



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 23-Aug-2017 | Report No: PIDISDSA20593



BASIC INFORMATION

A. Basic Project Data

Country Bangladesh	Project ID P160819	Project Name Cash Transfer Modernization Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 16-Jul-2017	Estimated Board Date 28-Nov-2017	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Economic Relations Division	Implementing Agency Department of Social Services	

Proposed Development Objective(s)

The Project Development Objective is to improve the transparency and efficiency of selected cash transfer programs for vulnerable populations by modernizing service delivery.

Components

Enhancement of Cash Transfer Programs
Modernization of Service Delivery

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	300.00
Total Project Cost	300.00

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context



Country Context

1. **Bangladesh's economy has achieved rapid growth for decades, and shown impressive poverty reduction.** Gross Domestic Product (GDP) growth has risen from 3.7% per annum in the 1980s, 4.7% in the 1990s, 5.6% in the 2000s, to over 6.0% in recent years. Purchasing Power Parity (PPP) adjusted Gross National Income (GNI) per capita has increased from US\$1,140 to US\$3,330 between 2000 and 2014. Driven by strong economic performance, the percentage of the population living under the national poverty line has declined from 44.2% in 1991 to 13% in 2016. During the period of 2000-2010, the poorest 40% of the population experienced increases in per capita consumption in real terms, and the growth was slightly higher than that of households in the higher quintiles during the second half of the decade. Concurrently, substantial progress has been made in human development most notably with declines in fertility and child mortality rates and increases in life expectancy, along with other improved health and education outcomes.

2. **Despite such progress, poverty and vulnerability remains a challenge, requiring a robust social protection system.** A large number of people live below and around the poverty line and face various risks.¹ Gaps across different populations are persistent, and some of the most vulnerable groups such as the elderly, widowed, and persons-with-disabilities, who have limited earnings opportunities, are exposed to emerging faces of severe destitution.² For example, the household structure has changed such that shares of nuclear and single households, compared to extended ones, are increasing and that the average household size decreased from 5.18 in 2000 to 4.50 in 2010 (World Bank, 2013). Changes in household structures often indicate changes in living arrangements for the elderly as they are more likely to live separately from their children. Low fertility rates and improved life expectancy over the years mean an increasing share of the elderly population, which will likely exceed 10% within two decades. The weakening of family ties and traditional support systems for elderly parents, especially widowed women who face a double burden of old age poverty and vulnerabilities associated with a female-headed household³, highlights the importance of safety nets for supporting these vulnerable groups.

Sectoral and Institutional Context

Sectoral Context

3. **In recognition of the need to strengthen the social protection system, the World Bank has been actively engaging with key ministries.** The World Bank engagement aims at addressing the challenges of program fragmentation, lack of pro-poor targeting, outdated administrative systems, and limited social accountability, which are systemic and cut across all implementing ministries. The Safety Net Systems for the Poorest (SNSP) Project (IDA 5281-BD) is supporting the Ministry of Disaster Management & Relief (MoDMR) to improve the equity, efficiency, and transparency of five of the major social safety net programs including public works and food based humanitarian relief. The Income Support Program for the Poorest (ISPP) Project (IDA 5553-BD) is supporting the strengthening of the implementation of safety nets at the local level by working

¹ The extreme poverty rate at \$1.90 (2011 PPPs) was 18.5 percent in 2010, which corresponds to around 28 million poor in that year, the latest year for which a full year of household survey is available for Bangladesh.

² Calculations based on the Household Income and Expenditure Survey (HIES) 2010 show that the elderly population is more concentrated around the poverty line than the overall population with a great risk of falling into poverty.

³ Vulnerabilities associated with female headedness include unequal right to marital property upon separation or divorce, as well as social stigma towards widowed women. See National Social Security Strategy 2015 for detailed discussions.



with the Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC).

4. **Under the SNSP Project (IDA 5281-BD), the Bangladesh Bureau of Statistics (BBS) is in the process of developing the National Household Database (NHD) as part of the Government's effort to build a single registry.** This database contains observable and verifiable household characteristics that are associated with poverty status, to help objectively identify individuals and households living in poverty.⁴ BBS is conducting a door-to-door census to collect key information including the ownership of assets, labor market activities of the head of the household, and other demographic information, needed to populate the NHD as well as the NID numbers of each adult household member. The NHD is expected to become available for use in 2017 and to promote pro-poor targeting of safety net programs. In addition, a management information system (MIS)⁵ for MoDMR's programs has been developed for beneficiary record management for administrative efficiency, which can be used for monitoring and evaluation.

5. **In line with the efforts for a single registry through BBS' NHD, the Local Government Division (LGD) under the MoLGRDC is making efforts to implement NHD based targeting.** LGD has already signed an agreement with BBS for use of the NHD for its nutrition focused conditional cash transfer program (under the ISPP Project, IDA 5553-BD). Moreover, the MIS is also being developed under the ISPP Project (IDA 5553-BD) to facilitate digitizing and tracking beneficiary record, and cross-referencing of program level data. With respect to benefits payment, LGD has piloted digital payments using the Bangladesh Post Office (BPO) of the Posts & Telecommunications Division (PTD) and mobile financial services. Through the pilot, LGD has successfully carried out a conditional cash transfer program in 2012-13 and paid over 14,000 women using BPO issued debit cards.

6. **The proposed Project, building upon the abovementioned efforts to strengthen the country's overall SP service delivery system, aims to support the Ministry of Social Welfare (MoSW) in modernizing its major cash transfer programs.** Given the political economy of a fragmented system, engagement with multiple ministries is necessary to help develop a common vision towards a harmonized and efficiency SP delivery system. These three ministries' programs represent over forty percent of the safety net budget in the country,⁶ and these initiatives all aim to address the key sector challenges by helping build common administrative platforms of the service delivery chain – beneficiary identification and needs assessment through a single registry, decisions on enrollment in an objective manner, efficient implementation of benefits and case management through modern information and payment systems, and a robust grievance redressal mechanism. Moreover, these initiatives are complementary in providing SP services along the lifecycle: the SNSP Project (IDA 5281-BD) addresses the needs of the working age population particularly through public works; the ISPP Project (IDA 5553-BD) invests in early childhood by focusing on nutrition of mothers and young children; and the proposed Project ensures protection for the elderly population as well as those widowed and disabled.

⁴ A targeting method considered is a Proxy Means Test (PMT) approach. For details regarding the PMT rationales and methodology in Bangladesh, see the following:

- BBS. (2014a). "Design and Implementation of Bangladesh Poverty Database"; Bangladesh Bureau of Statistics; Dhaka, Bangladesh;
- BBS. (2014b). "Proxy Means Test formula for Bangladesh"; Bangladesh Bureau of Statistics; Dhaka, Bangladesh; and
- Sharif, I. (2009). "Building a Targeting System for Bangladesh based on Proxy Means Testing"; Social Protection Discussion Paper No. 0914; World Bank.

⁵ In this document, MIS means any electronic information systems platform which improves information exchange, accessibility, and connectivity, as well as facilitates payments and delivery of services.

⁶ Excluding the budget for programs that are not poverty targeted – such as *Pension for Retired Government Employees and their Families and Honorarium for Freedom Fighters*.

7. **All of these initiatives are in line with the National Social Security Strategy (NSSS) 2015 which lays out a comprehensive social security framework based on a lifecycle approach⁷, in order to support poor and vulnerable households to adequately respond to and manage various risks.** Specifically, the NSSS outlines six core areas of reform associated with the social protection system: (1) establish a single registry; (2) establish a results-based monitoring and evaluation system; (3) establish a complaints and grievance mechanism; (4) strengthen processes for selecting recipients of social security schemes; (5) strengthen government-to-person payment systems that promote financial inclusivity; and (6) support MoSW to implement lifecycle programs and coordinate with social security programs. Given the political sensitivities associated with the reform agenda which affects numerous ministries, the implementation of NSSS is expected to be done in a phased manner, with areas (1) through (3) requiring immediate efforts followed by areas (4) through (6). As shown in area (6), the NSSS envisions that major lifecycle programs are expected to be led by MoSW for more harmonized service delivery. Therefore, improving the service delivery of safety nets implemented by MoSW and strengthening its capacity are critical to the successful implementation of the NSSS.

MoSW Priority Programs and Reform Strategy

8. **The Department of Social Services (DSS) under MoSW is currently implementing a number of cash transfer programs to benefit the poorest and most vulnerable populations in the country, the largest being the *Old Age Allowance Program*.** Together with the *Widow Allowance*, *Disability Allowance*, and *Disabled Students Stipend*, DSS reaches over five million poor elderly, widowed, and persons-with-disabilities (Table 1) with a total budget of BDT 36.00 billion planned in FY 2018 (which represents a 14% increase from FY 2017). These four programs are closely linked and complementary to each other given that they share the same business processes and implementation infrastructure but serve an exclusive set of populations.

Table 1. Cash Transfer Programs implemented by MoSW

Programs ⁸	Eligibility	Monthly Benefits (FY 2018)	Total Beneficiaries (FY 2018)	Total Budget (FY 2018)
<i>Old Age Allowance</i>	Annual income under BDT 10,000; men aged over 65; women aged over 62	BDT 500	3.50 million	BDT 21.00 billion
<i>Widow Allowance</i>	Annual income less than BDT 12,000; disabled, elderly and sick persons prioritized	BDT 500	1.27 million	BDT 7.59 billion
<i>Disability Allowance</i>	Annual income less than BDT 36,000; age over 6; disability certified with Article 3(1) of Bangladesh Disability Welfare Act 2001	BDT 700	0.83 million	BDT 6.93 billion
<i>Disabled Students Stipend</i>	Annual income less than BDT 36,000; aged over 6; disability certified with Article 3(1) of Bangladesh Disability Welfare Act 2001; monthly school attendance over 50% of days	Primary: BDT 500 High: BDT 600 College: BDT 700 University: BDT 1,200	0.07 million	BDT 0.55 billion

⁷ This document refers to the “social protection system” to include social safety net, social insurance, and labor market policies and programs, following the World Bank’s Social Protection and Labor Strategy 2012-2022. The Government of Bangladesh uses “social security” instead of “social protection”, and its social security budget includes expenses associated with safety net, social insurance, and labor market programs.

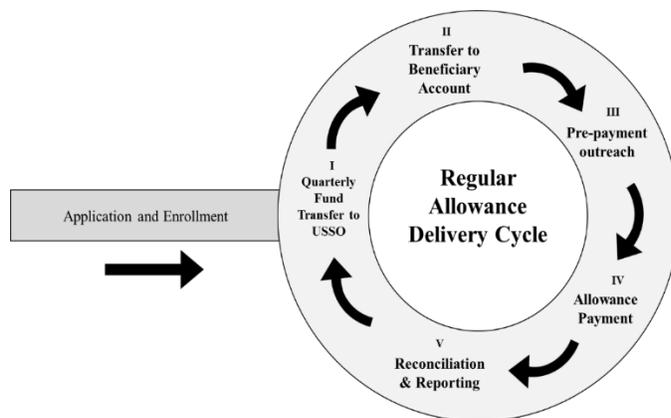
⁸ These programs are formally known as: *Old Age Allowance*; *Allowances for the Widow, Deserted and Destitute Women*; *Allowances for the Financially Insolvent Disabled*; and *Stipend for Disabled Students*.



9. **Similar to other safety net programs, these cash transfer programs face challenges including:** (i) program fragmentation; (ii) lack of pro-poor targeting; (iii) outdated administrative systems; and (iv) limited social accountability.

- **Program Fragmentation:** The issue of within-ministry program fragmentation is relatively mild in the case of DSS as these cash transfer programs are complementary, serving different types of vulnerable populations. Nonetheless, by further streamlining the business processes, these four programs can be implemented in a coherent manner which would optimally utilize their respective resources.
- **Lack of Pro-Poor Targeting:** Targeting could better utilize objective criteria. Beneficiary identification currently relies solely on local governments and there is a risk of errors in exclusion of the poor in and inclusion of the non-poor. For instance, over half of all benefits are received by the non-poor in the case of the *Old Age Allowance*.⁹ A uniform targeting system across programs using the upcoming NHD, supported by community-based validation mechanisms, is expected to enable these programs to better identify the deserving poor and significantly improve the accuracy of targeting and the transparency of the process.
- **Outdated Administrative Systems:** This issue stems from manual administration of business process, requiring a significant level of effort and time. For instance, the beneficiary identification process from application to decisions on enrollment often requires almost three months, and the payment process from fund transfer to allowance payment (process I through IV in Figure 1) takes about three months as well due to the significant volume of paper-based communication and approvals required.
- **Limited Social Accountability:** In addition to limited awareness and information flows, common to many social safety net programs, rudimentary payment systems could significantly undermine social accountability. This has a particularly negative impact on the elderly and persons-with-disabilities who face multiple barriers to access points of service such as commercial banks and thus rely on intermediaries often at a cost.

Figure 1. DSS cash transfer programs' business process



10. **Therefore, there is a strong need to improve service delivery of cash transfer programs implemented by MoSW, and this is critical to the successful implementation of the NSSS.** During the second phase of NSSS implementation, from 2026 onwards, major lifecycle programs are expected to be implemented by the DSS

⁹ See Ahmed (2013) for discussions on targeting performance of various safety net programs.



under MoSW for more harmonized service delivery. Other line ministries and departments are expected to implement special programs (i.e. disaster response, food security, social empowerment, etc.). In order to position itself to effectively manage its broader mandate, MoSW intends on setting up a service delivery system for its major cash transfer programs, while institutionalizing a model to integrate other programs in the future (e.g. *Honorarium for Freedom Fighters*, etc. as per the directives in the NSSS).

11. **Meeting this objective requires significant changes to program administration to overhaul business processes** – outreach, intake and registration, needs assessment, decisions on enrollment, recertification, case management and benefit payment as well as grievance redress mechanism, among others. As discussed above, decisions on beneficiary enrollment and case management are not systematic due to weak manual targeting mechanisms, and delivery of benefits payment is slow and unpredictable due to rudimentary payment systems lacking robust authentication. The planned modernization of such processes, with Project support, would entail the extensive use of information communications technology (ICT) tools and interoperability mechanisms. This would enable the establishment of a results-based monitoring and evaluation system to rigorously assess the poverty impacts of these programs and better support policymaking endeavors.

12. **MoSW has also already developed information systems for the four cash transfer programs under DSS (referred to as the DSS MIS) in order to enable efficient management of beneficiary records.** The development of the DSS MIS was completed in June 2016, under the Disability & Children-At-Risk (DCAR) Project (IDA 4481-BD), and existing paper-based records are currently being digitized and migrated into this system. This includes NID numbers and/or birth registration numbers (BRN) in addition to key individual characteristics required for program administration. The DSS MIS has also established a two-way data flow between DSS and the NID Wing of the Election Commission for authentication of identity, and efforts to complete the digitization of records and data cleaning would be undertaken over the course of the proposed Project. The DSS MIS, along with other safety net programs' information systems, would be linked to the NHD and thus expected to contribute to the establishment of the single registry proposed by the NSSS. Once established, such a single registry would allow cross-referencing various program-specific databases to assess the extent of coverage and flag duplications. Similar efforts to build information systems and link them to NHD within key ministries are also being supported by other on-going Bank Projects.

13. **The MoSW has taken a step towards establishing a common Government to Persons (G2P) payments platform.** DSS has piloted digital payments using a few different payment modalities including the BPO, mobile financial services, and agent banking arrangements. Through the pilot, it has already issued cards to over 28,000 beneficiaries of its cash transfer programs across ten upazilas (sub-districts) in the country, with positive outcomes in terms of time and cost savings to beneficiaries in receiving their entitlements. At the same time, the Finance Division and Prime Minister's Office (PMO) have initiated the development of a proposed Direct-2-Citizen (D2C) Scheme which would allow social safety net programs to issue payments using the Bangladesh Electronic Fund Transfer Network (BEFTN) and enable beneficiaries to collect benefits from any financial access point of their choice, while ensuring secure authentication of transactions. Such a system would leverage the existing digital infrastructure in the country, centralize fund disbursement to remove cash management responsibilities from line ministries, and provide account portability to beneficiaries.¹⁰ The proposed D2C Scheme would require interoperability between line ministries, Finance Division, Bangladesh Bank and the Election Commission, among others, and a pilot of this process is planned for 2017 under the cash transfer

¹⁰ A similar system is being used in India under the *Direct-Benefit-Transfer (DBT)* scheme which links to the *Aadhaar* database (unique identity).



programs. These initiatives make DSS well-placed to modernize its own cash based transfers as well as pave the way for other programs to benefit from such a system.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

14. The Project Development Objective is to improve the transparency and efficiency of selected cash transfer programs for vulnerable populations by modernizing service delivery.

- “Transparency” means objective beneficiary selection, predictable transaction, and accountable and traceable administrative process of cash transfer programs.
- “Efficiency” means equitable and accurate resource allocation, reduced transaction time, and controlled and automated administrative process of cash transfer programs.
- “Cash transfer programs” mean *Old Age Allowance, Widow Allowance, Disability Allowance, and Disabled Students Stipend* implemented by MoSW.
- “Vulnerable populations” mean the poor elderly, widowed, and persons-with-disabilities who are beneficiaries, or may qualify to become beneficiaries, of the cash transfer programs.
- “Service delivery” means provision of specific social protection services to individuals, families, households, groups or communities¹¹, which would involve the delivery chain processes of outreach, intake and registration, assessment of needs and conditions, decisions on enrollment, determination of benefit levels, implementation of payments transactions, case management, and grievance redress, among others.
- “Modernizing” means that cash transfer program’s business processes would be transitioning from a manual, fragmented and paper-based system, to an automated, integrated and electronically-managed system.

Key Results

15. Progress towards achievement of the PDO would be assessed using the following result indicators:

- (a) [Share of] Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score¹²
- (b) [Share of] Vulnerable persons in lowest two quintiles based on poverty score covered by cash transfer programs
- (c) [Amount of] Cash transfer program budget delivered using digital payments¹³
- (d) [Average] Cash withdrawal time taken using digital payments

¹¹ Source: SPL Delivery Systems: Taxonomy of Core Terminology, World Bank, September 2016.

¹² “Poverty score” means the score assigned by the NHD to allow determination of a household’s qualification for social assistance.

¹³ “Digital payment” means a payment which is transferred to a recipient’s account using the BEFTN and/or withdrawn through an electronic instrument (e.g. debit cards, mobile phones, national identification cards, etc.) using secure authentication (e.g. personal identification number, fingerprints, fingerveins, etc.).



D. Project Description

16. **The Project would contribute to efforts made by the Government of Bangladesh in implementing a number of institutional reforms to be undertaken by MoSW under the NSSS.** In order to do so, the Project would provide budget support via a results-based financing modality which would partially reimburse cash transfers for vulnerable populations against improvements in transparency and efficiency of such programs (Component 1) and provide technical assistance in modernizing service delivery (Component 2).¹⁴ DSS will lead the modernization efforts through Component 2, which would support the achievement of results expected under Component 1.

17. **Transparency and efficiency would be largely determined on the basis of targeting and payment performance, as well as administrative process.** Targeting performance would be captured by the beneficiary incidence and coverage of cash transfer programs in the lowest two quintiles based on poverty scores determined by the NHD, and payment performance would be captured by the share of program budget delivered digitally and average time taken for cash withdrawals in digital payment. They would also be assessed according to the extent of modernization of administrative processes such as record digitization; program accessibility and improvement in citizen interface; locations using modernized processes having trained personnel; DSS MIS-based business process and performance improvement; and the extent of citizen engagement as gauged by community awareness and beneficiary satisfaction.

18. **In carrying out activities to address transparency and efficiency of the cash transfer programs, strengthening citizen engagement and improving the beneficiary experience, in terms of accessing programs and receiving benefits, would be a core theme.** In this regard, the Project would focus on (a) improving community knowledge and understanding of program benefits and processes through a standardized communication campaign and local outreach; (b) providing channels to systematically address to non-beneficiary and beneficiary voice; and (c) improving the overall beneficiary experience by reducing the application and payment process times, as well as increasing the number of citizen interfaces. All these elements will be designed to accommodate regional, cultural and other contextual differences required to reach vulnerable populations.

Component 1: Enhancement of Cash Transfer Programs (US\$ 270.00 million)

19. **This Component would incentivize DSS actions towards improving the business processes under all MoSW cash transfer programs by financing a portion of its expenditures.** Financing would be disbursed against the achievement of performance targets which serve as proxies for improvements in transparency and efficiency of these programs. Disbursement-linked indicators (DLIs) set out these performance targets (DLI Targets) relating to the modernization of service delivery. Each DLI Target is associated with a specific value (DLI Value) which may be withdrawn upon achievement of the DLI Target and subject to sufficient expenditures having been incurred under the Eligible Expenditure Program (EEP). Expected results would be attained via investments made under Component 2. This results-based financing approach would motivate timely achievement of DLI Targets in order to provide predictability in the budget support to Government. The EEP

¹⁴ "Selection" in this document means the decisions on enrollment whether an applicant for a cash transfer program should be (i) accepted (i.e. eligible), (ii) rejected (i.e. not eligible), or (iii) waitlisted (eligible, pending availability of budgetary space), on the basis of a poverty score and/or other relevant criteria.



would comprise the largest cash transfer program, the *Old Age Allowance*.

20. Two out of four PDO Result Indicators and six out of ten Intermediate Result Indicators would be utilized as DLIs. DLI Values have been set according to the level of effort required to achieve the associated DLI Targets and their role in the results chain. The number of DLI Targets would gradually increase from Year 1 to Year 3, with the bulk of annual financing allocated against DLI Targets in Year 3 when all core activities are expected to be fully underway. Financing is distributed by DLI and fiscal year as shown in Table 2 (specific targets and descriptions are provided in Annex 1. Disbursement-Linked Indicator (DLI) Framework).

Table 2. List of DLIs and Values by Year

DLI	Year 1 (FY 2018)	Year 2 (FY 2019)	Year 3 (FY 2020)	Year 4 (FY 2021)	Year 5 (FY 2022)	Total
PDO Results						
1. Targeting Modernization	-	-	US\$ 10m	US\$ 10m	US\$ 10m	US\$ 30m
2. Payment Modernization	-	-	US\$ 10m	US\$ 10m	US\$ 10m	US\$ 30m
Intermediate Results						
3. Data Management	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 5m	US\$ 38m
4. Payment Enrollment	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 5m	US\$ 38m
5. Contact Points	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 39m
6. Payment Points	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 39m
7. Selection Process	-	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 28m
8. Capacity Building	-	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 28m
Total (Yearly)	US\$ 44m	US\$ 54m	US\$ 62m	US\$ 56m	US\$ 54m	US\$ 270m
Share (Yearly)	16%	20%	23%	21%	20%	100%
Total (Cumulative)	US\$ 44m	US\$ 98m	US\$ 160m	US\$ 216m	US\$270m	-
Share (Cumulative)	16%	36%	59%	80%	100%	-

21. Expected improvements are expected in the following areas:

(a) **DLI 1. Targeting Accuracy:** [Share of] beneficiaries of cash transfer programs in lowest two quintiles based on poverty score (PDO result indicator P.01). This is expected to increase over time as use of the NHD is institutionalized.

(b) **DLI 2. Payment Coverage:** [Share of] cash transfer program budget delivered using digital payments (PDO result indicator P.03). This is expected to increase over time as payment service providers (PSPs) pay greater numbers of beneficiaries.

(c) **DLI 3. Data Management:** [Number of] beneficiary records digitized and poverty certified (intermediate result indicator I.01).¹⁵ This is expected to increase over time as all beneficiary records would be entered in the DSS MIS and records are cross-referenced with the NHD.

(d) **DLI 4. Payment Enrollment:** [Number of] beneficiaries enrolled¹⁶ for digital payment

¹⁵ This indicator assesses progress in migration of paper-based beneficiary records to a digitized system where individual records in the DSS MIS would be matched against the NHD to determine qualification or disqualification on the basis of poverty.

¹⁶ For the purpose of this indicator, “enrollment” means that a beneficiary has had a transactional account opened with a PSP capable of



(intermediate result indicator I.02). This is expected to increase over time as more beneficiaries have transactional accounts opened and/or enabled to facilitate digital payment.

(e) **DLI 5. Contact Points:** [Number of] access points for applications and grievances (intermediate result indicator I.03). This is expected to increase over time as more non-beneficiaries and beneficiaries would be made aware of the decentralized application and grievance recording process, and DSS staff and others are trained to assist such persons.

(f) **DLI 6. Payment Points:** [Number of] access points for digital payment (intermediate result indicator I.04) for benefits withdrawals. This is expected to increase over time as PSPs establish more locations with necessary equipment and trained staff to manage digital payment.

(g) **DLI 7. Selection Process¹⁷:** [Number of] unions using poverty score for beneficiary selection (intermediate result indicator I.05). This is expected to increase over time as DSS increases geographic use of the NHD.

(h) **DLI 8. Capacity Building:** [Number of] unions with personnel trained on business processes (intermediate result indicator I.06). This is expected to increase over time as DSS expands its training program on the modernized service delivery process.

22. **Achievement of DLI Targets would be verified using existing systems for monitoring and evaluation as well as spot checks to be contracted under Component 2.** While DLI Targets are set by fiscal year, they may be achieved at any time and the associated DLI Values withdrawn accordingly. A minimum achievement of 75% of any DLI Target would allow DSS to claim 75% of the associated DLI Value, pro-rated up to the actual proportion of the achievement (up to 30% of the cumulative expenditure under the EEP may be withdrawn at any given time limited by the sum of the DLI Values being claimed). Evidence of achievement would have to be provided in accordance with predefined criteria and verified by the Bank prior to disbursement.

Component 2: Modernization of Beneficiary Selection and Management Systems (US\$ 30.00 million)

23. **This Component would provide technical assistance to DSS to support the enhancements of technology assets, utilize integrated information systems for targeting and payment, improve citizen engagement, and strengthen the capacity of human resources.** In doing so, it would enable DSS to meet DLI Targets under Component 1. Eligible expenditures would include necessary goods, services, service fees, training and operating costs for Project management.

24. The core activities under this Component are as follows:

(a) **Upgrading & Integrating the DSS MIS:** The existing DSS MIS would be upgraded to enhance functionalities to manage business processes along the delivery chain across all cash transfer programs, and bring other information systems at DSS under a common platform. Key features would include

making digital payment, or has had his/her existing transactional account enabled to facilitate digital payment. Such accounts would be administered by an automated banking system and thus distinguished from traditional accounts maintained in physical documentation only. The usage of the term “enrollment”, in this case, is thus only in regards to the payment process, and distinct from an “enrollment decision” regarding on participation in a cash transfer program.

¹⁷ The transition to making enrollment decisions using the NHD would have to be gradual, given political economy considerations, and detailed protocols would be developed for such a process combining NHD use with local government vetting.



applicant intake and registration, matching with the NHD (and thus NID), enrollment decisions regarding potential beneficiaries, decisions on benefits, processing payments, case management, and grievance redress. The DSS MIS would be configured to allow interoperability with multiple subsystems in a social protection service delivery system such as the NID system, birth registration information system (BRIS), and NHD, as well as with PSPs for secure exchange of financial transaction information. Such enhancements to its scope and extent of integration with both internal and external systems would entail upgrades to the physical servers currently hosted by the Bangladesh Computer Council (BCC). An enhanced DSS MIS would result in greater digitization of paper records (intermediate result indicator I.01), facilitate the rollout of NHD-based systems for enrollment decisions (intermediate result indicator I.05), improve the processing of applications for intake and registration based on pre-set service standards (intermediate result indicator I.07), and improve the processing of grievance cases based on pre-set service standards (intermediate result indicator I.08). Cash transfer program Implementation Guidelines would be updated to incorporate the role of the DSS MIS and simplified business processes.

(b) **Targeting using the NHD:** Upon integration with the NHD, DSS would gradually transition towards making new enrollment decisions for cash transfer programs and certify existing beneficiaries for eligibility according to poverty scores, in addition to program-specific participation criteria (i.e. age, gender, and disability), to limit the scope of subjectivity and ensure benefits reach the poorest. Exit protocols would be developed and published to ensure an objective process of removing beneficiaries who may no longer qualify. A process for replacing beneficiaries exiting the program would also be developed in order to ensure optimal resource utilization. This activity would seek to develop a mechanism to provide feedback to BBS on individuals enrolled as potential beneficiaries to support the establishment of a social registry and cases where eligibility based on poverty criteria is disputed, for follow-up. Integration with the NHD would support poverty certification for growing numbers of applicants and beneficiaries (intermediate result indicator I.01) and increase the geographic scope of such a process (intermediate result indicator I.05).

(c) **Digital Payment using PSPs:** DSS would build upon experience with the ongoing digital payment pilots and scale up such payments using the most suitable technologies and distribution models in order to increase the number of beneficiaries covered under this initiative (intermediate result indicator I.02). Digital payments would create a digital audit trail all the way from Government to person, ensure secure authentication of cash withdrawal transactions, as well as support DSS in ensuring proof of life as part of its regular beneficiary recertification exercise. Standards for disbursement and reporting would be developed and administered using the DSS MIS. This activity would utilize the services of PSPs and support the operationalization of the proposed D2C Scheme in the establishment of additional payment points (intermediate result indicator I.04). This would entail payment of service fees to PSPs for any costs associated with the digital payment process. PSPs would also be incentivized to develop value-added services (e.g. overdraft facilities, insurance, etc.), and pilot financial literacy programs to encourage uptake of such services in collaboration with DSS.

(d) **Expanding Outreach:** A multi-window strategy to provide greater accessibility for beneficiaries and non-beneficiaries would be developed. This would entail equipping and training DSS field level offices, and establishing partnerships with local institutions such as Union and Municipal Digital Centers (UDCs and MDCs), and Postal e-Centers. These locations would be provided the capacity to record applications for intake and registration, and grievances, through an online portal linked to the DSS MIS (intermediate result indicator I.03) to improve case management (intermediate result indicators I.07 and



I.08) which may include door-to-door services. These efforts would be complemented by effective communications campaigns to improve awareness of cash transfer program procedures towards greater citizen engagement (intermediate result indicators I.09 and I.10).

(e) **Supporting Implementation:** Regular training for MoSW and DSS staff would be provided to ensure sufficient in-house capacity is built and retained, which is critical in operating a modernized service delivery system, particularly with regards to the use and maintenance of technology assets. Training programs, focusing on technology and client management, would be rolled out at both central and field levels. Field level personnel would also include members of union councils who play a critical role in coordinating implementation of the cash transfer programs (intermediate result indicator I.06). Resources would be provided for regular Project management functions, including financial management, procurement, ICT, results monitoring, social safeguards, among others.

E. Implementation

Institutional and Implementation Arrangements

25. **DSS will serve as the implementing agency for the Project.** A Project unit at DSS would oversee implementation, headed by a Project Director reporting to the Director General. The Project unit would be supported by staff with requisite skills in financial management, procurement, ICT, results monitoring, social safeguards, and other specific domains as required.

26. **The Project Steering Committee (PSC) chaired by the Secretary, MoSW would be the top-tier administrative body for Project implementation and will provide policy guidance as required.** The PSC would play a coordinating role between the implementing agency and other partnering institutions, including the settlement of disputes. The PSC is expected to include mid to high-level representation from BBS (for NHD), Election Commission (for NID), LGD (for BRIS), PMO (for technical advisory and proposed D2C Scheme), Finance Division (for proposed D2C Scheme), Cabinet Division (for NSSS), and any other ministry or agency with a relevant role in the decision-making process, in addition to the Project Director and Director General of DSS.

27. **Project Implementation Committees (PIC) at DSS chaired by the Director General, would be the second-tier administrative body for Project implementation which will provide operational guidance as required, and ensure compliance with Government and Bank rules and regulations.** The PIC is expected to include mid-level representation from MoSW, as well as any other ministry or agency, with a relevant role in the decision-making process.

28. **At the field level, Upazila Social Services Officers (USSO), Social Services Officers (Urban Community Development) (SSO-UCD), Union Social Workers (USW) and Municipal Social Workers (MSW) under DSS would function as the first point of contact for issues related to the cash transfer programs.** As per their existing functions, these officers would be responsible for the case management of program beneficiaries as well as for broadening citizen engagement efforts to improve access to these programs.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The Project will support the modernization of service delivery of cash transfer programs under MoSW, all of



which are implemented nationally. Locations where beneficiary selection is made using the NHD and/or where digital payments are being rolled out would be considered Project-specific locations.

G. Environmental and Social Safeguards Specialists on the Team

Sabah Moyeen, Social Safeguards Specialist

Iqbal Ahmed, Environmental Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Environmental Assessment OP/BP 4.01 is the umbrella policy for Indigenous Peoples OP/BP 4.10, the latter being triggered on account of the Project being implemented in areas where Indigenous Peoples are present.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	Yes	The Project will support the modernization of national cash transfer programs and would be implemented in areas where Indigenous Peoples are present.
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Social safeguards issues relating to indigenous peoples (small ethnic communities), gender and citizen engagement, focusing on access to and inclusion in cash transfer programs are addressed in a Social Management Framework (SMF) and a Small Ethnic Communities Planning Framework (SECPF) developed by the Borrower. These include publicity strategies and a grievance redress mechanism based on participation with civil society organizations and local communities. Site specific Small Ethnic Communities Plans (SECP) will be prepared during implementation as and when required. There are no long term and/or irreversible social impacts, as the Project aims to improve the service delivery of cash transfer programs.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No adverse indirect and/or long term social impacts are anticipated as the Project supports the improvement of transparency and efficiency using objective systems. Guidelines provided in the SMF and SECPF will reinforce Project interventions in achieving positive impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The Borrower has developed the SMF and the SECPF to address social safeguard issues and will recruit a qualified consultant and assign field level staff to implement and monitor site-specific plans. The Bank will provide training for the Borrower and field level staff to enhance social safeguards capacity.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholders are MoSW and its implementing agency DSS. Other major stakeholders include field offices under DSS, local community leaders, as well as Project beneficiaries themselves. The SMF and SECPF contain guidelines on consultations, as well as publicity strategies and a grievance redress mechanism. Disclosure policies for the frameworks and subsequent plans are described in these documents.



B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
30-Jul-2017	06-Aug-2017	

"In country" Disclosure

Bangladesh
05-Aug-2017

Comments

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission for disclosure
30-Jul-2017	06-Aug-2017

"In country" Disclosure

Bangladesh
05-Aug-2017

Comments

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

No

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social



Development Unit or Practice Manager?

NA

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

World Bank

Yoonyoung Cho
Senior Economist

Ashiq Aziz
Social Protection Specialist

Borrower/Client/Recipient

Economic Relations Division
Mirza Ashfaqur Rahman
Deputy Chief
dc-wb3@erd.gov.bd



Mahmuda Begum
Additional Secretary
mahmuda.baro@gmail.com

Implementing Agencies

Department of Social Services
A.K.M. Fazluzzoha
Deputy Secretary
fazluzzoha@gmail.com

G.M. Nurul Kabir
Director General
nkabir92@yahoo.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Yoonyoung Cho Ashiq Aziz
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Approved By

Safeguards Advisor:		
Practice Manager/Manager:	Stefano Paternostro	23-Aug-2017
Country Director:	Rajashree S. Paralkar	27-Aug-2017

