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Report No: PAD957

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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 202.4 MILLION
(US\$300 MILLION EQUIVALENT)

TO THE

PEOPLE'S REPUBLIC OF BANGLADESH

FOR AN

INCOME SUPPORT PROGRAM FOR THE POOREST PROJECT

November 17, 2014

Social Protection and Labor Global Practice
Bangladesh, Bhutan, Nepal Country Management Unit
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 30, 2014)

Currency Unit = Bangladesh Taka (BDT)
BDT 77.43 = US\$1
US\$1.48 = SDR 1

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

ANC	Antenatal care	M&E	Monitoring and Evaluation
BBS	Bangladesh Bureau of Statistics	MDTF	Multi Donor Trust Fund
BDHS	Bangladesh Demography and Health Survey	MIS	Management Information System
BDT	Bangladeshi Taka	MoHFW	Ministry of Health and Family Welfare
BPD	Bangladesh Poverty Database	MoLGRD&C	Ministry of Local Government, Rural Development & Cooperatives
BPO	Bangladesh Post Office	MoPTIT	Ministry of Posts, Telecommunications, and Information Technology
CAG	Comptroller & Auditor General	MOU	Memorandum of Understanding
CAS	Country Assistance Strategy	NGO	Non-Governmental Organization
CC	City Corporation	NID	National Identification
CCT	Conditional Cash Transfer	NSPS	National Social Protection Strategy
CNCD	Child Nutrition & Cognitive Development	PCC	Postal Cash Card
DC	Deputy Commissioner	PD	Project Director
DDLG	Deputy Director, Local Government	PDO	Project Development Objective
DFID	Department for International Development	PIU	Project Implementation Unit
DGHS	Directorate General of Health Services	PMT	Proxy Means Test
DHIS	District Health Information System	PMU	Project Management Unit
DP	Development Partners	POS	Point of Sales
DPD	Deputy Project Director	PSC	Project Steering Committee
EGPP	Employment Generation Program for the Poorest	PSC	Poverty Score Card
FAPAD	Foreign Aided Project Audit Directorate	PSM	Propensity Score Matching
FFW	Food For Work	RSO	Regional Statistics Officer

FY	Fiscal Year	RSR	Rapid Social Response
G2P	Government to Person	SAFANSI	South Asia food and Nutrition Security Initiative
GAAP	Governance & Accountability Action Plan	SFYP	Sixth Five Year Plan
GDP	Gross Domestic Product	SID	Statistics & Informatics Division
GoB	Government of Bangladesh	SNC	Safety Net Beneficiary Cell
GR	Gratuitous Relief	SNSP	Safety Net Systems for the Poorest
GRO	Grievance Redress Officer	SPA	Safety Net Program Assistant
IBRD	International Bank for Reconstruction and Development	SSN	Social Safety Net
ICB	International Competitive Bidding	UHFWC	United Health and Family Welfare Centres
IDA	International Development Association	UNDB	United Nations Development Business
IE	Impact Evaluation	UNDP	United Nations Development Programme
IFPRI	International Food Policy Research Institute	UNO	Upazila Nirbahi Officer
IMF	International Monetary Fund	UP	Union Parishad
IPF	Investment Project Financing	USD	United States Dollar
IT	Information Technology	VGF	Vulnerable Group Feeding
KAP	Knowledge, Attitude and Practice	WHO	World Health Organization
KYC	Know Your Customer		
LGD	Local Government Division		

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BANGLADESH

Income Support Program for the Poorest Project

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PAD DATA SHEET

Bangladesh

Income Support Program for the Poorest (P146520)

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

Report No.: PAD957

Basic Information			
Project ID P146520	EA Category C - Not Required	Team Leader Iffath Anwar Sharif	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 01-Apr-2015	Project Implementation End Date 31-Mar-2020		
Expected Effectiveness Date 15-Mar-2015	Expected Closing Date 30-Jun-2020		
Joint IFC No			
Practice Manager/Manager Pablo Gottret	Senior Global Practice Director Arup Banerji	Country Director Johannes C.M. Zutt	Regional Vice President Philippe H. Le Houerou
Borrower: Government of the People's Republic of Bangladesh			
Responsible Agency: Local Government Division			
Contact: Telephone No.:	Mr. Md. Akram al Hossain 8801711894017	Title: Email:	Joint Secretary akramalhossain@yahoo.com
Project Financing Data(in USD Million)			
[] Loan	[] IDA Grant	[] Guarantee	
[X] Credit	[] Grant	[] Other	
Total Project Cost:	303.37	Total Bank Financing:	300.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	3.37
International Development Association (IDA)	300.00
Total	303.37

Expected Disbursements (in USD Million)

Fiscal Year	2015	2016	2017	2018	2019	2020
Annual	0.00	5.00	24.00	66.00	117.00	88.00
Cumulative	0.00	5.00	29.00	95.00	212.00	300.00

Institutional Data

Practice Area / Cross Cutting Solution Area

Social Protection & Labor

Cross Cutting Areas

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Other social services	90		
Public Administration, Law, and Justice	Public administration- Other social services	10		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Social protection and risk management	Social safety nets	70
Human development	Nutrition and food security	15

Human development	Child health	15
Total		100
Proposed Development Objective(s)		
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 level government capacity to deliver safety nets.		
Components		
Component Name	Cost (USD Millions)	
Cash transfers for beneficiary mothers	267.00	
Enhancing local government capacity	32.87	
Monitoring and evaluation	3.50	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No [X]
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
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

Legal Covenants			
Name	Recurrent	Due Date	Frequency
Program Operations Manual		15-Jun-2015	
Description of Covenant			
The Government of Bangladesh, through the LGD, shall adopt an Operations Manual, in form and substance satisfactory to the Association, which shall set forth, inter alia, (i) the modalities for Cash Transfers and (ii) detailed arrangements and procedures for institutional coordination and day-to-day execution of the Program.			
Name	Recurrent	Due Date	Frequency
Interagency Coordination with Bangladesh Bureau of Statistics		15-Jun-2015	
Description of Covenant			
The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Memorandum of Understanding, on terms and conditions acceptable to the Association, with the Bangladesh Bureau of Statistics, inter alia, setting out arrangements for the provision of access to lists of poor households based on the data from the Bangladesh Poverty Database.			
Name	Recurrent	Due Date	Frequency
Interagency Coordination with Directorate General of Health Services		15-Jun-2015	
Description of Covenant			
The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Service Agreement, on terms and conditions acceptable to the Association, with the Directorate General of Health Services, inter alia, setting out arrangements for the sharing and management of Beneficiary data and the use of community clinics for the provision of services.			
Name	Recurrent	Due Date	Frequency
Interagency Coordination with Postal Directorate		15-Jun-2015	
Description of Covenant			
The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Service Agreement, on terms and conditions acceptable to the Association, with the Postal Directorate setting out the modalities for electronic Cash Transfer payments to be made to Beneficiaries and acceptable cash transfer fees.			
Name	Recurrent	Due Date	Frequency
Procurement and fiduciary staffing		15-Sep-2015	
Description of Covenant			
The Government of Bangladesh, through the LGD, shall recruit to the Project Management Unit one			

procurement specialist and two financial management specialists with qualifications and experience and under terms of reference acceptable to the Association.

Name	Recurrent	Due Date	Frequency
Compliance with Governance and Accountability Action Plan	X		CONTINUOUS

Description of Covenant

The Government of Bangladesh, through LGD, shall carry out the Project in accordance with the Governance and Accountability Action Plan.

Name	Recurrent	Due Date	Frequency
Compliance with Social Safeguards	X		CONTINUOUS

Description of Covenant

The Government of Bangladesh, through the LGD, shall carry out the Project in accordance with the Small Ethnic Communities Plan.

Conditions

Source Of Fund	Name	Type
IDA	Program Operations Manual	Disbursement

Description of Condition

No withdrawal shall be made under Category (1) for Cash Transfers unless and until the Recipient has adopted the Operations Manual, in form and substance satisfactory to the Association, which shall set forth, inter alia, (i) the modalities for Cash Transfers and (ii) detailed arrangements and procedures for institutional coordination and day-to-day execution of the Program.

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Iffath Anwar Sharif	Lead Economist	Team Lead	GSPDR
Iftikhar Malik	Senior Social Protection Specialist	Co-Task Team Leader	GSPDR
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Ashiq Aziz	Operations Analyst	Operations Analyst	GSPDR

Name	Title	Specialization	Unit
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Salwa Khan	Consultant	Consultant	GSPDR
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Md. Abir Hasan	Consultant	Consultant	GSPDR
Mohammad Sayeed	Consultant	Consultant	GENDR
M. Akram ul Aziz	Consultant	Consultant	GSPDR
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Tanvir Hossain	Senior Procurement Specialist	Senior Procurement Specialist	GGODR
Mohammad Reaz Uddin Chowdhury	Financial Management Specialist	Financial Management Specialist	GGODR
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Barbara Weber	Senior Operations Officer	Senior Operations Officer	GPSOS
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Roch Levesque	Senior Counsel	Senior Counsel	LEGAM
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I. STRATEGIC CONTEXT

A. Country Context

1. **Despite remarkable progress in the fight against poverty, reducing extreme poverty is a key development challenge for Bangladesh.** 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 6 million households (about 18 percent of the population) are extremely poor. Extreme poverty in Bangladesh is mainly a rural phenomenon: 60 percent of the poor in rural areas were also extremely poor.¹

2. **To accelerate its poverty reduction rates Bangladesh needs to make better use of its social protection expenditures.** The Government of Bangladesh (GoB) has set a target for a poverty rate of 14 percent by 2021.² 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 poverty reduction is in the way it utilizes its social protection expenditures.³ Annually Bangladesh spends over 2 percent of its GDP on social protection programs but the bulk of these resources are allocated to the non-poor.

3. **If designed well, better targeted and efficiently implemented, social safety nets (SSNs) are able to have a significant impact on poverty.** This was evidenced by a pilot project (P123629) titled *Shombhob* (which means possible in Bangla) that was funded by the World Bank's Rapid Social Response Multi Donor Trust Fund and approved on August 25, 2011. Implemented by the Local Government Division (LGD) under the Ministry of Local Government, Rural Development and Cooperatives (MoLGRD&C) the project provided monthly cash transfers to poor mothers as long as they fulfilled the co-responsibility of: (i) attending monthly awareness sessions on nutrition; and (ii) regularly monitoring the growth of their children below three years of age⁴. Transfers were accompanied by robust targeting, communication, payments, monitoring, and evaluation activities. Followed by a public information campaign, beneficiary mothers were selected using a Proxy Means Test Formula (PMTF) to ensure the participation of the poorest households. Payments were made electronically using Post Office debit cards and monitored by an automated Management Information System (MIS). Evaluation results⁵ of *Shombhob*, funded by the South Asia Food and Nutrition Security Initiative, show that the targeting system based on PMTF worked well: beneficiary households had lower per capita consumption levels than those who applied but didn't qualify based on the PMTF eligibility threshold. Regular cash transfers made directly to beneficiary mothers using these debit cards proved both transparent and efficient: 95 percent of

¹ World Bank. 2013. "Bangladesh Poverty Assessment: Assessing a Decade of Progress in Reducing Poverty 2000-2010," Bangladesh Development Series No. 31.

² See Bangladesh Vision 2021 Plan and the associated Perspective Plan 2010-2021.

³ Sharif, I. and D. Jolliffe. "Raising the game for pro-poor growth" in the Daily Star, May 1, 2014

⁴ The project also had an education co-responsibility targeted to families with children going to primary school.

⁵ Ferre, C. and I. Sharif. 2014. "Can Conditional Cash Transfers Improve Human Development Outcomes for Poor Children in Bangladesh? Evidence from a Pilot Project," submitted to the World Bank policy research working paper series.

beneficiary mothers reported to have received their regular payments in full amounts without incurring any additional costs. Compared to a control group, beneficiaries of the *Shombhob* Pilot experienced a significant increase in monthly household food consumption of 11 percent. Moreover, the impact evaluation finds that food expenses on proteins – meat, eggs, dairy, fish and pulses – increased significantly for beneficiary households who attended the nutrition awareness sessions. 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 *Shombhob* Pilot 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 (Annex 6 provides a detailed description of these findings). Encouraged by these results and to further strengthen safety net delivery at the local level, the MoLGRD&C Government of Bangladesh requested for IDA support to scale up the *Shombhob* Pilot in other parts of the country.

B. Sectoral and Institutional Context

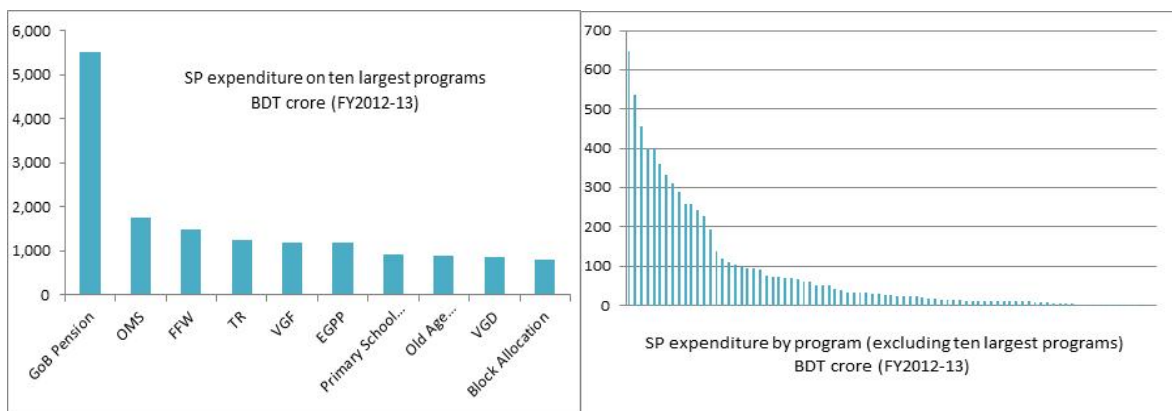
4. **Social protection spending in Bangladesh has been rising in recent years, and is countercyclical.** The Government has provided an average of 12 percent of total annual public expenditures (about 1.8 percent of GDP) for social protection during 1996-2008. Since then the allocation was increased in response to the global food and energy price crises of 2007 to about 14 percent of the total budget over 2009-2014, and reached as high as 2.64 percent of GDP in FY11 following the 2010 global commodity price shock. These substantial allocations, and the FY15 allocation of 2.3 percent of the GDP, are partly aided by the increasing fiscal space created by steady growth rates of 6 percent on average in recent years.

5. **Expenditures are skewed towards a few large programs that primarily address emergencies and seasonal shocks.** Currently 22 Ministries implement over 100 programs with annual allocations that range from BDT 55 billion (US\$714m) to BDT 0.01 billion (US\$0.13m). The ten largest programs (shown in Figure 1) 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 FY13, while the remainder was spent on safety net programs (SSNs) and various other community based organizations. The majority of large SSNs offer food based transfers, while the education stipend programs offer cash. The remaining cash based SSNs are spread thinly across numerous smaller programs for special groups, including widows, disabled children, minority groups, etc.

6. **Poor targeting of safety net benefits, 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. 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. Effective targeting and efficient implementation could increase the coverage of poor households and make a larger dent on poverty using the existing social protection budget. 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.⁶

Figure 1. FY13 Social Protection Expenditures (Crore BDT)



7. **The GoB has already taken a first step in the right direction by undertaking the development of a unified targeting system for SSNs.** Using IDA support under the Safety Net Systems for the Poorest (SNSP) Project (IDA Cr. No. 5281-BD) the Statistics and Informatics Division (SID) is developing a PMT based database of poor households to allow SSNs 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 household level “poverty scorecard” with which to identify poor households. Recent experience from pilot studies suggest adopting such a PMT formula-based targeting mechanism can substantially improve the current coverage of poor households.⁷

8. **Considerable overlap and fragmentation among SSNs are additional challenges that need to be addressed.** The lack of coordination between the various SSNs results in inefficiencies and confusion among beneficiaries regarding their benefits. For example, despite working with the same target population, the Ministry of Women and Children Affairs (MoWCA) implements an unconditional maternity allowance as part of the Poor Lactating Mothers Program while the Ministry of Health & Family Welfare (MoHFW) offers Maternal Health Vouchers conditional on institutional births. Three different ministries run various education stipend programs. Similarly numerous 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 (MoDMR) implements three similar workfare programs - Employment Generation Program for the Poorest (EGPP), Test Relief (TR) and Food for Works (FFW) - but utilizes different beneficiary lists and administrative processes leading to fragmentation, inefficiencies, and unmanageable workload 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*.

⁶World Bank. 2013. “Bangladesh Poverty Assessment: Assessing a Decade of Progress in Reducing Poverty 2000-2010,” Bangladesh Development Series No. 31

⁷ World Bank. 2014. “Developing a PMT based targeting system for Bangladesh.” Draft report.

9. Increased technical and financial resources at the local government level can help strengthen the delivery of safety net services and minimize fragmentation across programs.

Local level governments or *Union Parishads* implement most SSNs on behalf of various line Ministries but suffer from weak administration capacity. They are responsible for preparing beneficiary lists and delivering the benefits, yet do not receive an administrative budget for carrying out these activities. Nor do the Ministries that implement various safety nets coordinate at the local level when developing their respective beneficiary lists through local government officials. Setting up common administrative platforms at the union level for safety net beneficiary identification, enrolment, payment and grievance redress will fill this critical gap in the implementation of SSNs and could potentially minimize fragmentation among SSNs *across Ministries*. The proposed project and the on-going SNSP Project, thus together offer a coordinated solution to the challenge of improving the implementation of SSNs in Bangladesh to accelerate poverty reduction.

10. Efficient implementation of SSNs also has the potential to help Bangladesh address other formidable human development challenges.

Worldwide Conditional Cash Transfer (CCT) programs⁸ have been used to reduce consumption poverty and improve human capital formation.⁹ The accumulating evidence also suggests these programs have had a significant impact in improving maternal and child nutrition outcomes.¹⁰ Ensuring adequate nutrition prenatally and in the first two years, and early childhood cognitive development can prevent devastating permanent effects on children's intelligence and brain development.¹¹ For example, an intervention to help develop nutrition, and cognitive and socio-emotional skills among growth-stunted children in Jamaica increased their earnings capacity by 25 percent – enough for them to catch up with the earnings of their non-stunted counterparts.¹² Thus any strategy for strengthening the future workforce and their earning capability require investing in the environments of children during their early years.¹³ The ability of SSNs to reach a large number of poor populations with income support along with an emphasis on child nutrition and cognitive development outcomes promises a potentially winning formula in the fight against *both* current and future poverty. Harnessing the potential of this type of SSNs thus represents a smart use of scarce government resources that are earmarked for fighting poverty in Bangladesh.

11. 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 stunting¹⁴ has been less encouraging. The annual rate of reduction in stunting from 2004 to 2011 was only 1.3 percentage points while the prevalence of wasting stagnated. Among countries with

⁸ CCTs in many countries are viewed as a form of a social contract between the state and beneficiaries, and the word “co-responsibility” (instead of condition) is used to reflect this notion.

⁹ Fiszbein et al. 2009. “Conditional Cash Transfers: Reducing Present and Future Poverty,” World Bank: DC

¹⁰ See Ruel et al. 2013. “Nutrition-sensitive interventions and programmes: how can they help to accelerate progress in improving maternal and child nutrition?” *Lancet Series Volume 382, Issue 9891, Pages 536 - 551, 10 August 2013* for a detailed discussion

¹¹ Hawley, T. 2000. “Starting Smart: How Early Experiences Affect Brain Development.” Zero to three Press

¹² Gertler, P. et al. 2014. “Labor Market Returns to an Early Childhood Stimulation Intervention in Jamaica.” *Science 30, vol 344 (6187): 998-1001*

¹³ Nudsen et al. 2006. “Economic, Neurobiological and Behavioral Perspectives on Building America's Future Workforce,” *World Economics, July-September 2006*

¹⁴ i.e. children do not have the required weight (wasting) and height (stunting) for age.

the highest prevalence of stunting, Bangladesh ranks 6th in the world.¹⁵ 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.¹⁶ The high prevalence of infectious disease poses an additional challenge for Bangladeshi children - the interaction between under nutrition and common infections creates a potentially harmful cycle of worsening illness and deteriorating nutritional status resulting in long term irreversible adverse impacts.

12. Although the problem of under nutrition affects the whole population in Bangladesh, 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 60 months old in 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.¹⁷ Poverty can also hamper school achievements: poor children in Bangladesh exhibit worse educational attainment compared to their non-poor counterparts.¹⁸ Yet, none of the major SSNs focus on child nutrition and cognitive development.

Table 1: Nutrition indicators by wealth groups

Indicators	Wealth Quintiles				
	Q1	Q2	Q3	Q4	Q5
Stunting prevalence (%)	54	45	41	36	26
Underweight prevalence (%)	50	42	36	28	21
Wasting prevalence (%)	18	16	18	14	12
Women with low BMI (<18.5 kg/m ² , %)	40	30	26	20	8
Women with high BMI (≥25 kg/m ² , %)	5	7	11	20	37

Source: BDHS, 2011

13. The Bank is well placed to help the GoB improve the implementation of safety nets while promoting better child nutrition and cognitive development outcomes. The successful implementation of the *Shombhob* Pilot resulted in a strong Bank partnership with LGD and helped develop a tested mechanism of cash transfers linked to child Growth Monitoring and Promotion (GMP) interventions. The experience of the *Shombhob* Pilot suggest that when offered on a large scale in Bangladesh, the *Shombhob* interventions can complement existing nutrition services being offered under MoHFW’s universal National Nutrition Services (NNS) program by: (i) identifying the poorest pregnant women and mothers; and (ii) incentivizing them to regularly utilize services that are important for child nutrition and growth. As part of the national scale up of *Shombhob*, LGD has also requested to add interventions on mothers’ education on child cognitive development. Given its mandate to facilitate and coordinate a variety of public services locally under the Local Government Act of 2009, LGD is uniquely

¹⁵ UNICEF. 2013. “Improving Child Nutrition: The achievable imperative for global progress.” Unicef: New York

¹⁶ NIPORT. 2013. Bangladesh Demographic Health Survey 2011.

¹⁷ 2011. NIPORT

¹⁸ See Chapter 2 in World Bank. 2013. “Bangladesh Poverty Assessment: Assessing a Decade of Progress in Reducing Poverty 2000-2010,” Bangladesh Development Series No. 31 for a detailed analysis.

placed to implement such a program in that it has an interface with all other line Ministries and departments at the local level (e.g. health, education, social services, etc.).

14. Additionally, through previous successful operations¹⁹ and important analytical work²⁰ and the ongoing results-based SNSP Project, the Bank has established itself as a credible partner in bringing relevant international good practices in building sound social protection systems to Bangladesh. The proposed *Income Support Program for the Poorest* (ISPP) Project offers an additional strategic entry point to complement and leverage the Bank’s existing support for important policy reforms in social protection.²¹ It also complements the on-going: (i) Health Sector Development Program which supports the NNS as one of its strategic areas, and (ii) Third Primary Education Development Program which among other things, is promoting pre-primary education at the national level.

C. Higher Level Objectives to which the Project Contributes

15. The proposed project will fulfill two of the main elements of Bangladesh’s poverty reduction strategy laid out in the Sixth Five Year Plan (SYFP): (i) to “improve poor households’ access to and quality of education, health and nutrition services,” and (ii) “strengthen the coordination, targeting and coverage of social protection programs.” The need to strengthen SSNs and to improve nutritional outcomes is also documented in the “*Country Investment Plan: A roadmap towards investment in agriculture, food security and nutrition.*” Further, the proposed ISPP project will be a critical platform to help inform and facilitate the implementation of the following important national strategies - National Nutrition Policy and the National Social Security Strategy – that are currently being finalized.

16. The proposed project will contribute to: (i) the World Bank Group’s twin goal of eliminating extreme poverty and boosting shared prosperity; and (ii) the Bank’s revised Country Assistance Strategy (CAS Progress Report no. 73983-BD)²² for Bangladesh for FY 11-15 of strengthening social service delivery. Providing income support to the poorest women and helping to improve their children’s growth and development fulfills both immediate consumption needs and long term strategic needs of increasing the earnings ability of poor households. Further, these transfers are expected to change the traditional perception of women and children from being liabilities to “assets” for the household. Bio-metric enabled electronic payments solutions will improve the financial inclusion and literacy of poor women, and thereby have a transformational impact on their empowerment. The “door-step delivery” of awareness on child nutrition and growth has the potential to have a positive impact on nutrition indicators – somewhat in the same way that the “door-step delivery” of family planning services and information back in the 70s and 80s improved women’s decision making ability as well as maternal and child health outcomes.

¹⁹ The Employment Generation Program for the Poorest Project (P118701) and the Emergency Repatriation and Livelihood Restoration of Migrant Workers Project (P126263).

²⁰ World Bank. 2013. “Bangladesh Poverty Assessment: Assessing a decade of remarkable progress, 2000-2010.” Bangladesh Development Series Report No. 31. World Bank: Dhaka

²¹ See World Bank. 2014. “Policy Options to Strengthen the Social Protection System,” for a description of these policy imperatives.

²² Discussed at the World Bank Board on January 14, 2014.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

17. 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 level government capacity to deliver safety nets.

B. Project Beneficiaries

18. The project beneficiaries would include pregnant women and mothers with young children below the age of 5 years from the poorest households. It is expected that the proposed project will directly benefit approximately 600,000 beneficiary mothers which would reach about 2.7 million people. Beneficiary mothers will receive cash benefits if they fulfill the following co-responsibilities linked to the growth and development of their young children: (i) use of GMP services, and (ii) attendance at child nutrition and cognitive development (CNCD) awareness sessions. Annex 2 provides details on the scope of these GMP and CNCD services.

C. PDO Indicators

19. The achievement of the PDO will be measured by the following indicators:

- Number of ISPP beneficiaries registered to receive cash transfers
- Proportion of ISPP beneficiary households in the bottom two expenditure quintiles
- Proportion of ISPP beneficiaries receiving at least 70 percent of their maximum benefit
- Number of Unions maintaining a single beneficiary registry for at least five SSNs

20. The correspondence of each indicator to the intermediate outcome indicators and the project components is explained in more detail in Annex 1. Both qualitative and quantitative evaluations will be used to assess the impact of the project on household consumption, birth weight of beneficiary children, dietary diversity, beneficiary children achieving weight-for-height, weight-for-age, and height for age goals, and proxy child cognitive development indicators such as beneficiary children achieving development milestones and transitioning from the proposed project and entering pre-primary or primary schools.

III. PROJECT DESCRIPTION

A. Project Components

21. To achieve the PDO the project will be implemented in 42 of the poorest *Upazilas*,²³ and cover about 600,000 mothers over a five year period (Annex 2 provides a list of the project *Upazilas*). The proposed project will support three components via an Investment Project Financing (IPF) amounting to approximately US\$300 million for a period of five years (FY15-20), and will be implemented by LGD of MoLGRD&C. The following briefly describes these components (details are provided in Annex 2).

²³ *Upazilas* are rural administrative units within a District, while Unions are sub-*Upazila* level administrative areas.

22. **Component 1: Cash transfers for beneficiary mothers (US\$267 million).** 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,²⁴ 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 (see Table 2 below). Cash transfers will be given conditional on utilizing the following services: (i) up to 4 antenatal care (ANC) visits by pregnant beneficiaries; (ii) monthly GMP of children from 0-24 months; (iii) quarterly GMP for children from 2 to 5 years of age; (iv) monthly attendance at CNCD awareness sessions by all eligible mothers. The incentive structure emphasizes the relative importance of GMP among 0 to 24 month old children, and that of CNCD awareness²⁵ among mothers for all children below 5. There is a natural exit mechanism whereby the maternal benefit will end once the mother gives birth, and the cash transfer linked to child growth and development will cease once the child reaches 5 five years of age. Further details regarding program rules including possible exceptions (e.g. in the case of motherless children) will be described in the program Operations Manual.

Table 2. Eligible payments, frequency, and amount

Name of benefit	Eligible beneficiary	Co-responsibility	Benefit amount	Payment schedule	Payment condition
ANC	Pregnant women	Ensure 4 quarterly antenatal care visit	BDT 200 per visit	completed ANC visit*	No visit, no payment
Monthly GMP	Mothers with children aged 0-24 months	Take child for height and weight check monthly	BDT 500 per visit (total of BDT 1500 in one quarter plus a bonus BDT 500 if all three visit are completed in a quarter)	Quarterly	Payment allowed if at least two visits have been completed in three months**
Quarterly GMP	Mothers with children aged 25-60 month	Take child for height and weight check quarterly	BDT 1000	Quarterly	No visit, no payment
Monthly CNCD	All beneficiary women (pregnant women and mothers)	Attend child nutrition and development education sessions every month	BDT 500 per visit (total of BDT 1500 in one quarter irrespective of number of children enrolled)	Quarterly	Payment allowed if at least two visits have been completed in three months**

*GoB recommends upto 4 ANC visits. **Only BDT 1000 will be received if only two out of three visits are completed. Any less will result in suspension and possible termination of the benefits if the households do not comply even after the two successive warnings. Details will be laid out in the Operations Manual.

23. To remain consistent with Government's family panning policy, each beneficiary mother will be entitled to benefit payments for *only the first and second born child*. This implies the average size of the monthly benefit would be between BDT 1200 and 1800, which would be

²⁴ Priority will be on the poorest households determined by their poverty scorecard as assigned by the BPD.

²⁵ While growth promotion and early childhood development interventions can cover a gamut of services, to ensure simplicity and account for capacity constraints, the package offered by the proposed project will include very basic but essential services.

around 15 - 23% of the estimated average monthly per capita expenditure of the target population who are expected to consume at around the lower national poverty line.²⁶ Evidence from similar CCT programs suggests limited labor disincentive impacts especially when the level of benefits is within 20 percent of household income. Thus the proposed benefit amount is adequate without creating an adverse impact on labor supply.²⁷

24. **Component 2: Enhancing local level government capacity (US\$32.87 million).** This component would provide the necessary inputs to LGD to facilitate the implementation of the proposed cash transfers. This will include strengthening the capacity of: (i) *Union Parishads* (i.e. union level elected councils) to develop the beneficiary list based on the Bangladesh Poverty Database (BPD) being developed by SID, and supervise their enrolment into ISPP; (ii) Community Clinics (CCs) to deliver the ANC and GMP services, and the CNCD awareness sessions; and (iii) Union Post Offices (UPOs) to make electronic payments to beneficiaries using the Postal Cash Cards (PCCs) upon compliance with co-responsibilities. To facilitate the Union Parishad activities, a “Safety Net Cell” (SNC) will be established at the existing *Union Parishad* Offices, staffed by one Safety Net Program Assistant (SPA). An enrolment agency will be hired to support in managing the initial large volumes of enrolments in ISPP in the first two years of implementation.

25. The SNCs will also function as a safety net “one stop shop” for providing all citizens with information on these programs, their eligibility criteria, the benefit amounts, etc. The SPA will be responsible for facilitating this information, and for compiling the beneficiary lists (and their updates through new enrolments) of major SSNs that operate nationally (e.g. EGPP, FFW, TR, Vulnerable Group Feeding, Gratuitous Relief, Old Age Allowance, Widow Allowance, etc.) in addition to managing the ISPP beneficiary lists. Such local level coordination will allow SNCs to track SSN beneficiaries receiving benefits from different programs in each Union. This information can eventually feed into the central level beneficiary registry tracking system being developed by the Ministry of Finance (MoF) with support from DFID, and the MoDMR for its programs (FFW, EGPP, TR, VGF and GR) as part of the SNSP project.

26. To ensure regularity in service provision by the CCs that allow the fulfillment of beneficiary co-responsibility, and to avoid over-burdening the CC staff, one or more NGOs will be hired to support staff in each CC with delivering ANC and GMP services to ISPP beneficiaries. This NGO(s) however will be exclusively responsible for offering the CNCD awareness sessions. To support the BPO payments system, the component will procure the hardware and software needed to install a biometric-enabled system that links electronic payments to beneficiary compliance with their respective co-responsibilities. This IT-enabled operating system will allow for better coordination between the three sets of local institutions – the SNC, the CC, and the UPO. Once the payments platform is set up, it can be availed by other cash based SSNs to adopt similar electronic payments. All of these activities will be underpinned by an Operations Manual, as well as a MOU signed by LGD with the Bangladesh Bureau of Statistics (BBS) under SID, and a service agreement signed with the Directorate General of

²⁶ Calculations are based on the 2010 national poverty line (adjusted for inflation). The benefit size is almost 2.5 to 3.5 times the average benefit offered by other SSNs.

²⁷ Grosh, M. et al. 2008. “For Protection and Promotion: The Design and Implementation of Effective Safety Nets.” World Bank: Washington DC

Health Services (DGHS) under the Ministry of Health & Family Welfare (MoHFW) and with the Postal Directorate/Bangladesh Post Office (BPO) under the Ministry of Posts, Telecommunications, and Information Technology (MoPTIT) respectively.

27. **Component 3: Monitoring and evaluation (US\$3.5 million)** 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 CNCD outcomes. This component will thus provide the necessary inputs to help LGD monitor ISPP beneficiary selection, enrolment, compliance with co-responsibilities, payments, case management as well as any grievances or appeals. To facilitate these activities, this component will develop an automated Management Information System (MIS) by building on the existing *Shombhob* Pilot MIS. This MIS will be linked to the MIS set up by the DGHS to share data on service utilization by ISPP beneficiaries. In addition, an effort will be made to develop an interface with the SSNs MISs being built by BBS, MoF and MoDMR to allow central review of beneficiary information.

28. To ensure that the project activities are being carried out effectively, this component will also support third party monitoring which will cover: (i) an annual evaluation of the project cycle processes to assess administrative issues and constraints for a sample of locations; and (ii) bi-annual Knowledge, Attitude and Practice assessments on CDCD issues on a random sample of beneficiaries to track project outcomes. These assessments will help to assess and identify areas that require remedial measures and course correction, and thus will be used to inform necessary changes and updates needed to the ISPP Operations Manual. Additionally both qualitative and quantitative evaluations will be conducted through Trust Fund resources to assess the impact of the project activities on household poverty and CNCD outcomes based on household level surveys.

B. Project Financing

29. The proposed operation would be financed by an IDA Credit of US\$300 million through an Investment Project Financing (IPF) Credit under OP10.00.

C. Project Cost and Financing

30. The total project cost is US\$303.37 million out of which GoB contribution is of US\$3.37 million (see Table 3 for a breakdown of the costs).

31. Component one will finance cash transfers to beneficiaries while component two will finance office space, contractual staff, hardware, individual consultant services, training, operational and maintenance costs required for the smooth flow of transfers and ANC, GMP and CNCD services to beneficiaries. Component three will finance the software and management information systems, and consultant services for monitoring and evaluation. Bank funds will flow into a Designated Account, and all three components will disburse using standard reimbursement procedures. GoB contribution will essentially finance government staff salary and honorarium and office rent.

Table 3. Project cost and IDA financing by component

Project Components	Project cost (US\$ million)	IDA Financing (US\$ million)	% Financing
1. Cash transfers for beneficiary households	267.0	267.0	100
2. Strengthening local level capacity & coordination	32.87	29.5	90
3. Monitoring and evaluation	3.5	3.5	100
Total Project Costs	303.37	300.0	98
Total GoB contribution	3.37		
Total Financing Required	300.0	300.0	100

D. Lessons Learned and Reflected in the Project Design

32. Three sets of lessons have informed the design of the proposed project. Lessons from the *Shomhob* Pilot highlight the importance of: (i) LGD’s supervisory mandate over elected local government institutions; (ii) using NGOs to provide implementation support at the local level due to varying capacity of CCs; (iii) close coordination between the LGD and other stakeholder agencies (e.g. P&TD and DGHS); (iv) a monitoring and evaluation system embedded in the project design to provide constant feedback for management on implementation; (v) regular independent assessments to allow for design or implementation modifications; and (vi) motivating *Union Parishads* to improve SSN service delivery.

33. Broader lessons have been drawn from other similar World Bank operations, as well as from the vast literature on CCT programs,²⁸ which suggest the following: (i) conditional cash transfers are more likely to be effective in strengthening human capital when supply-side constraints are addressed simultaneously; (ii) providing transfers to women ensures that the money is spent to benefit children, and that it has a positive impact on women’s empowerment; (iii) clear and transparent rules, and beneficiary awareness of them, help to ensure program credibility; and (iv) a system of control and accountability mechanism is important to provide timely and adequate information to management.

34. A third set of lessons is derived from global good practice in building an integrated comprehensive social protection system as laid out in the Bank’s Social Protection and Labor Strategy.²⁹ One key aspect includes synchronization among programs so that they are connected in terms data, monitoring, and policy objectives. The successful implementation of the proposed project would create Union level mechanisms to integrate existing SSNs through initially a common beneficiary registry, and over time facilitate the use of common administrative platforms for beneficiary identification, enrolment, payments and grievance. This could potentially pave the way for consolidating numerous cash based SSNs in Bangladesh into an integrated system to provide social protection to the poorest. This is how *Oportunidades* and *Bolsa Familia* evolved in Mexico and Brazil respectively, and became best global practice.

²⁸ See Fiszbein, A and N. Schady. 2009. “Conditional Cash Transfers: Reducing Present and Future Poverty.” World Bank Policy Research report. World Bank: Washington D.C.

²⁹ Programs are advised to be synchronized, measurable, affordable, responsive, transparent and accountable (SMART). See World Bank. 2012. “Building resilience and opportunity: The World Bank’s Social Protection and Labor Strategy 2012-2022” for more detail.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

35. Fundamentally important to the successful implementation of ISPP is to have the appropriate institutional arrangements to: (i) identify eligible beneficiary mothers, enroll them into the program, and address their grievances; (ii) supervise and ensure the delivery of the required ANC and GMP visits, and CNCD 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. To achieve this LGD will forge partnerships with the following government agencies: (i) the BBS to determine the union-wise list of potential poor households; (ii) the DGHS to work with CCs to coordinate the ANC and GMP visits; and (iii) the BPO to facilitate biometric-enabled electronic payments.

36. A Project Management Unit (PMU) will be set up at LGD which will be led by a Project Director (PD), not below the rank of Joint Secretary. The PD will be assisted by a Deputy Project Director (DPD), to conduct day-to-day project management specifically linked to the administration of the cash transfers, and to oversee the coordination with partner agencies and various stakeholders at the District, *Upazila* and *Union* levels. 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 and Training Specialist, a Social Safety Net Implementation Specialist, a System Engineer, a Payments Specialist, along with support staff as needed.

37. 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, MoPTIT, MoDMR, and SID will be members of the PSC, among others. A Project Implementation Committee (PIC), headed by the PD and consisting of other partner Ministries, will assist in the supervision of the project at all levels to ensure that it follows both Government and Bank rules and regulations during implementation.

At the District level, the District Commissioner (DC) will be the focal point for providing overall supervision and guidance of the project activities, and will be assisted by the Deputy Director Local Government (DDLG). At the *Upazila* level, the *Upazila Nirbahi* Officer (UNO) will be the primary official responsible for all project related processes, and will be assisted by the Safety Net Program Supervisor (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* office, and will work under the supervision of the UNO and SPS. At the *Upazila* level, the SPS will coordinate with BBS to collect the list of poor households determined by the BPD. 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. The same firm will conduct a public information and communication campaign (PICC) to reach out to poorest households requesting those with children below the age of 5 and/or pregnant mothers to enroll into ISPP. Both the list of eligible households and those registered in ISPP will be maintained by the SPA for each union. In addition, with the help of Union Parishad and UNO's office, the SPA will help put together a

common beneficiary list of major SSNs operating in the Union. The SNC will essentially function as the Project Implementation Unit (PIU), and will mainly liaise with the elected members of the *Union Parishad* but report to the UNO.

38. As part of the Service Agreement with DGHS, LGD will hire one or more NGOs to work with CCs to ensure the delivery ANC and GMP services, and provide any necessary equipment to facilitate and monitor the GMP and ANC services. The NGO(s) will be responsible for delivering the CNCD sessions which will be customized to cater to both the language/dialect and culture of local communities (e.g. tribal populations). As part of this agreement, access to the DGHS MIS will allow the exchange of beneficiary data between the two agencies.

39. The Service Agreement with the BPO will lay out the modality of the quarterly electronic payments to beneficiaries, as well as the scope of equipment required for the implementation of this biometric-enabled payments system using PCCs. Beneficiaries will be able to withdraw their transfers from the local UPOs, all of which will have Point of Sales (POS) machines with finger print scanners to facilitate the fast processing of payments.³⁰ Beneficiary compliance with co-responsibilities will be monitored using the same PCCs with the help of MIS. POS machines with finger print scanners will be made available at each service delivery point – SNC, CC, and with the NGO for CNCD sessions – to be used to verify attendance. The POS machines will be configured according to the type of co-responsibility to generate the respective payment.

40. SNCs will enroll all eligible households identified by the BPD as poor. Whilst this provision reduces the scope for any discretion on the part of SPAs in determining the list of 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/or the quality of services are important. The ISPP MIS will include a grievance redress module to be managed by Grievance Redress Officers (GROs) appointed at various levels who will address grievances as per the Operations Manual; and keep a record of 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.

B. Results Monitoring and Evaluation

41. A range of M&E tools will be employed in assessing LGD's implementation performance, outputs, and outcomes. Project performance monitoring is expected to utilize the automated MIS in combination with independent assessments, including both third party monitoring and program impact evaluations. An appropriate amount of resources in Component three is earmarked for these activities, and are listed below:

- (a) Beneficiary data monitoring and compliance verification using the MIS
- (b) Internal audits of BPO payments by LGD

³⁰ Evaluations of the payments system under the *Shombhob* Pilot Project suggest beneficiary mothers often forget their unique PIN to process payments, and the overall process can often be delayed. Using biometric data will help expedite this process while providing for a two-factor authentication system which is the global best practice.

- (c) Third party monitoring to (i) conduct an annual evaluation of the project cycle processes to assess administrative issues and constraints for a sample of locations; and (ii) carry out bi-annual KAP assessments on a random sample of beneficiaries on a continual basis.
- (d) Focused group discussions with participants and non-participants to conduct a qualitative evaluation of project outcomes.

In addition, Trust Fund resources will be used to finance panel household surveys on both program participants and non-participants to conduct a quantitative impact evaluation over a short and long term horizon.

42. The results from the above M&E activities will be triangulated to ensure that the Project objectives are on track. These activities are expected to offer sufficient oversight over the appropriate use of project funds, preclude the incidence of malpractice, and maintain good governance in project management. Some of these activities will also be regularly monitored as part of the Governance and Accountability Action Plan (GAAP) (see Annex 7).

C. Sustainability

Several factors underpin the sustainability of the proposed project. *First*, there is strong country ownership of the proposed project activities as evidenced by the support offered by the MoHFW during the implementation of the *Shombhob* Pilot, and for its scale up. *Second*, public expenditures for SSNs continue to receive priority by the MoF as shown by the consistent spending of about 2 percent of GDP since FY2008 till date. This emphasis is unlikely to diminish with any change in government. *Third*, there is an increased recognition among policy makers of the importance of improving the quality of SSN expenditures, as illustrated by the NSSS. The concrete recommendations of the NSSS include setting up a child-focused safety net as well as developing a single safety net beneficiary registry – both of which are being initiated by the proposed project. *Fifth*, the NSSS suggests the consolidation of the numerous SSNs into fewer outcome-based programs and to improve the pro-poor coverage of SSNs. The successful implementation of the proposed project thus will help position ISPP as a flagship SSN that is scaled up incrementally while non-performing programs are crowded out.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Stakeholder Risk	Moderate
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Moderate
- Social and Environmental	Low
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Substantial
Overall Implementation Risk	Substantial

B. Overall Risk Rating Explanation

43. The overall risk rating for the project is deemed substantial. This rating is driven largely by the high country level governance risk and the low capacity of the implementing agency. Leakage in safety net benefit amounts while not unique to Bangladesh is a formidable challenge. According to IFPRI estimates, the leakage in safety net food transfers at the beneficiary level can range between 2 and 13.6 percent.³¹ Given this substantial in-built governance risk, an innovative design of the proposed project is critical. Experience from the implementation of the *Shombhob* Pilot suggests that the use of electronic cash payments and automated monitoring tools help to mitigate this risk. Thus the investment in the project MIS and payments system will be important mitigating measures for these risks.

44. Whilst LGD has gained some experience in implementing conditional cash transfers through the *Shombhob* Pilot, the larger scale of the proposed project suggest project activities may further stretch the existing low capacity of the implementing agency. Resources set aside for strengthened management and technology-enabled local level administration will mitigate some of this risk through improvements in beneficiary identification, benefit delivery and grievance mechanisms, and enhanced monitoring and evaluation of the programs. In addition the recruitment of NGO(s) to support implementation will help. However constant oversight by the Bank over these processes will be required. The regular monitoring of the GAAP, which has been jointly prepared with the counterparts, will assist the Bank team in that respect.

45. There is also the risk that improved coordination in safety net delivery by the proposed project will generate opposition from vested interest groups who currently benefit from poor implementation of SSNs. Mitigation measures therefore are an integral part of the project design in that they offer mechanisms to: (i) continue to highlight the important role Union Parishads play in safety net delivery by setting up the SNCs in *Union Parishad* offices; (ii) ensure beneficiary awareness of their benefits and co-responsibilities; and (iii) make biometric-enabled electronic payments linked to an automated MIS to preempt collusive behavior among local governments and other partner agencies such as NGOs, CCs, and UPOs.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

46. The project is expected to have (i) a short term impact on poverty; (ii) a medium term impact on selected nutrition indicators, and (iii) a longer term impact on human capital and earnings of beneficiary children. The results of the *Shombhob* Pilot suggest an estimated reduction of 4 percentage points in poverty headcount (from a rural average of 35 percent) in the project locations, and an improvement in selected nutrition outcomes. Global evidence suggests an improvement in child cognitive development outcomes through early childhood development interventions, leading to increased years of education and greater lifetime earnings. The services provided under the proposed project can thus be expected to bring about an improvement in beneficiary children's ability to complete school, and thereby secure higher earnings in their

³¹ Ahmed, A., S. Rashid, M. Sharma and S. Zohir. 2003. "A Study on food aid leakage on Bangladesh" WFP/IFPRI Brief, Washington DC

adult life. Based on these assumptions, the cost benefit analysis suggests that the benefits expected from the proposed project outweigh the costs. At a 10 percent discount rate, the NPV of the project will be between US\$17 million to US\$459 million, with an IRR of about 10.5 – 16.5 percent, depending on the assumptions. These rates of return are consistent with other similar projects, and are conservative estimates since the impact of the cash transfers on consumption smoothing or reducing health expenditure costs are not estimated (see Annex 6 for a detailed analysis).

B. Technical

47. The project is technically sound. In particular the introduction of the use of PMT based targeting, the automated MIS, electronic payments and grievance redress mechanisms are based on global good practice examples of CCT programs being implemented in a number of countries (e.g. Mexico, Brazil, Philippines, Pakistan). The design is being appropriately customized to local conditions based on the lessons from the *Shombhob* Pilot. The MIS and technology-enabled registration and payments system have a good balance between functionality and cost. By supporting the SNCs, the Project is expected to increase the effectiveness in safety net delivery to poor households, and initiating a SSN beneficiary tracking system. Strengthened CCs and UPOs are also able to serve local populations who are outside the scope of the proposed project.

48. Technical and financial inputs provided under the proposed project would also support on-going reforms in social protection. The successful implementation of the proposed project would strengthen safety net delivery at the *Union* level, while filling a gap in safety net programming. The proposed project, when fully implemented, would cost only about 1.5 percent of the total annual social protection expenditures or about 0.04 percent of GDP.

C. Financial Management

49. A fiduciary assessment of LGD indicates a “substantial” risk in financial management. This risk is mainly driven by the large number of cash payments to be made to beneficiaries. While several risk-mitigating measures have been incorporated into the design of the cash transfer process, a number of additional measures will also be undertaken during implementation to improve overall financial management capacity (see Annex 3 and 7 for more details).

50. LGD would appoint two experienced consultants, with qualifications acceptable to the Bank, to coordinate financial management activities under the project. The consultants would support LGD in strengthening budgeting practices, internal controls, fund reconciliations, and other relevant financial functions. Annual external audits of all project components would be conducted by the Foreign Aided Project Audit Directorate (FAPAD), and would be supplemented by additional internal audits twice in the project term, to be conducted by a professional auditing firm. As part of regular monitoring and evaluation activities, third party validations of service delivery quality of ISPP would assess proper and timely receipt of cash transfers by beneficiaries.

51. Financing for all components will be disbursed to a Designated Account. For Component one, eligible expenditures include cash transfers to beneficiaries. For Components two and three,

eligible expenditures include payments for goods, works, non-consulting services, consultant services, training and operating costs. Disbursement would initially be made on an advance and replenishment based on regular statements of expenditure (SOEs). After one year of implementation, the Bank would review the quality of financial management performance and may convert the disbursement modality to one based on interim unaudited financial reports (IFRs) including a six-monthly forecast of fund requirements. These forecasts are expected to be produced via the program MIS. For Component one, based on the projected amount of benefit payments to enrolled beneficiaries, funds would be transferred to a dedicated account at the BPO, who would in turn make quarterly payments to individual beneficiary accounts in accordance with the payment list issued by LGD.

D. Procurement

52. The fiduciary assessment of LGD also indicates a “substantial” risk in procurement administration. Risks are typical of those in other Government agencies in Bangladesh, and several standard mitigation measures are being applied during both the project preparation and implementation phase. These include strengthening overall procurement capacity, enhancing measures for technical evaluations, and improving transparency in the procurement process.

53. An initial procurement plan covering the entire period of the project will be agreed on during negotiations and the first update will be made immediately following project effectiveness. The procurement plan would subsequently be reviewed and updated on a semi-annual basis in consultation with the Bank. The Bank’s review of selected contracts would be determined on the basis of estimated value thresholds, which may be revised upwards as procurement performance improves.

E. Social (including Safeguards)

54. A social assessment was carried out and the project has been classified as category C. However since indigenous people live in some of the project areas, OP 4.10 has been triggered for the project and a Small Ethnic Communities Plan has been prepared and disclosed on August 26, 2014. The purpose of the Plan is to ensure maximum access to the program by indigenous populations. The Plan was prepared on the basis of extensive consultation with indigenous communities and their feedback. Regular consultations will continue to be held with them in accordance with the Plan throughout implementation of the project. The PMU will prepare an annual report on compliance with social safeguards as required by the Bank.

Annex 1: Results Framework and Monitoring
BANGLADESH: Income Support Program for the Poorest Project (P146520)
Results Framework

Project Development Objectives

PDO Statement

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 level government capacity to deliver safety nets.

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Baseline (FY2015)	Cumulative Target Values					
		YR1 (FY2016)	YR2 (FY2017)	YR3 (FY2018)	YR4 (FY2019)	YR5 (FY2020)	End Target
Beneficiaries of Safety Nets programs (number) - (Core)	0.00	0.00	100000.00	325000.00	600000.00	600000.00	600000.00
Beneficiaries of Safety Nets programs - Conditional cash transfers (Number - Sub-Type: Breakdown) - (Core)	0.00	0.00	100000.00	325000.00	600000.00	600000.00	600000.00
Beneficiaries of Safety Nets programs – Female (Number - Sub-Type: Breakdown) - (Core)	0.00	0.00	95000.00	308750.00	570000.00	570000.00	570000.00
Proportion of ISPP beneficiary households in the bottom two expenditure quintiles (Percentage)	0.00	0.00	0.00	70.00	70.00	70.00	70.00
Proportion of ISPP beneficiaries receiving at least 70 percent of the maximum benefit amount (Percentage)	0.00	0.00	0.00	50.00	60.00	70.00	70.00
Number of Unions maintaining a single beneficiary registry of at least five safety net programs (Number)	0.00	0.00	0.00	25.00	50.00	100.00	100.00

Intermediate Results Indicators

Indicator Name	Baseline (FY2015)	Cumulative Target Values					
		YR1 (FY2016)	YR2 (FY2017)	YR3 (FY2018)	YR4 (FY2019)	YR5 (FY2020)	End Target
Proportion of ISPP beneficiary pregnant women and mothers who fulfill Child Nutrition and Cognitive Development (CNCD) co-responsibility (Percentage)	0.00	0.00	0.00	50.00	60.00	70.00	70.00
Proportion of ISPP beneficiary pregnant mothers who fulfill Ante-Natal Care co-responsibility (Percentage)	0.00	0.00	0.00	50.00	60.00	70.00	70.00
Proportion of ISPP beneficiary mothers who fulfill Growth Monitoring and Promotion co-responsibility (Percentage)	0.00	0.00	0.00	50.00	60.00	70.00	70.00
Proportion of implementing Unions/municipal wards addressing grievance cases (Percentage)	0.00	0.00	0.00	30.00	45.00	60.00	60.00
Periodic beneficiary spot check surveys conducted in sample of Unions/municipal wards (Number)	0.00	0.00	0.00	20.00	20.00	20.00	20.00
Process evaluation of project cycle conducted (Yes/No)	No	No	No	No	Yes	No	Yes
Impact evaluation of providing cash transfers on behavioural changes among beneficiary population conducted (Yes/No)	No	No	No	Yes	No	Yes	Yes
Dissemination of monitoring and evaluation reports on annual basis (Yes/No)	No	No	No	Yes	Yes	Yes	

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Beneficiaries of Safety Nets programs (number)	This indicator measures the number of individual beneficiaries covered by safety nets programs supported by the Bank. Safety nets programs intend to provide social assistance (kind or cash) to poor and vulnerable individuals or families, including those to help cope with consequences of economic or other shock.	Annual	Administrative data from MIS measuring the cumulative number of ISPP beneficiaries	PMU
Beneficiaries of Safety Nets programs - Conditional cash transfers (number)	Follows the safety nets programs' classification used in SP Atlas.	Annual	Administrative data from MIS measuring the cumulative number of ISPP beneficiaries	PMU
Beneficiaries of Safety Nets programs - Female (number)	This indicator measures female participation in SSN programs. It has the same definition as the "Beneficiaries of Safety Nets programs" but applies only to female. This indicator will yield a measure of coverage of SSN projects disaggregated by gender (in absolute numbers)	Annual	Administrative data from MIS measuring the cumulative number of ISPP female beneficiaries	PMU
Proportion of ISPP beneficiary households in the bottom two expenditure quintiles	This indicator measures the accuracy of beneficiary targeting.	Annual	Baseline and endline household surveys Administrative data from MIS	PMU
Proportion of ISPP beneficiaries receiving at least 70 percent of the maximum benefit amount	This indicator measures the extent of utilization of services and beneficiary compliance.	Annual	Administrative data from MIS	PMU
Number of Unions maintaining a single beneficiary registry of at	This indicator measures the number of project unions SNCs where a single registry	Annual	Lists maintained at SNC	PMU

least five safety net programs	of beneficiaries is maintained for at least 5 safety net programs (including the ISPP). The programs which will be covered under the single registry are not specified so as to allow flexibility and will depend upon the specific programs operating in that union.			
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Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Proportion of ISPP beneficiary pregnant women and mothers who fulfill Child Nutrition and Cognitive Development (CNCD) co-responsibility	No description provided.	Semi-annual	Administrative data from MIS	PMU
Proportion of ISPP beneficiary pregnant mothers who fulfill Ante-Natal Care co-responsibility	Mothers utilizing ante-natal care services offered by the Ministry of the Health and Family Welfare	Semi-annual	Administrative data from MIS	PMU
Proportion of ISPP beneficiary mothers who fulfill Growth Monitoring and Promotion co-responsibility	No description provided.	Semi-annual	Administrative data from MIS	PMU
Proportion of implementing Unions/municipal wards addressing grievance cases	No description provided.	Annual	Administrative data from PMU	PMU
Periodic beneficiary spot check surveys conducted in sample of Unions/municipal wards	This indicator measures the number of Unions/municipal wards where spot checks have been conducted by the monitoring NGO.	Semi-annual	PMU	PMU
Process evaluation of project cycle conducted	Process evaluation will be conducted during the mid-term of the project	Once	PMU	PMU

Impact evaluation of providing cash transfers on behavioural changes among beneficiary population conducted	Baseline and endline surveys to be conducted in Year 2 and Year 4	Twice	PMU	PMU
Dissemination of monitoring and evaluation reports on annual basis	The PMU will publish M&E reports based on data generated from MIS	Annual	PMU	PMU

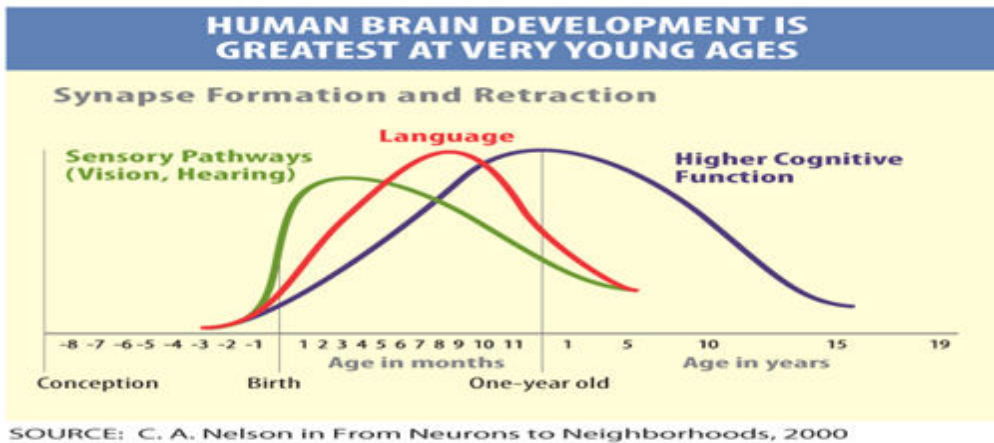
Annex 2: Detailed Project Description

BANGLADESH: Income Support Program for the Poorest Project (P146520)

1. The proposed project includes the following three components: (i) Cash transfers for beneficiary mothers; (ii) Enhancing local government capacity; and (iii) Monitoring and evaluation. The first component finances cash payments to poorest mothers if they are pregnant and/or have children below the age of 60 months. To receive these cash transfers, mothers are required to fulfill certain co-responsibilities linked to the growth and development of their children. The second component provides the necessary inputs to LGD and the participating Upazilas to establish project implementation structures at the Union, Upazila, District and central level, while the objective of the third component is to help monitor implementation and assess progress in achieving project outcomes.

2. **Component 1: Cash transfers for beneficiary mothers (US\$267 million).** The main purpose of cash transfers made under this component is to provide income support to poorest mothers to reduce their household level poverty, while incentivizing them to improve their use of services that are important for the nutrition and cognitive development of their young children. Global research suggests ensuring adequate nutrition prenatally and in the first two years after birth can prevent devastating permanent effects on intelligence and brain development, thereby improve the long run earnings potential of children. Rapid brain and physical development, social relationships, and environments work together to create phenomenal advances in children's abilities during this time frame³² (see Figure A2.1). Any medium to long term strategy for poverty reduction therefore requires investing in the socio-economic environments of poor children during their early childhood years.³³

Figure A2.1: Timing of the Human Brain Development



3. To harness this window of opportunity, this component will finance quarterly cash transfers to eligible mothers. Eligibility will be determined by the following two characteristics: (i) the beneficiary household will have to belong to the bottom two expenditure quintiles as

³² Hawley, T. 2000. "Starting Smart: How Early Experiences Affect Brain Development."

³³ Nudsen et al. 2006. "Economic, Neurobiological and Behavioral Perspectives on Building America's Future Workforce," *World Economics*, July-September 2006

identified by the BPD,³⁴ 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 (see Table A2.1 below). Cash transfers will be given conditional on utilizing the following services: (i) up to 4 antenatal care visits by pregnant beneficiaries; (ii) monthly growth monitoring and promotion (GMP) of children from 0-24 months; (iii) quarterly GMP for children from 2 to 5 years of age; (iv) monthly attendance at child nutrition and development (CNCD) awareness sessions by all eligible beneficiary mothers. These CNCD sessions will essentially link GMP activities with essential early childhood development (ECD) information for mothers. The structure of the incentives is purposively designed to emphasize the importance of GMP among 0 to 24 month old children, and that of ECD awareness³⁵ among all children below 5. There is a natural exit mechanism whereby the maternal benefit ends once the mother gives birth, and ISPP benefit ceases once the child reaches 5 five years of age. It is expected that not all eligible households will fall under these simple categories. There may be cases of children who belong to eligible households but do not have a mother, or that two families are linked to one male household head. Further details regarding program rules including possible exceptions to cater to unique cases will be described in the ISPP Operations Manual.

4. The proposed project is mindful of the fact that the ISPP should not provide incentives to poor families to have additional children. Bangladesh has invested substantially since the 70s and 80s in intense grass roots campaigns and in the fielding nationwide family planning workers to bring down the Total Fertility Rate³⁶ of 6.3 in 1975 to almost replacement level of 2.3 in 2011. To remain consistent with the country's family panning policy, ISPP will offer benefit payments to *only the first and second born child*. Such a policy also helps to prevent any potential gender bias in the household selection of the child to be taken for GMP and CNCD sessions. This implies the average size of the monthly transfer would be between BDT 1200-1800, which would be around 15 - 23% of the estimated average monthly per capita expenditure of the target population who are expected to consume at the lower national poverty line.³⁷ However the benefit size will be reviewed during the mid-term review of the proposed project to make any necessary inflation-adjustment to avoid the benefit from being inadequate over time. Evidence from CCT programs in other developing countries suggest limited labor disincentive impacts especially when the level of benefits is within 20 percent of household income.³⁸ Thus even if some upward adjustments have to be made to the benefit amount, there is sufficient room for the amount to increase without exceeding this "work disincentive threshold." Moreover, recent macroeconomic trends suggest that inflation in Bangladesh has been relatively stable in recent years.

³⁴ Emphasis will be on the poorest households determined by their poverty scorecard as assigned by the BPD and managed by BBS.

³⁵ While growth promotion and early childhood development interventions can cover a gamut of services, to ensure simplicity and account for capacity constraints, the package offered by the proposed project will include very basic but essential services.

³⁶ TFR refers to the number of births per women aged 15-49 years.

³⁷ Based on the 2010 national poverty line (adjusted for inflation). The benefit size is almost 2.5 to 3.5 times the average benefit offered by other SSNs.

³⁸ Grosh, M. et al. 2008. "For Protection and Promotion: The Design and Implementation of Effective Safety Nets." World Bank: Washington DC

Table A2.1: Eligible payments, frequency and amounts

Eligible beneficiary	Co-responsibility	Benefit amount	Payment registered	Payment condition
Pregnant women	Ensure quarterly antenatal care visit	BDT 200 per visit	Every time ANC visit is completed*	No visit, no payment
All beneficiary mothers with children aged 0-24 months	Take child for height and weight check every month	BDT 500 per visit (total of BDT 1500 in one quarter plus a bonus BDT 500 if all three visit are completed in a quarter)	Quarterly	Payment allowed if at least two visits have been completed in three months**
All beneficiary mothers with children aged 25-60 month	Take child for height and weight check every 3 months	BDT 1000	Quarterly	No visit, no payment
All beneficiary women (pregnant women and mothers)	Attend child nutrition and development education sessions every month	BDT 500 per visit (total of BDT 1500 in one quarter, irrespective of number of children enrolled)	Quarterly	Payment allowed if at least two visits have been completed in three months**

*GoB recommends at least 4 ANC visits. **Only BDT 1000 will be received if only two out of three visits are completed. Any less will result in suspension and possible termination of the benefits if the households do not comply even after the two successive warnings. Details will be laid out in the Operations Manual.

5. Table A2.1 describes the co-responsibilities for the three types of beneficiaries within the list of eligible beneficiaries. *First*, mothers (current or future) who are expecting their first or second child will have the incentive to complete all four ANC visits that are recommended by the GoB as well as attend monthly sessions on CNCD issues. Meeting these co-responsibilities will reward the pregnant mother with BDT 500 per visit to the CNCD session plus an additional maximum of BDT 300 for completing the ANC visits. *Second*, mothers whose first or second child is below 24 months, will be expected to attend monthly GMP visits to measure the height and weight of the child and maintain the GM chart that will be given to her. Being able to understand the relative growth of her child with the help of this growth chart proved to be a very powerful motivational tool in the *Shombhob* Pilot: tracking the growth of their children both informed mothers of the health of their child and motivated them to take extra care when their weight decreased due to an illness. Relating the growth of their children with their nutrition in the nutrition awareness session in the Pilot also played an important role. Thus under the proposed project, the incentive for mothers of children below 24 months (which is the most critical window for child nutrition and growth) are the largest. In addition to BDT 500 for attending the CNCD session monthly, if mothers are able to maintain regular monthly GMP over one quarter, they will be entitled to an extra BDT 500. Thus mothers in this group with one child below 24 months will be able to collect a maximum of BDT 3500 in one quarter. *Third*, mother with children between 2 to 5 years, will be asked to come for quarterly GMP visits of their children but expected to attend monthly the CNCD sessions. This is the age category while child stimulation is important and accordingly the incentive for the latter co-responsibility is higher than GMP. The details regarding participation and payment rules including various exceptions

will be provided in the project Operations Manual. The following provides brief descriptions of the proposed basic set of services on CNCD which will be ensured by the proposed project.

6. **ANC services:** Currently community clinics offer basic antenatal care services. These services include measuring blood pressure and weight; detection of anaemia, jaundice, oedema, albumin in urine, sugar in urine; and counselling on birth planning and recognition of danger signs. Beneficiary pregnant mothers will be incentivized to seek at least four ANC visits from the CC with payments of BDT 200 per visit. Third party monitoring will be conducted on a regular basis to ensure these services are available in the project locations.

7. **GMP services:** All children under 24 months of age of beneficiary households will have their height and weight recorded every month and plotted on a growth chart according to age, while beneficiary children between 2 and 5 years of age will have their height and weight monitored quarterly. The mother will receive a copy of the GMP chart that they will bring along with their child to every GMP session which will be held at the Community Clinics. The same information will be stored in the ISPP MIS. The hired NGOs will ensure follow up with mothers to discuss the growth of their children to help them understand the overall health of their child.

8. **CNCD sessions:** These sessions will essentially focus on combining selected GP activities with early childhood development issues. To help mothers who are expected to have limited educational background, these sessions will introduce a single nutrition and a child cognitive development related topic each month. Flipcharts, posters and other media materials will be used to help reinforce key ideas and concepts. The sessions will provide general age specific nutrition information. Having one key topic each month will provide incentives for families to come back as well as make sure that they are not getting the same information each time. During these sessions, child cognitive development topics (some of which are illustrated in Table A2.2 below) will be presented in the form of scenarios to promote interaction. Discussions will be tailored to different groups of mothers/families.

9. As part of support to the overall health sector, the Bank-supported HSDP is helping to improve the availability of a broad range of services that are critical for maternal health and child nutrition outcomes. However recent analysis shows that there are inequalities in the utilization of health services between the rich and poor. For instance poorest households are 33 percentage points less likely than the richest households to use health facilities for treatment of common childhood illnesses.³⁹ Low utilization of nutrition-sensitive services offered at the CCs are has also been noted in the most recent evaluation of the National Nutrition Services (NNS)⁴⁰ – the main GoB instrument that is trying to improve nutrition outcomes in the country. By helping to strengthen the capacity of CCs, the proposed project will thus help to improve the utilization of basic services offered at the CCs particularly by the poorest mothers, thereby promoting the objectives of the HSDP, as well as strengthening CCs which is a flagship project of the GoB.

³⁹ Niport. 2011. “Bangladesh Demographic and Health Survey 2011: Preliminary Report.”

⁴⁰ World Bank. 2014. “What progress in the implementation of the National Nutrition Services (NNS) Program? Results of an Operational Assessment.” draft

Table A2.2: Topics to be discussed during CNCD sessions

Audience	Topic: Child Nutrition	Specific items
Pregnant/Expecting women and Mothers of children 0-6 months	Feeding practices for infants 0-6 months	<p>Education regarding</p> <ul style="list-style-type: none"> • need for exclusive breastfeeding up to 6 months • initiation of breastfeeding within half an hour of delivery • avoiding honey/water and other commonly given items to baby soon after birth • disadvantages of powder/cows milk/bottle feeding • maternal health care during pregnancy and breastfeeding <p>Addressing issues and steps to take with barriers to breastfeeding such as:</p> <ul style="list-style-type: none"> • when maternal milk flow is not adequate • in cases of maternal illness preventing breastfeeding such as mastitis <p>Anticipatory guidance</p> <ul style="list-style-type: none"> • Graduated approach to introduction of appropriate complementary feeding on completion of six months
Pregnant/Expecting women and Mothers of children 0-6 months, husbands/other adult family members	Anemia prevention and adequate nutrition for expecting/breastfeeding mothers	<p>Education regarding</p> <ul style="list-style-type: none"> • Need for intake of adequate calories by pregnant women • Signs of anemia and need for intake of increased iron containing foods and supplementation if needed • Need for decreased workload to avoid risk of preterm labor and other complications
Key decision makers such as fathers, mother-in law, father in law	Appropriate feeding for infants 0-6 months	Building awareness and education for the need to exclusive breastfeeding and points mentioned above.
Mothers/caregivers of children 0-6	Immunizations and early new born care	<p>Education regarding well baby care such as</p> <ul style="list-style-type: none"> • proper bathing-drying-wrapping practices, • appropriate hygiene practices including hand washing • immunizations • need for vitamin A supplementation for mothers and children
Key decision makers such as fathers, mother in law, father in law	Health issues and early new born care	Education and awareness building for new born care topics above, importance of immunizations and appropriate steps for managing common childhood conditions.
Mothers/caregivers/ household members for infants 7-23	Continuation of breastfeeding	Encouraging continuation of breastfeeding based on IYCF recommendations Support for possible barriers such as mom going to

Audience	Topic: Child Nutrition	Specific items
months	Complementary foods introduction	<p>work/pregnant.</p> <p>Steps to introduce complementary food/weaning foods so that infants are</p> <ul style="list-style-type: none"> • fed properly • given adequate quantities • fed in a timely fashion • safe practices are used • getting fed appropriate minimum number of times per day according to age and breastfeeding status
	Dietary diversity	<p>Education and awareness building on what IYCF entails (e.g. what types of food to feed and how often):</p> <ul style="list-style-type: none"> • dairy: milk other than breastmilk, cheese or yogurt or other milk products; • foods made from grains, roots, and tubers, including porridge and fortified baby food from grains; • vitamin A-rich fruits and vegetables; • other fruits and vegetables; • eggs; • meat, poultry, fish, and shellfish (and organ meats); • legumes and nuts; • foods made with oil, fat, butter <p>Education on appropriate amounts based on child's age and needs.</p> <p>Education on how families can use their limited resources such as vegetable patch, pond, hen coop to improve dietary diversity.</p> <p>Education on the importance of using iodized salt and the importance of fortified foods (when available and affordable)</p>
Mothers/caregivers/ household members for infants 7-23 months who are severely malnourished*	<p>Need based supplementation</p> <p>*Severely malnourished children will be determined by growth indicators (Ht and wt <<3rd percentile for age) or dropping two percentile lines over 2 months.</p>	<p>Learning how to recognize that a child is malnourished and complications that can arise as a result of that.</p> <p>Education regarding how to increase calories using</p> <ul style="list-style-type: none"> • high calorie foods that are easily accessible/ affordable • use of supplement sachets designed principally for children 6 – 24 months of age . 60 single-dose sachets for each severely malnourished child, consumed over a 60 to 120 day period (no more than one sachet a day should be used for a child)
Mothers/caregivers of children 0-23 months	Health issues related to nutrition	<p>Education regarding steps to take when a child has a</p> <ul style="list-style-type: none"> • diarrheal illness • URI/pneumonia • Fever <p>Increasing awareness of problems that can arise if infants are not getting adequate nutrition and steps to</p>

Audience	Topic: Child Nutrition	Specific items
		prevent <ul style="list-style-type: none"> • anemia • night blindness
Community Leaders, religious leader	Advocacy related activities for infant feeding practices and general health, support for change	Education and building support for the need for exclusive breastfeeding for infants 0-6 months, openness to learning from health workers, need for immunizations etc
Audience	Topic: Child Development	Specific items
Pregnant/Expecting mothers and Mothers of children 0-6 months,	Bond building with new born infants	Education regarding <ul style="list-style-type: none"> • Using breastfeeding time for building bonds with baby • Making eye contact, holding baby and talking/singing to baby to stimulate the newborn • Using rattles/colorful objects for visual stimulation
Mothers/care givers of children 6 mo to 5 years	Developing motor skills in children	Education regarding when and how children develop their gross and fine motor skills and ways to enhance them with the use of simple household items. <ul style="list-style-type: none"> • Holding up to stand • Providing age appropriate items (foods, pencils, crayons) to allow children to develop their hand eye coordination
Mothers/caregivers of children 6 mo to 5 years	Developing cognitive skills in children	Education regarding the use of household items and simple toys to enhance memory and analytical skills in children. <ul style="list-style-type: none"> • Picture books to engage caregiver and child together for learning • Memory games • Building toys
Mothers/caregivers of children 6 mo to 5 years	Developing social and language skills in children	Education regarding the importance of talking , singing, story telling from a young age to develop language in children. Awareness on maternal depression
Mothers/caregivers, community leaders	Parenting/disciplining children	Importance of consistency and boundaries Pros and cons of corporal punishment Listening of children/understanding their emotions and viewpoints.
Mothers/caregivers, community leaders	Protection against injury	<ul style="list-style-type: none"> • Education regarding environmental hazards for all ages • Sleeping arrangements for infants • Fall risk reduction • Supervision • Drowning risk reduction • Fire/burn risk reduction

10. **Proposed locations.** The proposed project will be located in 42 of the poorest rural Upazilas with a total poor population of over 1.6 million households. The selection of these areas was based on the following technical criteria: (i) Upazila level poverty rate of 40 percent or higher (2010 BBS Poverty Map), and (ii) the probability of under-nutrition among 50 percent of children below the age of five of more than 70% (WFP/BBS Report on Local Estimation of Poverty and Malnutrition in Bangladesh 2004). These locations are also contiguous to each other which would make monitoring of project implementation easier and efficient. Table A2.3 provides a summary list of these proposed locations while a detailed list is provided in Annex 9. A supply side assessment of these services was conducted in the proposed locations to ascertain the availability of these services. The assessment found that while most of the Union Parishad Complexes are well established, not all CCs are well-equipped to deliver the necessary ANC and GMP services. This finding is also consistent with the results of the 2014 Operational Assessment of the NNS. The proposed project therefore have made provision to provide additional inputs to CCs where needed - such as procuring GMP equipment and ANC related medical instruments, as well as secure the services of a NGO(s) to provide additional implementation support.

Table A2.3: Proposed project locations

Sl.	Division	District	Upazila	Population [^]	Poor Population ⁺	Upazila Unions
1	Dhaka	Jalalpur	7	2,384,810	1,218,170	68
2	Dhaka	Mymensingh	12	5,313,163	2,679,825	146
3	Dhaka	Sherpur	5	1,412,601	684,231	52
4	Rangpur	Gaibandha	7	2,471,681	1,186,765	82
5	Rangpur	Kurigram	9	2,150,974	1,369,315	72
6	Rangpur	Lalmoinirhat	Hatibandha*	242,814	92,474	12
7	Rangpur	Nilphamari	Jaldhaka*	354,287	154,264	11

*These locations have been selected as they had previously been covered by the CCT pilot project. This would help build on the implementation capacity already in place as well as provide continued cash assistance to beneficiary families. [^] as per Population & Housing Census 2011. ⁺ calculated on the basis of Bangladesh Poverty Map 2010

11. **Component 2: Enhancing local level government capacity (US\$32.87 million).** This component would provide the necessary inputs to LGD to facilitate the implementation of the proposed cash transfers. This will include strengthening the capacity of: (i) Union Parishads to facilitate beneficiary identification, enrolment, appeals, as well as administer grievances and case management; (ii) CCs to deliver the ANC and GMP services, and the CNCD awareness sessions with the help of NGOs; and (iii) union Post Offices to make electronic payments to beneficiaries using the Postal Cash Cards (PCCs) upon compliance with co-responsibilities. The Union Parishad Act of 1998 (amended in 2009) currently mandates Union Parishads to determine the list of safety net beneficiaries as per program eligibility criteria as well as the delivery of benefits. However surveys show that targeting criteria for some programs are not always applied, and these beneficiary lists become subjective and vulnerable to political capture. In some cases indicators used to identify the poor are difficult if not impossible to observe and verify. Programs are often fragmented, administered by multiple ministries, and have considerable overlap. Multiple and ineffective targeting systems, combined with the large number of intermediaries in the system, increase targeting errors. Studies show that a more objective targeting system that

improves the beneficiary identification can help reduce targeting errors.⁴¹ This is the main rationale for the development of the Bangladesh Poverty Database (BPD) by BBS. Coupled with this targeting system, an effective local level administration system that helps to systematically enroll safety net beneficiaries, verify and monitor their claims and payments will make safety net delivery more transparent and effective. To ensure such a systematic implementation of *Shombhob*, this component will help to set up a “Safety Net Cell” (SNC) within existing Union Parishad Offices, staffed by one Safety Net Program Assistant (SPA). An enrolment agency will be hired to help manage the initial large volumes of enrolments in ISPP in the first two years of implementation. The SNC will mainly liaise with the elected members of the Union Parishad and will report to the local level administration officials namely the Upazila Nirbahi Office (UNO). Training of the relevant government officials to implement a grievance redress system through the office of the UNO and District Commissioner (DC) via the SNC will also be financed. A large portion of GoB contribution will finance these capacity development costs.

Box A2.1: Characteristics of key safety net programs

Public works programs: Food For Work and Test Relief distribute food grains (rice and wheat) as wage payment to both poor male and female workers. The Rural Employment Opportunity for Public Asset (REOPA) program provides cash wages and training for income-generation activities to participating female beneficiaries. In 2008, the Government of Bangladesh introduced the Employment Generation for Hard Core Poor (later known as EGPP) which also provided cash wages. All these programs require participants to do physical work for building and maintaining rural infrastructure. They are generally self-targeted because the poor are typically the only people willing to take on onerous, low-paying jobs requiring manual labor, though the performance varies by program.

Training programs: The Vulnerable Group Development (VGD) program exclusively targets poor women and provides a monthly food ration for 24 months. Although it was introduced as a relief program in the mid-1970s, it has evolved over time to integrate food security with development objectives. The development package includes training on income-generating activities; awareness-raising for social, legal, health, and nutrition issues; and basic literacy and innumeracy. Beneficiaries of VGD programs are selected by the Government administrative structures.

Education programs: The Food for Education (FFE) program, established in early 90s, distributed monthly food grain rations to poor households if they sent their children to primary schools. Due to governance concerns FFE was terminated in 2002 and has been replaced by the cash-based Primary Education Stipend program (PESP). The School Feeding (SF) program distributes micronutrient-fortified energy biscuits to primary school children. Bangladesh also pioneered conditional cash transfers targeted at girls enrolled in secondary schools through the Female Secondary School Assistance Program (FSSAP). The program was redesigned in 2008 and renamed the Secondary Education Access and Quality Enhance Program, and now includes boys from poor families as well.

Relief programs: These programs are designed as a mechanism for mitigating the consequences of disasters like floods, cyclones, and other natural calamities. Currently, there are only two such programs: Vulnerable Group Feeding (VGF) and Gratuitous Relief (GR) programs. Unlike other programs, these programs have no pre-set criteria or conditionality for participation. They are relief programs that try to help the poor cope during times of natural disaster and smooth their consumption. VGF also provides one time transfers to poor households during festivals.

Cash Assistance Programs for disadvantaged groups: These programs are essentially unconditional cash transfers and include the Old-Age Allowance Scheme; Allowance for Widowed, Deserted, and Destitute Women; Honorarium Program for Insolvent Freedom Fighters; Fund for Housing for the Distressed; Fund for Rehabilitation of Acid Burnt Women and Physically Handicapped; and Allowance for the Distressed and Disabled Persons.

⁴¹ According Sharif, I. (2009) “Building a Targeting System for Bangladesh based on Proxy Means Testing,” SP Discussion Paper No. 0914, The World Bank.

12. Given the legal mandate of Union Parishads to support the implementation of all SSNs, the SNCs will function as a safety net “one stop shop” for providing citizens with information on these programs, their eligibility criteria, etc. (Box A2.1 illustrates the main types of SSNs operating at the national level). The SPA will be responsible for facilitating this information, and for compiling the beneficiary lists (and their updates through new enrolments) major SSNs that operate nationally (e.g. EGPP, FFW, TR, Vulnerable Group Feeding, Gratuitous Relief, Old Age Allowance, Widow Allowance, etc.) in addition to managing the ISPP beneficiary lists. Such local level coordination will allow SNCs to track SSN beneficiaries receiving benefits from different programs in each Union. This information can eventually feed into the central level beneficiary registry tracking system being developed by the Ministry of Finance (MoF) with support from DFID, and the MoDMR for its programs (FFW, EGPP, TR, VGF and GR) as part of the SNSP project. The SNC over time would then have the potential to function as the **common administrative platform** (e.g. targeting, enrolment, complaints, appeals and case management) for all SSNs at the local level (see Box A2.2 for details).

13. One of the key factors for the success of CCTs is to ensure that the supply side is well-established and can meet the demand for increased services incentivized by the cash transfers. This implies that the staff in the CCs in the project locations will need to ensure regular service provision as well as handle a much larger volume of users. Thus to ensure ISPP beneficiaries are able to fulfill their co-responsibility, and to avoid over-burdening the CC staff, a NGO will be hired to extend ANC services and GMP services to ISPP beneficiaries when required as a back up to the CC. This NGO will also be responsible for offering the awareness sessions on CNCD. Working with government health workers is nothing new for NGOs in Bangladesh. The National Nutrition program (NNP) that preceded the NNS, in fact was totally implemented by NGOs. One of the recommendations made by the recent draft Operational Assessment of NNS includes the use of NGOs to provide reinforcements to CCs so that the capacity of the health workers can be strengthened as well as a greater outreach and coverage of the population can be achieved.

14. Transparency in payments is fundamental to ensuring that safety net beneficiaries are receiving their full entitlements. To support the BPO payments system for *Shombhob* beneficiaries, the component will help procure the hardware and software needed to install a biometric-enabled system that links electronic payments with beneficiary unique identity and compliance with their respective co-responsibilities. This will be made possible by collecting beneficiary biometric data (e.g. 10 finger prints) at the time of enrolment and issue smart PCCs. These cards will be used at POS machines with finger print scanners for both registering attendance at GMP and CNCD sessions, and when receiving ANC services at the CCs. Every time attendance is registered to fulfil beneficiary co-responsibilities, the associated cash payment will be automatically uploaded to the beneficiary PCC. Thus the same PCCs will also be used to withdraw payments at the Union Post Offices (UPOs). Thus this IT-enabled system will allow for better coordination between the three sets of community institutions – the SNC, the CC, and the UPOs – while simplifying participation in ISPP by poor often illiterate mothers. Once this **G2P payments platform** is set up, it can be availed by other cash based SSNs if they can also adopt similar electronic payments. The coordination between these three local entities will be supervised by the UNO (as per the rules of business) who will be assisted by a Safety Net Program Supervisor (SPS). The SPS will liaise with the Bangladesh Bureau of Statistics (BBS) to determine the beneficiary lists from the Bangladesh Poverty Database (BPD); (ii) the

Bangladesh Post Office (BPO). All of these activities will be underpinned by an Operations Manual, as well as MOUs signed by LGD with BBS, and Service Agreements signed with the DGHS and BPO.

Box A2.2: Processes in the delivery of cash transfers

Targeting is the first – and a one-time – process which would be split in several stages. First, there would be a public information campaign to alert potential beneficiaries about the program. In parallel, SPAs would receive training on how to identify potential beneficiaries (the “extreme poor”) based on the BPD list. Second, the list of “eligible poor households” will be determined.

Enrolment is the second – and a one-time – process entailing formal registration of selected households in ISPP to become beneficiaries, i.e. those households that include pregnant women and/or mothers with children below the age of five. This process will: verify household information; orient beneficiary mothers on program rules; identify children who are eligible for difference co-responsibilities. Further enrolment sessions will be held if additional beneficiaries can be absorbed by the CCT program.

Payment is a recurring process which will commence after enrolment as per a fixed annual schedule for the entire duration of the ISPP. Payments would be made on a quarterly basis. The first payment would be made in full to work as an incentive for beneficiary mothers (other household representatives would be entertained in cases where the children’s mother is deceased). The payment amount due would be generated by the MIS based on the number of children in the household and compliance information – penalties would be applied as described in the Operational Manual.

Compliance (Verification) is a recurring process which checks whether ISPP co-responsibilities are being met (for the entire duration of the project), in order to prepare payment lists for beneficiaries and identify problems. The compliance process involves the data collection on attendance at ANC and GMP visits at CCs and attendance at CNDC sessions via the POS machines. Every time a beneficiary mother attends one of these sessions, she will have to swipe her PCC and register her attendance using her finger print.

Case Management is an ongoing process during the payment-compliance cycle which seeks to track changes in beneficiary household information. Changes which the ISPP will need to be constantly apprised on include: increase in number of children or household members (births and adoptions); reduction in number of children or household members (deaths or transfers); change of address; household moving outside the Union; change of household representative collecting payment; etc.

Grievances regarding *payments* may arise when the household has complied with its co-responsibilities, but there is an incorrect deduction in the payment receipt. Such mistakes may occur due to improper data entry into the MIS or even due to more extreme situations such as fraud committed by program stakeholders. Complaints regarding *quality of services* may include: delays in service; general misbehavior by program staff, refusal to accept formal complaints; fee charging for free services; allegations of bias in determination of program eligibility; among others. Prescribed complaint forms will be made available at the SNCs. Completed forms must be submitted to the SPA, who will issue applicants with a stamped receipt confirming that the form has been received. SNC staff will then make an inventory of the complaints received, on a fortnightly basis, and enter the information into the MIS. In the case of valid complaints pertaining to payments, the office of the UNO will make the correction in the payment amount and inform the banks to release the adjusted amount with the next payment.

Appeals. After the identification and poverty verification stages using the BPD are complete, the list of eligible households is published. Households that feel they have been mistakenly or unfairly excluded as potential beneficiaries and believe they meet the eligibility criteria can submit an appeal to the SNC using prescribed forms clearly stating the reasons for appealing.

15. A **Grievance Redress System (GRS)** will address beneficiary complaints concerning targeting, payments, information updates, and complaints on quality of service. The ISPP MIS will include a grievance redress module, which will be managed by Grievance Redress Officers (GROs) who will help keep a record of these grievances, and monitor the details of cases lodged,

resolved cases, pending cases and action taken. Tracking of these grievances also provide additional insight on the challenges associated with implementation. A feedback loop that includes informing the complainant about the action taken on their complaints, and feeding this information into the implementation of the program, will be a key aspect of the GRS. The proposed ISPP will need the help of the UNO and the DC who will be the GROs at the Upazila and District levels respectively, while the PD will act as the GRO at the central level.

16. To support the G2P payments system, the component will help procure the hardware and services of the BPO to facilitate and monitor beneficiary cash payments, and link them electronically to compliance with beneficiary co-responsibilities. Training of the relevant government officials to implement a grievance redress system through the office of the UNO and District Commissioner (DC) will also be financed. This component will also finance any other inputs required to implement the conditional cash transfers. This will involve procuring POS machines with finger print scanners for beneficiary compliance monitoring – i.e. attendance at GMP, ANC and CNCD session. Specifically the component will finance the following outputs:

- a) ISPP Operations Manual,
- b) Common SSN beneficiary registry,
- c) Biometric enabled ISPP beneficiary enrolment system,
- d) Grievance redressal mechanisms to track complaints regarding targeting errors and payment irregularities,
- e) Training of staff (CCs, SNC, UPO) to implement cash transfers and manage beneficiary compliance,
- f) Provision of operational support services to the Project Management Unit,
- g) Transport facilities for monitoring of project activities,
- h) Hardware support for a platform for the payment of Cash Transfers to Beneficiaries and for community clinics,
- i) Retention of the services of firms and non-governmental organizations to provide support for the implementation of the Project.

17. **Component 3: Monitoring and evaluation (US\$3.5 million).** 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 nutrition and child cognitive outcomes. This component will thus provide the necessary inputs to LGD to monitor beneficiary selection, enrolment, compliance with co-responsibilities, payments, case management as well as any grievances or appeals. To facilitate these activities, this component will develop an automated Management Information System (MIS) by building on the existing *Shombhob* Pilot MIS. Modules for beneficiary enrolment, compliance, payments, and grievances will be developed. This MIS will be linked to the MIS set up by the DGHS to share data on service utilization by ISPP beneficiaries. In addition, an effort will be made to develop an interface with the MISs being built by BBS, MoF and MoDMR to allow central review of beneficiary information.

18. To ensure that the project activities are being carried out effectively, this component will also support third party monitoring which will cover: (i) an annual evaluation of the project cycle processes to assess administrative issues and constraints for a sample of locations; and (ii) bi-

annual knowledge, attitude and practice (KAP) assessments on a random sample of beneficiaries to track project outcomes. The annual process evaluation will help assess and identify areas that require remedial measures and course correction, and thus will be used to inform necessary changes and updates needed to the Operations Manual. To track the extent to which beneficiaries are improving their knowledge about nutrition and child cognitive development and actually changing behavior, beneficiary surveys will be conducted twice a year. A random sample of ISPP beneficiaries will be interviewed 20 randomly selected unions. These interviews will also assess beneficiary satisfaction with the overall implementation of ISPP. Additionally both qualitative and quantitative evaluations will be conducted to assess the impact of the project activities on household poverty and CNCD outcomes based on household level surveys financed by Trust Fund resources. Thus the component will help to finance the following outputs:

- a) A MIS system that allows for the monitoring of beneficiaries (and is linked with the DGHS and BBS MIS)
- b) Process evaluations
- c) Bi-annual assessments of beneficiary knowledge, attitude and practices (KAP) on CNCD
- d) Qualitative evaluation based on focused group discussions

Annex 3: Implementation Arrangements

BANGLADESH: Income Support Program for the Poorest Project (P146520)

Project Institutional and Implementation Arrangements

Overview

1. The proposed project will set up an income support program for the poorest mothers linked to their utilization of basic CNCD services, while enhancing the capacity of local level government institutions in the delivery of SSNs. 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 ISPP, enroll them into the program, and address their grievances and/or appeals; (ii) supervise and ensure the delivery of the required ANC services, and GMP and CNCD 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 BBS to determine the list of potential poor households in each union; (ii) the DGHS to work with CCs to coordinate the ANC visits and GMP sessions, and facilitate the CNCD awareness sessions; and (iii) the BPO to facilitate biometric-enabled electronic payments. In addition LGD will be recruiting one or more NGOs for conducting the CNCD workshop and sessions, as well as supporting the CCs in ensuring ANC visits and GMP 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.

2. A Project Steering Committee (PSC) chaired by the Secretary, LGD, will advise and guide the implementation process. The PSC is expected to include representatives from any ministry, division, department or agency, which it finds useful in coordinating and determining strategy. This Committee will provide an oversight function to ensure that project activities follow the appropriate parameters and are well coordinated. Specifically, the PSC will be responsible for the following: (a) providing policy advice and operational guidance particularly in relation to strengthening local level safety net administration; (b) reviewing financial and physical progress; (c) resolving any implementation problems and addressing grievances; (d) overseeing integration of results and findings from activities into operational processes; (e) providing any other necessary directions for effective implementation.

3. A Project Implementation Committee (PIC) chaired by the Project Director, will assist in the supervision of the project. The PIC is expected to include representatives from BBS, DGHS, and BPO, as well as from any ministry, division, department or agency, which it finds useful in coordinating project implementation and monitoring issues. This Committee will ensure that project implementation follows both Government and Bank rules and regulations. Specifically, the PIC will be responsible for the following: (a) supervising the implementation team; (b) providing advice for timely implementation of scheduled activities; (c) monitoring and evaluating implementation progress and suggesting necessary course corrections; (d) reviewing the performance of project personnel and quality of deliverables; (e) resolving issues and

conflicts that may emerge during implementation; (f) facilitating coordination and convergence with other line ministries/divisions/departments/agencies; (g) keeping the PSC apprised on overall performance and other key issues relating to the project.

4. 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 a Deputy Project Directors (DPD), to conduct day-to-day project management specifically linked to the administration of the cash transfers, and 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 & Training Specialist, a Social Safety Net Implementation Specialist, a Systems Engineer, a Payments Specialist, , along with support staff as needed. Key positions and technical services are outlined in the table A3.1 below:

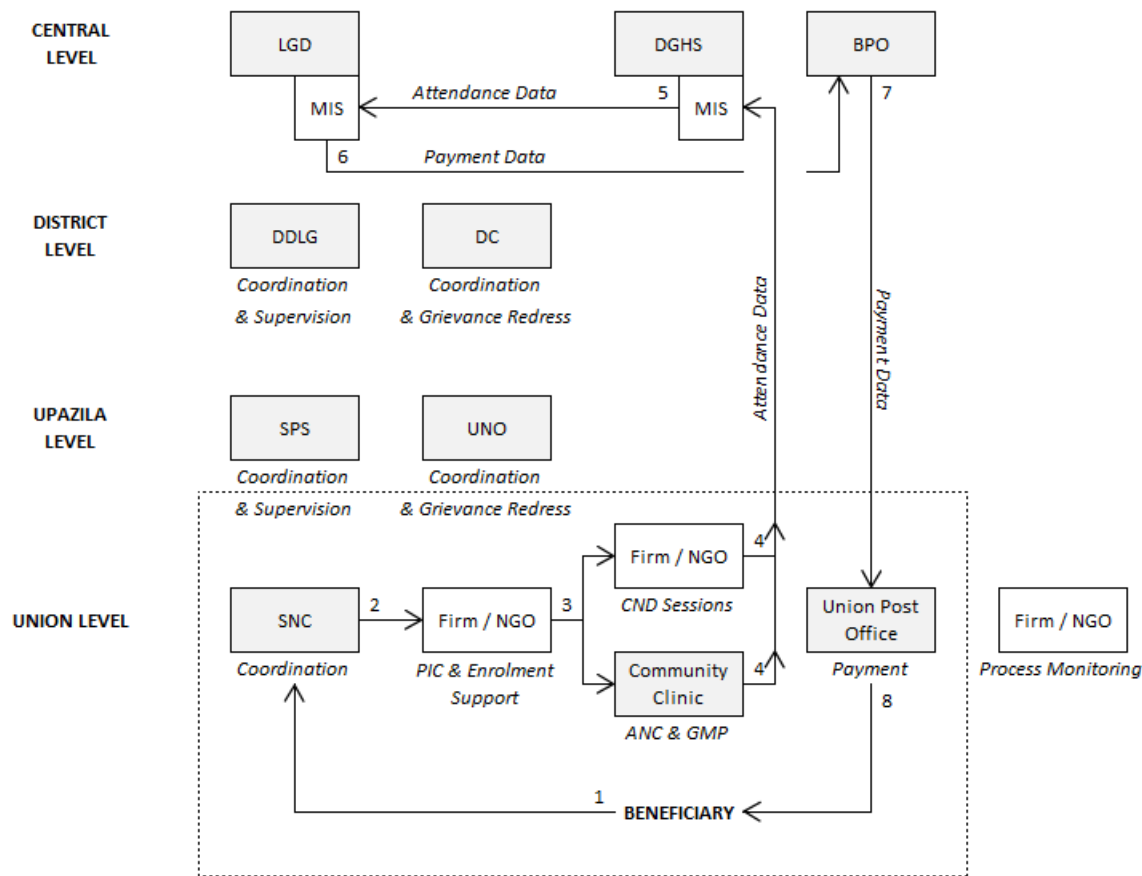
Table A3.1: Key positions and technical services to be hired

FUNCTION	POSITIONS	SERVICE PROVISIONS (AGENCIES)
Senior Management	<ul style="list-style-type: none"> • Project Director • Deputy Project Director 	-
Administration & Finance	<ul style="list-style-type: none"> • Procurement Specialist* • Financial Management Specialists* 	<ul style="list-style-type: none"> • Internal Audit *
Program Management & Training	<ul style="list-style-type: none"> • Social Safety Net Specialist* • Payment Specialist* 	<ul style="list-style-type: none"> • Public Information & Communication Campaign; Training & Enrolment Support * • CNCN Services *
Monitoring & Evaluation	<ul style="list-style-type: none"> • M&E and Training Specialist* • MIS Specialist* • Systems Engineer* 	<ul style="list-style-type: none"> • MIS (development / implementation / training) * • Process Evaluation *
* Project-funded individual consultants and consulting firms		

5. At the district level, the Deputy Commissioner (DC) will be the focal point for the overall coordination and guidance of the project activities, and will be supported by the Deputy Director Local Government (DDLG). The existing District level Coordination Committees headed by the respective DC will act as the core institutional structure at this administrative level to support implementation and supervision. At the Upazila level, the Upazila Nirbahi Officer (UNO) will be the primary official responsible for all project related processes. The existing Upazila level Coordination Committees headed by the respective UNO will act as the core institutional structure at this administrative level to support implementation and supervision. Both these District and Upazila level Coordination Committees will include relevant officials representing the partner agencies – BBS, DGHS and BPO. At the union level, a Safety Net Cell (SNC) will be set up at the existing Union Parishad Complex, staffed by a Safety Net Program Assistant (SPA), to facilitate implementation at the local level. These SNCs would be supported by project

financing and would thus report to the PMU at the LGD, and support all administrative functions of the ISPP, i.e. beneficiary enrolment; compliance monitoring; payment; appeals and grievance redress. With the added implementation capacity at the local level, SNCs would function as a “one stop shop” to enlist beneficiaries in other safety nets, thereby helping to put together a single beneficiary register at their respective union levels. Figure A3.1 below provides an overview of the implementation arrangements.

Figure A3.1: Implementation arrangements



Public Information and Communication Campaign

6. A targeted Public Information and Communications Campaign (PICC) will be developed and carried out to provide all stakeholders relevant information on ISPP. At the District and Upazila levels, the strategy will revolve around the promotion of transparency, and the development of an understanding of the program, seeking the trust of opinion leaders and civil society. Print and electronic media at each level will be used to disseminate these messages. Following the PICC, the SPA would work with the Union Parishad Chairman and the members of the Parishad for mobilization and outreach activities so that communities are aware of the enrolment event. It is critical to involve these elected members of the Union Parishad in this outreach activity in order to motivate them and secure their support for ISPP. Given that they are

no longer involved in determining the list of beneficiaries, nor in delivering these benefits, finding a way to still involve them in the implementation will minimize any opposition to ISPP.

7. At the union level, the PICC will be implemented by the SNC in close consultation with members of the Union Parishads. The focus will be on providing information regarding eligibility criteria, enrolment processes, household co-responsibilities, payment systems, grievance redress mechanisms, etc. and will rely on local and traditional communication mechanisms such as posters, brochures, banners, along with newspapers, radio and television. The involvement of Upazila level local government officials such as the Upazila Chairman and Vice Chairman will also help in disseminating key messages, as well as help mitigate any opposition to the program. The PICC will be developed by an external agency as was done for the *Shombhob* Pilot, and the processes and guidelines for implementation will be incorporated into the ISPP Operations Manual.

Beneficiary Enrolment

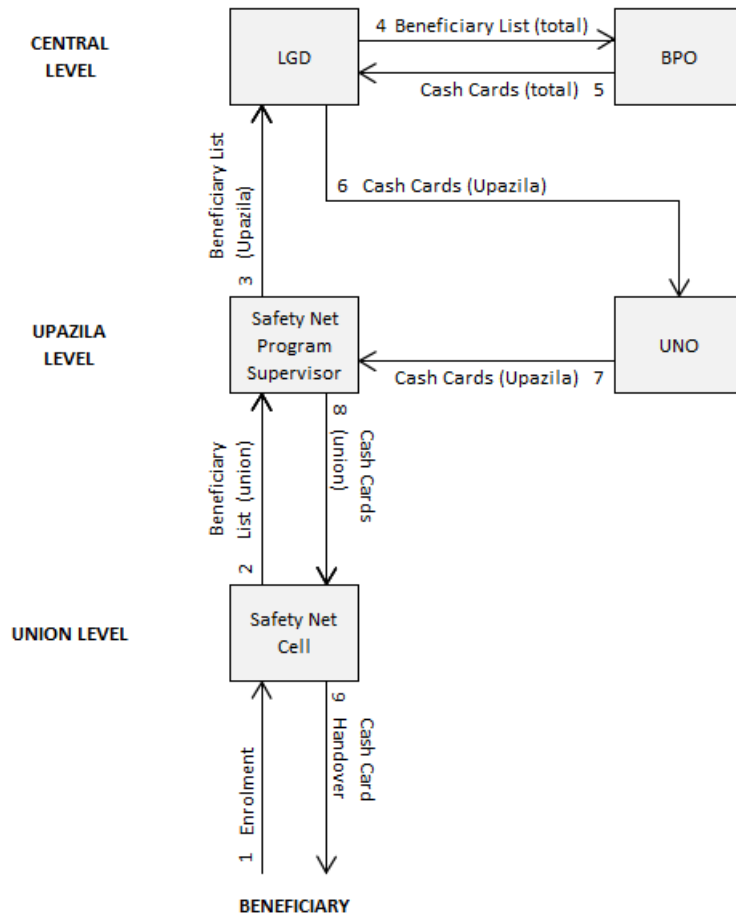
8. SNCs will be responsible for the enrolment of ISPP beneficiaries under the supervision of the UNO's office. The Safety Net Program Supervisor (SPS) hired by the Project will sit in the UNO's office and will coordinate with Upazila level BBS staff to obtain the list of poor households in their respective Upazilas, generate a list of potential beneficiaries for the ISPP, and share them with the respective SNCs. The SPAs will then be instructed to organize the enrolment of ISPP beneficiaries based on whether eligible households have pregnant mothers and/or children below the age of 5. The SPA would also work with the SPS and UNO to obtain the beneficiary lists of other SSNs in the Union, and put together a common registry of SSN beneficiaries. Once developed, this common registry will be updated by the SNC by conducting further enrollment of beneficiaries in the respective SSNs.

9. Beneficiary enrolment of eligible beneficiaries is expected to be carried out on rolling basis. However, the PICC will be launched ahead of the first enrolment event to inform eligible beneficiaries about the registration and enrolment dates, locations and the required documentation. During enrolment, eligible pregnant women will be required to provide a valid pregnancy test report and mothers enrolling with children will be required to provide valid birth certificates or immunization records. Failure to provide correct evidence of eligibility, or provision of misinformation, may lead to cancellation of enrolment or termination of their benefits. A Know Your Customer (KYC) form will be filled out during enrolment to fulfil the BPO's documentary requirements for postal cash card issue. Along with the identification details captured through the KYC form, biometric information (i.e. fingerprints) will also be collected. Since initially there will a large number of enrolments, the firm that developed the PICC will also be hired to support the SNC in conducting the enrolment activities. During program implementation, this firm will support the SNC in: (a) conducting the PICC on program eligibility, beneficiary registration and enrolment process; (b) facilitating enrolment by ensuring completion of KYC forms for beneficiaries and collecting biometric information; and (c) providing training and technical support to the SPA.

10. Beneficiary enrolment will be managed via the program MIS so that relevant information can be recorded in real time (depending on internet connectivity). The PMU will review and

approve the list of enrolled beneficiaries for each location and forward the relevant information to the BPO to print the PCCs. The PMU will subsequently deliver the cards and a copy of the final beneficiary list to the concerned UNO. The UNO will in turn instruct the SPS to deliver the cards to the SNC who would be responsible for distribution to the beneficiaries. Biometric POS machines would verify beneficiary fingerprint information to record card receipt, as well as to activate the cards for use.

Figure A3.2: Enrolment & Cash Card Distribution process



Compliance and Payment

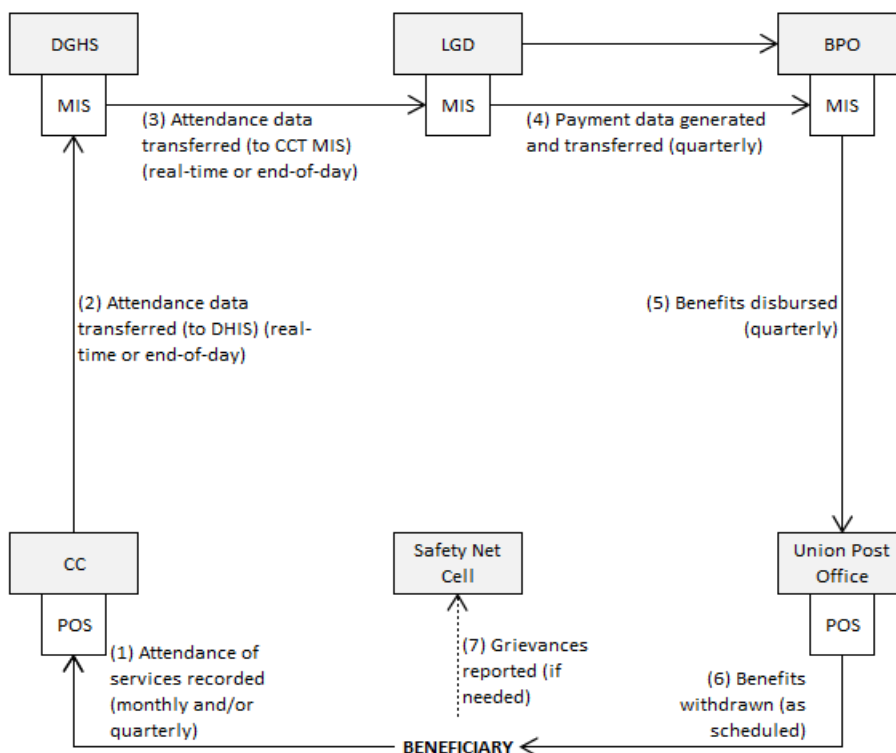
11. Attendance at monthly child GMP and CNCD sessions will be verified using biometric-enabled POS machines and beneficiaries’ smart PCCs. Beneficiaries will be required to swipe their cards and register their fingerprint at the beginning and at the end of the monthly interventions so as to enable the PMU to monitor compliance with program co-responsibilities at the household level.

12. Benefits will be calculated upon evaluation of compliance data for each household, and disbursed on a quarterly basis. Payments will be collected using the postal cash cards from

UPOs. These post office locations will use biometric-enabled POS machines to verify the identity of a beneficiary. Based on the volume of needs in specific unions or wards, the BPO may also establish a mobile payment option also using a POS machine. The local post office will prepare a payment schedule to be prominently displayed at the Union Parishad notice board, SNC office as well as its own local branch, to inform beneficiaries of the time and locations its mobile unit.

13. A Service Agreement between LGD and BPO will be signed to ensure adequate standards of service for the G2P payment process. Responsibilities for the BPO, among others, will include: (i) printing postal cash cards according to the list of enrolled beneficiaries received from the PMU; (ii) transferring appropriate amounts to beneficiary accounts as per PMU instructions, (iii) remitting any balance amount not transferred to any beneficiary account within the specified timeframe to an account designated by PMU; and (iv) preparing and sharing a summary of all transfers made or otherwise returned, and forwarding all transaction documents to the PMU. LGD’s responsibilities, among others, will include: (i) remitting the cost of opening beneficiary accounts and delivery of the postal cash cards; (ii) transferring total amounts to be deposited to the BPO within a stipulated timeframe; and (iii) remitting an agreed service charge on the basis of disbursement details submitted by the BPO. Detailed terms of the Service Agreement will be agreed upon prior to project implementation, and included in the Operations Manual.

Figure A3.3: Compliance & Payment Fund Flow



14. The PMU will also sign a Service Agreement with the Director General of Health Services (DGHS) on the use of its District Health Information System (DHIS) for registration,

enrolment, case records, compliance monitoring, grievance redress, among others, as well as for the use of the premises of CCs and relying on the CC staff for providing ANC and GMP services. The PMU will engage a MIS firm to develop a customized system to access and draw information from various existing modules of the DHIS, as well as to develop a module to link the ISPP MIS with other MISs being developed by the MoF and MoDMR. Detailed terms of the MoU will be agreed upon prior to project implementation, and included in the Operations Manual. See Figure A3.3 for summary of the processes to be followed to link compliance with co-responsibilities with quarterly payment.

Grievance Redress and Appeals

15. ISPP will enroll all eligible households identified by the BPD as poor. Whilst this provision reduces the scope for any discretion on the part of SPAs in determining the list of 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 ISPP MIS will include a grievance redress module to be administered by the SPA who will help keep a record of these grievances, and monitor the details of cases lodged, resolved cases, pending cases and actions taken while the Grievance Redress Officers (GROs) at various levels will resolve these grievances.

16. The PMU will develop the mechanisms for grievance redress for beneficiary complaints concerning targeting, payment, service quality, etc. This process would be incorporated in the MIS to maintain adequate records for cases, and would be used by Grievance Redress Officers (GROs) to monitor the status of resolution. The UNO and the DC would function as GROs, at their respective administrative level, while the PD would function as the GRO at the central level. At each level, there will be a Grievance Redress Register for complaints to be logged and applicants to be provided with a receipt and/or transaction number. Should beneficiaries fail to receive a solution within established service standards (to be defined in the Operations Manual) they may pursue their case before an appellate authority. The DC of respective district will be the appellate authority for Upazila level complaints, while the PD of the project will be the appellate authority for District level complaints.

Service Provision through NGOs

17. Given the considerable efforts needed during the initial phases of the ISPP program implementation, and the comparative advantage of specialized agencies and/or NGOs, support from such external sources in effective service delivery is of critical importance. Accordingly, as part of the Service Agreement with DGHS, LGD will hire one or more NGOs to work with CCs to improve their capacity to deliver ANC and GMP services, as well as to deliver the CNCD sessions to the beneficiary mothers. These tasks will involve: (i) conducting outreach activities to bring beneficiary mothers to the Community Clinics; (ii) supporting the CC staff to conduct GMP and ANC activities; (iii) providing height and weight measuring equipment, and any ANC related equipment in CCs where there is a shortage; (iii) designing, printing and disseminating training booklets for mothers; (iv) training project personnel and other stakeholders on relevant issues; and (v) managing individual beneficiary cases. The NGO(s) will also customize and

deliver the CNCD sessions to cater to both the language/dialect and culture of local communities, including small ethnic communities. Details of the assignment will be provided in the terms of reference to be developed by the PMU.

18. A second agency will be hired to: (i) design tools for monitoring of compliance with program conditions, and for knowledge, attitude and practice (KAP) assessments of beneficiaries, and (ii) conduct process assessments. This will also serve as a third party quality check on the services provided by the first agency and provide feedback on any necessary course corrections. Details of the assignment will be provided in the terms of reference to be developed by the PMU.

Fiduciary (Procurement & Financial Management)

Fiduciary Capacity

19. Based on the assessment of LGD's fiduciary capacity, the fiduciary risk of the project is substantial. As with other government institutions in Bangladesh, LGD is not immune to systemic issues affecting procurement efficiency and performance. LGD will require adequately skilled staff to manage procurement, as well as additional training and on international competitive bidding (ICB) procedures following the Bank's Guidelines. Internal control, documentation, information dissemination, contract administration including delivery follow up, payments, complaints handling, etc. also need to be strengthened. Several measures will need to be introduced to minimize procurement risks during project implementation. LGD does not have an integrated financial management system. Each project and revenue budget unit is currently segmented and ring-fenced. The accounting system is cash-based, follows single-entry bookkeeping, and does not include a statement of assets and liabilities. In terms of reporting, interim financial reports (IFRs) to monitor budget use and annual financial statements to show overall financial position, are not currently produced. Although LGD has gained some experience by working with the Association there is insufficient capacity for financial management functions of the project. These capacity issues were noted in assessments of other IDA financed projects, which included unacceptability of IFRs due to inaccurate reporting of financial figures and delayed settlement of issues raised in annual audits. Several measures need to be introduced to minimize financial management risks during project implementation. There are no outstanding audit reports with LGD on any of the other current Bank financed projects.

Planning and Budgeting

20. *Planning:* A draft procurement plan covering all major procurement will be prepared for the entire duration of the project before appraisal. This plan will be agreed upon between the Borrower and the Bank during negotiations and be made available on the Bank's external website. The procurement plan will be updated by LGD, at least annually, to reflect actual implementation needs in consultation with the Bank.

21. *Budgeting:* A budget will be maintained for the entire term of the project, and detailed budgets for each fiscal year will also be produced to provide a framework for financial management purposes. The annual budget will be prepared on the basis of the procurement plan

and any other relevant annual work plans. These budgets will be monitored periodically to ensure actual expenditures are in line with the budgets, and to provide input for necessary revisions. The project budget will be included in LGD's overall budget.

Internal Control

22. *Filing and Record-Keeping:* LGD will preserve all procurement records and documents in accordance with provisions of the Public Procurement Act 2006 (PPA 2006). These records must be made readily available on request for audit/investigation/review by Government and that Bank. The PMU will retain copies of supporting documents for all project transactions, and originals will be maintained by the Finance Wing at LGD. All project related documents must be filed separately to facilitate internal and external audits, as well as reviews by the Bank.

23. *Controls:* The project will use dedicated software to account for project transactions and all transactions must follow Government review and approval procedures. Such controls have been reviewed and found satisfactory. Signatories for the bank account for project financing must include the PD and one DPD to facilitate transaction, who would also act as custodians of the checkbooks for this account. The Financial Management Specialist will be responsible for reconciliation of the project bank account on a monthly basis, and any irregularities must be addressed in a timely manner.

24. *Internal Audit:* Internal audits must be carried out by a professional auditing firm twice in the life of the project. The first audit will be due by the end of the second year of implementation. The subsequent audit will be carried out one year prior to the project closing date. In each case, the project must submit the internal audit reports to the Bank within fifteen days from the receipt of the report. The terms of reference for the internal audits (detailed out in the Operations Manual) would be prepared by the Financial Management Specialist and must be submitted to the Bank for concurrence.

Governance and Oversight Arrangements

25. *External Audit:* The Foreign Aided Projects Audit Directorate (FAPAD) of the Comptroller & Auditor General's (CAG) would conduct an audit of the project's annual financial statements within six months from the end of the fiscal year. The PD will be responsible for audit follow-up and taking remedial actions. Meetings to resolve audit objections must be held within three months of the receipt of the external audit report from FAPAD.

26. *Project Audit Committee:* In order to ensure that the observations and recommendations from the internal and external audits are reviewed and adequately followed-up on, a project audit committee (PAC) will be constituted. The Joint Secretary LGD, will chair the PAC, and membership would include a Deputy Secretary/Senior Assistant Secretary (audit), the PD, and the Financial Management Specialist would serve as the secretary.

27. *Procurement Complaints:* The PMU must establish a system to manage complaints, including a database for recording, monitoring, and following up on all procurement activities. The Bank must be notified of any complaints to ensure transparency in the resolution process.

Procurement Considerations in the Fiduciary Assessment

28. Total procurement of goods and consultant services under the project will be around US\$17.5 million, out of which goods of US\$3.25 million, and consulting services of individuals and firms of about US\$12.70 million. Procurement would be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants" dated January 2011 (Procurement Guidelines) and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 (Consultant Guidelines), as well as the specific provisions stipulated in the Financing Agreement. A General Procurement Notice (GPN), for all major procurement to be financed by the proposed project, will be published in the Bank's external website and United Nations Development Business (UNDB).

29. *Procurement of Goods and Works:* Except as otherwise agreed in the procurement plan, procurement of goods and works would follow ICB procedures. Procurement of goods and works having an estimated value less than the ceiling stipulated in the procurement plan may follow National Competitive Bidding (NCB) and National Shopping (NS) procedures. Direct Contracting (DC) may be allowed under special circumstances with prior approval of the Bank. NCB contracting would be carried out under the Bank's Procurement Guidelines, following procedures for the Open Tendering Method (OTM) of the Public Procurement Act, 2006 (PPA 2006) (including first amendment to the PPA, 2009) and the Public Procurement Rules, 2008 (as amended in 2009), using standard bidding documents satisfactory to the Bank. For the purpose of NCB contracting the following shall apply: (a) post-bidding negotiations shall not be allowed with the lowest evaluated or any other bidder; (b) bids should be submitted and opened in public in one location immediately after the deadline for submission; (c) lottery in the award of contracts shall not be allowed; (d) bidders' qualification/experience requirements shall be mandatory; (e) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and (f) single-stage two-envelope procurement shall not be allowed.

30. *Procurement of Non-Consulting Services:* Except as otherwise agreed in the procurement plan, procurement of non-consulting services would follow ICB procedures. Procurement of non-consulting services having an estimated value less than the ceiling stipulated in the procurement plan may follow NCB procedures.

31. *Selection and Employment of Consultants:* The following methods will apply for selection of consultants: Quality and Cost-Based Selection (QCBS), Quality-Based selection (QBS), Fixed Budget Selection (FBS), Consultants' Qualification (CQ), Least-Cost Selection (LCS), and Single-Source Selection (SSS). Single Source Selection (Consultants) may be allowed under special circumstances with prior approval of the Bank. Shortlists of consultants for services estimated to cost less than US\$500,000 equivalent per contract may be composed

entirely of national consultants. The procurement plan will specify the circumstances and threshold under which specific methods will be applicable.

32. *Staffing*: LGD shall nominate a procurement focal point for the project. The appointed focal points will take necessary training, both on the Bank's Guidelines as well as on the PPA and PPR. The focal points will support LGD in day-to-day procurement follow-up and preparation of periodic procurement reporting. In addition, LGD would have to hire a Procurement Specialist as part of the PMU. The Procurement Specialist must be a qualified professional with adequate knowledge of the Government and World Bank systems, and will be a mandatory member of all evaluation committees for procurement under the project. The consultant selection process must be prioritized so that the position is filled from project effectiveness.

33. *Webpage for procurement information*: All information pertaining to bidding and procurement above the specified thresholds, as per PPR, must be published on the Central Procurement Technical Unit (CPTU) website. In addition, LGD will publish procurement information on its own website. This information must include: invitations to bid, bid documents and RFPs (wherever applicable); latest information on procurement plan/contracts; status of evaluations once completed; contract award information; and information covering the poor performance of contractors, suppliers and consultants, including a list of debarred firms. The website would be accessible to all bidders and interested persons equally and free of charge.

34. *Procurement Risk Mitigation Plan (PRMP)*: These periodically produced plans must be submitted to the Bank and include updates on the following measures:

- i. *Alert bidders in pre-bid meeting*: LGD through a notification will alert bidders during pre-bid meeting on consequences of corrupt practices (fraud and corruption, collusion, coercion, etc.). The alert notice, among others, will include that if bidders are found to have adopted such practices, there may be remedial actions including debarment from bidding processes in conformity with the Bank's Guidelines. For national competitive bidding, national bidders debarred, if any, under the PPA will not be able to participate. In addition, in the pre-bid meeting, the bidders will be clarified for preparation of bids correctly.
- ii. *Alert internal officers/staff*: LGD will issue alert letter(s) notifying on the fraud and corruption indicators and the possible consequences of corrupt and similar behavior in procurement practices and action to be taken against the official staff if they are involved in such practices. Moreover, LGD will highlight that, in case of noncompliance or material deviation from IDA's Procurement Guidelines, IDA may take remedial actions (i.e., withdrawal of funds, declaration of mis-procurement) for concerned contracts.
- iii. *Multiple Dropping*: Bids may not be submitted in more than one location for any procurement.
- iv. *Bid Opening Committee (BOC) & Bid Evaluation Committee (BEC)*: A formally structured BOC will be constituted for each contract package. The BEC will have at least five members with two experts from outside the procuring entity with proven track record of

experience in procurement; depending on the type of procurement such experts shall be either from public offices and/or from professional bodies/individuals of known probity. Formation of such BEC shall be in conformity with the Bank's Guidelines and be acceptable to the Bank. Individual consultants and/or representatives of the consulting firm may participate as members of the BEC.

- v. *Bid Opening Minutes*: During the same day of bid opening, photocopies of the Bid Opening Minutes (BOM) with readout bid prices of participating bidders will be submitted by BEC for circulation to all concerned. For prior review packages, such BOM will be shared with IDA.
- vi. *Low competition among bidders and high price of bids*: The case(s) of low competition (not solely based on number of bidders) in ICB and NCB cases, coupled with high-priced bids will be inquired into and further reviewed by LGD. The review and decision in this regard would be in the context of qualification criteria, the contract size (too small or too large), location and accessibility of the site, capacity of the contractors, etc.
- vii. *Measures to reduce coercive practices*: Upon receiving allegations of coercive practices resulting in low competition, LGD will look into the matter and take appropriate measures. For prior review contracts, observations of LGD will be shared with IDA, along with the evaluation reports. LGD may seek assistance from law enforcing agencies to provide adequate security for bidders during bid submission. For ICB contracts, provision for bid submission through international/national courier services will be allowed and confirmation of the receipt of the bid will be informed to the bidders through e-mail.
- viii. *Rebidding*: LGD will inquire into the matter, record and highlight the grounds of rebidding (i.e. corruption or similar, high bid prices etc.) along with recommended actions to be taken. For prior review of cases, all such detailed reports will be sent to IDA.
- ix. *Publication of award of contract*: LGD will publish contract award information within two weeks of contract award on its own, as well as UNDB Online and CPTU websites. The following information must be included: contract package number, advertisement date, number of bid documents sold, number of bids submitted along with names of bidders, bid prices as read out at bid opening, name and evaluated price of each bid, number of responsive bids along with name of bidder, name of bidders whose bids were rejected and brief reasons for rejection of bids, name of the winning bidder and the price it offered, proposed completion of date of contract, as well as a brief description of the contract awarded.

35. *Prior Review of Procurement Decisions*: IDA prior review of procurement decisions will be governed by Appendix 1 of the Bank's Guidelines. For each contract to be financed by the Credit, the monetary threshold for prior review and post review will be identified in the Procurement Plan. During the first 18 months of the project, IDA will carry out prior review of the following contracts (to be updated based on the procurement performance of LGD): (a) all contracts for goods and non-consulting services following international competitive bidding (ICB) and direct contracting (DC) procedures irrespective of estimated cost; (b) all contracts for

goods and non-consulting services following national competitive bidding (NCB) procedures estimated to cost US\$1,000,000 or above; (c) all contracts for consultant services following single source selection (SSS) procedures irrespective of estimated cost; (d) all contracts for firms estimated to cost US\$500,000 or above; and (e) all contracts for individuals estimated to cost US\$200,000 or above. In addition, all terms of reference for consultants will be subject to the Bank's review, irrespective of the prior review status of the contract.

Financial Management Considerations in the Fiduciary Assessment

36. *Staffing:* Given the financial management capacity and weaknesses of the internal control environment, LGD would have to hire two Financial Management Specialists as part of the PMU. The Financial Management Specialists must be qualified professional accountants with adequate knowledge of project financial management requirements of the Government and World Bank, and with a proven experience in working with computerized accounting systems. The consultant selection process must be prioritized so that the positions are filled from project effectiveness. The Financial Management Specialists will report to the PD and be assisted by qualified Accounts Officers and Accountants in order to carry out day to day activities.

37. *Fund Flow:* A separate Designated Account must be opened by LGD, in the form of a Convertible Taka Special Account (CONTASA) in a commercial bank acceptable to the Bank. This Designated Account would be used solely for the purpose of financing all components of the project. Disbursement to the Designated Account will initially be SOE-based, i.e. on the basis of advances and replenishments. After one year of implementation, the Bank would review the quality of financial management performance and may convert the disbursement modality to one based on interim unaudited financial reports (IFRs) including a six-monthly forecast of fund requirements. For Component 1 specifically, the BPO must maintain a dedicated account to which LGD will transfer funds for payments to beneficiaries, based on payment lists generated by the program MIS. The BPO must reconcile this account on a monthly basis to assess whether there are any pending amounts to be transferred to beneficiary accounts.

38. *Accounting & Reporting:* The PMU will be responsible for preparing all monthly, quarterly and annual financial reports, and ensure consistency with the Government's project accounting manual. IFRs must be prepared and submitted to the association with forty-five days from the end of each calendar quarter. The formats of the IFRs will be agreed with the Borrower during negotiations. The project will report on the cash transferred to beneficiaries (under Component 1) and expenditures by the PMU (under Components 2 and 3). Funds at the BPO account for onward transfer to beneficiaries will be treated as advances and not expenditure. Accordingly, the IFRs will need to be supported by an actual cash transfer statement from the BPO. IFRs are expected to be prepared directly from the computerized accounting system and not from manual ledgers and cashbooks.

39. *Third Party Assessment of Program Benefit Delivery:* The agency to be hired by the project for monitoring compliance and conducting assessments of beneficiaries would also review whether beneficiaries have actually received their due cash allowances on time and report any irregularities to the PMU.

Environmental and Social (including Safeguards)

Environment

Environmental impacts are not envisaged under the project.

Social

40. The proposed project will be implemented in areas where small ethnic communities (SECs) live as confirmed by a Social Assessment that was carried out in May/June 2014. Specifically, Mymensingh and Jamalpur districts are home to *Garo* and *Khoitrio* populations. The Garo community has their own language, but for the most part, both populations are mixed with mainstream Bengali communities and their regular medium of communication is Bangla.

41. OP 4.10 has been triggered for the project and a Small Ethnic Communities Plan (SECP) has been prepared to ensure maximum access to the program by tribal populations and disclosed on August 26, 2014. The Plan was prepared on the basis of extensive consultation with tribal people and community leaders. Project activities will not have any adverse social impacts on tribal people or other social groups. Rather, the proposed project is expected to provide benefits to beneficiaries through better maternal and child health care by improving their access to basic child nutrition and development services through participation in the program.

42. The primary principle of the plan is to lay out the necessary actions for awareness raising, mobilization and training campaigns that will need to be carried out in a manner tailored to the needs of the SECs in the relevant locations such that the statutory rights and privileges and customs and norms are not hampered or disturbed.

43. The following steps will be taken to ensure maximum coverage and dissemination of project information as laid out in the Tribal Peoples Plan:

Disclosure of Information, Public Awareness and Access to Information

- (i) At the national level, the Project Management Unit will procure the services of a firm/agency to design, develop and implement a public information campaign which will cover program objectives, eligibility criteria, benefits and grievance mechanisms. The firm/agency will be responsible for adopting and incorporating all the elements of the Tribal Peoples Plan for all project areas where the screening conducted by the SNC and coordinated by the UNO/Safety Net Program Supervisor (SPS) shows the presence of SECs.
- (ii) The PMU will sensitize and encourage SNCs to actively disclose the information to Tribal Peoples in a culturally sensitive manner and using appropriate tools. Training on the implementation of the Plan will be provided for UNOs, SPS, SPAs and UP members by the PMU under the supervision of World Bank safeguards specialists.

Registration and Enrolment

- (i) Regular consultations will be held with SECs in accordance with the Plan throughout implementation of the project and particularly prior to the registration and enrolment phase. This will include union and upazila level workshops with tribal leaders, community organizations, journalists, school teachers, and cultural activities to raise awareness of the program. In remote villages and SEC-concentrated areas (or areas with only SEC population), tribal leaders will be utilized for better communication with local language and participatory approach.

Grievance redress

- (i) The proposed project will ensure that indigenous peoples are aware of and have easy access to grievance redress mechanisms at the local level. There will be a grievance redress system for the whole project, details of which will be laid out in the project operations manual. In the interest of minimizing duplication and confusing beneficiaries, the same system will be applicable to tribal populations.

Monitoring and Reporting

- (i) A bi-annual review on a random sample of unions will be carried out by a firm/NGO that will be responsible for conducting spot checks and beneficiary assessments. Their scope of work will also include review of SECP implementation. This will highlight coverage of tribal mothers and children and the awareness raising activities conducted for ensuring participation and inclusion of poor tribal households.

44. The PMU will prepare and submit an annual report to the World Bank on tribal beneficiary coverage of the project and activities related to implementation of the Plan.

Monitoring and evaluation

45. Project performance monitoring is expected to utilize the automated MIS program in combination with independent assessments, including both third party monitoring and a program impact evaluation. While the MIS and third party monitoring will help to track progress in project implementation, the impact evaluation aims to establish the effects of the conditional cash transfers on a number of outcomes, such as child nutritional status and school readiness. An appropriate amount of resources in Component three is earmarked for this exercise. The following range of M&E tools will be employed in assessing LGD's implementation performance, outputs, and outcomes.

- (a) ***Beneficiary data monitoring and compliance verification.*** The project's monitoring system would be established and administered by the PMU through a comprehensive Management Information System (MIS) that would monitor the project's physical and financial progress during implementation. The system would produce timely reports and would track achievement of project performance indicators included in the Results Framework (Annex I). It would also keep the program beneficiary database updated,

verify beneficiary compliance with agreed co-responsibilities, track beneficiary payments, and produce reports to help management monitor key project indicators.

- (b) ***Internal Audits of BPO payments:*** A sample review of payments made to beneficiary accounts will be conducted on a bi-annual basis by firm contracted out by the PMU.
- (c) ***Third party monitoring.*** A third party agency will be recruited to: (i) conduct an annual evaluation of the project cycle processes to assess administrative issues and constraints for a sample of locations; and (ii) carry out KAP assessments on a random sample of beneficiaries on a bi-annual basis. These are important mechanisms to both inform and motivate tailoring project (a) design to better meet the needs of the beneficiaries, and (b) processes to improve administration and management of project personnel. Additionally the Bank will carry out independent Union level regular spot checks to validate that program implementation is being carried out as per the program Operations Manuals, and assess whether program benefits are reaching the intended beneficiaries, including any minority and/or indigenous population groups. These successive spot checks will also assess the progress in the harmonization of SSN implementation at the local level.
- (d) ***Beneficiary Surveys.*** In order to assess the quality of implementation, beneficiary surveys will be conducted to develop a feedback loop to assess beneficiary satisfaction with the services offered under the ISPP. These surveys will also include process related questions to help validate findings of the third party assessments and other impact evaluations.
- (e) ***Quantitative evaluation.*** To assess the project's impact on beneficiary poverty, a rigorous impact evaluation will be conducted using Trust Fund resources based using panel household surveys. The survey data will be used to estimate impact measures such as the net change in beneficiary consumption expenditure, dietary quality, and nutrition and child development indicators over both the short and long term. The outputs of the short term evaluation would be used to improve the program design, including the targeting mechanism and the efforts to improve nutrition and education outcomes of participants, for a potential scaling up the intervention to other regions of Bangladesh. While the long term evaluation will be geared towards contributing to the learning agenda on the effectiveness of the proposed interventions on child nutrition and cognitive development.
- (f) ***Qualitative evaluation.*** Focused group discussions with participants and non-participants to conduct a qualitative evaluation of the project outcomes. This will involve conducting beneficiary satisfaction surveys.

46. The triangulation of the results from the above M&E tools will help to ensure that the Project objectives are being met. The implementation arrangements and the set of M&E activities discussed above are expected to facilitate effective and appropriate use of the funds for the project, preclude the incidence of malpractice and maintain good governance in the management and implementation of project activities. Thus, some of these activities will also be

regularly monitored as part of the Governance and Accountability Action Plan (GAAP) designed to reflect the specific responsibilities of the implementing agencies (see Annex 7).

The Role of Partners

47. There are numerous Development partners (DPs) who have shown keen interest in supporting safety net programs implemented by GoB, including in the development of the NSSS. DFID is currently engaged in a concerted effort to work with multiple DPs, including the Bank, to better coordinate support to the Government to improve the SSN implementation, as well as their impact on nutrition indicators. Specifically DFID is providing technical assistance to the Ministry of Finance to improve the tracking of beneficiaries at the central level. The activities in the proposed operation will inform this important discourse and allow for greater donor harmonization on key policy issues as well as support the GoB to make the SPS operational. UNDP is planning to support GoB in the implementation of the National Social Security Strategy, and has sought to collaborate with the Bank to help expand the use of the common administrative platforms for beneficiary targeting, enrolment, payments and grievance redress system as per the design of these platforms proposed by this project.

48. Discussions are on-going with DFID regarding their support to the proposed operation as well as providing financial support to conduct some of the M & E activities. While DFID has expressed interest, the timeframe under which the proposed project is being processed means that DFID is not able to commit any co-financing at this stage. However, it is very likely that DFID will be able to partner with the Bank team to support some of the project evaluation activities.

Annex 4

**Operational Risk Assessment Framework (ORAF)
Bangladesh: Income Support Program for the Poorest (P146520)**

Risks						
Project Stakeholder Risks						
Stakeholder Risk	Rating	Moderate				
<p>Risk Description:</p> <p>There is a risk that an objective targeting system followed by the proposed project will create resentment and opposition from elected local government officials who generally identify beneficiaries and prepare their lists, and other vested interests who often benefit from short payments made by beneficiaries.</p> <p>The choice of project locations may be unacceptable due to political factors.</p>	<p>Risk Management:</p> <p>To ensure a systematic implementation of the cash transfer program, the project will help to set up a "Safety Net Beneficiary Cell" (SNC) within existing Union Parishad Offices, staffed by one Safety Net Program Assistant (SPA). Given the legal mandate of Union Parishads to support the implementation of all SSNs, the SNCs will function as a safety net "one stop shop" for providing citizens with information on these programs. The SNC will mainly liaise with the elected members of the Union Parishad and will report to the local level administration officials, namely the Upazila Nirbahi Office (UNO).</p> <p>Third party process evaluations and beneficiary satisfaction surveys will be conducted to counter any unfounded allegations by these vested interests.</p>					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency Yearly
	<p>Risk Management:</p> <p>The choice of project locations is based on sound technical criteria that places substantial weight on poverty and nutrition-related indicators. The current political landscape allows for such a "corridor" of project locations which is acceptable to the key political parties. The Government has agreed to the set of locations based on these objective criteria.</p>					
	Resp: Both	Status: Completed	Stage: Preparation	Recurrent	Due Date: 16-Apr-2014	Frequency
Implementing Agency (IA) Risks (including Fiduciary Risks)						
Capacity	Rating	Substantial				
<p>Risk Description:</p> <p>District/Upazila offices of LGD lack adequate staffing and resources to monitor and implement another safety net program at the field level.</p> <p>Although LGD has some experience with World Bank procurement and FM procedures, there is lack of adequate staffing for procurement and financial management.</p>	<p>Risk Management:</p> <p>The proposed project will support capacity building, with resources, equipment and training provided down to the field level. An electronic database of beneficiaries and an integrated MIS system will be developed, which is expected to make implementation and monitoring activities faster and easier with minimum additional work pressures.</p>					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
	<p>Risk Management:</p> <p>LGD has been implementing the IDA-supported Local Government Support Project since 2007. This has built some capacity within LGD in implementing similar projects, but the following measures will also be put in place:</p> <p>(i) Service of an experienced Procurement Specialist to assist LGD in preparation of procurement</p>					

	documents; (ii) Service of an experienced Financial Management Specialist to assist LGD in ensuring smooth flow of project funds, preparation of IUFs, preparation of annual financial statements, coordination of project audit, among other relevant tasks; (iii) A functional webpage with procurement-related information accessible to the public for LGD; (iv) A system for handling complaints and a database for recording, monitoring and following up all project procurement activities for LGD, and (v) Procurement guidelines will be issued to the local level to ensure clarity on procedures and training will be provided to Upazila level staff of LGD.	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
Governance	Rating Substantial						
Risk Description: There is a risk that LGD will lack commitment to achieving the project objectives once the leadership in LGD changes. There is also the risk that a change in leadership/management in LGD could affect oversight on the progress of project implementation	Risk Management: Currently, there is strong ownership and commitment on the part of the LGD for this project, primarily fueled by the positive results on the ground from the Pilot Project. The success of the project has also been highlighted at the local level by local government officials, who view this project as offering a path to securing votes from citizens as it reflects well on their leadership. Thus despite changes in the leadership at the central level, such local level demand will help to mitigate any risk of lack of commitment. Ensuring the close involvement of local government officials will be important to minimize this governance risk.	Resp: Client	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency CONTINUOUS
	Risk Management: Risks arising from change in leadership will be mitigated by ensuring the development of an automated MIS which will allow for the smooth functioning of the project, and, to some extent, insulate the project from political interference. Third party monitoring arrangements and social audits, in addition to qualitative and quantitative evaluations (e.g. impact and process evaluations), will be embedded in the project design to allow for a robust control and accountability system within LGD.	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
	Risk Management: Both qualitative and quantitative evaluations of the Shombhob Pilot Project suggest that formalizing program rules and processes through an Operations Manual, and the use of an automated MIS and electronic payments via the postal cash cards help to reduce fraud and corruption. Similar approaches will be adopted to minimize this risk, along with third party oversight procedures and a robust Monitoring and Evaluation Unit.	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
Project Risks							
Design	Rating Moderate						

Risk Description:

The project design hinges upon smooth and effective coordination between a number of agencies and ministries and 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 GMP sessions; (iii) the BPO to facilitate biometric-enabled electronic payments; and the BEC for ensuring NIDs for each beneficiary. Decentralization of roles may not lead to a higher integration of systems, particularly if there is lack of central-level coordination.

Given the large number of project beneficiaries (up to 500,000), there may be supply-side constraints, i.e. availability of space at health centers and BPO cash management issues. There is also a risk of high staff absenteeism in community clinics which can prevent beneficiaries from meeting their co-responsibilities.

Given the large number of beneficiaries under the program, there is a risk that any lags or delays in compliance monitoring may lead to delays in cash transfers.

There is a risk that other line ministries do not participate in or facilitate the use of common platforms that are being strengthened under the project.

Inflationary pressures may push up project cost.

Risk Management:

There will be a number of initiatives taken at the central level to ensure coordinated implementation down to the local level. Implementation arrangements between the partner agencies/ministries will be governed by a Service Agreement/Memorandum of Understanding (MOU) to ensure adequate standards of service.

At the central level, a Project Steering Committee (PSC) chaired by the Secretary, LGD, with membership from the heads of all related/relevant agencies will advise and guide the implementation process. The PSC will include representatives from any ministry, division, department or agency, which it finds useful in coordinating and determining strategy. This Committee will provide an oversight function to ensure that project activities follow the appropriate parameters and are well coordinated.

A Technical Review Committee (TRC) chaired by the Project Director, will assist in the supervision of the project. The TPRC is expected to include representatives from SID, MoHFW, and BPO, as well as from any ministry, division, department or agency, which it finds useful in coordinating project implementation and monitoring issues. This Committee will ensure that project implementation follows both Government and Bank rules and regulations. Specifically, the TPRC will be responsible for the following: (a) supervising the implementation team; (b) providing advice for timely implementation of scheduled activities; (c) monitoring and evaluating implementation progress and suggesting necessary course corrections; (d) reviewing the performance of project personnel and quality of deliverables; (e) resolving issues and conflicts that may emerge during implementation; (f) facilitating coordination and convergence with other line ministries/divisions/departments/agencies; (g) keeping the PSC apprised on overall performance and other key issues relating to the project.

The need to ensure this central level coordination with multiple stakeholders continues to flow down to the local level make the LGD, with its mandate to facilitate and coordinate service delivery by all line ministries, well placed to implement the proposed project.

Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency CONTINUOUS
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Risk Management:

While MoHFW has agreed to provide support through its existing infrastructure (Community Health Clinics, Union Health Centers), it was noted that the staffing and tools at these clinics may not be optimal in delivering the services required as part of the cash transfer program. One of the key factors for the success of CCTs is to ensure that the supply side is well-established and can meet the demand for increased services incentivized by the cash transfers. Given the considerable efforts needed during the initial phases of program implementation, and the comparative advantage of specialized agencies and/or NGOs, support from such external sources in effective service delivery is of critical importance. This is also one of the recommendations made by the recent draft Operational Assessment of the Government's National Nutrition Services (NNS) program which advocates the use of NGOs to provide reinforcements to CCs so that the capacity of the health workers can be strengthened as well as a great outreach and coverage of the population can be achieved. Accordingly, as part of the MoU with MoHFW, LGD will hire one or more specialized agencies/NGOs to work with CCs to improve their capacity to deliver ANC and GMP services, as well as to deliver the CNCD sessions to the beneficiary mothers.

The BPO has also been consulted to determine the extent of support it would require both in terms of capital investment as well as operating costs of its payment system. In the long term, such investments would not only serve the purposes of the CCT program, but also help expand the scope of BPO's cash card services.

Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
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Risk Management:

LGD will sign a Service Agreement with the Director General of Health Services (DGHS) on the use of its District Health Information System (DHIS) for registration, enrollment, case records, compliance monitoring, grievance

redress, among others, as well as for the use of the premises of Community Clinics. LGD will also engage a MIS firm to develop a customized system to access and draw information from various existing modules of the DHIS, as well as to develop a module to link the program MIS. This will allow utilization of existing platforms and thereby reduce the burden (and time) on LGD in developing a MIS from scratch.

Detailed terms of the Service Agreement will be agreed upon prior to project implementation, and included in the Operations Manual.

In order to allow for sufficient time for the compliance monitoring process (entering attendance reports in the MIS and generating transfer lists based on household-compliance assessments), cash transfers are planned every quarter. The process will be laid out in the Operations Manual and extensive training will be provided to implementation staff to ensure timely execution of activities and corresponding payments.

Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
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Risk Management:

The considerable overlap and fragmentation among safety nets is a challenge and the lack of coordination between the various SSNs results in inefficiencies and confusion among beneficiaries regarding their entitlements. The Bank's engagement in the Safety Net Systems for the Poorest project (IDA credit 5281-BD) is helping to build common administration platforms at the program level (with the Ministry of Disaster Management and Relief), and thus help pave the way for their eventual consolidation to reduce overlap and fragmentation within the Ministry, which accounts for almost one-third of social protection allocation in the budget. Commitment from one of the largest safety net implementing ministries towards a common platform helps mitigate this risk to a large extent. Furthermore, the Ministry of Social Welfare - another large safety net implementing ministry (in particular, the Old Age Allowance) - has also requested BPO services in facilitating electronic payments to their beneficiaries. There is therefore already demand from the largest ministries to make use of the common local-level platforms that will be established and strengthened under the proposed project.

Resp: Client	Status: In Progress	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
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Risk Management:

The TA components will assign appropriate contingency amounts to meet inflationary risks.

Resp: Both	Status: Completed	Stage: Preparation	Recurrent	Due Date: 16-Mar-2014	Frequency
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Social and Environmental

Rating | Low

Risk Description:

There are no environmental safeguard risks associated with the proposed project and has been rated Category C. The proposed project will be implemented in areas where ethnic communities live as confirmed by a Social Assessment that was carried out during preparation.

Risk Management:

OP 4.10 has been triggered for the project and a Small Ethnic Communities Plan has been prepared and disclosed. The Plan was prepared on the basis of feedback from extensive consultation with ethnic communities. Regular consultations will continue to be held with them in accordance with the Plan throughout implementation of the project. The PMU will prepare an annual report on compliance with social safeguards as required by the World Bank.

Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency CONTINUOUS
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Program and Donor

Rating | Low

<p>Risk Description: Major donors (e.g. DFID, AusAid, UNDP, WFP, UNICEF etc.) appear to be fully supportive of the Government's vision for consolidation of safety net programs and making strategic new investments on nutrition, as laid out in the SFYP and aligned with the proposed operation.</p> <p>Some donors may also be ideologically opposed to targeting and be inclined towards programs that offer universal social protection.</p>	<p>Risk Management: The Bank has been engaged in detailed analysis based on empirical evidence on the merits for targeting safety nets in Bangladesh as well as the need for improving implementation efficiency of these programs. Discussions have been held within the wider dialogue with development partners and the Government on the mechanisms for supporting the development of the National Social Protection Strategy (NSPS) and will contribute towards harmonizing donor efforts on social protection.</p>					
<p>Delivery Monitoring and Sustainability</p>	<p>Rating</p>	<p>Low</p>				
<p>Risk Description: Sustainability: Expenditure on social protection programs has been increasing over time, both in terms of share of total expenditure and as a share of GDP. While the Government is committed to protect public spending on social protection, competing demands for scarce resources mean that spending levels could be lowered.</p> <p>Measurability: Low M&E capacity of LGD could undermine the quality of the outcomes of the proposed project.</p>	<p>Risk Management: The safety net programs being supported by the proposed project have been under implementation since the 1980s, and are the key programs that help the Government manage multiple objectives including poverty and vulnerability reduction, ensuring food security, and food price and stock management. These safety net programs have always been a priority of all previous governments, and as such any drastic reduction in fund allocation is not expected over the course of life of the proposed project. Nevertheless, the Bank will explore the possibility of coordinating with the IMF's USD 1 billion Extended Credit Facility (ECF) (FY 13-15), which aims to ensure adequate budgetary provisions for social spending during the ECF program.</p> <p>There is an increasing appreciation for M&E systems at LGD given its long experience with the implementation of LGSP and interest to adopt a systematic M&E framework for all its operations. Monitoring is an integral part of the proposed project to ensure beneficiary compliance with co-responsibilities of attending regular maternity and early childhood development sessions. This will be captured through the project MIS to generate cash transfer lists. Some capacity has already been built through the pilot project and extensive training will be provided to ensure adequate M&E measures are in place.</p> <p>Third party monitoring and process/impact evaluations will also be undertaken during the course of the proposed project, and has been embedded in the project design.</p>					
<p>Other (Optional)</p>	<p>Rating</p>					
<p>Risk Description:</p>	<p>Risk Management:</p>					
<p>Other (Optional)</p>	<p>Rating</p>					
<p>Risk Description:</p>	<p>Risk Management:</p>					
<p>Overall Risk</p>	<p>Implementation Risk Rating: Substantial</p>					

Risk Description:

The project will help introduce the use of technology and web-based transactions, and will thus require a substantial change in the way government expenditures are currently utilized under safety nets. Project activities may therefore place a large strain on the already low capacity environment within which the government administration operates. Whilst the technical assistance set aside under the proposed project will mitigate some of this risk, it will require constant oversight and technical support on the part of the Bank, and coordination among the various project partner agencies. The overall implementation risk is thus graded as substantial.

Annex 5: Implementation Support Plan

BANGLADESH: Income Support Program for the Poorest Project (P146520)

Strategy and Approach for Implementation Support

1. The Implementation Support Plan (ISP) lays out the support required for implementation of the mitigation measures of the risks identified in the ORAF and Systematic Operations Risk-Rating Tool (SORT) in the following areas: (a) technical design and institutional capacity; (b) fiduciary, and (c) social safeguards. The design of the project contains safeguards against each of the risks and the ISP is designed to review and ensure that those safeguards are effective and to reinforce them where necessary.
2. Implementation activities under the project are based at the union level and will require adequate support in terms of personnel and resources. The project will put in place additional staff and resources through the Project Management Unit at LGD as well as in the union level Project Implementation Units to ensure compliance with and achievement of project objectives. In addition, an Operations Manual will be developed to provide clear definitions of rules and guidelines on program operation and the roles and responsibilities at all levels of implementation.
3. On fiduciary activities, supervision of financial management will include reviews of the operational status and capability of financial management systems; quality of financial reports; reconciliation of financial data; capacity of FM staff; review of audit reports and follow up on implementation of recommendations. The MIS will be a large procurement under the project for which the Bank will support LGD through provision of technical and procurement expertise, specifically in the development of technical specifications, drafting bid documents, detailed guidance on the Bank's procurement guidelines and monitoring procurement progress against the detailed project procurement plan.
4. The project has been classified as Category C and triggers Indigenous Peoples OP/BP 4.10. A Small Ethnic Communities (SEC) Plan has been prepared for the project and will apply to all project areas where there is identified presence of tribal people. The SEC Plan has been reviewed by the Bank team and updating of and reporting on the Plan will be regularly monitored by the Bank safeguards team.

Implementation Support Plan

5. The Bank's supervision team will include the Task Team Leader and the country-based team, including fiduciary, procurement and safeguards staff. Implementation support missions will be conducted up to three times a year. Specific technical support will be provided in the following areas:
 - (a) **Technical design and institutional capacity:** In addition to the country-based operational support team, the Bank task team will also include an Institutional Development Specialist, a MIS/IT Specialist, a Child Nutrition and Development Specialist, and an Impact Evaluation

Specialist. The Institutional Development Specialist will support the Local Government Division in the development of the Operations Manual, which will clearly lay out the process and procedures entailed in implementation, including beneficiary targeting, enrolment, compliance, payments and grievance redress. The Institutional Development Specialist will also guide and support LGD in developing the Terms of Reference for contracting the NGOs for services related to GMP and delivery of nutrition and child development sessions. The Impact Evaluation Specialist will supervise the activities geared towards the evaluation of the proposed project.

The MIS/IT Specialist will support LGD in developing the specifications of the MIS and will work with procurement staff to ensure bidding documents have been appropriately designed.

As part of the regular monitoring and evaluation under the project, LGD will contract the services of a NGO to monitor compliance with program conditions and conduct Knowledge, Attitude and Practice assessments of beneficiaries on a sample basis throughout the year. The Child Nutrition and Development Specialist will support LGD in developing the Terms of Reference for contracting this NGO and reviewing the tools which will be employed for the assessments.

- (b) **Fiduciary:** The project will require intensive procurement and financial management supervision support during the first year of set up. The Bank task team will include a dedicated Financial Management Specialist who will be responsible for guiding and supporting the implementing agency in developing the Memorandum of Understanding between LGD and the Bangladesh Post Office, which will define the necessary controls at each level of financial transaction and manage timely reconciliation of funds from LGD to BPO to project beneficiaries.

During implementation, the Bank will review (i) the project Interim Unaudited Financial Reports and audited financial statements, including the budget execution report, together with the management letters, and (ii) the project's FM and disbursement arrangements to ensure compliance with the agreed requirements. The Bank's regular implementation review procedures in addition to implementation of sound FM monitoring measures by the FM Specialist appointed by LGD are deemed to be appropriate and sufficient measures for the project.

In terms of procurement, in addition to prior review of selected contracts, the Bank will carry out a procurement post review of contracts below the prior review threshold. This review will be carried out on a sample of about ten to twenty percent of contracts on an annual basis depending upon the procurement risk.

Training will be provided by the Bank's financial management and procurement specialists and the team will also help LGD strengthen its fiduciary and procurement capacity through the placement of dedicated specialists under the project. Formal supervision of financial management will be carried at least twice a year and procurement supervision will be conducted out on a timely basis as and when required by the client.

(c) **Social safeguards:** The Bank safeguards team will review compliance with the Small Ethnic Communities Plan at least once a year following the registration and enrolment process of beneficiaries and highlight any issues and possible solutions to the task team.

6. Tables A5.1 and A5.2 present the main focus of implementation support over the life of the project:

Table A5.1: Implementation Support

Time	Focus	Skills Required	Resource Estimate
0-18 months	Preparation of Operations Manual	Institutional Development Specialist	
	Development of bidding documents/TOR for procurement of NGO services	Institutional Development Specialist Pediatric Specialist	
	Development of MIS specifications and bidding documents	MIS/IT Specialist	
	Development of MIS		
	MOU with Bangladesh Post Office	Financial Management Specialist	
19-60 months	Overall quality of implementation	Task team FM, Procurement & Safeguards staff Institutional Development Specialist MIS/IT Specialist Pediatric Specialist	

Table A5.2: Skills Mix Required

Skills Required	Staff Weeks	Number of Trips
Task management (TTL)	20 staff weeks/year	At least 3
Task management	20 staff weeks/year	Field based
Task management	20 staff weeks/year	Field based
Institutional Development Specialist	15 staff weeks/year	As required
MIS/IT Specialist	8 staff weeks/year	As required
Pediatric Specialist	6 staff weeks/year	Once a year
FM Specialist	8 staff weeks/year	Field based
Procurement Specialist	6 staff weeks/year	Field based
Social Specialist	4 staff weeks/year	Field based

Annex 6: Economic and Financial Analysis

BANGLADESH: Income Support Program for the Poorest Project (P146520)

1. The proposed project aims to benefit the poorest households through setting up an innovative conditional cash transfer (CCT) program at the local level. This will be through linking cash transfers to the utilization of specific services by pregnant women and mothers, while harmonizing local level safety net administration. There is a large body of literature that suggest that, if implemented well, CCTs are appropriate demand side interventions that can have a significant positive impact on both poverty and human development outcomes.⁴²

2. CCTs have resulted in sizeable reductions in poverty among recipients, especially when the transfers have been adequate, well targeted, and structured in a way that they do not offer disincentives towards productive employment. Because CCTs provide a steady income, they have helped protect poor households from the effects of unemployment, catastrophic illness, and other sudden income shocks. When transfers have been made to women, their bargaining power within the household increased. Similarly, CCTs linked to early childhood development have also shown to have had a positive impact on child cognitive development. Providing a combination of cash, information and gender targeting in Nicaragua facilitated investments by parents that resulted in improved cognitive development.⁴³ Children with low levels of cognitive development before they enter school have shown to have lower school achievement and earn lower wages.⁴⁴ Data on Jamaican children living in underprivileged areas show that early psychosocial stimulation and nutritional interventions increased lifetime earnings by 42 percent by the time the beneficiaries reach the age of 22.⁴⁵

3. Thus we expect the proposed project with its interventions of cash transfers targeted to poor households with young children conditional on fulfilling nutrition sensitive household co-responsibilities to have (i) a short term impact on poverty; (ii) a medium term impact on child nutrition indicators; and (iii) a longer term impact on human capital and earnings of the beneficiary children. Using the experience of the *Shombhob* pilot project, the following analysis illustrates pathways through which these outcomes are expected to be achieved under the proposed project. In addition a financial analysis is conducted to assess the fiscal impact of the proposed project.

A. Impact on poverty

4. The *Shombhob* Pilot provided bi-monthly cash transfers to mothers of very poor households. Two types of transfers were provided depending on the household demographic

⁴² Fiszbein, A., N. Schady, F.H.G. Ferreira, M. Grosh, N. Keleher, P. Olinto, and E. Skoufias, 2009. "Conditional Cash Transfers: Reducing Present and Future Poverty," World Bank Policy Research Report, Number 47603.

⁴³ Macours, K., N. Schady, and R. Vakis, 2012. "Cash Transfers, Behavioral Changes, and Cognitive Development in Early Childhood: Evidence from a Randomized Experiment," American Economic Journal: Applied Economics, American Economic Association, vol. 4(2), pages 247-73, April.

⁴⁴ Case, A., and C. Paxson. 2008. "Stature and Status: Height, Ability, and Labor Market Outcomes." Journal of Political Economy 116(3): 499-532.

⁴⁵ Gertler, P., J. J. Heckman, R. Pinto, A. Zanolini, C. Vermeerch, S. Walker, S. Chang-Lopez, and S. Grantham-McGregor, (2013). "Labor Market Return to Early Childhood Stimulation: a 20-year Follow-up to an Experimental Intervention in Jamaica." World Bank Policy Research Working Paper No. 6529, The World Bank, Washington D.C.

composition and location: (i) a “nutrition” allowance of BDT400 (US\$5) for those with children aged 0 to 36 months provided that they attended monthly GMP and nutrition counseling sessions; and (ii) an “education” transfer of BDT400 (US\$5) for those families with children going to primary school provided that the children attended 80 percent of classes. To evaluate the impact of the intervention, a baseline and an endline survey was fielded over a two year period which included 13 months of transfers made from the Pilot.⁴⁶ The results suggest that on average, *Shombhob* pilot beneficiaries received a transfer of BDT542 per household per month – or BDT70 per capita per month. The impact of this transfer was almost entirely passed on to food expenses: *Shombhob* pilot participants spent about BDT340 per month more on food than the control group a year after *Shombhob* pilot started. The difference is quite substantial, even after controlling for the fact that food expenses had gone up by BDT250 for both the treatment and control group between the baseline and the endline. Given that total food consumption prior to the program was BDT 3,168 in the families that were about to become beneficiaries, BDT340 represents an increase of 11 percent. Moreover, food expenses on proteins – meat, eggs, dairy, fish and pulses – increased significantly for *Shombhob* pilot recipients, and even more so for households receiving the nutrition awareness sessions (see Table A6.1).

Table A6.1: Impact of *Shombhob* pilot on consumption

	Per capita	Household	Food	Proteins	
				HH receiving nutrition transfers	HH receiving education transfer
Impact of <i>Shombhob</i> pilot (δ)	70.3* (39.3)	378.8* (215.8)	337.0*** (107.3)	174.2*** (46.4)	118.0** (54.5)
(T-C) at baseline (β)	-	-	-	-65.0* (33.5)	-83.1** (39.7)
Trend for non recipients (γ)	32.2 (30.3)	52.6 (166.5)	96.1 (82.8)	150.4*** (35.6)	163.7*** (45.1)
Constant	1665.1* ** (395.2)	715.6 (2168.9)	1970.6* (1078.6)	764.2* (400.2)	527.3* (294.4)
Controls	Yes	Yes	Yes	Yes	Yes
R2	0.2	0.4	0.4	0.3	0.2
Df	2,330	2,330	2,330	1,636	1,458
Number Obs.	2,376	2,376	2,376	1,680	1,502

*Significance levels: * p<0.10, ** p<0.05, *** p<0.01. Controls include: household head characteristics in terms of age and education; household size; housing characteristics; asset ownership; access to remittances. Proteins include meat, eggs, dairy, fish and pulses.*

5. Assuming that the proposed project has a similar impact on consumption as *Shombhob* pilot, and assuming it is rolled out to the entire countryside (rural areas only), and that all poor households with a child in age of receiving the transfer benefit from the cash transfer, then beneficiaries should see their per capita consumption increased by BDT70 every month. Using HIES 2010 data, and simulating new income for the poorest, one finds that the headcount ratio

⁴⁶ See Ferre, C. and Sharif, I. 2014. “Can Conditional Cash Transfers Improve Human Development Outcomes of Poor Children in Bangladesh? Evidence from a Pilot Intervention,” World Bank Policy Research Working Paper Series No. 7077, for more detailed description of the impact of the Pilot.

for rural areas would go down from 35.1 percent to 30.8 percent. Given that the proposed project offers a larger monthly transfer (BDT500 instead of BDT400 per beneficiary), it is reasonable to assume that an estimated reduction of 4 percentage points in the rural poverty headcount is a lower bound of what could be achieved with the roll-out.

B. Impact on nutrition indicators

6. Evidence from *Shombhob* pilot project shows that mothers’ knowledge about best breastfeeding practices improved, the proportion of wasted children was curbed, and dietary diversity was improved (although not significantly). Mothers’ knowledge about best breastfeeding practices improved significantly in *Shombhob* households: 6.3 percentage points more mothers know that they should breastfeed their child exclusively until he reaches the age of 6 months. Given that initially 83.1 percent of the mothers knew about best breastfeeding practices, that represents an increase of 8 percent. Food diversification⁴⁷ among children 6 months and above improved but not significantly. In addition, wasting – or insufficient weight-for-height – saw significant improvement among the youngest cohort of children aged 1 year at the start of the program: wasting was reduced by 12.5 percentage points, which is a reduction of about 40 percent of wasted children in this age group. Table A6.2 provides details of these impact results.

Table A6.2: Impact of *Shombhob* pilot on nutrition

	knowledge about infant feeding	Dietary diversity (6+ months)	Stunting	Under weight	Wasting (10-22 months when enrolled)
Impact of <i>Shombhob</i>	0.063* (0.03)	0.031 (0.05)	0.034 (0.05)	0.046 (0.05)	0.125* (0.07)
(T-C) at baseline			-0.015 (0.04)	-0.023 (0.04)	0.103** (0.05)
Trend for non recipients (γ)			0.060 (0.04)	-0.083** (0.04)	-0.079 (0.05)
Constant			-0.222 (0.43)	-0.001 (0.42)	0.120 (0.37)
Controls			Yes	Yes	Yes
R2		0.117	0.052	0.036	0.093
Df			1,536	1,594	606
Number Obs.	1,538	1,318	1,580	1,638	648

*Significance levels: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Controls include: household head gender, age, education, household size, housing characteristics, asset ownership, remittances.*

C. Impact on early childhood cognitive development and earnings ability

7. Global evidence suggests that early childhood development interventions result in improved cognitive development, which in turn increase children’s probability of attending and finishing school, which in turn leads to greater lifetime earnings in the long term. For instance,

⁴⁷ I.e. more than four out of 7 food groups recommended by Infant and Young Child Feeding Practices (IYFP).

every additional year that a mother attends CNCD workshops is likely to be associated with 0.05 standard deviations better child cognitive development, on average.⁴⁸ This estimate is lower than most estimates obtained for developing countries in Latin American (0.05 on average and 0.18 for the poorest children in Ecuador,⁴⁹ 0.23 in Argentina⁵⁰). Following for over 20 years a cohort of children in Jamaica who received an ECD intervention, research show that the intervention increased earnings over the entire tenure in labor market.⁵¹ Average monthly lifetime earnings were 49 percent higher for all jobs and 60 percent higher when considering only non-temporary full time jobs.

D. Cost Benefit Analysis

8. The simple cost benefit analysis compares the discounted stream of expected benefits to the discounted stream of project costs. To do this, we assume that given the interventions under the proposed project, the cash transfers have an impact in beneficiary children’s ability to complete school, and thereby secure an ability to earn higher wages in their adult life. We combine existing evidence on the impact of similar intervention with information on the consumption levels of poor households, demographic composition of households, and returns to education from the HIES 2010. For instance, the HIES 2010 shows that that 20 percent of households have only one child and 70 percent have more than one child in the family. We assume this distribution of children for the beneficiary households as well. A discount rate of 10 percent is assumed. The analysis is conducted as follows:

9. The total costs are constructed in the following way:

- n_b :the proposed project is assumed to provide transfers for 4 years covering 100,000 beneficiaries in the second year, 325,000 in the third, 600,000 in the fourth and final year.
- max_i : beneficiary families can be grouped into 3 categories to determine their cash transfers:
 - Group 1 (families with pregnant mothers only): BDT 500
 - Group 2 (families with pregnant mother and one child): BDT 1,200
 - Group 3 (families two children): BDT 1800
- $admin$: to estimate the cost per beneficiary, administrative costs are assumed to be 10 percent of the transfer amount for all registered individuals.
- $compliance$: 70 percent of the beneficiary population is expected to comply on average over the course of the project.

$$Total\ Costs = n_b * (12 * max_i * compliance + admin)$$

10. To estimate the private benefits to increased educational attainment, we estimate the

⁴⁸ Macours, K., N. Schady, and R. Vakis, 2012. “Cash Transfers, Behavioral Changes, and Cognitive Development in Early Childhood: Evidence from a Randomized Experiment,” *American Economic Journal: Applied Economics*, American Economic Association, vol. 4(2), pages 247-73, April.

⁴⁹ Paxson, C., and N. Schady, 2010. “Does Money Matter? The Effects of Cash Transfers on Child Health and Development in Rural Ecuador,” *Economic Development and Cultural Change* 59(1): 187-230.

⁵⁰ Berlinski, S., S. Galiani, and M. Manacorda, 2008. “Giving Children a Better Start in Life: Preschool Attendance and School-Age Profiles.” *Journal of Public Economics* 92(5-6):1416-40.

⁵¹ Gertler, P., J. Heckman, R. Pinteó, A., Zanolini, C. Vermeerche, S. Walkerd, S. Chang-Lopez, and S. Grantham-McGregor, 2013. “Labor Market Returns to Early Childhood Stimulation: a 20-year Follow-up to an Experimental Intervention in Jamaica,” *World Bank Policy Research Working Paper No. 6529*.

number of mothers who will enroll in the program, the educational attainment of their children and finally the impact those increased years of schooling will have on their lifetime income stream. The motivation here is that increasing school attainment has an impact on individual productivity, which in turn will lead to more access to better paid jobs and therefore higher lifetime earnings.

11. The total benefits are constructed the following way:

- r_{edu} : we assume that an increased year of educational attainment has a 15, 17 or 19 percent impact on annual earnings. This is consistent with the analysis presented in the 2013 Bangladesh Poverty Assessment Report, which suggest incomes increase for people who completed 5 to 10 years of schooling to be about 18 percent. This rate increases to 63 percent for those who completed above 10 years of schooling. Note that we use the lower end of the possible increase in earnings because we assume that beneficiary children on average increase their school attainment within 10 years given that the average years of schooling is 6.6 years of schooling.
- inc_{edu} : the net impact on enrolment, repetition and dropouts is assumed to result in an increase in schooling of 0.5 year - derived from the trends in increase in years of education among the poor.⁵²
- $pccons$: the average GDP per capita is about US\$1000 per year.
- Estimations based on different growth scenarios are presented with associated NPV and ERR (zero growth, 1%, 3%, and 5% growth)

$$Total\ Benefits = n_b * r_{edu} * inc_{edu} * pccons * compliance$$

12. The estimates of Internal Rate of Return (IRR) and Net Present Value (NPV) are computed assuming that participants work from the age of 18 to 60, so IRR and NPV are calculated on a 60-year frame. These estimates are presented in Table A6.3 below:

Table A6.3: IRR and NPV of beneficiary earnings over a lifetime

Rate of return	15%			17%			19%		
Growth rate	1%	3%	5%	1%	3%	5%	1%	3%	5%
IRR (%)	10.5%	12.9%	15.3%	11.1%	13.5%	16.0%	11.6%	14.1%	16.5%
NPV (US\$ Million)	17	128	334	37	163	397	57	198	459

13. The results suggest that the schooling benefits expected from the proposed project alone outweigh the costs in all three cases. At a 10 percent discount rate, the NPV of the project will be between US\$17 million to US\$459 million, with an IRR of about 10.5 – 16.5 percent, depending on the assumptions. However, the interventions are expected to possibly reduce health costs during the beneficiaries’ lifetime. Increased earnings are also expected to reduce beneficiaries’ dependency on social transfers and increase tax contributions. Finally, experience in Latin America suggests that ECD also reduces violence and criminality among recipients, which in

⁵² These estimates are in line with Gertler et al. (2013) who show that the ECD intervention increased education in the treatment group by about half a year of schooling, in a target population where the average number of years of education was already 11 years.

turn has a positive externality at the local level. Thus it is reasonable to consider the expected outcomes of the proposed project presented in Table A6.4 as lower bound impacts.

14. The IRR calculated for this project is within the range of acceptable estimates obtained from other similar projects. For example, Paes de Barros (1999) found that the IRR for the internal rate of return from an additional year of preschool for 6 year old is between 12.5 and 15 percent depending on factors such as parents' schooling, race, geographic location. Similarly, World Bank (2007) estimated IRRs for ECD programs (namely the Perry Preschool, Abecedarian Project, Chicago Child-Parent Centers, and Elmira Prenatal) and found that estimates ranged from 7 to 16 percent per annum.

E. Impact on fiscal sustainability

15. The proposed project is also expected to improve coordination among local government institutions to help implement safety nets in a more coordinated fashion. This would be achieved through the use of a common list of poor households generated by the BBS (based on a PMT method), and over time develop common beneficiary lists, and common administrative platforms for beneficiary enrolment, payments and grievance redress mechanisms. This could potentially pave the way for consolidating numerous cash based SSNs in Bangladesh (e.g. old age allowances, widow allowances, school stipends, school feeding program, etc.) into an integrated system to provide social protection to the poorest. This is how *Oportunidades* and *Bolsa Familia* evolved in Mexico and Brazil respectively, and became best global practice.

16. Evaluations of the *Shombhob* pilot show that a PMT based targeting methodology is able to target the poor well. The eligibility requirement to participate in the *Shombhob* pilot was to have a PMT score that is lower than 660 in Jaldhaka. According to Figure A6.1 below most *Shombhob* pilot beneficiaries had PMT scores below the 660 threshold, while non-beneficiary households had PMT scores above 660. Moreover, when the control group is divided between those who applied and were rejected from the program on the basis of their PMT score, and those who did not apply at all, we find that the latter group had a flatter distribution with more individuals in the upper part of the distribution. The data seems to suggest that the targeting system worked well: the project was able to reasonably identify poorer households.

17. Simulation analysis also shows that improving the administration and improving the targeting of five of the largest SSNs (EGPP, GR, TR, FFW and VGF) (as is currently being done under the SNSP project) using the PMT has the potential to reduce the rural poverty headcount rate from 34.6% to around 34.1% by allocating the existing budget more efficiently. This translates to lifting an additional half million individuals out of poverty. Alternatively the analysis shows that, holding the poverty headcount constant, PMT based targeting would allow these five major programs to collectively achieve their existing poverty reduction impact with 45 per cent fewer funds. This would equate to a savings of between BDT 8 and 20 billion, or US\$100 to 250 million per year. Thus improving the performance of more programs in terms of their targeting and payments systems at the local are likely to bring about significant savings in the government budget annually. Thus despite costing about 2% of the annual SSN budget, the proposed project will essentially be leveraging the reform of vast amounts of public expenditures by modernizing SSN implementation.

18. Currently the GoB spends 2.4 percent of its GDP or about USD 3 billion annually on over 100 SSNs. Based on GDP and public expenditure using the most recent IMF findings projections, the proposed project when fully implemented would cost about 1.5 percent of the total safety net expenditures or about 0.04 percent of GDP. This includes all management overhead and initial start-up costs (which are one-time cost with no long term fiscal impact) when fully implemented in the project areas by 2020. Table A6.4 below shows the details.

19. The recently drafted National Social Security Strategy recommends the consolidation of the numerous SSNs into fewer outcome-based programs and to improve their pro-poor coverage while phasing out those programs that are not performing well. The successful implementation of the proposed project thus will help position ISPP as a flagship SSN that is scaled up incrementally. Such has been the experience of the well performing flagship EGPP SSN which the Bank has been supporting since 2011.

Table A6.4: Fiscal Impact of Shombhob

(Amounts in BDT billion)	Actual					Projected				
	FY 11	FY 12	FY 13	FY 14	FY 15*	FY 16	FY 17	FY 18	FY 19	FY 20
Nominal GDP **	8,952	9,280	10,392	12,240	13,992	15,344	16,960	18,696	20,664	22,760
Public Expenditure	1,278	1,501	1,752	2,225	2,292	2,581	2,906	3,273	3,685	4,150
Safety Net Expenditure	209	226	231	271	308	340	375	414	456	504
ISPP Project Expenditure	-	-	-	-	0	1	1	7	8	8
Public Expenditure as % of GDP	14.28%	16.17%	16.86%	18.18%	16.38%	16.82%	17.14%	17.50%	17.83%	18.23%
Safety Net Expenditure as % of Public Expenditures	16.35%	15.08%	13.18%	12.16%	13.43%	13.16%	12.90%	12.64%	12.38%	12.13%
ISPP Project Expenditure as % of Safety Net Expenditure	-	-	-	-	0.00%	0.16%	0.17%	1.64%	1.84%	1.51%

*Provisional. **Source: GDP Projections are based on IMF Country Report June 2014 while expenditure projections are based on their average growth rate between FY11-FY14.

Annex 7: Governance Accountability and Action Plan

BANGLADESH: Income Support Program for the Poorest Project (P146520)

1. The Governance and Accountability Action Plan (GAAP) for the proposed project outlines a set of risks which may compromise good governance of the project and proposes a set of mitigating actions to minimize the impact of such risks and promote accountability in project implementation. The GAAP has been designed based on issues associated with implementation arrangements outlined in Annex 3. These risks are categorized into the following four areas: (1) procurement; (2) financial management; (3) implementation capacity (local level); and (4) CCT program administration.
2. The first two areas pertain to project management issues at the central level and are drawn from an integrated fiduciary assessment of LGD, as well as lessons learned from other Bank financed projects implemented by the same agency. These risks primarily revolve around the lack of overall capacity for procurement and financial management functions, which extend to weaknesses in technical evaluation, transparency, internal controls, audit capacity, and fund flows. Such risks are largely to be mitigated by standard measures applied to investment financing projects.
3. The latter two areas pertain to implementation issues in terms of staffing and competency at the local level as well as those typically inherent in the proposed ISPP program administration. Measures to address implementation capacity issues include the provision of human resources with adequate training, as well as the development of an Operational Manual for the ISPP program, which is a crucial step in preparing the program for rollout. In terms of the program administration itself, a number of tasks will be outsourced to consulting firms to provide technical support to LGD and local government institutions both for service delivery and monitoring functions. Overall program administration will be largely supported by an automated MIS to ensure personal data pertaining to program beneficiaries and all financial transactions can be managed in a secure and efficient manner.
4. The GAAP will be agreed during Negotiations and monitored throughout the period of project implementation. Reporting on actions taken as per GAAP provisions will comprise part of the Project Reports to be submitted on a regular basis by LGD. Modifications may be made during the course of implementation based on changes to the governance environment, and such changes would be incorporated in the GAAP with the Bank's concurrence.

Governance and Accountability Action Plan

Issues / Risks	Actions / Features	Timeline	Early Warning Indicators
Project Management: Procurement			
Lack of capacity for procurement functions	Appointment of Procurement Focal Points	By Project negotiations; ongoing	Delays in appointment; delays in refilling vacancy
	Appointment of Procurement Specialist	1 month from Project effectiveness; ongoing	Delays in consultant selection process; delays in refilling vacancy
	Preparation of detailed procurement schedule for major procurement	Ongoing	-
Lack of capacity for technical evaluation	Mandatory membership of the PFP and the Procurement Specialist in evaluation committees.	Ongoing	Non-inclusion of focal point and/or specialist
	Engagement of relevant technical experts in drafting specifications and terms of reference and inclusion in the concerned evaluation committee.	Ongoing	Non-inclusion of technical experts
	Use of an agreed checklist of flags indicating collusive practices for all procurement	Ongoing	Failure to identify collusive practices
Lack of adequate transparency in procurement	Establishment of procurement information on LGD website (accessible to public free of charge)	1 month from Project effectiveness; ongoing	Unavailability of webpage on LGD website
	Establishment of a system to manage complaints (including database for recording, monitoring, and following up on all procurement activities); Bank to be notified of any complaints	1 month from Project effectiveness; ongoing	Delays in notifications to the Bank

Issues / Risks	Actions / Features	Timeline	Early Warning Indicators
Project Management: Financial Management			
Lack of capacity for financial management functions	Appointment of two Financial Management Specialists. One to oversee withdrawal processes while the other person supervises the cash transfer accounts	1 month from Project effectiveness; ongoing	Delays in consultant selection process; delays in refilling vacancy
	Preparation of annual budget and monthly adjustments against planned expenditures	Ongoing	-
Weak internal controls	Copies of all transaction documentation to be retained by PMU and originals retained by Finance Wing, LGD	Ongoing	-
	Use of dedicated software to account for project transactions and report generation.	Ongoing	
Lack of adequate audit capacity	Two internal audits conducted by audit firm (with TOR acceptable to the Bank)	End of second year; 12 months before closing date	Delays in appointment of audit firm
	Annual external audits by FAPAD	6 months after end of each FY	-
Lack of adequate follow-up of internal and external audit findings and recommendations	Establishment of Project Audit Committee	6 months after end of first FY	Delays in appointment of PAC; delays in resolution of audit issues
Fund flow from LGD to BPO	BPO to maintain dedicated account for ISPP program benefit transfers; monthly reconciliation reports to be submitted to LGD	As per terms of MOU between LGD and BPO; ongoing	Delays in submission of reconciliation reports
Implementation Capacity (Local Level)			
Human resource and technical constraints	Appointment of Safety Net Program Assistant and provision of financial and technical resources (i.e. computers and other equipment, internet connectivity, etc.) in selected locations (union and ward levels)	Ongoing	Delays in advertising for relevant positions; delays in initiating the procurement of office equipment

Issues / Risks	Actions / Features	Timeline	Early Warning Indicators
Lack of adequate guidance on program operations	Development of an Operations Manual (OM) to outline program processes, rules, roles and responsibilities	3 months from Project effectiveness	Delays in drafting of OM
Insufficient technical capacity for administrative functions	Extensive training for Safety Net Program Assistants on implementation of the OM	12 months from Project effectiveness	Delays in selection of training firm
Lack of dedicated grievance redress points	Appointments and extensive training of grievance redress officers (from among existing Government staff at various administrative sub-units)	12 months from Project effectiveness	Delays in orientation workshops with DCs and UNOs
CCT Program Administration			
<u>Targeting</u> : location and beneficiary selection may not be based on objective criteria relating to poverty and welfare criteria	Selection of locations on the basis of the latest Bangladesh Poverty Map and nutrition indicators	Before Project Negotiations; additional areas during Project tenure	Delay in finalization of locations and slippages from program rollout work plan
<u>Outreach</u> : needs to be systematic to ensure selected beneficiaries are aware of responsibilities during enrolment process	Agency (third party) to be contracted to conduct public information campaign aimed at potential beneficiaries to ensure full information availability at the local level	9 months from Project effectiveness	Delay in procurement of agency; slippages from program rollout work plan
<u>Enrolment</u> : registration may be onerous with ineffective identity verification procedures; postal cash cards may not be distributed to the correct beneficiaries	Abovementioned agency would provide enrolment support; enrolment process to be conducted using biometric verification cross-checked against National IDs; SPA and UNO to distribute postal cash cards	9 months from Project effectiveness	Delay in procurement of agency; slippages from program rollout work plan
<u>Service Delivery</u> : lack of adequately skilled personnel to provide advisory services and monitor relevant progress	NGO (third party) to be contracted for module development and service delivery	9 months from Project effectiveness	Delay in procurement of agency; delay in development of relevant modules

Issues / Risks	Actions / Features	Timeline	Early Warning Indicators
<u>Monitoring Compliance with Co-Responsibilities</u> : beneficiary attendance of advisory sessions may not be adequately documented and progress reporting may be delayed	Agency (third party) to be contracted to monitor service delivery	9 months from Project effectiveness	Delay in procurement of agency
<u>Payment</u> : ineffective link between compliance verification and payment generation; withdrawal of funds by unintended persons	Program MIS to calculate benefits based on compliance	9 months from Project effectiveness	Delay in development and operationalization of MIS linked to DHIS Delay in Service Agreement signing w/ BPO; Delay in procurement of POS machines
	Use of biometric-enabled POS machines for payment delivery confirmation; payment through postal cash cards	Ongoing	Delay in Service Agreement signing w/ BPO; Delay in procurement of POS machines
	Extensive beneficiary training on use of postal cash cards	Ongoing	Delay in procurement of agency; slippages from program rollout work plan
<u>Case Management</u> : information updates or grievance redress process may be onerous and unsystematic	Development of standardized processes for case management as part of OM; dedicated modules for MIS	6 months from Project effectiveness; 12 months from Project effectiveness	Delay in development and operationalization of MIS linked to DHIS

Annex 8: Proposed Impact Evaluation Design

BANGLADESH: Income Support Program for the Poorest Project (P146520)

1. This Annex describes the different steps related to the design of the quantitative evaluation that will be put in place in order to measure the impact of the proposed project. The project, which is to be implemented in 27 of the poorest rural upazilas and two urban municipalities, will provide cash payments to households in the bottom expenditure quintile as determined by the Poverty Score Card, (PSC) or through a proxy means test (PMT). Households with children ages 0 to 60 months will receive a payment conditional upon mothers attending counseling and knowledge sharing sessions. Households with pregnant women will receive a payment conditional upon future mothers' ANC visits. Women will be the recipients of the cash transfers, deposited in their BPO accounts. In addition to the regular monitoring and evaluation exercise, a quantitative impact evaluation of the project will be done in order to (i) establish a set of benchmarks in targeting effectiveness and beneficiary selection, as well as (ii) assess the impact of the CCT on human capital, especially nutrition and early childhood development (ECD) outcomes.

Technical Approach

2. The impact evaluation (IE) will select a random sample of households, half of which benefit from the program (treatment) and the other half being similar to beneficiary households but not enrolled in the program (control). Both sets of households – treatment and control – will be surveyed immediately prior to the implementation of the proposed project (baseline survey) and at completion (endline survey). The same set of households will be surveyed upon implementation and upon completion. It is expected that between 5 and 10 percent of households will disappear between the two rounds (attrition estimates taken from the *Shombhob* pilot IE). The same set of outcome indicators will be collected at baseline and endline: the difference in progress between endline and baseline, between treatment and control will give an estimate of the impact of the programs on this selected set of outcomes.

Treatment and Control Groups

3. If the Poverty Score Card is available at the time of the project start, households with young children or pregnant mothers will be able to participate in the program based on their poverty status. If the PSC is not available on time, eligibility will be based on the same PMT used to determine poverty with the PSC, but administered upon application (similar to the *Shombhob* pilot). Control households may be identified using two different methodologies:

- **Regression Discontinuity Design.** Firstly, the control group could consist of non-poor households located in the same upazillas as those where the project is implemented. Control households would include those close to the PSC eligibility threshold (when the PSC is available), or those whose PMT score is just above the eligibility threshold (in case a PMT is administered to all applying households).
- **Propensity Score Matching.** Secondly, the control group could consist of poor households (according to the PSC if available or those with low PMT if not available) located in upazillas similar to those where the program is implemented but not receiving

the program. A Propensity Score Matching technique would then be used to determine the potential control upazilas.

Potential Identification Strategies

4. Similarly, two identification strategies may be used to determine the impact of the proposed project.
 - **Regression Discontinuity Design.** If the treatment and control groups are located within the same upazilas, then a combination of difference-in-differences and regression discontinuity design around the eligibility threshold could be used. This identification strategy is similar to that used in the IE of the *Shombhob* pilot project IE.
 - **Propensity Score Matching.** If the control group consists of poor households located in non-beneficiary upazilas similar to those implementing the project, a difference-in-differences using PSM could be used.

Sampling Design

5. The final sample of treatment and control households will consist of a total of about 5,000 households located in a random selection of upazilas. Once the sampled upazilas are identified, a census of the local households will be conducted, collecting information on household composition (identifying which households are potential beneficiaries of the program) and poverty status. If the PSC is available, non-poor households only will be administered an additional questionnaire to determine the PSC score of each households. If the PSC is not available, all households will be administered a questionnaire to determine their poverty score. These questionnaires will be administered over a short and long intervals to capture both short terms and long term impacts of the intervention.

- **Regression Discontinuity Design.** A random sample of about 2,500 poor households will then be selected to form the treatment group, and a random sample of about 2,500 non-poor households close to the eligibility threshold will be identified to form the control group.
- **Propensity Score Matching.** A random sample of about 2,500 poor households in *Shombhob* upazilas will then be selected to form the treatment group, and a random sample of about 2,500 poor households in *non-Shombhob* upazilas will form the control group.

Summary of IE methodology

	Scenario 1		Scenario 2	
	PSC available	PSC not available	PSC available	PSC not available
Status of Poverty Score Card Database				
Treatment	Poor according to PSC	Poor according to PMT administered upon application	Poor according to PSC	Poor according to PMT administered upon application
Control	Non-poor, i.e. just above the PSC eligibility threshold	Non-poor, i.e. just above the PMT eligibility threshold	Poor according to PSC in non-beneficiary upazilas similar to <i>Shombhob</i> upazilas	Poor according to PSC in non-beneficiary upazilas similar to <i>Shombhob</i> upazilas
Identification	DiD with regression discontinuity design		DiD with PSM at the upazila level	

Indicators to be measured

6. The proposed IE aims at identifying the impact of *Shomhob* on two sets of indicators: (i) household consumption, and (ii) knowledge, attitude and practices related to nutrition and early childhood development (ECD) outcomes.

Consumption Indicators	Nutrition/ECD Indicators
Total household consumption	Z-scores
Per capita consumption	KAP score
Protein consumption	Primary school enrolment
Dietary diversity	

Questionnaires

- Consumption

7. The household questionnaire will include a full-length questionnaire on consumption patterns. Indicators on household consumption, per capita consumption, superior foods (such as proteins) consumption, and dietary diversity will be computed.

- Nutrition and ECD

8. All participating children will be weighted and measured, in order to compute. In addition, the individual questionnaire will include questions on knowledge, attitudes and practices of young mothers and pregnant women. There will be four focus areas for the questions:

- Breastfeeding
- Dietary diversity
- Child cognitive development
- Child safety and monitoring

- Knowledge, Attitude and Practice (KAP)

9. The KAP questions involve a 5 point Likert scale (see table below). Each section has a total of 10 points. The interviewer will collect some basic information on the following three groups:

- Is the respondent pregnant now
- Is the respondent with a child 6 months or less
- Is the respondent with a child of any other age

Likert scale to evaluate Knowledge, Attitude and Practice

Knowledge	Answer	Max Score
What is the duration for exclusive breastfeeding for a new born child	6 months	1
Name three types of food that are needed to keep your child healthy	Any 3 of: Meat pulses lentils vegetables fruits fish milk eggs oil/ghee	3
Name 2 symptoms that shows a woman does not have enough iron in her blood	Any 2 of Headache dizziness tiredness irritable sleepy difficulty working	2
What are the three main causes of death among children under 5	Acute respiratory infections/pneumonia diarrhea and injuries/drowning	3
Name one activity that can be done with your child to help with their brain development	Any 1 of: Reading books singing storytelling playing with puzzles or games showing things and saying their names	1
Attitudes	Answer	Score
Breastfeeding is good for my baby	Likert scale (1 for strongly agree, then 0.8 then 0.6 and so on) Strongly agree - somewhat agree -neutral - somewhat disagree - strongly disagree	1
Breastfeeding is inconvenient for me	Likert scale (reverse values)	1
A young woman has to take care of her nutrition/ eat healthy foods even before she gets pregnant	Likert scale	1
ANC visits before my delivery can help identify any problems I might have related to my delivery	Likert scale	1
ANC visits are not needed if the mom is not having any obvious problems.	Likert scale	1
Giving my children different types of foods is better than giving lots of only one or two types of foods	Likert scale	1
It is possible for my family to have a wide variety of foods without spending too much extra money	Likert scale	1
I can help my child's brain development by singing and reading	Likert scale	1
I can read books using pictures even if I don't know how to read	Likert scale	1
Children swimming without adult supervision is safe most of the time	Likert scale (reverse values)	1

Practices	Answer	Score
How many times did you have food made from legumes or nuts in the past day	Greater or = 1	1
How many times did you have dairy products such as milk yogurt and cheese in the past day	Greater or =1	1
How many times did you have vitamin A rich foods such as pawpaw carrots and mango	Greater or = 1	1
How many times did you have iron rich foods such as leafy green vegetables, meats, pumpkin and chickpeas	Greater or = 1	1
How many times did you have any other fruits or vegetables	Greater or = 1	1
How many times did you eat any eggs	Greater or = 1	1
How many days did you have 3 meals a day in the past 4 days (can be adjusted – I used 4 to keep the values simple)	1 day = 0.25 2 days = 0.5 3 days = 0.75 4 days = 1	1
How many times did you go to the ANC clinic during your pregnancy	Greater or = 1	1
How often are your children playing in water without any adults nearby	Likert scale	1
How often did you read with your child in the past 3 days	Greater or = 1	1

Annex 9: Proposed Project Locations
BANGLADESH: Income Support Program for the Poorest Project (P146520)

Sl.	Division	Zila	Upazila	Unions	Poverty Rate	Population (Adjusted)	Poor Population (Poverty Rate x Population (Adjusted))	Probability of 50% Children under 5 being Underweight
1	Dhaka	Jamalpur	Bakshiganj	7	50.39%	227,327	114,555	57.08%
2	Dhaka	Jamalpur	Dewanganj	8	58.51%	268,517	157,105	92.08%
3	Dhaka	Jamalpur	Islampur	12	54.99%	310,328	170,641	98.15%
4	Dhaka	Jamalpur	Jamalpur Sadar	15	49.76%	640,539	318,756	97.61%
5	Dhaka	Jamalpur	Madarganj	7	55.45%	274,105	151,992	98.21%
6	Dhaka	Jamalpur	Melandaha	11	47.22%	325,550	153,733	91.63%
7	Dhaka	Jamalpur	Sarishabari	8	44.73%	338,444	151,389	96.42%
8	Dhaka	Mymensingh	Bhaluka	11	31.08%	447,296	139,031	98.43%
9	Dhaka	Mymensingh	Dhobaura	7	58.20%	203,759	118,581	99.98%
10	Dhaka	Mymensingh	Fulbaria	13	52.63%	466,010	245,282	99.99%
11	Dhaka	Mymensingh	Gaffargaon	15	43.92%	447,574	196,588	99.76%
12	Dhaka	Mymensingh	Gauripur	10	50.63%	335,702	169,960	87.59%
13	Dhaka	Mymensingh	Haluaghat	12	50.33%	301,093	151,526	99.46%
14	Dhaka	Mymensingh	Ishwarganj	11	55.97%	391,078	218,879	99.91%
15	Dhaka	Mymensingh	Muktagachha	10	43.35%	431,984	187,262	99.50%
16	Dhaka	Mymensingh	Mymensingh Sadar	13	52.28%	809,324	423,133	99.55%
17	Dhaka	Mymensingh	Nandail	12	60.66%	418,539	253,896	100.00%
18	Dhaka	Mymensingh	Phulpur	20	58.80%	625,001	367,472	96.78%
19	Dhaka	Mymensingh	Trishal	12	47.78%	435,803	208,215	99.36%
20	Dhaka	Sherpur	Jhenaigati	7	36.91%	166,563	61,481	26.29%
21	Dhaka	Sherpur	Nakla	9	46.76%	197,373	92,297	50.74%
22	Dhaka	Sherpur	Nalitabari	12	41.76%	261,305	109,133	57.34%
23	Dhaka	Sherpur	Sherpur Sadar	14	55.82%	517,495	288,869	99.68%
24	Dhaka	Sherpur	Sreebardi	10	49.08%	269,865	132,451	95.65%
25	Rangpur	Gaibandha	Fulchhari	7	58.06%	171,633	99,656	78.28%
26	Rangpur	Gaibandha	Gaibandha Sadar	13	44.76%	454,940	203,653	98.61%
27	Rangpur	Gaibandha	Gobindaganj	17	45.39%	534,809	242,771	79.90%
28	Rangpur	Gaibandha	Palashbari	9	44.75%	254,154	113,736	84.62%
29	Rangpur	Gaibandha	Sadullapur	11	50.99%	298,379	152,149	99.92%
30	Rangpur	Gaibandha	Saghata	10	52.75%	278,037	146,676	88.26%
31	Rangpur	Gaibandha	Sundarganj	15	47.55%	479,729	228,124	99.66%
32	Rangpur	Kurigram	Bhurungamari	10	65.14%	240,416	156,615	63.60%
33	Rangpur	Kurigram	Char Rajibpur	3	68.82%	76,201	52,443	34.94%
34	Rangpur	Kurigram	Chilmari	6	61.07%	127,632	77,949	51.62%
35	Rangpur	Kurigram	Kurigram Sadar	8	57.99%	325,412	188,692	58.77%
36	Rangpur	Kurigram	Nageshwari	14	64.96%	410,143	266,443	68.43%
37	Rangpur	Kurigram	Phulbari	6	68.48%	166,373	113,940	22.54%
38	Rangpur	Kurigram	Rajarhat	7	67.69%	189,958	128,578	31.38%
39	Rangpur	Kurigram	Raumari	5	57.01%	203,949	116,266	48.61%
40	Rangpur	Kurigram	Ulipur	13	65.32%	410,890	268,388	83.40%
41	Rangpur	Lalmonirhat	Hatibandha	12	38.08%	242,814	92,474	8.58%
42	Rangpur	Nilphamari	Jaldhaka	11	43.54%	354,287	154,264	77.80%