

Bangladesh
Empowerment and Livelihood Improvement “Nuton Jibon” Project (SIPP-II and NJLIP)
Implementation Support Mission, August 05 – 19, 2015

Aide Memoire

A. Introduction

1. An implementation support mission for the Empowerment and Livelihood Improvement “Nuton Jibon” Project took place from August 05 - 19, 2015¹. The objectives of the mission were twofold. For SIPP II, to: (i) review the achievements towards the Project’s Development Objectives; (ii) review progress on the agreed follow-up actions since the last supervision mission and the follow-up discussions held; (iii) review progress on proposed phasing-out in selected districts; (iv) review progress on grading of village and village credit organizations and discuss required actions based on findings; (v) review implementation plan and next steps to assure timely completion of outstanding activities under SIPP-II; (vi) review fiduciary and safeguards related performance; and (vii) commence preparation of the implementation completion and results report. For NJLIP, to (i) assist and guide SDF in the implementation of the Community Operation Manual, HR Manual, ESMF and Project Implementation Plan; and (ii) follow-up on the finalization of the work plan based the date of declaration of the effectiveness.

2. The mission met with the Additional Secretary, Bank and Financial Institutions Division, Ministry of Finance, the chairman of SDF’s Board of Directors, SDF’s managing director and staff at the national level, and SDF’s regional directors. Field visits were carried out to Barisal, Barguna and Pirojpur during the mission and the mission observations are provided in Annex V.

3. The draft Aide-Memoire was discussed at a wrap-up meeting held in Dhaka on August 17, 2015 and chaired by Mr. Arijit Chowdhury, Additional Secretary, Bank and Financial Institutions Division, Ministry of Finance. The mission would like to thank the GoB and the SDF for the courtesies and cooperation extended during the mission. A list of agreed follow-up actions is provided in para 61 and also in Annexes IV, VI and VII. *It was agreed at the wrap-up meeting that the aide-memoire would be classified as a public document under the Bank’s Access to Information Policy.*

B. SIPP II

Key Project Data

Key Project data		Key Performance Ratings	
Board date	June 23, 2010	Development Objective	Moderately Satisfactory
Effectiveness Date	December 05, 2010	Overall Implementation Progress	Moderately Satisfactory
Closing Date	June 30, 2016	Financial Management	Moderately Satisfactory

¹ The mission team included Messrs/Mmes: Seenithamby Manoharan (Task Team Leader); Pushina Kunda Ng’andwe (Senior Rural Development Specialist, Co-TTL); Melissa Williams (Senior Rural Development Specialist); Sugata Talukder (Operations Analyst); Farhat Chowdhury (Environmental Safeguards Specialist); Sabah Moyeen (Senior Social Development Specialist); Jaynab Akhtab (Consultant - Social); Mohammed Atikuzzaman (Financial Management Specialist); Feroz Iftekher (Consultant – Financial Management); Marghoob B. Hussein (Senior Procurement Specialist); Josef Ernstberger (Agricultural Economist, FAO); and Amani Haque (Program Assistant). Frauke Jungbluth (Lead Rural Development Specialist) provided electronic inputs.

Key Project data		Key Performance Ratings	
Project Age	4 Years & 7 Months	Procurement	Moderately Satisfactory
IDA Amount USD M	115.75	Overall Safeguards	Satisfactory
Disbursed Amount USD M	115.64	Monitoring & Evaluation	Moderately Satisfactory
Disbursement Percentage	99.9	Project Management	Moderately Satisfactory

Achievement of Development Objectives Status

4. The Project Development Objective (PDO) is to *improve the livelihoods of extreme poor communities and to strengthen the community institutions in selected districts*. **The project's progress towards achieving its Development Objective is rated Moderately Satisfactory²** since 3 out of 5 PDO indicators are achieved (transparent village institutions, direct beneficiary women share, and beneficiaries from subprojects) and realization of the remaining two indicators (direct project beneficiaries and increase in income by 50%) are yet to be achieved. It is expected that the updated numbers will be received once the on-going independent impact assessment is completed by November 30, 2015. If all the five PDO Indicators are achieved an upgrading of the DO rating can be considered during the next mission in December 2015. SIPP-II is now working in 3262 villages³ (1447 SIPP I and 1,815 SIPP II) in 16 districts in which currently 620,893 (target is 652,000) beneficiary households are organized in Nuton Jibon Groups (NJGs). The women's share of direct beneficiary households is ninety four percent. On average, about 250-300 households are supported per community comprising all poor, hard-core poor and vulnerable households in that community. Around 6,242 infrastructure projects including 1,889 GS office buildings have been completed and an additional 58 subprojects including 51 GS office buildings are at different stages of completion. Eighty eight percent of the community infrastructure subprojects are being operated and maintained by the communities. Ninety two percent (2987 out of 3262) of village institutions are reported to function in a transparent, inclusive and accountable manner. Ninety four percent of decision making positions are occupied by women. Project monitoring data and field reports indicate a strong impact of the project on improved living conditions, livelihoods and empowerment in terms of higher income, increased food availability and variety, increased access to assets, decision making, participation in meetings and strengthened local institutional structures.

Current Implementation Status

5. The project has continued to make good progress and has largely completed the agreed follow-up actions of the last mission. Few new actions have been agreed with SDF and provided in para 60 and also in Annex IV. **Overall implementation progress is rated Moderately Satisfactory** according to the ratings given under detailed mission findings. The project was restructured in January 2014, adjusting the PDO, some aspects of the results framework and disbursement categories and allocations. Project management at all levels has improved a lot. Though the Credit shows a disbursement of 99.9%, the

² The project's updated results framework is provided in [Annex-I](#).

³ Exit strategy for 110 problem villages was agreed in February 2015, and SDF is now in the process of removing villages which were inactive but still recorded. (Annex IV) – Of them, 27 were only mobilized, but received no funds and 83 have received partial funding, but had conflicts, some were subject to river erosion. 52 villages were exited by end of June 30, 2015 and 20 will be exited by August 31, 2015. Balance 38 will be exited December 31, 2015. The final number of villages in which SIPP-II completed its activities will be 3,262.

outstanding DA balance is about USD 22 million. Also, an ineligible expense of about USD 29,000 is yet to be refunded by SDF. The following progress, since inception of the project, has been achieved⁴:

- Almost all villages have accessed village development funds – remaining ones have either not received funds or only partially received funds and are in the process of being addressed through SDF’s exit policy; a total of 45,628 Nuton Jibon Groups have been formed.
- second generation institutions are operating in thirteen districts and all have received their first IDF funds;
- phasing-out activities have progressed largely as planned and 2,896 villages in sixteen districts have become members of their respective NJCS;
- 1889 Gram Samiti offices have been completed, against a total of 1,940 GS offices in SIPP-II villages;
- 48,781 youth are in employment of which 23,186 are in wage employment and 25,595 are in self-employment;
- 35,321 vulnerable received a one-time grant of which 33,828 started income generating activities;
- about US\$ 5.82 million have been mobilized from savings;
- the cumulative rate of repayment for Shabolombi funds stands at around 95 percent, yet additional portfolio issues like portfolio at risk, delinquency ratio and rate of return on assets have been identified and are detailed in the AM;
- the cumulative amount disbursed in Shabolombi funds amounts to BDT 8,853.70 million among 417,971 NJG members (from BDT 3,165.2 million disbursed by the project originally);
- ten business linkages have been formed with Grameen Danon Food Ltd, BRAC Chilling Center, Bio-Science Agro, Milk Vita, Bondhu Chola, Zil Bnagla Sugar Mills, Lal Teer Seed Ltd, ACI, and Grameen Phone companies;
- village grading has been completed in 3,171 villages (target is 3262) of which 2,703 have been graded in categories A and B (of four categories); differences per district and region exists related to the percentage of villages graded C and D with SIPP-I districts having the largest share;
- village credit organization rating tool has been developed and rating has commenced;
- third party/process monitoring is ongoing and quarterly monitoring meetings in all regions regularly conducted; follow-up actions on the process monitoring findings are now recorded more systematically
- an exit strategy/write-off procedure has been approved for exiting problem villages (e.g. villages that have been washed away by floods or with internal conflict); SDF has started using the prescribed procedures of the exit policy.

Detailed Mission Findings

6. ***Status of Village Organizations.*** The number of target HHs mobilized into Nuton Jibon Groups (NJGs) has increased to 620,893. While the majority of funds have already been disbursed, some villages still have only received partial funding with the remainder expected to be disbursed to the villages by August 31, 2015. SDF has prepared a detailed plan by district and region on the remaining activities and is following up to assure that funds are delivered timely following the established procedures. The details on the current disbursement status by batch are provided in [Annex III](#).

7. ***Excess Allocation of Village Funds.*** SIPP-II allocated funds to a village by multiplying the total number of households by BDT 15,000. Depending on how many beneficiaries are located in a village this has resulted in a higher per beneficiary allocation in villages with fewer poor and hard-core poor and under-allocation in villages with a relatively high proportion of poor and hard-core poor. Therefore, a number of villages were ultimately not able to use all of the funds allocated and funds were sitting idle on the village organization’s Bank account. SDF has completed a process, in cooperation with the Gram Parishad, to transfer these funds back to SDF’s account to be used in other villages where a shortage has been identified.

⁴ An overview of balance project activities and fund forecast are provided in [Annex III](#).

Agreements had been reached with the Gram Parishad and the umbrella agreement with the village had been amended. Upon request by the previous mission, SDF prepared a list of villages showing the recollected and redistributed funds as of March 11, 2015. According to this list, a total of 458 Gram Parishads returned an accumulated amount of BDT 184.8 million and a total of 167 Gram Parishads plus one NJCS received a total amount of BDT 52.9 million. As of March 11, 2015 the difference of BDT 131.96 million was sitting at the bank accounts of the ROs (Regional Offices) but has since then been transferred to the central SDF account. According to SDF no further recollection and re-disbursement has been done since March 11, 2015. The mission is concerned that the recollection of funds has only partly been used to balance the village allocation, but has led to a significant reduction in the overall village allocation. Most of the villages could not fully utilize the Shabolombi Fund, since the beneficiaries were requesting for smaller amounts of loans till they become confident of the incomes from their livelihood activities and ability for repayment.

8. **Disbursement of Village Funds.** In addition to the above issue of recollecting funds from a significant number of some 450 villages the mission learned during its field work that other villages also have not received their full village fund allocation as committed in their umbrella agreements. For example the Uttar Paschim Rakudia village in Barisal district visited by the mission has not received the allocated 2nd installment of the Shabolombi Fund. SDF explained that the disbursement was cancelled out of concerns that some villages were anticipated to having difficulties making full use of their village funds. The mission is concerned about such cases of cancellation of village funds. The mission requested a full report with a detailed list of all villages under SIPP II showing their number of households, number of poor and hardcore poor households, committed village funds according to the formula number of households times BDT 15,000 and the actually disbursed and released funds (IDF, SF, CISF) with the corresponding dates, etc. *The report needs to explain on a village by village basis any divergence from the regular fund allocation and fund release procedures. SDF agreed to share the report with the Bank by end of August to allow time for corrective action. Disbursement of the remaining project funds as performance grants to Grade 'A' and 'B' villages is agreed with SDF and it will be completed before September 15, 2015.*

9. **Community Financing.** The VDRRF provides funds to village organizations as on-lending revolving funds for income generating activities of project beneficiaries. In addition, the project also requires beneficiaries to save own funds that are also being collected and on-lend within saving groups. Being a member of a savings group (internal lending, Jibikayan/Nuton Jibon Groups) is a pre-requisite to become members of the NJGs and to access credit funds (Shabolombi Funds). From SIPP's inception to-date, BDT 3,165.2 million (US\$ 40.5 million) has been released to the target communities for on-lending to program participants through their Village Credit Organizations (VCOs) as a perpetual revolving fund. As a result, VCOs have so far issued 724,861 loans to 417,936 borrowers, totaling BDT 8,853.7 million (US\$ 113.5 million) from these Shabolombi Funds. The program's overall average Shabolombi loan is about BDT 12,214 (US\$ 156.6), although more recent loans average around BDT 16,065 (US\$ 206). Program participants have also benefited from loans out of their own savings, dubbed "internal lending". To-date, 216,303 internal lending loans have been issued to 142,926 borrowers, totaling around BDT 459.8 million (US\$ 5.9 million), and averaging about BDT 2,126 (US\$ 27.2) per loan overall, with more recent loans averaging around BDT 5,274 (US\$ 67.6). The mission undertook a detailed review of the loan portfolio and its performance which is described in the following; more details are provided in Annex V.

10. ***Rolling out Advisory Committees.*** The previous mission recommended gaining of experiences as soon as possible with the Advisory Committees, which are suggested under the NJLIP design. Such Advisory Committees are supposed to backstop the “Societies”, given that the VCO Sub-committees of the “Societies” might not have the requisite microfinance experience to adequately oversee the VCO networks under their responsibility. The Advisory Committees are to be composed of three people of good standing, goodwill, and good grounding in the microfinance industry, livelihoods and institution building, which would meet periodically and offer advice to the VCO Sub-Committees. These services would be pro-bono. SDF has started to establish and piloted 3-member Advisory Committee in Jamalpur district, which held its introductory meeting on June 29, 2015. Naturally, limited information about its work, usefulness and effectiveness has been gained due to the limited time of operation. The mission discussed and requested SDF to prepare a short activity reporting sheet to collect information and monitor the work of the pilot Advisory Committee and report to the next mission. If judged satisfactory, this model, or variations thereof, would be adopted for all new societies. *SDF agreed to submit the format to the Bank before September 15, 2015.*

11. ***Isolating SIPP-II Data from the overall SIPP Program Accounts.*** Data for SIPP-I and SIPP-II is still being combined in some of the thematic data reporting in the QPR. The mission was able to separate the numbers for livelihoods interventions and the use of the Shabolombi Fund. Confirmed numbers on VCOs has been requested from SDF. Numbers for the results framework are available and will be cross-checked with SDF staff for accuracy. *SDF agreed to requests by the mission for data clarification by September 30, 2015.*

12. ***Community Infrastructure and Social Fund (CISF).*** A village fund consists of four sub funds namely, Institutional Development Fund (IDF), Shabolombi Fund (SF), Community Infrastructure and Social Services Fund (CISF) and Incentive Fund. SDF facilitates the communities for awareness building of possible types of infrastructures those can mitigate/reduce the effects of natural and climate-related disasters. Cluster teams assist communities to analyze and prepare infrastructure related social maps that identify damaged areas and their corresponding needed infrastructures. Accordingly, communities have identified and prioritized their needs and implement different infrastructures under CISF with technical support of SDF. Two types of construction works have been implemented at village level. They are Community Infrastructure Works (CIW) and construction of permanent structure of Gram Samity Offices. The achievements so far are (a) 1,889 GS Office buildings have been completed and maintained. Another 51 GS office building constructions are in progress and they will be completed by August '15; (b) 1,578 earthen roads consisting of 2,747 km length have been completed and maintained; (c) A total of 5,640 culverts have been completed and maintained; (d) A total of 6,832 tube wells have been completed and maintained; (e) A total of 94 school developments have been completed and maintained; (f) A total of 4,6181m length of drains has been completed and maintained; (g) Also 426 different infrastructures have been completed and maintained; and (h) As of August 12, 2015, out of the 6,300 planned subprojects, 6,242 have been completed and 58 subprojects including 51 GS office buildings are at different stages of completion and they will be completed by September 30, 2015.

13. ***Design for new GS Offices.*** SDF has developed three model designs for GS Offices to suit various regional soil conditions and the designs are economical and acceptable to the Bank. Some locations may require soil tests to modify the design of foundations and this will be decided by the Civil Engineers attached to the Regional Offices of SDF during detailed designs. During this mission the team visited five such offices in the Barisal Region and held discussions on the quality of design, construction, usage and operation & maintenance of these offices which were assessed satisfactory. The only observation was the inadequate capacity of the building to accommodate all beneficiaries. SDF was requested to revisit the two types of designs and make suitable adjustments in terms of the size of the buildings and to accommodate libraries with books.

14. **Skills Development/Youth Employment.** A total of 48,781 youth have accessed wage and self-employment with facilitation from the project. Out of these, 25,595 youth are self-employed and 23,186 youth are wage employed. The mission observed that there had been no significant movement in terms of percentage of villages reporting OTR above 95%, which remained at 66% as the previous mission. The project reported slight improvements in repayment rates in Jamalpur and Gaibandha, while Barisal declined slightly by 2%. The overall CRR for skills development loan was at 87% and still required efforts to improve. Similarly, CRR for employment loans was only slightly better at 89%. The project has been able to identify the key factors affecting the low repayment rates that include weaknesses in GS facilitation, migration and marriage. Efforts were underway to take action with follow up communication with youth who have migrated and provision of capacity support to cluster teams and GSs to carry out their functions properly. The project is urged to intensify this support so that improvements can be seen in loan performance.

15. **Analysis of Impact on Employment Generation.** A consultant has been recruited to undertake a study on the performance of the employment generation sub-component. The study is expected to assess all aspects of the sub-component including effectiveness of training provided through skills development loans, factors affecting youth dropout rates, employment mobility and effectiveness of enterprises/income generating activities initiated by youth. Field testing of survey instruments has already taken place and enumerators have been mobilized to the field. The mission held extensive discussions with the consultant and provided additional guidance and inputs to the questionnaires prepared for the survey. *SDF agreed that a draft report will be ready to be shared by September 15, 2015 and the task team has requested SDF to submit the draft to the Bank for review and comments prior to its finalization. The final report is expected to be finalized by September 30, 2015 and will be an important input to the ICR expected to take place later.*

16. **One Time Grant.** Out of 36,817 vulnerable people identified during the PIP process, 35,321 (96%) have received the one time grant amounting to BDT 158.31 million. 27,619 have gone on to become members of Nuton Jibon groups and 85% of them have begun savings activities. A total of 10,109 have accessed Shabolombi Fund, representing 29% of beneficiaries who have potentially moved a step up on the poverty ladder as they are actively involved in income generating activities and have developed capacity to repay loans. However, the number of OTGs that do not reach that capacity is quite significant (61%). SDF should make every effort to improve their involvement in savings and credit activities but should also focus on strengthening linkages for Government safety net programs, especially for those vulnerable groups that do not have the physical capacity to be active project members (eg. Elderly OTGs). This strategy should be strengthened under the new NJLIP.

17. The mission was informed that SDF plans to conduct a study on OTGs that will allow for a more detailed assessment of the outcomes of project support on these groups. The study will cover basic demographic information, year support was received and activities initiated through this support; for those OTGs that have joined NJ groups, how much they are saving, how much is being borrowed through internal lending (for what purpose) and investments being made through access to Shabolombi funds and what kind of income is being generated from such activities. In addition to areas that have been identified for assessment, the mission also recommends that the study look at training needs for these groups and how many are aware of Government social programs and whether they are accessing additional social services. For the elderly, it would be important to collect data on how many have National ID cards. Questions related to the mentioned issues should be included in the questionnaire planned for finalization by August 27, 2015. The study is expected to commence thereafter and will be undertaken by the MEL Unit in cooperation with

relevant HQ and field Staff. *A final report is expected to be available by SDF to the Bank by September 30, 2015 and will be an input to the ICR.*

18. **Participatory Vulnerability Assessment (PVA) and Disaster Management.** The objective of the framework is to ensure whether any village plans have risks identified and mitigation measures built-in. It is also to ensure that vulnerable groups have been identified through the social mapping and vulnerability analysis process. All SIPP-II villages have completed the Participatory Vulnerability Assessment (PVA) and risk mapping and planned infrastructure investments accordingly. 2116 Gram Samitis have been equipped with disaster risk management equipment (e.g. life jackets, megaphones, first aid boxes, etc), Disaster Volunteer Teams have been formed and trained in 2,278 villages. In addition 1,525 Gram Samitis have initiated collection of emergency funds to manage and cope with the impact of disasters on the most vulnerable. Following the previous mission request to finalize the emergency fund guidelines, SDF has now finalized the guidelines, which were reviewed and cleared by the mission. So far SDF reports that none of the emergency funds have been accessed. The mission's field assessment provided a mixed picture; while some villages consider the availability of the fund useful, others prefer to transfer the fund e.g. to the IDF fund and provide more training as they deem the fund too small for real emergency. *The mission repeated its previous request that SDF needs to propose a way forward on handling and oversight for these funds. This should be done in consultation and agreement with the villages concerned. The follow-up actions should be completed by September 30, 2015 and shared with the Bank. SDF should also collaborate with other similar projects to make this activity more meaningful.*

19. **Second-tier Institutional Set-up and Phasing Out.** The networking of village level institutions into second generation organizations (Nuton Jibon Community Society –NJCS) at the cluster and district levels has significantly progressed over the last months and is considered on schedule. The Societies are a two tier (Cluster and District level) umbrella organization, to support member village institutions on the organization development, savings and credit, and establishment of a community professional pool for technical assistance and capacity building services. As of August 15, 2015, the formations of 124 cluster level societies and 14 district societies has been completed with the key committees formed and trained. All 14 district societies and 124 cluster societies have already offices. By end-June 2015, a total of BDT 120.5 million has been disbursed to the societies at the various levels for capacity building and Institutional Development Fund (IDF) as a start-up fund to develop their services. Two districts (Naogaon+Kurigram) have yet to receive their IDF. A total of 2,896 villages are enrolled as members of the NJCSs and most of them (94%) deposited their membership fee at a total amount of BDT 27.42 million. The Gaibandha and Jamalpur Societies have been registered under the Societies Act 1860 and the registration process of Nilphamari, Barguna, Bagerhat, Pirojpur, Bagerhat, Dinajpur, Sherpur and Sirajgonj districts has already been started. Overall SDF's detailed plan for the development of all SIPP-II societies and implementation is on track.

20. The formation and performance of the NJCS is a critical part in of the exit strategy and handing over of responsibilities from SDF to the beneficiaries' own institutions. This process is scheduled over a period of 24 months with a diminishing number and changing role of district officers and cluster facilitators. The phasing out plan also involves a series of trainings, workshops and consultations at all levels explaining and understanding the changing functions and responsibilities. At this moment, the phasing out and handing over plan is implemented on track and the discussions with beneficiaries during the mission's field visits show a good understanding of the beneficiaries at the village and society level. However, the success of the NJCS and their ability to handle their future responsibilities is not yet proven. To understand the role and functionality of the NJCS and to learn from the SIPP II experiences for the new NJLIP a close monitoring and assessment is necessary. *The mission therefore requests to prepare a systematic information collection and assessment format (e.g. in the form of a data sheet) to regularly report on the activities and performance parameters of all of the NJCS including financial sustainability information (regular annual balance*

sheets). A proposed format should be shared with the Bank before September 15, 2015 and a regular summary report should be prepared before each Bank mission.

21. **Community Society Registration.** After consultation with several lawyers, SDF has determined that the registration under the Societies Act 1860 would be the most appropriate form of registration. SDF has prepared a draft text for the Memorandum and Articles of the Association, which was shared with the Bank for comments and was subsequently revised. The mission reviewed and agreed with the revised draft and suggests proceeding with the registration of the remaining district societies. It was also explained to the mission and agreed that the cluster societies would not need a separate registration as they would be registered as part of the district societies. *SDF agreed that registration of four societies will be completed by October 31, 2015.*

22. **Gram Parishad Registration.** It was already discussed and agreed during the previous mission that the Gram Parishads will also require legal registration. After an extensive consultation with the legal community, SDF has determined that the GP registration as “Joint Stock Companies” under the Societies Act of 1860 was deemed the most suitable option. *The mission requested SDF to start drafting the prototype for the GP Memorandum and Articles of Association in which issues like asset ownership would need to be clarified. A first draft should be shared with the Bank for comments by September 15, 2015.*

23. **Livelihood Activities.** Investing the Shabolombi loans in productive livelihood activities is the most important vehicle under the project to generate incremental family income and economic empowerment of poor and hardcore poor. Overall, the attractiveness of the Shabolombi Fund (SF) is high as shown in the overall progress reporting figures and confirmed by the mission’s field observation. By end-June 2015 a total of 417,971 beneficiaries have taken SF loans, which is an increment of some 30,000 during the last 6 months. About 102,000 beneficiaries have by now already taken 3 or more loans with the tendency of larger scale loans. Dairy production and beef fattening are the most popular income generating activities, for which nearly half of the SF loans are used. Therefore, dairy production shows the most significant increase over the last years, which apparently reflects the ability of the project beneficiaries to respond to the macroeconomic opportunities of an emerging dairy sector and increased dairy demand in the country. In addition to beef and dairy production, the other half of the SF loans is invested in a wide range of agricultural and non-agricultural activities and confirms that the beneficiaries seem to be well in a position to identify appropriate investment opportunities. The mission’s field interviews supported by the project data show impressive OTR numbers (94% as of June 2015) indirectly confirm that the invested livelihood activities are generally highly productive with sufficient financial returns. To understand the financial returns and income generating contribution from the livelihood activities, SDF has launched a detailed study using a random sample of 600 IGAs in four districts and 60 villages. This study is currently on-going and is expected to yield real field data on productivity, financial returns and technology adoption rates for all major IGA. *SDF agreed that the results are expected to be available by end-September 2015.*

24. A critical element in the implementation of livelihood and income generating activities is the provision of wide range of trainings including exposure visits, as well as the production and distribution of training and promotional materials, posters, leaflets, etc. Alerted by observations from the process monitoring, SDF’s capacity building team has conducted a comprehensive training assessment study to understand the impact of the technical training activities and assess the adoption rates of key technologies for the most important income generating investments. The results of this study provide a very good understanding of the adoption rates of technologies, which in most cases reach about 60-80%. The study, however, also collected a wide range of additional and highly valuable information about project beneficiaries’ and points out a number of weaknesses in relation to the CPs and their capacity to provide services to communities. The mission highly recommends using this study and its data for further analysis and lesson learning.

25. **Business Promotion and Livelihoods and Market Linkages.** The objective of this sub-component is to broker the development of institutional and informational linkages. Linkages with three key government line departments i.e. the Department of Agriculture Extension (DAE), the Department of Livestock (DLS), and the Department of Fisheries (DoF) are now established with project beneficiaries for ensuring technical backstopping support services, qualitative inputs and collective marketing. A total of 52,600 project beneficiaries are estimated to have directly benefitted from such government line department support. SDF also cooperates with the Department of Youth Development. SDF has furthermore successfully established linkages with private companies - Rangpur Dairy, Milk Vita Ltd., BRAC Dairy (Aarong), and Pran Milk for milk processing, Zil Bangla Sugar Mill for sugarcane and Renata Ltd. and Novartis Bangladesh Ltd. for providing skills development training, vaccines and de-worming tablets at subsidized rates. A total of 34,800 beneficiary households are reported to benefit from direct formalized linkages with private sector partners. In addition a significant number of project beneficiaries (7,268) have succeeded to access formal Micro-finance Institutions (MFI) with a total volume of lending from formal MFI of BDT 217 million. Producer groups have been instrumental in linking beneficiaries with service providers and up- or downstream businesses. The project has helped to form about 5,222 active producer groups.

26. Overall, the number of beneficiaries benefitting from the above linkages is relatively small when compared to the overall number of SF borrowers, which accounts for over 400,000. It is estimated that only about 20% of the SF borrowers benefit from a direct linkage with a public or private service provider or business partner. The development of the societies should further promote the linkages of project beneficiaries in particular with services providers and most of the borrowers should enjoy technical support from either government line departments or private service providers.

27. **Supporting Innovations.** Bangla-German Sampreeti (BGS) partnered with SDF under the development market place window in November 2013 to support project youth with skills development and linkage to the formal labor market. During the previous mission, activities had been concluded and BGS was in the process of organizing an experience sharing seminar. A workshop was held in Dhaka on July 27, 2015 and a draft report of proceedings shared with the mission. The draft report included a summary of partnership achievements. A total of 1,344 youth from SIPP project areas benefitted from skills training out of which 141 youth dropped out and the remaining 1,153 youth were facilitated to access both wage and self-employment. 630 youth were formally employed in various sectors such as Garment, Security, Food Processing, Mobile and Hardware. For the 523 youth who became self-employed, the majority (430) were women who took up tailoring at their respective villages while the rest (93) were young men who set up mechanical, electrical and mobile service shops. The draft report also highlighted a number of challenges faced in supporting youth employment such as inability to sustain daily costs associated with attending training and factors affecting dropout rates. While factors have been identified, BGS did not provide indication of which factors are the most prevalent as this information would be useful to SDF to further refine their strategy of support under the new project. A number of lessons were sited and measures taken but need to be further elaborated on. In addition, further details should be provided on qualifying the impacts of the intervention beyond stating that youth are no longer a burden to their families. Information can be provided in terms of the kind of support youth are providing to their families and whether this can be quantified to the extent possible. It is recommended that SDF request BGS to incorporate this guidance prior to finalizing the report. *SDF agreed that the final report will be completed by September 30, 2015 as part of the ICRR input. SDF should collaborate with other similar projects to avoid duplication of efforts.*

28. **Capacity Building.** Following the previous mission's recommendation to undertake a detailed assessment of the extent training received is used for planned activities in livelihood activities, the Capacity Building Cell carried out a survey aimed at evaluating community level training adaptation and its effects on livelihood activities. A total of 1100 community members were randomly selected from 9 districts in 9 Upazilas covering 24 clusters. Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) were used to collect data and 24 case studies were collected on six different trades. Some of the key findings

from the assessment indicated that more was required to better align training plans with community trade based needs. Improvements were required in training methods, materials and training delivery. The mission assessed that the quality of the report was good and provided a basis for better alignment of support provided by different thematic heads to fit existing demands at the community level. As the report focused primarily on livelihoods of 6 key sub-sectors, the livelihoods team should make full use of the report to improve community support and address the challenges identified in the report. *The follow up process of actions taken will be a critical input to the ICR and SDF agreed to share a plan of action with the Bank by September 15, 2015.*

29. Balance Activities and Project Closure. Given that SIPP-II is coming to closure, the mission requested SDF to prepare a current status on spending, committed activities and planned activities. The agreed plan is given in Annex III. *All SIPP II activities are agreed to be completed by SDF by December 31, 2015. GOB has agreed to request the Bank to advance the closing date, disbursement deadline and last transaction date with four months grace period to December 31, 2015.*

Fiduciary Review

30. The overall fiduciary performance rating of the project is Moderately Satisfactory and the associated risk is Moderate. The rating is based on a combination of the performance of SDF during the supervision period between last mission and till August 15, 2015.

31. Key highlights of the performance of financial management are (a) capacity gap of procurement unit at SDF and training needs to fill the skill gap, (b) completeness and accuracy of procurement plan and submission of SEPA for review, (c) update on e-GP readiness, (d) quality of IUFRRs and timeliness of submission, (e) resolution of audit observations from external and internal auditors, (f) internal control restructure for community financing and call back funds, (g) strengthening internal control with detail financial management manual, HR manual and guidelines for NJCS, (h) initiatives for automation for accounting system with integration with SDF, region and district level, (i) review of deferred employee benefit (leave encashment and gratuity), and (j) initiatives for automation of community financing portfolio.

Environmental and Social Safeguards

32. Environment. Environmental safeguards of SIPP II is rated Moderately Satisfactory. The mission has reviewed overall implementation progress of environmental management and safeguards in SIPP-II and noted that all infrastructure sub-projects eligible for funding have completed environmental screening and prepared Environmental Management Plans. The mission is glad to note that GS office buildings at the Southern region have been able to provide shelter during cyclones as the infrastructure designs have duly considered local disaster and vulnerability risks. A total of 6117 tube-wells have been installed in the three regions and arsenic tests performed on 5706 tube-wells revealed that the concentration of arsenic in 149 tube-wells (138 in Barisal, 2 in Rangpur, and 8 in Jamalpur) exceeded maximum permissible limit. The SDF is suggested to complete arsenic test of 411 tube wells installed by the project. Since the occurrence of arsenic contamination in the Barisal region is found to be very high, the mission recommends to provide alternative water sources particularly rain water harvesting in Barisal region. The mission recommends that arsenic test be performed twice a year in order to ensure that project is not providing unsafe water to the community.

33. SDF has initiated several good practices in SIPP-II and the mission is glad to note that a total of 112 households in 78 villages are now producing vermin-compost and 877 households in 184 villages are using Improved Cook Stove. The community members in general and SDF beneficiaries in particular are encouraged to plant fruit and timber tree saplings along the improved roads, within the GS office premises and homestead of project beneficiaries for maintaining green

environment and soil erosion protection. The mission is pleased to note that a total of 33,785 fruit and timber saplings have been planted in the last six months and 1,015,372 since the inception. The mission recommends continuing these good practices in the NJLIP and capturing the impacts of these environmental good practices in the impact evaluation study initiated by the SDF.

34. **Social.** SIPP-II does not trigger OP 4.12 Involuntary Resettlement, or OP4.10 Indigenous People (IP). Under the project, villagers form development committees, identify community priorities and chalk out small projects that benefit the hardcore poor (HCP) and poor. The last quarterly progress report shows that 92% of the village institutions are functioning in an inclusive and accountable manner. **Social safeguards is rated Satisfactory.**

35. Although the project did not trigger OP 4.10, follow up supervision missions show that the project intervention areas in Naogaon, Dinajpur, Mymensing, Barguna, Patuakhali, Jamalpur, and Rangpur have covered pockets where small ethnic and vulnerable community people (SEVCP) live (based on the experience of SIPP II, when Nuton Jibon/ SIPP III was designed, OP 4.10 was triggered and an appropriate framework was designed). The mission notes that SEVCP have been included in cooperatives and common interest groups and have benefited greatly from the project. There is no negative discrimination reported in the project against SEVCP, rather they have gained positive benefits in terms of economic improvement and enhanced social status in the communities through taking on leadership roles in their villages. 85% of SEVCP HHs have been mobilized into the Nuton Jibon Groups and 70% SEVCP HHs have received SF loans. 765 NJG members from SEVCP are holding decision making positions in 128 villages. The project interventions such as cow-fattening, cattle rearing, poultry, fisheries, vegetables, and small shops are socially and culturally suitable for women and SEVCP. Land is purchased directly for the Gram Samity office buildings. Project activities mentioned above and others such as repairing small earthen roads, culverts, school buildings do not require land acquisition, displacement of people or communities and/or negative livelihood impacts. Therefore, OP 4.12 Involuntary Resettlement was not triggered for the project.

36. A significant number of the target HHs (86%) have been mobilized into SIPP II (Project target is 652,000 HHs and achievements as of 10 August 2015 is 564,384 HHs). 35,321 most vulnerable persons have been supported with the One Time Grants and 95% of them started IGAs. All village level institutions like GP, GS, Village Credit Organization, Social Audit Committee (SAC), Procurement Committee and other sub-committees have been constituted as per the guidelines of Community Operational Manual (COM). About 92% decision making positions of the above mentioned village institutions are occupied by women.

Monitoring, Learning and Evaluation

37. **Progress Reporting.** The Monitoring, Learning and Evaluation unit of SDF is producing quarterly/bi-annually/annual reports to review the project's progress. This is currently supported by a partly functional MIS system, which is still limited to Excel based compilation and aggregation at cluster, district, regional and central level. The Bank did receive the third quarterly (January to March 2015) report as well as the annual report of 2014 but later than the deadline. Therefore, the SDF management is being requested to take stern measure to make sure all progress reports including annual report be shared with the Bank and relevant stakeholders in due time. It is noteworthy to mention that there are still some shortcomings of the quarterly progress reports which mostly relate to (i) static reporting on numbers rather than on issues, impacts and results; (ii) lack of detailed information on some of the project activities; (iii) mixing up reporting on SIPP-I and II – a lot of reporting is cumulative reporting over the entire SIPP period; (iv) lack of cross referencing information reported in various sections of the report; and (v) lack of information on next steps, activities for the next quarter.

38. **MIS System.** SDF has created a well-functioning Monitoring and Information System since 2012. The system now allows real time information at all level from village to national level. A predesigned format of collecting information from village called ‘Village Matrix’ is in place for each project village which includes all key milestones and core information of that village. The system is to serve as a management tool for the project to monitor the achievements against set targets, and evaluate the performance of project implementation to make adjustments to improve performance in the implementation processes. However, the MIS is not used on a regular basis for work planning or management reviews. It remains recommended that thematic areas specialists and senior management should use the MIS system more often and proactively to monitor their relevant activities and progress and identify areas in need of support. The MLE unit should discuss with the thematic specialists on what additional information would be useful for them and produce monthly information accordingly. At present, monitoring and reporting system mostly focuses on activities and inputs only, limiting its robustness and usefulness. A fully well functional MIS system is essential to support collection, documentation, analysis and reporting requirements of the project to review the implementation effectiveness periodically to assist the management to make informed decisions for which credible and timely information flow is critical. **Monitoring & Evaluation is therefore rated Moderately Satisfactory.**

39. **Impact Evaluation.** The follow-up survey to the baseline took place in April 2015 and it will be used as the independent IE for documenting impacts of SIPP II. CNRS, the consulting firm hired to undertake the study, have completed data collection and are in the cleaning process. *The data is expected to be available for evaluation towards the end of October and a draft Impact Evaluation report to follow at the end of November 2015. The findings from the report will be used as part of the Borrower’s Completion Report.*

40. **Third Party Monitoring.** The mission team received the quarterly process monitoring reports for the period April-June 2015 for both zones in the North and South. The quarterly reports include brief summaries of key issues identified during monthly field visits in addition to consolidation of project aspects that require corrective action. As earlier agreed, SDF should continue to provide these reports as part of their regular reporting to the Bank. The reports indicate that issues are being taken up and addressed by the SDF team and quarterly monitoring meetings are taking place where findings of the process monitoring are discussed in a general forum that includes communities. The previous mission had requested that SDF include a summary of PM findings in their quarterly reports, however, a review of the most recent quarterly progress report indicates that this has not started to happen yet. It is recommended that the project team ensure inclusion of the summary in all subsequent quarterly reports.

41. **Information and Communication Technology (ICT).** SDF is planning to pilot the proposed ICT application under SIPP II and then roll it out under NJLIP. A total of 30 villages (10 villages per district in three districts - Rangpur, Mymensingh and Barisal) have been identified for the pilot. Each community will be provided with one laptop and 3G internet connection facility. SDF, in collaboration with Data Soft Company (the software company which developed the MIS software for SIPP-II), has developed an additional module for recording the financial transactions of the Village Credit Organizations (VCOs). This module does not have facilities to track all of the village expenses and as such it needs some modifications. SDF conducted training on this software to relevant staff at cluster, district, region, and headquarter level. Thirty beneficiaries at community level for basic computer operation and Bangla software training have been identified; of which majority of them are youth member of Gram Samiti and completed higher secondary school certificate. A concept note was prepared by SDF and agreed with the Bank. Procurement of the consultants to complete the package and start piloting is underway.

42. **CARTA.** The final report for the independent third party monitoring initiated under funding from CARTA (Citizen Network for Results, Transparency and Accountability) was submitted to the mission. The report highlighted a number of areas in which SDF could improve the quality of implementation.

Record keeping of loan documentation was an area cited for improvement and the need to closely monitor the loan process. The performance of SACs especially in Jamalpur and Gaibandha were a source of concern as these are among the districts that the project is phasing out from. As District Societies become functional, they will need to take this issue up and ensure that their member village organizations are accessing adequate training and support for proper functioning of Social Audit Committees. The report provides key lessons and recommendations that SDF should take on board for the new project such as the need for continuous training in key project activities for improved community performance. The findings from the report need to be addressed and documented as part of the completion process and will be an input to the ICR.

43. ***Social Observatory.*** In response to recommendations that came out of the Social Observatory Team visit to Bangladesh during the previous mission, the project has made some modifications to its reporting of process monitoring. A summary of key findings has been incorporated in the report that highlights critical issues to be addressed. It is the expectation of the mission that SDF take full advantage of the improved presentation of data to focus on the key issues where remedial action needs to be taken.

Governance Aspects

44. ***Exit Strategy and Misappropriation of Funds.*** The mission noted the continuous progress made in the implementation of the exit strategy from villages that had been earlier identified to have had conflict, been washed away and lacked motivation to participate in project activities. During the previous mission, it was reported that 74 villages (all from SIPP-1 in Jamalpur and Gaibandha) were in the process of being exited. SDF efforts to provide facilitation support resulted in the activation of activities in 2 villages leaving 72 villages to be withdrawn from. Based on information presented to the mission, SDF reported that out of 72 villages, 57 villages have already completed the withdrawal process and been given hand over letters. *SDF agreed that the process for the remaining 13 villages is almost complete and expected to be finalized by August 31, 2015.*

45. The recorded cases of misappropriation of funds have been updated since the last mission and currently involve 71 villages, up from 61 villages reported during the previous mission. A total of BDT 14.7 million was reported to have been misappropriated and BDT 8.9 million recovered so far. Jamalpur, Gaibandha and Dinajpur recorded the highest proportions of misappropriation but progress or recovery is evident in both Jamalpur and Gaibandha. Dinajpur remains with the lowest recovery rate and SDF should step up efforts to improve the recovery rate. A number of actions have been taken by SDF as part of disciplinary efforts including the termination of 23 staff members from their positions on account of involvement in misappropriation. Further, legal action has been taken in 22 villages where cases are pending actions and decisions before the courts of law. The project team is encouraged to continue reporting and updating the list as required and as part of good governance practice.

46. ***Governance Actions and GAAP.*** Following the request by the mission for more detailed information concerning implementation of GAAP, the project has made efforts to provide additional information on the number of GAAP plans implemented, number of risks identified and those mitigated. For the first half of the year, a total of 852 GAAP reviews have been conducted in which 3,887 risks were identified and 75% of issues addressed. More encouraging observations have been made in village organizations relating to record keeping, project awareness and active participation among others. The project should make all efforts to continue reporting on the effectiveness of the action plans and provide additional information on efforts made to address remaining risks as part of the standard reporting procedure.

47. ***Grievance mechanisms.*** The project reported that a total of 212 grievances had been recorded covering services and benefits, work environment, relationship reporting, discipline and conduct, misconduct with primary beneficiary and anonymous letters. Out of the complaints received, 185 (87%)

were addressed and the remaining 27 (13%) lacked merit and could not be pursued further. Among actions taken were arbitration, issuance of warning and explanation letters, transfers and regular follow up to ensure compliance with mechanism in place. It was reported that 15 staff members were issued with warning and show cause letters. SDF is reminded of the importance of reporting and keeping proper documentation of the process to demonstrate use of the system and understand its effectiveness. This information will also be a key input into the upcoming ICR.

48. ***Allegations on Corruption, Misuse and Misbehavior.*** In October and November 2014, SDF received two letters (one also submitted to the Bank) making allegations of various kinds against the regional director and some district staff in Rangpur region, ranging from misbehavior, lack of work ethics, additional activities outside of work program, motorcycle renting procedures, to encouragement of reporting and reporting better results on village progress and performance than in reality. In addition the Bank received two additional complaints (one email, one letter) in February 2015 alleging the potential likelihood of misappropriation of village funds in Rangpur and Barisal regions.

49. Following an agreement which was made between the Bank and SDF, a site visit was undertaken by the 3-person team constituted to probe the allegations in December 2014 and then in March 2015 to Rangpur Region covering 10 villages in Gaibandha, Nilphamari and Rangpur districts and 7 cluster offices. The probe committee held separate meetings with district teams and a special meeting with the District Manager and 2 female staff from Kurigram district to assess working environment. In total, 95 staff at different levels were interviewed and written statements obtained from them. The Enquiry Report submitted to the mission team included a matrix of the key issues reviewed by the probe committee and the outcomes of those investigations. A number of recommendations were made and SDF Management has been addressed and followed them up. One of our staff from WB also visited Rangpur region from May 2 to 7, 2015 and discussed and interviewed several staff from cluster to regional level and found that the allegation against Regional Program Director is not true. With regard to the financial allegations, the mission appreciated that the probe committee was able to verify that the process of recalling funds had followed the proper procedures along with amendments of the Umbrella Agreements signed with the GPs. What the report was not able to state though was whether these funds were properly recorded in the accounting system of SDF. It is important that any revisions relating to funding are properly recorded in the books of accounts at HQ level. Additionally, while the mission appreciates the work conducted by the probe team, it would encourage the inclusion of finance/community finance personnel in such teams when it comes to matters of finance. SDF is expected to remain vigilant in addressing similar issues in the future and also taking necessary action along with documented evidence to show what has been done.

50. ***Communication Strategy.*** The Communications team has completed a solid analysis of communication needs and preferences among targeted communities in the three regions that should guide the production of communication products throughout the implementation of NJLIP. The analysis shows a need for more graphic intensive communications—pictures, posters, video, television spots, etc. that can be better understood by illiterate populations. This, coupled with findings from the capacity building analysis that identified the need for more visual products that trainees can keep after courses, signal the need for close collaboration between Communications, Capacity Building, and the Technical units. The mission discussed a joint campaign with SDF focusing on youth employment, particularly for those who migrate for international jobs. The above three units should develop a campaign that educates youth about their rights, safe avenues for finding migrant jobs, questions to ask at job fairs, and how to seek help when in overseas. SDF can also explore potential partnerships with government agencies and NGOs to educate youth about the dangers of human trafficking. On the website, the Communications Unit should take the lead in developing content for the site and feeding content for upload to the IT specialist as needed. This will free up time for the MIS to concentrate on upgrading the MIS system to support real-time management decision-making. The Communications Unit should also open an SDF Facebook page and cross post news items and case studies.

51. **VCO Computerization in SIPP-I and SIPP-II Villages.** Previous missions extensively discussed the goal of ultimately computerizing VCO records in SIPP-I and SIPP-II villages (this provision is available for new villages under NJLIP) as critical for, among other things: (i) improving the accuracy of the data handled by these VCOs; (ii) facilitating the production of vital financial ratios and basic books of accounts (balance sheets, profit/loss statements, cash flow statements, etc.); and (iii) facilitating timely transmission of VCO data to second-tier institutions (“Societies”), as well as to SDF, which is vital for effective monitoring and timely intervention. A pilot is agreed to be launched to understand the constraints and opportunities of a computerization of the microfinance transactions at the VCO level. SDF, with the support of a service provider, is developing software to capture these elements, as part of its monitoring and evaluation system. The mission was informed that parts of the user interface have been developed, but the software is not yet completed. The mission discussed and agreed on a concept note for the pilot, which states the key objectives/expected outcomes of the pilot (i.e. the parameters against which the pilot’s success/failure will be judged). The mission also agreed on the way forward for implementing the pilot including a time-bound action plan, which is attached in Annex VI.

52. **Lessons Learned:** Allocation of funds to project villages should be based on the number of project beneficiaries and not on total population. A simple village community institutional structure along with strict enforcement of manuals and simple business processes is necessary to operate the funds of livelihood activities under community financing. Appropriate capacity building and training for project staff and beneficiaries on technology, processes and procedures is necessary to increase economic returns of the livelihood activities. CDD operations could incorporate climate change and natural disaster risks into community planning process, but execution of such activities should be carried out by authorized agencies with appropriate risk standards and adequate funds. Producer groups should be adequately guided and linked to markets and commercial businesses to achieve the economies of scale and to ensure sustainability. A robust MIS with regular assessments and reliable grievance redressal mechanism is necessary to ensure smooth and satisfactory implementation of CDD operations.

Preparation for the Implementation Completion Report

53. The mission agreed with the SDF team that the legal closing date for SIPP II will be December 31, 2015. Thematic studies on youth employment, livelihoods, and infrastructure are underway, and should be ready by mid to late September. An additional study on community finance was agreed, and SDF will share the TOR for the study by August 30, 2015. Impact evaluation data collection is complete; data results are expected by mid-October and the full report should be completed by end of November 2015. SDF should be able to sufficiently develop the BICRR by end-November 2015, so the ICRR mission will be scheduled for that time. *It is expected that the Bank's draft ICRR would be ready for internal review by March 31, 2016.*

C. NJLIP

Key Project Data

Project Data		Project Performance Ratings	
Board Approval:	25 February 2015	Original Cr. Amount:	US\$ 200 million
Effectiveness Date:	03 August 2015	Amount Disbursed:	US\$ 0.00 million (0.00 %)
Original Closing Date:	30 June 2021	Achievement of PDO	Not Assessed
MTR Date:	25 October 2018	Implementation Progress	Not Assessed

Development Objectives

54. The Project Development Objective (PDO) is to *improve the livelihoods of extreme poor communities and to strengthen the community institutions in selected districts*. The project is effective since August 03, 2015. The project will work (i) on second generation activities in 9 districts supported by SIPP II, (ii) on village development in villages supported by SIPP II and new villages in 7 districts, and (iii) on development of villages in 5 new districts. Specific assistance on productive investments in all SIPP II villages is also available under NJLIP. As such, 1,815 existing villages and 2,500 new villages will be covered under this project. The non-negotiable project principles would be inclusion, equity, participation, transparency and accountability in addition to the ten golden rules, “Dosh Neeti”. In addition to development and strengthening of community organizations, financing of community plans, and business development and institutional strengthening, nutrition awareness and support would be also provided through Partner Organizations.

Implementation Status

55. SDF has completed meetings and discussions with district Deputy Commissioners. Meetings with Upazilas are now underway. IEC campaign in Unions will commence soon. Approval from Ministry of Finance has been obtained on August 16, 2015 to open the DA and then the local BDT account at Shonali Bank. SDF has plans to submit the application for six month advance to the Bank by September 15, 2015.

56. **Project Manuals.** The project has completed a final set of project manuals for NJLIP. This includes (a) a Community Operation Manual, (b) a Project Implementation Plan (PIP), a Human Resource Policy & Manual, and (c) an Implementation Manual for the Productive Investment Fund (PIF). The mission discussed the contents and details of these manuals with the SDF key staff in detail to get ready with the project implementation.

57. **Project Implementation Readiness.** The project has been declared effective on August 03, 2015. Reallocation of staff to all agreed positions is completed and the vacancies will be filled through competitive process. SDF has agreed to maintain the staff positions as per the agreed organogram. All manuals are being printed and they will be made available to all project staff by August 31, 2015. Counterpart funding from the GOB is expected by September 30, 2015. The revised Procurement Plan has been reviewed by the Bank and returned for further revision. *SDF agreed to submit the revised work plan to the Bank by August 31, 2015.*

58. **Environment.** The final version of the Environmental and Social Management Framework (ESMF) of the Nuton Jibon Livelihood Improvement Project (NJLIP) has been disclosed by the SDF and shared with the regional and district offices. The mission recommends that a copy of the ESMF be shared with all cluster offices so that field staffs can use the document as a ready reference. As agreed during the last mission, SDF recruited a consultant for preparation of an Operational Manual so that the recommendations of the ESMF are sufficiently incorporated into

the COM manuals and also translated into simple guidelines to be used by the cluster offices and respective SDF staffs in the planning and implementation of sub-project. It was also agreed that the consultant would prepare training modules and provide training on environmental and social safeguard issues to all SDF staff that are assigned safeguard functions. The mission is concerned that the assigned tasks have not been completed by the consultant yet. The mission recommends that SDF should take proactive action to complete these tasks without compromising quality of the Operational Manual and training to facilitate implementation of environmental safeguards and management in the infrastructure and livelihood components of the NJLIP.

59. To mainstream environment into the NJLIP interventions, it was agreed that SIPP II staffs to be transferred to NJLIP for infrastructure and livelihood activities will also be responsible for environmental management and safeguards. The mission has reviewed the Terms of Reference (TOR) of the Manager, Infrastructure and Manager, Livelihood based at the PMU in order to make sure that relevant activities on project's environmental management and safeguards are duly incorporated in their TOR. As recommended by the mission, SDF incorporated environmental tasks in the TOR of Manager, Livelihoods. The mission also recommends that the relevant environmental management functions be included in the TORs of SDF staffs based in regional, district and cluster offices in order to make the NJLIP interventions environmentally sustainable.

60. **Overlap of SIPP II and NJLIP Implementation.** The implementation of SIPP II is expected to be closed on December 31, 2015. But, the IDA funds are adequate to meet expenses only till August 31, 2015. NJLIP Credit was signed on June 30, 2015 and the implementation is now on. The DA has been opened and the first disbursement from IDA is expected by mid of September 2015. The counterpart fund from GOB is expected by mid of September 2015 and this will be used for operation expenses such as salaries of staff of NJLIP at national, regional and district levels. NJLIP has no provision for retroactive financing.

61. **Agreed Actions.** Actions agreed with SDF during this mission are stated below:

	Agreed Actions	By Whom	By When
SIPP II			
1	Format of activity report sheet to monitor societies will be submitted to the Bank	SDF	September 15, 2015
2	Isolated data of SIPP II from overall SIPP program will be submitted to the Bank	SDF	September 15, 2015
3	A note on utilization of emergency funds in villages will be submitted to the Bank	SDF	September 30, 2015
4	Format on systematic information collection and assessment of NJCSs will be submitted to the Bank	SDF	September 30, 2015
5	Complete registration of 4 district community societies	SDF	October 31, 2015
6	Draft MOA and AOA for registration of GPs will be submitted to the Bank	SDF	September 15, 2015
7	Report on productivity, financial returns and technology adoption of livelihood activities will be submitted to the Bank	SDF	September 30, 2015
8	Final report on supporting innovations will be submitted to the Bank	SDF	September 15, 2015
9	Report on assessment of capacity building of SDF staff will be submitted to the Bank	SDF	September 15, 2015
10	Release agreed performance grants to 'A' and 'B' grade villages	SDF	September 15, 2015

11	All SIPP II activities will be completed and the project will be closed	SDF/ WB	December 31, 2015
12	Draft impact evaluation report	SDF/ WB	November 30, 2015
13	Submit evaluation report on training of beneficiaries on livelihoods to the Bank	SDF	September 15, 2015
14	Initiate action against those responsible for the ineligible expenses and complete the refund to the Bank	SDF	ASAP
15	Submit request for early closing date to the Bank	SDF	ASAP
16	Complete Borrower's ICRR and submit to the Bank	SDF	November 30, 2015
17	Complete Bank's draft ICRR for review and processing	WB	March 31, 2016
NJLIP			
18	Submit revised work plan and procurement plan to the Bank	SDF	August 31, 2015

62. *Next missions.* The next implementation support mission for NJLIP is tentatively planned for first week of December 2015. An ICRR preparation mission for SIPP-II is also tentatively planned for the first week of December 2015.

Annex I

SIPP II Results Framework

Revised Project Development Objective: *To improve the livelihoods of extreme poor households and to strengthen the community institutions in selected districts*

PDO Level Results Indicators	Core	D= Dropped C= Continue N= Ne R=Revised	Unit of Measure	Baseline	Cum. Progress as of Dec. 2014	Cum. Progress as of June 2015	EoP Target	Data Source/ Methodology
Indicator One: Village institutions supported by the project are functioning in a transparent, inclusive and accountable manner, as per project guidelines	<input type="checkbox"/>	C	Number	1,224 ⁵	2,846 ⁶	2987	2,753	MIS & Internal assessment report
Indicator Two : Direct project HHs beneficiaries	<input checked="" type="checkbox"/>	N	Number	258,113	616,036	620,893	652,000	MIS report
Indicator Three: Direct beneficiary women as a share of direct project HHs beneficiaries	<input checked="" type="checkbox"/>	N	Percentage	90	94	94	90	MIS report
Indicator Four: Increase in HHs income by at least 50 percent against base year for 50 percent of targeted households by the end of the project	<input type="checkbox"/>	C	Percentage	11	35 ⁷	61	50	SDF study results. Impact assessment study is on-going.
Indicator Five: Targeted households benefiting from improved access to community infrastructure or social services sub-projects	<input type="checkbox"/>	C	Percentage	29	81	92 ⁸	80	MIS & Monitoring report

⁵ Baseline value is end achievements of SIPP-I (as per ICRR). 1,407 (excluding 40 pilot villages of SIPP-II) village institutions were formed at the end of the project (June'11). 1,224 fund recipient villages out of the 1,407 villages found functioning in a transparent, inclusive and accountable manner.

⁶ SIPP-II is a consolidation and scaling up of SIPP-I activities and involves a total of 3,262 villages. In total, 92% (2,987/3,262) villages are functioning in an inclusive, transparent and accountable manner.

⁷ Mid Term Impact Assessment (*July- Sept'13*) showed that 35% (from the sample respondents) HCP and Poor HHs members' income have been increased by 50 percent since the baseline, whereas the target is 50 percent by the end of the project.

⁸ Estimated from PAD, total direct HHs for SIPP I and II – 1,141,700(3262*350). Infrastructure works have been completed in 2987 villages where the direct benefited HHs from completed infrastructure sub-projects are 10,45,450 which is 92% (10,45,450/1,141,700) of total direct beneficiaries.

PDO Level Results Indicators	Core	D= Dropped C= Continue N= New R=Revised	Unit of Measure	Baseline	Cum. Progress as of Dec. 2014	Cum. Progress as of June 2015	EoP Target	Data Source/ Methodology
INTERMEDIATE RESULTS								
Intermediate Result (Component A): Community and Livelihood Development at the Village Level : A.1 -Development and Strengthening of Community Organizations Inclusive, accountable and sustainable village institutions formed and accountable for receipt and effective use of resources, according to project rules								
<i>Intermediate Result Indicator One: Targeted vulnerable and marginalized beneficiary population holding decision making positions.</i>	<input checked="" type="checkbox"/>	N	Percentage	100	100 ⁹ (39,255)	100 (39,255)	80	MIS report
• <i>Female beneficiary</i>		N	Percentage		94 (36,900)	94 (36,900)		MIS report
• <i>Reps in comm. based decision & mgt. str. from vul./marg. beneficiaries-male</i>		N	Percentage		6 (2355)	6 (2355)		MIS Report
• <i>Target beneficiaries/ People participating in community based decision making & mgt str. – female</i>		N	Percentage		94 (580,092)	94 (582,265)		MIS Report
• <i>People participating in community based decision making & mgt str. – male</i>		N	Percentage		6 (35,944)	6 (35,964)		MIS Report
<i>Intermediate Result Indicator Two : GSs accessing and managing project funds as per agreed rules and service standards as in the COM</i>	<input type="checkbox"/>	R	Percentage	33	99 (3,230)	99 (3,235)	80	MIS report

⁹ The targeted beneficiaries are from vulnerable and marginalized population and holding decision making positions (GS, VCO, SAC & SSC) as per COM.

PDO Level Results Indicators	Core	D= Dropped C= Continue N= New R=Revised	Unit of Measure	Baseline	Cum. Progress as of Dec. 2014	Cum. Progress as of June 2015	EoP Target	Data Source/ Methodology
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A.2: Village Development and Risk Reduction Fund (VDRRF) Establishment and use of VDRRF for productive and social infrastructure, livelihood assets, service sector investment and risk mitigation measures

<i>Intermediate Result indicator One: NJG members having mob. savings and accessed additional sources of finance</i>	<input type="checkbox"/>	C	Percentage	17 ¹⁰	60 (389,068)	70 ¹¹ (453,292)	80	MIS report
• <i>HCP NJG member</i>			Percentage		35 (228,934)	39 (253,686)		MIS report
• <i>Poor NJG member</i>			Percentage		25 (160,134)	31 (199,606)		MIS report
<i>Intermediate Result indicator Two : Completed community infrastructure subprojects being operated and maintained by communities</i>	<input type="checkbox"/>	C	Percentage	43 ¹²	71 (2,866)	88 ¹³ (3,774)	80	MIS report
Intermediate Result (Component B) :Institutional Development and Livelihoods Promotion at the Inter-village Level - B.1: Development and Strengthening of Inter-village Organizations								
<i>Intermediate Result indicator One: Villages having at least 5 Community Professionals (CPs) identified, trained and offering services</i>	<input type="checkbox"/>	C	Percentage	0	14	22 ¹⁴	70	MIS report

¹⁰ Total targeted Nuton Jibon Group members/HHs: 652,400 (3262*@200) ≈ 652,000.

¹¹ Including vulnerable who received one-time grand from project

¹²At the end of SIPP-I, 1376 community infrastructure sub-projects operated and maintained (source: ICRR).

¹³ A total of 6,088 community infrastructure sub-projects (including GS Office buildings) have been completed as of June '15 out of which 1784 GS Office building being maintained regularly. The rest of 4,304 (6,088-1784) community infrastructure sub-projects are operated and maintained by the community annually. As of June 2015, a total of 3,774 sub-projects [88 %=(3,774*100/4,304)] are being operated and maintained by communities.

¹⁴ A total of 5287 trained CPs have been identified from 2627 villages out of which there are 585 villages having 5 CPs are offering services.

<i>Intermediate Result indicator Two: GSs and VCOs of Phase 1 villages federated at Upazila/cluster level.</i>	<input type="checkbox"/>	C	Percentage	0	75	76 ¹⁵	50	MIS report
PDO Level Results Indicators	Core	D= Dropped C= Continue N= New R=Revised	Unit of Measure	Baseline	Cum. Progress as of Dec. 2014	Cum. Progress as of June 2015	EoP Target	Data Source/ Methodology
B.2: Business Promotion. Livelihoods and Market linkages								
<i>Intermediate Result indicator One: Business partnerships established through public/private partnerships with communities</i>	<input type="checkbox"/>	C	Number	1 ¹⁶	7	7	10	MIS report
B.3: Creating Conditions for Employment Generation								
<i>Intermediate Result indicator One: Direct jobs created through project facilitation (and at least 50 percent of them are sustained at EOP)</i>	<input type="checkbox"/>	R	Number	7,893 ¹⁷	44,800	48,781	50,000	MIS report
Intermediate Result (Component C):Capacity Development and Partnership Building from Ouster to National Levels- C.1: Capacity building of SDF staff and other relevant agencies Project teams at various levels -State, District - Cluster - other service providers and partners working with the target								
<i>Intermediate Result Indicator One: Staff performance appraisal results (following HR Policy) of staff performing at Grades A and B, annually from year 2</i>	<input type="checkbox"/>	C	Percentage	0	88	89 ¹⁸	70	Appraisal report
<i>Intermediate Result Indicator Two: Villages (Gram Samiti, Social Audit Committee and VCO) rated as A or B grades</i>	<input type="checkbox"/>	C	Percentage	N/A	83	85 ¹⁹	70	MIS report

¹⁵ Out of 1407 Phase-I villages, 1,071 villages (Gainbandha – 384 + Jamalpur – 435 and Barguna – 252) have been federated at Cluster level

¹⁶ Community established partnership with *Grameen Phone Ltd.* for ICT Pilot Program at village level.

¹⁷ Source: ICRR. including BL value

¹⁸ Staff performance is being done after completion of one year service of each staff and it's a continuous process.

¹⁹ A total of 3171 villages have been graded as per Phasing out plan and 2703 (85%) are graded A&B.

C.2 :Supporting Innovation Improved access to new technologies, markets and partnerships for innovation								
<i>Intermediate Result indicator One: successful proposals for Innovation Pilots awarded by EOP under the Competitive window</i>	<input type="checkbox"/>	C	Number	0	2	2	9	Monitoring report
<i>Intermediate Result (Component D):Project Management, Monitoring and Coordination : The project is well managed, coordinated and monitored; and service standards are established and met</i>								
<i>Intermediate Result indicator One: GAAP recommendations implemented and reviewed annually with the community representatives of project villages</i>	<input type="checkbox"/>	C	Percentage	0	67	71 ²⁰	70	Monitoring report
<i>Intermediate Result indicator Two: Process monitoring recommendations reviewed and implemented/actions taken by SDF Management</i>	<input type="checkbox"/>	C	Percentage	86	81	83 ²¹	70	Monitoring report
<i>Intermediate Result Indicator Three: Complaints and Grievance Redressal system established by SDF and complaints received and addressed</i>	<input type="checkbox"/>	C	Percentage	0	82	87 ²²	80	Monitoring report

Annex II

Summary of Key Project Activities and Progress

²⁰ GAAP has been prepared in 3172 villages where 34,118 number of risks have been identified/ reviewed and taken actions to mitigate of 24,127 (71%) risks as of June .15

²¹ Total 448 issues identified by PMAs in three regions (Northern & Southern zones) and 372 (83%) issues have been resolved as of June 2015.

²² A total of 212 issues/complaints received of which 87% (185) addressed.

Table 1 - Description of SIPP Batches of Villages

New Batch Number	Description of the Batch
Batch-I	943 villages in SIPP-I and Additional Financing –I, which received VDF
Batch-II	200 villages in SIPP-I, Additional Financing–II –Flood which received FRF
Batch-III	100 villages in AF-II, - Flood and 274 villages under AF-III which received VDRRF
Batch-IV	40 villages where the SIPP-II pilot model was tested under AF-II -Flood which received VDRRF
Batch-V	90 villages under AF-III which received VDRRF
Batch-VI	140 villages under AF-III but not started during SIPP-I which are receiving VDRRF
Batch-VII, VIII, IX	Three batches of new 1,675villages planned under SIPP-II which are receiving VDRRF

Table-2: OTR Performance at Different Levels as of June 2015a/

OTR strata	# of villages			
	Internal Lending	Skill dev. Loan (Youth)	Employment Loan (Youth)	SF Loan
≥ 95%	1,575	1,282	1,154	1,968
≥ 90% - < 95%	147	137	133	341
≥ 75% - < 90%	141	140	115	355
≥ 60% - < 75%	85	80	82	177
< 60%	268	289	181	337
Total	2,216	1,928	1,665	3,178

a/ note comments on OTR measurement in community finance section

Table-3: Progress of CISF implementation (June 2015)

Type of Infrastructure sub-projects	Completed infrastructure sub-projects			Total on going Infra. sub-project as of Jun. '15
	Cum. status as of Dec.'14	Cum. status as of June '15	Progress during Jan. – Jun. '15	
A. GS Office Building	1,211	1,784	573	156
B. Construction of CIWs				
Earthen Road	1,487	1,578	91	20
Culvert (Piped/Box/ U-type)	1,103	1,173	70	17
Tube-well	919	1,018	99	11
Latrine/ Urinal	94	95	1	0
Cannel	1	1	0	0
Market Shade	3	3	0	0
Private School Building Repairing	88	94	6	1
Drain	38	50	12	7
River Loop Cutting	1	1	0	0
Others	276	291	15	2
Sub-total (B)	4,010	4,304	294	56
Total CISF (A+B)	5,221	6,088	867	212

Table-4: Utilization of SF loans by activity, up to June 2015 (No. of borrowers)

Livelihood activities	Achieve as of Dec. 14	Progress (Jan to June '15)					Cumulative progress.
		Rangpur Region	Jamalpur Region	Barisal Region	Total	% of invest	
Livestock sector	354,554	31,05	29,058	7,12	67,242	66%	421,796
Transport sector	34,192	1,816	940	1,36	4,121	4%	38,313
Agriculture	67,258	5,903	3,164	2,34	11,413	11%	78,671
Small trade	129,008	3,995	3,995	5,85	13,845	14%	142,853
Fisheries sector	22,728	933	590	2,23	3,760	4%	26,488
Others	12,867	1,123	152	445	1,720	2%	14,587
Total	620,607	44,82	37,899	19,3	102,101	100%	722,708

Table-5: Revolving of SF for IGAs as of June 2015 (No. of beneficiaries)

Livelihood cycle	Achieve as of Dec. 14	Progress (Jan to Jun '15)				Cumulative progress
		Rangpur Region	Jamalpur Region	Barisal Region	Total	
1 st cycle IGA	389,068	14623	11351	2929	28903	417971
2 nd cycle IGA	164,223	21709	11907	7404	41020	205243
3 rd and above cycle	67,316	10646	14641	9044	34331	101647

Table-6: Progress of One Time Grant to Vulnerable- as of June 2015 (No. of beneficiaries)

Name of activities	Achieve as of Dec. 14	Progress (Jan to Jun '15)				Cumulative progress
		Rangpur Region	Jamalpur Region	Barisal Region	Total	
# of vulnerable received one time grant	35,192	111	18	0	129	35321
# of vulnerable started small scale IGA	33,725	41	21	1	63	33828

Table-7: Progress of Mini Farms

Type of mini farm	Achieve as of Dec. 14	Progress (Jan to Jun '15)				Cumulative progress
		Rangpur Region	Jamalpur Region	Barisal Region	Total	
Beef fattening	4,561	452	415	31	898	5459
Dairy cow	6,015	816	784	143	1743	7758
Goat rearing	2,706	51	77	105	233	2939
Poultry rearing	1,811	89	17	311	417	2228
Vegetable	610	39	221	238	498	1108
Fish culture	44	46	13	42	101	145
Other farming	82	0	22	82	104	186
Total	15,829	1493	1549	952	3994	19823

Table-8: Progress of innovative IGA as of June 2015

Livelihood activities	Achieve as of Dec. 14	Progress (Jan to Jun ,15)				Cumulative progress
		Rangpur Region	Jamalpur Region	Barisal Region	Total	
Quail rearing	48	14	7	0	21	69
Rabbit rearing	22	1	2	0	3	25
Bee keeping	45	15	1	0	16	61
Basok medicine plant	45	4	0	0	4	49
Vermi-compost	87	78	47	2	127	214
Breeding buck	23	27	0	0	27	50
Crab cultivation	33	0	0	5	5	38
Ox rearing	11	9	1	3	13	24
Incubation of duck eggs by rice husk incubator	30	0	8	0	8	38
Squash cultivation	11	2	0	0	2	13
Candle making	2	2	42	0	44	46
Thonga/ bag making	-	-	42	-	42	42
Total	357	151	150	10	311	668

Table-9: Status of the Youth skill development training

Event	Rangpur		Jamalpur		Barisal		Total	
	as of Dec. 14	as of Jun. '15	as of Dec. 14	as of Jun. '15	as of Dec. 14	as of Jun. '15	as of Dec. 14	Cum Progress as of Jun. '15
Skills Dev. Training	21,119	21,220	14,890	19,233	8,744	10,177	45,753	50,630
Employed	20,242	21,027	14,521	17,846	8,358	9,908	44,823	48,781

Table-10: Status of Village Grading as of June 2015

Region	Total # of Clusters	# of villages	Grading Status (as of Jun.'15)				Total Graded Villages	%
			A	B	C	D		
Rangpur	43	1,420	768	422	80	89	1,359	96
Jamalpur	36	1,133	410	419	124	151	1,104	97
Barisal	45	709	521	163	19	5	708	100
Total	124	3,262	1,699	1004	223	245	3,171	97

Table-11: Progress of ECCRR as of June 2015

Activity	Target SIPP-I	Achievement SIPP-I	Target SIPP-II	Achievement SIPP-II	Total Target	Total Achievement
# of villages completed participatory vulnerability analysis	159	159 (100%)	2,360	2,229 (94%)	2,519	2,388 (101%)
# of villages formed Disaster Volunteer Teams (DVT)	265	265 (100%)	2,104	2,088 (99%)	2,369	2,353 (99.3%)
# of Disaster DVT members trained	1,120	1,120 (100%)	18,661	18,183 (97%)	20,152	19,303 (96%)
# of villages set up emergency fund	159	159 (100%)	1,641	1,366 (83%)	1,800	1,525 (85%)
# of villages purchased disaster preparedness tools and is well equipped with disaster risk management equipment.	159	159 (100%)	2,360	2185 (93%)	2,519	2,344 (93%)
# of infrastructure sub-projects for which Environment Management Plan (EMP) is required and implemented	265	265 (100%)	4050	4036 (100%)	4315	3682 (91%)
# of villages are implementing risk reduction plan	159	159 (100%)	2319	2247 (97%)	2519	2406 (96%)

**Fund Disbursement & Forecast
Period: July and August 2015**

Figures in Million BDT

Component	Committed (Jul. to Aug. '15) Contract signed						Planned-Aug. '15					
	Actual July '15	Estimate Aug '15	Total (Jul-Aug '15)	Start Date	Completion Date		Actual July '15	Estimate Aug '15	Total (Jul-Aug '15)	Start Date	Completion Date	
A	Community and Livelihood Development at Village Level											
A1	Development and Strengthening Community Organizations:	\$ 0.60	\$ 1.88	\$ 2.48				-	\$ 0.06	\$ 0.06		
		47.39	146.32	193.71				-	4.00	4.00		
	Cluster Team's salary	46.40	36.85	83.25		31//8/'15	Printing of 11,000 COM Booklet in English & Bengali.		4.00	4.00	6/8/'15	31/8/'15
	Cluster Team's ELE payable (Actual amount will be determined after completion of ELE audit)		107.30	107.30		31//8/'15						
	Rent (124 nos. Cluster Offices)	0.42	0.97	1.39		31//8/'15						
	Utilities (124 nos. Cluster Offices)	0.18	0.16	0.34		31//8/'15						
	Printing & Stationeries (124 nos. Cluster Offices)	0.12	0.18	0.30		31//8/'15						
	Repair & Maintenance (124 nos. Cluster Offices)	0.17	0.25	0.42		31//8/'15						
	Communication Costs (Internet, Cell phone costs etc. for 124 nos. Cluster Offices)	0.10	0.61	0.71		31//8/'15						
A2		\$ 0.32	\$ 0.30	\$ 0.62				-	\$ 0.33	\$ 0.33		

	Financing of Village Development and Risk Reduction Plans :	25.21	23.45	48.66				-	73.01	73.01		
	VDRRF	25.21	23.45	48.66			VDRRF (Proposals submitted by District teams have been appraised: Barisal - 25 Vil. for CISF Office Building 2nd/3rd Instalments, Jamalpur-IDF (2nd) 10 nos. SF (2nd) 20 nos. Office Building (2nd/3rd) 22 nos., Rangpur-IDF (2nd) 43, SF (2nd) 68 nos. & Office Building (2nd) 07 nos.		25.47	25.47		
							Performance fund for A & B grade SIPP-II 1689 villages.		47.54	47.54		
B	Institutional Development and Services at Inter-Village and National Levels											
B1	Development and Strengthening of Inter village Organizations:	\$ 0.004	-	\$0.004					\$ 0.17	\$ 0.17		
		0.290	-	0.290					12.87	12.87		
	Training to sub-committees of NJCS	0.290	-	-			IDF for NJCS (Naogaon: 6-Cluster NJCS and 1-District NJCS and Kurigram: 6-Cluster NJCS and 1-District NJCS)		12.13	12.13	6/8/15	20/9'15
							Training to sub-committees of NJCS (Different sub-committees of District and Cluster NJCS at Kurigram, Naogaon, Sherpur Districts)		0.74	0.74	6/8/15	20/9'15
B2	Business Promotion and Livelihoods and Market Linkages :	\$ 0.01	\$ 0.02	\$ 0.03				-	\$ 0.01	\$ 0.01		
		0.18	1.51	1.69				-	0.93	0.93		

	Consultancy Fees for PIF Manual		0.51	0.51	1/6/'15	15/7/'15	Stakeholder Workshop (4 workshops, Duration 1-day, Participants: Different service providers and market operators, 30 person per workshop.)		0.38	0.38	1/8/'15	31/8/'15
	Consultancy Fees for IGA Survey		1.00	1.00	27/5/'15	26/8/'15	Skill Training (4 Batches, 1-day, Participants: Producer Group members and LSP per batch 35 persons)		0.35	0.35	1/8/'15	31/8/'15
	Thematic Meeting	0.10		0.10			Thematic Meeting (1 no., 1-day, Participants: DO & CO total 30 participants)		0.03	0.03	1/8/'15	31/8/'15
	Exposure Visit	0.08		0.08			Exposure Visit (2 nos, 1-day, Participants: Staff and producers total 35 participants)		0.17	0.17	1/8/'15	31/8/'15
B3	Creating Conditions for Employment Generation	\$ 0.0003	\$ 0.02	\$ 0.02				-	\$ 0.01	\$ 0.01		
		0.02	1.91	1.93				-	1.01	1.01		
	Consultancy Fees for Youth Survey		1.91	1.91	1/7/'15	30/9/'15	Training (3 Batch, 3-days, Participants: CF, CO, DO total 75 person)		0.34	0.34	1/8/'15	31/8/'15
	Training	0.020		0.02			Youth Festival (15 nos, 1-day, Participants: Unemployed youth)		0.20	0.20	1/8/'15	31/8/'15
							Workshop with potential partners (1 no., 1-day, Participants: Different stakeholders, unemployed youth, community members etc.)		0.47	0.47	1/8/'15	31/8/'15
C	Capacity Development and Partnership Building from Cluster to National Levels											
C1		\$ 0.05	\$ 0.21	\$ 0.26				-	\$ 0.02	\$ 0.02		

	Capacity Building of SDF Staff-National, Regional & District	2.48	17.76	20.24				-	1.26	1.26		
	Consultancy Fees for Technical Audit		1.66	1.66	1/5/15	30/9/15	Staff Orientation (2 Batch, 3-days, Participants: CF, CO, DO & RS total 60 person)		0.44	0.44	1/8/15	31/8/15
	Consultancy Fees for Internal Audit-AHKC		4.80	4.80	1/7/15	3/10/15	Training on Value Chain (3 Batch, 3-days, Participants: CF, CO, DO total 90 persons)		0.36	0.36	1/8/15	31/8/15
	Consultancy Fees for FM Manual		0.19	0.19	23/4/15	22/6/15	ToT on ESMF (2 Batch, 3-days, Participants: RS, DO total 60 persons)		0.27	0.27	1/8/15	31/8/15
	Consultancy Fees for Procurement Manual		0.25	0.25	1/6/15	30/7/15	Training on Social accountability (1 Batch, 2-days, Participants: CF, CO, DO total 30 person)		0.10	0.10	1/8/15	31/8/15
	Consultancy Fees for ESMF Operational Manual		0.78	0.78	5/5/15	4/7/15	Training on data entry for Piloting of ICT (1 Batch, 2-days, Participants: DEO, Community total 30 person)		0.09	0.09	1/8/15	31/8/15
	Salary			-								
	CB Cell HQ Dhaka (3-Managers)	0.37	0.26	0.63								
	AMT (Dhaka- 1 Manager & 1 Asistant & 6 Regional Teams)	2.10	1.58	3.68								
				-								
	ELE payable (Actual amount will be determined after completion of ELE audit)			-								
	CB Cell HQ Dhaka		1.93	1.93								
	AMT (Dhaka & 6 Regional Teams)		6.31	6.31								
	Staff Orientation	0.010		0.01								
C2	Supporting Innovations	-	\$ 0.04	\$ 0.04				-	\$ 0.04	\$ 0.04		
		-	2.75	2.75				-	3.35	3.35		

	Consultancy Fees for Bangla German Samprity (Package-56) all activity completed, payment shall be made upon submission of final report		2.75	2.75	6/11/13	30/9/15	ICT Pilot for VCO activities (Laptop, modem, internet, pen drive, Consultant for Software Dev, Salary of village resource person, & Training etc.)		2.50	2.50	1/8/15	30/9/15
							IT Product for Server		0.85	0.85	4/6/15	30/9/15
D	Project Management and Coordination											
D1	Overall coordination, management and implementation	\$ 0.29	\$ 0.84	\$ 1.13				-	\$ 0.01	\$ 0.01		
		23.25	65.41	88.66				-	0.84	0.84		
	Furniture & Fixtues (Khat-13 nos., Matress-5 nos., Dinning Table-6 nos., Chair-36 nos. etc.)		0.66	0.66	2/7/15	31/8/15	Goods- PABX for SDF HQ Dhaka		0.40	0.40		31/8/15
	Salary			-								
	SDF HQ Dhaka	5.77	3.10	8.87			Audit Fees (Gratuity and Earned leave Encashment)		0.12	0.12	5/8/15	31/8/15
	Regional Offices (Region 3 nos. and 16 District Offices)	15.88	12.91	28.79			LED Monitor for HQ		0.12	0.12	6/8/15	31/8/15
				-			Printing & Stationeries		0.20	0.20		
	ELE payable (Actual amount will be determined after completion of ELE audit)			-								
	SDF HQ Dhaka		9.00	9.00								
	Regional Offices (3 nos.) 16 District Offices		32.07	32.07								
				-								
	Rent (SDF HQ, 3 Regional Offices and 16 District Offices)	0.52	1.37	1.89								
	Utilities (SDF HQ, 3 Regional Offices and 16 District Offices)	0.09	0.50	0.59								
	Printing & Stationeries (SDF HQ, 3 Regional Offices and 16 District Offices)	0.02	0.10	0.12								

	Repair & Maintenance (SDF HQ, 3 Regional Offices and 16 District Offices)	0.10	1.20	1.30								
	Communication Costs (SDF HQ, 3 Regional Offices and 16 District Offices)	0.20	0.04	0.24		30/9/'15						
	Fuel for Car (SDF HQ, Region & Districts)	0.24	0.35	0.59								
	Training (Regional Specialists on Inception of NJLIP 1 batch)	0.04	0.10	0.14								
	Meeting Expenses (RDs and DMs)	0.05	0.10	0.15								
	Advertisement (ICT, IT product for Server etc.)		0.50	0.50								
	Legal Expenses (Legal opinion/ Support)		0.20	0.20								
	CC TV		0.36	0.36		30/7'15						
	Photocopier Machine (For SDF HQ and 3 Reions)		2.75	2.75		24/5/'15						
	Misc.	0.340	0.1	0.44								
D2	Monitoring, Learning, communication and evaluation	\$ 0.02	\$ 0.29	\$ 0.31				-	\$ 0.04	\$ 0.04		
		1.06	22.92	23.98				-	3.95	3.95		
	Printing of News Letter (January to June 2015) 10,000 pcs.		0.08	0.08	5/8/'15	31/8/'15	IEC material (Poster 51,000 pcs.)		0.45	0.45	5/8/'15	25/9/'15
							SDF Brochure (1,500)		0.30	0.30	10/08/15	15/09/15
	Consultancy fees for 1st Follow Up Survey		9.68	9.68	31/3/'15	30/9/'15	Printing of Annual Report (1,000 pcs with Envelop 200 pcs.)		0.25	0.25	5/8/'15	25/9/'15
	Consultancy fees for ESMF (BKD Raja)		0.49	0.49	19/10/'14	27/12/'14	Digital Pictorial (1000 video CD)		0.25	0.25		25/9/'15
	Consultancy fees for-PMA CNRS (Package-15)		7.86	7.86	5/12/'12	30/6/'15	Leaflet (60,000 nos.)		0.10	0.10		25/9/'15
	Consultancy fees for PMA CNRS (Package-16)		4.58	4.58	5/5/'12	30/6/'15	Consultant for BCRR and Community Finance		2.00	2.00		

	Consultancy fees for MIS Software Datasoft		0.23	0.23	5/1/'12	30/6/'15	Meeting, Workshop		0.60	0.60		
	Meeting, Workshop	1.06		1.060								
	Total Million BDT	99.88	282.03	381.91				-	101.22	101.22		
	**Expected Exchange Loss											
	Total Million US\$											

Note:

(a) Revised budget of SIPP-II
(b) Actual Disbursement Up to June 15
(c) Balance after June 30' 2015 (a-b)

Amount in Million BDT	Amount in Million: US\$
9121.44	\$ 115.75
8624.25	\$ 109.38
497.19	\$ 6.37

* The total funding for SIPP-II was SDR 76 million (US\$ 115 million). In fact SDF has already received US \$ 115.64 million. This has resulted from the fluctuation of exchange rate between SDR and US \$. SDF will get remaining 0.11 million US\$ from WB as per client connection information.

(d) Actual Disbursement July'15
(e) Committed for August' 2015
+ (f) Planned for August'2015
(g) Sub Total (d+e+f)
(h) Anticipated Exchange Loss

99.88	\$ 1.28
282.03	\$ 3.62
101.22	\$ 1.30
483.13	\$ 6.19
14.06	\$ 0.18

(i) Expected Balance available after August

0.00	\$ (0.00)
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* For converting US \$ into BDT and considering fluctuation of exchange rate SDF has considered the average exchange rate i.e between BDT 78 and 80.

Agreed Follow-up Actions status- as of August 15, 2015

Agreed Actions		By Whom	By When	Status as of August 15, 2015
1.	Prepare village by village table on status of disbursements, umbrella agreement, over-allocation, and amended umbrella agreements.	SDF	March 15, 2015	Completed. A detailed report on Village by village disbursement has already been prepared and sent to World Bank. This report contains information such as no. of households, eligible village development fund, actual disbursement, information on UFA amendment as necessary.
2	Understanding better the reasons behind the large cash holdings and devising and implementing appropriate remedial actions	SDF	April 30, 2015	<p>In Progress. Small loan size, not bringing all beneficiaries into loan coverage and inability to handle bigger loans are the main reasons. Several meetings were held with VCOs in 3 regions to identify reasons behind the large cash holding and following remedial actions were taken :</p> <ul style="list-style-type: none"> • Increase the loan coverage; • Provide higher amount of loans to potential NJG members. <p><i>If we compare with the last quarter, current average loan size increased to BDT. 16,349/- from 15,780/- and SF loan coverage improved to 74% from 71%.</i></p> <p><i>Similarly, a significant amount of unutilized/ idle SF fund has been utilized during this period. A total of BDT 471.35 million has been utilized during Jan- June 2015.</i></p>
3	Undertaking an in-depth review of the principal factors behind delinquencies and devising/implementing remedial actions	SDF	April 30, 2015	<p>Completed. Factors behind delinquencies were identified through – filed visit; meeting with VCOs and NJG members; and meeting with field staff;</p> <p>The identified principal factors behind delinquencies are as follows:</p> <ul style="list-style-type: none"> • Migration; • Multiple loans from different sources; • Investment in non-profitable IGAs.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
				<p>To reduce the above factors and improving the community finance activities, following remedial actions have been taken:</p> <ul style="list-style-type: none"> • Hand holding coaching on loan as well as fund management has been provided to VCOs; • Ensuring the effective performance of Loan appraisal committee; • Providing information on potential and profitable IGAs; • Providing necessary support to member villages by NJCS. <p>As a result, the rate of delinquency has been reduced to 11.70% from 14.20%.</p>
4	Continuing to analyze the VCO profitability data with a view to determining the underlying causes of enhanced or deficient profitability in order to draw lessons and action plans for supporting struggling VCOs	SDF	April 30, 2015	<p>Completed. VCO profitability data is analyzed on a half yearly basis (completed in June 2015).</p> <p>The main factors behind the deficit of VCO profitability are as follows:</p> <ul style="list-style-type: none"> • Overdue amount laying with VCOs; • Large amount of fund in some villages remain with VCO bank account resulting in increasing the amount of idle fund. <p>Cluster wise action plan for supporting VCOs has been developed by Cluster team which is monitored by district team with the assistance of regional team. During this time, a total of 70% VCOs are making profit for their sustainability while it was 54% in Dec. '14.</p>
5	Discussing the possibility to expanded the scope of work of the internal auditor (i.e. auditing financial accounts and internal controls for a sample of VCOs in order to validate the information currently gathered by SDF staff), and if agreeable to them, adjust their terms of reference accordingly	SDF/WB	March 31, 2015	<p>In Progress. The audit firm has started their assignment on July 3, 2015 and will submit the final report by Sept. '15.</p>
6	Organizing training for NJCS (prior to VCO audits) on such topics as: (a) key productivity, efficiency, and	SDF	May 31, 2015	<p>Completed. A 3-day training module has been developed by concerned thematic manager in collaboration with CB cell focusing on productivity, efficiency, profitability ratio and how to figure out basic financial</p>

Agreed Actions		By Whom	By When	Status as of August 15, 2015
	profitability ratios, and how to interpret; (b) basic financial statements; (c) what to expect from and how to interpret financial audits.			statements, auditing etc. The thematic manager and CB cell started facilitating this training. Meanwhile, SDF conducted 4 training programs in Jamalpur, Barguna, Nilphamari and Gaibandha districts where 37, 40, 25 and 35 Savings & Credit sub-committee leaders of NJCS received training respectively. This type of training programs will be continued in remaining 12 districts until December 2015.
7	Rolling out the pilot of Advisory Committees for the NJCS immediately	SDF	asap	In Progress. A 3-member Advisory Committee of NJCS at Jamalpur district has been formed on 13 June 2015 on a pilot basis. The first introductory meeting of advisory committee and the executive committee of NJDCS was held on 29th June 2015.
8	Completing the content for the VCO accounting software soonest in order to launch this pilot at the earliest; before launching the pilot, sharing with the Bank a note on the key objectives/expected outcomes of the pilot (i.e. the parameters against which the pilot's success/failure will be judged)	SDF	March 31, 2015	In Progress. The content for VCO accounting software along with key objectives/expected outcomes and few reports were initially shared with Bank team and the Bank provided some comments for improvement. The Bank team also suggested SDF to review internally further to explore getting/already developed software from consulting firm. In this connection, the ToR is awaiting Bank's clearance.
9	Initiating the process of looking for external funding opportunities from other agencies and organizations which might be willing to assist the VCOs with the needed computer equipment	SDF	May 31, 2015	In Progress. In the meantime, SDF started exploring funding from other sources. A draft concept note has been prepared for implementation of poverty eradication program principally focusing on health, nutrition and youth employment. This concept note has also contained a section for supporting the VCOs with computers and other equipment.
10	Extracting data for SIPP-II villages from the overall data set in order to more adequately gauge performance under the project	SDF	May 31, 2015	In Progress. Not completed yet and will be able to submit within two weeks' time

	Agreed Actions	By Whom	By When	Status as of August 15, 2015
11	Looking at the implications of the implicit “shareholding” character of a JSC (i.e. who owns the stock, etc.) as part of GP Registration under the Societies Act; starting to draft the prototype for the GP Memorandum and Articles of Association	SDF	May 31, 2015	<p>In Progress.</p> <ul style="list-style-type: none"> • In order to phasing out from village institutions under SIPP-II and providing a legal status, three renowned Law Firms were consulted. • <i>A draft Article of Association (AoA) for NJCS was prepared and the AoA is being reviewed by World Bank.</i> • JSC has been consulted and they advised to communicate with NSI for clearance in a easier way. • NSI to be contacted by September 2015. • AoA for GP registration will be drafted followed by the feedback of WB on the AoA of NJCS.
12	Examining prospects for introducing the declining balance approach to service charge administration and possibly pilot it out if prospects are deemed promising	SDF	asap	<p>In Progress. Currently the service charge is being calculated manually with the help of CF by using declining balance method. Although it’s a very difficult and time consuming task for the community and percentage of error seems higher. SDF is trying to complete the task by Sept.’15 keeping the error as much less as possible</p> <p>It would be easier and convenient for the community if the project introduces software system. The SDF would introduce online software system in NJLIP at village level, so that the service charges could easily be determined through this process.</p>
13	Continuing to sensitize and equip SDF field staff on increased focus on VCO financial management	SDF	asap	<p>Completed. Identified the weakness of the field staff on the facilitation skills of community finance activities. Meanwhile, SDF provided training on “Community Finance and Accounts Management” to 480 field staffs during Jan-July’15.</p>
14	Redeploying an additional SDF staff member to assist the Manager of Community Finance	SDF	asap	<p>Completed. Mr. Mrittunjoy Roy, MIS officer has been assigned for providing necessary support to Manager Community Finance.</p>

Agreed Actions		By Whom	By When	Status as of August 15, 2015
15	Submit TOR for all core SDF staff position to the Bank for review	SDF	asap	Completed. Job descriptions for all the core staff have been cleared by WB and are in implementation.
16	Prepare a detailed village-wise completion plan for all infrastructures that still need to be started or completed.	SDF	asap	Completed. Detailed village wise completion plan for all type of infrastructures have been prepared.
17	Prepare a complete village-wise list of all infrastructures, maintenance plans, and maintenance funds available, including GS offices	SDF	asap	Completed. A complete village-wise list of all infrastructures, maintenance plans and maintenance funds including GS offices have been prepared.
18	Prepare TOR for technical audit including impact assessment of completed infrastructures.	SDF	March 31, 2015	In Progress. SDF signed contract agreement with Dr. Asif Zaman for conducting technical audit including impact assessment and started works since July 10, 2015. The consultant has submitted the inception report and continuing his assignment as per plan. The final report will be available by September 30, 2015.
19	Selection of individual consultant for technical audit including impact assessment	SDF	April 15, 2015	
20	Prepare detailed analysis on skills and employment loans, their status and remedies for improving repayment rates where needed (including proposed adjustments for NJLIP)	SDF	April 30, 2015	Completed. Detailed analysis on skill and employment loans has been carried out and identified the weaknesses. Hand holding training on the remedies for improving of repayment rates was provided to field staff and VCO members so that they could improve the situation. The current CRR is 86% .
21	Undertake analysis of youth employment activities, detailing results, reasons for drop-outs, development paths of youth once employed, returns on skill development, link between skills	SDF	June 15, 2015	In Progress. An Individual Consultant has been hired for conducting the survey. The survey has been designed with a sample size of 717 nos of employed youths. The consultant has submitted Inception report. The final report will be available by September 2015.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
	development training received and businesses started, etc.			
22	Prepare design for self-employment survey and tracking of employment activities	SDF	May 31, 2015	
23	Prepare design for one-time vulnerable grants and tracking of progress	SDF	April 15, 2015	Completed. One-time vulnerable grant is being tracked through MIS regularly. Through this process, it is found that a total of 35,321 vulnerable received one-time grant from project out of which 27, 619 (78%) vulnerable joined NJG and started savings & credit activities. Moreover, 29% (10,109) vulnerable have accessed SF as of July 2015.
24	Finalize emergency fund guidelines and submit to Bank	SDF	April 30, 2015	Completed. An emergency fund guideline was prepared and shared with WB and the World Bank provided feedback on the draft guideline. The guideline has been finalized accordingly and can be functional through sharing during mission.
25	Prepare list of status of emergency fund by village including number of beneficiaries participating, fund size and usage	SDF	April 30, 2015	Completed. Village-wise status report on emergency funds has been prepared.
26	Propose handling and oversight of emergency funds particularly in districts being phased-out.	SDF	April 30, 2015	Completed. Draft emergency fund handling guideline has been prepared.
27	Prepare detailed activity report for the NJCS including actions taken and fund usage.	SDF	April 30, 2015	In Progress. District wise detailed report on NJCS activities including fund usages has been prepared. The NJCS activity report has been incorporated in QPR. Balance sheet for existing NJCSs has been prepared by Jamalpur & Jamalpur NJCSs.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
28	Prepare balance sheet for existing NJCS for current FY	SDF	June 30, 2015	
29	Prepare detailed overview on the business partnerships	SDF	April 15, 2015	Detailed business partnership report has been prepared. The report on business partnership has been incorporated in last quarterly report (April-June 2015) and submitted to WB.
30	Prepare TOR for IGA survey and submit to Bank for review	SDF	March 31, 2015	In Progress. Consultant has started survey as per TOR from 27 th May 2015 and will submit report by 27 th August 2015.
31	Conduct detailed IGA survey	SDF	May/June 2015	
32	Submit progress report on producer group linkages with formal financial institutions	SDF	May 15, 2015	Completed. Progress report on linkage building between producer groups and financial institutions were submitted to WB on 23 June, 2015.
33	Prepare TOR for the consultancy to prepare the PIF Manual for NJLIP	SDF	March 15, 2015	Completed. The final draft of PIF manual has received a few comments from WB and SDF already incorporated those comments and thus finalized.
34	Assess the effectiveness of the BGS activities related to project youth; assure that BGS is providing the missing information	SDF	May 15, 2015	Completed. <ul style="list-style-type: none"> • The effectiveness of BGS activities has been assessed physically and interacted with the trained and employed youths on a regular basis. • BGS has submitted the missing information such as nos. of youth employed through wage and self-employment initiatives, nos. of youth employed through job fare and youth information center.
35	Submit evaluation report of BGS activities to Bank	SDF	July 15, 2015	In Progress. The contract agreement of BGS has been extended from 30 June to 30 August 2015 without adding additional cost. <ul style="list-style-type: none"> • BGS conducted a national workshop on the piloting of the concept on 27 July 2015. • BGS submitted a draft report on the workshop which will be shared with the mission.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
				The report on BGS activities will be assessed and submitted to WB in September 2015.
36	Complete arsenic tests for all tube-wells	SDF	May 31, 2015	Completed. Arsenic tests for most of the installed tube-wells have been completed. Out of 5597 installed tube-wells, arsenic test has been completed for 5110 and the remaining 487 tube-wells will be tested by August 2015. It is reported that 146 (2.85%) Tube wells found arsenic contamination.
37	Submit 2014 annual report	SDF	asap	In Progress. The printed copy of SDF's Annual Report 2014 will be available by the 2 nd week of August 2015.
38	Submit draft contracts for follow-up survey to Bank for review and no objection	SDF	asap	In Progress. <ul style="list-style-type: none"> • According to our plan, Household survey and village profile have been completed in all 480 villages. • The 60 FGDs have been conducted in 4 districts i.e. Kurigram, Naogaon, Mymensingh and Barisal. Each FGD session consist of 8-10 members from the 'NutonJibon' group member. Participants have been selected randomly following certain criteria. Out of total 60 FGDs, 52 have been completed up to July 2015 and the remaining 8 will be completed by first week of August 2015. • A total of 20 FGDs for second generation institutions have been completed in Jamalpur, Gaibandha, Nilphamari and Barguna districts. • Data entry and cleaning is going on. The consultant will complete their assignment by September 2015.
39	Submit pilot design outline and specifications of IT equipment to the Bank for review and no objection	SDF	asap	In Progress. After cancellation of first tender document, SDF published re-tender on 30 th July 2015 and the deadline for submission of EOI is 13 th August 2015.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
40	Submit quarterly progress reports timely and improve the reporting format	SDF	asap	Completed. Recent QPR (April to June 2015) has been submitted to WB on 30 th July 2015.
41	Submit annual work plan	SDF	asap	Completed. The Annual Implementation Plan has been submitted to World Bank along with PIP.
42	Submit process monitoring reports to the Bank immediately after received by SDF on a regular basis.	SDF	immediately	Completed. Quarterly PMA report for the period of Apr.- Jun. 2015 has been submitted to WB.
43	Prepare table on the issues identified by the process monitoring process and actions taken – update monthly and include in SDF's quarterly reports	SDF	monthly	Completed. Month-wise process monitoring findings issues have been identified and actions status is updated on regular basis. The summarized status is also incorporated in the recent QPR (Apr-Jun '15).
44	Process monitoring findings that relate to misuse or corruption to be recorded in governance reports and status and action taken regularly updated	SDF	monthly	Completed. <ul style="list-style-type: none"> Misuse and corruption related records identified by PMA are recorded in governance reports on regular basis. All the actions related progress has been updated. Moreover, SDF Governance department has been taking necessary measure on the basis of PMA findings. The PMA and SDF monitoring teams also follow-up those activities on monthly basis.
45	Update information on misappropriation cases to ensure that all cases are captured; submit updated list to the Bank	SDF	March 15, 2015	Completed. Updated list of misappropriation cases was submitted to WB.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
46	Submit village-wise table on problem villages, status, actions taken and next steps	SDF	asap	Completed. Updated list of problem villages, status and actions have been submitted to WB.
47	Submit draft final report on communication strategy	SDF	asap	Completed. Communication Strategy has been finalized upon getting concurrence from WB.
48	Submit draft revised COM to the Bank for review and comments	SDF	March 31, 2015	Completed. Revised COM (Community Operational Manual) containing 15 Chapters submitted to WB and final approval obtained.
49	Regularly update budget status and available funds	SDF	ongoing	On-going. Budget status has been reviewed by Regional Directors and SDF HQ on monthly basis.
50	Submit table on planned additional activities and their estimated costs	SDF	March 31, 2015	Completed. Additional planned activities have been reviewed and submitted table on additional activities and their estimated costs to WB.
51	Submit report on village level governance issues and implementation of GAAP plans	SDF	April 30, 2015	Completed. Village level governance issues and GAAP plans were described and reported in QPR (Apr.- Jun. '15).
52	Submit report on usage of grievance system, main grievances received, their status and how being addressed	SDF	April 30, 2015	Completed. Grievance Redress system has been introduced and addressed issues has been updated accordingly.
53	Submit update on the investigation into allegations received.	SDF	April 14, 2015	Completed. Already resolved.
54	Initiate independent review of SDF's gratuity fund	SDF	June 30, 2015	In Progress. The final report will be available by August 15, 2015.
55	Pilot e-fund transfer in selected area	SDF	Sep. 30, 2015	In Progress. Two effective meetings were convened with WB and SDF team and determined some scope of works for piloting of e-payment/ e-fund system in line of Bank's comments.

Agreed Actions		By Whom	By When	Status as of August 15, 2015
				SDF conducted meeting with Bank official of Eastern Bank Ltd. And shared the SDF requirement on e-fund transfer provision. SDF will take several opinions from other private commercial bank and will finally conclude this issue.
56	Update procurement plan with the additional agreed activities/contracts planned	SDF	April 30, 2015	Completed. Procurement plan has been updated and submitted to WB

Mission Field Observations in Barisal Region

District	Upazila	Union	Cluster	Village	Mission Field Observations
Barguna	Amtali	Chawra	Chawra	Paschim Patakata-1	VCO is very active and it conducts regular meetings. Original SF allocation has been significantly increased over the last 4 years. VCO is profitable. Total amount of SF is considered too small to service all requirements. However, about 30-35 % of the SF is currently held in Bank, which is explained by the seasonality in the demand. Each member of the VCO committee spends about 3-5 days per months for conducting VCO activities. VCO appreciates and feels confident to handle a computerized MF system but constraints exist (e.g. GS office has no electricity supply).
Barguna	Amtali	Chawra	Chawra	Kalibari-2	VCO situation is similar to Paschim Patakata-1 community. VCO is profitable. The secretary is member in the VCO committee at the cluster society and she attended several meetings discussing constitutional issues.
Pirojpur	Bhandaria	Telikhali		Paschim Junia Vumihin	<p>Meetings appear to be conducted regularly by all committees. The Village Matrix needs to be revisited, since the numbers reported do not align with what the villagers are saying. There is inconsistency of data in the village matrix and the project team needs to revisit entry fields to ensure that data presented at the village level is consistent with that recorded and submitted to the cluster and district units. Entry fields for employment loans appeared conspicuously empty across all villages visited and require verification by the project team. Four issues emerged to inform implementation of NJLIP:</p> <ol style="list-style-type: none"> 1. Regarding community infrastructure, the village paid for 11 tube wells, for which one contract was created to get a better price. However, 10 of the 11 tube wells are contaminated with arsenic, and the CISF funds are exhausted. In arsenic prone areas, it may be better to divide contracts for tube wells to see how prevalent the arsenic problem is. Alternatively, a rainwater harvesting system could be purchased with the remaining funds. This village had no funds remaining for such a solution. 2. There was contradictory information on testing of water systems for arsenic contamination (some said every 6 months, others said once a year). First, it is

				<p>important to clarity in the policy. Second, given the assertion that arsenic levels in tube wells fluctuate, should more frequent testing be supported?</p> <p>3. NJLIP should adopt a pest management policy as it is funding agriculture in almost every village. Some villagers said they were only using organic fertilizer, others said they were using fertilizers and pesticides. The project staff said that the men do the application and they know what they're doing, but the Bank's experience would argue otherwise. SDF could draw on the IPM manuals of other projects. The capacity building unit should prepare a TOT for training SDF staff in order to get correct messages to the village.</p> <p>4. The villagers need more facilitation/mobilization regarding the formation of producer groups. The ones that exist are in their early phases, and the villagers specifically asked for help from the Society in building their capacity. Moreover, the selection of producer groups—1 dairy, 1 poultry—is surprising giving that 47.8% of the SF loans and 48% of the borrowers were for fisheries. Even though majority of funds borrowed for IGAs went towards fishing activities and these were carried out by their spouses, the loan recipients were not in position to provide data on expenditures and profits being made from the activities. The women at the meeting said that there was no need for a producer group because their husbands catch the fish in the morning and sell it in the market in the afternoon—"there is no production". This shows a need to increase understanding of producer groups and their purpose.</p>
Pirojpur	Bhandaria	Ikri	Dakkin Bothla	<p>Most of issues discussed in this village are the same as above. The issue of Operations and Maintenance emerged here during the discussion. There is an O&M Committee, but they have not collected funds. The village matrix is also problematic in terms of the accuracy of the data (CISF data shows that for the non-GS Building infrastructure investments, they received BTK 672,788 and had spent BTK 484,477. Matrix reports that they have BTK 230,046 in the Bank whereas it should be BTK 188,311).</p> <p>NJLIP needs to bring more attention to the need to plan for maintaining infrastructure. We were told multiple times that they were "planning for things that had not happened yet"—but that is precisely the purpose of an O&M fund.</p> <p>In both villages, beneficiaries had taken loans for dairy production. However, their milk production levels were low across the board. Most beneficiaries had taken some training</p>

					<p>on the IGA but use of technologies that could improve productivity was very limited and would need to be emphasized in the new project.</p> <p>The village was a full paid up member of the Nuton Jibon Society and it had already received support from the Society to recover outstanding loan amounts from defaulters. The community indicated that it would be looking to solicit more support from Societies for similar activities but also for training to improve community operations. NJLIP will need to provide the necessary support to ensure that Societies are well capacitated to provide this demand from their members.</p>
Barisal	Babugonj	Dehergati		Uttar Paschim Rakudia	<p>Household livelihood visits: Mission visited two dairy and one fish producing beneficiaries. Both dairy households used SF loan to replace traditional breed cows by a cross-breed cows by selling the previous animal and combining the sales revenue with an SF loan for the purchase of a high value cow. Beneficiaries are well aware about technical as well as financial parameters. Their difficulties are access to services (e.g. AI was delayed because of rain) and problems with flood and water management during the wet season. Both dairy IGA are profitable (between 3000 and 4500 Tk per month net profit). A significant amount of cash income (at least 60-70 percent is used for children’s education). The fish producer was less knowledgeable about the financial parameters. However, the activity seems very profitable. The husband of the beneficiary was reported to have good ‘connections’ to the fishery department and is well aware of all technical as well as financial parameters.</p> <p>There are similar issues on O&M—committees exist, but funds are not saved. One possible solution would be to move the funds left over in the bank accounts for the CISF into an O&M fund for the respective village. Issues of the fungibility of these funds and the nature of the accounts they are in need to be resolved to determine if this is a workable solution.</p> <p>The meeting with One-Time Grant recipients revealed a number of issues that could be handled with a broader approach to social mobilization and improved training of the GS and the Societies. One OTG recipient had invested her BTK 5000 on one goat and 2-3 chickens, all of which died. She was back in poverty and had lost the livelihood assets. Several of the OTG recipients were using part of their grant to meet health care costs,</p>

				<p>some more than 50% of the grant. All of them have their national ID cards, but only some were able to get the necessary cards for the old-age pension, and 2 were sharing a card for the food grant for the poorest. It appears that they were told that the Upazilla had run out of OAP cards, but they could try again next year. <i>More focus on the underlying causes of poverty—beyond income—such as health costs could be addressed through collective action by the GS and/or the Societies to leverage entitlement programs for villagers. SDF should catalogue the entitlement programs that would be available for the poor, the aged, the infirm, and the disabled. The GS could collect the names and other relevant information of the villagers who are eligible for different programs. Either the GS or the NJ Society could liaise with officials at the Upazilla level and above to ensure that villagers get what they are entitled to. There should be a training program for GS members and Societies on entitlements, what information is needed to access them, and how to engage local authorities to ensure access.</i></p> <p>In addition, training for OTG members is advisable for some technical assistance/training to be provided consistently as some of the assets were lost due to lack of knowledge on the part of beneficiaries.</p>
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Annex - VI

Action Plan for the VCO Micro-finance Computerization Pilot

Sl No	Title of Activities	Respon-sibilities	Status &Timeline
1	Identification of pilot villages	SDF	Done
2	Identification of resource person	Community	Done
3	Define the duties &responsibilities of resource person	SDF	Done
4	List down or confirm the data field which is to be kept or captured in LMS	SDF	Done
5	Purchasing of required equipment and accessories related to the data entry from village level through a web-based system (generally Laptop, Modem and others)	SDF	By 25/08/2015
6	Designing and developing a user friendly system in LMS	SDF& Consultant	By 20/09/2015
7	Develop Pilot Assessment Methodology and Format incl. datasheets, questionnaire, etc.	SDF	By 20/09/2015
8	Preparation of User's Operational Manual and rolling out the system	SDF& Consultant	By 25/09/2015
9	Providing the operational training to the resource persons	SDF	By 15/10/2015
10	Assigning the responsibilities to the resource persons and SDF Staff*	SDF	By 15/10/2015
11	Operation of Computerized System by the villagers <ul style="list-style-type: none"> ▪ Data collection from community registers / ledgers. ▪ Data validation ▪ Data entry in LMS ▪ Data verification and authorization ▪ Data updating in LMS when necessary 	Community with full support of SDF	10/10/2015 – 25/11/2015
12	Prepare Interim Assessment Report with possible recommendations for modifications or additional pilot activities	SDF	30/11/2015
13	Analyse Pilot and Prepare Final Pilot Assessment Report and conclude the piloting with way forward	SDF	31/01/2016

Key Actions Agreed During This Mission

	Agreed Actions	By Whom	By When
SIPP II			
1	Format of activity report sheet to monitor societies will be submitted to the Bank	SDF	August 31, 2015
2	Isolated data of SIPP II from overall SIPP program will be submitted to the Bank	SDF	September 30, 2015
3	A note on utilization of emergency funds in villages will be submitted to the Bank	SDF	September 30, 2015
4	Format on systematic information collection and assessment of NJCSs will be submitted to the Bank	SDF	September 30, 2015
5	Complete registration of first four community societies	SDF	October 31, 2015
5	Draft MOA and AOA for registration of GPs will be submitted to the Bank	SDF	September 15, 2015
6	Report on productivity, financial returns and technology adoption of livelihood activities will be submitted to the Bank	SDF	September 30, 2015
7	Final report on supporting innovations will be submitted to the Bank	SDF	September 15, 2015
8	Report on assessment of capacity building of SDF staff will be submitted to the Bank	SDF	September 15, 2015
9	Release agreed performance grants to 'A' and 'B' grade villages	SDF	September 15, 2015
10	All SIPP II activities will be completed and the project will be closed	SDF	November 30, 2015
11	Draft impact evaluation report	SDF/WB	December 31, 2015
12	Submit evaluation report on livelihood training for beneficiaries to the Bank	SDF	September 15, 2015
13	Initiate action against those responsible for the ineligible expenses and complete the refund to the Bank	SDF	ASAP
14	Submit request for early closing date to the Bank	SDF	ASAP
15	Complete Borrower's draft ICRR and submit to the Bank	SDF	November 30, 2015
16	Complete Bank's ICRR for review	WB	March 31, 2016
NJLIP			
17	Submit revised work plan and procurement plan to the Bank	SDF	August 31, 2015