

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA11276

Project Name	Income Support Program for the Poorest (P146520)
Region	SOUTH ASIA
Country	Bangladesh
Sector(s)	Other social services (90%), Public administration- Other social services (10%)
Theme(s)	Social safety nets (70%), Nutrition and food security (15%), Child health (15%)
Lending Instrument	Investment Project Financing
Project ID	P146520
Borrower(s)	Government of the People's Republic of Bangladesh
Implementing Agency	Local Government Division
Environmental Category	C-Not Required
Date PID Prepared/Updated	17-Aug-2014
Date PID Approved/Disclosed	04-Sep-2014
Estimated Date of Appraisal Completion	04-Sep-2014
Estimated Date of Board Approval	02-Dec-2014
Decision	

I. Project Context

Country Context

Despite remarkable progress in poverty reduction, extreme poverty and vulnerability in Bangladesh remain stubborn problems. Poverty fell from 48.9 percent in 2000 to 40 percent in 2005 to 31.5 percent in 2010. Coupled with this progress was a consistent advancement in well-being in terms of asset ownership, better quality homes, improved access to amenities, and increased caloric intake and educational attainments across all income groups. Nevertheless an estimated 26 million people still remain in extreme poverty. About 52 million people live just above the national poverty line which implies that a small shock can push a large number of individuals into poverty, and many who are already poor, into extreme poverty. For instance, extreme poor households experienced a 22 percent decline in consumption in the wake of the food price shock of 2007-08.

To accelerate its poverty reduction rates Bangladesh needs to make better use of its vast social safety net expenditures. The Government of Bangladesh has set itself an ambitious target for a head count poverty rate of 14 percent in its Vision 2021 plan and the associated Perspective Plan 2010-2021. Assuming population growth continues to decline at the same rate as during the 2000-2010 period, achieving this poverty target implies lifting approximately 15 million people out

of poverty in the next 8 years. One of the areas where Bangladesh would need coordinated action to expedite the poverty reduction rate is in the way it utilizes its social protection expenditures. Annually Bangladesh spends about 2 percent of its GDP on social protection programs but the bulk of these resources are allocated to leaky food based programs. To ensure maximum impact of these resources on poverty reduction, improvements in program design so as to emphasize human capital accumulation and productive employment are just as critical as strengthened local level safety net delivery systems.

Recent evidence suggests that if programs are designed well, an improvement in local level implementation of safety nets and a reduction in beneficiary poverty levels are possible. Funded by the Rapid Social Response (RSR) MDTF, under the Shombhob pilot project (P123629, approved August 25, 2011) the Local Government Division (LGD) under the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C) provided monthly allowances for 20 months to poor mothers as long as they attended regular monthly sessions on nutrition education and monitored the growth of their children below three years of age. Another objective of the Shombhob pilot project was to identify a modern service delivery mechanism at the local level. Beneficiary mothers were thus selected using a Proxy Means Test Formula to ensure the participation of the poorest households. Payments were made electronically using debit cards and monitored by an automated Management Information System (MIS). Results of the process evaluation of Shombhob, funded by the South Asia Food and Nutrition Security Initiative (SAFANSI), show that the targeting system based on Proxy Means Testing worked well: beneficiary households have lower per capita consumption levels than those who applied and were rejected. Regular cash transfers made directly to beneficiary mothers using electronic cash cards proved successful: 95 percent of beneficiary mothers reported to have received their regular payments in full amounts without incurring any additional costs.

The impact evaluation of this project, show not only were the poorer households were selected, beneficiary households after having received these conditional cash transfers for 12 months experienced a significant increase in monthly household food consumption of 11 percent. Moreover, food expenses on proteins – meat, eggs, dairy, fish and pulses – increased dramatically for beneficiary households who received the nutrition package. The analysis also finds that the intervention had a significant impact on the incidence of wasting among children who were 10-22 months old when the program started, reducing the share of children with weight-for-height below 2 standard deviations from the WHO benchmark by 40 percent. Moreover, the intervention resulted in increased nutrition related knowledge of mothers regarding the importance of exclusive breastfeeding by 8 percent. Encouraged by these results the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C) via its Local Government Division (LGD) has requested for IDA support to scale up the Shombhob Pilot Project nationally as part of the country's overall social protection system.

Sectoral and institutional Context

Spending on social protection is spread across numerous programs with considerable overlap and fragmentation. Currently 22 Ministries implement over 100 programs with sizes that range from Tk. 55 billion (US\$ 714m) to Tk. 0.01 billion (US\$ 0.13m) (see Figure 1). The ten largest programs command 70 percent of the total budget, with the remaining allocation distributed among 18 medium sized programs (23 percent) and 67 very small ones (7 percent). Pension programs, including both formal and informal, constituted a third of the total budget in FY14, while the

remainder was spent on safety nets and various other community based cash and in kind transfer programs. These programs however are skewed towards addressing food based emergencies and seasonal shocks and education stipend programs, and are spread thinly across numerous cash transfer programs for special groups, including widows, disabled children, minority groups, etc. There are only two SSNs focused on maternal and child health which together constituted only 0.05 percent of the total social protection budget in FY 13.

Poor targeting of benefits and payments systems, along with inadequate average transfer amounts at the beneficiary level, limit the potential of safety nets to reduce poverty. Social protection programs in Bangladesh at present cover only one-third of the poor population. Many non-poor also receive benefits: 60 percent of the safety net beneficiaries are non-poor. The average transfer amount is about 11 percent of the total expenditures of poor households, much lower than the global median ranging from 18 to 27 percent. Even within the existing social protection budget, more effective targeting, better institutional coordination, and more efficient program administrative system could substantially increase benefits to poor households. For example, even if average transfer amounts were unchanged, ensuring they reached the poorest households would reduce the poverty rate by 4.3 percentage points and lift nearly 5 million people out of poverty.

The Government has already taken a first step in the right direction by undertaking the development of a unified targeting system for social programs. Using IDA support under the Safety Net Systems for the Poorest (SNSP) Project (IDA Cr. No. 5281-BD) the Statistics and Informatics Division is developing a database of poor households to allow social safety net (SSN) programs target their beneficiaries more accurately. As has been done in many other countries, this method of targeting identifies key characteristics of the poor from household data and uses these to develop a database of household level “poverty scorecard” with which to identify poor households. Recent experience from pilot studies suggests adopting such a formula-based targeting mechanism can substantially improve the current coverage of poor households.

The considerable overlap and fragmentation among SSNs however still remain a challenge. The lack of coordination between the various SSNs results in inefficiencies and confusion among beneficiaries regarding their entitlements. For example, the Ministry of Women and Children Affairs offers the Maternity Allowance for the Poor Lactating Mothers and the Ministry of Health offers Maternal Health Vouchers. Three different ministries run various education stipend programs. Similarly public works programs are implemented by multiple ministries. There is overlap and fragmentation among programs within Ministries as well. For instance, the Ministry of Disaster Management and Relief implements three similar workfare programs - Employment Generation Program for the Poorest, Test Relief and Food for Works - but utilizes different administrative processes leading to fragmentation, administrative inefficiencies, and tremendous strain on limited project implementation personnel. Through the SNSP Project, the Bank is helping to build common administration platforms at the program level, and thus help pave the way for their eventual consolidation to reduce overlap and fragmentation within the Ministry.

Increased technical and financial resources at the local government level can help minimize fragmentation across programs and modernize the delivery of safety net services. Local governments or Union Parishads (UPs) implement most SSNs on behalf of various line Ministries but suffer from weak administration capacity. They play a particularly crucial role in terms of preparing the beneficiary lists and in the delivery of benefits, yet do not receive an administrative budget for their activities. Nor do Ministries that implement the various safety nets coordinate at the

local level when seeking beneficiary lists from local government officials. Setting up common administrative platforms at the local level for safety net beneficiary identification, enrollment, payment and grievance redress will fill a critical gap in the modern implementation of SSNs and minimize fragmentation across Ministries. The proposed project, along with the on-going SNSP Project, thus together offers a coordinated solution to the problem of safety net program overlap and fragmentation in the Bangladesh context.

Efficient implementation of safety nets can also help to improve child nutrition and development outcomes while reducing household poverty. For instance, global evidence suggests cash transfer programs whose main goal is to augment income of poorest households can also include interventions targeted to pregnant mothers and young children within beneficiary households to positively affect child nutrition. The long term impact of early childhood stimulation was reported in the Jamaica where a simple intervention on parenting skills to help develop child cognitive and socio-emotional skills among growth-stunted children increased their earnings capacity by 25 percent – enough for them to catch up to the earnings of their non-stunted counterparts. The result from the evaluation of the Shombhob Pilot Project is another case in point. Ensuring adequate nutrition prenatally and in the first years after birth, coupled with proper nurturing and stimulation can have permanent positive effects on intelligence and brain development. Any strategy for strengthening the future workforce and their earning capability therefore involves investing in the socio-economic environments of poor children during the early childhood years. Harnessing the potential of such SSNs thus represents a smart use of scarce government resources that are currently earmarked for the poor in Bangladesh.

Poor child nutrition and development outcomes are associated with intergenerational transmission of poverty. Persistent poverty is often transmitted over generations: children growing up in poor households often end up being poor at adulthood. There is global evidence that a shortage of income and resources restricts the supply of sufficient food and thus leads to under nutrition of both mothers and children. Bangladesh is no exception in that although the problem of under nutrition affects the whole population, the poor primarily bear its burden: all indicators in Table 1 show a negative wealth gradient. The difference between the prevalence of underweight among 0 to 50 months old among households in the lowest and the richest expenditure quintile is 29 percentage points. Poverty also interferes with the access to knowledge and services related to nutrition and proper food intake behavior. For example, both wealth and mother's education are positively correlated with higher vaccination rates among children. Poverty can also hamper successful developmental and school achievements. Poor children in Bangladesh exhibit worse health outcomes and educational attainment compared to their non-poor counterparts.

The prevalence of under-nutrition in Bangladesh is among the highest in the world. Whilst there has been significant progress in reducing the incidence of underweight children below 5 years (from 60 in 1990 to 36 percent in 2011), progress in reducing wasting and stunting has been less encouraging. The rate of reduction in stunting from 2004 to 2011 is only 1.3 percentage points per year while the prevalence of wasting remained virtually the same. Among countries with the highest prevalence of stunting, Bangladesh ranks 6th in the world (See Table 2). The incidence of low birth weight in Bangladesh is also among the highest in the world at 22 percent, and maternal under nutrition is at about 24 percent. Further, poor dietary diversity and insufficient minerals in the average diet cause major diseases. The interaction between under nutrition and common infections creates a potentially lethal cycle of worsening illness and deteriorating nutritional status with severe long term adverse impacts.

The Bank is well placed to help modernize the implementation of safety nets at the local level while promoting child nutrition and development outcomes in the poorest households. The successful implementation of the Shombhob Pilot Project offers both a strong partnership with LGD as well as a tried and tested mechanism of cash transfers linked to nutrition-sensitive interventions.

Additionally, through previous successful operations and important analytical work and the ongoing results-based SNSP Project, the Bank has established itself as a credible partner that is well positioned to bring international good practice on social protection to bear in the context of Bangladesh. Specifically the SNSP Project is developing common administrative platforms to improve the performance of five of the largest safety net programs, and a national targeting system. By strengthening the capacity of local government institutions to allow better coordination among various safety nets implemented by different ministries at the local level, the proposed operation, the Shombhob Conditional Cash Transfer (SCCT) Project offers an important additional entry point to complement and leverage the Bank's existing support for important policy reforms to help build a well-targeted and coordinated social protection system to benefit the poorest households.

II. Proposed Development Objectives

The Project Development Objective is to provide income support to the poorest mothers in selected Upazilas, while (i) increasing the mothers' use of child nutrition and cognitive development services, and (ii) enhancing local government capacity to deliver safety nets,

III. Project Description

Component Name

Cash transfers for beneficiary households

Comments (optional)

This component will finance quarterly cash transfers to eligible households. Eligibility will be determined by the following two characteristics: (i) household will have to belong to the bottom two expenditure quintiles, and b) such households must have pregnant women and/or mothers of children below the age of 60 months. There would be four types of co-responsibilities depending on the household demographic composition. Cash transfers will be given conditional on utilizing the following services: (i) up to 3 antenatal care visits by pregnant beneficiaries; (ii) monthly growth monitoring (GM) of children from 0-24 months; (iii) quarterly GM for children from 2 to 5 years of age; (iv) monthly attendance at child nutrition and development (CND) awareness sessions.

Component Name

Strengthening local level capacity and coordination

Comments (optional)

This component would provide the necessary inputs to LGD to facilitate the implementation of the proposed cash transfers.

Component Name

Monitoring and evaluation

Comments (optional)

A robust monitoring and evaluation (M&E) framework will be critical to assess progress in achieving the project's objectives, and the impact of cash transfers on household poverty and on CND outcomes. This component will thus provide the necessary inputs to set up a project level Monitoring and Evaluation Unit (MEU) at LGD to monitor beneficiary selection, enrolment, compliance with co-responsibilities, payments, case management as well as any grievances or

appeals. To ensure that the project activities are being carried out effectively, this component will also support third party monitoring to cover annual evaluations of the project cycle processes to assess administrative issues and constraints for a sample of locations and bi-annual KAP assessments on a random sample of beneficiaries.

IV. Financing (*in USD Million*)

Total Project Cost:	315.00	Total Bank Financing:	300.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			15.00
International Development Association (IDA)			300.00
Total			315.00

V. Implementation

The proposed project will set up a coordinated system to deliver cash transfers to the poorest households linked to their utilization of basic CND services, while initiating a process of beneficiary tracking mechanism at the local level. Fundamentally important to the success of these conditional cash transfers is the need to have the appropriate institutional and implementation arrangements to: (i) identify eligible beneficiaries for Shombhob, enroll them into the program, and address their grievances; (ii) supervise and ensure the delivery of the required ANC services, and GM and CND sessions at the CCs; (iii) monitor beneficiary compliance with their respective co-responsibilities and ensure associated timely payments; and (iv) coordinate with Upazila level officials of other line Ministries that implement SSNs in the project locations. This set up will require LGD to forge partnerships with the following government agencies: (i) the Statistics and Informatics Division (SID) and the BBS to determine the list of potential poor households in each union; (ii) the DGHS under the MoHFW to work with CCs to coordinate the ANC visits and GM sessions; (iii) the BPO to facilitate biometric-enabled electronic payments; and the BEC for ensuring NIDs for each beneficiary. In addition LGD will be recruiting one or more NGOs for conducting the CND workshop and sessions, as well as supporting the CCs in ensuring ANC visits and GM sessions. The need to coordinate with the above stakeholders at the local level make the LGD - given its mandate to facilitate and coordinate service delivery by all line ministries - well placed to implement the proposed project.

The project implementation will be led by a Project Director (PD), not below the rank of Joint Secretary, to ensure smooth implementation and supervision of the project by the PMU set up at the LGD. The PD will be assisted by two Deputy Project Directors (DPDs), one of whom will be in charge of the day-to-day project management specifically linked to the administration of the cash transfers, while the second DPD will oversee the activities focused on the coordination with the stakeholders at the local level. The PMU will also comprise of specialists hired as consultants for the project period. These positions would include two Financial Management Specialists, one Procurement Specialist, one MIS Specialist, one M&E Specialist, a Social Safety Net Implementation Specialist, a Public Health Specialist, a Payments Specialist, a Training and IEC Specialist, along with support staff as needed.

The PMU will be advised and guided by a Project Steering Committee (PSC) chaired by the Secretary of LGD. This Committee will provide an oversight function to ensure that project

activities are well coordinated across the various partner Ministries. Secretaries of these partner Ministries such as the MoHFW, MoPT, Ministry of Social Welfare, MoDMR, and SID will be members of the PSC, among others. A Technical Project Review Committee (TRPC), headed by the PD will assist in the supervision of the project at all levels. This Committee will also have participation from partner Ministries to ensure that the Project implementation follows both Government and Bank rules and regulations.

At the District level, the Deputy Commissioner (DC) will be the focal point for providing overall supervision and guidance of the project activities. At the Upazila level, the UNO will be the primary official responsible for all project related processes, and will be assisted by the SPS hired under the proposed project. At the Union level, the SPA will be hired on a contractual basis to manage the SNC situated at the Union Parishad Complex office, and will work under the supervision of the UNO. Under the supervision of the UNO, the SPS will coordinate with BBS to collect the list of poor households determined by the BPD. A PIC firm will be hired to reach out to these households requesting those with children below the age of 5 and/or pregnant mothers to enroll into Shombhob. An enrolment firm will be hired by LGD to conduct the enrolment process on a rolling basis but limited to this BPD list of eligible poor households. Both the list of eligible households and those registered in Shombhob will be maintained by the SPA for each union. In addition, under the supervision of the SPS, the SPA will help put together a common beneficiary list of major SSNs operating in the union. Thus the SNC will essentially function as the Project Implementation Unit (PIU) and will report to the PMU at LGD via the UNO's office.

As part of the MoU with MoHFW, LGD will hire one or more NGOs to work with CCs to improve their capacity to deliver ANC and GM services, as well as to deliver the CND sessions to the beneficiary mothers. The NGO(s) will customize and deliver the CND sessions to cater to both the language/dialect and culture of local communities (e.g. tribal populations). The MoU with MoHFW will also allow access to the MIS set up by DGHS to allow the exchange of beneficiary data between the two agencies.

The Service Agreement with the BPO will lay out the modality of the quarterly electronic payments to be made by the BPO using PCCs. These smart cards will be issued to mothers following enrolment, and will be backed by a beneficiary account with the BPO. Beneficiaries will be able to withdraw their transfers from the local Union level Post Office, all of which will have Point of Sales (POS) machines with finger print scanners to facilitate the fast processing of payments. Beneficiary compliance with co-responsibilities will be monitored using the same PCCs. POS machines with finger print scanners will be made available at each service delivery point – SNC, CC, and with the NGO for CND sessions used to verify attendance. The POS machines will be configured according to the type of co-responsibility.

Shombhob will enroll all eligible households identified by the BPD as poor. Whist this provision reduces the scope for any discretion on the part of SPAs in determining the list of Shombhob beneficiaries, there is always a scope for human error in compiling the beneficiary list. Thus developing transparent and practical mechanisms for grievance redress to address beneficiary appeals concerning targeting, payments, information updates, and complaints on quality of service are important. The Shombhob MIS will include a grievance redress module to be managed by Grievance Redress Officers (GROs) at various levels who will help keep a record of these grievances, and monitor the details of cases lodged, resolved cases, pending cases and actions taken.

The UNO and the DC will be the Grievance Redress Officer (GRO) at the Upazila and District levels respectively. The PD will act as the GRO at the central level.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		x
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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