



Integrated Safeguards Data Sheet Identification / Concept Stage (ISDS)

Concept Stage | Date ISDS Prepared/Updated: 08-Oct-2018 | Report No: ISDSC25028



BASIC INFORMATION

A. Basic Project Data

Project ID	Project Name	Environmental Category	Country
P167886	India Digital Financial Inclusion of Informal Sector	B - Partial Assessment (B)	India
Team Leader(s)	Estimated Date of Approval	Managing Unit	Financing Instrument
Varsha Marathe Dayal, Ciliaka Millicent Wanjiru Gitau		GFCSS	Investment Project Financing

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	2.73
Total Financing	2.73
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	2.73
Japan Social Development Fund	2.73

B. Project Development Objective(s)

The Project Development Objective (PDO) is to foster increased use of digital financial services by informal sector women in low-income households in selected States.

The project will reach at least 500,000 women from low income and marginalized households in six states namely Bihar, Uttar Pradesh, Rajasthan, Meghalaya, Assam and Gujarat. The project will enhance financial literacy and proficiency in using mobile technology among target groups, and catalyze adoption of digital financial services so that these households can access formal financial instruments for improved livelihoods.

C. Project Description

1. The project client is Self-Employed Women’s Association (SEWA). The project envisages empowering low-income households, particularly women who are members of SEWA to help them build

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sustainable livelihoods by improving their financial literacy, making them proficient in mobile technology and strengthening their access to digital financial products / services.

2. **The project's approach incorporates lessons and best practices from successful WBG initiatives in the region.** Financial inclusion projects in the region such as the WBG initiative in Bangladesh aimed at leveraging Mobile Financial Services to accelerate women's financial inclusion have shown promise in reducing gender gap in access to financial services.
3. **The project leverages the lessons and delivery systems developed as part of the previous SEWA-JSDF partnerships.** The first SEWA-JSDF project resulted in the establishment of SEWA Manager's School (SMSc) that has shown success in developing a range of learning modules across skill / knowledge areas in partnership with expert institutions and training grassroots women at scale. The project trained 823,746 women across a number of training areas spanning technical, managerial and leadership skills, resulting in increased household income (77% of beneficiaries) and increased employability (84% of beneficiaries). The second project facilitated the creation of decentralized and sustainable Community Learning and Business Resource Institutions (CLBRCs) to provide business support to grassroots women entrepreneurs. 524,566 members were linked to services provided by these CLBRCs. 192,889 members were trained in various programs including technical skills, green livelihood areas and ICT skills. 85,000 women were linked to livelihood opportunities and 16,375 women were linked to markets, trade inputs and micro-credit. The second project also piloted several ICT initiatives that successfully demonstrated the process of demystifying technology for marginalized women and expanding their use in livelihood activities. **The proposed project focuses specifically on the relatively new field of digital financial services which has made rapid strides in recent years and has shown great potential to promote financial inclusion.** The project aims to increase awareness, literacy and usage of digital finance applications and technologies among women from low income and marginalized households by leveraging systems and building on experiences from the earlier SEWA-JSDF projects.
4. **The project will focus on demonstrating innovative approaches** that can be scaled up in other World Bank supported interventions in the region. This will include mapping and customizing products / technologies for underserved target segments; piloting open online learning platforms and scalable training approaches for marginalized, rural women; innovatively leveraging existing networks and member-to-member transactions to catalyze Fintech adoption; and supporting innovative ICT and MIS projects that promote Fintech adoption and strengthen monitoring and evaluation.
5. **Multiple rounds of consultations have been carried out with target beneficiaries** of the project, SEWA grassroots leaders and SEWA managers. Consultations included field visits to SEWA CLBRCs, visits to SEWA social enterprises as well as small-group discussions with all stakeholders. These consultations have been instrumental in shaping the project design, and identifying activities based on constraints, aspirations and explicit demands of target beneficiaries and grassroots leaders. Activities are expected to be community-driven, with the involvement of women from marginalized and excluded communities in all stages of implementation.
6. **Project Components:**

Component A: Needs assessment and technology mapping (US\$ 0.26 million): This component will support foundational activities such as orientation workshops at the central, district / block and community level,



detailed needs assessment of target beneficiaries, other assessments to understand footprint of ongoing digital financial services / schemes on the ground, product / technology identification and mapping, and partnerships with multiple categories of external institutions. Subcomponents include:

- a. Orientation: The component will support a series of orientation workshops for SEWA management, district / state leadership, state implementation partners, ICT team at central / district / block levels, SEWA Bank and other sister SEWA institutions, partners and external stakeholders, as well as target beneficiaries of the project. These workshops will outline project objectives, share and seek feedback on implementation strategy and action plan, and develop a strong foundation for launch of subsequent activities.
- b. Needs assessment: The component will carry out a detailed assessment of target beneficiaries to understand their socioeconomic status, access to digital devices such as smartphones, livelihood activities, financial needs, level of digital literacy, level of financial literacy, the gaps, concerns and issues with adopting technology, and other related aspects. The assessment will study the lifecycle needs of the livelihood activities undertaken by marginalized women and vulnerable communities to identify points / areas where adoption of Fintech can increase productivity, sustainability and incomes. The assessment will similarly identify the needs and possible Fintech intervention points in SEWA's various ongoing activities / programs including organizing activities, agriculture support program, green livelihood initiatives, SEWA's agro-produce Rural Distribution Network (RUDI), artisan support programs, microenterprise support programs, new-age initiatives such as rural homestays with Airbnb, e-commerce partnership with Amazon, and other initiatives. The component will support surveys to identify how banks including payment banks and other prepaid instruments market their services to customers. The component will strengthen understanding banks' initiatives towards fostering financial literacy and onboarding women through surveying their financial literacy centers. The status of Government of India's Digidhan Abhiyan's initiatives in improving awareness of digital payments in the target states will be assessed as well.
- c. Partnerships and technology mapping: Based on assessments, the component will identify technology products most suitable for the needs and aspirations of target beneficiaries and their livelihood activities. This may include applications / digital products for banking, mobile wallets, utility payments, money transfer / remittances, applying for small loans, micro-savings, mutual fund investments and others. Technology mapping will be undertaken for multiple digital mediums including smartphones, feature phones and computers. Shortlisted technology products / services will be pilot tested with a sample set of beneficiaries to seek feedback and ascertain suitability. The project will establish partnerships with various technology providers including telecom companies such as Vodafone, Airtel, Reliance Jio, Idea; financial institutions such as State Bank of India (SBI), ICICI Bank, Axis Bank, HDFC Bank, Bank of India and Bank of Baroda; credit card services such as Mastercard; payments / remittance service providers such as Paytm, Mobikwik, Eko; unsecured small loan providers / marketplaces such as Capital Float, Suvidhaa; Fintech think tanks such as iSpirit; other financial service providers and including young organizations offering innovative financial services leveraging the India Stack architecture. These partnerships will focus on making digital products / applications available to beneficiaries in a manner that takes into account their literacy levels and level of familiarity with technology. This can mean easy-to-use workflows, simplified interfaces and



multi-lingual forms. Wherever possible, the project will work with partners to suitably customize the applications for beneficiaries. The project will also explore building customized applications to digitize workflows for activities undertaken by SEWA members if a suitable off-the-shelf solution is not available in the market. The component will support roundtable discussions, brainstorming workshops with these partners, external experts and other stakeholders to facilitate establishment of these partnerships. These discussions / workshops will be led by a Digital Finance Advisor.

Component B: Strengthening SEWA's delivery system for improving financial and technology awareness

(US\$ 0.95 million): This component will focus on strengthening SEWA's institutional capacity to generate digital and financial awareness at the grassroots, train grassroots members in digital finance applications and effect large scale Fintech transformation in the target states. Subcomponents include:

- a. Strengthening SEWA Management School (SMSc) by developing modules and digital learning platform: The component will develop interactive and innovative classroom, digital and mobile-based training modules to train members in using digital finance to perform key financial functions such as accessing bank accounts, conducting transactions, conducting payments, savings, accessing credit and other areas identified in Component A. In addition, it will focus on developing training modules to disseminate basics of finance, basic mobile functions, mobile applications, internet banking, and a range of other related areas. SEWA will partner with financial institutions, management schools, research institutions and other relevant organizations and leverage Gol's Digidhan Abhiyan initiative and ongoing WBG initiatives in the region (e.g. Bangladesh) to adapt / customize existing modules as well as develop new learning modules. The component will also invest in developing an open online learning platform tailored to the needs, capacities and aspirations of informal sector beneficiaries. This platform will host interactive audio-visual based learning modules in digital financial services, as well as modules in other areas (that may be developed independently by SEWA)
- b. Building grassroots training capacity – training of master trainers: The component will create a cadre of grassroots master trainers or local resource persons proficient in using digital finance technologies and applications identified in Component A. These master trainers will drive the training, capacity building and awareness generation at the grassroots. They will be drawn from the pool of SEWA *aagewans* or grassroots leaders, '*Internet Saathis*' trained under an ongoing SEWA initiative with Tata Trust, resource persons trained by other civil society or private sector institutions in the target areas, and other motivated youth from target communities who have demonstrated interest and aptitude for ICT. Trainers trained under MeitY programs will be co-opted as well, as per need and relevance. All trainers will be selected from local communities so that they are readily accessible at the village / block level and continue to educate and train rural households beyond the project period.
- c. Strengthening and expanding SEWA centers / touch points: SEWA takes its programs to its vast base of rural members through a network of CLBRCs and Community Learning Centers (CLCs). The component will focus on (a) Strengthening existing CLBRCs and CLCs by creating the necessary additional facilities within these centers to facilitate interventions under this project. This will include improving ICT facilities and communication mediums (such as video conferencing, social media platforms, whatsapp groups etc.). This will also include onboarding centers onto SIDBI's Udyami Mitra portal, and training SEWA members and other motivated youth from the larger community as credit



counselors in each center. (b) Increasing outreach by establishing additional centers, particularly in states other than Gujarat, where SEWA may not have a strong network of centers. The component will support the onboarding and capacity building of at least one ICT officer for each center.

- d. Strengthening SEWA's digital team: The component will also support the onboarding and capacity building of a strong digital team at the central level to oversee the various digital activities of the project and achieve key development objectives. The team will be led by a Chief Technology Officer and will comprise of a Digital Financial Services Officer and a Mobile Technology / Services Officer.

Component C: Catalyzing Fintech adoption at the grassroots (US\$ 1.27 million): This component will drive large-scale awareness building, capacity building and Fintech adoption at the grassroots in the target states. Subcomponents include:

1. Rollout of trainings: The component will support large-scale rollout of Fintech training and capacity building activities in the target states through trained master trainers via SEWA's network of rural centers (CLCs / CLBRCs), with regular monitoring and direction from SMSc and the project management team. Master trainers will undergo refresher trainings once a year to consolidate skills and incorporate new developments in the Fintech space. The rollout plan will take into account the cultural and socioeconomic differences in target states as well as livelihood-specific needs of members. Systems developed and experience gained under past SEWA-JSDF projects will be leveraged, particularly SEWA's grassroots reach through its network of CLBRCs, the SMSc training infrastructure and lessons learnt from key ICT pilots for grassroots women. The project will target SEWA members as early adopters by leveraging their trust and familiarity with SEWA programs. SEWA members will in turn be the progressive drivers to encourage others to adopt new technologies. Focusing on youth is a key part of the strategy. Experience in WBG projects and earlier SEWA-JSDF initiatives has shown that younger members adopt technology faster and later drive adoption among their families and friends.
2. Digitization of key SEWA activities: The component will foster large scale Fintech adoption by supporting the introduction of digital transactions in ongoing SEWA economic activities that are operating at scale. Key SEWA activities that have been identified for digitization are savings / credit activities, annual membership fee collection, social enterprises such RUDI, SEWA Trade Facilitation Center (STFC) as well as other economic activities undertaken by SEWA members in the target states. Majority of the transactions in these activities are currently cash-based. The component will support transition of cash-based transactions to digital payments in each of these identified activities by training members in the relevant technologies, facilitating access and encouraging regular use. In addition, the component will support the upgradation of existing SEWA web and mobile-based applications such as mBachat and RUDI apps (developed under an earlier SEWA-JSDF project) to enable digital financial transactions. The component will also support integration of various SEWA MIS and ICT systems to produce better data / intelligence for improved M&E and stronger project impact. Furthermore, the component will explore leveraging of new-age technologies to digitize key SEWA activities and improve digital literacy of SEWA members. This includes use of blockchain technology to digitize SEWA's electoral process, use of Artificial Intelligence (AI) / Bigdata to generate business intelligence that can strengthen and expand SEWA's social enterprises.



3. Promotional material and events: The component will promote digital technologies / products through a mixture of classroom sessions, events, village meetings, community radio broadcasts, narrowcasts, videos, street plays, radio advertisements, whatsapp broadcasts and other channels available to SEWA. Partnerships with technology/telecom firms will be leveraged in order to change the mindset of the rural customer towards adoption and address their key concerns regarding the technology providers. Advocacy programs arranged in partnership with technology firms will boost the trust building process and speed up adoption.
4. Grievance Redressal Mechanism (GSM): The component will support the set up of a Grievance Redressal Cell to receive, record and address grievances of intended beneficiaries and SEWA members at large. A complaint registration window will be opened in designated SEWA centers (CLBRCs / CLCs) in a manner that ensures easy access to beneficiaries across all project states. This will be supplemented by a toll-free phone number as well as an online complaint submission form on SEWA's website. An MIS will be created to record complaints and track progress in resolution of these complaints. Operators will be trained to handle complaints registered over the toll-free phone number. Majority of these operators will be women, with proportionate representation for native languages of all project districts. The project manager will undertake regular review of the Cell's logs to ensure timely resolution of all complaints.

Component D: Project Management and Administration, Monitoring and Evaluation, and Knowledge Dissemination (US\$ 0.25 million): This component will support incremental project management and administration expenses, monitoring and evaluation activities and knowledge dissemination activities. Subcomponents include:

1. Project Management and administration: The component will support a small project management / administration unit dedicated to managing the implementation of the project, including a full time Project Manager, Procurement Specialist and Financial Management Specialist. The unit will be responsible for implementing the grant, including hiring and supervising of implementing partners, facilitating contacts with key partners, facilitating partnerships, organization trainings, preparation of TORs for consultants, organizing consultations / workshops and overseeing other aspects of project implementation. The component will also support incremental administrative and operational costs of the project at SEWA, including key activities during the project lifecycle such as project launch, annual audits and other fiduciary aspects.
2. Monitoring and Evaluation: The component will support key M&E activities including baseline survey, midline survey, endline survey, impact assessment and development of ICM report. Baseline / midline / endline / impact assessment studies will be undertaken by independent agencies onboarded through a competitive process. M&E activities will be led by an M&E specialist, who will closely monitor PDO and intermediate indicators and track progress towards Project Development Objective. Besides managing independent survey / impact assessment agencies, and tracking progress, the M&E specialist will oversee regular assimilation of data through SEWA's MIS systems, and complement this with participative approaches such as Participative Rural Appraisals, Focus Group Discussions and case studies. M&E data will be regularly shared with project beneficiaries, and their feedback / inputs



will be recorded and incorporated in project implementation activities, to ensure ownership and sustainability.

3. **Knowledge dissemination:** The component will support activities to disseminate the lessons and experiences from the project with government agencies, civil society institutions, donor agencies, academic and research institutions, financial institutions and other relevant stakeholders. The component will support two knowledge dissemination workshops at the national level, as well as the publication of a book detailing project impacts, key lessons as well as case studies of beneficiaries.
1. The financial and mobile literacy programs organized under the project will include not just the program participants but the larger community. The resources created under the program such as literacy material, mobile phone applications, and technology-based delivery models will be open for the use of the community, and will be widely disseminated with other institutions through knowledge-sharing workshops. Moreover, the resource persons trained at the village level will be a valuable addition to the local rural financial eco-system. The innovative model of the community's partnership with corporate payment providers and financial institutions will have a demonstration effect for other developmental programs. The lessons thereof and the final impact assessment are expected to provide practical lessons for financial inclusion programs, especially to reach women, tribal communities and other vulnerable sections of the society.
2. **Monitoring & Evaluation process will be systematic and participative.** The implementing agency will monitor the results of project interventions continuously and systematically by gathering data using appropriate MIS, prepare reports and consulting with the World Bank on a periodic basis, as and when necessary. An independent impact assessment exercise will be undertaken to evaluate project results by an external agency identified based on World Bank guidelines. Monitoring and Evaluation will include participatory approaches. M&E by SEWA and independent impact assessments will be complemented by beneficiary assessments through Participatory Rural Appraisals, Focus Group Discussions, Interviews, and Case studies. M&E data will be shared with project beneficiaries and other stakeholders on a regular basis, qualitative observations of beneficiaries and other stakeholders will be recorded, and discussions on actions to be taken will be conducted.
3. **Beneficiary selection will be undertaken through a participative process,** and rigorously monitored through MIS systems to ensure target beneficiaries from marginalized households and excluded communities are covered by project activities. The project's capacity building / training programs and learning modules will be open to all beneficiaries - SEWA members as well as individuals from the larger community. Risks associated with targeting / selection of beneficiaries are expected to be low as SEWA is a reputed community-based organization that is known to work for poor, informal sector women regardless of caste, creed or religion. SEWA members include a significant number of women from minorities, SCs and STs (indigenous communities). The project will mitigate risks through regular community consultations as well as strong feedback mechanisms that will allow project activities to be community-driven and relevant to the needs and aspirations of intended beneficiaries.
4. **Key project activities are expected to be sustainable after grant closure.** Experience has shown that sustainability can best be achieved through integrating projects with local institutions' management and activities. Key activities such as promoting literacy / capacity building and catalyzing Fintech adoption will be integrated / aligned with ongoing activities of SEWA institutions and social



enterprises. The project's decentralized approach focuses on creation of local resources (through Training of Trainer or TOT model) and public goods for sustainability of activities and results at local level. The project will focus will be on identifying sustainable technologies / products that will stay relevant beyond the project period. The project will also develop linkages with Gol's Digidhan Abhiyan. Earlier JSDF grants to SEWA demonstrated significant success in turning many of SEWA's CLBRCs into sustainable business units. The training and facilitation activities planned under the project at the CLBRC level will adopt appropriate revenue models to ensure continued sustainability of the centers.

5. The DEA request for the activity was received on April 19, 2018. The relevant Government Departments for digital financial inclusion (i.e. DFS - Department of Financial Services, Ministry of Finance and MeitY) will be consulted regularly during project implementation. Initial discussions have already been held to explore synergies, particularly in using training material and trainers trained under MeitY programs.
6. **Collaboration with IFC:** The team has been collaborating with the IFC team who are supporting SEWA's transformation program (360 Strategic Business Review) and will explore the synergy between the two engagements with SEWA.

The project time-period is four years given the behavioral change targeted at women members of SEWA. Literature indicates that increased financial knowledge is the first step in the causal chain towards changes in financial decisions.

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SAFEGUARDS

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will work with women from low-income and marginalized households in the target states. The identified states for project engagement are Bihar, Uttar Pradesh, Rajasthan, Assam, Meghalaya and Gujarat. Overall, the environmental impacts of the project are expected to be positive due to improvement in livelihoods and financial literacy of the rural women [also marginalized/excluded] in low-income States. Key project activities include needs assessment, application customizations, training, capacity building and increasing and upgrading SEWA 'touch points'. The project is not expected to fund any major civil works. Based on gaps identified through assessments [Project Component A], the project may fund minor renovations, increasing or expanding the 'touch points' [community learning centers where poor/marginalized women get trained], purchase of equipment and furniture, and encourage rural women to purchase mobile phones/smart phones. Since exact project locations are not known, safeguards management would be through providing guidance for avoiding, minimizing and mitigating impacts on the environment due to various activities.



E. Borrower’s Institutional Capacity for Safeguard Policies

SEWA has substantial institutional capacity both centrally and in the field with extensive experience in participatory processes, implementing environmentally and socially-sensitive projects with vulnerable populations in India, and delivering relevant training and capacity building. SEWA has prior experience on similar projects. They have penetrated rural India by upscaling Community Learning centers and Community Learning Business Resource Centers, through an earlier JSDF Grant. Potential environmental impacts [though mostly small-scale and localized] of proposed activities include disposal of wastes [including e-wastes from discarded mobiles], dust and emissions. These can be mitigated by incorporating good design and civil works practices, including proper housekeeping measures, proper storage, and disposal of excavated earth materials and wastes, pollution management. For this, it is necessary that the project staff are provided with appropriate guidance material on environmental aspects and trained to identify and address any issue that might arise. To guide their staff to manage the potential environmental impacts [though mostly small-scale and localized] of these activities, a simple Environmental and Engineering Code of Practice [EECOP] will be prepared by SEWA. The EECOP will also provide guidelines which outline simple rules and procedures regarding identification, monitoring, and mitigation of possible environmental impacts. This include [but not limited to] guidance for (i) good civil works practices (ii) construction and demolition (C&D) waste management in case of minor renovations, (iii) plans for safe management of e-wastes from discarded mobiles, and, (iv) educating on safe usage of mobile phones, purchase of better equipment and furniture; (v) upgrading touch points with adequate water, proper sanitation facilities [and thereby minimizing and managing pollution] disabled friendly features, (vi) locational decisions, health and safety, (vii) training / capacity building needs and other such aspects. Since the exact location of all program activities are not yet known and few activities under the Program may have minor short-term implications, the environmental safeguards category at this stage has been determined as “B”. The environmental safeguard policy that it triggers is Environmental Assessment (OP/BP/GP 4.01). The impacts are proposed to be managed using EECOP.

F. Environmental and Social Safeguards Specialists on the Team

Gitanjali Chaturvedi, Social Specialist
 Deepa Balakrishnan, Environmental Specialist

G. Policies that might apply

Safeguard Policies Triggered by the Project	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project aims at assessing the needs of the rural women for Fintech applications, developing training modules for financial awareness, capacity building, and monitoring/evaluation. The project is not expected to fund any civil works, purchase



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		of equipment / furniture which may lead to any significant, irreversible or major environmental impacts. However, OP/BP 4.01 is triggered since OP/BP 4.10 is triggered given the expected positive impacts on indigenous population. Indigenous People Framework will be prepared, and the social assessment part of said framework will be used as the safeguards instrument for OP 4.01.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	Yes	Although the exact project locations and the profile of beneficiaries is not known, the project is likely to have positive impacts on indigenous populations if indeed, they are covered in its scope. An Indigenous People's Framework will be prepared to guide the project in the event that scheduled tribes are reached at any stage in the project's lifetime.
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

H. Safeguard Preparation Plan

Appraisal stage ISDS required? Yes

a) Tentative target date for disclosing the appraisal stage ISDS
30-Oct-2018

b) Time frame for launching and completing the safeguard-related studies that may be needed.
Indigenous People's Framework will be prepared by appraisal.

APPROVALS



Team Leader(s):	Varsha Marathe Dayal
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Approved By

Safeguards Advisor:	Maged Mahmoud Hamed	12-Jul-2018
Practice Manager/Manager:	Esperanza Lasagabaster	26-Sep-2018

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) by the Bank and (ii) in country by the Borrower/Recipient, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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