSAP and differences in the prioritization criteria between the World Bank and the IMF.

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# APPENDIXES

Independent Evaluation Group

*The World Bank Group in Bangladesh,  
Fiscal Years 2011–20*

# Appendix A. Methodology

In line with the Bangladesh Country Program Evaluation (CPE) Approach Paper (World Bank 2020), this evaluation used mixed methods after the two-part structure of the CPE (table A.1; World Bank 2020). The first part of the CPE consists of a systematic desk review of World Bank Group support to Bangladesh covering two strategy periods between fiscal years 2011 and 2020. The review assesses the relevance and effectiveness of Bank Group support over that period, examining how its support evolved in line with the country's most pressing development challenges, lessons from experience, and International Development Association priorities and how that support delivered against objectives. The second part consists of an in-depth assessment of two specific International Development Association priorities: (i) facilitating job creation (that is, the jobs agenda) through improvements in education and the investment climate and (ii) the transition to clean energy. The desk review was complemented by virtual interviews with key stakeholders in Washington, DC, and Bangladesh.

## Limitations

A field mission was not possible due to coronavirus (COVID-19) restrictions. The shift to a virtual mission imposed limitations on the evaluation team's ability to interact with some key stakeholders—including government counterparts, development partners, and nongovernment agencies—due to their limitations on availability and connectivity.

Methodological challenges also included the difficulty of assessing the contribution of Bank Group support to results in areas in which multiple development partners were active in Bangladesh, often acting through parallel or joint lending arrangements (for example, the sectorwide approaches in education and health, to which several partners subscribe).

Table A.1 presents the evaluation questions, methods, and data sources.



**Table A.1.** Evaluation Questions, Methods, and Data Sources

Evaluation Questions	Methods	Data Sources
Part I: Overall program review		
<p>Question 1: To what extent has World Bank Group support evolved in line with the country's development challenges and IDA priorities over the CPE period?</p> <p>To what extent has the Bank Group adapted to the changed environment and leveraged its comparative advantage to support the country's response to COVID-19 and its aftermath?</p> <p>Were any critical development challenges or opportunities missed?</p>	<p>Portfolio review of the Bank Group's lending and non-lending instruments</p> <p>Text analytics of the Bank Group's portfolio</p> <p>Semistructured interviews with key stakeholders, including government counterparts, development partners, and nongovernmental agencies</p> <p>External literature review (academic and think tank, development partner, and government sources)</p>	<p>Bank Group CAS and CASPR, CPF, PLR, project documents, and ASA products</p> <p>IEG CLRR and relevant thematic evaluations, as well as Bangladesh case studies (including <i>Addressing Country-Level Fiscal and Financial Sector Vulnerabilities</i>; World Bank 2021).</p> <p>SCD for Bangladesh (2015) Financial Sector Assessment Programs (2010 and 2020); World Bank Programmatic Financial Sector ASA, World Bank–IFC Joint Capital Markets Program, and IFC advisory services on financial infrastructure and financial inclusion</p> <p>IDA Replenishment Documents (IDA16–IDA18)</p> <p>External sources (including government and IMF staff reports), civil society analysis</p>
<p>Question 2: To what extent has Bank Group support met its development objectives?</p>	<p>Focus area by focus area, objective-by-objective assessment based on relevance and achievement of results sought in the consolidated CPE results framework</p>	<p>CAS and CASPR, CPF and PLR results frameworks</p> <p>Completion and Learning reports: CLRR, ICRs, ICRRs, PPARs</p>

(continued)

Evaluation Questions	Methods	Data Sources
Question 3: How effectively has the Bank Group leveraged partnerships, both external (management of the relationship with government and with development partners) and internal (synergies among World Bank, IFC, and MIGA), to achieve development outcomes?	Review of country Program Documents and relevant project documents and analytical work Semistructured interviews of key stakeholders (external and internal)	CAS and CASPR, CPF and PLR Documents from external sources (other development partners, academia, and civil society) World Bank project documents
Part II: In-depth special topics		
Special topic 1: Jobs (supply of and demand for labor skills)		
Question 1: How relevant and effective has Bank Group support been in (i) helping Bangladesh transition to high productivity-led growth by creating the conditions for job expansion through investment climate reforms; and (ii) supporting education tailored to meeting changing labor market demand in the country?	Portfolio review analysis Review of relevant Bank Group diagnostics and IEG evaluations; external literature (academic publications) on the subject matter Semistructured interviews with key stakeholders	Project documents (PADs, ICRs, ICRRs, PPARs) 2015 SCD for Bangladesh 2017 Jobs Diagnostic for Bangladesh Several case studies for completed and ongoing IEG thematic evaluations, including the topics of fiscal and financial sector crisis preparedness, reform of state-owned enterprises, and private capital mobilization
Special topic 2: Clean energy and sustainable power		
Question 1: How relevant and effective has Bank Group support been in developing sustainable power and promoting green energy to meet the country's needs and in strengthening institutions in the energy sector?	Portfolio review analysis Review of relevant diagnostics and analytical work, both within the Bank Group and IEG and external literature Semistructured interviews with key stakeholders	Bank Group project documents IEG evaluations of Bank Group projects and operations and Bangladesh case studies from IEG thematic evaluations Bank Group publications External and academic literature

Source: Independent Evaluation Group.

**Note** ASA = advisory services and analytics; CAS = Country Assistance Strategy; CASPR = Country Assistance Strategy Progress Report; CLRR = Completion and Learning Report Review; COVID-19 = coronavirus; CPE = Country Program Evaluation; CPF = Country Partnership Framework; ICR = Implementation Completion and Results Report; ICRR = Implementation Completion and Results Report Review; IDA = International Development Association; IEG = Independent Evaluation Group; IFC = International Finance Corporation; IMF = International Monetary Fund; MIGA = Multilateral Investment Guarantee Agency; PAD = Project Appraisal Document; PLR = Performance and Learning Review; PPAR = Project Performance Assessment Report; SCD = Systematic Country Diagnostic.

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## Appendix B. Portfolio Review Analysis

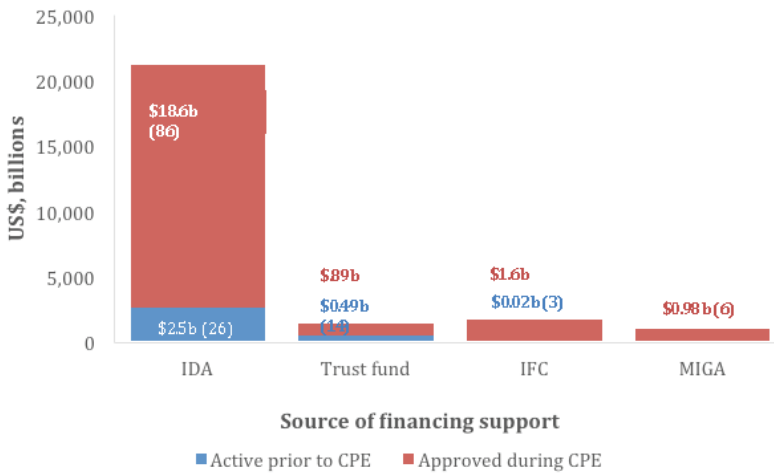
During the review period (fiscal years 2011–20), the World Bank approved 86 projects (including 23 additional financing operations). This amounted to total net International Development Association commitments of \$18.6 billion, covering 79 investment project financing, 5 Program-for-Results projects, and 2 development policy financing operations. In addition, 2 regional projects in energy and environment were approved.<sup>1</sup> A legacy portfolio of 26 investment projects (\$2.54 billion) was active during at least part of the review period (see figure B.1).

Bangladesh also benefited from 40 trust funds amounting to \$887 million. The Health, Nutrition, and Population Global Practice accounted for the largest share (54 percent), followed by the Education Global Practice (14 percent). The free-standing trust fund for South Asia Region was the main source of trust fund financing (48 percent of the total).

During fiscal years 2011–20, there were 72 International Finance Corporation investments in Bangladesh, with a commitment of \$1.5 billion. Investments were mostly in the finance and insurance sector, with 32 investments representing about half of the total portfolio. Over the same period, there were 6 Multilateral Investment Guarantee Agency guarantees, with a total gross outstanding exposure of \$976 million—5 in the power sector and 1 in the agribusiness and manufacturing sector.

During the Country Program Evaluation period, transportation (15.8 percent) accounted for the largest share of International Development Association commitments, followed by education (14.2 percent), social protection (13.8 percent), and energy and extractives (11.4 percent; see figure B.2).

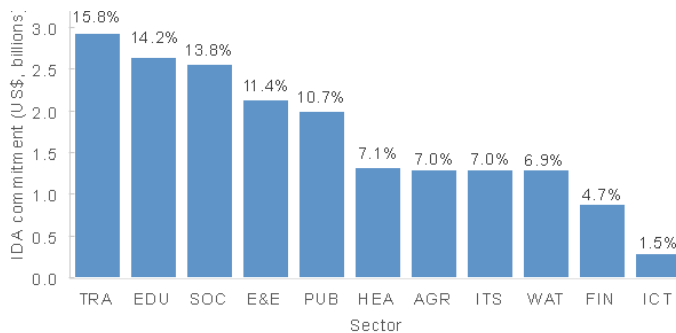
**Figure B.1.** Sources and Value of World Bank Group Financing Support to Bangladesh, Fiscal Years 2011–20



*Source:* Business Intelligence (database), World Bank, Washington, DC; Client Connection Project Portal database; International Finance Corporation, Washington, DC; and Multilateral Investment Guarantee Agency website database. All sources accessed December 30, 2020.

*Note:* Numbers in parentheses refer to number of projects, investments, or guarantees. IFC figures refer to long-term investment commitment (excludes short-term finance); MIGA provided a guarantee. CPE = Country Program Evaluation; IDA = International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency.

**Figure B.2.** IDA Commitment by Sector, Fiscal Years 2011–20  
(percent share of total IDA commitments for the review period)



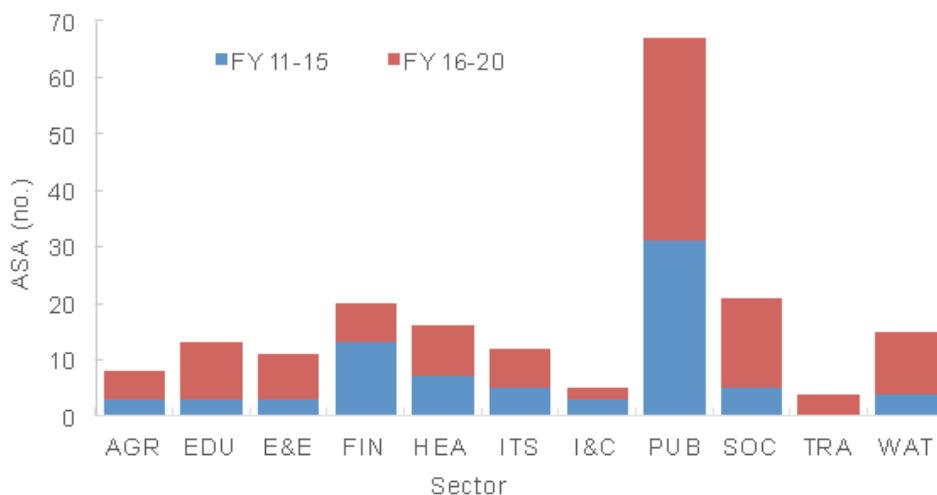
*Source:* Business Intelligence (database), World Bank, Washington, DC (accessed May 20, 2021).

*Note:* AGR = Agriculture; EDU = Education; E&E = Energy and Extractives; FIN = Financial; HEA = Health; ICT = Information and Communication Technology; IDA = International Development Association; ITS = Industry and Trade Services; PUB = Public Administration; SOC = Social Protection; TRA = Transportation; WAT = Water.

## World Bank Group: Advisory Services and Analytics

During the review period, the World Bank delivered 192 advisory services and analytics (figure B.3) at a total cost of \$75.1 million, of which 60 percent was delivered during the second half of the review period. From fiscal year 2011 to 2020, public administration received the greatest attention, with 67 deliveries to the client, followed by the social protection and financial sectors, with 21 and 20 deliveries, respectively.

**Figure B.3.** Advisory Services and Analytics Delivery by Sector, Fiscal Years 2011–20

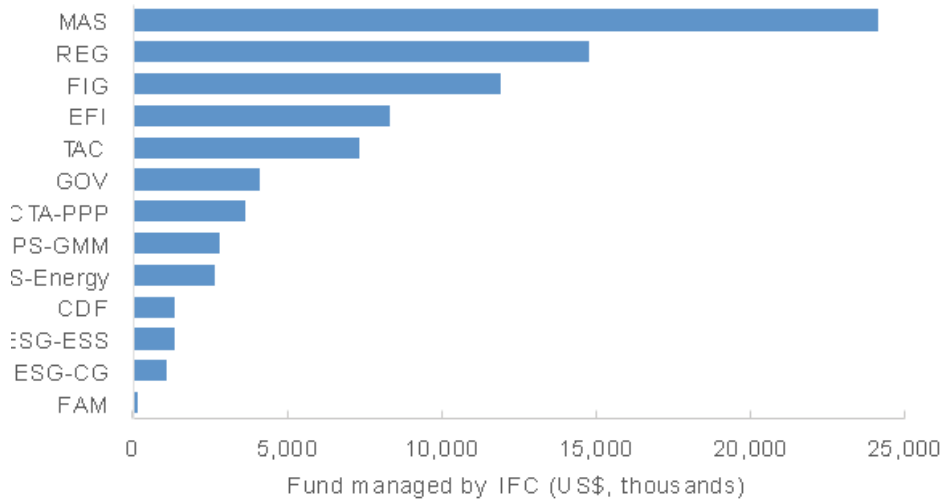


*Source:* Business Intelligence (database), World Bank, Washington, DC (accessed March 2, 2021); Standard Reports (database), World Bank, Washington, DC (accessed March 2, 2021).

*Note:* AGR = Agriculture; ASA = advisory services and analytics; E&E = Energy and Extractives; EDU = Education; FIN = Financial; FY = fiscal year; HEA = Health; ICT = Information and Communication Technology; ITS = Industry and Trade Services; PUB = Public Administration; SOC = Social Protection; TRA = Transportation; WAT = Water.

The International Finance Corporation had 42 advisory services during the review period, amounting to \$83.7 million. The advisory services were mostly in manufacturing, agribusiness, and services (28.9 percent), followed by regional advisory (17.7 percent), and finance and institutions group (14.3 percent; figure B.4).

**Figure B.4.** IFC Advisory Services for Bangladesh by Primary Business Area, Fiscal Years 2011–20



Source International Finance Corporation (database), Washington, DC (accessed February 28, 2021).

Note: CAS = Cross-Cutting Advisory Solutions; CDF = Disruptive Technologies & Funds; CG = Corporate Governance; CTA-PPP = Corporate Transaction Advisory – Public-Private Partnership; EFI = Equitable Growth, Finance, and Institutions; EPS-GMM = Economics and Private Sector Development – Global Macro and Market Research; ESG = Environment, Social and Governance; ESS = Environmental and Social Sustainability Advisory; FAM = Financial and Markets; FIG = Financial Institutions Group; GOV = Governance; IFC = International Finance Corporation; MAS = Manufacturing, Agribusiness, and Services; REG = Regional; TAC = Trade and Competitiveness.

## Portfolio Performance (Independent Evaluation Group Outcome Ratings)

Of the 41 projects that exited the portfolio during the review period, 32 projects (or 78 percent) were rated by the Independent Evaluation Group as moderately satisfactory or better. Weighted by value of commitment, the share of projects rated moderately satisfactory or better is higher, at 95 percent (table B.1).

**Table B.1.** Distribution of Independent Evaluation Group Project Ratings for Bangladesh, Fiscal Years 2011–20

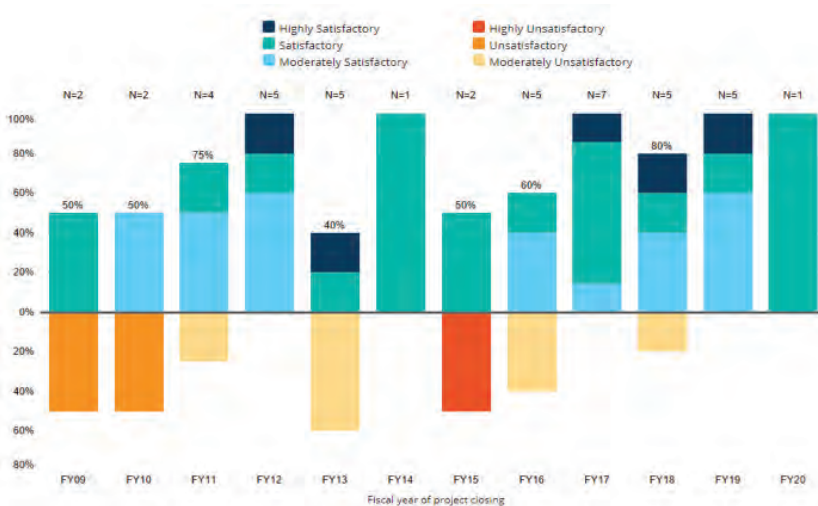
IEG Rating	Projects (no.)	Share of Projects (%)	Share of Projects
			Weighted by Commitment Value (%)
Highly satisfactory	5	12	22
Satisfactory	14	34	45
Moderately satisfactory	13	32	28
Moderately unsatisfactory	7	17	5
Highly unsatisfactory	1	2	0
Not rated	1	2	0
Total	41	100	100

Source: Business Intelligence (database), World Bank, Washington, DC (accessed August 17, 2021).

Note: IEG = Independent Evaluation Group.

Bangladesh’s project outcome ratings have improved over time, especially toward the second half of the Country Program Evaluation period, as shown in figure B.5.

**Figure B.5.** Bangladesh: Independent Evaluation Group Project Outcome Ratings, with Distribution of Ratings by Fiscal Year



Source: Independent Evaluation Group ratings data, as of September 23, 2021.

Note: The N values above the bar for each FY period indicate the total number of projects closed in that period that have completion reports and Independent Evaluation Group ratings. FY calculated based on the project closing date; the World Bank fiscal year runs from July 1 to June 30. FY = fiscal year.



Bangladesh’s share of projects rated moderately satisfactory or higher is better than the regional and World Bank averages, except India. In terms of weighted value by commitments, outcome ratings were higher for Bangladesh compared with the regional and World Bank averages (table B.2).

**Table B.2.** Independent Evaluation Group Project Ratings for Bangladesh and Comparators, Fiscal Years 2011–20

Region	Total Projects Evaluated (no.)	Total Projects Evaluated (US\$, millions)	Outcome Projects rated Moderately Satisfactory or Higher (%)	Outcome Weighted by Value % Satisfactory (\$)	RDO Projects rated Moderately Satisfactory or Lower (%)
Bangladesh	41	5,894.1	80.0	95.1	61.5
India	99	22,362.5	82.8	86.3	67.3
Pakistan	48	8,271.7	76.6	91.2	16.2
SAR	312	42,344.0	78.1	88.9	43.4
World Bank	2,736	255,873.3	73.8	82.6	43.5

Source: Business Intelligence (database), World Bank, Washington, DC (accessed August 17, 2021).

Note: RDO = Risk to Development Outcome; SAR = South Asia Region.

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<sup>1</sup> The two regional projects were under the Energy and Extractives Global Practice and the Environment, Natural Resources, and Blue Economy Global Practice.

# Appendix C. Key Analytical Work on the Job Agenda

**Table C.1.** List of Key Analytical Work on the Jobs Agenda

FY	ASA	Diagnosis
2015	Systematic Country Diagnostic: <i>Bangladesh—More and Better Jobs to Accelerate Shared Growth and End Extreme Poverty</i>	Advocated more and better jobs to maintain inclusive growth and development.
2016	<i>Toward New Sources of Competitiveness in Bangladesh: Key Insights of the Diagnostic Trade Integration Study</i>	
2017	"Bangladesh Jobs Diagnostic"	Provided the analytical framework for designing and implementing a comprehensive national jobs strategy. It identified the key jobs challenges including slowing pace of job creation, poor quality of and uneven access to jobs, and stagnant micro-enterprises growth. It proposed three objectives and policy actions to achieve them.
2018	<i>Bangladesh—Skills for Tomorrow's Jobs: Preparing Youths for a Fast-Changing Economy</i>	Identified weak human capital, driven by low educational attainment and insufficient skills training, as creating significant constraints for labor productivity and suggested policy options to improve productivity with focus on postsecondary and skills development.
2019	<i>Bangladesh Tertiary Education Sector Review: Skills and Innovation for Growth</i>	Recommended setting up a student loan scheme in partnership with public and private financial institutions and increasing investment in teaching and learning and ICT facilities to enhance tertiary education access and equity, quality and relevance, research and innovation, governance, and financing.

(continued)

FY	ASA	Diagnosis
2020	<i>Bangladesh's Journey to Middle Income Status: The Role of the Private Sector</i>	Cited slippages in Bangladesh's policy regime in financial sector policy, regulatory reform, and trade policy and logistics services. It found that tariff protection has sheltered many large corporations from international competition and slowed productivity improvements, and it called for reducing anti-export bias and providing incentives for non-RMG sectors to enhance export competitiveness.
2021	Country Private Sector Diagnostic: <i>Creating Markets in Bangladesh: Unleashing the Private Sector to Sustain Development Success</i>	Explored what was required to strengthen and modernize Bangladesh's private sector, offering recommendations on the business environment, the financial sector, and infrastructure.
2021	<i>Gearing Up for the Future of Manufacturing in Bangladesh</i>	Concluded that investment climate reforms remain important but not as important as upgrading firms' capabilities for technology adoption, in particular raising levels of technical and managerial expertise.

Source: Independent Evaluation Group.

Note: ASA = advisory services and analytics; FY = fiscal year; ICT = Information and Communication Technology; RMG = ready-made garment.

# Appendix D. Prior Actions, Indicative Triggers, and Results in Budget Support Operations

## Program Development Objectives

The Bangladesh Jobs Development Policy Credit series (DPC 1–3) supports the government of Bangladesh’s program of reforms to address the country’s jobs challenges by (i) modernizing the trade and investment environment, (ii) strengthening systems that protect workers and build resilience, and (iii) improving policies and programs that enhance access to jobs for vulnerable populations.

**Table D.1.** Evolution of Prior Actions, Indicative Triggers, and Results

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
Prior Action 1: The recipient, through its parliament, has enacted the OSS Act 2018 (Act No. 10 of 2018) and published it in the <i>Bangladesh Gazette</i> .	Trigger 1A: BIDA has issued OSS rules and streamlined processes in relevant line agencies to bring them into line with the OSS Act. Trigger 1B: The government of Bangladesh has enacted the new Companies Act.	Prior Action 1: (i) The prime minister's office has issued and published (in the <i>Gazette</i> ) the "One Stop Service Rules, 2020," and (ii) the cabinet approved draft amendments to the Companies Act (includes provisions allowing for single-person companies, expediting business registration, and strengthening corporate governance).	Trigger 1A: BIDA fully operationalized the OSS for services required for investors to start a business by streamlining key regulatory processes across relevant ministries and agencies. Trigger 1B: Recipient has implemented further reforms to legal environment governing company formation, commercial dispute resolution, and insolvency.	Prior Action 1: BIDA has made available online streamlined processes for at least 35 key regulatory services required by investors for starting and operating a business.	Indicator: Time and cost to set up a new business (disaggregated by gender) <b>Baseline</b> Time: 19.5 days Cost: 22.3% of income per capita (no gender difference) <b>Target:</b> 25% reduction Indicator: Annual growth in new business registrations (disaggregated by gender) <b>Baseline:</b> 0.4% (average over past 5 years) <b>Target:</b> 5% per year (overall); 10% for women-owned businesses	By DPC 2, prior action weakened. The new Companies Act was not enacted (considered as a game changer by the Country Private Sector Diagnostic). Instead, DPC 2 PA supported approved draft amendments to the Companies Act by the cabinet.

Pillar A: Modernizing the trade and investment environment

<p>Prior Action 2: The Ministry of Finance has submitted the Customs Act 2018 (Bill No. 58 of 2018) to the recipient's parliament for approval.</p>	<p>Trigger 2A: The Ministry of Finance has issued regulations for the Customs Act 2018.</p> <p>Trigger 2B: The NBR has established a risk management directorate.</p>	<p>Prior Action 2: The NBR (i) issued a set of rules and directives to support ongoing customs modernization initiatives and (ii) received approval from the Ministry of Public Administration for establishing a risk management approach across customs.</p>	<p>Trigger 2A: The Ministry of Finance has issued necessary legal provisions required to implement, operationalize, and maintain the National Single Window.</p>	<p>Prior Action 2: The recipient, through its parliament, has approved, through the Finance Act 2020, legal provisions authorizing the establishment and governance structure of the Bangladesh Single Window and published these provisions in the <i>Bangladesh Gazette</i>.</p>	<p>Indicator: Share of import shipments inspected by border agencies <b>Baseline:</b> 100% import inspection <b>Target:</b> 70% import inspection</p> <p>Indicator: Import clearance time (days) <b>Baseline</b> Chittagong: 8–9 Dhaka: 6–7 <b>Target</b> Chittagong: 6 Dhaka: 3</p>	<p>Customs Act is not yet effective. Parliament approved a legal provision authorizing the establishment of governance structure of the Bangladesh Single Window but not legal provisions required to implement, operationalize, and maintain the National Single Window.</p>
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(continued)

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
<p>Prior Action 3: NBR made publicly available on its website a comprehensive set of rules and procedures for bonded warehouse business licensing and operation.</p>	<p>Trigger 3A: NBR implemented recommended actions from bonded warehouse business process review (including new/rationalized rules and instructions governing the special bonded warehouse regime and introduction of methodologies and techniques to manage the program).</p>	<p>Prior Action 3: NBR (i) approved operational policies and processes to improve efficiency and transparency of bonded warehouse regime, including licensing, audit, management, and reconciliation; and (ii) issued guidelines on application of risk management principles to bonded warehouse regime.</p>	<p>Trigger 3A: NBR has (i) introduced an automated bond licensing and reconciliation system to improve efficiency and transparency; and (ii) issued a revised bonded warehouse policy for non-RMG sectors, including leather goods and footwear.</p>		<p>Indicator: Number of active bond license holders outside RMG sector (dropped)</p>	



<p>Prior Action 4: (i) Ministry of Finance has rolled out climate budgeting across 20 ministries with climate-relevant expenditures. (ii) The cabinet has approved the National Environmental Policy 2018.</p>	<p>Trigger 4A: The government of Bangladesh has issued guidelines for environmental and social compliance standards for the leather sector and at least one other manufacturing sector, including guidelines to improve energy efficiency.</p>	<p>Prior Action 4: The Ministry of Commerce has published guidelines for compliance with social and environmental (including energy and water consumption) standards for the leather and the light engineering/plastics sectors.</p>	<p>Trigger 4A: The Department of Environment has developed guidelines for assessment, implementation, supervision, monitoring, and reporting of occupational and community health and safety risks as part of environmental impact assessment guidelines.</p>	<p>Prior Action 3: The Ministry of Environment, Forest and Climate Change has approved the Updated Environmental Impact Assessment Guidelines for Industries, incorporating occupational health and safety and community health and safety issues.</p>	<p>Indicator: Total of ministry budgets allocated to "climate change capacity building and institutional strengthening" (linked to DPC 1 PA) <b>Baseline:</b> Tk 8.4 billion (FY19) <b>Target:</b> 10% per year increase on average (FY19–22) Indicator: Number of firms reached through trainings/assessments of ESQ and OSH guidelines <b>Baseline:</b> 0 (2019) <b>Target:</b> 500</p>	<p>There was no significant change in PA and triggers.</p>
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(continued)

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
Pillar B: Strengthening systems that protect workers and build resilience						
Prior Action 5: The Ministry of Finance has integrated the management of the Government Service Pension Fund and the General Provident Fund of civil servants through the establishment of the Office of the Chief Accounts and Finance Officer, Pension and Fund Management.	Trigger 5A: The cabinet has approved a comprehensive pension strategy.	Prior Action 5: The recipient's central bank (Bangladesh Bank) has initiated the rollout of a financing scheme to enable employers in export industries to maintain wage and allowance payments to workers affected by the COVID-19 crisis.	Trigger 5A: MoLE has initiated a pilot of the Employment-Intensive Investment scheme in at least one export-oriented sector.	Prior Action 4 (DPC 3): (i) Ministry of Finance took steps to implement second phase of a Bangladesh Bank working capital facility that enables employers in export industries to maintain wage and allowance payments to workers affected by COVID-19 crisis; (ii) MoLE approved implementation guidelines of new "Social	Indicator: Number of individuals supported by COVID-19 response programs (revised) <b>Baseline:</b> 0 (March 2020) <b>Target:</b> 5 million (FD)	Comprehensive pension strategy narrowed in scope (to financing scheme for export industries workers).



DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
				Prior Action 6: The National Disaster Management Council has revised and published the Revised Standing Orders on Disaster to increase its ability to respond to climate and disaster events.		

				<p>Prior Action 7. Ministry of Disaster Management and Relief approved and published guidelines for implementation of the Employment Generation Program for the Poorest</p>	<p>Indicator: Adoption of national disaster risk management strategy that strengthens government coordination for climate resilience and disaster risk management <i>Baseline:</i> No <i>Target:</i> Yes (Update: Strategy revised and adopted)</p>	
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(continued)

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
<p>Prior Action 6: Recipient, through its parliament, passed the Bangladesh Labor Act (Amendment) 2018 (Act No. 48 of 2018).</p>	<p>Trigger 6A: MoLE has launched nationally and across sectors the LIMA, including mechanisms for feedback from workers and publication of inspection results.</p>	<p>Prior Action 7: MoLE launched, nationally and across sectors, the LIMA, which includes mechanisms for feedback from workers and online reporting of inspection results.</p>		<p>Prior Action 8: MoLE has strengthened its capacity to monitor and remediate violations of labor and safety regulations by (i) deploying LIMA to all regional offices of DIFE, (ii) strengthening financial resources of DIFE to carry out functions, and (iii) strengthening human resources of labor courts to adjudicate as needed.</p>	<p>Indicator: Number of labor and safety complaints addressed by DIFE (quarterly average), of which a number are related to sexual harassment or gender-based violence <b>Baseline</b> 500 (Q4 2017); no baseline on sexual harassment or gender-based violence <b>Target</b>: 1,000 (2022 quarterly average), with at least 50 related to sexual harassment or gender-based violence</p>	

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Trigger 7A: Recipient has strengthened the capacity of DIFE to enforce remediation for violations of labor and safety regulations.

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Changed in focus and substance: Trigger 7A called for enforcement remediation for violations of labor and safety. Prior Action revised Standing Orders on Disaster and increased ability to adapt to climate-related and natural disaster events.

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*(continued)*

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
Pillar C: Improving policies and programs that enhance access to jobs for vulnerable populations						
Prior Action 7: The recipient, through its parliament, has enacted the Wage Earners Welfare Board Act 2018 (Act No. 30 of 2018) and published it in the <i>Bangladesh Gazette</i> .	Trigger 7A: The MoEWOE has issued the rules and regulations of the Overseas Employment and Migrants' Act 2013 pertaining to recruitment agency conduct and migrant welfare management.	Prior Action 8: MoEWOE has issued the Recruitment Agency Licensing and Code of Conduct Rule and the Recruitment Agency Classification Rule and published them in the <i>Bangladesh Gazette</i> .	Trigger 7B: MoEWOE has submitted amended overseas migration legislation to parliament addressing legal gaps in the regulation of intermediaries. Trigger 8A: MoEWOE has established procedures for monitoring and enforcing recruitment agency performance per the Recruitment Agency Classification Rule.		Indicator: Average cost of migration through formal channels (disaggregated by gender) <b>Baseline:</b> (FY17): Tk 418,455 (male); Tk 253,078 (female) <b>Target:</b> Tk 313,841 (male); Tk 189,809 (female) Indicator: Budget allocation for supporting the protection of expatriate workers <b>Baseline:</b> Tk 19.2 million (FY17) <b>Target:</b> 30% real increase in budget allocation. Update for 2020: 100%	



<p>Prior Action 8: The recipient, through its parliament, has enacted the NSDA Act 2018 (Act No. 45 of 2018) and published it in the <i>Bangladesh Gazette</i>.</p>	<p>Trigger 8A (now 9): The prime minister's office has (i) issued NSDA-related rules, regulations, and guidelines for operation; and (ii) completed NSDA's staffing and established a long-term funding model, all aimed at ensuring NSDA's institutional sustainability.</p>	<p>Prior Action 9: Recipient put in place legal and institutional measures to enable the NSDA to operate, including (i) an approved staffing organogram, (ii) the NSDA Rule, and (iii) guidelines for registration of training institutions and for management of the National Human Resource Development Fund.</p>	<p>Trigger 9A: The NSDA has established a mechanism to ensure sustainable financing of ISC.</p>	<p>Prior Action 9: The NSDA has approved the National Skills Development Policy.</p>	<p>Indicator: Number of workers trained in partnership with private industries with support from the NSDA or Industry Skills Councils (by gender) <b>Baseline:</b> 9,117 (male) 4,096 (female) <b>Target:</b> 29,500 (male) 20,500 (female) Update end 2020: 25,980 (male) 11,672 (female)</p> <p>Indicator: Number of competency standards (by occupation and level) developed and introduced in at least one training center <b>Baseline</b> 294 <b>Target:</b> 500 (update end 2020: 400)</p>	<p>Weak Prior Action (approval of staffing organogram and guidelines for training and management); the trigger would have required the prime minister to issue NSDA rules and regulations for operation; completed NSDA staffing; and established long-term financing model.</p>
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(continued)

DPC 1: Prior Action	DPC 2: Indicative Triggers	DPC 2: Prior Action	DPC 3: Indicative Triggers	DPC 3: Prior Action	Results Indicator: Baseline (2018)/Target (2022)/Actual	Comments
Prior Action 9: The Ministry of Women and Children Affairs has submitted the draft Child Daycare Centre Act to the Scrutiny Committee of the recipient's cabinet of ministers.	Trigger 9: The government of Bangladesh has enacted the Child Daycare Centre Act.	Prior Action 10: The cabinet has approved the draft Child Daycare Centre Act.	Trigger 10A: Ministry of Women and Children Affairs has established an institutional structure to oversee regulation of daycare facilities.	Prior Action 10: Child Daycare Centre Act has been approved by the cabinet and will be submitted to the president for recommendation as a money bill before its submission to parliament.	Indicator: Number of daycare centers licensed under new regulatory framework (dropped) Indicator: Licensing and regulatory framework for child daycare centers adopted for use <b>Baseline:</b> No <b>Target:</b> Yes (2022)	Trigger called for Child Daycare Act to be enacted. Prior Action 10 supported the draft Child Daycare Centre Act approved by the cabinet.

Source: Independent Evaluation Group.

Note: The indicators, baselines, and targets are taken from the World Bank's 2021 "Bangladesh Third Programmatic Jobs Development Credit" Program Document. Several indicators from DPC 1 and DPC 2 were dropped. BIDA = Bangladesh Investment Development Authority; COVID-19 = coronavirus; DPC = development policy credit; DJFE = Department of Inspection for Factories and Establishments; FY = fiscal year; LJMA = Labour Inspection Management Application; MoEWOE = Ministry of Expatriates' Welfare and Overseas Employment; MoLE = Ministry of Labour and Employment; NBR = National Board of Revenue; NSDA = National Skills Development Authority; OSS = One Stop Service; PA = prior action; RMG = ready-made garment; Tk = Bangladesh taka (Bangladesh)

# Appendix E. Borrower's Comments

Government of the People's Republic of Bangladesh

Ministry of Finance Economic Relations Division



WB-3 Section

Shere Bangla Nagar, Dhaka-1207

[www.erd.gov.bd](http://www.erd.gov.bd)

Record Number:

Date: 17/4/2022

09.00.0000.061.12.001.22.29

Recipients: Mr. Jeffrey Chelsky, Manager, Country Programs and Economic Management Unit, Independent Evaluation Group

Subject: Opinion on Bangladesh government for Country Program Evaluation (CPE) FY11–20.

Ref: World Bank's letter of March 3, 2022

Dear Mr. Jeffrey Chelsky,

In reference to the above-mentioned subject, the Government of Bangladesh has provided comments on Country Program Evaluation (CPE) FY11–20 in the attached file. Please find the attached comments.

Sincerely yours,

18-4-2022

Md. Sarwar Morshed

Senior Assistant Secretary

Phone: +880248115737

Email: [ida8@erd.gov.bd](mailto:ida8@erd.gov.bd)

Record Number:

Date: 17/4/2022

09.00.0000.061.12.001.22.29/1(2)

A copy has been sent for consideration and necessary (if applicable) action:

Mr. Mohammad Shafiul Alam, Alternate Executive Director for Bangladesh, EDS12, World Bank HQ, World Bank HQ, Washington, DC, USA.

Ms. Mercy Tembon, Country Director, E-32, Agargaon, Sher-e-Bangla Nagar, Dhaka



18-4-2022

Md. Sarwar Morshed

Senior Assistant Secretary

Mentioned in Draft		
Page & Para no	Report	Comments
Whole draft report	Rohingya	The Government of Bangladesh recognized them as "Forcibly Displaced Myanmar Nationals (FDMN)". Please mention this in your report.
Page ix & Para 5	In other areas, domestic vested interests prevailed, resulting in little progress in improvements to the business environment, natural resource management, banking sector reform, and tariff reform.	The line can be rewritten as following: In other areas, improvement is required in the business environment, natural resource management, banking sector reform, and tariff reform.

Mentioned in Draft		
Page & Para no	Report	Comments
Page x & Para 2	but government commitment is weak or absent	Government commitment is not weak or absent regarding the reforms, but the reforms require proper planning and suitable environment to execute. The line should be omitted.
Page xi & Para 5	Underlying concerns with data quality and coverage (e.g., the lack of information on SOE contingent liabilities, under-reporting of NPLs and questions about the accuracy of GDP data) could be more explicitly taken into account in macroeconomic assessments.	According to the law, every government agency has to use Bangladesh Bureau of Statistics (BBS)'s data. Due to the use of different method the outcome could be different, but raising question about the accuracy of data is not acceptable.
Page 1 & Para 1.3	In 1975, Bangladesh had one of the world's lowest per capita incomes.	This line should be rewritten as :  After the independence in 1971, Bangladesh had one of the world's lowest per capita incomes.

(continued)

Mentioned in Draft		
Page & Para no	Report	Comments
Page 3 & Para 1.4	Unemployment and under-employment are high, accentuating vulnerability, especially among youth and labor productivity is low by international standards.	It is noteworthy that the Government of Bangladesh is also working in line with the said objective. Against the backdrop of growing industrialization, the government is laying special emphasis on skills development to meet the diversified demand for labor and enhance labor productivity while improving the quality of life of workers. The government has been implementing the "Skills for Employment Investment Program (SEIP)" to provide inclusive skills development training based on the demand of the industry sector, under which skills development training to 8,41,680 persons in 11 priority industries and services sectors will be provided by 2024. In addition, the National Skills Development Authority (NSDA) is working to coordinate skills development training programmes under 28 ministries to accelerate skills development programs.

Mentioned in Draft		
Page & Para no	Report	Comments
Page 4 & Para 1.5	<p>COVID-19 has significantly affected Bangladesh's growth prospects. GDP growth grew by an estimated 2.4 percent in 2020, lower than the pre-pandemic World Bank projection for 2020 of 7.4 percent. This was due, in part, to contraction in external demand for the RMG sector. COVID-19-related spending, is likely to result in a budget deficit in excess of the government target of 5 percent of GDP. The severity of the impact has the potential to lead to significant losses for the banking sector.</p>	<p>The economic management of COVID-19 pandemic in Bangladesh is particularly worth mentioning since the economy has already begun to recover from the Covid-19 fallout with the timely implementation of the government stimulus packages of worth USD 22.08 billion, equivalent to 5.31 percent of GDP (January, 2022) and continuing fiscal, monetary and macro-prudential policy supports. As a result, the economy has achieved 6.94 percent real GDP growth (as per latest Base Year 2015/16=100) in FY21. Recently, Bangladesh Bank (BB) has decided to roll out a stimulus package in the form of "refinance scheme" of Tk 5.0 billion with an interest rate of 6 percent named "Ghore Fera" (homecoming) to support people who migrated back to their villages due to the ongoing economic hardship.</p>
Page 5 & Para 1.7	<p>Transparency International (TI) ranked Bangladesh 147 of 180 countries in 2021 on perceived levels of public sector corruption. Bangladesh's corruption perception index score of 26 is among the lowest in the South Asia Region.<sup>5</sup> TI reported that corruption in Bangladesh has been pervasive during the pandemic ranging from bribery to misappropriation and in the procurement of medical supplies and contracts between business and government authorities.</p>	<p>The method TI used is not a clear method. Furthermore, the Anti-Corruption Commission (ACC) is being strengthened to tackle the corruption issues.</p>

(continued)

Mentioned in Draft		
Page & Para no	Report	Comments
Page 7 & Para 1.11  Page 16 & Para 2.20, 2.21	The SCD cautioned that the integrity of the financial sector had been compromised by banking sector loan scams and embezzlements and by weaknesses in the regulatory and supervisory frameworks which contributed to under-reporting of NPLs.	Rather than the profit motive, the SOCBs in Bangladesh are engaged largely to channelize the finance of social safety net programs, concessional loans to need based sectors, and mega infrastructure projects. Considering the complex nature of SOCBs finance, categorizing them as weak and inefficient may need to be reconsidered.



Mentioned in Draft		
Page & Para no	Report	Comments
		<p>It is mentionable that Bangladesh Bank (BB) has implemented numerous policies to control NPL in Banking system such as adequate follow-up and monitoring of loan, strengthening recovery program for NPL, enforcing Alternative Dispute Resolution (ADR) Mechanisms, greater legal policy directives for banks, and rescheduling and restructuring of classified loans.</p> <p>BB also allows banks with greater power to recover loans and advances through lending monitoring, ADR mechanisms, placing observers to the Board of Directors in scheduled banks with worsening internal governance, restructuring of large loans, signing of Accredited Product Adviser (APA) by scheduled banks to Ministry of Finance, etc. Moreover, BB has also provided loan moratorium facilities for the borrowers until December 31, 2021 considering the economic impact of COVID-19. All these initiatives have influenced the NPL ratios to come down at 8.12 percent on September, 2021. Although the report identified several vulnerabilities in the financial sector during the evaluation period, Bangladesh Bank has already taken several steps to address most of the vulnerabilities. To strengthen the supervisory capacity, Bangladesh Bank has established a new Risk Based Supervision (RBS) Implementation Cell for the advancement of both off-site and on-site supervisions.</p>

*(continued)*

Mentioned in Draft		
Page & Para no	Report	Comments
Page 8 & Para 2.1	The 2015 SCD identified constraints to development in energy, inland connectivity, and weak public institutions that Bangladesh needed to address if it was to achieve its official goal of upper-middle-income status.	The 2015 SCD identified constraints to development in energy, inland connectivity, and weak public institutions that Bangladesh needed to address if it was to achieve its official goal of upper-middle-income status by 2031.
Page 9 & Footnote 9	The Padma Multipurpose Bridge Project was approved by the World Bank's Board of Executive Directors in fiscal year 2011 but canceled before becoming effective because of allegations of corruption involving high-level government officials.	This is highly objectionable and politically sensitive. Additionally, it is not proven anywhere. This line should be omitted.
Page 19 Figure 2.2		Annual disbursement figures need to be checked. The figures seem much higher than actual ones.
Page 25 Para 3.8	Its cancellation due to governance concerns led to a pause in large infrastructure lending including the planned multi modal transport investments and cast a long shadow over the Bank Group's relationship and dialogue with the authorities.	This is unacceptable to draw the governance issues which could not be proven by the WB or any other party. The sentence should be rewritten: "Its cancellation led to a pause in large infrastructure lending including the planned multi modal transport investments and cast a long shadow over the Bank Group's relationship and dialogue with the authorities."

Mentioned in Draft		
Page & Para no	Report	Comments
Page 25 Footnote 33	See chapter 2, footnote 6 for details. Approved in FY11 but canceled due to governance concerns.	This footnote should also be omitted.
Page 37 Para 4.4	However, these efforts were constrained by weak government commitment to reform.	Government commitment is not weak or absent regarding the reforms, but the reforms require proper planning and suitable environment to execute. This line is inappropriate and should be omitted.





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