

Section 3

TERMS OF REFERENCE

A Strategic Agricultural Sector and Food Security Diagnostic for Bangladesh

1. Introduction

- 1.1 Bangladesh has made remarkable progress over the past two decades, lifting millions out of poverty and sustaining expanding levels of economic growth. It has achieved this in spite of major internal and external challenges - global economic downturns, natural disasters and periods of political uncertainty - which have tested the resolve of the Bangladesh economy. However, substantial challenges remain in Bangladesh as the government aims to eradicate extreme poverty by 2021. An important component to this goal, and reducing wider measures of poverty, is to ensure that growth is inclusive to which the agricultural sector has a very important role.
- 1.2 While there have been a number of studies on the agricultural sector for Bangladesh in recent years, a formal inclusive growth diagnostic is yet to be conducted. The joint DFID/USAID inclusive growth diagnostic study (2014) highlighted that despite being Bangladesh's most inclusive sector in the past 4 years, the agriculture and forestry sector has seen a substantial decline in its share of GDP growth, contributing less than 20% to GDP and 12% to exports. With population increasing 1.35% each year but the amount of fertile land reducing by 1% per year, removing the obstacles to investment in agriculture to increase productivity is crucial for Bangladesh.
- 1.3 The purpose of this proposed activity is to undertake a broad diagnostic of the Bangladesh's agricultural sector to identify the major obstacles to addressing potential food shortages and increasing productivity. The findings of this Diagnostic will be used to inform policy makers, donors and others interested in support for agriculture development and food security in the country.

2. Objective

- 2.1 The motivation for undertaking an analysis of the agricultural – crops, horticulture, livestock, forestry – and fisheries sectors in Bangladesh is to better understand the economic and political barriers that act to reduce productivity below potential and slow inclusive growth. Given the importance of agriculture to poverty reduction and livelihoods of over half of the population in Bangladesh the study will assess what is needed for the sector to overcome to place it on a higher growth path. It will also fit in to a broader body of knowledge that is being developed to help inform policy makers and donors of agriculture's role and actions that need to be taken to facilitate transformation within the sector or how best agriculture can facilitate transformation in other sectors in Bangladesh. This study will therefore complement forthcoming work that will be undertaken through the Economic Dialogue on Inclusive Growth in Bangladesh programme.

3. The Recipient

- 3.1 The principal recipients of this study will be the Government of Bangladesh and international donors. However, the dissemination of this study by the successful supplier should include methods to effectively disseminate findings to a wider audience.

4. Scope

- 4.1 DFID-Bangladesh would like to commission a research study on the agricultural sector in Bangladesh with provision for an event(s) to disseminate the findings of the study. We would like to commission this work from an organisation that has a proven track record in undertaking policy research in this area and is effective in ensuring the key implications for policy and programming are effectively disseminated to appropriate stakeholders. Specifically, the potential supplier will include a range of skills – agricultural, food security, economic/growth diagnostic and political economy – that also includes local expertise.

- 4.2 Specific areas that we would like this study to focus on are:

- 4.2.1 The historical context of agriculture and key events that have shaped the structure of this sector today in Bangladesh. Summarize the official aspirations and projections for the sector and sub-sectors together with policies and key stakeholders and institutions to support future developments. Explain how the structure of Bangladesh's agricultural sector compares to comparator countries highlighting salient differences. Explain the relative importance of the agricultural sector as well as future importance to inclusive growth for Bangladesh.
- 4.2.2 Summarise the recent analysis that has been done on the agricultural sector in Bangladesh. Highlight evidence gaps as well as gaps and weaknesses in the data. Suggest actions that need to be taken to improve agricultural data quality and constraints.
- 4.2.3 Provide a comprehensive profile of the agricultural sector in Bangladesh. The current structure and performance of the agricultural sector, including the principal types of crops, animal, and fisheries production; their geographical location, productivity; uses of goods produced (sold, home-consumed, used as intermediate inputs in other production and processing); availability/quality of agricultural inputs; and domestic and international marketing channels.
- 4.2.4 Outline the landscape of key stakeholders in the agricultural sector, considering their roles and capacity—including public sector entities, universities, research institutes, civil society, NGOs, private sector entities, and donors.

- 4.2.5 Describe key trends in demographics, land and forest use, land tenure and sustainable access to forest products, including the purpose and impact of long-term leasing of forested land, demand for agricultural products and services, and their potential constraining effects on agricultural productivity and on broad-based economic growth and poverty reduction.
- 4.2.6 Describe the principal livelihood strategies adopted by rural and urban households, taking account of gender dimensions and including the roles of non-farm activities and wage employment in both formal and informal sectors.
- 4.2.7 Highlight other important economic sectors as relevant to food shortages.
- 4.2.8 Outline the distribution of income and extent of poverty within rural and peri-urban areas.
- 4.2.9 Describe the extent of food insecurity and possible humanitarian needs, including those related to poor health and nutrition.
- 4.2.10 Make the case for agriculture in terms of where it can be transformational itself or how it best facilitates transformation in other sectors of economic activity. What is agriculture future role as a sector for new job creation for Bangladesh?
- 4.2.11 Describe the methodology for diagnosing the obstacles to investment and growth in and within agriculture. Diagnose the most binding and binding constraints to growth for agriculture and for each of the agricultural subsectors.
- 4.2.12 Describe the dimensions of the enabling environment that may constrain agricultural and natural resource sector performance and rural and peri-urban household livelihoods, including:
 - 4.2.12.1 National infrastructure—roads, water, electricity, communications, transportation.
 - 4.2.12.2 Services such as health (including access to water, sanitation and hygiene practices), education, banking and credit/finance, as such services relate to food security and agriculture.
 - 4.2.12.3 Existence and capacity of the core public and private institutions that support agricultural development, including agricultural research, market information and agricultural statistics, agricultural training, and extension.
 - 4.2.12.4 The legal, regulatory and policy framework related to agriculture, including land tenure arrangements, macroeconomic and trade policy, and their implications for food security and agriculture sector growth.

- 4.2.12.5 The role of government and other players and how their economic interests impact broad-based development, food security and sustainable natural resource use.
- 4.2.12.6 Undertake value chain analysis to describe how best agriculture can be commercialized. Describe the constraints to increased commercialization within agriculture as well as opportunities to fast track commercialization of this sector.
- 4.2.12.7 Analyse the government development policy for agriculture.
- 4.2.12.8 Analyse how urbanization is affecting the agricultural sector and outline what challenges as well as opportunities increased urbanization provides to developments in agriculture. Where are the capacity shortfalls that undermine Bangladesh's ability to realize the potential gains from urbanization?
- 4.2.12.9 Anticipated climate change trends likely to affect agriculture, natural resources, water availability and the environment in general.
- 4.2.12.10 Specific gender considerations such as access to services and food commodities, land tenure, and how products are delivered to market.
- 4.2.12.11 Outline potential future trajectories for agriculture and support these with policy recommendations as well as effective sequencing for government and donors.
- 4.2.12.12 Undertake political economy analysis to highlight potential advocates as well as impediments to agricultural development relating these to the obstacles identified in the diagnostic assessment.

5. The Requirements

It is proposed that the potential supplier will proceed with the Diagnostic in three stages:

- 5.1 **Adjust Scope of Work:** Agricultural and food security experts of the team will undertake an initial visit to work with local organizations to review and adjust the scope of work of the Diagnostic as necessary and finalize selection of the Diagnostic team. The pre-Diagnostic team will prepare for the full team through consultations with local organizations, Bangladesh officials, and partner organizations, and will map out immediate next steps.
- 5.2 **Gather Information:** An internationally recognized team of food security and agriculture experts selected in consultation with DFID Bangladesh and USAID Bangladesh to carry out the scope of work meets with government officials and relevant national and local institutional partners to gather information and input on priorities, constraints and opportunities for agriculture and food security in Bangladesh.

- 5.3 **Organise Workshop:** A high-level workshop held in Bangladesh following the Diagnostic to: (1) discuss and validate preliminary findings and recommendations with major public and private stakeholders; and (2) consider their implications for donor assistance and government policy, planning, and programming.

6. Constraints and dependencies

The potential supplier should be readily available to take up the work in May till August 2015:

- 6.1 The potential supplier should ensure that they are aware of the work streams of other suppliers associated with sustainable development work streams that fall under the umbrella of Strengthening Economic Systems in Bangladesh;
- 6.2 To coordinate with other donors, multilateral organisations and think-tanks to ensure that the study complements rather than duplicates;
- 6.3 To ensure that any outputs produced are compatible with DFID-Bangladesh IT suites (MS Office 2010 standard version, Adobe Reader XI, Windows 7 Zip, JPEG and TIFF);

7. Implementation requirements

- 7.1 Where elements of work are sub-contracted out to other suppliers, DFID-Bangladesh should be made aware of such management arrangements, where appropriate;
- 7.2 The contractor should seek prior approval from DFID Bangladesh that any material that is provided by DFID can be shared with a third party.

8. Performance requirements

- 8.1 The study needs to be peer reviewed by specialised individuals/organisations for quality assurance. DFID will arrange an independent review of the supplier's thematic studies and feedback will be provided to the supplier within one month of receipt of the draft;
- 8.2 Payments will be performance based and will be linked to milestones agreed during the contract negotiation stage.

9. Environmental considerations

This will be predominantly a desk based research work involving some field visits and the environmental considerations are considered to be minimal.

10. Reporting

The project is expected to submit the following:

10.1 Progress Report/VC should be submitted/ held at the mid-point of the study;

10.1 Final Report should be submitted at the end of the study.

11. Timeframe

The work is planned for a period of five months starting tentatively from last week of July 2015 till December 2015.

12. DFID Coordination

12.1 The Senior Economist, Growth and Private Sector Team is the contact person for all technical and strategic issues;

12.2 The Poverty and Livelihoods Adviser is the contact person for all thematic issues on the agricultural sector;

12.3 The Project Officer, Growth and Private Sector Team is the contact person for financial, operational and other project management issues.

13. Duty of Care

A Summary Risk Assessment Matrix indicating low level of risk at present and no major concerns or risks envisaged is attached for your information. This matrix is however, in the process of being updated in light of the current political situation in Bangladesh where a nationwide blockade announced by the opposition is ongoing for an indefinite period. Violence, clashes between rival groups, arson and vandalism across the country including in Dhaka have been reported. We also recommend that the FCO travel advice is followed closely before travelling to Bangladesh.

In any case, we would like to remind you that responsibility for the well-being of the supplier's Personnel rests solely with the Service Provider. The Service Provider will be responsible for the provision of suitable security arrangements for them and any business property/equipment that will be used during the course of this assignment.

14. Background

DFID as the largest grant donor in Bangladesh plays a key role in supporting the Government of Bangladesh's efforts to alleviate poverty and achieve sustained economic growth. One of the strategic priorities of DFID Bangladesh is to foster an improved economic climate to enhance public service delivery and public safety, and to increase employment and wealth creation opportunities. This will involve both increased investment in government led approaches and continued

support for civil society provision for the poorest and most marginalised.

Partner country policy environment is the first pillar of DFID's renewed focus on economic development. Within Bangladesh, the level of economic development exceeds the quality of economic governance and policies. There are a number of structural reasons why economic reforms are not taking place in Bangladesh. DFID has considerable experience in providing support to develop and implement pro-poor economic policies. Within Bangladesh, DFID has proven its ability to inform policies more generally on the economy through small scale interventions with economic Think Tanks and with the Bangladesh Central Bank. This programme proposes to build on these proven models of success, as well as build on synergies by partnering with a carefully selected number of think tanks engaged in policy formulation.