Report Number: ICRR0023123

1. Project Data

Project ID	Project Name
P149605	Nuton Jibon Livelihood Improv. Project
Country	**Practice Area(Lead)**
Bangladesh	Agriculture and Food

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-55940	30-Jun-2021	192,620,994.54
Bank Approval Date	**Closing Date (Actual)**	
18-Mar-2015	30-Jun-2021	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	200,000,000.00	0.00
Revised Commitment	199,998,698.09	0.00
Actual	192,620,994.54	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) of the Nuton Jibon Livelihood Improvement Project (NJLIP) as articulated in the Financing Agreement (page 5) was identical to the one in the Project Appraisal Document (PAD, paragraph 9) and aimed to:

"improve the livelihoods of the poor and extreme poor in the project areas."

Parsing the PDO. The PDO will be parsed based on one objective:

Objective 1: To improve the livelihoods of the poor and extreme poor in the project areas.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The PDO was supported by the following three components:

1. Community Institutions and Livelihood Development (appraisal cost: US$173.70 million, actual cost: US$169.69 million). This component would mobilize the poor and extreme poor in selected rural communities by building and strengthening beneficiary community institutions; provide funding for small infrastructure and livelihood support for project beneficiaries; and provide nutrition awareness and agricultural production knowledge. It included the following three sub-components:

1.1. Development and Strengthening of Community Organizations. This sub-component would provide the support needed to build institutions of the poor in the selected villages and subsequently support the strengthening and operation of these institutions. The project would largely maintain the procedures of organization, empowerment, planning and implementation of subprojects as per the procedures established under the Social Investment Program Project II (SIPP-II).

1.2. Financing of Community Plans. Community plans would be financed through a village development fund. The village development fund consisted of three sub-funds (i) the Institutional Development Fund (IDF) which is largely supporting the establishment and capacity building of the community groups; (ii) Community Financing - the Shabolombi Fund (SF) - that operates as a revolving fund to provide loans to beneficiaries for livelihood/income generating activities; and (iii) the Community Infrastructure Support Fund (CISF) that funds prioritized small community infrastructure in support of improved livelihoods. The overall strategy for community financing would comprise two main sets of activities: (a) Strengthening the nascent community level financing institutions as they progressively become mature; and (b) Strengthening the Village Credit Organization (VCO) Sub-committees in the Second-Tier Institutions.

1.3. Nutrition Awareness and Support. This sub-component would aim to raise awareness, improve attitudes and practices that enhance nutritional outcomes for targeted beneficiaries in selected project areas and that support beneficiaries in optimizing their livelihood activities. Increased household income was not necessarily translating into improved nutritional outcomes and therefore could only partially address the under-, and mal-nutrition challenges in Bangladesh. Activities proposed under the project would focus on awareness building, behavioral change for personal hygiene, food preparation, food choices and mainstreaming nutrition sensitive actions, particularly in selected income generating activities of beneficiaries.

2. Business Development and Institutional Strengthening (appraisal cost: US$22.00 million, actual cost: US$21.00 million). This component would aim to increase livelihood opportunities of poor and extreme poor by facilitating their organization into producer groups, cooperatives and societies and by improving their market and business orientation and forward and backward linkages in the market systems. Specifically the component would aim to: (i) build and strengthen producer organizations as market partners and commercially oriented entities; (ii) facilitate interaction between producers and traders/processors of products in the down- and up-stream value chains; and (iii) support market/business oriented investment to solve bottlenecks in the market chains and/or adding value to the products (e.g. poor and extreme poor capturing a higher share in the value chain). It included the following three sub-components:

2.1. Business Partnership Development and Market Linkages. This sub-component would aim to increase livelihood opportunities of poor and extreme poor by organizing them in producer groups, cooperatives or federations and improving their market and business orientation and forward and backward linkages in the market systems. Various models of joint actions of small-scale individual producers working as organized producer groups would aim to raise the attractiveness of poor and extreme poor as market partners, reduce market transaction costs and align their production decisions with business and market opportunities. The sub-component included four groups of activities: (i) Market Linkage and Partnership Building; (ii) Product Promotion and Communication; (iii) Producer Group/Nuton Jibon Community Societies (NJCS) Productive Investment Fund; and (iv) Partner Support.

2.2. Second-tier Institutional Development Support. This sub-component aimed to support the networking of the village-level community institutions created. These second-tier institutions, called NJCS would take over the support and development function for their community institutions.

2.3. Employment Generation Support. This sub-component aimed to provide opportunities for youth in the project villages to gain skills and access employment opportunities. The project would build on the successful efforts of SIPP-II to link un- and under-employed youth (18 – 35 years) with employment opportunities. Building on the experience gained, youth festivals (during community mobilization), district, regional employment fairs and meetings would be continued. It is proposed to contract an agency that would train SDF staff working on youth employment in counseling approaches and practices and develop an operational manual for such work.

3. Project Management, Monitoring and Learning (appraisal cost: US$24.30 million, actual cost: US$21.90 million). This component would support the management of the project, monitoring and continuous learning throughout the project period. It included the following two sub-components:

3.1. Project Management. The sub-component would cover the operating costs of SDF (national, regional and district level) including salaries and office operating costs. SDF salaries and operating costs will be supported by counterpart funds.

3.2. Monitoring and Learning. This sub-component would support the web-based MIS (established under SIPP-II) which was expected to provide information down to the village level. Also, third party monitoring would be supported to capture identified key area for follow-up and improvements. A follow-up survey would be supported to cover new project areas that were not covered under SIPP-II.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The total project cost at appraisal was US$220.00 million. The actual cost according to the ICR Data Sheet (page 2) was US$212.62 million.

Financing. The project was financed through an Investment Project Finance (IPF) under an IDA envelope of US$200.00 million provided for a project implementation period of six years. The actual amount disbursed according to the ICR Data Sheet (page 2) was US$192.62 million (96% of the appraisal amount).

Borrower Contribution. The Borrower was expected to contribute US$20.00 million of counterpart funds. However, none of these funds were contributed.

Dates. The project was approved on March 15, 2015 and became effective about five months later on August 3, 2015. The Mid-Term Review (MTR) was conducted on September 23, 2018, about three years into effectiveness. While the PAD did not specify a date for the MTR, the actual date was reasonable for a six year project. The project closed on its expected closing date on June 30, 2021. There were no restructurings or additional financing to the project.

3. Relevance of Objectives

Rationale

Context at Appraisal. In Bangladesh, rural poverty continued to be significantly higher and more extreme than urban with extreme poverty continuing to be a rural phenomenon. With more than 70% of the population and the majority of the poor residing in rural areas, agriculture remains important for the rural economy. To address poverty and extreme poverty, the project aimed to increase rural incomes by linking pro-poor support to productive employment opportunities, building and expanding on sustainable community support mechanisms and increased integration into higher value commodity supply chains.

Previous Bank Experience. The Bank had been engaged with Bangladesh for about ten years through the Social Investment Program (or Nuton Jibon). The program started as a pilot in two districts and 120 villages in 2003. In 2008, the program was scaled-up under the Social Investment Program Project (SIPP-I), to cover seven districts and 1,587 villages. A follow-up project (SIPP-II) expanded activities into 16 districts and around 3,200 villages. NJLIP was a follow-up project that would build on SIPP-II.

Consistency with Bank Strategies. At appraisal the PDO was in line with the Bank's Country Assistance Strategy (CAS, 2014) for Bangladesh, which had four main objectives: (i) consolidating human development gains; (ii) accelerating growth (mainly through improving the business environment and expanding energy and transportation services); (iii) reducing environmental degradation and vulnerability to natural disasters and climate change; and (iv) strengthening governance. The project would contribute to the CAS Pillar 3 (vulnerability, adaptation, and inclusion) contributing to outcome 3.1 (agriculture and food security) and outcome 3.3 (women empowerment).

At completion, the PDO was in line with Bank's Country Partnership Framework (CPF, FY16-FY20) which emphasized three focus areas: (1) Growth and competitiveness; (2) Social Inclusion; (3) Climate and Environment Management. The CPF was extended to FY21 after the Program Learning Review (PLR) reaffirmed the relevance of the three CPF focus areas. The CPF identified the ability to create more and better jobs that contribute significantly to growth and poverty reduction as a fundamental challenge. The project would contribute to objectives 1 and 2 through supporting the poor and extreme poor in rural areas by improving their livelihoods through community mobilization and access to loans, skills development, employment opportunities, and market linkages. Also, the CPF cited NJLIP as an exemplary project that could potentially enhance rural income opportunities for the poor through community-based initiatives to reduce poverty and agribusiness opportunities to enhance farmers' income.

Consistency with Government Strategies. At appraisal, the PDO was in line with Government's national development strategy, the Sixth Five Year Plan (2011-2015) and its Vision 2021, which envisaged more inclusive growth and the eradication of extreme poverty. The strategy emphasized poverty and reducing inequalities among key focus areas emphasizing access of poor to assets and means of production and strengthened delivery of human development services to the poor.

At completion, the PDO was in line with the long-term vision of the Government of Bangladesh as laid out in the Bangladesh Delta Plan 2100 (2017). The plan aimed at achieving long-term water and food security, economic growth and environmental sustainability while building resilience to climate change and other challenges. NJLIP strengthens beneficiaries' resilience through community mobilization and organization. NJLIP also contributed to the 8th Five-Year Plan (2020-2025), which featured a core theme that called for promoting prosperity and fostering inclusiveness. The project supported social inclusion and women empowerment playing a key role in promoting prosperity and fostering inclusiveness.

Summary of Relevance of Objectives. The PDO was in line with Bank strategies and the Government goals as discussed above. Improving the livelihoods of the poor and extreme poor is expected to remain a priority for the Government of Bangladesh. The PDO statement was pitched at an adequate level of ambition given that the project was the third in line under the Bank-funded Social Investment Program. While the statement of objectives was focused and pitched at an adequate level of ambition, it lacked a clear definition of the term "livelihoods".

Overall, Relevance of Objectives is rated High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve the livelihoods of the poor and extreme poor in the project areas.

Rationale

Theory of Change (ToC). To achieve the stated objective, the project would support two sets of activities: first, to mobilize and strengthen community financing institutions, support community infrastructure works through the Community Infrastructure Support Fund (CISF), and provide nutrition and health awareness campaigns. These activities would empower beneficiaries and enable beneficiaries' Income Generating Activities (IGAs) to generate higher financial returns, generate short term employment for beneficiaries, improve access to community infrastructure, and increase adoption of improved nutrition and health practices. Second, the project would establish/strengthen second tier institutions, develop business partnerships and market institutions, and support employment generation through developing skills and the provision of training for youth. These activities would result in effective support of community institutions at cluster and district levels by NJCS, Producer Group (PGs) would be strengthened with effective market linkages, and skilled youth would participate in the labor market. These activities combined would result in two main outcomes: 1. Self-management would be strengthened; 2. Increased household incomes for the poor and extreme poor beneficiaries including youths. In turn these outcomes would contribute to improving livelihoods for the poor and extreme poor beneficiaries.

The achievement of the PDO was underpinned by three critical assumptions: 1. Community financing institutions would effectively execute their task in providing technical and financial assistance to beneficiaries, in a gender inclusive manner enhancing livelihood options, hygiene and nutrition among beneficiaries; 2. Second-tier institutions would achieve financial sustainability and continuously support village level community institutions and members' livelihood demands; and 3. Producer groups would have strong market linkages and generate revenues from their agricultural enterprises.

Overall, the ToC reflected project activities, outputs, intermediate outcomes and outcomes that were connected in a plausible causal chain. The stated assumptions were logical and realistic. That said, it is worth noting that the PAD did not include an explicit definition for the term "livelihood," nor did it provide detailed information on the graduation aspects for beneficiaries as they move through the various stages of development. This could have been better articulated given the many lessons that came out of the previous two phases of the project cycle.

Outputs/Intermediate Outcomes

(a) Reaching extreme poor and poor beneficiaries in project areas:

1. 97.5% of female extreme poor and poor beneficiaries in NJLIP areas (476,361 beneficiaries) were mobilized into community-level institutions and participated in decision making exceeding the target of 90%.
2. 2.5% of male beneficiaries in NJLIP areas were mobilized to join and participate in community level decision making which did not meet the target of 10%.
3. 896,074 households benefitted from community infrastructure, by using it and/or obtaining short term employment, which exceeded the target of 875,000.

4. 423,861 households were reached with nutrition-intervention and target households use hand washing stations before food preparation and feeding infants and young children, which exceeded the target of 350,000.
5. 343,249 registered pregnant women and lactating mothers were reached with child nutrition interventions, which significantly exceeded the target of 100,000.

(b) Increased household income:

1. 235,221 (72.26% exceeding the target of 70%) beneficiaries in NJLP villages took second cycle SF loans and 64,804 (19.91% no target provided) members took three and above cycle loans for IGAs, which contributed to household income increases, and provides an important proxy for the effective impact of increased capital allocations to households.
2. About 97% of beneficiaries had a financial rate of return to their livelihood enterprises and investments of at least 10%, indicating that IGAs were profitable and could contribute to household income increases, exceeding the target of 80%.
3. 537 productive investment grants were disbursed to producer organizations, exceeding the target of 240; thereof, 324 in NJLIP villages and 223 in SIPP-II villages. These grants supported producer organizations, whose operations could contribute to household income increases.
4. Producer organizations/ NJCS signed and/or established 36 linkages with business partners which will eventually improve skills and opportunities for income increases. No target was provided.
5. 25,866 youth sustained employment for at least one year exceeding the target of 25,000.

(c) Strengthened self-management:

1. 100% of representatives in community-based decision making and management functions were from vulnerable and marginalized communities exceeding the target of 90%.
2. 98.5% of representatives in community-based decision making were women exceeding the target of 90%.
3. 97.5% of project beneficiaries participated in community-based decision-making were women exceeding the target of 90%.
4. 99% percent of villages were graded A or B, indicating that villages organizations were effective and provided quality services exceeding the target of 80%.
5. 85 NJCS were formed and provided services to member villages which met the target of 85.

Outcomes

Improvements in livelihoods was not explicitly defined in the PAD. The ICR assessed improvement in livelihoods mainly by measuring the increase in household income (PDO indicator 1). Also, PDO indicator 2 measured the project's outreach, using three sub-indicators: 2.1., Direct project beneficiaries; 2.2., of which female; and 2.3., share of poor and extreme poor in project villages which took loans from the VCO. Finally, PDO indicator 3 measured strengthened self-management which reflected beneficiaries' social capital that enabled them to organize and manage in community organizations, strengthen decision making power, and to get actively involved in development operations. Based on this, the following elements are discussed:

1. Project beneficiaries and outreach: The selection of target areas was based on a poverty ranking (highest percentage of poor according to the Bangladesh Poverty Maps). The selection of beneficiaries followed a transparent participatory process in the communities, called the Participatory Identification of the Poor (ICR, paragraph 26). The selection criteria were identified in the Community Operation Manual and captured the multi-faceted dimensions of poverty (e.g., lack of adequate housing, too few meals per day, lack of winter clothes). The following achievements are highlighted:

- In total, the project reached 982,248 beneficiary households achieving 92.5% of the target of 1,000,000 households, of these 925,098 households (94.2%) were extreme poor and poor households, or about 4.2 million individual beneficiaries. The project supported households were in 3,142 villages from SIPP-II and 2,500 villages newly selected for NJLIP (total of 5,642 villages compared to a target of 5,700, 98% achievement rate). About 95% of beneficiaries were women, exceeding the appraisal target by 6%. While extremely poor and poor beneficiaries received the same type of services from the project, extremely poor beneficiaries were prioritized in accessing the Shabolombi Fund (a revolving fund for project beneficiaries to obtain loans and initiate livelihood enterprises and in participating in building community infrastructure). In total, 325,525 beneficiaries benefited from the fund compared to a target of 364,256 (89% reached). According to the ICR, paragraph 26) extremely poor beneficiaries in newly identified NJLIP villages, the poorest 5% percent received a one-time grant.
- The project also reached 57,150 middle class and rich households who were not part of village-level organizations and who benefitted from community infrastructure.
- 2,500 extreme poor and poor households in 2,500 NJLIP villages benefitted from community institutions, livelihood development, and employment generation for youth. 325,525 beneficiary households took loans from the Shabolombi Fund, exceeding the target for PDO indicator 2.3 share of poor and extreme poor in project villages which took loans from VCOs by 2%. Of these households, 33,225 (6.8%) youths participated in Nuton Jibon Groups (NJGs) and 25,866 youths found and sustained employment for at least a year, exceeding the target of 25,000 (Intermediate Results Indicator/IRI 15) by 3.4%. In addition, 12,126 vulnerable households received one-time grants. Also, 8,128 producer groups (PGs) were supported, with 164,039 members. These PGs benefitted from 537 productive investment grants exceeding the targets of IRI 14 by 223%.
- 423,861 households received hand-washing stations known as tippy tap, exceeding the indicator target by 21% (IRI 10). In addition, 343,249 of pregnant women and lactating women registered and obtained Behavior Change Communication on nutrition during pregnancy, for children, and ante-natal care, significantly exceeding the target (100,000 women) for IRI 11 by 243%.
- Some 896,074 households (exceeding the target of 875,000 households) participated in the project and benefitted from 5,803 community infrastructure projects (exceeding the target of 3,700 projects) by utilizing them and by obtaining paid short-term employment (ICR, paragraph 28).

2. Increasing household income. The project supported the household income increase for beneficiaries in 2,500 NJLIP villages through four main approaches: (i) the shabolombi fund (loans were invested mostly in agricultural IGAs: 42.5% in livestock enterprises; 13.7% in crop and horticulture; 24% in small trade; 16% in fisheries; 1.8% in transport and 2% in other areas); (ii) supporting youths: 33,225 youths were mobilized into NJGs, and 28,639 youths benefitted from skills development training in various trades and 19,371 youths obtained skills development loans. By project completion, 25,866 youths had maintained their employment for at least a year; about 48% were involved in self-employment and 52% in wage employment; (iii) Supporting producer groups: 47,840 beneficiaries from NJLIP villages were part of producer groups and benefitted from training, improved business linkages and access to productive investment funds to start up their operation; (iv) Supporting vulnerable groups: 12,126 vulnerable households received one-time grants, of which, 88% percent joined NJG and started savings, and 48% took an SF loan to start micro-scale IGAs. The ICR (paragraph 32) noted that short-term labor in constructing community infrastructure also contributed to household income increases. The following achievements are highlighted:

- The project achieved a 78% increase in beneficiaries' annual household income compared to the baseline income. The average annual net household income of beneficiary households increased from Bangladeshi Taka (BDT) 101,183 at baseline to BDT 180,090 at closing. According to the ICR (paragraph 30) this was based on a representative sample of beneficiary households from 2,500 NJLIP villages that exhibited a sharp rise during the project period. On the other hand, households in the control groups experienced a 12% income increase compared to NJLIP beneficiaries, from average BDT 97,532 at baseline to BDT 109,632 at project closing. The target for PDO indicator 1, beneficiaries' incremental income increase compared to a control group-30% increase over baseline, was exceeded by 17.7% (ICR, Table 4).
- The ICR (paragraph 33) highlighted that the project beneficiaries' household income not only increased, but also shifted away from insecure and low-paid wage employment towards greater self-employment through non-farm enterprises and livestock rearing, creating a pathway out of poverty. For example, compared to the control group, the reliance of project beneficiaries' reliance on wage labor was 16% lower than the control group. Also, the share of income from wage labor decreased by 37.1% for project beneficiaries' household income compared to the baseline. Beneficiaries' income from livestock and poultry increased by 15%, aquaculture and horticulture by 6.4%, crop production by 6.1%, and small business and non-agricultural IGAs by 5.2%. On the other hand, the control group saw a rise in income from self-employment activities such as businesses, fishing, livestock and poultry, and social safety nets remained relatively stable at around 1.2%. The ICR (paragraph 33) reported that that 47.9% of the project beneficiaries were above the international poverty line compared to 29.8% of households in the control group.

3. Strengthened self-management of beneficiaries. Women's social capital and empowerment was measured by the PDO indicator 3: Strengthened self-management of beneficiaries. This was based on an index with10 indicators detailed in the ICR, Annex 7. The index increased from a baseline value of 5.7 to 8.56 points in 2020, which was close to the end target of 9. Through the project support, women's decision-making ability increased compared to the baseline and control group, with 26.4% more women beneficiaries got involved with an organization or NGO, 21% more took a loan, 24.1% more started income generating activities and 24.4% more women project beneficiaries were able to decide how to spend savings.

The project also strengthened second-tier Nuton Jibon Community Society (NJCS), the federated structure of the community institutions at the district and cluster level. These institutions were managed mostly by women and a key part of women's social capital and empowerment. In SIPP-II villages, 16 and 124 District and Cluster NJCS, respectively were supported, and in NJLIP villages 5 and 80 were formed and supported (achieving 100% of the end target). All 2,500 NJLIP villages (100%) became members of NJCS and deposited membership fees amounting of BDT 25.00 million. Out of total 3,142 SIPP-II project villages, 3,099 (98.63%) villages were enlisted as members of NJCS and 3,090 (98.35%) villages deposited membership fees till June 2021. The project also established 36 and 17 partnerships between NJCS in SIPP-II and NJLIP villages and business conglomerates, respectively. The project also developed 7 informal linkages with government departments which provided training and consultancy services to 345,214 NJG participants (ICR, paragraph 35). Finally, the ICR (paragraph 36) noted that beneficiaries confirmed a high level of satisfaction with NJCS services. A survey on a small sample of 111 beneficiates (BICRR, 2021) showed that 54% of beneficiaries had a very high level of satisfaction, and 32% a high level of satisfaction with NJCS services.

Summary of Efficacy Assessment. Based on the above-mentioned discussion and the evidence provided in the ICR, the project was successful in improving the livelihoods of the poor and extreme poor in the project areas. Targets for two out of three PDO indicators (PDO indicator 2 and 3) were almost fully achieved with PDO indicator 2 showing that the project reached a substantial number of beneficiaries. PDO indicator 3, strengthened self-management, demonstrated the project's impact on improving poor rural women's livelihood by empowering them to make decisions about income opportunities and spending. Most importantly, PDO indicator 1, share of beneficiaries with a net household income increase, exceeded the target by 17%. The project also contributed to increasing the average income of beneficiaries compared to the baseline and the control group; and project beneficiaries obtained income from IGAs and reduced their dependency on precarious wage labor compared to the control group. This was expected to improve their livelihoods in the medium- to long term and increase robustness to shocks (ICR, paragraph 37).

Therefore, the efficacy with which the stated objective was achieved is rated Substantial.

Rating
Substantial

OVERALL EFFICACY

Rationale
Overall Efficacy is rated Substantial. The project was successful in improving the livelihoods of the poor and extreme poor in the project areas. The target for PDO indicator 1 was exceeded and targets for PDO indicator 2 and 3 were almost fully achieved.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic and Financial Efficiency

ex ante

- The economic and financial analysis (EFA) at appraisal showed that the project had an estimated Internal Rate of Return (EIRR) of 22.3% and an economic net present value (NPV) of BDT 3.7 billion under a 12% discount rate. The Financial Internal Rate of Return (FIRR) of the project using market pricing for local labor was 21.4% with a NPV of BDT 3.1 billion under a 12% discount rate.
- A standard cost benefit calculation method was used, assuming that the activities and the financial and physical input and output data would be of a very similar nature as under SIPP-II, with the scope of

activities adjusted for NJLIP. For the computation of rates of return and net present values constant price as of 2015 and a cash flow projection period of twelve years was used.

- Sensitivity Analysis. Two parameters were considered: (i) the proportion of project funds, which would be available for the VCO as a start-up capital, and (ii) the value of the VCO portfolio over time. The baseline assumption is that about 28% of the project investment would be disbursed as a capital stock to the VCO and the VCOs would face a loss of 5% per annum. The analysis showed that the economic returns were very sensitive to the amount of money provided to the VCOs and their ability to maintain the initial capital stock. For example, a 20% decrease in the initial VCO capital stock would reduce the EIRR to 16%, while an increase by 20% resulted in an EIRR of 30%. The analysis emphasized the importance of keeping the overall management costs as low as possible and providing as much resources as possible to the VCOs (PAD, paragraph 53). Similarly, it would be equally important to avoid any portfolio losses during operation of the village loans (e.g. through sufficient yields, and high levels of loan recovery).

ex ante

- The aggregated benefits from the project net of all costs, calculated over a 20-year period, at a discount rate of 12% offered a financial NPV of BDT 30.7 billion, an economic NPV of BDT 81.7 billion, a Financial Internal Rate of Return (FIRR) of 44%, and an EIRR of 48% percent, compared to 22.3% at appraisal.
- The EFA at closing applied a similar methodology as used at appraisal, through using household survey data of project achievements and beneficiaries' household income increase and a Difference-in-Difference approach to assess project's impact. Household income increases were expected to capture the impact of several project activities: SF loans, PG involvement, youth employment, utilization of community infrastructure, other project services.
- To assess economic benefits of the project, the models were aggregated over projected number of beneficiaries, estimates of value added of youth employment and PGs, and cost savings from improved transport connectivity. These benefits were compared against total project cost. Also, a financial analysis for key livelihood enterprises was conducted based on data collected from representative members in the beneficiary group.
- Sensitivity Analysis. The sensitivity analysis showed that the FIRR and EIRR dropped to 29% and 31%, respectively, with a two-year delay of project benefits. Also, a 20% increase in project costs combined with a 20% decrease in project benefits dropped the FIRR and EIRR to 32% and 24%, respectively.
- The project included indirect benefits or benefit which cannot be easily quantified namely, participation and empowering women and the emphasis on nutrition.
- Implementation Efficiency. The project closed on time with no extensions. According to the ICR (paragraph 41) key activities closed 6 months prior to the completion date, and with about 97% of project budget expended. Project management cost was US$21.9 million which was about 10.3% of the of total project cost. This was reasonable in comparison to similar operations (ICR, paragraph 41). The ICR noted that the SDF leveraged additional resources (when needed) to complement project budget without affecting project achievements. For example, when support to SIPP-II second tier institutions was delayed and suffered cost overruns, SDF used interest accrued from the endowment funds to cover additional cost, without burdening the project.

Summary of Efficiency Assessment. The ex post EIRR at 44% significantly exceeded the EIRR at appraisal (22.3%). The project overall benefits to improved livelihoods exceeded the expected results at appraisal. Further, the project was implemented efficiently with no cost overruns and closed on time as discussed above.

The EFA at completion was robust and included enough details (Annex 4) to justify the project investments. Therefore, Efficiency is rated High.

Efficiency Rating

High

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	22.30	100.00 ☐ Not Applicable
ICR Estimate	✓	48.00	100.00 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of Objectives was rated High. Overall Efficacy was rated Substantial. The project was successful in improving the livelihoods of the poor and extreme poor in the project areas. The project contributed to increasing the average income of beneficiaries compared to the baseline and the control group. The project also improved poor rural women's livelihood by empowering them to make decisions about income opportunities and spending. Efficiency is rated High. The ex post EIRR at 44% significantly exceeded the EIRR at appraisal (22.3%), and the project was implemented efficiently with no cost overruns and closed on time.

Based on the assigned ratings to the three outcome criteria (Relevance of Objectives, Overall Efficacy, and Efficiency), outcome is rated Satisfactory.

a. **Outcome Rating**
Satisfactory

7. Risk to Development Outcome

The following risks were identified by the ICR with potential impacts on the development outcome:

1. Institutional Risk. While the project results demonstrates that second-tier institutions are functioning well; their sustainability and effectiveness in sustaining development outcomes is considered a risk (ICR, paragraph 94). The Nuton Jibon Community Societies (NJCS) took over the responsibilities from the Social Development Foundation (SDF) to provide support to the community. Their work in providing technical and institutional support, building and maintaining partnerships with private sector service providers and negotiating fees and costs for their members is important for establishing and scaling-up beneficiaries' IGAs and improving their livelihoods. The ultimate determinant of success will be whether the project can deliver effective services to members who would then be willing to pay for services from their own funds. The project provided support to NJCS of the Social Investment Program Project II (SIPP-II) for at least two years, and dedicating additional financing, to ensure their capacity is adequately built to support its members. Similarly, NJCS supported under this project will obtain support from the follow-on Entrepreneurship and Livelihood Improvement project (RELI) project. However, little systematic, quantitative evidence is known about successes, failures and lessons learned of NJCS and producer organization in SIPP-II villages in the medium-run beyond the project. This needs to be carefully assessed to rule out any risks to development outcomes.

2. Environmental Risk. External shocks, such as COVID-19 or climate-induced events could negatively impact development outcomes. The COVID-19 pandemic had a negative impact on the income of project beneficiaries (ICR, paragraph 51). Project beneficiaries were also negatively impacted by climate-induced natural disasters. In 2020, out of 88 upazilas, 59 were affected by cyclone Amphan and associated floods. The project beneficiaries reported that the cyclone negatively impacted their socio-economic status and reduced their income during flood period (ICR, paragraph 95). Future projects supporting agricultural enterprises need to adopt climate-smart agriculture practices, and climate-resilience need to be reflected in community infrastructure development.

8. Assessment of Bank Performance

a. Quality-at-Entry

- **Strategic Relevance and Approach.** The project was the third in line to support the the Social Investment Program. It sought to build on the success of the Social Investment Program Project (SIPP-I) and SIPP-II. The Government requested a follow-up project that would build on SIPP-II and be ready to start by around mid-2015 (PAD, paragraph 6). The project objective was in line with the Bank Strategies and Government priorities as discussed above under section 3.
- **Technical, Financial, and Economic aspects.** Project preparation benefited from meetings and roundtable discussions with key stakeholders in Bangladesh including NGOs and the private sector to help shape the project design and learn from experiences and applied project tools (PAD, paragraph 37). The project was built on the two previous projects (SIPP-I & SIPP-II) in Bangladesh that were modeled based on international experience, but in particular, based on community livelihood projects in India like the Tamil Nadu Empowerment and Poverty Reduction Project and the Andhra Pradesh Rural Poverty Reduction Project, and the Sri Lanka Second Community Development and Livelihood Project (PAD, paragraph 36). Specifically, the project deign focused on the sustainability of community institutions and strengthening second-tier institutions; and on stronger partnerships, and opportunities for value addition to further enhance beneficiaries' income (ICR, paragraph 7). However, the project design did not reflect two important lessons from SIPP-II: the integration of climate and disaster risk into community planning; and convergence with government programs that provide safety nets for the poor (ICR,

paragraph 53).The PAD also included a robust economic and financial analysis that justified the project investments.

- **Implementation Readiness.** The project was declared effective in August 2015 and implementation started straight away, indicating strong implementation readiness.
- **Poverty, Gender, and Social Development Aspects.** The overarching objective was to reduce poverty through empowering poor and extremely poor women. The project activities were expected to enhance women status through promoting self-management and empowerment.
- **Environmental Aspects.** The project would support activities to reduce the project's environmental footprint including composting, vermicomposting, and biogas production.
- **Fiduciary Aspects.** Overall, the project fiduciary aspects were adequate given the previous experience of the SDF in implementing SIPP-I & SIPP-II projects.
- **Adequacy of Risks and Mitigation Measures Identification.** The project's overall risk was rated Moderate. Eight risks were identified at appraisal classified under three main areas: Stakeholder risk, Country risk, and Project risk. The proposed mitigation measures were appropriate (ICR, paragraph 90).
- **M&E Design.** M&E design featured Information and Communication Technology (ICT) based tools for monitoring, community based management of its fund portfolio, and capacity building. The project's Results Framework outlined key results indicators, data collection methods and a timetable and responsible agency for data collection. However, there were minor shortcomings in the definition of indicators including the PDO indicator and disaggregation of indicators by beneficiary groups (ICR, paragraph 55). Overall, M&E design was adequate.

Summary of Quality at Entry (QAE) Assessment. The project was strategically relevant. Design was based on the experience of two previous operations. Implementation readiness was strong, and the project design adequately addressed poverty, gender and social aspects. Also, environmental aspects received good coverage and fiduciary aspects were adequate. The assessment of risks was comprehensive and relevant mitigation measures were included. However, design could have benefited from reflecting two important lessons from SIPP-II: the integration of climate and disaster risk into community planning; and convergence with government programs that provide safety nets for the poor. Finally, M&E design was robust, but with minor shortcomings.

Overall, QAE was robust and is therefore rated Satisfactory.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

- The Bank conducted 13 supervision missions between August 2015 and June 2021, with the last two missions conducted virtually due to COVID-19 restrictions. Field visits took place during each mission. The Bank team provided technical support between missions to help resolve any implementation issues.
- The project implementation benefited from a stable team with only one change of TTL and co-TTL during the project implementation period. The task team remained in place from preparation through closing.

- The Bank team supported the SDF to improve procurement performance, and provided technical support between missions to help resolve implementation issues.
- A notable shortcoming was overlooking the potential ambiguities about the PDO indicator at the time of the MTR. This was later addressed by the Bank team towards the end of the implementation period through recommending a detailed household survey to assess household income increases. Also, the team could have benefited from the inclusion of a dedicated social expert and nutrition specialist on the team (ICR, paragraph 91).

Summary of Quality of Supervision Assessment. The Bank team successfully guided the project implementation and provided the needed support. There were minor shortcomings including the lack of dedicated social expert and nutrition specialist on the team and overlooking concerns on the PDO indicators at the MTR stage. Overall, Quality of Supervision is rated Satisfactory.

Based on the assigned ratings for QAE and Quality of Supervision, Bank Performance is rated Satisfactory.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

- The PAD did not include a Theory of Change (ToC) as this was not required by the Bank at the time of project appraisal. Nonetheless, the ICR (paragraph 8 & Figure 1) included a detailed ToC that reflected the relationship between the project activities, outputs, intermediate outcomes and outcomes. The ToC also included the critical assumptions that underpinned the achievement of the PDO. The ICR (paragraph 8) noted that the term livelihoods was not explicitly defined in the PAD.
- The PDO was to be measured through: (a) improved livelihoods measured by PDO indicator 1: Beneficiary households with an incremental income increase of at least 30%, (b) Project outreach and coverage, measured by PDO indicator 2: Direct project beneficiaries, and PDO indicator 2.3: Share of poor and extreme poor in project villages, who took loans from the VCO; (c) empowerment of women through community-level institutions, measured by PDO indicator 3: Strengthened self-management of beneficiaries (index measuring empowerment and gender aspects). These indicators were relevant, measurable and overall provided good coverage of different aspects of the PDO. However, the indicators could have benefited from disaggregation to reflect the PDO criteria with regards to the poor and extreme poor.
- The Results Framework (RF) included 20 intermediate results indicators (IRIs). Overall, the included IRIs adequately covered the different project activities and were measurable, and included reasonable targets.

- In summary, M&E design included a detailed RF to track the achievement of PDO and components. However, some indicators lacked a clear description of beneficiaries and associated benefits (ICR, paragraph 55). For example, PDO indicator 1 was ambiguous and was interpreted differently at project mid-term and closing, or the definition of households benefiting from community infrastructure was not clearly defined (ICR, Footnote 38). The ICR (paragraph 67) noted that these shortcomings did not impact the assessment of project results.

b. M&E Implementation

- M&E implementation benefited from the experiences of SIPP-II. This included establishing an effective web-based management information system (MIS) that provided information to make timely and effective monitoring on a regular basis. Also, village level progress was monitored by the uniquely designed Village Matrix (input format), which included the core information for each village. A web-based Loan Management System (LMS) at village level was managed by project beneficiaries and community professionals, allowed a real-time updating of community finance transactions and fund management. A youth data base recorded status and achievement of youth beneficiaries on a web portal accessible to public. Finally, a Process Monitoring Agency (PMA) independently determined how effectively the project was running and complimented the quantitative, input-output monitoring of project progress (ICR, paragraph 68).
- According to the ICR (paragraph 69) "the M&E system was robust with systematic data collection, analysis, and reporting." M&E implementation was executed by the SDF. While the M&E Director was hired with a delay (by February 2018), this did not affect M&E implementation, given the team's experiences from SIPP-II project.
- A comprehensive baseline survey, mid-term evaluation, COVID-19 impact evaluation, and impact evaluation at closing were conducted. The results of these were included in the ICR (Annex 5), and according to the ICR (paragraph 71) the surveys included representative sample sizes and treatment and control groups.
- In summary, M&E implementation was effective and project data was adequately collected. However, little information was collected on the NJCS performance or impacts (such as establishment of business plans, or income obtained). This could have helped monitor progress towards achieving sustainability (ICR, paragraph 67).

c. M&E Utilization

- According to the ICR (paragraph 71) appropriate data was collected on indicators, evaluated and used towards decision making. Also, progress reports were shared with the respective Ministries periodically, and with the Bank on a regular quarterly basis.
- Also, M&E data and results informed the design of the follow-on project (ICR, paragraph 71).
- In summary, Utilization was strong and the project data helped decision making and was valuable to the ICR.

Summary of M&E Quality Assessment. Overall, M&E Quality is rated High. This rating reflects a detailed design; effective implementation; and strong utilization. Minor design shortcomings did not affect the assessment of the project outcomes. Also, M&E implementation managed to record project progress and achievements despite COVID-19 restrictions (ICR, paragraph 72).

M&E Quality Rating

High

10. Other Issues

a. Safeguards

The project was classified as an Environmental Category B. It triggered the following four safeguard policies: Environmental Assessment (OP/BP 4.01), Natural Habitats (OP/BP4.04), Pest Management (OP 4.09), and Indigenous Peoples (OP/BP4.10). The project might have some minor impacts from small-scale local
infrastructures, agriculture based livelihoods, and market facilitation. Environmental impacts were likely to be very minor, site specific with no irreversible impacts. Also, it was highly unlikely that any natural habitats formed largely by native plant and animal species would undergo transformation of use or would be affected or modified by project activities. Project beneficiaries might use pesticides on a small scale. The project would likely work in areas where indigenous people live and would engage with them for the improvement of their livelihoods. The implementing agency (SDF) updated the Environmental and Social Management Framework (ESMF) prepared for the SIPP-II. The updated ESMF would ensure environmental management of newly incorporated interventions as well as compliance with Bank's Safeguard policies. The ESMF also included a Grievance Redress Mechanism (GRM) that was easily understandable and accessible at local levels (PAD, paragraph 181).

The ICR (paragraph 76) reported that "overall safeguard compliance was satisfactory during implementation." However, having adequate and competent safeguard officers was a limitation during the project implementation.

Compliance on Environmental Safeguards. Since this was a CDD project, beneficiaries performed all the activities including small civil constructions and no contractor was engaged (ICR, paragraph 75). Beneficiaries screened the activities to identify environmental and social impacts and prepared their own Environmental and Social Management Plans (ESMPs) to manage environmental and social issues.

Compliance on Social Safeguards. The project included 424 Indigenous People (IP) households as beneficiaries, of whom 58 persons were currently holding leadership positions in project groups and communities. SDF ensured that social screening was systematically done on the IP Framework, and interventions that were appropriate to cultural traditions to the IP communities (ICR, paragraph 77). The GRM received 458 grievances, which according to the ICR (paragraph 79) were "duly recorded in the grievance redress register, and resolved, most of them at the cluster/community level."

b. Fiduciary Compliance

Financial Management (FM). SDF had adequate oversight in community financing and loan management system and an automated accounting software was used for accounting information and generation of financial reports. Throughout the project implementation period, Interim Unaudited Financial Reports (IUFRs) and audit reports were submitted to the Bank with acceptable quality, except for a few minor exceptions. However, there were delays in conducting internal audits as suggested in the FM arrangement of the project (ICR, paragraph 88). Also, the ICR did not report on the status of the final audit report.

Procurement. According to the ICR (paragraph 83) the project followed the Bank's procurement and consultants procurement guidelines. Procurement represented a small part of the project (about 10%) since most funds were for cash grants to the beneficiaries and operating costs. Procurement activities benefited from the Bank's support through various trainings in home and abroad. This improved SDF procurement capacity as implementation progressed. In 2016, SDF started using the Bank-developed Systematic Tracking of Exchanges to plan, record and track all the procurement transactions. SDF also implemented electronic Government Procurement (e- GP) at the middle of project implementation. Procurement activities experienced delays during the COVID-19 restrictions due to supply chain disruption, restriction on physical movement, closing of public offices, among others (ICR, paragraph 87). The ICR (paragraph 87) noted that despite the delays, SDF managed to "complete all the contracts within the project period."

c. Unintended impacts (Positive or Negative)

None.

d. Other

None.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	High	Robust M&E design, effective implementation and strong utilization.
Quality of ICR	---	Substantial	

12. Lessons

The ICR included eight lessons. The following three are emphasized with some adaptation of language:

1. The inclusion of climate resilience building practices can help mitigate the impacts of climate-induced events. The project area suffered from climate-induced events, which are expected to repeat and aggravate communities in the future. Future projects need to place a stronger emphasis on innovative and tested climate-smart and nutrition-smart agriculture practices and technologies. A climate and disaster risk assessment must be considered for all IGAs, and the mandatory inclusion of risk mitigation and resilience building measures should be adopted. Beneficiaries can also benefit from trainings for strengthening awareness of climate change, its impact on their livelihoods, and above all strategies (provided by the project and other relevant actors) to reduce the risks.

2. Supporting non-farm enterprises can enable beneficiaries to shift their household income away from insecure and low-paid wage employment towards greater self-employment, creating a pathway out of poverty. The project's experience emphasized that beneficiaries managed to shift from wage employment, such as casual day labor in both agriculture and non-agriculture sectors, to self-employment, through non-farm enterprises and livestock rearing, which constitutes an important pathway out of poverty. Household income did not only increase but was also made more robust.

3. Developing and strengthening community institutions is key for empowerment of rural women. A remarkably high share of women participated in project activities. The project mobilized a high share of women beneficiaries into community groups. This was achieved by targeting both men and women in mobilization campaigns. Since men usually work outside while women stay at home for household chores, eventually men encouraged women to participate in community-level project activities. Poor and extreme poor community members were involved in planning, managing and implementing village-level activities and decision making. Savings kept by the community were used as internal lending funds among the beneficiaries and as a safety net. The revolving fund and loan provision of the project is the prime source for the beneficiaries to obtain loans and initiate livelihood enterprises.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

Quality of Evidence. The ICR benefited from the implementation of a well-designed M&E system that was adequately implemented. The M&E system combined with the impact evaluations generated enough data and evidence to assess the achievement of the PDO. Overall, the Quality of evidence was adequate.

Quality of Analysis. The ICR provided clear linking between evidence and findings and used the evidence base to serve the arguments under the different sections. The economic analysis was robust and provided good justification of the project investments.

Lessons. Lessons reflected the project experience and were based on evidence and analysis.

Results Orientation. The ICR discussed the achievement of the PDO based on the available data to the extent possible. However, the discussion was slightly skewed towards the achievement of outcome indicators at the expense of what the project actually achieved on the ground.

Consistency with guidelines. The ICR used the available data to the extent possible to justify most of the assigned ratings. Discussion of outcomes was logical and included plausible connections between the project activities, intermediate results and outcomes.

Conciseness. The ICR provided comprehensive coverage of the implementation experience and candidly reported on shortcomings. However, the key outputs summary reported in Annex 1 lacked targets.

Summary of ICR Quality Assessment. Overall the Quality of the ICR is rated Substantial with minor shortcomings. The ICR is well written, provided candid coverage on project shortcomings, and adequately used the project data to justify the assigned ratings. The status of the final audit report for the project was not included in the discussion on financial management. Finally, the ICR lacked an explicit statement on the compliance of the project with the triggered safeguard policies.

a. Quality of ICR Rating

Substantial