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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 213.60 MILLION
(US\$ 300.00 MILLION EQUIVALENT)

TO THE

PEOPLE'S REPUBLIC OF BANGLADESH

FOR A

CASH TRANSFER MODERNIZATION PROJECT

JANUARY 4, 2018

Social Protection & Jobs
South Asia Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective October 31, 2017)

Currency Unit = BDT
BDT 83.160014 = US\$ 1.000000
US\$ 1.404690 = SDR 1.000000

FISCAL YEAR
July 1 – June 30

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ABBREVIATIONS AND ACRONYMS

BBS:	Bangladesh Bureau of Statistics	MoSW:	Ministry of Social Welfare
BCC:	Bangladesh Computer Council	MSW:	Municipal Social Worker
BDT:	Bangladeshi Taka	NCB:	National Competitive Bidding
BEFTN:	Bangladesh Electronic Fund Transfer Network	NHD:	National Household Database
BP:	Business Procedure	NID:	National Identification
BPO:	Bangladesh Post Office	NPF:	New Procurement Framework
BRIS:	Birth Registration Information System	NPSB:	National Payment Switch Bangladesh
BRN:	Birth Registration Number	NSSS:	National Social Security Strategy
CAD:	Civil Audit Directorate	OCAG:	Officer of the Comptroller & Auditor General
CGAP:	Consultative Group to Assist the Poorest	OP:	Operational Policy
CMC:	Central Monitoring Committee	PDO:	Project Development Objective
CPF:	Country Partnership Framework	PIC:	Project Implementation Committee
CPTU:	Central Procurement Technical Unit	PMO:	Prime Minister's Office
CRI:	Climate Risk Index	PMT:	Proxy-Means-Test
D2C:	Direct-2-Citizen	PPP:	Purchasing Power Parity
DBT:	Direct Benefit Transfer	PPSD:	Project Procurement Strategy for Development
DCAR:	Disability & Children-At-Risk	PSC:	Project Steering Committee
DLI:	Disbursement-Linked Indicator	PSP:	Payment Service Provider
DSS:	Department of Social Services	PTD:	Posts & Telecommunications Division
EEP:	Eligible Expenditure Program	RCT:	Randomized Control Trial
e-GP:	National e-Government Procurement	SBD:	Standard Bidding Documents
EGPP:	Employment Generation Program for the Poorest	SCD:	Systematic Country Diagnostic
FAPAD:	Foreign Aided Projects Audit Directorate	SDR:	Special Drawing Rights
FFW:	Food For Work	SECF:	Small Ethnic Communities Framework
GDP:	Gross Domestic Product	SECP:	Small Ethnic Communities Plan
GNI:	Gross National Income	SMF:	Social Management Framework
GPN:	General Procurement Notice	SNSP:	Safety Net Systems for the Poorest
GR:	Gratuitous Relief	SOE:	Statements of Expenditure
GRS:	Grievance Redress Service	SPBMU:	Social Protection Budget Management Unit
HIES:	Household Income and Expenditure Survey	SRFP:	Standard Request For Proposals
IBAS:	Integrated Budget & Accounting System	SSO-UCD:	Social Services Officer (Urban Community Development)
IBRD:	International Bank for Reconstruction & Development	STEP:	Systematic Tracking of Exchanges in Procurement
ICT:	Information and Communications Technology	TCV:	Time Cost Visit
IDA:	International Development Association	TR:	Test Relief
IFC:	International Finance Corporation	UDC:	Union Digital Center
IFR:	Interim un-audited Financial Report	UN:	United Nations
ISPP:	Income Support Program for the Poorest	UNDB:	United Nations Development Business
KWPF:	Korean World Bank Partnership Facility	UNO:	Upazila Nirbahi Officer
LGD:	Local Government Division	US\$:	United States Dollar
MDC:	Municipal Digital Center	USSO:	Upazila Social Services Officer
MIS:	Management Information System	USW:	Union Social Worker
MoDMR:	Ministry of Disaster Management & Relief	VGF:	Vulnerable Group Feeding
MoE:	Ministry of Education	WB:	World Bank
MoSW:	Ministry of Social Welfare		



BASIC INFORMATION

Is this a regionally tagged project? No	Country(ies)	Financing Instrument Investment Project Financing
<input type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 31-Jan-2018	Closing Date 30-Jun-2023	Environmental Assessment Category B - Partial Assessment
Bank/IFC Collaboration No		

Proposed Development Objective(s)

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

Components

Component Name	Cost (US\$, millions)
Enhancement of Cash Transfer Programs	270.00
Modernization of Service Delivery	30.00

Organizations

Borrower : Economic Relations Division
 Implementing Agency : Department of Social Services

PROJECT FINANCING DATA (US\$, Millions)



<input checked="" type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input checked="" type="checkbox"/> IDA Credit	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost: 1,342.50	Total Financing: 1,342.50 Of Which Bank Financing (IBRD/IDA): 300.00	Financing Gap: 0.00
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Financing (in US\$, millions)

Financing Source	Amount
Borrower	1,042.50
IDA-61630	300.00
Total	1,342.50

Expected Disbursements (in US\$, millions)

Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Annual	1.00	26.00	28.00	61.00	73.00	51.00	60.00
Cumulative	1.00	27.00	55.00	116.00	189.00	240.00	300.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas



Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Moderate
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Low
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No



Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project

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

Legal Covenants

Sections and Description

The Recipient, through the Department of Social Services, shall, by no later than two months after the Effectiveness Date, establish and maintain throughout the Project implementation period, a Project Unit to be headed by a Project Director and include one financial management consultant, one procurement consultant, and one social safeguards consultant, with qualifications, experience and terms of reference acceptable to the Association, for the purpose of day-to-day implementation of the Project. The Project Unit shall be vested with functions, resources and powers, and shall be provided with other qualified, experienced and competent staff, in sufficient numbers, in order to effectively carry out its duties.

Sections and Description

The Recipient, through the Department of Social Services, shall, by no later than one month after the Effectiveness Date, establish and maintain throughout the Project implementation period, a Project Implementation Committee to be chaired by the Director General of the Department of Social Services, for the purpose of providing operational guidance for the Project, and ensuring compliance with rules and regulations of the Recipient and the Association. The Project Director and a representative from the Ministry of Social Welfare shall be mandatory members of the Project Implementation Committee.



Sections and Description

The Recipient, through the Department of Social Services, shall, throughout the Project implementation period, ensure that all activities under the Project are carried out in accordance with the Social Management Framework and the Small Ethnic Communities Planning Framework.

Sections and Description

The Recipient, through the Department of Social Services, shall, engage an independent entity or entities for the purpose of verifying the DLI Targets, with qualifications, experience, and terms of reference satisfactory to the Association, to undertake, at least once per fiscal year, a verification process, in accordance with the Verification Protocols and terms of reference agreed with the Association, to ascertain whether the DLI Targets have been achieved for the period under review, and furnish to the Association corresponding verification reports, in form and substance acceptable to the Association.

Sections and Description

The Recipient, through the Department of Social Services, shall, from time to time, update its Implementation Guidelines for Cash Transfer Programs, setting out arrangements using modernized service delivery systems as such systems are introduced, in form and substance acceptable to the Association.

Sections and Description

The Recipient, through the Department of Social Services, shall, by no later than two months after the Effectiveness Date, enter into and maintain throughout the Project implementation period, a Memorandum of Understanding with the Bangladesh Bureau of Statistics, setting out arrangements for access to relevant data from the National Household Database, in form and substance acceptable to the Association.

Conditions

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Yoonyoung Cho	Team Leader(ADM Responsible)		GSP06
Ashiq Aziz	Team Leader		GSP06
Md Kamruzzaman	Procurement Specialist(ADM Responsible)		GGOPZ
Mohammed Atikuzzaman	Financial Management Specialist		GGOES



Aneeka Rahman	Team Member		GSP06
Ashish Joshi	Team Member		GSP05
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Kenichi Victor Nishikawa Chavez	Team Member		GSP06
Kinam Oh	Team Member		DFTPR
Md Shawkat Ali	Team Member		GSP06
Munjir Ahmed	Team Member		GSP06
Pravesh Kumar	Team Member		GSP06
Rocio Mariela Malpica Valera	Counsel		LEGES
Rubaba Anwar	Team Member		GSP06
Sabah Moyeen	Social Safeguards Specialist		GSU06
Satish Kumar Shivakumar	Team Member		WFALA
Upasana Khadka	Team Member		GSP06
Extended Team			
Name	Title	Organization	Location



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I. STRATEGIC CONTEXT

A. Country Context

1. Bangladesh's economy has achieved rapid growth for decades, and shown impressive poverty reduction. Gross Domestic Product (GDP) growth has risen from 3.7% per annum in the 1980s, 4.7% in the 1990s, 5.6% in the 2000s, to over 6.0% in recent years. Purchasing Power Parity (PPP) adjusted Gross National Income (GNI) per capita has increased from US\$ 1,140 to US\$ 3,790 between 2000 and 2016. Driven by strong economic performance, the percentage of the population living under the international US\$ 1.90 a day per capita poverty line has declined from 44.2% in 1991 to 13.8% in 2016. During the period of 2000-2010, the poorest 40% of the population experienced increases in per capita consumption in real terms, and the growth was slightly higher than that of households in the higher quintiles during the second half of the decade. Concurrently, substantial progress has been made in human development most notably with declines in fertility and child mortality rates and increases in life expectancy, along with other improved health and education outcomes.

2. Despite such progress, poverty and vulnerability remains a challenge, requiring a robust social protection system. A large number of people live below and around the poverty line and face various risks.¹ Gaps across different populations are persistent, and some of the most vulnerable groups such as the elderly, widowed, and persons-with-disabilities, who have limited earnings opportunities, are exposed to emerging faces of severe destitution. For example, the household structure has changed such that shares of nuclear and single households, compared to extended ones, are increasing and that the average household size decreased from 5.18 in 2000 to 4.50 in 2010 (World Bank, 2013). Changes in household structures often indicate changes in living arrangements for the elderly as they are more likely to live separately from their children. Low fertility rates and improved life expectancy over the years mean an increasing share of the elderly population, which will likely exceed 10% within two decades. The weakening of family ties and traditional support systems for elderly parents, especially widowed women who face a double burden of old age poverty and vulnerabilities associated with a female-headed household², highlights the importance of safety nets for supporting these vulnerable groups.

3. Poverty and vulnerability of the elderly, widowed and persons-with-disabilities are further aggravated by various risks including climate change. According to the Climate Risk Index (CRI), Bangladesh is the world's sixth most vulnerable nation to climate change. Frequent storm surges and consequential flooding and erosion impact a significant share of the already vulnerable populations. The combined effect of poverty and climate on vulnerable groups can be devastating. Weakened immune systems of older people make them more susceptible to diseases and less resilient in situations of water and food shortages which are inherent effects of climate change. Social isolation, poor mobility and limited access to resources and services further aggravate vulnerability. Women, especially when widowed in an essentially patriarchal society, and people with disabilities who represent approximately 10% of the population, tend to be marginalized and lack agency and resources to garner resilience to shocks.

¹ The extreme poverty rate at US\$1.90 (2011 PPP) was 13.8% in 2016, which corresponds to around 22 million poor in that year, the latest year for which a full year of household survey is available for Bangladesh.

² Vulnerabilities associated with female headedness include unequal right to marital property upon separation or divorce, as well as social stigma towards widowed women. See National Social Security Strategy 2015 for detailed discussions.



B. Sectoral and Institutional Context

Sectoral Context

4. In recognition of the need to strengthen the social protection system to enhance overall resilience to various shocks and risks in the country, the World Bank has been actively engaging with key ministries. The World Bank engagement aims at addressing the challenges of program fragmentation,³ lack of pro-poor targeting, outdated administrative systems, and limited social accountability, which are systemic and cut across all implementing ministries and undermine the ability of social protection systems to provide resilience and adaptive measures. The Safety Net Systems for the Poorest (SNSP) Project (IDA 5281-BD)⁴ is supporting the Ministry of Disaster Management & Relief (MoDMR) to improve the equity, efficiency, and transparency of five of the major social safety net programs including public works and food based humanitarian relief. The Income Support Program for the Poorest (ISPP) Project (IDA 5553-BD) is supporting the strengthening of the implementation of safety nets at the local level by working with the Ministry of Local Government, Rural Development and Cooperatives (MoLGRDC).

5. Under the SNSP Project (IDA 5281-BD), the Bangladesh Bureau of Statistics (BBS) is in the process of developing the National Household Database (NHD) as part of the Government's effort to build a single registry. This database contains observable and verifiable household characteristics that are associated with poverty status, to help objectively identify individuals and households living in poverty.⁵ BBS is conducting a door-to-door census to collect key information including the ownership of assets, labor market activities of the head of the household, and other demographic information, needed to populate the NHD as well as the national identification (NID) numbers of each adult household member. The NHD is expected to become available for use in 2018 and to promote pro-poor targeting of safety net programs. In addition, a management information system (MIS)⁶ for MoDMR's programs has been developed for beneficiary record management for administrative efficiency, which can be used for monitoring and evaluation.

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

³ The government of Bangladesh currently operates over 140 safety net programs, which are equivalent to 1.5% of GDP or 10% of total government spending.

⁴ Additional Financing for the SNSP Project (IDA 6137-BD) was approved by the Board on December 15, 2017.

⁵ A targeting method considered is a Proxy Means Test (PMT) approach. For details regarding the PMT rationales and methodology in Bangladesh, see the following:

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

⁶ In this document, MIS means any electronic information systems platform which improves information exchange, accessibility, and connectivity, as well as facilitates payments and delivery of services.



7. The Project, building upon the abovementioned efforts to strengthen the country’s overall social protection service delivery system, aims to support the Ministry of Social Welfare (MoSW) in modernizing its major cash transfer programs. Given the political economy of a fragmented system, engagement with multiple ministries is necessary to help develop a common vision towards a harmonized and efficient social protection service delivery system. These three ministries’ programs represent over 40% of the safety net budget in the country,⁷ and these initiatives all aim to address the key sector challenges by helping build common administrative platforms of the service delivery chain – beneficiary identification and needs assessment through a single registry, decisions on enrollment in an objective manner, efficient implementation of benefits and case management through modern information and payment systems, and a robust grievance redressal mechanism. Moreover, these initiatives are complementary in providing social protection services along the lifecycle: the SNSP Project (IDA 5281-BD) addresses the needs of the working age population particularly through public works; the ISPP Project (IDA 5553-BD) invests in early childhood by focusing on nutrition of mothers and young children; and the Project ensures protection for the elderly population as well as those widowed and disabled.

8. All of these initiatives are in line with the National Social Security Strategy (NSSS) 2015 which lays out a comprehensive social security framework based on a lifecycle approach⁸, in order to support poor and vulnerable households to adequately respond to and manage various risks. Specifically, the NSSS outlines six core areas of reform associated with the social protection system: (1) establish a single registry; (2) establish a results-based monitoring and evaluation system; (3) establish a complaints and grievance mechanism; (4) strengthen processes for selecting recipients of social security schemes; (5) strengthen government-to-person payment systems that promote financial inclusivity; and (6) support MoSW to implement lifecycle programs and coordinate with social security programs. Given the political sensitivities associated with the reform agenda which affects numerous ministries, the implementation of NSSS is expected to be done in a phased manner, with areas (1) through (3) requiring immediate efforts followed by areas (4) through (6). As shown in area (6), the NSSS envisions that major lifecycle programs are expected to be led by MoSW for more harmonized service delivery. Therefore, improving the service delivery of safety nets implemented by MoSW and strengthening its capacity are critical to the successful implementation of the NSSS.

MoSW Priority Programs and Reform Strategy

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

⁷ Excluding the budget for programs that are not poverty targeted – such as Pension for Retired Government Employees and their Families and Honorarium for Freedom Fighters.

⁸ This document refers to the “social protection system” to include social safety net, social insurance, and labor market policies and programs, following the World Bank’s Social Protection and Labor Strategy 2012-2022. The Government of Bangladesh uses “social security” instead of “social protection”, and its social security budget includes expenses associated with safety net, social insurance, and labor market programs.



Table 1. Cash Transfer Programs implemented by MoSW

Programs ⁹	Eligibility	Monthly Benefits (FY 2018)	Total Beneficiaries (FY 2018)	Total Budget (FY 2018)
Old Age Allowance	Annual income under BDT 10,000; men aged over 65; women aged over 62	BDT 500	3.50 million	BDT 21.00 billion
Widow Allowance	Annual income less than BDT 12,000; disabled, elderly and sick persons prioritized	BDT 500	1.27 million	BDT 7.59 billion
Disability Allowance	Annual income less than BDT 36,000; age over 6; disability certified with Article 3(1) of Bangladesh Disability Welfare Act 2001	BDT 700	0.83 million	BDT 6.93 billion
Disabled Students Stipend	Annual income less than BDT 36,000; aged over 6; disability certified with Article 3(1) of Bangladesh Disability Welfare Act 2001; monthly school attendance over 50% of days	Primary: BDT 500 High: BDT 600 College: BDT 700 University: BDT 1,200	0.07 million	BDT 0.55 billion

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

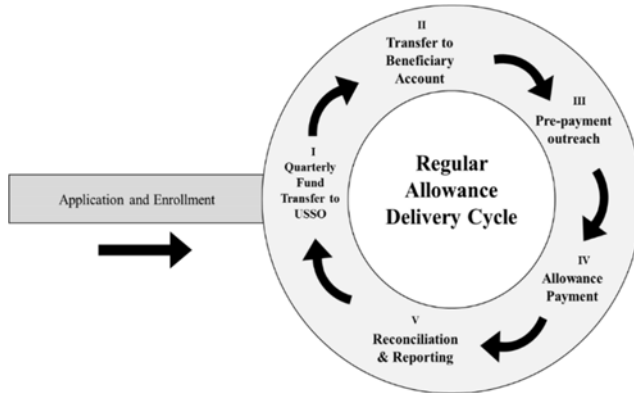
- **Program Fragmentation:** The issue of within-ministry program fragmentation is relatively mild in the case of DSS as these cash transfer programs are complementary, serving different types of vulnerable populations. Nonetheless, by further streamlining the business processes, these four programs can be implemented in a coherent manner which would optimally utilize their respective resources.
- **Lack of Pro-Poor Targeting:** Targeting could better utilize objective criteria. Beneficiary identification currently relies solely on local governments and there is a risk of errors in exclusion of the poor and inclusion of the non-poor. For instance, over half of all benefits are received by the non-poor in the case of the Old Age Allowance.¹⁰ A uniform targeting system across programs using the upcoming NHD, supported by community-based validation mechanisms, is expected to enable these programs to better identify the deserving poor, including those who were poverty stricken by disasters, and significantly improve the accuracy of targeting and the transparency of the process.
- **Outdated Administrative Systems:** This issue stems from manual administration of business process, requiring a significant level of effort and time. For instance, the beneficiary identification process from application to decisions on enrollment often requires almost three months, and the payment process from fund transfer to allowance payment (process I through IV in Figure 1) takes about three months as well due to the significant volume of paper-based communication and approvals required.
- **Limited Social Accountability:** In addition to limited awareness and information flows, common to many social safety net programs, rudimentary payment systems could significantly undermine social accountability. This has a particularly negative impact on the elderly, persons-with-disabilities, those living in remote or flooded areas, and the socially excluded, who face multiple barriers to access points of service such as commercial banks and thus rely on intermediaries often at a cost.

⁹ These programs are formally known as: Old Age Allowance; Allowances for the Widow, Deserted and Destitute Women; Allowances for the Financially Insolvent Disabled; and Stipend for Disabled Students.

¹⁰ See Ahmed (2013) for discussions on targeting performance of various safety net programs.



Figure 1. DSS cash transfer programs' business process



11. Therefore, there is a strong need to improve service delivery of cash transfer programs implemented by MoSW, and this is critical to the successful implementation of the NSSS. During the second phase of NSSS implementation, from 2026 onwards, major lifecycle programs are expected to be implemented by the DSS under MoSW for more harmonized service delivery. In order to position itself to effectively manage its broader mandate, MoSW intends on setting up a service delivery system for its major cash transfer programs, while institutionalizing a model to integrate other programs in the future (e.g. Honorarium for Freedom Fighters, etc. as per the directives in the NSSS). Building upon the MoSW platform, other line ministries are expected to implement various special programs covering disaster response, food security, social empowerment, etc.

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

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



14. MoSW has taken steps towards establishing a common Government to Persons (G2P) payments platform. DSS has piloted digital payments using a few different payment modalities including the BPO, mobile financial services, and agent banking arrangements. Through the pilot, it has already issued cards to over 28,000 beneficiaries of its cash transfer programs across ten upazilas (sub-districts) in the country, with positive outcomes in terms of time and cost savings to beneficiaries in receiving their entitlements. At the same time, the Finance Division and Prime Minister's Office (PMO) have initiated the development of a proposed Direct-2-Citizen (D2C) Scheme which would allow social safety net programs to issue payments using the Bangladesh Electronic Fund Transfer Network (BEFTN) and allow beneficiaries to collect benefits from any financial access point of their choice, while ensuring secure authentication of transactions. Such a system would leverage the existing digital infrastructure in the country, centralize fund disbursement to remove cash management responsibilities from line ministries, and provide account portability to beneficiaries.¹¹ The proposed D2C Scheme would require interoperability between line ministries, Finance Division, Bangladesh Bank and the Election Commission, among others, and a pilot of this process is planned for 2018 under the cash transfer programs. These initiatives make DSS well-placed to modernize its own cash based transfers as well as pave the way for other programs to benefit from such a system.

C. Higher Level Objectives to which the Project Contributes

15. The Project is fully aligned with the World Bank Group's Country Partnership Framework (CPF) for FY 2016-2020, discussed by the Board on April 5, 2016 (Report No. 103723-BD). The CPF includes three strategic focus areas for Bank intervention – (i) growth and competitiveness, (ii) social inclusion, and (iii) climate and environment management – and the Project would primarily address the second focus area. Specifically, the Project is aligned with CPF objective 2.3 “improved social protection coverage for the poor”. The Project would support cash transfer programs benefiting the poor elderly, widowed, and persons-with-disabilities, and is expected to improve coverage so that a greater portion of the vulnerable population not currently receiving program benefits can be covered. In doing so, the Project would focus on improving the transparency and efficiency of these programs particularly by strengthening targeting of the poor as recommended in the CPF. In addition, by strengthening payment mechanisms, the Project would enable beneficiaries of these cash transfer programs to access digital financial services, and deepen financial inclusion efforts. A gender-sensitive approach to Project activities would also be in line with both the CPF direction and Government plans as part of a comprehensive poverty reduction strategy.

16. In addition, with a strategic focus on systems strengthening, the Project is fully aligned with the World Bank Group's Social Protection and Labor Strategy (2012-2022). The strategy adopts an approach where social protection administration, programs, and policies are coherently established and implemented, in order to achieve equity, resilience, and opportunity. The Project would particularly contribute to the goal of promoting equity with a robust targeting system and promoting resilience with income support.

¹¹ A similar system is being used in India under the Direct-Benefit-Transfer (DBT) scheme which links to the Aadhaar database (unique identity).



II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

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

- “Transparency” means objective beneficiary selection, predictable transaction, and accountable and traceable administrative process of cash transfer programs.
- “Efficiency” means equitable and accurate resource allocation, reduced transaction time, and controlled and automated administrative process of cash transfer programs.
- “Cash transfer programs” mean Old Age Allowance, Widow Allowance, Disability Allowance, and Disabled Students Stipend implemented by MoSW.
- “Vulnerable populations” mean the poor elderly, widowed, and persons-with-disabilities who are beneficiaries, or may qualify to become beneficiaries, of the cash transfer programs.
- “Service delivery” means provision of specific social protection services to individuals, families, households, groups or communities¹², which would involve the delivery chain processes of outreach, intake and registration, assessment of needs and conditions, decisions on enrollment, determination of benefit levels, implementation of payments transactions, case management, and grievance redress, among others.
- “Modernizing” means that cash transfer program’s business processes would be transitioning from a manual, fragmented and paper-based system, to an automated, integrated and electronically-managed system.

B. Project Beneficiaries

18. The Project would directly benefit vulnerable populations (i.e. poor elderly, widowed, and persons-with-disabilities). This would include current beneficiaries of MoSW cash transfer programs, as well as non-beneficiaries who may qualify for these cash transfer programs based on their vulnerability and poverty characteristics.

C. PDO-Level Result indicators

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

- (a) [Share of] Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score¹³
- (b) [Share of] Vulnerable persons in lowest two quintiles based on poverty score covered by cash transfer programs
- (c) [Amount of] Cash transfer program budget delivered using digital payments¹⁴
- (d) [Average] Cash withdrawal time taken using digital payments

¹² Source: SPL Delivery Systems: Taxonomy of Core Terminology, World Bank, September 2016.

¹³ “Poverty score” means the score assigned by the NHD to allow determination of a household's qualification for social assistance.

¹⁴ “Digital payment” means a payment which is transferred to a recipient’s individual transactional account using the BEFTN and/or withdrawn through an electronic instrument (e.g. debit cards, mobile phones, national identification cards, etc.) using enhanced authentication measures (e.g. personal identification number, fingerprints, fingerveins, etc.).



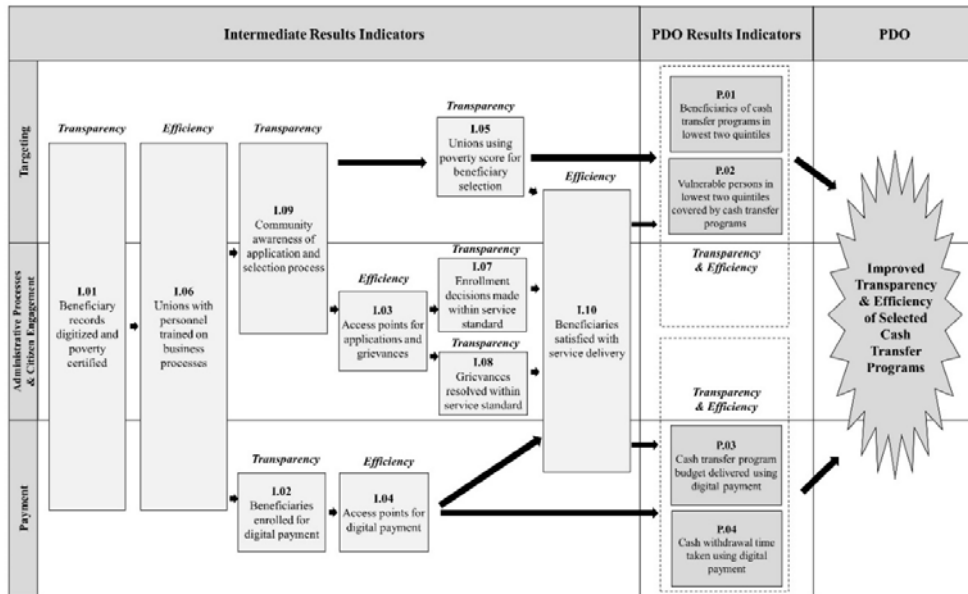
III. PROJECT DESCRIPTION

A. Project Components

20. The Project would contribute to efforts made by the Government of Bangladesh in implementing a number of institutional reforms to be undertaken by MoSW under the NSSS. In order to do so, the Project would provide financing via a results-based financing modality which would partially reimburse cash transfers for vulnerable populations against improvements in transparency and efficiency of such programs (Component 1) and provide technical assistance in modernizing service delivery (Component 2).¹⁵ DSS will lead the modernization efforts through Component 2, which would support the achievement of results expected under Component 1.

21. Transparency and efficiency would be largely determined on the basis of targeting and payment performance. Targeting performance would be captured by the beneficiary incidence and coverage of cash transfer programs in the lowest two quintiles based on poverty scores determined by the NHD (PDO result indicators P.01 and P.02), and payment performance would be captured by the amount of program budget delivered digitally and average time taken for cash withdrawals in digital payment (PDO result indicators P.03 and P.04). They would also be assessed according to the extent of record digitization (intermediate result indicators I.01 and I.02); program accessibility and improvements in citizen interface (intermediate result indicators I.03 and I.04); locations using modernized processes having trained personnel (intermediate result indicators I.05 and I.06); DSS MIS-based business process and performance improvement (intermediate result indicators I.07 and I.08); and the extent of citizen engagement as gauged by community awareness and beneficiary satisfaction (intermediate result indicators I.09 and I.10) (specific targets and descriptions are provided in section VII. Results Framework and Monitoring). The results chain is shown in the figure below:

Figure 2. Results Chain



¹⁵ "Selection" in this document means the decisions on enrollment whether an applicant for a cash transfer program should be (i) accepted (i.e. eligible), (ii) rejected (i.e. not eligible), or (iii) waitlisted (eligible, pending availability of budgetary space), on the basis of a poverty score and/or other relevant criteria.



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

23. The Project also embeds resilience in its core design to respond to various poverty and deprivation risks. As the Project would support unconditional cash transfers to the elderly in the form of old age allowances, these can increase beneficiaries' access to cash to meet immediate subsistence needs during and after natural disasters. It would also help digitize beneficiary information, transitioning to less paper consuming processes, and modernize systems to make payments using biometrically authenticated processes. Such systems help facilitate rapid and efficient responses in a predictable manner, as international examples such as Pakistan's flood response using its flagship safety net program (e.g., Benazir Income Support Program) have evidenced.

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

24. This Component would finance a portion of MoSW's expenditures for its cash transfer programs and incentivize DSS actions towards improving the business processes under these cash transfer programs. Financing would be disbursed against the achievement of performance targets which serve as proxies for improvements in transparency and efficiency of these programs. Disbursement-linked indicators (DLIs) set out these performance targets (DLI Targets) relating to the modernization of service delivery. Each DLI Target is associated with a specific value (DLI Value) which may be withdrawn upon achievement of the DLI Target and subject to sufficient expenditures having been incurred under the Eligible Expenditure Program (EEP). Expected results would be attained via investments made under Component 2. This results-based financing approach would motivate timely achievement of DLI Targets in order to provide predictability in the financing to Government. The EEP would comprise the largest cash transfer program, the Old Age Allowance, and contributions to the EEP would essentially co-finance cash benefits to the poorest elderly, which would help reduce vulnerabilities of the poor elderly and improve their resilience during times of stress.

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



Table 2. List of DLIs and Values by Year

DLI	Year 1 (FY 2019)	Year 2 (FY 2020)	Year 3 (FY 2021)	Year 4 (FY 2022)	Year 5 (FY 2023)	Total
PDO Results						
1. Targeting Modernization	-	-	US\$ 15m	-	US\$ 15m	US\$ 30m
2. Payment Modernization	-	-	US\$ 10m	US\$ 10m	US\$ 10m	US\$ 30m
Intermediate Results						
3. Data Management	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 5m	US\$ 38m
4. Payment Enrollment	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 5m	US\$ 38m
5. Contact Points	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 39m
6. Payment Points	US\$ 11m	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 39m
7. Selection Process	-	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 28m
8. Capacity Building	-	US\$ 9m	US\$ 7m	US\$ 6m	US\$ 6m	US\$ 28m
Total (Yearly)	US\$ 44m	US\$ 54m	US\$ 67m	US\$ 46m	US\$ 59m	US\$ 270m
Share (Yearly)	16%	20%	27%	13%	24%	100%
Total (Cumulative)	US\$ 44m	US\$ 98m	US\$ 170m	US\$ 206m	US\$ 270m	-
Share (Cumulative)	16%	36%	63%	76%	100%	-

26. Expected improvements are expected in the following areas:

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

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

(c) DLI 3. Data Management: [Number of] beneficiary records digitized and poverty certified (intermediate result indicator I.01).¹⁶ This is expected to increase over time as all beneficiary records would be entered in the DSS MIS and records are cross-referenced with the NHD.

(d) DLI 4. Payment Enrollment: [Number of] beneficiaries enrolled¹⁷ for digital payment (intermediate result indicator I.02). This is expected to increase over time as more beneficiaries have transactional accounts opened and/or enabled to facilitate digital payment.

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

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

¹⁶ This indicator assesses progress in migration of paper-based beneficiary records to a digitized system where individual records in the DSS MIS would be matched against the NHD to determine qualification or disqualification on the basis of poverty.

¹⁷ For the purpose of this indicator, “enrollment” means that a beneficiary has had an individual transactional account opened with a PSP capable of making digital payment, or has had his/her existing individual transactional account enabled to facilitate digital payment. Such accounts would be administered by an automated banking system and thus distinguished from traditional accounts maintained in physical documentation only. The usage of the term “enrollment”, in this case, is thus only in regards to the payment process, and distinct from an “enrollment decision” regarding on participation in a cash transfer program.



locations with necessary equipment and trained staff to manage digital payment.

(g) DLI 7. Selection Process¹⁸: [Number of] unions using poverty score for beneficiary selection (intermediate result indicator I.05). This is expected to increase over time as DSS increases the geographic scope of NHD use.

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

27. Achievement of DLI Targets would be verified using independent third party spot checks to be contracted under Component 2 as well as existing systems for monitoring and evaluation, according to the DLI Verification Protocols (described in Table II of Annex 1). While DLI Targets are set by fiscal year, they may be achieved at any time and the associated DLI Values withdrawn accordingly. Seven out of eight DLIs are scalable – a minimum achievement of 75% of any of these DLIs' Targets would allow DSS to claim 75% of the associated DLI Value, pro-rated up to the actual proportion of the achievement. The total withdrawal for each DLI cannot exceed the total amount allocated to the DLI. Up to 30% of the cumulative expenditure under the EEP may be withdrawn at any given time limited by the sum of the DLI Values being claimed.¹⁹ Evidence of achievement would have to be provided in accordance with predefined criteria and verified by the Bank prior to disbursement.

Component 2: Modernization of Service Delivery (US\$ 30.00 million)

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

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

(a) Upgrading & Integrating the DSS MIS: The existing DSS MIS would be upgraded to enhance functionalities to manage business processes along the delivery chain across all cash transfer programs, and bring other information systems at DSS under a common platform. Transition to automated systems has a direct environmental impact in the form of reduced use of paper to maintain records. Key features would include applicant intake and registration, matching with the NHD (and thus NID), enrollment decisions regarding potential beneficiaries, decisions on benefits, processing payments, case management, and grievance redress. The DSS MIS would be configured to allow interoperability with multiple subsystems in a social protection service delivery system such as the NID system, birth registration information system (BRIS), and NHD, as well as with PSPs for secure exchange of financial transaction information. Such enhancements to its scope and extent of integration with both internal and external systems would entail upgrades to the physical servers currently hosted by the Bangladesh Computer Council (BCC). An enhanced DSS MIS would result in greater digitization of paper records (intermediate result indicator I.01), facilitate the rollout of NHD-based systems for enrollment decisions (intermediate result indicator I.05), improve the processing of applications for intake and registration based on pre-set service standards (intermediate result

¹⁸ The transition to making enrollment decisions using the NHD would have to be gradual, given political economy considerations, and detailed protocols would be developed for such a process combining NHD use with local government vetting.

¹⁹ The Bank's projected share of the EEP out of total Project cost is about 21%. However, considering some fluctuations in expenditure and/or exchange rates, the maximum share of the cumulative expenditure under EEP is set at 30%.



indicator I.07), and improve the processing of grievance cases based on pre-set service standards (intermediate result indicator I.08). Cash transfer program Implementation Guidelines would be updated to incorporate the role of the DSS MIS and simplified business processes.

(b) Targeting using the NHD: Upon integration with the NHD, DSS would gradually transition towards making new enrollment decisions for cash transfer programs and certify existing beneficiaries for eligibility according to poverty scores, in addition to program-specific participation criteria (i.e. age, gender, and disability), to limit the scope of subjectivity and ensure benefits reach the poorest. The NHD is a proxy-means-test (PMT) based database which considers a range of variables reflecting poverty and resilience measures such as access to water and improved sanitation, living conditions and resilience of accommodation, and livelihoods and ownership of assets, among others, to assign household level poverty scores. Use of the NHD would help embed climate vulnerability into an improved targeting strategy. Exit protocols would be developed and published to ensure an objective process of removing beneficiaries who may no longer qualify. A process for replacing beneficiaries exiting the program would also be developed in order to ensure optimal resource utilization. This activity would seek to develop a mechanism to provide feedback to BBS on individuals enrolled as potential beneficiaries to support the establishment of a social registry and cases where eligibility based on poverty criteria is disputed, for follow-up. Integration with the NHD would support poverty certification for growing numbers of applicants and beneficiaries (intermediate result indicator I.01) and increase the geographic scope of such a process (intermediate result indicator I.05).

(c) Digital Payment using PSPs: DSS would build upon experience with the ongoing digital payment pilots and scale up such payments using the most suitable technologies and distribution models in order to increase the number of beneficiaries covered under this initiative (intermediate result indicator I.02). Due to limited access to formal financial channels, the poor often tend to save in kind, which makes their assets more vulnerable to disaster shocks.²⁰ By including the poorest into formal financial channels, the Project can help protect household savings and lower the vulnerability of their assets to natural disasters. Digital payments would create a digital audit trail all the way from Government to persons, ensure secure authentication of cash withdrawal transactions, as well as support DSS in ensuring proof of life as part of its regular beneficiary recertification exercise. Standards for disbursement and reporting would be developed and administered using the DSS MIS. This activity would utilize the services of PSPs and support the operationalization of the proposed D2C Scheme in the establishment of additional payment points (intermediate result indicator I.04). This would entail payment of service fees for any costs associated with the digital payment process. PSPs would also be incentivized to develop value-added services (e.g. overdraft facilities, insurance, etc.), and pilot financial literacy programs to encourage uptake of such services in collaboration with DSS.

(d) Expanding Outreach: A multi-window strategy to provide greater accessibility for beneficiaries and non-beneficiaries, as part of the Project's citizen engagement, would be developed. This would entail equipping and training DSS field level offices, and establishing partnerships with local institutions such as Union and Municipal Digital Centers (UDCs and MDCs), and Postal e-Centers. These locations would be provided capacity building support to record applications for intake and registration, and grievances, through an online portal linked to the DSS MIS (intermediate result indicator I.03) to improve case management (intermediate result indicators I.07 and I.08) which may include door-to-door services. These efforts would be complemented by effective communications campaigns to improve awareness of cash transfer program procedures towards greater citizen

²⁰ Shock Waves, Managing the Impacts of Climate Change on Poverty, World Bank <https://openknowledge.worldbank.org/bitstream/handle/10986/22787/9781464806735.pdf>



engagement (intermediate result indicators I.09 and I.10). This will also serve to provide any additional information deemed pertinent for resilience building among the intended populations.

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

B. Project Cost and Financing

30. The estimated Project Cost is US\$ 1,342.50 million. This comprises Government financing of approximately US\$ 1,312.50 million for the Old Age Allowance (i.e. the EEP) of which the IDA contribution on a joint co-financing basis is US\$ 270.00 million (Component 1). The direct IDA contribution is US\$ 30.00 million (Component 2). Taxes to be financed under the Project are within the limits established in the country financing parameters provided in the CPF, and furthermore, IDA financing would not be available for sitting allowances/per diems/honoraria, fuel or vehicles. Such expenditures would be covered by counterpart funding for the Project on a parallel co-financing basis.

31. Assuming the budget for the Old Age Allowance remains constant over the course of the Project (BDT 21.00 billion as of FY 2017-18), IDA financing during this period would represent approximately 20.57% of total Government financing. The projected IDA share of the EEP by fiscal year is shown in Table 3.

Table 3. Government Financing (EEP) & Bank Financing by Fiscal Year (million)

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Cumulative
Government Financing (EEP)						
Old Age Allowance (BDT)	21,000.00	21,000.00	21,000.00	21,000.00	21,000.00	105,000.00
Old Age Allowance (US\$)	262.50	262.50	262.50	262.50	262.50	1,312.50
IDA Financing						
Project (C.1) (US\$)	44.00	54.00	62.00	56.00	54.00	270.00
Project (C.1) (EEP Share)	16.76%	20.57%	23.62%	21.33%	20.57%	20.57%

32. Retroactive financing would be made available for eligible expenditures incurred from July 1, 2017. Under Component 1, expenditures under the Old Age Allowance during the second half of FY 2017 may be reimbursed subject to the early achievement of any DLI Targets. The amount of retroactive financing for Component 1 is US\$ 27 million (10% of the Component financing). Retroactive expenditures pertaining to Component 2 may be financed if they relate to Project objectives and are included in the Project description, procurement is carried out in accordance with applicable Bank procurement rules, and expenses for operating costs and training are in line with definitions in the Financing Agreement. The amount of retroactive financing for Component 2 is US\$ 3 million (10% of the Component financing).



C. Lessons Learned and Reflected in the Project Design

33. The Project design takes into account recommendations from the World Bank Group’s Social Protection and Labor Strategy (2012-2022) on the basic functions of a social protection service delivery system, and builds on lessons learned from analytical work such as the Bangladesh Social Protection and Labor Review.²¹ This entails coherence between the policy, program and administrative levels of engagement, towards a systems-oriented approach. Such a systems-oriented approach in building a social protection service delivery system is supported directly by Project investments, which take guidance from the NSSS and aim to develop synchronicity among MoSW cash transfer programs. Project activities would help strengthen administrative processes to be more efficient and transparent, and ultimately allow programs to make a greater poverty impact.

34. International experience in the design and implementation of modernized service delivery systems and needs for climate resilience have been incorporated into Project activities. The Bank provides financial and/or technical assistance to several countries – e.g. India, Pakistan and Philippines in Asia; Brazil, Chile and Mexico in Latin America; etc. – which implement large scale social assistance programs using modernized targeting, management and payment mechanisms. The Project includes objective targeting integrating climate vulnerability using NHD, use of information systems as central resilient tools to manage activities along the service delivery chain, and electronic instruments with secure authentication for payment integrating principles of financial inclusion for improved resilience, which are benchmarked with global best practices in major social assistance programs.

35. The Project design also benefitted from experience with the results-based financing modality under the closed Employment Generation Program for the Poorest (EGPP) Project (IDA 4833-BD) and the ongoing SNSP Project (IDA 5281-BD) in the country. This disbursement method serves to focus implementation efforts on outcomes and is grounded in strong ownership of planned reforms as well as technical assistance for implementing agencies – the NSSS provides high level policy support while the Project itself provides resources for inputs to meet its expected results. Lessons from results monitoring activities under these operations are reflected in the Project Results Framework and DLI Framework in the form of indicators with realistically measurable targets and appropriate verification protocols.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

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

37. The Project Steering Committee (PSC) chaired by the Secretary, MoSW would be the top-tier administrative body for Project implementation and will provide policy guidance as required. The PSC would play a coordinating role with partnering institutions including the settlement of disputes. The PSC is expected to include mid to high-level representation from BBS (for NHD), Election Commission (for NID), LGD (for BRIS),

²¹ See World Bank (2016). Bangladesh Social Protection and Labor Review: Towards Smart Social Protection and Jobs for the Poor. Bangladesh Development Series #33. World Bank.



PMO (for technical advisory and proposed D2C Scheme), Finance Division (for proposed D2C Scheme), Cabinet Division (for NSSS), and any other ministry or agency with a relevant role in the decision-making process, in addition to the Project Director and Director General of DSS.

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

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

B. Results Monitoring and Evaluation

40. A number of results monitoring and evaluation mechanisms would be utilized in assessing the Project's performance. The primary methods would be the DSS MIS (linked with the NHD) and PSP systems, which can produce quantitative data on beneficiary characteristics and cases, as well as financial transactions, respectively, disaggregated by various dimensions (e.g. location, gender, age, amounts paid, unwithdrawn funds, transaction types, etc.) on demand. This would provide real time insight into the status of beneficiary selection, management, and payment processes.

41. Spot checks of cash transfer program performance would be conducted by DSS to assess the achievement of the Project's intended outputs and outcomes. These quantitative and qualitative assessments would cover targeting accuracy, grievance redressal adequacy, and ease of payment resulting from automation of program processes; verify the functionality of beneficiary contact and payment points; and obtain insights into the extent of citizen engagement from surveys of beneficiaries and non-beneficiaries regarding program processes and satisfaction with service delivery. Results from spot checks would thus support the verification of selected DLI Targets. Data would also be analyzed from a gender-based perspective to evaluate differential experiences among men and women. Spot checks would take place in a sample of locations where the programs are selecting beneficiaries using the NHD and/or making digital payments. The Project would provide financing to contract a third party for this purpose and also to train DSS staff towards building in-house capacity for monitoring and evaluation.

42. An impact evaluation, using a randomized control trial (RCT), would be conducted by the Bank.²² This would assess the outcomes of modernizing service delivery of the cash transfer programs in terms of effects of increased transparency on welfare and social cohesion, program framing on trust in institutions and uptake of public services, payment predictability on expenditure, savings and financial inclusion, and empowerment and improved resilience of marginalized and vulnerable groups, among others.

²² Grant resources provided by the Korea World Bank Partnership Facility (KWPF) have been mobilized to support overall social protection service delivery systems strengthening and to conduct rigorous evaluations.



C. Sustainability

43. Sustainability of the Project’s outcomes is underpinned by several factors. Firstly, the NSSS aims to “reform the national social security system by ensuring more efficient and effective use of resources, strengthened delivery systems and progress towards a more inclusive form of social security that effectively tackles lifecycle risks, prioritizing the poorest and most vulnerable members of society.” The Strategy provides a clear roadmap for program and institutional reforms to be undertaken by MoSW, which would serve as the coordinating ministry for social allowances for the period 2015-2025, and subsequently function as the lead ministry in managing all lifecycle-based programs.

44. Secondly, the Project supports cash transfer programs that have been under implementation for up to twenty years – Old Age Allowance since FY 1998, Widow Allowance since FY 1999, Disability Allowance since FY 2006 and Disabled Students Stipend since FY 2008. These programs have grown with reasonable consistency over the years and can be expected to remain priority programs beyond the duration of the Project. Table 4 shows the change in budget for these programs over the past five years. These trends are indicative of the need for increased allocations and strong performance in terms of fund utilization (i.e. no changes between proposed and revised budgets within fiscal years), thus attesting to the programs’ ability to maintain long-term budgetary support.

Table 4. Proposed & Revised Budgets by Program by Fiscal Year (BDT million)

	FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16		FY 2016-17	
	Proposed	Revised	Proposed	Revised	Proposed	Revised	Proposed	Revised	Proposed	Revised
Old Age Allowance	8,910.00	8,910.00	9,801.00	9,801.00	13,068.00	13,068.00	14,400.00	14,400.00	18,900.00	18,900.00
Widow Allowance	3,312.00	3,312.00	3,643.20	3,643.20	4,857.60	4,857.60	5,343.40	5,343.40	6,900.00	6,900.00
Disability Allowance	1,029.60	1,029.60	1,321.30	1,321.30	2,400.00	2,400.00	3,600.00	3,600.00	5,400.00	5,400.00
Disabled Students Stipend	88.00	88.00	97.00	97.00	255.60	255.60	418.80	418.80	478.80	478.80
	13,339.60	13,339.60	14,862.50	14,862.50	20,581.20	20,581.20	23,762.20	23,762.20	31,678.80	31,678.80

45. Thirdly, as the Project supports interoperability of several administrative subsystems, investments under the Project are complementary to other initiatives by Government in building a digital ecosystem for public services in line with its “Digital Bangladesh” vision. Project investments would enhance the utility of systems such as the NID database and the NHD, and serve as critical elements in a centralized platform to allow Finance Division to track sector-wise expenditure more accurately and the proposed D2C Scheme, among others. Such investments, which would enhance the effectiveness of targeting (by using NHD data) and payment (by using digital channels), would improve coverage in the lowest quintiles resulting in larger poverty impacts and limit sources of potential leakage thereby reducing administrative costs. This would improve the quality of Government expenditures allowing for more rational resource allocation in the sector beyond the Project period.

46. Finally, the Project integrates climate adaptability in its interventions which are likely to enhance the sustainability of its outcomes. These features include: (a) a targeting method that embeds climate vulnerability by way of the PMT; (b) cash transfers that can be used by the poor for immediate subsistence needs post-disaster; (c) automated processes which would digitize information that can reduce the use of paper and potentially enable payment systems to function seamlessly following disasters; (d) expansion and deepening of financial inclusion to help the poor build shock resilience; and (e) empowerment of some of the most marginalized and vulnerable populations.



D. Role of Partners

47. BBS would partner with DSS to provide access to the NHD for cash transfer programs' targeting purposes. This collaboration would be formalized via a memorandum of understanding to be signed between the two parties, which would comprise a legal covenant under the Project.

48. BPO would support DSS in providing payment services for cash transfer programs due to its extensive local presence. A memorandum of understanding has been signed between the two parties to conduct ongoing digital payment pilots, and may be revised from time to time based on implementation requirements.

49. Cabinet Division, as the chair for the central monitoring committee (CMC) for the NSSS, would provide policy guidance to MoSW in overall program and institutional reforms, which would be supported by the Project.

50. Finance Division would play an important partnership role for two reasons. Firstly, results-based financing under Component 1 would provide general support for government expenditures and the timely achievement of DLI Targets would provide predictability in foreign exchange inflow. This would facilitate budgeting activities which may benefit overall social safety net spending. Secondly, the Social Protection Budget Management Unit (SPBMU) of the Finance Division is in the process of developing a centralized platform to monitor expenditures in the sector and facilitate implementation of the proposed D2C Scheme. Close collaboration with DSS, including integration of their respective administrative subsystems, would thus be important in modernizing the overall social protection service delivery system.

51. Election Commission and LGD would provide identity verification services to DSS. A memorandum of understanding has been signed with the Election Commission, and the DSS MIS has already established data exchange facilities with the NID database. Another agreement is expected to be signed with LGD to facilitate DSS MIS integration with the BRIS.

52. PMO is currently providing technical advisory services to DSS on ICT usage and the ongoing digital payment pilots. This continued engagement would complement Project activities which center around use of the DSS MIS particularly in administering digital payments. In coordinating the development of the proposed D2C Scheme, PMO would play a critical role in supporting DSS to piloting such innovative payment initiatives for which the Project provides financing. In addition, the PMO would facilitate DSS collaboration with UDCs as access points for applications and grievances, and potentially as payment points. An existing partnership between the two agencies has been established via a memorandum of understanding.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

53. The overall risk is substantial based primarily on risks emerging from the political and governance environment, the institutional capacity for implementation and sustainability, the fiduciary capacity of DSS, and stakeholders. Risks due to the political and governance environment cut across various sectors, and the Project's mitigation capabilities in this regard are limited to its technical design. The results-based financing nature of the Project is deemed to have certain inherent self-mitigating measures due to the incentives for attainment of results targets. The Project would support building of institutional capacity for implementation



and sustainability at DSS via training and ICT investments, and clear actions have been agreed to enhance fiduciary functions including the appointment of dedicated personnel and the use of automated systems for financial management and procurement, in order to address the risks expected.

54. Stakeholder risks present greater challenges, and warrant regular monitoring of the political economy at different administrative levels of engagement. Multiple stakeholders at the central level will have responsibilities in ensuring a results-focus, which is expected to generate mutual accountability in the process. At the local level, the Project's intervention (via the introduction of a modernized targeting system) may disqualify existing beneficiaries from program participation and impact the influence of local representative. However, the Project will support extensive outreach and publicity activities in local communities to articulate the value proposition of modernizing service delivery, for citizens and local governments alike, as well as to counter perceptions of "losing" in the transition process. "Winners" of this process will include extremely poor and vulnerable households which would benefit from an objective targeting system by entering and/or remaining qualified for program participation.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

55. Economic benefits from the Project are expected from improvements in (i) targeting; (ii) payment; and (iii) administrative efficiency, reflecting its activities and investments, as well as the positive spill-over effects of such improvements in the overall D2C architecture in the country.

56. Improved targeting: The potential benefits of NHD-based targeting were partly assessed through a cross-referencing of data from the NHD and DSS MIS in districts where NHD data was collected on a pilot basis during 2014 to 2017.²³ Focusing on Old Age Allowance, for which the most matches between NHD and DSS MIS were found, about 10% of beneficiaries are aged below 62 and thus ineligible based on the age category; about 40% of beneficiaries are from the lowest two quintiles;²⁴ and among all poor elderly living in the lowest two quintiles, about 41% are covered by the program.²⁵ In addition, a 2013 study covering rural Bangladesh finds that the share of Old Age Allowance beneficiaries in the bottom two quintiles is approximately 51%,²⁶ in line with the estimation from the Household Income and Expenditure Survey (HIES) (2010).²⁷ The significant level of inclusion and exclusion errors in current targeting suggests that the benefit of improving targeting performance and making resource distribution more equitable by the introduction of NHD based beneficiary selection would be substantial. For instance, taking a conservative estimate, if the

²³ These include Gaibandha, Jamalpur, Kurigram, Mymensingh, Nilfamari and Rangpur. Due to unavailability and/or duplication of NID and/or BRN of some household members in the NHD, only about 57% (2,416 out of 4,192 beneficiaries in the DSS MIS) records were successfully matched with the NHD (62% for Old Age Allowance; 54% for Widow Allowance; and 37% for Disability Allowance).

²⁴ 20.6% and 19.7% from the first and second lowest quintiles respectively; i.e. inclusion errors are approximately 60%. The level of inclusion errors is slightly higher than Ahmed (2013) which estimated the errors to be around 50%.

²⁵ i.e. exclusion errors are approximately 59%. The level of errors is consistent with Begum, Sharifa et al. 2013m which, using an elderly survey with the sample of individuals over 62 years old, estimated the coverage among the poor and very poor to be around 46 and 35% for males and females respectively in rural areas; and 44 and 38% for males and females respectively in urban areas. (Begum, Sharifa et al. Old Age Allowance Programme of Bangladesh: An Evaluation, Bangladesh Institute of Development Studies, September 2013)

²⁶ IFPRI (2013). The Status of Food Security in the Feed the Future Zone and Other Regions of Bangladesh: Results from the 2011-12 Bangladesh Integrated Household Survey. International Food Policy Research Institute.

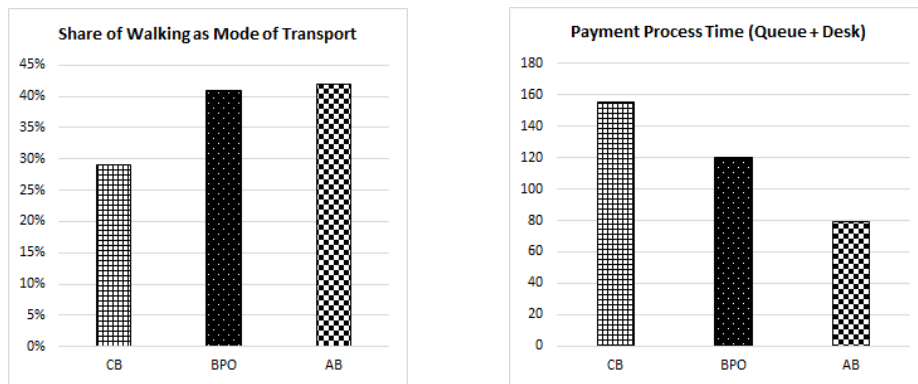
²⁷ HIES 2010 suggests that the share of Old Age Allowance beneficiaries in the lowest two quintiles is about 55% from Figure 5 in the Project Appraisal Document of the SNSP project.



share of resources received by the non-poor decreases from 60% to 20% (Project target), 40% of the program budget (about BDT 12 billion per year for all 4 programs) would be pro-poor without leakages to the non-poor. This is a recurrent saving to the budget, which could create fiscal space to potentially increase the level of benefits and coverage. Moreover, shifting away from subjective decision-making regarding decisions on beneficiary enrollment to a more robust and transparent method, is expected to enhance trust in program administration.

57. Improved payment: There are several benefits from the introduction of digital payment of cash transfers. Firstly, increased access points for payments are likely to reduce the time, cost, and visits (TCV) associated with withdrawing benefits. An TCV assessment for three different payment modalities – commercial banks (status quo), post offices (proposed approach), and banking agents (proposed approach) (the latter two are currently being piloted by DSS) — shows that beneficiaries are able to more easily walk to the non-bank payment points and save considerable time in cash withdrawal (Figure 3). These benefits would especially be disproportionately higher for the poorest segments of the population who live in remote areas and consequently bear higher costs to access benefits.

Figure 3. Mode of Transportation and Payment Process Time by Modality



CB = commercial banks; BPO = Bangladesh Post Office; and AB = Agent Banking

58. Secondly, predictability of cash flows would impact beneficiary welfare in terms of improved financial planning. Under the current system, cash transfers are to be made quarterly but indeed, payment schedule is often delayed and unpredictable. Thirdly, by providing instruments with a store-of-value function, which may also be used for direct cashless payment, and potentially be bundled with savings or overdraft facilities, the Project would deepen financial inclusion efforts among traditionally excluded populations. Moreover, the implementation of a robust authentication method – verification through NHD, NID, and third party spot checks – at the payment point can reduce the scope of leakages by removing “ghost beneficiaries”, which are very common particularly in cash transfer programs directed to the elderly. There is a regular turnover in cash transfer programs because of deceased and migrating beneficiaries, but with the delay in the information update and lack of authentication, a range of 5% to 10% of beneficiaries in DSS’ Old Age Allowance and Widow Allowance programs are estimated to be illegitimate.²⁸ Based on these numbers, the use of an enhanced authentication method could save BDT 1.6 to 3.1 million every year.

59. Improved administrative efficiency: The administrative efficiency gains of migrating paper based records management to a digital system and automating specific tasks can be exemplified by simplification

²⁸ Maxwell Stamp PLC, A Diagnostic Study on Old Age Allowance Programme and Allowance to the Husband Deserted Destitute Woman and Widows Programme, March 2017.



of two business processes: (i) application and beneficiary enrollment; and (ii) benefit payment. Currently, both processes require a significant level of effort and an excessive amount of time. The former process takes place at the beginning of each fiscal year when the resource allocation is determined. Unions are notified of available space via letters, and local committees advertise an application period, receive application paperwork, make decisions, and log these into manual registers. It takes about three months for this process to complete, whereas an automated process would allow applications to be collected online throughout the year, NHD-based poverty certification to take place instantaneously, and an enrollment decision to be made as soon as local administration is able to confirm an available space. This would result in significant time and cost savings to program administration. Payment transaction has a similar level of complexity – DSS issues a fund release request to MoSW, which in turn issues a government order for fund release, followed by DSS requesting a bill for disbursement by program to MoSW, which finally issues the checks. Funds are then deposited to a central account at Sonali Bank, with instructions to transfer funds again to over 2,500 accounts in five different commercial banks²⁹ jointly managed by USSOs and Upazila Nirbahi Officers (UNOs). Each of these banks represents a payment point. Each bank manager receives disbursement instructions by the USSO and is notified of a payment period. By the time beneficiaries receive payments, about three months would have elapsed. The use of an automated system would allow simplified and controlled processing between DSS and MoSW at the central level, and centralized fund management by PSPs would mean fewer fund flows, and lessen the extent of communications involved between the USSO and field level payment points.³⁰

60. Potential spill-over: The benefits from improving targeting and G2P go beyond the cash transfer programs under this Project. The adoption of objective beneficiary selection based on NHD could inform many other safety net programs targeted to the poor and vulnerable in the country, given that over 140 programs classified under the social security budget are currently implemented by more than 20 ministries without robust targeting mechanisms. From the broader G2P architecture, the Project's investments would be strategic in developing the initial payment platform by financially enrolling the largest beneficiary registry in the country and supporting the establishment of payment points in every union. A study, based on several country examples, estimates the financial enrollment cost could range from US\$ 6 to US\$ 25 per beneficiary, depending on the type of authentication instrument used and enrollment process employed.³¹ Through the completion of this Project, other government programs involving G2P payments would be able to tap into the platform without making these initial investments. Furthermore, it is expected that the NID-validated and NHD-certified beneficiary list of the most vulnerable populations in the country with individual account information could be used for other purposes – for instance, such a registry could be used as part of a disaster response mechanism by identifying vulnerable populations in affected areas, rapidly transferring emergency cash support, etc.

61. A financial analysis demonstrates that the Project's implications on fiscal deficit and public debts are expected to be small. Although expenditure on social protection in the country is rapidly increasing, spending on poverty targeted programs (excluding spending on the Pension for Retired Government Employees and their Families and Honorarium for Freedom Fighters) is about 1.5% of GDP,³² in line with the average spending in developing countries. Given that Bangladesh's fiscal deficit has been contained within 4.0% of GDP, and

²⁹ Agrani Bank, Bangladesh Agriculture Bank, Janata Bank, Rajshahi Agricultural Development Bank, and Sonali Bank.

³⁰ A study (Pi Strategy Consulting, Innovations in Social Safety Nets, June 2015) estimates that a digitization of the Old Age Allowance's service delivery process may lead to an estimated savings of BDT 188 million annually. The study considered four main transformations in the digitization process: (i) digitization of back-end paper-based document processing; (ii) conversion of no-frills accounts to real bank accounts; (iii) payment disbursement through mobile banking; and (iv) electronic enrollment of beneficiaries through a biometric database.

³¹ Source: CGAP, Social Cash Transfers and Financial Inclusion: Evidence from Four Countries, February 2002.

³² The government spending to GDP ratio in Bangladesh is about 15%; thus social spending of 1.5% of GDP is equivalent to 10% of total government spending.



public debt under 35.0% of GDP, both of which are slightly lower than the respective average of developing countries, increases in spending on social assistance for vulnerable populations are not an immediate financial concern. Moreover, the portion of financing provided by the Bank is approximately one-fifth of the Old Age Allowance expenditure during the Project period.

62. However, the changing policy environment may affect the longer term projections of overall social protection expenditures. According to UN estimates on population, the number of elderly people (aged 65 or more) in Bangladesh has gradually increased from about 2.8 million (3.0% of the total population) in 1985 to about 8.1 million in 2015 (about 5.0% of the total population). Population ageing is expected to continue with low fertility rates and Bangladesh is projected to become an ageing society³³ in 2029 with 7.1% of the population aged 65 or more. Along with this demographic change, the Old Age Allowance has steadily grown since being introduced in FY 1998 with a monthly benefit of BDT 100 and 0.4 million beneficiaries. By FY 2018, the monthly benefit increased to BDT 500 covering 3.5 million beneficiaries. The annual benefit per a person (BDT 6,000; US\$ 75) is arguably low considering the level of GNI per capita in 2016 (US\$ 3,790) and the global poverty line of US\$ 1.90 a day (US\$ 693.50 a year). Similarly, improved awareness on disability issues and female empowerment may add pressure to increase benefits of these programs to enhance their poverty reducing roles. Given that reversing the scope of social safety net programs is challenging, there is an upward pressure to increase benefit amounts, and as these programs have played an important role in improving the welfare of the vulnerable populations, expenditure on cash transfer programs is likely to increase and add fiscal pressure over time. The challenging task faced by the Government is to balance tradeoffs between coverage expansion and benefit increase within its fiscal constraints. In this context, the Project's efforts to use resources more efficiently in a more pro-poor manner would facilitate policy decisions.

B. Technical

63. The Project would support the establishment of a social protection service delivery system by integrating the DSS MIS with identification and targeting functions on the one hand, and payment functions on the other. It would complement other ICT investments made by the Bank (e.g. DSS MIS under the DCAR Project (IDA 4481-BD), MoDMR MIS under the SNSP Project (IDA 5281-BD), etc.) which would use the same systems for identification and targeting, as well as payment. The Project would leverage the existing digital and physical infrastructure in the country without setting up any parallel mechanisms for service delivery. The integrated model has been based on global best practices for service delivery using modernized systems for targeting and payment particularly for cash transfer programs.

64. Investments under the Project align with several program and institutional reforms prescribed in the NSSS, as described earlier. Institutional strengthening activities would establish results monitoring and evaluation mechanisms along with a large cohort of trained personnel at DSS. This would allow for the incorporation of lessons learned in policy and operations, as well as building long-lasting capacity at DSS, which would ultimately be responsible for field-level implementation of all major cash transfer programs from 2026 onwards. Scale-up of digital payments under DSS cash transfer programs would mean local capacity of PSPs is enhanced such that programs implemented by other ministries and agencies may also benefit from the increased density of payment points, which may facilitate uptake of such services. Assessments of several payment pilots conducted by the Bank, including the Consultative Group to Assist the Poorest (CGAP), find digital payments to have a positive impact on administrative efficiency. Furthermore, small scale piloting of NHD under the SNSP Project (IDA 5281-BD) demonstrates positive effects in terms of buy-in by communities as long as local governments are on board and support this agenda.

³³ An "ageing society" is one whose population of persons aged 65 years or more accounts for 7% of its total population. An "aged society" has 14% of its population aged 65 years or more, and a "super-aged society" has 20% of its population aged 65 years or more.



C. Financial Management

65. The financial management capacity and internal controls at DSS will need to be enhanced. The Government's General Financial Rules and Treasury Rules, as well as the Bank's Financial Management Guidebook (Bangladesh) will apply during Project implementation. Financial procedures should provide reasonable assurance that (i) operations are being conducted effectively and efficiently; (ii) reporting is reliable; (iii) applicable laws and regulations are complied with; and (iv) records and assets are safeguarded. At a minimum, the implementing agency would need to put in place (i) reliable personnel with clearly segregated duties (i.e. separation of operational from record-keeping responsibilities; separation of record and asset custody from authorization and accounting responsibilities; and separation of duties within accounting functions); (ii) a rigorous record-keeping system allowing fund reconciliation and audit trails; (iii) random checks of Project records and assets by internal auditors; and (iv) physical protection of Project records and assets. It is confirmed that there are no audit reports outstanding from the MoSW.

66. Specific actions to improve capacity and internal controls, and thereby mitigate risks to the Project on account of financial management, will need to be taken by DSS. These include:

- (a) Appointment of an experienced financial management consultant (with terms of reference acceptable to the Bank) along with adequate staff to support such functions. All consultants and staff with fiduciary duties must be provided regular training to ensure compliance with necessary requirements.
- (b) Development and enactment of financial management action plans (acceptable to the Bank).
- (c) Development and use of computerized systems for all accounting and record-keeping functions.

67. Financial reports for Component 1 will cover expenditures under the Government operation code 0935 and economic code 3960 (Old Age Allowance; i.e. the EEP). Eligible expenditures would be benefits of the Old Age Allowance program transferred to beneficiary accounts. The transfer of funds would need to be confirmed by the financial records of PSPs and banking institutions associated with beneficiary accounts. Further details on fund flows and reporting mechanisms would be established during Project implementation. Based on the reporting cycle of the EEP, interim unaudited financial reports (IFR) for Component 1 would be submitted to the Bank within one month from the end of each fiscal year. IFR for Component 2 would be due within one month from the end of each calendar quarter. The Government's Integrated Budget & Accounting System (IBAS) is expected to serve as the primary source of information. Financing under Component 1 would be disbursed to the Government's Consolidated Fund upon achievement of results stipulated in the DLI Framework. Withdrawal applications must be supported by IFR indicating that expenditures incurred under the EEP are of amount greater than that requested for withdrawal. These expenditures do not include goods, works, non-consulting services, consultant services, training, or operating costs, nor do they entail any taxes or duties. Disbursement under Component 2 would be made to a Designated Account operated by DSS, on the basis of periodically submitted statements of expenditure (SOE). Eligible expenditures under Component 2 include goods, works, non-consulting services, consultant services, training, and operating costs, as well as any relevant taxes and duties.

68. Financial statements for Component 1 would be audited by the Foreign Aided Projects Audit Directorate (FAPAD) jointly with the Civil Audit Directorate (CAD), both under the Office of the Comptroller & Auditor General (OCAG), while a separate audit of Component 2 would be conducted by FAPAD. A single consolidated audit report covering both Components would be submitted to the Bank within nine months from the end of each fiscal year of Project implementation. The Project Director at DSS would provide auditors access to Project records and would be responsible for follow-up and remedial actions.



D. Procurement

69. The procurement capacity at DSS will need to be enhanced to improve performance and address systemic issues. Procurement would be carried out in accordance with the New Procurement Framework (NPF) and the Procurement Regulations for IPF Borrowers, July 2016 (“Procurement Regulations”), which would mostly entail goods and consultant services.

70. Specific actions to streamline administration and internal controls, and thereby mitigate risks to the Project on accounts of procurement, will need to be taken. These include:

(a) Appointment of experienced procurement consultants (with terms of reference acceptable to the Bank) along with adequate staff to support such functions. All consultants and staff with fiduciary duties must be provided regular training to ensure compliance with necessary requirements.

(b) Development and use of a Project Procurement Strategy for Development (PPSD) (acceptable to the Bank), taking into account prevailing market conditions in designing contract packages. The PPSD should aim to reduce the number of contracts to be managed without compromising competitiveness during the procurement process. An initial procurement plan has been developed as part of the PPSD.

(c) Formation of bid/proposal evaluation committees (acceptable to the Bank) with the mandatory membership of a procurement consultant.

(d) Use of National e-Government Procurement (e-GP) online portal for contracts to be procured using national competitive bidding (NCB) procedures.

(e) Use of the Bank’s Standard Bidding Documents (SBD) for goods, works and non-consulting services where international competition is required and Standard Request For Proposals (SRFP) for consulting services, including their respective forms of contract. For all other procurement, Model Tender Documents (MTD) agreed with the Bank would be used.

(f) Annual post-reviews of a sample of contracts selected on the basis of their associated risks, and selective prior-reviews (irrespective of the contract value threshold for mandatory prior-reviews) where the associated risks are deemed high.

(g) Other actions including: (i) verifying recommended bidders’ post-qualification information in bid evaluation reports; (b) making bidders aware of fraud and corruption issues in writing and/or at pre-bid/proposal meetings; (c) preserving all procurement-related documents to facilitate post-reviews; and (d) publishing contract award information on the DSS, Central Procurement Technical Unit (CPTU) and United Nations Development Business (UNDB) Online websites (as applicable).

71. DSS’ procurement plan, which would be updated at least semi-annually (or more frequently if required) will specify each contract to be financed under the Project. This will include estimated costs, procurement methods, prior review requirements, processing timeframe, among other relevant information, which would be subject to the Bank’s review. A General Procurement Notice (GPN) would be published on the Bank’s website and the UNDB Online website once the Project is approved. The Systematic Tracking of Exchanges in Procurement (STEP) online portal would be used to prepare and manage all procurement documentation, monitor contract execution, and track communication between DSS and the Bank.



E. Social (including Safeguards)

72. As the Project would be implemented across the country, the Bank's OP/BP 4.10 (Indigenous Peoples) is applicable. Screening for small ethnic communities would be conducted by DSS in areas where the Project will make beneficiary selections using the NHD and roll out digital payment under the cash transfer programs. Consultations have been held with the public (including small ethnic communities), local government representatives, and DSS officials, in Mymensingh and Rangamati districts to assess the potential social impact of the Project. Separate consultations were also conducted with women to learn their experience and concerns about the programs. DSS has prepared a Small Ethnic Communities Planning Framework (SECPF) along with its Social Management Framework (SMF), in order to protect traditional ways of life and ensure such communities receive benefits from the cash transfer programs in a culturally compatible manner. The SECPF includes principles to ensure that communities are consulted before selection of new beneficiaries, or poverty certification of existing beneficiaries, is finalized. Given that many of the poorest households live in remote settlements, beneficiary selection and benefit delivery are expected to improve via modernized serviced delivery processes to be established by the Project.

73. With regards to female participation, Widow Allowance currently covers approximately 22% of beneficiaries of the cash transfer programs and is exclusively targeted towards poor widowed, deserted and destitute women, while the other programs are open for men and women alike. Given that female coverages are 48% and 38% under Old Age Allowance and Disability Allowance respectively, overall female participation in these three programs is approximately 58%.³⁴ The fact that the share of females in these programs is less than 50% may suggest a gender gap in access to and coverage of Old Age Allowance and Disability Allowance programs. However, sufficient data to verify these gaps do not exist. Thus, when NHD is available, further analysis will be conducted to assess whether women are under-represented in Old Age Allowance and Disability Allowance programs given their socio-economic status. In case data confirms under-representation of women, the Project will take actions, such as gender sensitive information campaigns, to enhance access and coverage of women in these cash transfer programs. Results monitoring and evaluation mechanisms will disaggregate program data by gender to help assess coverage of these programs by gender and to evaluate whether improvements in targeting and payment provide equitable access to social assistance for men and women. This would also provide insights into beneficiary record digitization and poverty certification, enrollment for digital payment, community awareness, and beneficiary satisfaction, from a gender-based perspective. In particular, the Project would explore opportunities to deepen financial inclusion for younger beneficiaries of Widow Allowance, given that they would be in a better position to benefit from financial literacy programs and utilize any value-added services digital payment may provide. Studies suggest that there is a huge gender gap in access to digital financial service. For instance, while the overall share of those with access to financial services is 55%, that of women is only 46%. Similarly, while the overall share of those with access to mobile money is 37%, that of women is only 27%.³⁵ Such financial inclusion programs could build on and complement DSS' planned graduation pilots focusing on entrepreneurial activities for Widow Allowance beneficiaries to improve women's empowerment.

74. Effective citizen engagement is a critical driver of transparency and efficiency, particularly since beneficiaries of the cash transfer programs comprise the lowest stratum of the socioeconomic hierarchy and their access to public services is typically limited. Such limitations are primarily due to asymmetries in the flow of information to communities regarding the availability of program benefits and the means to apply for such benefits, as well as in engagement points to provide feedback or document grievances for action by relevant authorities. The Project will support program publicity activities to ensure adequate information

³⁴ Based on DSS MIS data as of December 12, 2016.

³⁵ See Financial Inclusion Insights (2016).



reaches local communities. Citizen engagement outcomes would be tracked by the level of community awareness of specific program procedures and beneficiary satisfaction with service delivery. Existing grievance redress mechanisms would be enhanced to ensure greater accountability of program administrators. This would include establishment of grievance redress committees in each union (or ward in urban areas) where the Project is implemented. All grievance cases are expected to be documented via the DSS MIS. Grievances may also be lodged directly through this decentralized platform, with the help of DSS officers, partner UDCs/MDCs or Postal e-Centers, and/or any other location with internet access.

75. The SMF and SECPF, prepared by DSS, comply with the Bank's safeguard policies as well as national policies. The former focuses on strategies to maximize the social benefits of the Project by highlighting issues of transparency and efficiency in the cash transfer programs as service delivery is modernized. The latter more specifically provides guidance on consultations, publicity and grievance redress mechanisms, in the context of small ethnic communities' identity, culture and language. These documents were publicly disclosed in both English and Bangla on the DSS website³⁶ on August 5, 2017, and on the World Bank website³⁷ on August 7, 2017. Reviews of small ethnic groups' participation, as well as gender and citizen engagement outcomes, would be conducted as part of spots checks under the Project. In addition, an experienced social safeguards consultant (with terms of reference acceptable to the Bank) would be appointed by DSS in order to ensure compliance with the terms of the SMF and SECF.

F. Environment (including Safeguards)

76. The Project has been screened for potential environmental impacts. There are none applicable to the type of interventions (i.e. cash transfer programs) which are being supported.

G. Other Safeguard Policies (if applicable)

77. No other safeguard policies are applicable.

H. World Bank Grievance Redress

78. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported Project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address Project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit <http://www.inspectionpanel.org>.

³⁶ <http://www.dss.gov.bd/site/notices/5b53ed7d-688a-4fd4-bcfe-83f2f8ef9875/SOCIAL-MANAGEMENT-FRAMEWORK-SMF-CASH-TRANSFER-MODERNIZATION-CTM-PROJECT>; and <http://www.dss.gov.bd/site/notices/d25914bd-8803-4f6d-8919-49d6caf9d0f5/SMALL-ETHNIC-COMMUNITY-PLANNING-FRAMEWORK-SECPF-CASH-TRANSFER-MODERNIZATION-CTM-PROJECT>

³⁷ <http://documents.worldbank.org/curated/en/570931502159627168/Bangladesh-Cash-Transfer-Modernization-Project-social-management-framework-and-small-ethnic-communities-planning-framework>



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Bangladesh

Cash Transfer Modernization Project

Project Development Objectives

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

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: P.01. Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score		Text	51%	80%	Annual	DSS MIS Reports & NHD Reports	DSS
Female (%)		Text	Not available	80%	Annual	DSS MIS Reports & NHD Reports	DSS

Description: Share of beneficiaries of the cash transfer programs who are in the lowest two quintiles based on poverty scores ranked by the NHD, out of all beneficiaries of the cash transfer programs (cumulative). This is expected to increase over time as used of the NHD is institutionalized. It will measure transparency due to the use of objective criteria, and efficiency due to equitable and accurate resource allocation (addressing inclusion errors), as a result of a modernized targeting system.



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: P.02. Vulnerable persons in lowest two quintiles based on poverty score covered by cash transfer programs		Text	40%	60%	Annual	DSS MIS Reports & NHD Reports	DSS
Female (%)		Text	Not available	60%	Annual	DSS MIS Reports & NHD Reports	DSS
<p>Description: Share of those who are beneficiaries of the cash transfer programs, out of all vulnerable persons (i.e. poor elderly, widowed, and disabled) nationally who are in the lowest two quintiles based on poverty scores ranked by the NHD (cumulative). This is expected to increase over time as used of the NHD is institutionalized. It will measure transparency due to the use of objective criteria, and efficiency due to equitable and accurate resource allocation (addressing exclusion errors), as a result of a modernized targeting system.</p>							
Name: P.03. Cash transfer program budget delivered using digital payment		Text	BDT 0.16 billion	BDT 20.00 billion	Annual	DSS MIS Reports & PSP Reports	DSS
Female (BDT)		Text	Not available	BDT 12.00 billion	Annual	DSS MIS Reports & PSP Reports	DSS
<p>Description: Aggregate amount of the cash transfer budget delivered using digital payments (cumulative). This is expected to increase over time as payment service providers pay more beneficiaries. It will measure transparency due to accountable and traceable administrative processes, and efficiency due to controlled and automated administrative processes, as a result of a modernized payment system.</p>							
Name: P.04. Cash withdrawal		Minutes	230.00	150.00	Annual	Spot Checks	DSS & World Bank



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
time taken using digital payment							
<p><i>Description:</i> Average time in minutes taken for beneficiaries of cash transfer programs to withdraw cash (not cumulative). This is expected to decrease over time as more payment points move closer to beneficiaries, reducing travel and service time. It will measure transparency due to the predictability of transactions, and efficiency due to reduced transaction times for beneficiaries, as a result of a modernized payment system.</p>							

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: I.01. Beneficiary records digitized and poverty certified		Number	3250000.0 0	6000000.0 0	Annual	DSS MIS Reports	DSS
Female (number)		Number	1885000.0 0	3600000.0 0	Annual	DSS MIS Reports	DSS
<p><i>Description:</i> Aggregate number of individual records of beneficiaries entered into the DSS MIS (Years 1 and 2; cumulative) and matched against the NHD (Years 3, 4 and 5; cumulative). This is expected to increase over time as all beneficiary data is digitized and all beneficiary selection is made using the NHD. It will measure transparency due to accountable and traceable administrative processes.</p>							
Name: I.02. Beneficiaries enrolled for digital payment		Number	43000.00	1160000.0 0	Annual	DSS MIS Reports & PSP Reports	DSS



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Female (number)		Number	24000.00	700000.00	DSS MIS Reports & PSP Reports	Annual	DSS
<p>Description: Aggregate number of beneficiaries enrolled by payment service providers to receive benefits via digital payment (cumulative). This is expected to increase over time as more beneficiaries are enrolled. It will measure transparency due to accountable and traceable administrative processes.</p>							
Name: I.03. Access points for applications and grievances		Number	0.00	4500.00	Annual	DSS MIS Reports	DSS
<p>Description: Aggregate number of locations where non-beneficiaries may apply to a cash transfer program and where beneficiaries can record grievances (cumulative). This is expected to increase over time as more non-beneficiaries and beneficiaries are made aware of the decentralized application and grievance recording process, and DSS staff (and others) are trained to assist such persons. It will measure efficiency due to greater program accessibility.</p>							
Name: I.04. Access points for digital payments		Number	44.00	2000.00	Annual	DSS MIS Reports & PSP Reports	DSS
<p>Description: Aggregate number of locations where beneficiaries can receive benefits via digital payment (cumulative). This is expected to increase over time as more locations are established by payment service providers. It will measure efficiency due to greater program accessibility.</p>							
Name: I.05. Unions using poverty score for beneficiary selection		Number	0.00	2250.00	Annual	DSS MIS Reports & NHD Reports	DSS



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<p>Description: Aggregate number of unions where beneficiaries are selected based on poverty scores ranked by the NHD (cumulative). This is expected to increase over time as DSS expands use of the NHD. It will measure transparency due to the use of objective criteria.</p>							
Name: I.06. Unions with personnel trained on business processes		Number	0.00	4500.00	Annual	DSS Administrative Reports	DSS
<p>Description: Aggregate number of unions where personnel are trained on cash transfer program administration using modernized systems (cumulative). This is expected to increase over time as DSS expands its training program. It will measure efficiency due to controlled and automated administrative processes.</p>							
Name: I.07. Enrollment decisions made within service standard		Text	Not available	80%	Annual	DSS MIS Reports	DSS
<p>Description: Share of applications for which an enrollment decision is made within a set service standard, from the time a non-beneficiary applies for a cash transfer program, out of all applications made in within the fiscal year (not cumulative, measured within a fiscal year). The service standard will be determined at the beginning of each fiscal year. This is expected to increase over time DSS improves its data management processes. It will measure transparency due to the predictability of transactions, and efficiency due to controlled and automated administrative processes.</p>							
Name: I.08. Grievances resolved within service standard		Text	Not available	80%	Annual	DSS MIS Reports	DSS
<p>Description: Share of grievances filed by non-beneficiaries or beneficiaries considered to have been resolved within a set service standard, out of all grievances filed within the fiscal year (not cumulative, measured within a fiscal year). The service standard will be determined at the beginning of each fiscal year. This is expected to increase over time DSS improves its data management processes. It will measure transparency due to the predictability of transactions, and efficiency due to controlled and automated administrative processes.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: I.09. Community awareness of application and selection process		Text	Not available	80%	Annual	Spot Checks	DSS & World Bank
Female (%)		Text	Not available	80%	Annual	Spot Checks	DSS & World Bank

Description: Share of non-beneficiaries and beneficiaries expressing correct knowledge of the relevant processes, out of a sample of non-beneficiaries and beneficiaries (not cumulative, measured within a fiscal year). This is expected to increase over time as DSS conducts outreach on cash transfer programs. It will measure transparency due to the knowledge of accountable and traceable administrative processes, as expected from greater citizen engagement.

Name: I.10. Beneficiaries satisfied with service delivery		Text	Not available	80%	Annual	Spot Checks	DSS & World Bank
Female (%)		Text	Not available	80%	Annual	Spot Checks	DSS & World Bank

Description: Share of beneficiaries satisfied with service delivery, out of a sample of beneficiaries (not cumulative, measured within a fiscal year). This is expected to increase over time as DSS improves application, grievance redress, and benefit payment processes. It will measure efficiency due to reduced transaction times, as expected from greater citizen engagement.



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
P.01. Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score	51%		58%	65%	72%	80%	80%
Female (%)	Not available						80%
P.02. Vulnerable persons in lowest two quintiles based on poverty score covered by cash transfer programs	40%		45%	50%	55%	60%	60%
Female (%)	Not available						60%
P.03. Cash transfer program budget delivered using digital payment	BDT 0.16 billion		BDT 1.50 billion	BDT 5.00 billion	BDT 12.00 billion	BDT 20.00 billion	BDT 20.00 billion
Female (BDT)	Not available						BDT 12.00 billion
P.04. Cash withdrawal time taken using digital payment	230.00		210.00	190.00	170.00	150.00	150.00

**Intermediate Results Indicators**

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
I.01. Beneficiary records digitized and poverty certified	3250000.00	4000000.00	5500000.00	2000000.00	4000000.00	6000000.00	6000000.00
Female (number)	1885000.00						3600000.00
I.02. Beneficiaries enrolled for digital payment	43000.00	150000.00	500000.00	1000000.00	1500000.00	2000000.00	1160000.00
Female (number)	24000.00						700000.00
I.03. Access points for applications and grievances	0.00	100.00	1125.00	2250.00	3375.00	4500.00	4500.00
I.04. Access points for digital payments	44.00	150.00	500.00	100.00	1500.00	2000.00	2000.00
I.05. Unions using poverty score for beneficiary selection	0.00	0.00	450.00	900.00	1350.00	2250.00	2250.00
I.06. Unions with personnel trained on business processes	0.00	500.00	1125.00	2250.00	3375.00	4500.00	4500.00
I.07. Enrollment decisions made within service standard	Not available		35%	50%	65%	80%	80%
I.08. Grievances resolved within service standard	Not available		35%	50%	65%	80%	80%
I.09. Community awareness of application	Not available		50%	60%	70%	80%	80%



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
and selection process							
Female (%)	Not available						80%
I.10. Beneficiaries satisfied with service delivery	Not available		50%	60%	70%	80%	80%
Female (%)	Not available						80%

79. The following definitions would apply for the purpose of the Results Framework:

PDO Results Indicators

- (a) “Cash Transfer Programs” mean Old Age Allowance, Widow Allowance, Disability Allowance and Disabled Students Stipend. (PDO Result Indicators P.01, P.02 and P.03)
- (b) “Digital payment” means a payment which is transferred to a recipient’s individual transactional account using the BEFTN and/or withdrawn through an electronic instrument (e.g. debit cards, mobile phones, national identification cards, etc.) using enhanced authentication measures (e.g. personal identification number, fingerprints, fingerveins, etc.). (PDO Result Indicators P.03 and P.04)
- (c) “Poverty score” means the score assigned by the NHD to allow determination of a household's eligibility for social assistance. (PDO Result Indicators P.01 and P.02)

Intermediate Results Indicators

- (d) “Access points” (for applications and grievances) mean unique locations where non-beneficiaries and beneficiaries of cash transfer programs are able to record applications and grievances through an internet-based form. (Intermediate Result Indicator I.03)
- (e) “Access points” (for digital payment) mean unique locations (temporary or permanent) established by PSPs with relevant equipment and staff capable of making digital payments. (Intermediate Result Indicator I.04)
- (f) “Application” means the submission of an expression of interest to participate in a cash transfer program using the specified online portal. (Intermediate Result Indicators I.03 and I.09)



- (g) “Business processes” mean modernized operating procedures of cash transfer programs covering application, identification, selection, enrollment, recertification, case management and benefit payment, among others, utilizing the DSS MIS. (Specific training programs will be developed during Year 1.) (Intermediate Result Indicator I.06)
- (h) “Digitized” means that individual records, containing Core Citizen Data Structure information, have been recorded in the DSS MIS. (Intermediate Result Indicator I.01)
- (i) “Enrolled” means that a beneficiary has had an individual transactional account opened with a PSP capable of making digital payment, or has had his/her existing individual transactional account enabled to facilitate digital payment. (Intermediate Result Indicator I.02)
- (j) “Enrollment decision” means that an applicant has been (i) accepted (i.e. eligible), (ii) rejected (i.e. not eligible), or (iii) waitlisted (eligible, pending availability of budgetary space) as a result of an eligibility assessment and prioritization criteria; and recorded accordingly in the DSS MIS. (Intermediate Result Indicator I.07)
- (k) “Grievances” mean complaints regarding any aspect of a cash transfer program. (Intermediate Result Indicators I.03 and I.08)
- (l) “Personnel” means at least one staff of DSS and one member of a Union Council, per union. (Intermediate Result Indicator I.06)
- (m) “Poverty certified” means that individual records in the DSS MIS have been matched against the NHD to determine qualification or disqualification on the basis of poverty, as applicable for the individual's specific upazila and/or union. (Individual records which have been cross-referenced but for which no match is found will also be considered.) (Intermediate Result Indicator I.01)
- (n) “Poverty score” means the score assigned by the NHD to allow determination of a household's eligibility for social assistance. (Intermediate Result Indicator I.05)
- (o) “Satisfied” means the average of responses indicating a positive experience (i.e. “highly satisfied” and “satisfied”) on a five-point scale (“highly satisfied”, “moderately satisfied”, “neither satisfied nor dissatisfied”, “moderately dissatisfied”, and “highly dissatisfied”). (Specific questions will be determined during Year 1). (Intermediate Result Indicator I.10)
- (p) “Selection” means the process of determining whether an applicant for a cash transfer program should be (i) accepted (i.e. eligible), (ii) rejected (i.e. not eligible), or (iii) waitlisted (eligible, pending availability of budgetary space), on the basis of a poverty score and/or other relevant criteria. (Intermediate Result Indicators I.05 and I.09)
- (q) “Service delivery” means solely the processes of selection, case management, and benefit payment. (Intermediate Result Indicator I.10)
- (r) “Service standard” means standard time in days to complete a specific business process. (Selected grievances to be used for measurement will be determined during Year 1). (Intermediate Result Indicators I.07 and I.08)
- (s) “Unions” mean the lowest administrative unit with local government representation within Bangladesh. (Intermediate Result Indicators I.05 and I.06)



Annex 1: Disbursement-Linked Indicator (DLI) Framework

Table I. DLI Targets & Allocated Amounts

DLIs		Year 1 (FY 2019)	Year 2 (FY 2020)	Year 3 (FY 2021)	Year 4 (FY 2022)	Year 5 (FY 2023)	Total
DLI 1 (P.01)	Targeting Modernization (Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score)	-	-	65.00% of beneficiaries	-	80.00% of beneficiaries	US\$ 30 million
		-	-	US\$ 15 million	-	US\$ 15 million	
DLI 2 (P.03)	Payment Modernization (Cash transfer program budget delivered using digital payment)	-	-	BDT 5.00 billion	BDT 12.00 billion	BDT 20.00 billion	US\$ 30 million
		-	-	US\$ 10 million	US\$ 10 million	US\$ 10 million	
DLI 3 (I.01)	Data Management (Beneficiary records digitized and poverty certified)	4.00 million records digitized	5.50 million records digitized	2.00 million records poverty-certified	4.00 million records poverty-certified	6.00 million records poverty-certified	US\$ 38 million
		US\$ 11 million	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 5 million	
DLI 4 (I.02)	Payment Enrollment (Beneficiaries enrolled for digital payment)	150,000 beneficiaries	500,000 beneficiaries	1,000,000 beneficiaries	1,500,000 beneficiaries	2,000,000 beneficiaries	US\$ 38 million
		US\$ 11 million	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 5 million	



DLIs		Year 1 (FY 2019)	Year 2 (FY 2020)	Year 3 (FY 2021)	Year 4 (FY 2022)	Year 5 (FY 2023)	Total
DLI 5 (I.03)	Contact Points (Access points for applications and grievances)	100 access points	1,125 access points	2,250 access points	3,375 access points	4,500 access points	US\$ 39 million
		US\$ 11 million	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 6 million	
DLI 6 (I.04)	Payment Points (Access points for digital payment)	150 access points	500 access points	1,000 access points	1,500 access points	2,000 access points	US\$ 39 million
		US\$ 11 million	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 6 million	
DLI 7 (I.05)	Selection Process (Unions using poverty score for beneficiary selection)	-	450 unions	900 unions	1,350 unions	2,250 unions	US\$ 28 million
		-	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 6 million	
DLI 8 (I.06)	Capacity Building (Unions with personnel trained on business processes)	-	1,125 unions	2,250 unions	3,375 unions	4,500 unions	US\$ 28 million
		-	US\$ 9 million	US\$ 7 million	US\$ 6 million	US\$ 6 million	
		US\$ 44 million	US\$ 54 million	US\$ 67 million	US\$ 46 million	US\$ 59 million	US\$ 270 million



Table II. DLI Verification Protocols

DLI	PDO Result Indicator / Intermediate Result Indicator	Process	Calculation
DLI 1. Targeting Modernization	Beneficiaries of cash transfer programs in lowest two quintiles based on poverty score.	Using the DSS MIS, an aggregate report would be generated showing (1) the total number of beneficiaries determined to be eligible as per NHD provided poverty scores within the limit of total spaces by unions (disaggregated by cash transfer program and gender), at any given time; and (2) the total number of beneficiaries (disaggregated by program and gender), at the same given time. This DSS MIS report would be submitted to the Bank. A third party would follow-up with a sample of beneficiaries to check whether, when and how their participation was confirmed, and their findings would also be submitted to the Bank.	The percentage of beneficiaries would be calculated on a cumulative basis. <ul style="list-style-type: none">• Numerator: Total number of beneficiaries who are determined to be eligible as per NHD provided poverty scores.• Denominator: Total number of beneficiaries as per the DSS MIS.
DLI 2. Payment Modernization	Cash transfer program budget delivered using digital payment.	Using their own information systems, PSPs would generate aggregate reports showing the total BDT transferred to beneficiary accounts (disaggregated by cash transfer program and gender), at any given time. DSS would compile such reports into a consolidated administrative report. This administrative report would be submitted to the Bank. A third party would follow-up with a sample of beneficiaries to check whether, when and how they received their most recent payment, and their findings would also be submitted to the Bank.	The aggregate amount of BDT delivered would be calculated on a cumulative basis.



DLI	PDO Result Indicator / Intermediate Result Indicator	Process	Calculation
DLI 3. Data Management	Beneficiary records digitized and poverty certified.	<p>Years 1 and 2: Using the DSS MIS, an aggregate report would be generated showing the total number of beneficiary records saved in the DSS MIS (disaggregated by cash transfer program and gender), at any given time. This DSS MIS report would be submitted to the Bank.</p> <p>Years 3, 4 and 5: Using the DSS MIS, an aggregate report would be generated showing the total number of beneficiaries determined to be eligible as per NHD provided poverty scores within the limit of total spaces by unions (disaggregated by cash transfer program and gender) at any given time. This DSS MIS report would be submitted to the Bank.</p>	The aggregate number of records which have been digitized (Years 1 and 2) and records which have been poverty certified (Years 3, 4 and 5) would be calculated on a cumulative basis.
DLI 4. Payment Enrollment	Beneficiaries enrolled for digital payment.	Using their own information systems, PSPs would generate upazila/union-wise reports showing the total number of beneficiaries who have had a transactional account opened (disaggregated by cash transfer program and gender), at any given time. DSS would compile such reports into a consolidated administrative report. This administrative report would be submitted to the Bank. A third party would follow-up with a sample of beneficiaries to check whether they have had such accounts opened, and their findings would also be submitted to the Bank.	The aggregate number of beneficiaries enrolled would be calculated on a cumulative basis.
DLI 5. Contact Points	Access points for applications and grievances.	Using the DSS MIS, an upazila/union-wise report would be generated showing the total number of unique MAC addresses using which applications and grievances have been logged using an internet-based form and given unique tracking numbers, at any given time. This DSS MIS report would be submitted to the Bank. A third party would follow-up with a sample of beneficiaries to check whether they logged applications or grievances, and their findings would also be submitted to the Bank.	The aggregate number of contact points would be calculated on a cumulative basis.



DLI	PDO Result Indicator / Intermediate Result Indicator	Process	Calculation
DLI 6. Payment Points	Access points for digital payment.	Using their own information systems, PSPs would generate upazila/union-wise reports showing the total number of access points which have made digital payment for at least one quarter of a fiscal year, at any given time. DSS would compile such reports into a consolidated administrative report. This administrative report would be submitted to the Bank. A third party would follow-up with a sample of access points to check whether they possess relevant equipment, have received training, and have made any payment, and their findings would also be submitted to the Bank.	The aggregate number of payment points would be calculated on a cumulative basis.
DLI 7. Selection Process	Unions using poverty score for beneficiary selection.	Using the DSS MIS, an upazila-wise report would be generated showing the total number of unions which have made selections of beneficiaries based on NHD provided poverty scores within the limit of total spaces by each union (disaggregated by cash transfer program and gender), at any given time. This DSS MIS report would be submitted to the Bank. A third party would follow-up with a sample of unions to check whether they received potential beneficiary lists from DSS for final consideration, and their findings would also be submitted to the Bank.	The aggregate number of unions would be calculated on a cumulative basis.
DLI 8. Capacity Building	Unions with personnel trained on business processes.	An upazila-wise administrative report would be prepared showing the total number of unions where personnel have received training on the role and use of the DSS MIS (including names and designations of such personnel, as well as their respective scores on the basis of a standardized assessment), at any given time. This administrative report would be submitted to the Bank. A third party would follow-up with a sample of such personnel unions to check whether they have received adequate training, and their findings would also be submitted to the Bank.	The aggregate number of unions would be calculated on a cumulative basis.