



Proposal for funding under GAFSP's PO-Led Modality

For the project

Accelerating Economic and Social Inclusion of Smallholder Farmers
in Climatic Hotspots through Strong Producers' Organizations

(ACCESS)

Bangladesh

Supervising Entity: Food and Agriculture Organization (FAO) of the United Nations
Producer Organization: Sara Bangla Krishak Society (SBKS)

September 2021

7 September 2021

Statement of readiness of FAO as supervising entity for GAFSP PO-led proposal

Dear Ms. Hayward,

Greetings from FAO Bangladesh.

This letter is to confirm that the Food and Agriculture Organization of the United Nations (FAO) is ready and willing to serve as supervising entity for the Bangladesh PO-led proposal: *Accelerating Economic and Social Inclusion of Smallholder Farmers in Climatic Hotspots Through Strong Producers' Organizations (ACCESS)* to be implemented by the Sara Bangla Krishak Society (SBKS) and FAO.

The proposal has been developed jointly by FAO and SBKS through a participatory consultation process. As you know, SBKS is a national apex of producers' organizations in Bangladesh that evolved as a result of GAFSP and FAO's joint investment in POs in Bangladesh since 2011. This took place first under the technical assistance component of the *Integrated Agricultural Productivity Project* and is now ongoing under the Missing Middle Initiative project, *Increasing Access to Finance for Farmer Organizations in Bangladesh*. The proposal aims to build on the strong partnership between FAO and SBKS to continue supporting the upliftment of smallholders through producers' organizations, including the strengthening of SBKS' own capacity.

The proposal is also very much aligned with FAO's strategic work to support the development of strong and resilient agri-food systems throughout Bangladesh, in partnership with the Ministry of Agriculture, development partners, civil society and smallholder farmers. As such, FAO intends to provide USD 350,000 in co-financing for the project, particularly in the areas of climate-smart agriculture, One Health and digital initiatives.

To give more context on FAO's work in Bangladesh, we have a current portfolio of 55 projects under implementation for a total value of approximately USD 80 million, all related to agriculture and food security. The projects most relevant to this proposal (in addition to the current MMI project, details on which are provided in Annex 4 of the proposal) are the following:

Project Name	Financed by	Duration	Location	Major focus
Technical Assistance to the Smallholder Agricultural Competitiveness Project	Government of Bangladesh USD 3,000,000	5-Jul-2019 – 4-Jul-2023	Coastal region of Bangladesh	Producers' organizations, value chains, market competitiveness for smallholders
Strengthening Sustainable Wetland Agriculture for Resilient Farmers' Livelihoods and Ecosystems	FAO-Technical Cooperation USD 245,000	1-Aug-2021 – 31-Jul-2023	Wetland areas of Bangladesh	Resilient livelihoods
TCPF: Strategic Support for Development of Investment Strategies and Action Plans for the Agro-Processing Sector	FAO-Technical Cooperation USD 100,000	1-Jul-2021 – 30-Sep-2022	Bangladesh	Actionable policy for agro-industries

Farmers' Market – Safe Horticultural Crop Production in Peri-urban Areas and Marketing in Dhaka City to Mitigate the Impact of COVID-19 Crisis	FAO-Technical Cooperation USD 265,000	1-Jul-2021 – 31-Dec-2022	Dhaka	Establishment of farmers' markets
Community-Based Climate Resilient Fisheries and Aquaculture Development in Bangladesh	Global Environment Facility USD 5,425,114	1-Jan-2019 – 31-Dec-2022	All over Bangladesh	Fishers community development, adaptation
Technical Assistance Services on Development of Farmer Field School Curricula, Livestock Extension Manual, Animal Breeding & Artificial Insemination Policy, Livestock Extension Policy, Vaccination Strategy, Hatchery Act & Rules, Sustainability Model	Government of Bangladesh USD 733,600	31-Jan-2021 – 31-Dec-2022	All over Bangladesh	Extension strategies and policies
Technical Services on Farmers/Producers Group Formation and Mobilization for Farm Development	Government of Bangladesh USD 1,830,800	8-Jan-2021 – 30-Sep-2023	All over Bangladesh	Mobilization of livestock POs
Technical Assistance Services on Participatory Mapping of Farmers Groups, Baseline Studies, National Risk Analysis and Management Strategy Development	Government of Bangladesh USD 428,200	6-Dec-2020 – 31-Dec-2021	All over Bangladesh	Mapping of livestock POs
Integrated Agricultural Development for Nutrition Improvement in the NW Region of Bangladesh	Government of Bangladesh USD 355,000	1-Nov-2019 – 31-Dec-2021	Northwest region	Smallholder farmers, nutrition

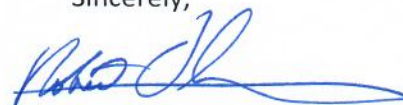
Subject to GAFSP's funding decision by the end of 2021, the full proposal would be converted into a stand-alone project along the following tentative project milestones:

- By April 2022 – completion of the project document following the FAO format and submission for clearance within FAO, and for no-objection by the GAFSP steering committee;
- By June 2022 – incorporation of feedback from GAFSP and obtainment of all internal FAO clearances making the document ready for signature by the Government of Bangladesh;
- By July 2022 – expected start of implementation of project activities and the first disbursement from FAO to SBKS;
- June 2026 would then be the expected end-of-project date.

Allow me to again affirm FAO's commitment to the successful design and implementation of this proposed project, if approved.

Please do not hesitate to contact me with any questions.

Sincerely,



Robert D Simpson
FAO Representative in Bangladesh

Ms. Natasha Hayward
Manager
Global Agriculture and Food Security Program (GAFSP)
MSN MC5-510, The World Bank Group
3301 Pennsy Drive
Landover, MD 20785, USA



সারা বাংলা কৃষক সোসাইটি

(সোসাইটি নিবন্ধন আইন ১৮৬০ এর বিধান অনুযায়ী নিবন্ধিত। নিবন্ধন নম্বর- এস ১২৭৪৯/২০১৭)

প্রধান কার্যালয়: বাসা নং-৮১৭, বায়তুল আমান হাউজিং সোসাইটি, আদাবর, ঢাকা-১২০৭

মোবাইল নম্বর : ০১৭৪৩-৯২২৪৭১; ই-মেইল: info@sarabangla.org; ওয়েবসাইট: www.sarabangla.org

September 1, 2021

Mr Robert Simpson

FAO Representative in Bangladesh

House 37, Road 8,

Dhanmondi Residential Area

Dhaka-1205, Bangladesh

Affirmation letter for our preferred SE and co-financing the PO-led project

Dear Mr Robert,

Greetings for Sara Bangla Krishak Society!

Please accept our profound gratitude for implementation support to the MMI-Bangladesh. Our joint effort has developed 55 strong and inclusive Producer Organizations (POs) financed by the MMI. Throughout the project, we have encouraged POs to pro-actively consider how they can be more competitive in the value chain, how they can reach economies of scale to grow in a profitable way, reducing unit costs of production and increasing income for themselves and their families. We spent significant time to develop leadership, good governance, accountability, networking, negotiation skills and confidence of member POs as well as for the apex. These laid a solid foundation upon which all other interventions are taking place. All members of our apex thankful to the GAFSP to initiate MMI – an innovative and inclusive funding mechanism.

The present Call for Proposal from the Global Agriculture and Food Security Program (GAFSP), dated, 20 May 2021, is thus a unique opportunity for SBKS to continue its own growth.

We are pleased to be associated with the **Food and Agricultural Organization (FAO) of the United Nations as our preferred Supervising Entity (SE) for submitting PO-led project proposal.**

During consultation with our member POs, we have decided to **co-finance the project of amount BDT 8,460,000 (USD 100,000) as revolving loan** to the new POs selected and strengthened under the proposed project.

Looking forward to strong collaboration to support last mile farming community in Bangladesh.

We remain,

Obydul Haque
General Secretary



NATIONAL BANK LIMITED

HUMAN RESOURCES DIVISION

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Mr Robert Simpson

FAO Representative in Bangladesh
House# 37; Road# 8;
Dhanmondi R/A, Dhaka
Bangladesh

Date: September 05, 2021

Subject: Co-financing for smallholder farmer members of Producer Organization

Dear Mr Robert Simpson

Greetings from National Bank Ltd.!

National Bank Limited was established on March 28, 1983 as the first hundred percent Bangladeshi owned Bank in the private sector. From the very inception, it was the firm determination of National Bank Limited playing a vital role in the national economy. We are determined to bring back the long-forgotten taste of banking services and flavors. We want to serve customers promptly and with a sense of dedication and dignity. At present, NBL has been carrying on business through its 213 branches & 14 sub branches spread all over the country.

Agriculture plays a vital role in Bangladesh economy and the development of our country significantly depends on the productivity of rural areas. Realizing the importance of agricultural finance and to ensure government declared single digit interest loan for smallholders and marginalized farming community, National Bank Limited has been providing Agriculture & Rural credit facilities directly through its own branches across the country. Complying the dynamic 'Agricultural and Rural Credit Policy' of the Bangladesh Bank, we have introduced innovative financing to reach last mile farmers. One of such examples is to facilitate smallholder Producers' Organizations (POs) where member farmers can obtain agricultural credit without any collateral. The recommendation of the executive committee of PO to provide credit to their selected farmer members considered as collateral. In such case, we value the 'social capital' of POs which includes members' bonding, inclusive leadership, good governance and transparency in accounts and financial management.

It is our pleasure to inform you that our Rangpur branch has been financing smallholder members of eight Producers' Organizations (POs) supported by the FAO-Missing Middle Initiative (MMI) since 2019. This inclusive Bank-PO financing model has disbursed agricultural credit around BDT 12 million (equivalent USD 142671) to 115 smallholder farmers and recovery rate is 100 percent.

We came to know that FAO has been designing a new project for financing from the Global Agriculture and Food Security Program (GAFSP) in selected climatic hotspots of Bangladesh following MMI approach of building strong Producers' Organizations. We have a good understanding of the MMI approach and would like to join next endeavor for financing registered smallholder farmer members of POs in similar fashion of MMI. We can invest in the form of agricultural credit of around BDT 30 million (equivalent USD 355,000) to the selected farmers of POs those meet our criteria and complying with the agricultural credit policy.

We look forward to a long-term partnership with smallholder farmers and their organizations those have been backstopped by the FAO and the GAFSP.

Should you need any information please contact with Mr Md Abdur Rahim, SAVP, Rangpur Branch, National Bank Ltd. (Cell: 01713330603).

Warmly,


Shah Syed Abdul Bari
Managing Director

September 6, 2021

Mr. Robert Simpson

FAO Representative in Bangladesh
House#37; Road#8;
Dhanmondi R/A, Dhaka
Bangladesh

Dear Mr. Robert Simpson,

Subject: BSRM Group's Intent to co-finance Bangladesh's GAFSP PO-led proposal

Greetings from BSRM Group of Companies!

This letter is to confirm our intent to provide USD 100,000 in co-financing under the upcoming Bangladesh producers' organization (PO)-led proposal for funding from the Global Agriculture and Food Security Program (GAFSP).

BSRM has been in discussion with FAO Bangladesh for exploring avenues to invest in post-harvest handling for smallholder farmers through our corporate social responsibility (CSR) activities. BSRM Adviser CSR & PR, Ms. Ruhi M. Ahmed recently participated in a consultation for the upcoming GAFSP call for PO-led proposals, organized jointly by FAO and the Sara Bangla Krishak Society (SBKS) on August 24, 2021.

Deeply inspired by the opportunity to improve the livelihoods of smallholder farmers in Bangladesh, the consultation affirmed BSRM's intention for willing to partner with the project in the areas of market access and value chain development. BSRM will invest in the development of small-scale storage facilities with dry and cool chain solutions. Through this, we intend to support the POs to develop income-generating activities that will reduce post-harvest losses during seasonal gluts. Further details are provided under Activity 2.4 and section 2.5 in the proposal itself.

At this stage, we pledge a contribution of USD 100,000 (US Dollar One Hundred Thousand), however we may increase this amount at a later stage, once initial progress has been assessed and the project becomes successful.

We look forward to a long-term partnership with smallholder farmers and their organizations that have been backstopped by FAO and GAFSP.

Should you need any further information, please feel free to contact our CSR Advisor at cell 01755 656910, ruhi.ahmed@bsrm.com.

Warmly,



Alihussain Akberali, FCA
Chairman
BSRM Group of Companies

Bangladesh Steel Re-Rolling Mills Limited

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Phone: +88-02-8300591-95; Fax: +88-02-8300590; E-mail: dhaka@bsrm.com



ACRONYM

AFA	Asian Farmers' Association
BAMIS	Bangladesh Agro-Meteorological Information System
BIGD	BRAC Institute of Governance and Development
BMD	Bangladesh Meteorological Department
BSRM	Bangladesh Steep Re-Rolling Mill
CSR	Corporate Social Responsibility
DAE	Department of Agricultural Extension
FAO	Food and Agriculture Organization
FBF	Farmer Business Facilitator
FIES	Food Insecurity Experience Scale
GAFSP	Global Agriculture and Food Security Program
M&E	Monitoring and Evaluation
MBWin	MicroBanking System for Windows
MFI	Micro Finance Institute
MMI-BD	Missing Middle Initiative – Bangladesh
MT	Metric ton
PO	Producer Organization
PPRC	Power and Participation Research Center
PS	Police Station
RLF	Revolving Loan Fund
SBKS	Sara Bangla Krishak Society (English: Bangladesh Farmers' Alliance)
SE	Supervising Entity
VCC	Virtual Call Center

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Letter of Intent of con-financing from NBL

Letter of Intent of con-financing from BSRM

Acronym

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Section 1: Basic Data

a. Project Name	Accelerating Economic and Social Inclusion of Smallholder Farmers in Climatic Hotspots through Strong Producers' Organizations (ACCESS)	
b. Country and Region	Bangladesh (in three climatic hotspots: Barind and drought prone north-western region, southern coastal region and Haor and flash flood prone north-eastern region)	
c. Producer Organization (PO)	Name	Sara Bangla Krishak Society (SBKS)
	Address	House: 817 (2 nd floor); Road: 4, Baitul Aman Housing Society, Adabor, Shyamoli, Post: Dhaka-1207; PS: Adabor; Dhaka-1209
	Registration	SBKS is an apex registered producers' organization, Reg No S-12749 under Society Act of Registrar of Joint Stock Companies and Firms
	PO website	www.sarabangla.org
	Primary Activities of PO	<ul style="list-style-type: none"> • Provide responsive, need-based services to member organizations, as well as the broader farming community, in the areas of production, marketing and value chain linkage; • Develop the capacity of smallholder POs in financial, business and digital literacy; • Introduce innovative financial products for smallholder women and men, youth and indigenous farmers; • Network with local and regional farmers' fora and agencies; • Engage and communicate with stakeholders, including government and private sector; • Discover and share best practices that benefit the farming community of Bangladesh.
	Type of target farmers	Smallholder ¹ farmers
d. PO Mission Statement	To be the leading voice of smallholder farmers for the inclusive and sustainable development of agriculture and food systems in Bangladesh	
e. PO Focal Person	Obydul Haque, General Secretary, Sara Bangla Krishak Society Email: obydul@sarabangla.org	
f. SE Focal Person	Robert D. Simpson, FAO Representative in Bangladesh Email: Robert.Simpson@fao.org	
g. Total GAFSP Grant Funding Requested	Amount Requested: US\$ 5.202 MILLION (see Annex 1 – Project Budget Table for more details)	
h. Estimated project start and end date:	July 2022 - June 2026	
i. Preferred Supervising Entity:	<input checked="" type="checkbox"/> Food and Agriculture Organization (FAO)	
j. Has the PO previously received a GAFSP grant?	<input checked="" type="checkbox"/> Yes, see Annex 4	

¹ Smallholder is defined as farm households with a maximum of 1 acre of land (owned and/or leased)



Section 2. Project Description

2.1 Project Development Objective

To improve livelihoods of smallholder farmers in climatic hotspots so that they are more resilient to public health and climate-induced crises.

2.2. Project description

SBKS, in collaboration with FAO, intends to scale up and build on the successful experience of the GAFSP Missing Middle Initiative in Bangladesh (MMI-BD) to strengthen producers' organizations (POs) and ensure their access to markets, technology, information and finance. The new project will broaden the farming community SBKS engages with to regions of Bangladesh that face severe climate-related challenges but also have emerging agri-business clusters². The new project will empower smallholder farmers to establish producers' organizations that are well positioned to become commercially viable actors in their respective value chains. Recognizing the strength of women leaders within the current SBKS network, it will implement a series of mechanisms (see section 4 for details) to ensure that women have opportunities for genuine leadership in their communities. The new project will also be an opportunity for SBKS to continue building its capacity to serve smallholder farmers in Bangladesh, in partnership with the private sector and government. The project will build on lessons learned under MMI-BD (detailed in section 2.7) so that it can effectively partner with and empower more farmers throughout the country, to not only respond to the impact of the COVID-19 pandemic, but to potential future shocks, particularly related to climate change and public health.

How?

1. To start, the project will support the development of new producers' organizations including building their institutional capacity and governance processes.
2. With a strong institutional foundation, the project will build the capacity of the POs to better integrate into their local value chains.
3. With both strong organizational capacity as well as the business skills, technical knowledge and market access needed to thrive in their respective value chains, the project will support the POs to access community-based financing through the development of revolving loan funds, as well as linkages with external financial providers to crowd in additional finance.

Like this, the POs will be able to make investments to uplift their families and communities, helping to recover from shocks brought about by the pandemic, and to be more resilient to potential future climate-induced and public health shocks.

² Agribusiness clusters are informally integrated groups of enterprises focused on a particular commodity within a specific geographic location. For example, a cluster of year-round high value crops in Ishurdi or a cucumber cluster in Charfasson. Smallholder farmers in agribusiness clusters face many similar challenges—lack of access to information, markets, appropriate scale technologies and finance, as well as climatic risks.



COMPONENT 1 – STRENGTHENING SMALLHOLDER PRODUCERS’ ORGANIZATIONS

SBKS will work closely with smallholder communities in target areas, sharing information about the possibility of forming a PO and providing the training and support needed for interested communities. When discussing with the communities, strong emphasis will be put on the importance of creating opportunities for women to be empowered through the PO, with follow up training and mentorship available for women interested in becoming strong leaders in their communities.

Activity 1.1 Participatory cluster mapping, identification and development of cluster-based producers’ organizations

Though delayed due to lockdowns, the current MMI-BD project is working through data from government extension agencies to identify commodity-based clusters³ in the three project climatic hotspots. The new project will then gather primary data for a more detailed understanding that will form the baseline survey. SBKS has developed a cohort of farmer business facilitators (FBFs)—farmer leaders from within the SBKS network, equipped to mobilize and strengthen POs. FBFs will visit each cluster and identify communities that are genuinely interested to establish POs and open to create opportunities for women in their community to become leaders. Once identified, the FBFs will work closely with smallholders in these communities to establish POs based on the targeting criteria in section 2.3. They will work with community members to conduct needs identification, support group development, registration and opening of bank accounts, establish group savings collection and identify services needed by the community.

Activity 1.2 Organizational strengthening

The project will support the newly formed POs through a variety of capacity development tools. It will adapt and expand on the successful training curriculum provided under MMI-BD. Support here will reinforce the work done during the PO development phase to ensure a strong organizational foundation, solid governance and strong farmer business leaders, before proceeding with other project activities. The topics to be covered are: (1) Group dynamics and social inclusion; (2) Confidence building and negotiation; (3) Small grant management; (4) Financial management; and (5) Participatory monitoring and evaluation. SBKS will also facilitate exchange visits, study circles, networking opportunities and mentorship between new and already existing POs—all with the aim to strengthen the organizational foundation of the newly formed POs as well as bonding between new and already established members in the SBKS network.

Activity 1.3 Women’s leadership development

In addition to the activities to support the growth of POs already mentioned, the project will conduct a separate women’s leadership development initiative to ensure that women have the skills and confidence needed to become genuine leaders in their communities. It will include training sessions, exchange visits and women leaders will be paired with mentors from the existing SBKS network.

COMPONENT 2 – BUSINESS SKILLS, TECHNICAL KNOWLEDGE AND MARKET ACCESS

Building on the strong institutions developed, component 2 provides business skills, technical knowledge and market access to improve PO member capacity to profitably operate in their priority value chain.

³ Survey concept note: <http://www.sarabangla.org/agribusiness-cluster-mapping-and-market-intelligence-survey/>

Activity 2.1 Capacity development for participatory business planning

SBKS and newly formed POs will conduct a market intelligence survey in each cluster, providing the information necessary to plan investments in their prioritized value chains. POs will be trained to develop bankable business proposals using [RuralInvest](#)⁴.

Activity 2.2 Promotion of innovative climate resilient technologies

In order to develop medium and long-term business plans that are sustainable in climatically fragile areas, PO members need access to and an understanding of climate resilient technologies. To this end, three 'Innovation Hubs' will be established, one in each region. The hubs will showcase climate-related innovations⁵ tested by MMI-BD and other projects in Bangladesh. Smallholder women & men, youth farmers, herders, pastoralists and fishers can learn from these hubs and replicate innovations in their own POs. The project will engage private sector actors to invest in and promote these technologies.

Activity 2.3 One Health approach for responsible investment

Recognizing the links between human, animal and environmental health, the project will develop and raise awareness on One Health sanitary and phyto-sanitary protocols for: (1) livestock farming from farm to market level; (2) aquaculture and; (3) crop cultivation and processing. Training will be provided to farmers as well as wholesalers. Innovation hubs (as described above) will also showcase Good Agricultural Practices, including sanitary and phytosanitary standards and bio-security, workers health safety and welfare, farmers health and personal hygiene, and ergonomics. Training will also focus on nutrition awareness, including how to establish a small family homestead nutrition farm.

Activity 2.4 Market access and digitization

The project will support POs to start **Virtual Call Centres (VCCs)**, central points of contact and coordination for day-to-day farming business needs that evolved as a result of the COVID-19 pandemic. Instead of going to the market in person to sell goods or purchase supplies, such as fertilizer or seeds, farmers call their VCC to request what they need. The VCCs have a rickshaw van driver who can safely pick up and deliver items to farmers' homes. The VCCs are also a way for farmers to get information, share advice and stay connected. The VCCs ensure the community reduces its risk of contracting COVID-19 while conducting their daily activities, and as a byproduct have resulted in stronger negotiating power at the market, leading to lower production costs and increased farmer incomes. See [this video](#) for more details.

POs will establish **common facility centres** in their communities, providing community facilities and related services. These centres enable smallholders to access farm machineries at a competitive rate. Further, critical inputs (e.g. seeds, fodder) are produced directly by the POs at these centres. They also provide a range of production logistics varying from sorting, grading, packing, storage, transportation, training to retail services. They also include cluster aggregation points with sanitary and phyto-sanitary

⁴ Ruralinvest is an FAO tool developed by the FAO Investment Centre to enable rural stakeholders to design individual and collective/PO investment projects. It was successfully introduced in Bangladesh through the MMI-BD project.

⁵ See section 4.2 for more details on the innovations to be showcased.



measures to ensure all produce going to market is safe for consumption. These centres allow PO members to reduce production costs and become more competitive market actors.

The project will also facilitate **partnerships between POs, the private sector and the government** for joint ventures. These will include 'e-Arat', an online marketplace to connect cluster farmers with wholesalers, as well as partnerships with exporters, processors, large traders and government certification agencies to connect POs with larger markets. Additionally, the project will partner with Bangladesh Steel Re-Rolling Mills Ltd. (BSRM), who have committed USD 100,000 in co-financing for the development of small-scale storage facilities with dry and cool chain solutions. BSRM is happy to provide this financing as part of its corporate social responsibility (CSR) fund. To ensure the growth of its CSR fund, POs who receive BSRM financing will pay a small service commission back to BSRM, to be invested in other communities.

Under the [FAO Digital Village Initiative](#) the project will provide information services to all farmers in the community. This includes developing digital literacy, and training and access to FAO's digital services—Collect, RuralInvest and Microbank. Farmers will also have access to digital climate advisory services ([BAMIS](#), [BMD mobile app](#), community radio), online market services, rural banking software ([micro-merchant](#), [MBWin](#)) and the government [farmers' window app](#) with agricultural, land and meteorological information. Each PO will be provided with IT equipment to make services available to all villagers.

COMPONENT 3 – ACCESS TO FINANCE

Under component 3 the project will facilitate access to finance through revolving loan funds as well as partnerships with financial institutions. This will ensure that each PO member can bring their investment plans to life and strengthen their livelihoods.

Activity 3.1 Establish community-based revolving loan funds

A keystone to the project approach, PO-led revolving loan funds (RLFs) are community-owned finance mechanisms that have been successfully piloted under MMI-BD⁶. The fund is owned by the PO and is made of a combination of member savings and a grant from the project. It will be a competitive fund, whereby POs must score high in terms of institutional maturity, financial management capacity and value chain readiness in order to receive grants from the project to establish their RLFs. To support implementation, the project will customize the FAO banking app, [MBWin](#), so that POs can manage funds digitally.

The RLFs have independent loan and social audit committees ensuring accountability. Under the new project, these committees will be led by women, as under MMI-BD, women-led RLFs have performed better. This will also ensure an opportunity for women to have positions of responsibility in their PO. SBKS will provide hands-on technical support throughout the process to make investments successful. To qualify for a loan, POs must have a viable business plan. Priority will be given to investments that are adaptive to climatic and non-climatic risks. To ensure nutrition security, the project will pilot an approach of requiring loan applicants to have a family homestead nutrition farm to qualify for a loan. Loan

⁶ Information about the performance of the MMI-BD RLFs can be found in section 2.0 of the most recent RLF performance report: <http://www.sarabangla.org/performance-of-mmi-revolving-loan-fund/>



disbursement will be seasonal and repayment only required after harvest, with repayment calendars tailored to different value chains. Interest⁷ accrued from the fund remains with the PO so it can be made available to other members.

Activity 3.2 Partnership with financial institutions and policy advocacy to crowd in additional finance

The project will conduct a separate initiative to ensure POs have access to external finance as well. It will strengthen partnerships between POs and national commercial banks, state-run banks and non-bank financial institutions. Under the current MMI-BD project many strong relationships have developed between POs and financial institutions. For example, 11 banks now provide collateral-free agribusiness loans to members of 29 POs, based on the trust between the bank and the PO. The banks are confident that these POs have strong enough social capital to guarantee loan repayment for their members. This confidence has resulted in the crowding in of USD 45 cents per USD 1 of project revolving loan funds. The project has a written commitment from National Bank Ltd. to provide USD 355,000 in the form of agricultural credit to new POs. The project also has verbal commitments from other banks. These banks will offer agricultural credit at lower interest rates than microfinance institutions, in accordance with government rules.

Additionally, there are several policies in place that enable access to finance for smallholders, however implementation remains a challenge. For example, the Bangladesh Bank agriculture and rural credit policy 2021/2022 states that banks with a shortage of branches in rural areas may partner with strong POs to make finance available. However, most branch managers are not aware of this policy. The project will support POs to advocate for implementation of this and other policies.

Geographic focus

The project will focus on three climate-affected areas: (1) the Barind and drought-prone northwestern region; (2) the southern coastal region and; (3) the Haor and flash flood-prone northeastern region. These areas were selected based on their climatic challenges, reflecting the project's intention to support climate-affected communities in the country. They were also chosen based on government priority regions outlined in the [Bangladesh Delta Plan \(BDP\)-2100](#).

Target population

The target population is smallholders in these areas that are interested to form POs and integrate into the local cluster value chain. Through the POs, non-PO community members will also have access to services.

How the project components and activities aim to achieve the project's overall objectives

The project's overall objective is to improve livelihoods of smallholder farmers in climatic hotspots so that they are more resilient to public health and climate-induced crises. The project builds on the experience that when smallholders are members of institutionally sound, financially viable, sustainable POs, they are

⁷ Note that RLF interest rates match the government's agricultural credit policy single-digit interest rate.



able to invest in their respective value chain, thereby increasing their incomes and making their livelihoods more resilient to crises—both of a public health nature as well as those that are climate induced.

Component 1 of the project invests in the development of strong, member-driven POs that have good governance and empowered women and men leaders. The current MMI-BD project has shown how strong POs have made communities more resilient to the shocks of the COVID-19 pandemic. Building on tools from MMI-BD, under component 2, PO members will then be empowered with the business skills, technical knowledge (including climate resilient technologies) and market access they need to plan sustainable investments in their farming businesses. Component 3 ensures the necessary access to finance for these investments, whether through revolving loan funds owned by the POs or through the crowding in of finance from external financial institutions as a result of partnerships fostered by the project.

The combination of strong POs with good governance, business skills, technical knowledge and market access, as well as access to finance will lead to improved livelihoods of smallholders, leaving them more resilient and able to respond to the ongoing COVID-19 crisis, climate shocks and potential future crises.

How the proposed project activities intend to address the sustainable, inclusive, and resilient development of the project area's agriculture and food system in a changing climate

Strong POs make communities resilient to shocks and are a long-term strategy for the strengthening and resilience of the agricultural sector in a particular area. The project's focus on women aims to tackle gender issues whereby women were previously excluded from recognized roles in the food system, as well as positions of authority in local institutions. The focus on strengthening communities in climate-affected regions of the country as well as building knowledge on climate-resilient and climate-appropriate technologies ensures that smallholders working with the project will be empowered and informed to respond to the changing climate in their regions.

2.3. Target population and targeting strategy

The target population of the project is 25,000 smallholder farmer households (100,000 individuals) who are not yet members of POs, but are involved in a semi-commercial venture in the commodity of their local value chain. They will be invited to start commodity-based POs (min. 50% women members), in service to members and other villagers. They will come from the climate-affected areas mentioned above.

The project targets smallholders for several reasons. Though smallholders represent over 85% of the farming community, they are often not able to compete at market level. However, MMI-BD has demonstrated that when smallholders work together through a PO, they become competitive through better access to information, markets, technology and finance the PO enables. Furthermore, as smallholders are disproportionately vulnerable to climate change and as the project will be working in climatically fragile areas, the project has chosen to target smallholders.

In the new project areas, commercial ventures are male-dominated, with little room for women to be leaders, access finance and have their contributions to the food system properly recognized. As such, the project has chosen to build in specific measures for women to become leaders in the new POs.



While not all households in a village may wish to join the PO, all project households will benefit from the services available through the PO for the whole community. These include aggregation services, virtual call centres, common facility centres and digital information services. Further, there will be employment opportunities including as accountants, van drivers, machinery operators and farm laborers.

The project will conduct a survey of agribusiness clusters in the 3 climatic hotspots to decide where to work. Using the survey results, SBKS will work closely with community leaders, local private sector actors, extension agencies and civil society organizations to select villages based on these criteria: (1) interest in project activities; (2) smallholder majority; (3) openness to empower women leaders; (4) no other agriculture-related projects in the village; and (5) agricultural activities have the potential to grow into commercial ventures. Once the villages have been selected, SBKS' team will work with each community to explain the project approach and establish which households fit the criteria and would like to establish a PO. This process will be as organic as possible, with no sense of a top-down approach, but instead sharing information on what is possible and identifying who would naturally like to participate. This may mean the project has fewer PO members, but it is more important to have the right members than the right number of members.

2.4 Major obstacles to smallholder and related small business development in the food and agriculture sectors in the project area

The major obstacles to smallholder and related small business development in the project area are a combination of ongoing climate-related disasters and supply and market failures exacerbated by COVID-19 circumstances. These include irregular input supply, limited cash reserves and access to finance, disruptions in production and marketing, price uncertainty and resulting income loss. While MFIs in Bangladesh are famous for reaching the poor, their interest rates for agriculture production and investment loans are too high. Commercial banks have less outreach in rural areas due to high transaction costs. They also have strict collateral demands, making it hard for smallholders to qualify for loans. Further, women in these areas are now more vulnerable. Even before lockdowns, markets and access to resources were male-dominated. Now with movement restrictions, women struggle even more.

In terms of investment analysis, to the best of our knowledge, there is no complete study of the investment environment of smallholders in agribusiness clusters in the project regions. However, the current MMI-BD project has begun an agribusiness cluster mapping and market intelligence survey in the project areas. Though the survey has been delayed due to COVID-19 restrictions, the results will guide project design and implementation. The closest existing report is the [rapid assessment study of FAO Bangladesh](#) conducted right after the first lockdown in June 2020. It recommended for financial inclusion for the poorest, investing in digital marketing, cool chains, mechanization, transportation and import substitution for critical inputs (p. 78). The project's activities are in line with these recommendations.

2.5 Proposed linkages between POs and private sector actors

The project will expand SBKS' ongoing partnerships with commercial banks. To date, MMI-BD has crowded-in an additional USD 603,700 (16% of total funding) in loans from 11 private banks for 29 POs. Due to the relationships built by the project, the banks are confident that these POs have strong enough



social capital to guarantee loan repayment for their members. Moreover, Bangladesh Bank (central bank) has two policy instruments to support financing for smallholders and their POs—the [Agricultural and Rural Credit Policy](#) and the [Agent Banking Guideline](#) (p. 7, section 12). The project will work closely with the Agricultural Credit Division of Bangladesh Bank to ensure the policies are implemented at field level.

The project will build on the productive alliance established under MMI-BD, between POs and exporters, processors, traders and their associations. MMI-BD has successfully partnered private sector actors with POs producing vegetables, potato, milk, *ghee* and pulses following Good Agriculture Practices. MMI-BD POs have sold more than 3,000 metric tons (MT) of potato to exporters, with support from the Bangladesh Potato Exporters Association. During the pandemic to date, MMI-BD POs have sold 487,180 litres of milk to processors; 203 MT of vegetables and 1,056 MT of cereal and other crops to large traders; and have purchased 273 MT of inputs in bulk from reputed input companies using the VCC online platform (see [MMI-BD dashboard](#) for details). Seeing COVID-19 as a wake-up call to ensure food safety from farm to table, these exporters, processors, retail chain shops and wholesalers agreed to work with commodity-based POs. During the PO-led proposal consultation process, all expressed their interest to achieve a win-win solution for producing safe food, with National Bank Limited and Bangladesh Steel Re-Rolling Mills Limited submitting written pledges for co-financing for USD 355,000 and USD 100,000 respectively.

2.6 Expected project results and how they will be measured at output, outcome, and impact levels

The expected results of the project are strong smallholder producers' organizations that have the business skills, technical knowledge and market access, as well as access to finance needed to establish commercially viable businesses in their respective value chains.

- The **strength of POs** will be measured by a performance scorecard made up of 20 criteria, each with a weight of 5 points, for an overall score of 100. The scorecard measures PO performance in a variety of areas—from institutional strength to value chain readiness to revolving loan fund management. On a quarterly basis, FBFs visit 4-5 POs to assess and report on the performance of POs.
- **Business skills** will be measured by the number of PO-prepared business plans that receive financing. This demonstrates that the knowledge shared by the project has been absorbed and put into action. **Technical knowledge** will be measured by adoption of new technologies, whether climate-related, One-health related or nutrition-related. **Market access** will be measured by the percentage of inputs bought and produce sold through PO market channels as well as the number of post-harvest facilities constructed or rehabilitated.
- **Access to finance** will be measured through the volume of outstanding loans from the PO's revolving loan fund and the proportion of crowded-in finance from other financial institutions.

As a result, project beneficiaries will be able to increase their incomes and make the livelihoods of their families and communities more resilient to crises. This will be measured as follows:

- Change in monthly household income as well as monthly household non-food expenditures;
- Livelihood improvement is measured by reduction in food insecurity (FIES), improvement in nutrition, increased productivity of commodities grown, and through opportunities to be involved in higher-level decision-making bodies.

See the project's results monitoring matrix in Annex 2, Table E for more details.

The new project will continue to use the participatory M&E tools piloted under MMI-BD. All M&E checklists will be developed in a participatory manner following the project's log frame, in consultation with PO members. Farmer business facilitators will work in pairs to conduct quarterly monitoring of 10 POs, using a performance scorecard. This will be done in collaboration with community members to ensure transparency and engagement from the community. All data will be collected through the [.Collect mobile app](#)⁸, which then feed in to the [project's main M&E dashboard](#). VCC operations will be tracked daily, with the VCC operator inputting the data in the .Collect app. Additionally, the regional implementation support team will visit POs on a regular basis to assess progress and discuss challenges with PO members.

2.7 Evidence that the proposed approach and activities will successfully address the issues identified

The COVID-19 pandemic has demonstrated the strength, capacity and resilience of the SBKS PO network. The MMI Bangladesh approach of empowering POs to be in the driving seat of responding to the needs of their community is providing concrete, inspiring results. Not only have the POs been able to ensure that their farmer members can continue to remain active in their food system despite lockdowns, the pandemic has actually provided evidence of the value of POs. It has compelled members to move towards bulk buying and selling approaches, sharing of information, ideas and support. They were able to do this quickly because they already had established POs and a network of trust. Being a member of a PO has made access to finance possible even in these trying circumstances.

The MMI-BD approach has worked well because it focused first on strengthening the organizational capacity of the PO. With this solid foundation, MMI-BD developed the capacity of POs to be informed and empowered actors in their respective value chain. The 'MMI-BD training curriculum' built capacity in the areas of financial, business and digital literacy, including a solid analysis and understanding of the value chain. Finance was then provided to the PO to start investing in common facility centres that serve the needs of farmer members. Examples here include seed villages, milk chilling centres and machinery rental centres.

With a strong organizational foundation and value chain readiness in place, the project then established PO-led revolving loan funds. These funds have allowed individual farmer members to invest in their priority value chain, resulting in more successful businesses and increased incomes for their families. The funds are then repaid to the PO, with interest, and so the amount of finance available to the community grows. With the legitimacy of the PO evident, government and private sector actors, including financial institutions, have been inspired to partner with POs, leading to increased access to finance, markets and information, resulting in the crowding in of USD 45 cents per USD 1 of project revolving loan funds.

SBKS has also found that the women-led organizations in its network are performing best, particularly in institutional maturity and management of RLFs. The new project therefore intends to create opportunities

⁸ .Collect is a mobile app that allows for easy field-level M&E data collection using a smartphone.

for women to grow in leadership—not only because of their strength and potential to uplift their community, but also to increase the opportunities for women to thrive as autonomous leaders in the farming community.

The FY 2021 GAFSP peer project review team ranked MMI Bangladesh as ‘satisfactory’, the highest rating possible. The [2021 State of Food Security and Nutrition report](#) (p. 117) cites the success of Virtual Call Centres that took place under the MMI-BD project. Additionally, in the MMI-BD project steering committee meeting in early 2021⁹ the Ministry of Agriculture requested that the MMI-BD approach be scaled up based on its success thus far. There are no publicly available evaluations of the current MMI-BD project, however Annex 4 gives an overview of current MMI-BD results.

2.8 In summary, why should GAFSP provide grant funding to the proposed project?

As GAFSP is the only global funding mechanism that directly finances producers’ organizations, funding this proposal will ensure a unique and important opportunity for SBKS to consolidate its current success. Through MMI-BD, SBKS and FAO together have found a demand-driven, PO-led approach that genuinely empowers smallholders. As a result, they have become autonomous leaders in their communities and stronger players in their value chains. The new project will build on this strength, consolidating the innovations piloted, addressing climate and health-related challenges, building digital capacity, empowering women leaders and strengthening linkages with the private sector to leverage additional resources. Further, with the increase in responsibility under this new project, SBKS’ capacity will grow and its ability to serve smallholders with it. By the end of the project SBKS will be well positioned to continue as a major player in the upliftment of the farming community in Bangladesh.

Section 3. Context for the Proposed Project

3.1 State of the agriculture and food system in the project area

Bangladesh is one of the top ten countries that has faced extreme climate events over the last two decades¹⁰. This is particularly true of the three selected climatic hotspots. The northwest region is prone to both flooding and drought. The southern coastal region regularly suffers from tidal surges resulting in flooding, which leads to increased salinity in agricultural lands. The northeastern (Haor) region is prone to flash floods. The COVID-19 pandemic is a crisis within an ongoing climate crisis in the project areas.

The pandemic-induced lockdown has disrupted the agricultural supply chain since March 2020. Due to transport shortages, input companies have not been able to supply inputs on time. This has led to price hikes for critical farming inputs, affecting production costs, especially for vegetables. Repeated lockdowns resulted in a buyer shortage at remote assemble markets. As such, smallholder farmers have been forced to sell their produce at lower prices. A [rapid assessment of food and nutrition security in the context of COVID-19 in Bangladesh](#) was conducted by FAO Bangladesh in mid 2020. Over 70% of respondent farmers faced difficulties in obtaining agricultural inputs, new varieties of rice and extension services. More than 90% of the surveyed farmers reported a shortage of labour and farm machineries for harvesting and

⁹ PSC meeting minutes can be found here: <http://www.sarabangla.org/mmi-project-steering-committee-meeting/>

¹⁰ According to the [Global Climate Risk Index-2021](#) (p. 13)



threshing of *Boro* (winter) rice and planting of *Aus* (monsoon) rice. A joint study of [PPRC & BIGD, 2021](#) (p. 28) revealed that after the first lock-down from March-June 2020, rural income dropped by 41 percent.

[The government's 8th five year plan \(2020-2025\)](#) has been a key tool for coordination of COVID-19 response. With regards to socioeconomic support in the agriculture sector, the plan allocated USD 2.55 billion for support to farmers for mechanization, subsidies, an agricultural refinance scheme and the procurement of rice during 2020-2021 (p. 28-29). This support will be provided through the government's existing networks throughout the country, down to the local level in the three project areas.

At a different scale, but nonetheless important, SBKS has provided coordination of COVID-19 response among its network, including POs in 2 of the 3 project areas (northwestern region and southern coastal belt). The establishment of Virtual Call Centres was a result of SBKS' coordination and has been a livelihoods saver for thousands of farmers in the project areas. As SBKS expands its network in the proposed project areas, it will continue to coordinate the PO-led response to COVID-19.

3.2 How the proposed project addresses medium- to long-term COVID-19 response and recovery of the agriculture and food sectors in a changing climate and supports the principle of 'building back better'

The COVID-19 pandemic has shown that when smallholders are well organized and have access to finance, they are more resilient to crises. The [Virtual Call Centres](#) (VCCs) are a great example of this. They were not initially planned as a project activity of MMI-BD, but were the solution provided by SBKS to its members during the early months of the pandemic. They allow farmers to access the inputs, information and markets needed to continue their day-to-day farming operations despite lockdowns. The VCCs show how a solid network of trust, communication and relationships with private sector actors meant that effective solutions could be found quickly. SBKS will support new POs to establish their own VCCs.

Further, over the last 3 years, SBKS introduced 3 financial products for its members: (1) MMI-BD revolving loan funds; (2) MMI-BD COVID-19 recovery revolving loans¹¹; and (3) member-savings driven crop storage loans. They also facilitated the crowding in of finance from national commercial banks. This finance reinforced the livelihoods of the smallholders during the pandemic. As a result, they did not miss cropping seasons or business cycles (livestock/aquaculture). With consideration of health and environmental concerns, these loans have certain conditions. These include following One-Health protocols such as Good Agriculture Practices (GAP), Good Aquaculture Practices (GAqP) and Good Animal Husbandry Practices (GAhP). The proposed project will continue this approach to provide access to finance to PO members.

The pandemic has also shown that investment in food safety is critical. The project will train smallholders in the One Health approach, ensuring that they have the information needed for their own health as well as the safe supply of their products. Investment in the 'One Health' approach will restore human, animal and ecosystem health, building a road to a more resilient food system.

The proposed project addresses medium to long-term COVID-19 response and recovery by scaling up these successful approaches to develop and strengthen rural institutions in new communities,

¹¹ These loans were provided as a result of GAFSP additional financing following the start of the COVID-19 pandemic, to support farmers struggling with lockdown-related financial challenges.

empowering them with the skills, knowledge, market access and access to finance needed in order to serve their own communities themselves. The project will also ensure that POs have access to the technical knowledge needed to ensure their investments are climate adaptive. Like this they will be able to bring about the increase in income required to build back better from the pandemic and have an income buffer as well as a network of support required for resilience against potential future disruptions.

3.3 Linkages between proposed project activities and strategic priorities relevant for the involved PO

The proposed project is a critical opportunity for SBKS to continue its growth trajectory and establish itself as an autonomous apex body, fully able to serve the needs of its smallholder members. The project activities directly link to all of SBKS' priority activities. The project will ensure that SBKS can continue to provide need-based services to member POs, develop the capacity of PO members in financial, business and digital literacy, introduce innovative financial products, strengthen its network and continue to engage with government and private sector partners. Through the project, SBKS will continue to gain experience and best practices to be shared among all members of the network, new and already existing.

3.4 How the proposed project activities are aligned with national priorities and proposed linkages to government programs

The proposed project activities are aligned with national priorities as follows:

- The project themes are consistent with the government's [Eighth Five Year Plan \(8FYP\): July 2020 – June 2025](#) which puts COVID-19-induced livelihood restoration and resilience to disaster and climate change as its top priority (p. 34). The plan also focuses on the productive participation of women in agricultural employment and will seek to address the following issues: (1) wage differences between men and women in agriculture; (2) socio-economic backwardness and constraints that women endure in a male dominated society; (3) women's access to institutions and facilities including extension and credit services; and (4) women's access to markets and high value-added agriculture (p. 305);
- The project has selected the three climate hotspots in accordance with the recommendation of the [Bangladesh Delta Plan – 2100](#) and shall contribute towards its investment plan for institutionalization, women empowerment and climate resilient livelihoods;
- The project is consistent with the recently endorsed Agricultural Extension Policy-2020, Good Agricultural Practice Policy-2020, Seed Policy-2018 and Agricultural Policy-2018 in regard to forming and strengthening farmers groups, empowering women, climate induced risk mitigation, value chain development and e-agriculture;
- The project will continue to advocate for implementation of the 2021-2022 Agricultural and Rural Credit Policy, which advises commercial banks to work with POs for providing credit to smallholders. As a result of MMI-BD's advocacy over the last 3 years, the policy now declares that banks should give priority to farmers working in agribusiness clusters (i.e. area approach loans). The policy also gives access to finance for smallholder contract farmers through the exporter or processor with whom they work. It also delineates a specialized loan product for women entrepreneur farmers at 5-9% interest;
- The [E-Government Master Plan for Digital Bangladesh 2019](#) specifies that ICT services will be extended to the union level. The project will build on this to bring digital services to the village level;
- FAO's upcoming Country Programming Framework supports the Government's priority to transform its agri-food system, including through digital agriculture, One Health approaches and climate smart



agriculture, with strong rural institutions as the key drivers of this transformation;

- The project is aligned with the [Bangladesh Climate-Smart Agriculture Investment Plan \(CSAIP\) 2019](#) for creating climate-resilient agri-livelihood development in selected three climatic hotspots;

If approved, the project foresees substantial opportunities to leverage further resources from development partners and the government, as the proposed project is a clear way to invest in the policy and planning priorities outlined here. Additionally, the project will complement the Government's GAFSP country-led project by providing technical knowledge and training on PO mobilization and development using the MMI-BD approach. Further, technology generated by the country-led project will be shared with the PO-led project.

Section 4. Cross-cutting Themes

4.1 The proposed project addresses all of the GAFSP priority crosscutting themes:

- ☒ Gender and empowerment of women and girls
- ☒ Climate resilience
- ☒ Improved nutritional outcomes

4.2 Description of how the project will address the identified thematic focus areas

Gender and empowerment of women and girls

The project has several mechanisms to support women's empowerment: (1) a women's leadership development initiative; (2) revolving loan fund management and audit committees will be women-led; (3) a minimum 50% women executive committee membership criteria; and (4) a minimum 50% women general membership criteria. In addition to the women's leadership development initiative, the organizational strengthening under activity 1.2 will include opportunities for men's leadership development and reflection on gender dynamics. The project intends to take a gender approach that empowers both genders, building mutual trust, understanding, support and respect. Mobilization techniques will take into account gender dynamics in communities and FBFs will build trust, understanding and awareness among both male and female members. The idea is for FBFs to work in pairs (one female, one male) to ensure that gender dynamics can be respected. The timing and length of all training sessions will respect the needs and realities of women smallholders. Finally, MMI-BD has seen the empowerment and development of many young female leaders. This project will also give them the opportunity to continue to grow in their strength and leadership, serving as mentors for the new women PO members.

Target outcomes related to gender are as follows: *Number of smallholder women actively participate in the higher level decision-making body of the project, Number of women in PO leadership roles (disaggregated by type of committee), Number of new POs registered with strong membership base of at least 50% women and Number of women completed women's leadership training.*

Climate resilience

The project has specifically chosen its geographic focus based on the fact that these regions are vulnerable to climatic shocks. The project will ensure climate resilience by strengthening POs and their networks,

ensuring that they can support each other in times of crisis and share information and agricultural practices that will succeed despite climatic shocks. The project will be investing in research in the different agricultural clusters to discover and share diversified cropping patterns and livestock and aquaculture practices that meet the climatic demands of the area. The project will also share successful climate innovations tested under the MMI-BD pilot as well as other projects in Bangladesh, namely: (1) seed villages; (2) biodiversity restoration mechanisms (e.g. flora-fauna for haor and coastal wetlands, commercial bee keeping, local germplasm centres); (3) resilient cropping patterns, pastoral and aquaculture practices and local adaptive species; (4) a soil health innovation lab to tackle salinity and drought and; (5) appropriate scale machinery (conservation engineering, e.g. surface water irrigation, bed planters and seeders, and cool and dry chain solutions).

The project's PDO is to build resilience of livelihoods to climate-induced shocks. Target outcomes include: *Increased productivity* (as a result of using climate-resilient technologies); *Hectares of land with climate resilient cropping patterns in use*; *smallholder farmers households adopted new technologies, disaggregated by climate-related, One Health-related and nutrition-related*.

Improved nutritional outcomes

Recognizing the importance of good nutrition, especially in the face of the pandemic, the project will pilot an innovative approach to improving nutrition security—PO applicants must have a small family nutrition farm (e.g. one decimal vegetable plot, backyard livestock including scavenging poultry and small ruminants) at their homestead to be eligible for credit from their PO's revolving loan fund. The project also encourages investment in a variety of value chains and cropping patterns, going beyond a singular focus on rice production. Investments will vary from vegetables to livestock, including dairy, to fish.

In terms of indicators, at impact level: (i) *decrease in the proportion of the population experiencing moderate or severe food insecurity (FIES)*; and (ii) *Minimum Dietary Diversity-Woman (MDD-W): increase in % of women who consumed at least five out of ten defined food groups the previous day or night*. At outcome level: *smallholder farmers households adopted new technologies, disaggregated by climate-related, One Health-related and **nutrition-related***. At output level: *smallholders received extension support on nutrition farming*.

4.3 How the participation and role of women smallholder producers will be increased in POs and smallholder producer groups as a result of the proposed project

There is a strong commitment from SBKS leaders to create opportunities for women's empowerment through the project. As described in 4.2, the project intends to support the development of women leaders, give women the opportunity to manage PO-led revolving loan funds, be active decision makers in their PO's executive committees and more broadly, become members of their community's PO. Through these initiatives, the project intends that women will become community leaders and their upliftment will result in the upliftment of their families and community members, both male and female.

Section 5. Project Implementation, Sustainability and Budget

5.1 Risks to achieving the proposed project's objectives and potential negative externalities or spillovers that could result from the proposed project activities and targeting

SBKS, its POs and FAO conducted a preliminary risk assessment, identifying risks and mitigation measures in a variety of areas. Some of the main risks are related to: (1) COVID-19; (2) climatic pressures; (3) women's mobility; (4) internet connectivity; (5) crowding in finance for women; (6) influence of local elites; (7) SBKS' institutional capacity and; (8) misuse of funds. The likelihood of these risks, risk rating, risk description and mitigation measures are delineated in Annex 3 Table F.

The project has identified some potential low-likelihood externalities related to ammonia gas emissions, non-judicious pesticide use and strained gender dynamics. More details are in Annex 3 Table G.

5.2 Specific design measures to increase the likelihood of sustainability of project activities or outcomes

The project has been developed building on the three basic steps of MMI-BD for building sustainable POs: (i) ensure governance and institutional maturity; (ii) develop business skills, technical knowledge and market access to ensure value chain preparedness; and (iii) ensure access to finance. To ensure sustainability, the project invests significantly in capacity development, both of newly formed POs and SBKS' own team.

The ongoing capacity development of SBKS is key to sustainability of project outcomes. With the backstopping support of MMI-BD, extension agencies and the private sector over the last five years, SBKS is now able to mobilize resources for its activities. They have developed standard operating procedures for revolving fund operation and established an M&E system for revolving fund monitoring using the .Collect mobile app. To support their continued growth, the project proposes a small implementation support team to be put in place by FAO to assist with SBKS activities, while a strong pool of professional staff will be recruited by SBKS. During the course of the project, SBKS will be supported to recruit and manage Farmers Business Facilitators, PO facilitators and technical staff to undertake proposed project activities and eventually ensure that SBKS becomes autonomous. During the project, FAO will progressively transfer required knowledge and resources to SBKS through on-the-job capacity development. Further integration within the regional network will also provide the opportunity to learn from other apex organizations in Asia.

In terms of financial sustainability, the project will provide three types of grants to POs: (i) learning grants to cover the cost of trainings; (ii) matching grants for establishing common facility centers and VCCs; and (iii) revolving loan fund grants. The matching grant will be provided to all POs as capital investment for establishing VCCs and common facility centers. POs will generate revenue from these facilities by providing rental services or production support or inputs. POs will also generate interest through their revolving loan funds. Additionally, members are required to regularly contribute savings to the PO. The revenue generated by POs will be used to cover recurrent costs such as repair and maintenance of capital machineries and staff salaries. Experience under MMI-BD already demonstrates that SBKS has the funds to compensate FBFs for their services, and that individual POs are able to recruit paid farmers accountants,



as well as pay VCC operators, rickshaw drivers and common facility centre operators all from VCC and common facility centre service fees and interest from RLFs.

Additionally, SBKS will be the custodian of the revolving loan fund for all POs, ensuring that it will continue to function well after project closure. Further, the RLF capital remains with the PO, accessible to members for the years to come. As PO members will have continued access to finance and backstopping support from SBKS after project closure, the project is confident they will continue to thrive.

5.3 Who has been involved or consulted in the development of the proposal?

Intensive participatory consultation is at the core of this proposal. As soon as the request for proposals was published by GAFSP, FAO informed SBKS and member POs. Right away discussions on how to frame the proposal began. Specific consultation sessions are described below, but consultation between FAO, SBKS and members takes place on an almost daily basis thanks to the relations established under MMI-BD. All decisions are taken jointly with SBKS. The project is co-owned by SBKS, its PO members and FAO.

Central design elements that came through the consultation process: (1) Decision to scale-up MMI-BD approach; (2) Focus on women's empowerment and leadership development; (3) Geographic focus on climatically fragile hotspots; (4) Partnerships with banks and private sector actors for access to finance and access to markets; (5) Focus on health awareness (One Health approach); (6) Training curriculum to be repeated with some adjustments; and (7) Synergy with proposed country-led GAFSP project.

Here below is a list of consultations that have taken place to inform the preparation of this proposal:

- Three virtual town hall meetings with all SBKS member POs took place from July 8-10, 2021. Each session focused on one of the project climatic hotspots. As the northeastern Haor region is a new area for SBKS, the project invited farmers from the region to join the discussion and represent the farming voice. The drafting team presented the approach of MMI-BD. Participants unanimously agreed to scale up the approach and requested that the new proposal provide opportunities to empower smallholder women farmers in economically and climatically fragile hotspots;
- A consultation meeting was organized by SBKS and FAO on 'Building Productive Alliance Amongst Public-Private-POs' on 17 June 2021. Participants included large exporters, processors, private sector association leaders¹², the Plant Quarantine Wing of the Department of Agricultural Extension, the Asian Farmers Association and smallholder farmers. Exporters emphasized that smallholders should be aware of the sanitary and phyto-sanitary measures required to export produce. They proposed that the project build a productive alliance between DAE, exporters and POs, leveraging all involved in a particular value chain. Both exporters and processors expressed their interest to work with commodity-based POs in agricultural clusters. They also suggested to scale up the MMI-BD approach.
- The PO-led proposal team participated in 3 virtual consultations for the GAFSP country-led proposal

¹² Bangladesh Agro-Processors' Association, Bangladesh Potato Exporters Association and Bangladesh Fruits, Vegetables and Allied Products Exporters Association

from August 16-18, 2021, organized by the Ministry of Agriculture, FAO and IFAD¹³. The consultations embraced government priority investment requirements for 3 climate hotspots: Barind tract, Char (riverine sandy raised land) and coastal wetlands. The PO-led project also plans to work in the Barind tract and coastal wetlands. If approved, the PO-led proposal will not overlap with villages under the country-led proposal but will work closely with the country-led team to support the mobilization of POs. This geographic proximity will allow for collaboration and synergy between the two projects.

- Finally, SBKS organized another consultation meeting¹⁴ on 24 August 2021 to share the project design. The meeting was an inspiring discussion on the success of MMI-BD's approach and the importance of scaling it up. Participants spoke about the growth in SBKS' capacity and expressed their confidence that they will be able to handle this new, larger project. Many private sector actors enthusiastically gave their support and interest to continue working with POs under the new project. Exporters specifically confirmed their interest to work with POs and government to establish regional level sanitary certification facilities. By the end of the meeting, an atmosphere of true collaboration and respect was evident, with all involved—from government to private sector to civil society to POs and smallholder farmers—geared up to support the proposed project.

If approved, stakeholders above will be consulted for the design process. During implementation, the project will meet regularly with SBKS members and private sector partners to share project progress. Project oversight committees will include representatives from civil society, government, the private sector and the farming community, ensuring their active participation throughout the project.

5.4 Description of the PO's structure, including membership, and services offered by the PO

Sara Bangla Krishak Society (SBKS) is an alliance of smallholder POs established in 2014 and officially registered with the Joint Stock of Registrar in 2017. The alliance is built of 55 active, dues-paying member POs (individual PO membership ranges from 60 to 1,000 members, with a total SBKS network membership of more than 10,000 smallholders) who form the 'General Body' which is the main governing body. Membership is open to any active registered PO that has a strong representation of small, marginal and landless farmers, fishers, pastoralists, men and women farmers. Each member PO nominates one representative to the 'General Body'. The representative has voting power to elect the 'Executive Committee'. SBKS has a mandatory monthly membership savings minimum of USD 1.2 per PO. SBKS has also established social enterprises such as a vermi-compost plant, seed villages, farm input shops, a farm machinery rental service, transport and logistics services in order to support their members POs. SBKS has provided agribusiness services to more than 10,000 smallholder farmer members. Revenue earned by these activities is utilized for staff payment, overhead costs and other recurrent expenditures.

¹³ Participants included the Global Alliance for Improved Nutrition, Practical Action, the Asian Farmers Association, the Bangladesh Agricultural Research Council, the Department of Agricultural Extension, the Department of Agricultural Marketing, Bangladesh Agricultural Development Corporation, the Bangladesh Food Safety Authority, CIMMYT, IFAD, FAO, researchers and academia.

¹⁴ Participants included SBKS leaders and PO members, smallholder farmers of the three climatic hotspots, government extension officers, central bank representatives, private sector representatives and a representative from the Asian Farmers Association.



SBKS has a rental liaison office in Dhaka and two regional offices. The offices of each member PO at union/village level are considered unit offices of SBKS. At present, these 55 POs are spread over 32 Upazilas of 16 districts. SBKS has a strong presence in two of the three selected project climate hotspots (southern coastal and barind) and is currently working with some potential new smallholder members in haor areas, the third proposed project area.

SBKS has 6 paid staff members providing backstopping support to member POs to manage revolving loan funds, common facility centres, virtual call centres and organizational strengthening. A cohort of 20 paid Farmer Business Facilitators are hired intermittently to provide training and collection of periodical M&E data of 55 POs. They are also responsible for the smooth operation and profitability of SBKS' social enterprises. The annual turnover for 2020-2021 of SBKS was USD 813,422.

Fifty-seven VCCs were established in March 2020 by SBKS. They are functioning smoothly and have sold more than 1,350 metric ton (MT) of crop, 400,000 litres of milk, 200,000 eggs and 30,000 poultry birds. Through the VCCs, PO members have collectively bought 273 MT of inputs. At the end of June 2021, more than 10,000 producers had benefited from the VCCs. As of September 2nd 2021, 77,250 calls have been received for selling products, 36,200 calls for buying inputs and 25,260 calls for technical advice. Through the VCCs, approximately BDT 72.13 million (USD 846,900) of produce have been sold and BDT 11.50 million (USD 135,000) of agricultural inputs have been purchased. ([MMI-BD dashboard](#) for more details).

5.5 Proposed project implementation arrangements

A joint implementation support unit (ISU) will be established by FAO and SBKS. The ISU team will be led jointly by an FAO National Project Coordinator and an SBKS National Project Coordinator, who will work closely and make decisions together. Project implementation will largely be the responsibility of SBKS, however, the ultimate responsibility for management of project resources will sit with FAO. The ISU will be based in Dhaka, and will also include additional FAO staff to provide both managerial and technical support in a variety of areas, including M&E, finance, accounts, communication, RLF management, partnership development, value chain improvement, One Health and digital app development. SBKS will also have an accountant within the ISU in Dhaka.

In addition, three regional implementation support units (RISUs) will be established by SBKS, one in each region. The RISUs will be coordinated by an SBKS Regional Project Coordinator supported by one accountant, one field facilitator and a cohort of 20-30 farmer business facilitators (FBFs), who will be the main field-level team of the project. Each PO will nominate two members to become PO facilitators. They will receive training from the FBFs and then train their POs in what they have learned, as well as provide general support to the ongoing development of their PO. The FBFs and PO facilitators will be critical resources for the successful implementation of the project. Both the ISU and RISUs will backstop the FBFs and PO facilitators.

The vision for implementation arrangements is for SBKS to benefit from continuous on-the-job capacity development while assuming an increase in responsibilities over the life of the project.

The project will establish several participatory mechanisms to support implementation. According to



government standard procedures, FAO and SBKS will request the Ministry of Agriculture as the lead ministry to establish a Project Steering Committee (PSC). The PSC will be chaired by the Secretary of the Ministry of Agriculture and will include members from government line agencies, FAO and SBKS. The project will also form a Project Advisory Committee (PAC) with focal points from relevant extension agencies, SBKS, FAO, the private sector, CSOs and development partners. While the PSC will review the annual work plan and provide policy-related support, the PAC's role will be wider, including to create an enabling business environment for public-private-PO alliances with feasible joint investment and support. In addition, as mentioned in section 5.3, the project will meet regularly with private sector partners to share project progress.

5.6 Proposed financial and implementation arrangements between the SE and the PO

FAO will provide funds directly to SBKS for project implementation following FAO's procedures. A component-wise estimate of funding for SBKS includes: (i) learning grant—USD 479,000 (component 1); (ii) strengthening value chain skills of POs—USD 872,000 (component 2); (iii) revolving loan grant—USD 992,000 (component 3); (iv) project management costs—USD 209,000.

There will be three tiers of reporting systems for both physical and financial progress: (i) individual PO to SBKS; (ii) SBKS to FAO; and (iii) FAO to GAFSP. The following will be the key elements of the project M&E system: (i) a practical M&E manual detailing clear objectives, scope, reporting structure, staffing, capacity building plan, roles and responsibilities, budget and M&E-related activities with a timeframe; (ii) annual M&E plans; (iii) logical framework reporting: a semi-annual update on the achievements of each indicator; (iv) a management information system; (v) baseline¹⁵ and mid-term outcome studies; (vi) annual and semi-annual GAFSP reports; (vii) risk assessment and exit strategy; (viii) research and thematic studies; and (ix) regular field visits and annual joint implementation reviews.

5.7 Overall project budget

The estimated total project cost of USD 6,107,000 has been derived jointly by SBKS and FAO. The amount requested from GAFSP is USD 5,202,000, while co-financing from the private sector, SBKS and FAO comes to USD 905,000. The detailed budget and narratives are provided in Annex 1.

5.8 PO's readiness

Previous experience in working in partnership with FAO: SBKS emerged as a registered apex of farmers' organizations that was strengthened by the FAO-TA component of the Integrated Agricultural Productivity Project, financed by GAFSP from 2011 to 2016. The current MMI-BD project is implemented jointly by FAO and SBKS with 55 member POs. FAO and SBKS have developed an effective approach to build and strengthen POs to support smallholders to access to finance, technology, information and value chains.

Previous experience managing funds from FAO and others: MMI-BD is the first project of SBKS. Over the last three and a half years, FAO has signed 3 funding agreements with each PO in the SBKS network, as well as SBKS itself, for learning grants (USD 2,000), revolving loan funds (RLF) (USD 20,000) and COVID-19

¹⁵ The cluster mapping survey tools will include project indicators and serve as the project's baseline study.



Recovery Revolving funds (CRR) (USD 8,000-24,000). SBKS is the custodian of both the RLF and CRR. This means that it provides robust support to member POs on managing their funds, updating accounts and report preparation, with a total portfolio size of USD 1,386,000. Recognizing the maturity of SBKS and its capacity to implement activities, in June 2020 the MMI-BD technical evaluation committee moved to providing funding directly to SBKS to implement project activities. This was done through a letter of agreement in the amount of USD 15,914 to support COVID-19 response, both through disbursement of some CRR funds to POs as well as COVID-19-induced health risk mitigation activities. The project has been very satisfied with SBKS' work here.

Main activities carried out by SBKS in the past 5 years: Since registration in 2017, SBKS has been building its network, management capacity, governance and financial sustainability. SBKS is the main implementing partner for the current MMI-BD project, including overseeing the implementation of revolving loan funds in each member PO—tracking funds in the amount of USD 1,386,000, receiving a 2% service fee for this support. SBKS has also been implementing its own independent activities, as follows:

- When the COVID-19 pandemic began, SBKS member POs reached out to SBKS leadership for support. Together, the network decided to establish virtual call centres to ensure farmers could fulfill their day-to-day farming business needs. SBKS supports the regional coordination of the call centres.
- SBKS established a large vermi-compost plant '*Mahilata*' at its own cost in the northern region. The vermi-compost plant has generated USD 25,000 in revenue so far.
- SBKS provides services to 11 member POs that have seed villages. SBKS has the legitimacy and relationships needed to get foundation seeds from Bangladesh Agricultural Development Corporation and private companies to give to POs in order to produce certified seeds. These are then sold back through SBKS. POs can access quality foundation seeds and earn a profit selling the seeds back, and SBKS earns a service fee for their support in ensuring seed security for their members.
- SBKS is also managing 2 regional input shops (one in Rangpur, one in Barisal) as well as transport and agricultural machinery rental services for network members.
- Other partnerships:
 - SBKS has been working with the USAID-supported Appropriate Scale Machineries Innovation Hub for promoting mechanization in the southern region;
 - SBKS has a memorandum of understanding with the Climate Resilient Water Management component of the IFAD-financed Smallholder Agricultural Competitiveness Project in the southern coastal region. SBKS nominated 12 farmer business facilitators from their network to mobilize 789 water user groups and 30 seed villages under the project.

Experience in managing contracts, not limited to grant agreements: All of SBKS' experience managing contracts has been with FAO and is described above.



Annex 1 – Project Budget Tables

Table A: Summary of Overall Project Funding

Funding Source	Amount ¹⁶	Has this funding been secured?
GAFSP grant amount requested	5,202,000	n/a
PO co-financing	100,000	Yes
Other Funding Sources		
- SE (FAO)	350,000	Yes
- Private sector – National Bank Ltd.	355,000	Yes
- Private sector – Bangladesh Steel Re-Rolling Mills (BSRM) Limited	100,000	Yes
Total Project Funding	6,107,000	

Table B: Detailed Project Budget

Components	Activities	GAFSP Funding Requested		Other Funding Sources Amount (US\$)
		Amount Requested (US\$)	Fund management and procurement (SE or PO)	
COMPONENT 1	Activity 1.1 Participatory cluster mapping, identification and development of cluster-based POs	291,000	SE	-
Strengthening smallholder producers' organizations	Activity 1.2 Organizational strengthening	491,000	SE (8%), PO (92%)	-
	Activity 1.3 Women's leadership development	38,000	SE (30%), PO (70%)	-
	Component 1 Total	820,000		

¹⁶ Amounts are provided in USD, using an exchange rate of 1 USD = 84.845 BDT from September 2021

COMPONENT 2 Business skills, technical knowledge and market access	Activity 2.1 Capacity development for participatory business planning	287,000	SE (54%), PO (46%)	-
	Activity 2.2 Promotion of innovative climate resilient technologies	60,000	PO	150,000
	Activity 2.3 One Health approach for responsible investment	40,000	SE (35%), PO (65%)	100,000
	Activity 2.4 Market access and digitization	677,000	SE (3%), PO (97%)	200,000
	Component 2 Total	1,064,000		450,000
COMPONENT 3 Access to finance	Activity 3.1 Establish community-based revolving loan funds	1,365,000	SE (27%), PO (73%)	100,000
	Activity 3.2 Partnership with financial institutions and policy advocacy to crowd in additional finance	23,000	SE	355,000
	Component 3 Total	1,388,000		455,000
Project management, monitoring and evaluation		1,590,000	SE (87%), PO (13%)	-
Indirect support costs @7%		340,000	SE (48%), PO (52%)	-
TOTAL BUDGET FOR ALL COMPONENTS		5,202,000	SE (48%), PO (52%)	905,000



B.1. Underlying assumptions for the proposed budget

Component 1: Strengthening smallholder producers' organizations: The budget of component 1 is USD 820,000, where FAO's part is USD 341,000 and SBKS' part USD 479,000. Indicative unit costs are estimated based on previous experience. Allowances, meals, boarding, local transportation and incidental costs are estimated as per FAO harmonized rates within all UN agency-funded projects.

Component 2: Business skills, technical knowledge and market access: The budget of component 2 is USD 1,064,000 where FAO's part is USD 192,000 and SBKS' part is USD 872,000. Estimated procurement is budgeted considering current real market synergies and recent procurement experiences. The project will follow FAO's procurement policy as well as SBKS established processes.

Component 3 – Access to finance: The budget of this component is USD 1,388,000, where FAO's part is USD 396,000 and SBKS' part is USD 992,000. In this component, PO-led Revolving Loan Funds (RLFs) are estimated only for POs who are eligible based on a set of criteria that measure institutional maturity, financial management capacity and value chain preparedness. The estimated RLF per PO is USD 15,000. The unit costs are set based on previous pilot project experiences.

The program coordination costs include consultants, office set up and maintenance costs, furniture/equipment and travel costs. Since this proposed project is considered as a second phase of the MMI-BD pilot, very minimal fixed office costs like vehicles and equipment have been projected. All consultants of FAO as well SBKS will be remunerated as per established payment scales and will be recruited following established HR rules and procedures. The budget includes a standard 7% indirect support cost. The application of an indirect support cost is a policy of FAO to cover costs that support the execution of project activities but cannot be attributed to their implementation. These include policy work, executive direction and management, and governance and oversight.

B.2. Will the PO provide any financial or in-kind contribution to the project?

SBKS will contribute USD 100,000 in cash as co-financing from revenue generated from social enterprises.

Annex 2 – Proposal Stage Results Monitoring Matrix

Table D. GAFSP Tier 1 and Tier 2 Core Indicators

#	Tier 1 impact indicators for all GAFSP projects	Check if Yes
1	Food and nutrition security ► Mandatory Food Insecurity Experience Scale (FIES) indicator and optional indicators are Food Consumption Score (FCS), Minimum Dietary Diversity-Woman (MDD-W) and Minimum Dietary Diversity -Children (MDD-C)	<input checked="" type="checkbox"/>
2	Household income	<input checked="" type="checkbox"/>
3	Crop yield (apply only to those projects with explicit productivity gain goals)	<input checked="" type="checkbox"/>
#	Tier 2 indicators for all GAFSP projects, <i>Mandatory Breakdowns</i>[†] (unit) ► Indicator notes	
1	Number of beneficiaries reached, gender disaggregated, percentage who have been helped to cope with impact of climate change ^{††} ► People receiving benefits from the project. ► Disaggregation for gender and those receiving Climate-Smart Agriculture (CSA)-specific support.	<input checked="" type="checkbox"/>
2	Land area receiving improved production support, <i>percentage of these that are climate smart</i> (ha) ► Area that adopted new inputs/practices, new/rehabilitated irrigation services, land registration, etc. ► Disaggregation for climate-smart interventions.	<input checked="" type="checkbox"/>
3	Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support ► Number of end-users who directly participated in project activities. ► Includes technology/technique adoptees, water users with improved services, those who had land rights clarified, people offered new financing/risk management services. ► Using CSA approaches.	<input checked="" type="checkbox"/>
4	Number of producer-based organizations supported (number) ► Relevant associations established or strengthened by project.	<input checked="" type="checkbox"/>
5	Volume of agriculture loans that are outstanding. ► Volume of outstanding loans for agriculture and agribusiness in a financial institution	<input checked="" type="checkbox"/>
6	Percentage of beneficiaries with secure rights to land, property, and natural resources (percent of total beneficiaries) ^{††} ► Measured as those with legal documentation or recognized evidence of tenure and those who perceive their rights are recognized and protected.	<input type="checkbox"/>
7	Roads constructed or rehabilitated, percentage resilient to climate risks (km) ► All-weather roads built, reopened, rehabilitated, or upgraded by project. ► Percentage that are designed to withstand changes in climate.	<input type="checkbox"/>
8	Number of post-harvest facilities constructed and/or rehabilitated (number) ► Includes markets, agro-processing/storage/quality control facilities.	<input checked="" type="checkbox"/>
9	Volume of agricultural production processed by post-harvest facilities established with GAFSP support, <i>by food group</i> (tons) ► Tons of total produce processed sorted by 10 major FAO food groups.	<input type="checkbox"/>
10	People benefiting from cash or food-based transfers, <i>gender disaggregated</i> (number of people) ► Number of people who benefited from cash or food transfer interventions.	<input type="checkbox"/>
11	People receiving improved nutrition services and products, <i>gender disaggregated, age disaggregated</i> (number of people) ► Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, and Vitamin A and micronutrient supplements. ► Number of people receiving extension support for nutrition-relevant techniques (e.g., homestead gardens, Farmer Field School support, etc.).	<input checked="" type="checkbox"/>



12	<i>Direct employment provided; gender disaggregated</i> (full-time equivalent) ▶ Number of direct employees in a client company. ▶ Part time jobs aggregated to full-time equivalent.	<input type="checkbox"/>
13	Persons receiving capacity development, <i>gender disaggregated, organization type</i> (number of people) ▶ Agricultural and non-agricultural rural training and capacity building support provided. ▶ Distinguishes between individual producers/household members, civil society organization staff, and government officials.	<input checked="" type="checkbox"/>
14	Number of substantive deliverables on food security processes completed (number) ▶ Measures “soft support” for institutional development provided through discrete deliverables. ▶ Deliverables include policy studies, strategies and plans, best practices, and lessons learned, among others.	<input type="checkbox"/>

Table E. Proposal Stage Results Monitoring Matrix

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources
PROJECT LEVEL INDICATORS LIVELIHOODS OF SMALLHOLDER FARMERS IN CLIMATIC HOTSPOTS ARE MORE RESILIENT TO PUBLIC HEALTH AND CLIMATE-INDUCED CRISES				
The proportion of the population experiencing moderate or severe food insecurity	Percent (HH members)	TBD	20% decrease	Food Insecurity Experience Scale (FIES) during start-up and project completion
Minimum Dietary Diversity-Woman (MDD-W): % of women who consumed at least five out of ten defined food groups the previous day or night	Percent (women)	TBD	15% increase	Dietary diversity score card during start-up and project completion
Change in monthly household (HH) income	Percent (USD)	TBD	20% increase	Profiling of POs and members at time of start-up and project completion (baseline/evaluation instruments using .Collect mobile app)
Change in monthly household expenditure on non-food items	Percent (USD)	TBD	20% increase	Profiling of PO and members at time of start-up and project completion (baseline/evaluation instruments using .Collect mobile app) SBKS e-dashboard
Increased productivity of selected commodities of PO members (disaggregated by commodities)	Percent (KG/liter)	TBD	20% increase	Baseline, MTR and final evaluation (quantitative data collection instruments using .Collect mobile app and KII/qualitative checklist)
Number of new PO members actively participate in the higher-level decision-making body of the project (gender disaggregated)	Number (individual)	0	4 in Project Steering Committee (PSC) (2 women, 2 men)	Ministry's approval and meeting minutes of PSC (highest level committee chaired by the Secretary, Ministry of Agriculture); Participatory monitoring of project activities by ISU & SBKS; Project progress report

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources
COMPONENT LEVEL INDICATORS				
Component 1: STRENGTHENING SMALLHOLDER PRODUCERS' ORGANIZATIONS				
Outcome 1.1: Percent of POs with performance rating of 75 (out of 100) or higher	Percent (PO)	0	80%	Performance Assessment Scorecard Quarterly project monitoring report Six-monthly project progress report .Collect Mobile app
Output 1.1.1: Number of new POs registered with strong membership base of at least 50% women.	Number (PO)	0	100	Quarterly project monitoring report Six-monthly project progress report .Collect app POs registered with competent/relevant government registration department PO membership registers.
Output 1.1.2: Number of POs completed the organizational strengthening training curriculum	Number (PO)	0	100	Performance Assessment Scorecard Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 1.1.3: Number of POs with transparent decision-making and book-keeping including PO account management.	Number (PO)	0	80	Performance Assessment Scorecard using MicroBank, Chart of Accounts (CoA) Quarterly project monitoring report
Outcome 1.2: Number of women in PO leadership roles (disaggregated by type of committee)	Number (individual)	0	300 in exec comm, 200 in independent audit comm. and 200 in loan sub-comm.	Quarterly project monitoring report Six-monthly project progress report .Collect app PO meeting minutes registers.
Output 1.2.1: Number of women completed women's leadership training	Number (individual)	0	5,000	Quarterly project monitoring report Six-monthly project progress report .Collect app

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources
Component 2: BUSINESS SKILLS, TECHNICAL KNOWLEDGE AND MARKET ACCESS				
Outcome 2.1 – Number of PO business plans prepared using RuralInvest that receive financing	Number (plans)	0	80	Quarterly project monitoring report Six-monthly project progress report Meeting minutes of technical evaluation committee
Output 2.1.1 - Number of POs completed value chain readiness training curriculum	Number (PO)	0	100	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.1.2 - Number of POs completed business plan using RuralInvest	Number (PO)	0	100	Quarterly project monitoring report Six-monthly project progress report RuralInvest business plans
Outcome 2.2a: Number of smallholder farmer households adopted new technologies, disaggregated by climate-related, One Health-related and nutrition-related	Number (HH)	0	10,000 HHs	Quarterly project monitoring report Six-monthly project progress report .Collect app
Outcome 2.2b: Hectares of land with climate resilient cropping patterns in use	Hectare	0	3,000 hectares	Advocacy note/strategy primer using drone/GIS/Remote sensing technology/ Project Progress Report
Output 2.2.1: Number of smallholders receiving climate-smart productivity enhancement support (gender disaggregated)	Number (smallholder)	0	8,000 smallholders (50% women)	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.2.2: Number of POs providing support to members in One Health approach	Number (POs)	0	70 POs	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.2.3: Number of smallholders received extension support on family nutrition farming (gender disaggregated)	Number (individual)	0	8,000 (50% women)	Quarterly project monitoring report Six-monthly project progress report .Collect app

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources
Outcome 2.3a: % of produce sold collectively through POs for greater access to buyers and market services	Percent (produce)	0	70% of produce sold	Quarterly project monitoring report Six-monthly project progress report .Collect app
Outcome 2.3b: % of inputs bought through POs greater access to corporate inputs service providers	Percent (inputs)	0	80% of inputs bought in bulk	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.3.1: Number of Virtual Call Centres (VCCs) that are operational and linked with upstream and downstream value chains	Number (VCC)	0	80	Quarterly project monitoring report Six-monthly project progress report .Collect app MoU signed between PO and Private Sector (input company/exporters/processors) VCC register
Output 2.3.2: Number of POs have established cluster aggregation points for both inputs and produce with sanitary and phyto-sanitary measures	Number (PO)	0	80	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.3.3 Number of post-harvest facilities constructed and/or rehabilitated	Number (facilities)	0	50	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 2.3.4: Number of POs receiving digital market access information through Digital Village Initiative	Number (PO)	0	100	Quarterly project monitoring report Six-monthly project progress report .Collect app
Component 3 –ACCESS TO FINANCE				
Outcome 3.1: Volume of outstanding loans for agriculture and agribusiness in financial institutions ¹⁷	USD	0	2 Million USD	Quarterly project monitoring report Six-monthly project progress report .Collect app; Microbank report

¹⁷ In this case, financial institutions refers to the PO community-based revolving loan funds

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources
Output 3.1.1 Number of borrowers invested in agribusiness using community-based revolving loan funds (gender disaggregated)	Number (borrower)	0	5,000 borrowers (70% women)	Quarterly project monitoring report Six-monthly project progress report .Collect app; Microbank report
Output 3.1.2: Increase in community-based revolving loan fund ¹⁸	USD	0	USD 3,500 (per PO)	Quarterly project monitoring report Six-monthly project progress report .Collect app; Microbank report
Outcome 3.2: Proportion of finance crowded-in for smallholder POs leveraged from other financial institutes (ratio)	Project RLF vs. addt'l crowd-in finance from FIs	0	1:1.25	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 3.2.1: Number of POs partnering with financial institutions for additional finance	Number (PO)	0	30 POs	Quarterly project monitoring report Six-monthly project progress report .Collect app
Output 3.2.2: % of individual loan applications submitted by PO members that were approved by lender/ financial institutions (gender disaggregated)	Percent (applications)	TBD	80%	Quarterly project monitoring report Six-monthly project progress report .Collect app M&E dashboard of SBKS
Output 3.2.3: Total amount of additional financing received by POs from external financial institutions	USD	0	USD 937,500	Quarterly project monitoring report Six-monthly project progress report .Collect app

¹⁸ Based on the MMI-BD experience, interest generated by the RLF goes back into the fund. Also, a portion of the profits generated by the PO's virtual call centres, common facility centres and other services are invested into the RLF. Therefore this indicator is a good measure of the financial success of the PO.

Annex 3 - Risks and Negative Externalities

F. Important potential risks to achieving the project's development objective

Table F: Project Risk Assessment

Risk	Likelihood (L, M, H)	Risk rating (L, M, H)	Risk description	Proposed mitigation measures
Technical design: Risk that technical design could affect the project from reaching its objectives			We don't anticipate any big potential risks from the technical design of the project, as the design builds upon the tested MMI-BD model. Project risks are more related to other factors described below.	
Institutional capacity for implementation: Risk that there is insufficient capacity to implement the project	L	M	This project is an increase in responsibility and resources for SBKS to handle.	<ul style="list-style-type: none"> - FAO will continue to work closely with SBKS leaders every step of the project, building on the trust and support already in place - FAO will work closely with SBKS for the continuous capacity development of SBKS staff at all levels - A full audit of SBKS' accounts will take place prior to disbursement of project funds, with annual audits to follow.
Restrictions on women's mobility	L	M	Women's mobility in remote coastal and <i>Haor</i> areas may be restricted by social customs.	<ul style="list-style-type: none"> - During the early stages of the project, FBFs will work closely with community members to raise awareness of the value of women's empowerment. - Additionally local government and community gatekeepers will be informed of project activities so they can provide support to women's mobility.

				<ul style="list-style-type: none"> - Engage private sector to work with women PO members - As much as possible, capacity building activities will be conducted at local level
Low performance or dropout of farmer business facilitators (FBFs) and/or PO facilitators	L	M	Low performance or dropout of FBFs would negatively affect project progress.	<ul style="list-style-type: none"> - Selection process of FBFs will be done jointly by FAO and SBKS representatives based on competency - Community nomination of PO facilitators will be done in consultation with SBKS - FAO will work closely with SBKS for regular capacity development of FBFs and PO facilitators, both online and in person - A pool of backup FBFs and PO facilitators will be developed
Insufficient internet connectivity	L	M	Digital innovations of the proposed project may be impeded due to slow internet connectivity/ technical glitches.	<ul style="list-style-type: none"> - Government policy for developing 'Digital Bangladesh' is conducive for rural level internet connectivity. The project will advocate for its implementation. - The Digital Village Initiative of the proposed project will facilitate provision of internet connectivity down to village level.
Unstable supply of data for online market platform	L	M	Wholesalers may be reluctant to provide regular data for the online market platform (e-arat), for which the e-arat app/system may not be updated regularly.	<ul style="list-style-type: none"> - Wholesalers will be sensitized on the benefits of direct connection with aggregation points of POs by using digital apps. - SBKS will deploy professional data entry operators for regular updating of e-arat database and dashboard - Alternative record system (manual form and formats) will be kept at PO level.
Difficulty to crowd in additional finance for PO members from financial institutes for women smallholders	L	M	Banks can be reluctant to provide loans to smallholder women farmers without mortgage of their property. Since women have less land ownership in comparison with men, achieving the target on crowding-in-finance may be at risk.	<ul style="list-style-type: none"> - Policy advocacy for more inclusive finance for smallholder women farmers - Local level negotiation and advocacy with private bank branches - Focal points from Bangladesh Bank will ensure enactment of its Agricultural and Rural Credit Policy at grassroots level, including the consideration of PO social capital as collateral for loans.
Influence of local elites/political leaders	M	L	Producers, especially fishers, sometimes face difficulties in getting the lease of	<ul style="list-style-type: none"> - SBKS will organize local level dialogue with district administration on land related policies and seek support from local government bodies and extension agencies.

			waterbody and khas (government) land due to the influence of local elites/political leaders. Community investment may be obstructed due to political pressure. Moreover, there is a risk that local elites from the community take over the leadership of POs and then exclude target smallholder beneficiaries.	<ul style="list-style-type: none"> - Engage focal points of local government extension agencies to support against local elite influence in communities.
Misuse of funds	L	H	<p>POs could unintentionally misuse funds in procuring inputs and assets due to lack of understanding of relevant financial guidelines.</p> <p>Financial embezzlement could take place in POs.</p>	<ul style="list-style-type: none"> - During full project design, a 'Risk Mitigation and Assurance Plan' will be prepared to identify and ensure appropriate planning of risk mitigation measures and activities to minimize risks during implementation and ensure that funds are used for their intended purposes. - Standard operating procedures for revolving loan fund operation and financial management developed by SBKS with support from MMI-BD will be followed. POs will be regularly monitored by FBFs to ensure their understanding of the procedures. - The project will introduce the Governance and Accountability Action Plan (GAAP) tool in all new POs. - Capacity building of FBFs and PO facilitators. - Form Independent Audit Committees in each PO and ensure they are functioning well.
Climatic pressure	L	M	Drought, salinity intrusion and flash floods may destroy crops/livestock/fisheries	<ul style="list-style-type: none"> - Crop cultivation livestock rearing/fish farming patterns and loan disbursement will be scheduled according to probability of occurrence in climatically fragile areas
Ongoing COVID-19 pandemic	M	H	Depending on how things go, if lockdowns and negative health impacts continue, this	<ul style="list-style-type: none"> - The project team will use digital communication tools to work with project beneficiaries if lockdowns restrict physical movement

			may have a significant impact on project activities	<ul style="list-style-type: none"> - Trainings and other activities can also be done virtually if in-person meetings are not permissible. - If in-person meetings do occur, proper hygiene standards and social distancing will be respected.
Possible animal disease outbreak	L	M	Possibility of animal disease outbreak among smallholders working with livestock	<ul style="list-style-type: none"> - Awareness among the livestock keepers will be developed through One Health training and campaigns

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

G. Important potential negative externalities or spillover effects that could arise from the project implementation

Table G: Evaluation of Negative Externalities

Potential Negative Externalities	Likelihood (L, M, H)	Risk rating (L,M,H)	Description of potential negative externalities	Proposed mitigation measures
Environmental¹⁹	L	M	Emission of ammonia gas from livestock production unit may cause increase of greenhouse gases	<ul style="list-style-type: none"> - The project deals only with small-scale livestock activities - Stripping of manure at regular intervals - Cattle will be stabled with more straw - Vermi-compost/biogas production unit will be installed in necessary cases
Social²⁰	L	M	Farmers may invest in some crops (e.g. cucumber, pumpkin) that are susceptible to flies. The biological pesticides may not be enough to protect the plants, therefore good agricultural practices allow for a <i>judicious</i> use of chemical pesticides. However, it is possible that farmers may over-use these pesticides and disrupt local biodiversity.	<ul style="list-style-type: none"> - Good Agricultural Practices (GAP) will be ensured - Cropping patterns will be chosen based on community environmental analysis - Beekeeping will be promoted for better pollination for biodiversity.
Gender	L	M	Empowerment of women may create strained gender dynamics within households and communities	<ul style="list-style-type: none"> - PO development approach will be gender sensitive, raising awareness among both men and women of the value of strong women leaders - Leadership training will also include opportunities for men's leadership development and reflection on gender dynamics

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

¹⁹ This could include the potential effects on natural resources such as water sources, forests, and protected areas; potential effects on biodiversity; and where appropriate, potential impacts on the climate arising from unchecked anthropogenic emissions of greenhouse gases (GHGs) and short-lived climate pollution (SLCPs).

²⁰ This could include the potential effects on human health and safety; the nature, scale and duration of social effects such as the need for land acquisition and/or involuntary resettlement; potential impacts on, equity, and indigenous peoples; and potential impacts on physical cultural resources.

Annex 4 - Prior GAFSP Grant

Project Name	Increasing Access to Finance for Farmer Organizations in Bangladesh
Country	Bangladesh
Responsible Implementing Entity	Food and Agriculture Organization of the United Nations Sara Bangla Krishak Society
Responsible Supervising Entity	Food and Agriculture Organization of the United Nations
GAFSP Grant Amount and Amount Disbursed	Total Grant: USD 3,701,000 Amount Disbursed (August 22, 2021): USD 3,145,900
Grant Approval Date	October 14, 2016; Project started on 28 March 2018
Project Status	Active
Project Closing Date	September 2022
Project Implementation Update	<p>While the COVID-19 pandemic continues to impact project activities, the project and Sara Bangla Krishak Society (SBKS) have adapted to using digital services in an innovative way to successfully continue activities while requiring fewer resources. Such initiatives are: the establishment of virtual call centers (VCCs) for buying inputs and selling produce in bulk; a community webinar series with value chain actors; virtual auditing; and monitoring.</p> <p>At the PO level, revolving loan fund (RLF) and business operations were able to continue efficiently. As a result of capacity building and regular backstopping support of SBKS to POs, overall PO organizational management performance scores increased by 114% against the baseline.</p> <p>The project developed several apps that have allowed the team to continue regular M&E activities, performance assessments of POs and operation of RLFs and Virtual Call Centres. As of the end of June 2021, more than 10,000 producers have benefited from the VCCs—68,809 calls have been received for selling products, 33,833 calls for buying inputs and 23,855 calls for technical advice.</p> <p>The Project Advisory Committee was satisfied with the performance of the project. Moreover, the Project Steering Committee recommended FAO to strengthen SBKS and to mainstream MMI-BD across the country especially in agribusiness clusters, based on the success of MMI-BD's work so far.</p> <p>At the outcome level the project has achieved the following (as of June 2021):</p> <ul style="list-style-type: none"> - 93% of FOs scored a satisfactory institutional maturity rating while 100% of FOs have attained the gender equality indicators; - The average overall PO performance score was 34 out of 40; - 52 (out of 55) POs have value chain projects or businesses that are generating revenue, while 55 POs are successfully providing revolving credit to members of their organization; - 29 POs mobilized BDT 51,010,100 (USD 603,700) in non-project financing for new or expanding initiatives.

	Following the receipt of additional financing for COVID-19 recovery, SBKS developed a guideline for a dedicated COVID-19 recovery revolving (CRR) loan fund. They also facilitated FOs to produce safe agricultural produce following the One Health approach, are strengthening VCCs and providing mechanization and transport services to FO members.
Most recent/last SE Implementation Rating for (i) achieving project objectives and (ii) implementation progress.	<p>Achieving project objectives: A</p> <p>Implementation progress: A</p> <p>Note also that the FY 2021 GAFSP peer project review team ranked MMI Bangladesh as 'satisfactory'.</p>
Will the project proposed under this proposal build on or be linked to this prior GAFSP grant? If so, in what way?	Yes, the proposed project will be a scaling up of this project. SBKS will expand the MMI-BD approach to new regions that are climatically fragile. Through this proposed project, SBKS will also have the opportunity to scale up their own capacity as well.

Annex 5 - Proposal Preparation Team

Name	Title	Organization	Email
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