

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 76483-BD

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 331.4 MILLION
(US\$500 MILLION EQUIVALENT)

TO THE

PEOPLE'S REPUBLIC OF BANGLADESH

FOR A

SAFETY NET SYSTEMS FOR THE POOREST PROJECT

May 30, 2013

Human Development Unit
South Asia Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2013)

Currency Unit = Bangladesh Taka (BDT)

BDT 78.01 = US\$1

US\$ 1.51 = SDR 1

FISCAL YEAR

July 1 – June 30

ABBREVIATIONS AND ACRONYMS

BBS	Bangladesh Bureau of Statistics	GoB	Government of Bangladesh
BCC	Bangladesh Computer Council	GR	Gratuitous Relief
BDT	Bangladeshi Taka	GRO	Grievance Redress Officer
BEC	Bangladesh Election Commission	GRS	Grievance Redress System
BIHS	Bangladesh Integrated Household Survey	HIES	Household Income and Expenditure Survey
BPD	Bangladesh Poverty Database	IBAS	Integrated Budgeting & Accounting System
BSS	Beneficiary Satisfaction Survey	ICB	International Competitive Bidding
CAS	Country Assistance Strategy	ICR	Intelligent Character Recognition
CONTASA	Convertible Taka Special Account	IDA	International Development Association
DC	Deputy Commissioner	IEC	Information Education Communication
DDM	Department of Disaster Management	IFC	International Finance Corporation
DLI	Disbursement Linked Indicator	IFPRI	International Food Policy Research Institute
DRRO	District Relief & Rehabilitation Officer	IFR	Interim un-audited Financial Report
ECoP	Environmental Codes of Practice	IP	Indigenous People
EE	Eligible Expenditure	IPF	Investment Project Financing
EEP	Eligible expenditure program	IPPF	Indigenous Peoples Planning Framework
EGPP	Employment Generation Program for the Poorest	M&E	Monitoring & Evaluation
EMF	Environment Management Framework	MDTF	Multi Donor Trust Fund
EMP	Environment Management Plan	MIS	Management Information System
FFE	Food for Education	MoDMR	Ministry of Disaster Management and Relief
FFW	Food for Work	MoF	Ministry of Finance
FM	Financial Management	MPC	Marginal Propensity to Consume
FPC	Fair Price Cardholder	NGO	Non-Government Organization
GDP	Gross Domestic Product	NID	National Identity
OMS	Open Market Sales	RTI	Right to Information
PDO	Project Development Objective	SDR	Special Drawing Rights
PESP	Primary Education Stipend Program	SFYP	Sixth Five Year Plan
PFDS	Public Food Distribution System	SIA	Social Impact Assessment
PFPP	Procurement Focal Point	SMF	Social Management Framework
		SNSP	Safety Net Systems for the Poorest

PIC	Project Implementation Committee	SPS	Social Protection Strategy
PIO	Project Implementation Officer	SSN	Social Safety Net
PMT	Proxy Means Test	TRPC	Technical Project Review Committee
PPA/PPR	Public Procurement Act 2006 / Public Procurement Rules 2008	UNO	Upazila Nirbahi Officer
PSC	Poverty Score Card	UP	Union Parishad
RMP	Rural Maintenance Program	VGD	Vulnerable Group Development
RP	Resettlement Plan	VGF	Vulnerable Group Feeding
		RPF	Resettlement Policy Framework

Regional Vice President:	Isabel M. Guerrero, SARVP
Country Director:	Johannes C. M. Zutt, SACBD
Sector Director:	Jesko S. Hentschel, SASHD
Sector Manager:	Pablo Gottret, SASSP
Task Team Leader:	Iffath Anwar Sharif, SASSP

BANGLADESH
Safety Net Systems for the Poorest

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT	1
A. Country Context.....	1
B. Sectoral and Institutional Context.....	6
C. Higher Level Objectives to which the Project Contributes	14
II. PROJECT DEVELOPMENT OBJECTIVES	15
A. PDO.....	15
B. Project Beneficiaries	15
C. PDO Level Results Indicators.....	15
III. PROJECT DESCRIPTION	16
A. Project Components.....	16
B. Project Financing	21
C. Project Cost and Financing.....	22
D. Lessons Learned and Reflected in the Project.....	25
IV. IMPLEMENTATION	26
A. Institutional and Implementation Arrangements	26
B. Results Monitoring and Evaluation	27
C. Sustainability.....	29
V. KEY RISKS AND MITIGATION MEASURES	30
A. Risk Ratings Summary Table	30
B. Overall Risk Rating Explanation	31
VI. APPRAISAL SUMMARY	31
A. Economic and Financial Analyses.....	31
B. Technical.....	32
C. Financial Management.....	33
D. Procurement	34
E. Social (including Safeguards).....	34

F. Environment.....	35
G. Safeguard policies.....	36
Annex 1: Results Framework and Monitoring	37
Annex 2: Detailed Project Description.....	49
Annex 3: Implementation Arrangements	59
Annex 4: Operational Risk Assessment Framework (ORAF).....	82
Annex 5: Implementation Support Plan	88
Annex 6: Governance and Accountability Action Plan (GAAP).....	92
Annex 7: Bangladesh Proxy Means Test Formula for 2005 and 2010.....	102
Annex 8: Economic and Financial Analysis	109
Annex 9: Disbursement Linked Indicators Matrix and Verification Protocols	118

List of Figures	Page
Figure 1: Targeting effectiveness of selected SSN programs	4
Figure 2: Average annual grain distribution, 2003-12, by program and month	5
Figure 3: Trends in Social Protection expenditure	7
Figure 4: Proportion of households with access to safety nets	10
Figure 5: Distribution of Beneficiaries across Consumption Quintiles	13
Figure 6: Indicative financing (US \$ millions)	23
Figure 7: Proposed and revised allocation for DDM programs (BDT crore)	29
Figure A3.1: Overview of institutional arrangements	63
Figure A3.2: Estimated disbursements based on DLIs	68
Figure A8.1: Targeting effectiveness of selected SSN programs	109
Figure A8.2: Average annual grain distribution, 2003-12, by program and month	111
Figure A8.3: Poverty headcount under endline targeting (as function of total allocation)	115

List of Tables

Table 1: Performance of SSN transfers	3
Table 2: Transfer amounts of large SSN programs (monthly)	4
Table 3: Expenditures the largest safety net programs, 2008 – 2012 (BDT crore, real values)	8
Table 4: Coverage of SSNs by Per Capita Expenditure Quintile 2005, 2010	9
Table 5: Expenditures on key safety net programs implemented by MoDMR, FY12-13	13
Table 6: Project Cost and IDA Financing by Component	22
Table 7: DLI-specific allocation by FY	23
Table A3.1: Key positions at DDM PMU	60
Table A3.2: Key positions at BBS PMU	62
Table A3.3: FM Risk areas, ratings and mitigating measures	64
Table A3.4: Expenditure categories	66
Table A3.5: Estimated disbursement levels	67
Table A3.6: DLI-specific allocation by FY	68
Table A3.7: M&E arrangement to Ensure that Benefits Reach the Beneficiaries	80
Table A5.1: Implementation support	90
Table A5.2: Skills mix required	91
Table A7.1: Proxy Means Tests Formula – 2005 and 2010 (National, Urban and Rural Models)	106
Table A7.2: Comparison of targeting performance between 2005 and 2010 Models	107
Table A7.3: Incidence of targeting using a 20 th percentile cut-off	108
Table A7.4: Distribution of exclusion and inclusion error using a 20 th percentile cut-off	108
Table A8.1: Generosity of SSN Programs	109
Table A8.2: Summary statistics on the five programs (from BIHS and HIES)	112
Table A8.3: Summary of targeting rules for simulations	113
Table A8.4: Estimated impact of improved targeting on poverty headcount	114
Table A8.5: Potential savings from improved targeting	115

List of Boxes

Box 1: Characteristics of key safety net programs	8
Box 2: EGPP: Pushing boundaries in safety net delivery	12
Box A8.1: Safety Net Programs implemented by MoDMR	110

PAD DATA SHEET

Bangladesh

Bangladesh Safety Net Systems for the Poorest Project (P132634)

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

SASSP

Report No.: 76483-BD

Basic Information			
Project ID	Lending Instrument	EA Category	Team Leader
P132634	Investment Project Financing	B - Partial Assessment	Iffath Anwar Sharif
Project Implementation Start Date		Project Implementation End Date	
26-Jun-2013		31-Jun-2017	
Expected Effectiveness Date		Expected Closing Date	
01-Sep-2013		31-Dec-2017	
Joint IFC			
No			
Sector Manager	Sector Director	Country Director	Regional Vice President
Pablo Gottret	Jesko S. Hentschel	Johannes C.M. Zutt	Isabel M. Guerrero
Borrower: Economic Relations Division, Ministry of Finance			
Responsible Agency: Ministry of Disaster Management and Relief			
Contact:	Mr. Fazlul Haque	Title:	Joint Secretary
Telephone	9515884	Email:	jsrelief@dmrd.gov.bd
Responsible Agency: Statistics and Informatics Division			
Contact:	Mr. G.M. Mansur Rahman	Title:	Deputy Secretary
Telephone	01720121888	Email:	gmmonsur@gmail.com
Project Financing Data(in USD Million)			
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
Total Project Cost:	2672.00	Total Bank Financing:	500.00
Total Co-financing:		Financing Gap:	0.00

Financing Source						Amount
BORROWER/RECIPIENT						2172.00
International Development Association (IDA)						500.00
Total						2672.00
Expected Disbursements (in USD Million)						
Fiscal Year	2014	2015	2016	2017	2018	
Annual	22.00	74.00	121.00	139.00	144.00	
Cumulative	22.00	96.00	217.00	356.00	500.00	
Proposed Development Objective(s)						
The Project Development Objective is to improve the equity, efficiency and transparency of major social safety net programs to benefit the poorest households.						
Components						
Component Name					Cost (USD Millions)	
Support to MoDMR Safety Net Programs					430.00	
Strengthening of MoDMR program administration and transparency					30.00	
Development of the Bangladesh Poverty Database					40.00	
Institutional Data						
Sector Board						
Social Protection						
Sectors / Climate Change						
Sector (Maximum 5 and total % must equal 100)						
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %		
Health and other social services	Other social services	100				
Total		100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.						
Themes						
Theme (Maximum 5 and total % must equal 100)						
Major theme	Theme	%				
Public sector governance	Other accountability/anti-corruption	15				
Social protection and risk management	Social safety nets	70				
Social protection and risk management	Vulnerability assessment and monitoring	15				

Total				100
Compliance				
Policy				
Does the project depart from the CAS in content or in other significant respects?	Yes []		No [X]	
Does the project require any waivers of Bank policies?	Yes []		No [X]	
Have these been approved by Bank management?	Yes []		No []	
Is approval for any policy waiver sought from the Board?	Yes []		No [X]	
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]		No []	
Safeguard Policies Triggered by the Project				
	Yes		No	
Environmental Assessment OP/BP 4.01	X			
Natural Habitats OP/BP 4.04			X	
Forests OP/BP 4.36			X	
Pest Management OP 4.09			X	
Physical Cultural Resources OP/BP 4.11			X	
Indigenous Peoples OP/BP 4.10	X			
Involuntary Resettlement OP/BP 4.12			X	
Safety of Dams OP/BP 4.37			X	
Projects on International Waterways OP/BP 7.50			X	
Projects in Disputed Areas OP/BP 7.60			X	
Legal Covenants				
Name	Recurrent	Due Date	Frequency	
Project Steering Committees and Technical Project Review Committees	X		Yearly	
Description of Covenant				
The Government of Bangladesh, through the MoDMR and SID, shall establish within three months of project effectiveness and maintain throughout implementation of the Project, Project Steering Committees to provide oversight, and Technical Project Review Committees to support implementation, by DDM and BBS with membership, functions, responsibilities and resources satisfactory to the Association.				
Name	Recurrent	Due Date	Frequency	
Project Management Units (PMUs)	X		Yearly	
Description of Covenant				
The Government of Bangladesh, through the MoDMR and the SID, shall establish within three months of project effectiveness and maintain throughout implementation of the Project, PMUs at DDM and BBS, each of which shall have a Project Director whose level of seniority is at least that of Joint				

Secretary, with membership, functions, responsibilities and resources satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
MoDMR Operations Manual - Workfare Programs & Humanitarian Assistance Programs	X		Yearly

Description of Covenant

The Government of Bangladesh, through the MoDMR, shall ensure that the Project is carried out in accordance with (i) the Operations Manual for Workfare Programs, and (ii) the Operations Manual for Humanitarian Assistance Programs, both of which should be satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
Bangladesh Poverty Database	X		Yearly

Description of Covenant

The Government of Bangladesh, through the SID, shall complete the Poverty Score Card census, and develop and manage the Bangladesh Poverty Database in accordance with the BPD Operations Manual that is satisfactory to the Association.

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

Description of Covenant

The Government of Bangladesh, through the MoDMR and SID, shall carry out the Project in accordance with the Governance and Accountability Action Plan (GAAP).

Name	Recurrent	Due Date	Frequency
Compliance with Environmental and Social Management Frameworks	X		Yearly

Description of Covenant

The Government of Bangladesh, through the MoDMR, shall carry out the Project in accordance with the Environmental Management Framework, the Social Management Framework and each relevant Safeguards Assessment and Plan.

Conditions

Name	Type

Description of Condition

There are no conditions of Negotiations or Board presentation.

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Mohammad Sayeed	Consultant	Consultant	SARFM
Md. Mahtab Alam	Program Assistant	Program Assistant	SASHD

Maitreyi Das	Lead Social Development Specialist	Lead Social Development Specialist	SDV
Maria E. Gracheva	Senior Operations Officer	Senior Operations Officer	SASHN
Shakil Ahmed Ferdausi	Senior Environmental Specialist	Senior Environmental Specialist	SASDI
Junxue Chu	Senior Finance Officer	Senior Finance Officer	CTRLN
Iffath Anwar Sharif	Senior Economist	Senior Economist	SASSP
Thomas Walker	Young Professional	Young Professional	SASSP
Roch Levesque	Senior Counsel	Senior Counsel	LEGAM
Aneeka Rahman	Social Protection Economist	Social Protection Economist	SASSP
Burhanuddin Ahmed	Sr Financial Management Specialist	Sr Financial Management Specialist	SARFM
M.R. Ashish Joshi	Consultant	Consultant	MNSHD
Michael Prachar	Program Assistant	Program Assistant	LEGES
Nushin Subhan	Consultant	Consultant	SASSP
Muhammad Iftikhar Malik	Sr Social Protection Specialist	Sr Social Protection Specialist	SASSP
Sabah Moyeen	Social Development Specialist	Social Development Specialist	SASDS
Ashiq Aziz	Operations Analyst	Operations Analyst	SASSP
Syeda Jaferi Husain	Consultant	Consultant	SASSP
Pravesh Kumar	Social Protection Specialist	Social Protection Specialist	SASSP
Mainul Husain Khan	Procurement Specialist	Procurement Specialist	SARPS

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Bangladesh	Rajshahi	Rajshahi Division		X	
Bangladesh	Dhaka	Dhaka Division		X	
Bangladesh	Chittagong	Chittagong		X	
Bangladesh	Khulna	Khulna Division		X	
Bangladesh	Barisal	Borishal		X	
Bangladesh	Sylhet	Sylhet Division		X	
Bangladesh	Rangpur Division	Rangpur Division		X	

I. STRATEGIC CONTEXT

A. Country Context

1. **Despite remarkable progress in poverty reduction, extreme poverty in Bangladesh remains high.** Over the last decade, Bangladesh has experienced resilient GDP growth, averaging a rate of 6 percent per year. Poverty rates have also demonstrated an impressive steady improvement during this period with an average decline of 1.75 percentage points per year. An average decline of this rate out-performs a good number of other countries.¹ Poverty fell from 48.9 percent in 2000 to 40 percent in 2005 and to 31.5 percent in 2010. Coupled with this substantial decrease in the poverty rate Bangladesh made steady progress in human development as characterized by better nutrition outcomes, increased literacy, and improved access to supply water and living conditions.² While this overall consistent improvement in wellbeing is encouraging, poverty continues to be a substantial and stubborn problem with around 26 million people still living in extreme poverty in a country with a population size of about 150 million.

2. **Large numbers of people are vulnerable to shocks.** A changing climate has introduced new sources of vulnerability faced by Bangladesh's poor population. Economic impacts of shocks resulting from climate change could reverse the recent gains in the areas of economic growth and poverty reduction. The impact of shocks on poverty is of particular concern for Bangladesh given the large size of vulnerable population living around the poverty line: in 2010 52 million non-poor people consumed less than 1.5 times the value of the poverty line. Thus, a small shock can have a large impact on the poverty rate.

3. **Poor households living in the poorest regions are less likely to cope with shocks.** A nationally representative survey conducted in 2009³ show that households still rely on coping mechanisms that are likely to have negative welfare consequences or that are very costly. Rural households are particularly vulnerable. While urban households rely more on savings, rural households, for example, are more likely to dip into their assets or use high interest loans from money lenders compared to their urban counterparts. When faced with climate shocks, an overwhelming majority of households report to be less able to cope. This is consistent with the notion that when faced with climatic or covariate shocks, households are unable to rely on community-based coping instruments.

4. **The Government of Bangladesh recognizes that shocks and vulnerability are mainstream problems for the poor.** To address chronic poverty and vulnerability, the Government of Bangladesh (GoB) implements a large number of public social safety net (SSN) programs of varying sizes. These programs address poverty and vulnerability from a broad perspective, including through education, health, nutrition, employment, and disaster response programs targeted to the poor. Vulnerable groups, particularly the elderly, women, children, and disabled persons, are given priority in the delivery of safety net support, and is also emphasized

¹ Newman, et al. (2008) examine poverty changes over time from 90 countries and show that an average decline of 2.5 percentage points per year outperforms 80 percent of the countries in their sample.

² World Bank. 2013. "Bangladesh Poverty Assessment: Assessing a decade of remarkable progress" forthcoming

³ Santos, I, I. Sharif, H. Rahman and H. Zaman. 2011. "How do the poor cope with shocks in Bangladesh? Evidence from survey data." Policy Research Working Paper Series No. 5810

in the Sixth Five Year Plan (SFYP) FY2011-2015. Programs provide benefits in the form of food, cash transfers, or a combination of the two, and are administered through the Government administrative bodies and elected local government officials.⁴

5. **Well designed and implemented safety nets not only reduce poverty and vulnerability, they have shown to improve women’s wellbeing.** Existing studies suggest that some of Bangladesh’s safety net programs have shown to be effective at reducing poverty and improving gender outcomes. Participation in programs such as VGD (Vulnerable Group Feeding) and RMP (Rural Maintenance Program) has a significant positive impact on household food consumption, on female calorie intake and other measures of female empowerment.⁵ Safety nets have also shown to have a positive effect on mitigating both seasonal and non-seasonal food deprivation.⁶

6. **In the face of recent global food and energy price shocks Bangladesh was able to scale up coverage of several ongoing SSNs.** The Employment Generation Program for the Poorest (EGPP) program was set up in 2008 in response to the 2007-2008 food price crisis to provide short term employment to more than 600,000 poorest households annually during the two lean seasons. The Open Market Sales (OMS) program was also used to provide about 900,000 tons of subsidized rice: anyone is allowed to buy up to 5 kilograms of low quality rice per day through this operation. A Fair Price Cardholders (FPC) program resumed in November 2010 allowing some two million low income households to purchase up to 20 kilograms of rice per month at a below-market price. In addition, the Government initiated an input subsidy program in 2010, allowing farmers with less than 2.5 acres of land to open a bank account and receive a cash subsidy on diesel used in irrigation pumps. Allocations of other existing large food based SSNs such as Vulnerable Group Feeding (VGF), Gratuitous Relief (GR), Food for Works (FFW) and Test Relief (TR) programs, which are aimed at mitigating the adverse impacts of seasonal shocks and emergencies, were also increased.

7. **Workfare programs historically have been the Government’s main response to reducing poverty and vulnerability.** These programs implemented since the 1960s combine two objectives: a safety net function to help smooth consumption during lean seasons and a community infrastructure function. The severe famine of 1974 served to relegate the infrastructure function to the background and emphasized only the safety net function. After the consecutive floods of 1987 and 1988 when local infrastructure was severely damaged, the infrastructure focus of these programs re-emerged. However, after the food price hikes of 2007-2008, the pendulum swung back towards the safety net function of these programs.

8. **Given Bangladesh’s history of famines and catastrophic natural disasters, food based transfers have traditionally been the main form of income support to the poor.** The Public

⁴ There are non-government institutions as well that operate many anti-poverty programs such as microfinance institutions (MFIs) that act as safety nets to protect the consumption of households especially during shocks. Although limited in scale, MFIs have becoming increasingly active in experimenting with a number of initiatives to address chronic poverty and vulnerability caused by seasonality.

⁵ Ahmed, A et al. 2007. “*Relative Efficacy of Food and Cash Transfers in Improving Food Security and Livelihoods of the Ultra Poor in Bangladesh.*” WFP/IFPRI

⁶ Khandker, S et al. 2011. “*Can Social Safety Nets Alleviate Seasonal Deprivation: Evidence from Northwest Bangladesh.*” World Bank Policy Research Working Paper (forthcoming)

Food Distribution System (PFDS) supplies food grains to various food-based safety nets, which account for around three-quarters of its total PFDS food grain distribution. In addition to the food based public works programs (FFW and TR) and the OMS, the three other largest food based programs include VGF, GR and Vulnerable Group Development (VGD) programs. While VGF has a pre-defined benefit package and focuses on food security needs of poor households, GR offers both food and other transfers (e.g. blankets, tin, cash, etc) to meet the needs of disaster-affected poor households. VGD on the other hand combines food based transfers with training on income generating activities, and is targeted exclusively towards groups of women.

9. Despite these interventions, large numbers of poor people remain out of reach of SSNs. Estimations from nationally representative household surveys (HIES 2005, 2010)⁷ suggest that even though the SSN coverage of poor has improved over time it nevertheless remains low: in 2010, a third of the poor participated in at least one social assistance program as compared to 21 percent in 2005 (Table 1). These results also

	2005	2010
Coverage of the poor (%)	20.9	34.4
Inclusion Error (%)	44.3	59.8
Targeting efficiency (%)	52.6	35.3
Generosity (for all recipient) (%)	13.2	8.8
Generosity (for poor) (%)	22.2	10.6

Source: HIES 2005 and 2010.

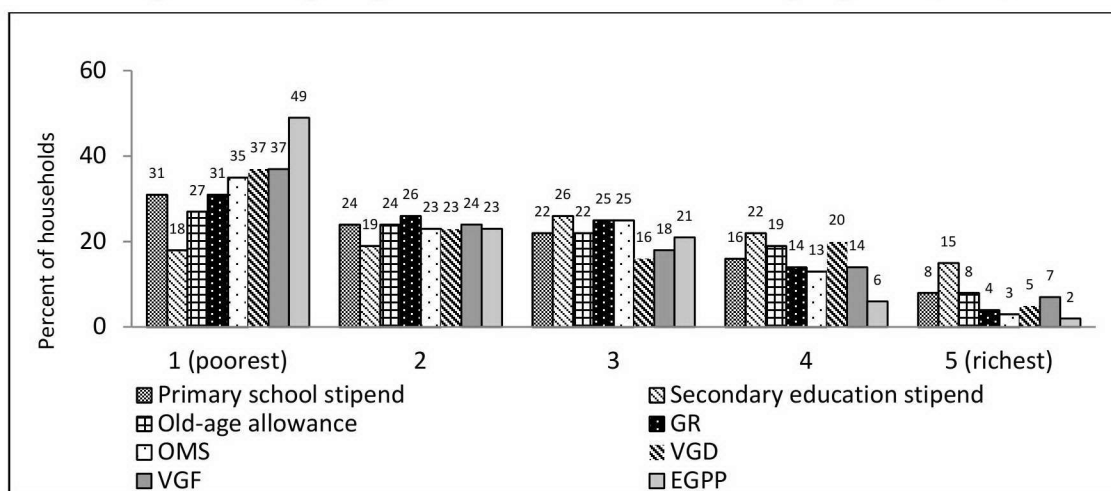
suggest large scale inclusion errors among the SSN programs. The proportion of SSN programs recipients who are non-poor increased from being 44 percent to almost 60 percent. Similarly, the share of total program spending accruing to the poor (targeting efficiency) dropped from 52.6 to 35.3 percent within the five year period. Average transfer adequacy (i.e. generosity) on average is also low, and has worsened over the years: the share of real value of transfers of the total consumption levels of poor households has almost halved, falling from 22 to 11 percent.

10. There is scope for better targeting of benefits of some of the largest SSNs. The five of the largest SSN programs are implemented by the Ministry of Disaster Management and Relief (MoDMR), and constitute a little more than a third of the total social protection budget (which was about 14% of the Government budget in FY13). These five SSN programs include the EGPP, FFW, TR, GR and VGF, and together these programs received an allocation of US\$678 million in FY13. According to a 2011 IFPRI survey that is nationally representative of rural Bangladesh, even though these programs are relatively more pro-poor than some of the other SSNs, there is scope for improved targeting of their resources (Figure 1). With its more stringent eligibility criteria relative to the other programs and bank-transfer payment system, EGPP is much better targeted than other SSN programs – it has the highest proportion of its beneficiaries who belong to the poorest twenty percent of the population compared to any other SSN program. Nevertheless, there is still room for improvement: around 29 percent of EGPP beneficiaries in 2011 were in the top three expenditure quintiles of the consumption distribution. A 2010 household survey on EGPP show similar results: 22 percent of EGPP participants were from above the poverty line. In the case of VGF and GR 40 percent and 43 percent of their beneficiaries are from the top three quintiles respectively. It is important to note these are

⁷ The 2005 and 2010 HIES data was collected by the Bangladesh Bureau of Statistics (BBS) and is the second and third in this series of national household surveys conducted in Bangladesh to estimate poverty levels. The HIES is a multi-module survey covering a range of topics spanning the wide spectrum of economic and social sectors, including a module on social safety nets.

relatively better outcomes than many other countries. In Latin America and Eastern Europe and Central Asia the mean coverage rate of the poorest quintile is 19% and 42% respectively.⁸

Figure 1. Targeting effectiveness of selected SSN programs (2011)



Source: Prepared by Akhter Ahmed, International Food Policy Research Institute (IFPRI), using data from the 2011-2012 Bangladesh Integrated Household Survey conducted by IFPRI. The survey is nationally representative of rural Bangladesh.

11. **Beneficiaries do not always receive the full amounts of their entitlements or have full information regarding their entitlements.** According to the HIES 2010, on average, there is a variation in the leakage in benefits by programs as reported by beneficiaries (Table 2). While households reported their expectations for benefits under VGF and GR were 14 kg and 18 kg respectively, program guidelines report GR entitlements to be 10 to 20 kg, while in the case of VGF the range is also between 10 to 20kg. Leakage in benefit amounts is not unique to Bangladesh, and is a challenge faced by many developed and developing nations.⁹

12. **There are several reasons why resources allocated may be diverted from their intended use.** First, poor program design and implementation might cause part of the transfer to leak to non-poor beneficiaries, as shown in Table 1. Second, a portion of benefit amount can be captured by program officials or other vested interest groups. This problem is found to be

	Amount entitled (Taka)	Amount received (Taka)
VGF	343 (14.3kg)	274 (11.4kg)
Gratuitous Relief	429 (17.9kg)	378 (15.7kg)
Old-age allowance	574	501
Primary school	158	143
Secondary school	155	154

Source: HIES 2010

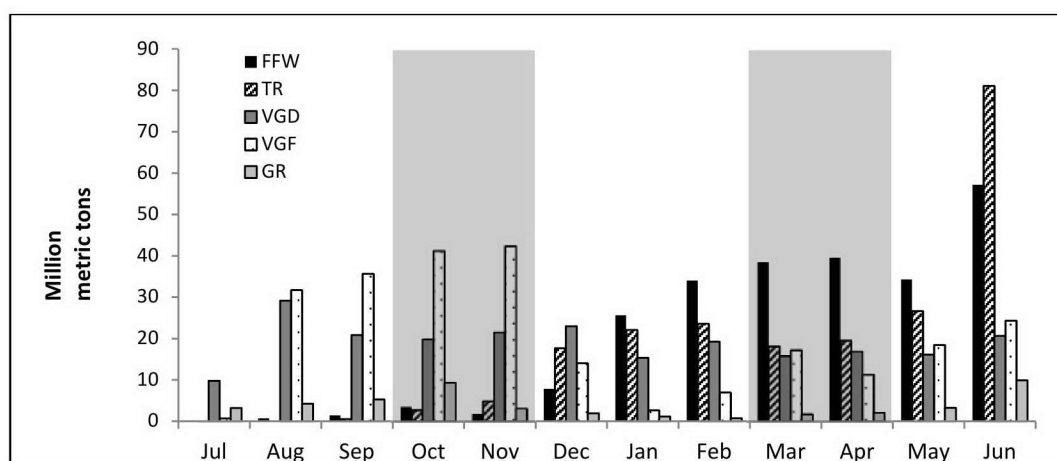
⁸Grosh et al, 2008. For Protection and Promotion: The Design and Implementation of Effective Safety Nets

⁹ See for example, Lindert, K. 2005. "Implementing Means-Tested Welfare System in the U.S." Social Protection Discussion Series Paper Series No. 0532 and Mianovic, B. 2000. "Social Transfers and Social Assistance: An Empirical Analysis Using Latvian Household Data." Policy Research Working Paper 2328, World Bank

mainly in food based safety nets which have to rely on multiple intermediaries in the benefit delivery process. Third, benefit amounts may be less than stipulated because of unauthorized payments by the beneficiary to program officials. Evaluations of EGPP show that these types of unofficial “capture” of benefits have reduced with the introduction of beneficiary bank accounts, a result confirmed by an IFPRI study.¹⁰ Not all short payments however are due to malpractice. Often part of the benefit is used by program officials to recover the cost of bagging and transporting the food transfer. In the case of public works, part of the benefit is used often for non-wage costs associated with small infrastructure project implementation. Thus designing effective delivery and payment system, and control and accountability mechanisms are critical.

13. **The administration of food programs is difficult, partly driven by poor information systems that do not allow for sufficient monitoring and evaluation of program implementation.** Although the economic benefit of these improved systems is difficult to estimate, a nontrivial example of how this information could help the government plan is in the timing of benefits. Figure 2 graphs the average distribution of rice and wheat, by month, over the past ten years for FFW, TR, VGF and GR. The two lean seasons during the months of September-October and March-April, when casual employment and food stocks are traditionally most scarce, are shaded.

Figure 2. Average annual grain distribution, 2003-12, by program and month



Note: Shading denotes the two major lean seasons (occurring just prior to the major rice harvests).

Source: Data from Ministry of Food and DGF, provided by IFPRI.

14. Perhaps coincidentally, the two lean seasons are covered but by different programs. The food-based workfare programs (FFW and TR) distribute most of their benefits in June, and provide almost no food aid during the most challenging lean season of October/November. There may be a range of operational explanations, including the necessity of conducting public works projects immediately before the monsoon season. However, the grain distribution pattern can also be partly explained by delays in forming project implementation committees.¹¹ Furthermore,

¹⁰ IFPRI. 2011. Operational Performance of the Employment Generation Programme for the Poorest.”

¹¹ Ahmed, A.U., S. Zohir, S. K. Kumar and O.H. Chowdhury (1995), ‘Bangladesh’s Food-For-Work Program and Alternatives to Improve Food Security.’ In J. von Braun (ed.), ‘Employment for Poverty Reduction and Food Security,’ Washington, D.C.: International Food Policy Research Institute

household surveys report receipt of benefits from the TR programs of only a fraction of the official allocations while no respondents reported receiving a benefit from FFW (see Annex 8). Having real time information on project performance would make it easier for the MoDMR to plan the program implementation in a coordinated fashion, and thereby ensure the timeliness of program implementation which is critical for reducing vulnerability.

15. The MoDMR recognizes these challenges with regards to coverage, targeting, leakage and administration of its five major safety net programs, and has requested IDA support to improve their performance. A more effective targeting and efficient program administrative system that improves beneficiary identification and reduces opportunities for leakage in benefit amount could substantially increase the coverage of poor households within the existing budget envelope and have a larger impact on poverty. Basic simulations using household and program level data suggest that indeed under conditions of improved targeting of resources and reduced leakage in existing benefit amounts, these programs alone have the potential to reduce the 2010 rural poverty headcount rate from 34.6% to around 34.1%. This translates to an additional half a million individuals being lifted out of poverty. Alternatively, holding the poverty headcount constant, with a more efficient targeting system combined with no leakage in benefit amounts, these programs would collectively achieve their *existing* poverty reduction impact with 45 per cent fewer funds (see Annex 8). Utilizing these additional funds to increase the size of benefits could potentially have a larger impact on poverty as long as they reach the poorest population.

16. Thus, the broad objective of the proposed project is to assist the MoDMR in developing an integrated system of safety nets administration that focuses on improved targeting, and efficient and transparent implementation. Investing in these systems for implementing these large safety nets would not only help to increase a much needed coverage of the poor in the short term, it would also help GoB improve the quality of a large amount of public expenditure earmarked for SSN programs in the medium term.

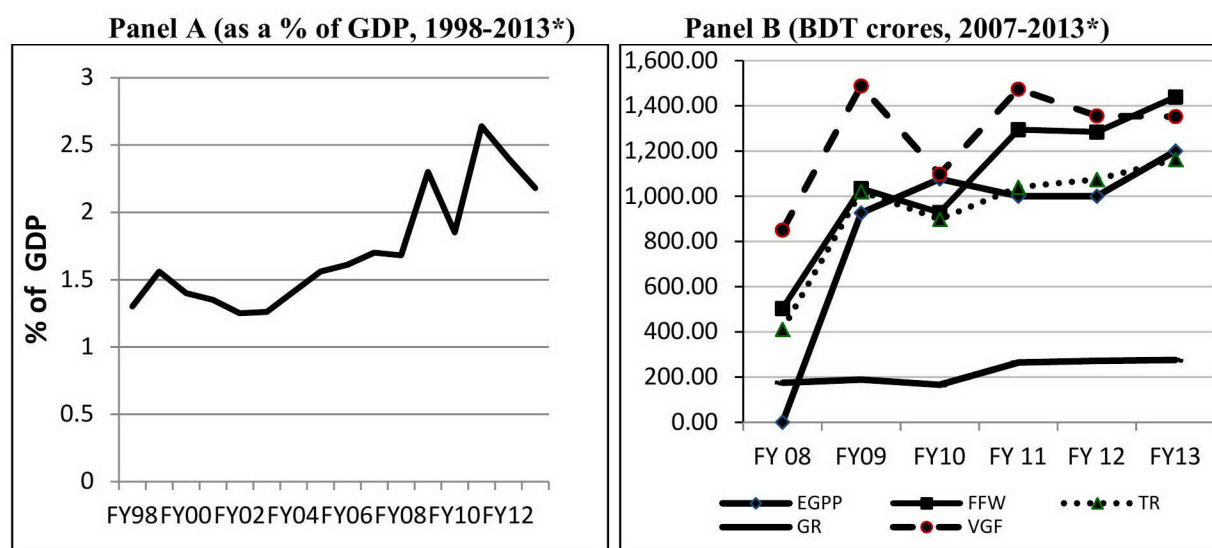
B. Sectoral and Institutional Context

17. Bangladesh possesses significant experience in providing assistance to the poor through SSN programs and shows remarkable willingness to evaluate programs and confront shortcomings. Although some of the programs started as early as in mid-1960s, the administrative structure and the implementation mechanisms have gone through substantive changes over the years. The most notable changes include transforming relief programs to development programs, converting ration price subsidies to targeted food distribution, and engaging other stakeholders such as Non-Government Organizations (NGOs) and microfinance organizations in the implementation of various safety net programs. The current structure of the social protection landscape in Bangladesh where there are a large number of programs that are not well coordinated and harmonized, is to a large extent determined by these initial conditions that created a space for experimentation and innovation in social protection services offered by both public and private actors.

18. Allocations towards SSNs, including those implemented by MoDMR have increased over time. The GoB's commitment to the fight against poverty and vulnerability is evidenced by increased budgetary allocations for social protection programs in recent years. The Government

provided an average of 12 percent of total annual public expenditures (about 1.8 percent of GDP) for social protection during 1996-2008. Since then the allocation was increased in response to recent global food and energy price crises to about on average 14 percent of the total budget over 2009-2012, and reached as high as 2.64 percent of GDP in FY11 as shown in Panel A in Figure 3. This was partly aided by the increasing fiscal space in view of steady growth rates of on average 6 percent over the recent years. Allocations for the MoDMR programs have also increased steadily, the steepest increase being in 2008-2009, the year following the food price crisis (see Panel B, Figure 3).

Figure 3. Trends in Social Protection expenditure



*Budgeted figures are reported for FY13. Social protection expenditures as defined by GoB include expenditures mainly on food based emergency/seasonal relief and public works programs, formal and informal pensions, cash allowance programs, agricultural support programs, disaster risk reduction programs, education stipends, health and nutrition related programs, microfinance and employment training programs, and so forth.

19. **There is a wide spectrum of programs under the rubric of social protection expenditures.** Social protection expenditures although spread across 99 programs can essentially be grouped under a few broad categories. The major safety net programs include food based emergency/seasonal relief and public works programs, followed by cash allowance programs geared towards vulnerable groups and other special groups such indigenous populations, widows, the disabled and freedom fighters. Education stipend programs are also counted in the social protection budget, as are agricultural programs aimed at supporting farmers. Micro-credit and rural employment type programs and programs addressing climate change also constitute a relatively large share of the social protection budget. Box 1 provides a brief description of the main types of SSNs.

20. **The ten largest programs constitute over 70 percent of the total social assistance budget).**¹² These programs are implemented by six agencies, namely the (i) Ministry of Social Welfare, (ii) the Ministry of Food, (iii) the Ministry of Disaster Management and Relief, (iv) the Ministry of Women and Children’s Affairs, (v) the Ministry of Primary and Mass Education, and

¹² This figure includes the pension allocation for retired government officials.

(vi) the Ministry of Finance. A host of other Ministries implement the remaining allocation spread across numerous programs. Table 3 presents the expenditures for some of these major programs (excluding the pensions program for retired Government officials).

Box 1. Characteristics of key safety net programs

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

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

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

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

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

Source: Ahmed et al. 2010. "Income growth, safety nets, and public food distribution."

Table 3. Expenditures of the largest safety net programs, 2008 – 2012 (BDT crore, real values)

	2008	2009	2010	2011	2012
Old age allowance	472.44	604.48	614.48	553.06	531.72
Open Market Sales	472.81	799.97	820.69	1147	1047.32
Vulnerable Group Feeding	1171.28	818.78	1059.26	841.38	806.95
Vulnerable Group Development	574.80	444.16	440.23	468.42	481.49
Test Relief Food	803.53	670.04	657.85	693.54	693.86
Food for Work	814.12	692.28	685.35	792.03	858.77
Employment Generation Program for the Poorest	729.13	803.07	689.66	620.71	716.12
Primary Education Stipend Program	384.25	428.99	517.24	546.22	566.33

Source: Ministry of Finance

21. **SSN expenditures are geographically targeted, and programs are mainly concentrated in rural areas.** There has been a substantial expansion in the coverage of safety nets over the recent years, consistent with the increase in expenditures over that period. About a quarter of households benefited from at least one safety net program in 2010, compared to only 12 percent in 2005 (Table 4). The success of the geographic targeting process is underscored by the fact that coverage rates are closely correlated with division level poverty rates. This represents a significant improvement over time: in 2005, the coverage of safety nets was *negatively* correlated with regional level poverty rates.

22. **A sizeable number of non-poor households continue to receive benefits.** SSN programs are on balance progressive, with around two fifths of beneficiaries coming from the poorest twenty percent of the population (Table 4). However, there are large inclusion errors, with coverage in the richest two quintiles more than doubling during the period 2005-10. Thus, while resource allocation across areas is pro-poor, within area targeting of resources at the household level could be further improved. Targeting errors are exacerbated by the complexity and misapplication of program rules.

Quintile	2010	2005
1	39	24
2	32	16
3	25	14
4	20	8
5	10	4
Total	24.6	12.6

Source: HIES 2010, HIES 2005

In some programs, multiple criteria are used to target benefits to the same income group. Targeting criteria are not always applied, and surveys have shown that beneficiaries rarely fulfill all the criteria. In some cases, the indicators used to identify the poor are difficult if not impossible to observe and verify.¹³

23. **There are also a large number of intermediaries in the delivery of program benefits, particularly for food based programs.** For example, in the case of the VGD and the food based public works programs that depend on the PFDS, food grains are loaded and unloaded at a number of points before finally being delivered to beneficiaries.¹⁴ A distinguishing characteristic of the RMP and EGPP, which have an estimated leakage of less than 5% of total allocation, is that they appear to have few intermediaries, or at least none that are able to intervene in the cash payment process at any point.

24. **The administration of the food based programs is difficult and costly, and a movement towards cash based transfers would improve program efficiency.** A 2009 IFPRI study¹⁵ estimates suggest that on average, the delivery cost of transferring Tk 1 worth of food is Tk 0.20 (or 20 paisa). In contrast, the delivery cost of cash is negligible—it costs only 15 paisa to transfer Tk 1,000 in cash to a recipient. Furthermore local government officials are responsible for collecting

¹³ World Bank. 2008. “Creating Opportunities and Bridging the East-West Divide.” Poverty Assessment for Bangladesh.

¹⁴ Ahmed et al. 2004. “Food aid distribution in Bangladesh: leakage and operational performance.” FCND DISCUSSION PAPER NO. 173. IFPRI

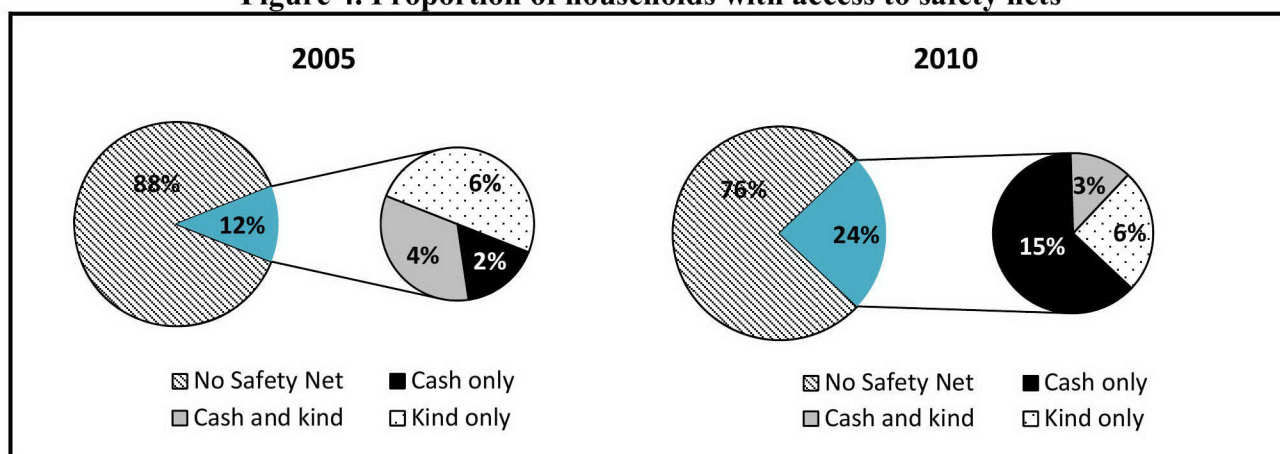
¹⁵ Ahmed, A., A. Quisumbing, J. Hoddinott, M. Nasreen, and E. Bryan. 2009. “Comparing food and cash transfers to the ultra poor in Bangladesh.” Research Monograph 163. Washington, D.C: International Food Policy Research Institute.

grains from the local depot and making deliveries to beneficiaries. The cost of collecting and distributing food is not fully paid by the program. This often leads to further leakage. For cash programs, the cash can be transferred through banks or other formal financial channels such as mobile phones and postal cash cards. For example in the case of EGPP, the beneficiary opens a passbook account at the local bank and payments are made straight to the beneficiary account based on the recommendation of local government officials.

25. **Social safety net programs have gradually shifted from food transfers to cash transfers.** In 2005, the bulk of public transfers in Bangladesh were allocated to more expensive food transfer programs. Over time, the Government has boosted cash transfer programs, and thereby their share of total program spending (Figure 4). The Food-for-Education program was transformed into a cash-based stipend program, and Cash-For-Work has been gradually incorporated into the FFW and TR programs. The EGPP, introduced in 2008, is a wholly cash-based program. This increased emphasis on cash transfers reflects a recognition by the Government that these programs are more cost effective and carry a lower risk of misappropriation.

26. **Nevertheless, food transfer programs remain an important pillar of Bangladesh’s food security strategy,** and serve a secondary role in turning over the country’s emergency grain supplies. The Public Food Distribution System (PFDS) stocks of rice and wheat must be rotated to accommodate new stocks and to prevent losses resulting from quality deterioration. The PFDS operates through 15 distribution channels that broadly fall into two groups: 8 monetized (sales) and 7 non-monetized channels. The latter are composed of the food-based safety net programs, accounting for almost three-fourths of the total PFDS distribution. A complete switch from food-based safety nets to cash-based programs will involve a major reshuffling of PFDS operations. Phasing out food-based transfer programs is therefore a nontrivial process which will require technical assistance, dialog and careful long term planning. The proposed Modern Food Storage Facilities Project supported by the Bank could help to reduce the frequency of the rotation of public food stocks, and as a result reduce the pressure on safety nets to manage these stocks.

Figure 4. Proportion of households with access to safety nets



Source: HIES 2010, HIES 2005

27. **There is an increased recognition by the GoB for a strong focus on improving the targeting and administrative capacity of SSNs, partly driven by the relatively successful**

performance of the EGPP. The Government requested for World Bank financial and technical support for EGPP in 2009, which was subsequently approved in November 2010. The focus of this US\$150 million results based project implemented by MoDMR is on bringing governance improvements in the program via rigorous targeting at the geographical, household and gender levels; improved governance through clearer rules and enhanced transparency in payment mechanisms; and stronger accountability via a robust monitoring and evaluation system. Bank financing has been provided based on achieving these results, and has been used to finance one-third of the total cost of the Program. The project has a rigorous monitoring and evaluation framework including both quantitative and qualitative evaluations as well as third party monitoring arrangements.

28. Third party evaluation shows that targeting errors in EGPP has come down from previous years. According to a study conducted independently by IFPRI,¹⁶ the self-targeting feature of the program is working relatively well. Other third party process evaluations conducted by PPRC suggest incremental improvements in the implementation of the program but also highlight challenges yet to overcome such as weak worker attendance verification and grievance mechanisms.¹⁷ Given these initial positive results, the GoB has increased allocations to the EGPP program by 20 percent in FY13, and has also increased allocations towards the poorest regions of Bangladesh. That GoB requested for a similar IDA support for the remaining SSNs implemented by MoDMR through its implementing agency, the Department of Disaster Management (DDM) in May 2012 is a testament to the increased recognition of the benefits of incremental reform measures adopted under the EGPP project (see Box 2).

29. Encouraged by the results achieved under EGPP, the GoB is exploring ways to reduce food based transfers through SSNs without adversely affecting the PFDS. The evidence on leakage in benefits while somewhat mixed and varied across programs, suggests higher leakage from food transfer programs. There are large number of intermediaries in the PFDS, as well as complexities surrounding procurement, distribution, and storage of food. Eventually it would be more cost-effective if all public works programs were consolidated under a common program such as EGPP, and is made cash-based. However, given that a large amount of food based transfers are distributed via local politicians, the political economy challenges of large scale reform of these programs are formidable. The MoDMR is fully cognizant of these challenges, and is taking an incremental approach to bringing about politically difficult reforms. An example is their willingness to convert a portion of the transfers under TR into cash under the proposed project.¹⁸ If successful, this process has the potential to initiate the consolidation of safety nets as well as the movement away from food to cash based transfers. It is important to note however, that a complete shift from food to cash based transfers can only happen once GOB has developed a more cost-effective public food stocks management system that does not rely on safety net programs to rotate public stocks.

¹⁶ IFPRI. 2011. "Operational Performance of the Employment Generation Programme for the Poorest."

¹⁷ PPRC. 2012. "EGPP in Operation: Process Assessment through Spot Checks April-May 2012."

¹⁸ Background analysis conducted as part of project preparation by PPRC shows that while FFW and EGPP are moving towards a more coherent program profile in terms of clientele, project type and implementation guidelines, TR stands out as one program that is gradually losing its raison-d'être. Not surprisingly, from the standpoint of governance quality, TR was found to be universally poorer vis-à-vis the other two workfare programs. This is the underlying reason for starting the consolidation process with TR.

Box 2. EGPP: Pushing boundaries in safety net delivery

The Government of Bangladesh (GoB) launched the Employment Generation Program for the Poorest (EGPP) in 2009 in response to the 2008 global food price crisis to provide short term employment on local infrastructure projects to enable poorest households to better cope with vulnerability. The EGPP introduced substantial innovations including changes to the targeting of the program by concentrating on geographical areas with higher poverty rates and tightening selection criteria for beneficiaries; the introduction of a quota for female participants and cash wage payments through the banking system; and modern and improved systems for program monitoring. Implemented by MoDMR, the program is heavily focused on results and evidence-based policy making.

Quantitative evaluation studies conducted by IFPRI (2011, 2012) and the World Bank (2012)¹⁹ suggest beneficiary selection process and self-targeting features of the program performed well. Program reforms enacted to enhance female participation with a target of 33 percent are well on their way to success, although there is wide variability throughout the country. Focus group discussions reveal that light workload in EGPP project and their close proximity to villages not only offer an income earning source for poor women but also alternatives to migration for men who are physically unable to migrate to look for work during lean seasons. However, challenges in the implementation include the constant threat of political capture, presence of ghost workers, and social barriers for women in certain parts of the country. Beneficiaries are in general very happy to receive payments through banks, which has reduced substantially the levels of leakage in payments compared to when they were made by hand. Nevertheless the distance to banks implies additional costs to beneficiaries, and the maintenance of attendance register manually makes it difficult to remove “ghost workers.” Greater flexibility in terms of the choice of schemes was found to facilitate the creation of useful community assets, but project management remains susceptible to political interference. Monitoring in some places remains inadequate due to staff shortages. Despite these challenges, preliminary evaluations on EGPP beneficiary household expenditure suggest incremental positive and significant changes.

The results of the evaluation work are already being used to improve the design and administration of the program. For instance, given that problems with beneficiary selection were greatest in lower poverty areas, the Government revised the geographic targeting formula by increasing allocations to the poorest areas from 50 to 60% while reducing the allocation for the least poor areas. To address challenges with bank payments, using Bank grant resources from the Rapid Social Response MDTF, the program is piloting a system to electronically link work attendance to payments and make payments via debit cash cards and mobile phones respectively. Results of these pilots are expected to suggest the most cost-effective payment option for beneficiaries of the EGPP, and for other similar programs.

30. GoB is also committed to developing the Bangladesh Poverty Database (BPD) of poor households based on Proxy Means Tests (PMT) to help establish a better targeting system for SSNs. The Bangladesh Bureau of Statistics (BBS) has been entrusted by the Cabinet Division²⁰ to develop a database of poor households under the guidance of the Statistics and Informatics Division (SID) of the Ministry of Planning. The rationale for this initiative is to allow safety net programs adopt a more coordinated approach to targeting their beneficiaries

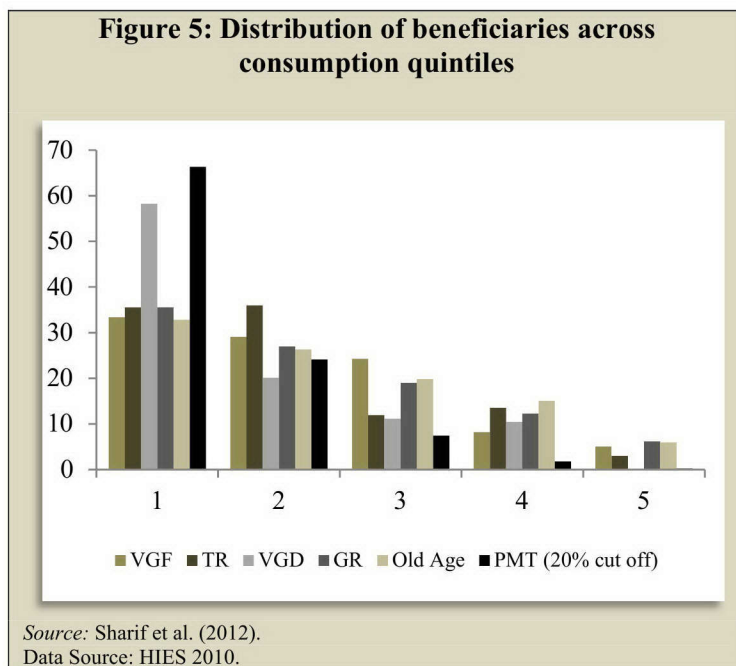
¹⁹ Hasanath, U. 2012. “EGPP: Determinants of Participation and Implementation: Evidence from Household Surveys”. World Bank, Dhaka. (mimeo)

²⁰ The Cabinet passed GoB’s plan to develop this database along with a strategy for the development of safety nets on September 11, 2012. The Daily Star News “Cabinet okays workplans.” September 11, 2012

more accurately, as has been done in many other countries. Given the need for substantial resources to implement this activity, MoDMR has also requested for IDA assistance for technical support for BBS to develop this targeting system based on global good practice. This will benefit not only the programs implemented by MoDMR but also the large number of other targeted safety net programs implemented by other Ministries.

31. Simulation analysis suggests adopting a PMT based targeting mechanism is likely to improve the targeting efficiency of SSNs.

This method of targeting which has been adopted in many parts of the world, identifies key characteristics of the poor from household data and uses these to develop a database of household level “poverty scorecard” with which to identify poor households. Simulation analysis shows that using a PMT based targeting system can predict the poor fairly well and could outperform the current targeting performance of a number of key SNs. Except for VGD, most of the other programs have on average of about 30 percent of their beneficiaries who belong to the bottom quintile. Using a cut-off point of 20th percentile, around 66 (90) percent of the beneficiaries could potentially be drawn from the bottom 20 (40) percent of the population (see Figure 5). This is of course an upper bound since the simulation assumes 100 percent uptake and perfect implementation. Improving the targeting of the five SSN programs of MoDMR will result in an improvement in the quality of a sizeable portion of public expenditures. The total allocation for these programs was US\$623 million in FY12 (see Table 5).



about 30 percent of their beneficiaries who belong to the bottom quintile. Using a cut-off point of 20th percentile, around 66 (90) percent of the beneficiaries could potentially be drawn from the bottom 20 (40) percent of the population (see Figure 5). This is of course an upper bound since the simulation assumes 100 percent uptake and perfect implementation. Improving the targeting of the five SSN programs of MoDMR will result in an improvement in the quality of a sizeable portion of public expenditures. The total allocation for these programs was US\$623 million in FY12 (see Table 5).

Table 5. Expenditures on key safety net programs implemented by MoDMR, FY 12 –13

Program	FY 12 (\$ mil)	FY 13* (\$ mil)
Vulnerable Group Feeding (VGF)	169.4	169
Test Relief (TR)	134.3	145.3
Gratuitous Relief (GR)	33.9	34.4
Food for Works (FFW)	160.5	179.9
Employment Generation Program for the Poorest (EGPP)	125	150
Total	623.1	678.6

*Budgeted. Source: Ministry of Finance

32. The Bank is well-positioned to support the MoDMR in the improved management and administration of its SSN programs, and more accurate targeting of benefits to the poor. The on-going support for EGPP and its successful implementation through a DLI-based

IDA credit which closes on June 30, 2014²¹ has resulted in a strong partnership between the Bank and MoDMR. Through the Bank's operational engagements in other developing countries, as well as through various analytical studies on poverty and safety nets, the Bank has established itself as a knowledge organization that is well positioned to bring international good practice to bear. The proposed results-based operation, the Safety Net Systems for the Poorest (SNSP) Project, plans to continue support for EGPP as well as to provide support for improved implementation of the additional programs - FFW, TR, GR, and VGF. This will allow the MoDMR to leverage global good practices in the areas of building targeting, program administration and M&E systems, and lead these five safety net programs along an incremental reform path to better serve the needs of the poor.

C. Higher Level Objectives to which the Project Contributes

33. The nature of the proposed project helps to fulfill one of the main elements of Bangladesh's poverty reduction strategy in the Sixth Five Year Plan (SYFP) which aims to "strengthen the coordination, targeting and coverage of social protection programs." The GoB is developing a national Social Protection Strategy (SPS) aimed at harmonizing all social protection programs and improving their monitoring and evaluation capacity. SNSP will be a critical milestone in this strategic process as it will strengthen the analytical, empirical and institutional base to inform the implementation of this national Strategy. Furthermore, the Bangladesh Poverty Database (BPD) that will be developed under SNSP will not only facilitate better targeting of poor households for safety net service delivery, it will also provide for a way to improve the coordination among various safety nets implemented by different ministries. As was the case in many countries in Latin America, this database has the potential to over time facilitate the consolidation of all safety nets under one coordinating agency.

34. The World Bank Country Assistance Strategy (CAS report no. 54615)²² for FY11-14 also recognizes the need to streamline diverse safety nets through a more efficient and effective model to deepen and broaden the coverage of the most vulnerable. The proposed project is fully aligned with this overall objective. Specifically, the achievement of the project PDO will contribute directly to the results under the CAS Strategic Objective 3: *Improving the delivery of social services* and Outcome 3.3: *Strengthened social protection system to reduce vulnerability*. The emphasis on gender-based targeting under the proposed project would also contribute to the achievement of outcome 4.4 of expanded participation in local development and women's economic empowerment under the Strategic Objective 4: *Enhance Accountability and Promote Inclusion*.

35. The successful implementation of the proposed SNSP project is likely to further deepen the Bank's current successful engagement with MoDMR, as well as motivate other Ministries to adopt a similar path of incremental reform. Thus, the proposed project can be viewed as essentially Phase II of a long-term programmatic engagement for the Bank aimed at improving over time the design, implementation and monitoring of safety programs in Bangladesh.

²¹ Effective implementation closing date is December 31, 2013 as the final re-imbusement for expenditures incurred for Phase I during September-November 2013 is scheduled for Q3 and Q4 of FY14.

²² Discussed at the Board on July 8, 2010.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

36. The Project Development Objective is to improve the equity, efficiency, and transparency of major safety net programs to benefit the poorest households.

37. To meet its objectives, the project will focus on achieving results for five safety net programs of the MoDMR in the following three intermediate areas:

- (i) improve targeting of program resources to the poorest households to promote more pro-poor coverage;
- (ii) strengthen management, program information systems and monitoring capacity to ensure efficient administration; and
- (iii) strengthen governance and accountability measures for increased transparency.

B. Project Beneficiaries

38. The project beneficiaries would include the poorest households, including female-headed households, who are also vulnerable to regular seasonal shocks. Overall if program allocations are maintained as for the FY 12-13, it is expected that the proposed project will benefit approximately 4 million beneficiary households which would reach about 18 million people. Building systems to improve the targeting accuracy, and strengthening management and governance of five major safety net programs of MoDMR are one-time investments that are likely to improve the delivery of safety net benefits to larger numbers of poor people for a longer period beyond the life of the proposed project.

C. PDO Level Results Indicators

39. The following key indicators will measure progress towards the achievement of the PDO:

- Percentage of beneficiaries in the bottom expenditure quintile for each program²³
- Percentage of program benefits received by beneficiaries in the bottom expenditure quintile for each program
- Percentage of beneficiaries aware of program rules and benefit amounts for each program
- Number of beneficiary participating in FFW, EGPP, TR, VGF and GR (male/female)
- Number of person days of employment generated and financed by cash wage payments by EGPP and TR

40. Additionally, an the impact evaluation of the project will be conducted to assess the net change in consumption expenditure, dietary quality, and number of days of food rationing among beneficiary households of each of the five program, reflecting the impact of program participation on poverty and vulnerability.

²³ Baseline data is available for all programs except for FFW. This data will be collected as part of the baseline household survey planned for November 2013.

41. To provide an assessment of progress in each of the three intermediate areas outlined above, a set of eight Disbursement Linked Indicator (DLI) focus areas and an additional 9 intermediate outcome indicators will be tracked:

- a) *Improve targeting of program resources to the poorest households to promote more pro-poor coverage*
 - (i) Increased pro-poor geographic targeting of program resources (DLI1)
 - (ii) Increased use of program household eligibility criteria and the BPD (DLI2)
 - (iii) Maintaining gender targeting in EGPP and VGF (DLI3)
 - (iv) Percentage of Upazilas where data collection for BPD is completed
 - (v) Percentage of households registered through the Bangladesh Poverty Database
 - (vi) Percentage of Upazilas BPD operators hired and trained

- b) *Strengthen management, program information systems and monitoring capacity to ensure efficient administration;*
 - (i) Increased use of efficient administrative system (DLI4)
 - (ii) Improved implementation and monitoring capacity (DLI5)
 - (iii) Data Center and Disaster Recovery Sites established
 - (iv) Percentage of Upazilas able to access the MIS for supporting programs for beneficiary selection, payments, and monitoring
 - (v) Single beneficiary registry across five safety net programs of MoDMR is operational
 - (vi) Percentage of DDM staff trained in the use of the Operations Manual and the MIS

- c) *Strengthen governance and accountability measures for increased transparency*
 - (i) Implementation of efficient payments system for cash wages (DLI6)
 - (ii) Increased awareness of program design, eligibility rules and entitlements among beneficiaries (DLI7)
 - (iii) Increased use of the Grievance Redress System (DLI8)
 - (iv) Percentage of sub-projects that have signboards at worksites
 - (v) Upazila level program allocation and beneficiary information available at DDM website

III. PROJECT DESCRIPTION

A. Project Components

42. The proposed project includes three components: (i) support to five safety net programs (EGPP, FFW, TR, GR and VGF) of MoDMR by financing a portion of program costs (specifically cash wage payments under EGPP and TR) in line with progress against a set of DLIs; (ii) strengthening of MoDMR program administration and transparency; and (iii) development of the Bangladesh Poverty Database. The first component would reimburse the GoB for results, while the second two components can be seen as a financing instrument for the inputs needed to achieve the results under component 1. These two latter components will

finance all inputs such as personnel, design of IT systems as well as hardware, monitoring systems, vehicles and other equipment, consultants, and incremental operating costs.

Component 1: Support to MoDMR Safety Net Programs (total estimated cost US\$430 million)

43. The objective of this component is to ensure improvements in the implementation of five safety net programs implemented under the MoDMR. Financing will be provided against progress on 8 annual DLIs which will support results in three areas: (i) improving the targeting of program resources to the poorest areas and households to promote more pro-poor coverage; (ii) strengthening management, program information systems and monitoring capacity to ensure efficient administration; and (iii) strengthening governance and accountability measures for increased transparency. The detailed DLI matrix and the verification mechanism are presented in Annex 9.

Results Area 1: Improve targeting of program resources to the poorest areas and households to promote more pro-poor coverage

44. ***Increased pro-poor geographical targeting of programs*** (DLI1 – total cost US\$35 million): Currently EGPP allocations at the Upazila level is based on the 2005 poverty maps while the resource allocations for the other programs are disproportionately determined by population as opposed to poverty rates. Thus, DLI 1 is: (i) a revision of the EGPP geographic allocation in order to update the formula based on recent poverty data, and (ii) a change in the allocation formulae for FFW, TR and VGF such that incrementally they provide a greater weight on poverty rates and thus allocate greater resources to Upazilas with larger proportion of poor households. Allocations under GR are guided by emergencies and shocks, and thus are not linked to DLI1.

45. ***Use of the BPD for household targeting*** (DLI2 – total cost US\$100 million): Household level targeting for all programs (FFW, TR, EGPP, VGF and GR) will be transitioned to the system developed by the Bangladesh Poverty Database (BPD). In the interim, MoDMR public works programs will incrementally harmonize their beneficiary identification procedures with that of EGPP. As in EGPP, the eligibility criteria of FFW and TR will be revised to include participants from households where the head is a manual laborer and the household owns less than 0.5 acres of land. According to HIES 2010, these two variables still remain good predictors of poverty in rural Bangladesh.

46. ***Maintain gender targeting in EGPP and VGF*** (DLI3 – total cost US\$20 million): Analysis from the EGPP household survey shows that having a gender quota increases the probability of participation in the program by female headed households. Given that these households are more vulnerable and are relatively worse off than male headed households, it is important to maintain some level of gender targeting.²⁴ Under SNSP, therefore, the gender targeting quota will be maintained at 33 percent of the beneficiaries nationally under EGPP, and up to 90 percent of the beneficiaries under VGF (for the festival bonus component which is essentially food relief for vulnerable populations).

²⁴ Hasanath, U. 2012. EGPP midline analysis. Mimeo

Results Area 2: Strengthen management, program information systems and monitoring capacity to ensure efficient administration

47. ***Increased use of efficient administrative systems*** (DLI4 – total cost US\$105 million): While EGPP is building an efficient record-keeping mechanism with the help of an automated MIS, all records of other programs are maintained manually. Under SNSP the EGPP MIS will be linked to a Ministry-wide MIS that consolidates the monitoring of five safety net programs implemented by the MoDMR. This MIS will allow data on a set of streamlined indicators for each program to be collected at the sub-project level, and feed that information up to management for improved access to information and monitoring. The MoDMR will first develop the Operations Manual to delineate clear guidelines for program implementation, followed by the development of the MIS that will have links with the BPD and its incremental roll out across the country.

48. ***Implementation and monitoring capacity improved and maintained*** (DLI5 – total cost US\$40 million): The capacity for field level program management and monitoring is just as weak as management capacity to monitor program implementation due to poor informational flow. Under EGPP, an additional field level supervisor has been recruited in the poorest 334 Upazilas out of the total of 485 Upazilas nation-wide. Spot checks assessments show that the addition of project personnel has incrementally improved the management of EGPP. Therefore, Under the SNSP, these 334 field supervisors will be retained, and additional field supervisors will be hired to cover the remaining Upazilas. These positions will be renamed as Sub-Assistant Engineers (SNSP).

Results Area 3: Strengthen governance and accountability measures for increased transparency

49. ***Implementation of efficient payments systems for cash wages*** (DLI6 – total cost US\$30 million): A major innovation introduced through IDA support for EGPP is in the way wages are paid. Currently, all EGPP workers receive direct weekly cash payments to beneficiary bank accounts. Household surveys conducted by both the Bank and IFPRI suggest this type of payments system has considerably reduced the amount of leakage that existed when EGPP workers were paid by the Project Implementation Committee (PIC) in cash transactions on a weekly basis. Thus, in addition to the payments under EGPP, this form of payment will be maintained for all cash based wage payments when made under any of the other public works programs.

50. ***Increased awareness on program design, eligibility rules and entitlements among beneficiaries*** (DLI7 – total cost US\$35 million): It is often the case that safety beneficiaries are not aware of which program they are receiving benefits from, the amount of their entitlements and the reasons for their eligibility. This lack of information allows for errors in beneficiary identification, as well as leakage in the amount of benefit. Thus, ensuring that program beneficiaries are aware of the program rules in a systematic fashion constitutes an important ingredient for better governance and accountability. The DLI7 will ensure that there is an increased awareness among program beneficiaries of five safety net programs of MoDMR over time regarding eligibility and the level of entitlements under the various programs.

51. ***Increased use of the Grievance Redress System*** (DLI 8 – total cost US\$65 million): Spot checks on EGPP implementation suggest the grievance redress mechanisms still remain weak. Given the political realities of rural Bangladesh, there is always a threat of political capture of program benefits, a situation that is not unique to EGPP. In high poverty areas with intense competition amongst the poor to be included in the beneficiary list, project officers involved in preparing such lists have the opportunity to either collect an ‘entry fee.’ Thus, MoDMR will develop operationally sound but practical mechanisms for grievance redress in its five major safety net programs to increase the accountability of program officers. The MIS will include a grievance redress module, which will help keep a record of these grievances and the time needed to resolve them. Tracking of these grievances also provides additional insight on the challenges associated with implementation and draw helpful lessons. The DLI will thus focus on increased implementation of this system over time.

Component 2: Strengthening of MoDMR program administration and transparency (total estimated cost US\$30 million)

52. The objective of this component is to strengthen DDM’s institutional capacity to implement five major safety net programs of MoDMR (EGPP, FFW, TR, VGF and GR) efficiently and transparently, and thus can be seen as a financing instrument for the inputs needed to meet the DLI targets under component 1. Activities financed under this component include: (i) preparation of two Operations Manual (one for the workfare programs – EGPP, TR and FFW – and one for the humanitarian programs – VGF and GR) that will lay out clear definitions of programs rules and assignment of roles and responsibilities; (ii) development of the specifications for the consolidated program MIS that will include a full set of modules including selection and verification of eligible beneficiaries, registration of selected beneficiaries, payments/transfers, case management, grievances and appeals; (iii) improving program monitoring at the field level; (iv) strengthening program management; and (v) preparing evaluation reports.

53. The component will help deliver the following outputs:

- a) A consolidated program MIS with standardized program implementation linked to the BPD for tracking of program beneficiaries and efficient recordkeeping
- b) A single beneficiary list across five safety net programs of MoDMR
- c) A Grievance Redress System featuring a mechanism to track complaints including targeting errors, payment irregularities, fraud and malpractice
- d) Trained field level staff in the implementation of five safety net programs of MoDMR and in the streamlined data collection and entry into the MIS, as well as its maintenance
- e) HR performance management system
- f) Services of a project team, including fiduciary specialists
- g) Transport facility for improved monitoring by field level personnel provided
- h) Improved DDM’s management capacity to deliver safety net services to the poorest households

- i) Program evaluations to facilitate evidence based policy changes.

54. As noted above, this component will strengthen the monitoring and evaluation of programs with a view to building MoDMR's capacity as a step towards a more systematic evidence-based policy making and planning. While the MoDMR is increasingly trying to focus on evidenced based policy making, currently these activities are conducted on an ad hoc basis and are poorly supervised. Program evaluations will be done for (i) the regular monitoring of the programs on, among other things, the DLIs so that the means of DLI verification are embedded in the M&E design; and (ii) an independent operational review, i.e. process evaluations to ensure compliance with the operational manual and spot checks to systematically monitor five safety net programs of MoDMR that will produce the information required for informed and timely policy decisions and adjustments to program design (as has been the experience with EGPP).

Component 3: Development of the Bangladesh Poverty Database – BBS (total estimated cost US\$40 million)

55. This component will support the Statistics and Informatics Division (SID) in the development of the Bangladesh Poverty Database (BPD) that will be used to better target the poor in five safety net programs of MoDMR, and by other key safety net programs implemented by other Government agencies. The BPD would consist of a set of uniform, objective and transparent criteria to select the poor, i.e. a Poverty Score Card (PSC) and is expected to reduce program level costs and errors associated with targeting. This PSC will be administered to all households by adopting a census approach. The BPD therefore will consist of roughly 34 million households, from which poor households will be transparently identified based on their respective PSC. Thus, the BPD will generate two databases: (i) a PSC census; and (ii) a Upazila level list of poor and non-poor households based on their PSC. The fact that the BPD will also include PSCs of non-poor households will allow MoDMR to identify in a timely fashion those who may be living just above the poverty but nevertheless vulnerable. In the event that there is an exogenous shock, the BPD will thus allow the MoDMR to assess the needs for relief for both the poor and the vulnerable non-poor.²⁵ The SID and the Bank team have agreed on a proposed Proxy Means Tests Formula (PMTF) based on the nationally representative Household Income and Expenditure Survey (HIES) 2010 which is presented in Annex 7.

56. This component will also support the following administrative responsibilities that are associated with implementing a PMT based targeting system which will be implemented by the implementing arm of SID, the BBS. First, the data collection, and its monitoring and oversight strategy will be reflected in the BPD Operations Manual and will include: (i) a public information campaign to mobilize support for data collection exercise; (ii) an operational manual and training modules to ensure consistency in data collection and data quality; (iii) training of enumerators for data collection; (iv) household interviews via a home visit to collect data on the PSC; and (v) third party monitoring and oversight mechanisms to ensure transparency, credibility of the database development, and control of fraud. Second, the component will develop a management information system for data entry, validation, processing and overall automation of the program operation, which will require: (i) the development of application

²⁵ HIES 2010 shows the size of this population is substantial: 52 million people consume 1.5 times the poverty line.

software to support the data collection and entry process and to manage the database; (ii) procurement of necessary hardware, software, and data communications for BBS and its local offices; (iii) a system for updates in the database to minimize certain exclusion errors through eligibility appeals under the Grievance Redress System; (iv) provision of information technology hardware and networking equipment, and (v) training of staff to use and maintain the system. Third, the component will develop the required security protocols for data exchange surrounding the use of this database by Social Safety Net implementing agencies and identity data verification protocols with the National Identity Wing (NIDW) of the Bangladesh Election Commission (BEC). The development of this ID database is currently being supported by the Bank under the Identification System for Enhancing Access to Services (IDEA) Project. The ability to link this ID database with the BPD will further increase the effectiveness of the BPD with safety net beneficiary identification.

57. The component will help deliver the following outputs:

- a) The Bangladesh Poverty Database consisting of a ranked list of all households based on their “Poverty Score Card.”
- b) A MIS system that allows for the database management, update, and corrections.
- c) Protocols for identity verification of household members in BPD by the BEC
- d) Data exchange protocols with other safety net implementation agencies.
- e) Trained BBS staff in the implementation and maintenance of BPD
- f) Database maintenance and services of database operators at the Upazila level
- g) Services of a project team, including fiduciary and IT systems specialists

B. Project Financing

Lending Instrument

58. **The proposed operation would be financed by an IDA Credit of US\$500 million through an Investment Project Financing (IPF) Credit under OP10.00 with a results window (Component 1) financed through Disbursement Linked Indicators (DLIs)** (see Annex 9 for the DLI matrix). This lending modality is an ideal fit for this operation as it would create incentives for improved program implementation while partially refinancing GoB for selected program expenditures (specifically cash wage payments under EGPP and TR). A similar instrument is being used for supporting the reforms under the EGPP which has been successful in achieving the DLI-based results. The proposed results-based approach which provides technical assistance to the implementing agencies under Components 2 and 3, provides GoB the opportunity to support the reform of these five major safety net programs, as well as establish a new unified targeting mechanism for the whole of the social protection sector.

59. **With a results-based approach, disbursements will be linked to defined eligible expenditure line items comprising the Eligible Expenditure Programs (EEPs).** Under Component 1, the IDA Credit will finance up to 80% of cash wage payments to MoDMR program beneficiaries for the four year period covering FY 2013-14 through FY 2016-17, up to a maximum of US\$430 million. In the current financial year (2012-13), the total allocation to the

EGPP is about US\$150 and for TR it is about US\$145. Assuming this allocation remains stable for the period of the project, and at least 50% of the allocation for TR is converted into cash (as is the current MoDMR plan), almost half of the EGPP and TR cash wage payments are expected to come through IDA financing over the four years of project implementation.

C. Project Cost and Financing

60. The total project cost is US\$2,672.00 million²⁶, and the total IDA contribution is US\$500.00 million with a Closing Date of December 31, 2017. The bulk of the total IDA financing of US\$500.00 million comprises US\$430.00 million to refinance the Government of Bangladesh under selected eligible expenditure programs (EEPs).

Table 6. Project cost and IDA financing by component

Project Components	Project cost (US\$ million)	IDA Financing (US\$ million)	% Financing
1. Support to MoDMR Safety Net programs	2,600.00	430.00	16.5%
2. Strengthening of MoDMR program administration and transparency	30.00	30.00	100%
3. Development of the Bangladesh Poverty database	42.00	40.00	95.2%
Total Project Costs	2,672.00	500.00	18.7%
Total GoB contribution	2,172.00		
Total Financing Required	500.00	500.00	100%

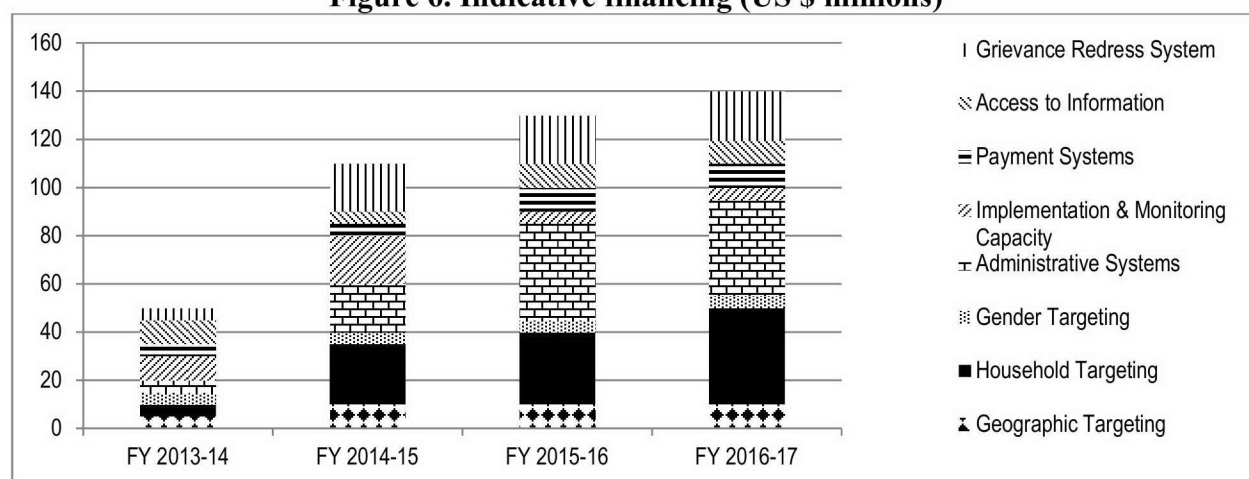
61. **Disbursement Arrangements.** The timeframe for achieving the DLIs, as well as the amounts allocated per scheduled disbursement, has been designed to take into account the Government's need for budget predictability and flow of funds. An assessment of progress towards the DLIs will be carried out in September/October of each year by the Government and the World Bank to inform the preparation of the Government's budget for the following fiscal year. The DLIs will then be formally assessed in late April/early May of each calendar year so that the Bank can then make the project financing available to the Government at the end of the last quarter of the fiscal year with the expectation that actual disbursements will be carried out no later than September of the following fiscal year. Figure 6 presents the amount of Bank financing towards the Eligible Program Expenditures per fiscal year under the proposed project.

62. In FY2014, a relatively lower disbursement amount is a reflection of the fact that there will be disbursements against EGPP for Phase I of FY 13-14 under IDA Credit No. 4833-BD as that project implementation ends in December 2013 and closes in June 2014. It is expected that the ongoing EGPP project will reimburse up to US\$35 million of expenditures made in Phase I. The proposed project will thus be able to seek refinancing of EGPP of Phases I and II of FY 13-14 up to the amount that is 80% of total eligible expenditures minus the amount disbursed under the EGPP project. This implies that if the targets for DLI 1 (Geographic Targeting), DLI 2 (Household Targeting), DLI 6 (Payments System) and DLI 8 (Grievance Redress System) are

²⁶ The Government is expected to continue to finance these five programs at about US\$650 million annually

met, MoDMR may request a disbursement of up to US\$20 million (i.e. the total value of these DLIs) when the expenditure reports for Phase 1 of EGPP (FY 2013-14) are prepared, and can happen as early as March 2014. The next disbursement of US\$30 million is expected around September 2014 after the achievement of the rest of the FY 2013-14 DLI targets, and for eligible expenditures incurred during FY 2013-14.

Figure 6. Indicative financing (US \$ millions)



63. The main characteristics of the DLI disbursement mechanism are as follows: (i) each DLI would be associated with a specific value that would be disbursed upon achievement of the indicator; (ii) DLIs are a combination of fixed (i.e. the DLI would have to be achieved within a specific period) and floating (i.e. the DLI would have to be achieved before the subsequent DLI is due (see Annex 9 for details); (iii) MoDMR would provide evidence of achievement of each DLI, to be verified by the Bank's technical team; and (iv) disbursements linked to the defined eligible expenditure (EE) line items would flow to a Consolidated Account maintained by GoB. Table 7 shows the DLIs and their fixed target values, as well as the total DLI allocation, by fiscal year. Components 2 and 3 will disburse like regular investment operations, and a detailed discussion is presented in Annex 3.

Table 7. DLI-specific allocation by FY

#	Results Area	DLI	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Totals	Weight
1	Equity	Geographic Targeting	5	10	10	10	35	8%
2		Household Targeting	5	25	30	40	100	23%
3		Gender Targeting	5	5	5	5	20	5%
4	Efficiency	Administrative Systems	5	20	40	40	105	24%
5		Implementation & Monitoring Capacity	10	20	5	5	40	9%
6	Transparency	Payment Systems	5	5	10	10	30	7%
7		Access to Information	10	5	10	10	35	8%
8		Grievance Redress System	5	20	20	20	65	15%
Total DLI Allocation (per FY)			50	110	130	140	430	

64. **DLI pricing and results.** Given that the Government has been financing the MoDMR programs consistently for many years, the financing approach of the proposed project is appropriate. This approach allows for an incentive on the part of the MoDMR to ensure the achievement of the DLIs on time in order to provide greater budget certainty, particularly since a majority of the DLIs are fixed. Building on the systems that are currently being built for EGPP, the proposed project focuses on three critical results that are important for sound safety net program implementation, i.e. (i) a common unified household targeting system, (ii) a state of the art information system based on a common MIS platform, and (iii) a Grievance Redress System (GRS) for all five programs. These three safety net “systems” are expected to bring about an improvement in the targeting performance of five safety net programs of MoDMR and a reduction in the leakage in program benefits, and ultimately improve the quality of large amount of public expenditures. The pricing of the DLIs has been carried out accordingly: DLI 2 (increased use of the BPD for household level targeting) is priced at US\$100 million; DLI4 (increased use of efficient administrative systems) is priced at US\$105 million; and DLI 8 (increased use of a Grievance Redress System) is priced at US\$65 million. While important in their own right, the rest of the five DLIs are priced relatively lower - this is also a reflection of the efforts required to achieve them compared to DLIs 2, 4 and 8 (see Table 7).

65. **DLI Verification Protocols.** The achievement of the results detailed in the DLIs will be verified in ways that are both credible and sustainable by using to the extent possible, the existing systems for oversight and monitoring in place within the MoDMR and DDM, and supported by the various activities laid out in components 2 and 3 (see Annex 9 for detailed description of the DLI Matrix and Verification Protocols).

66. The following instruments will be used for DLI verification:

- a. **DDM field expenditure reports:** Field level expenditure reports will be the primary form of documentation to verify programs expenditures. These reports will also be used to verify against the IBAS reports (see below).
- b. **IBAS reports:** The financial reports generated from the IBAS system will act as a cross check of the DDM expenditure reports which will form the basis for disbursement against DLIs. Relevant budget appropriation for cash wages would be provided under the designated budget head which generates financial reports indicating program level expenditures by Upazilas.
- c. **MoDMR/DDM spot checks and Beneficiary Satisfaction Surveys (BSSs):** The MoDMR will contract an agency to carry out spot checks of project sites and an annual BSS to assess the progress in program implementation and beneficiary perception of the programs with a particular focus on the DLI areas.
- d. **Annual audits:** The Supreme Audit Institution will ensure appropriate audit arrangements for the records on the cash wage expenditures of DDM on an annual basis. These reports will be sent to the World Bank.
- e. **Program Operations Manuals:** For those DLIs that aim to establish new guidelines for program implementation, and to establish and strengthen program systems, the DDM will need to demonstrate that these procedures and systems are in place and operational. The DDM will therefore supply the World Bank with copies of these revised Operations Manuals for all the programs (one covering EGPP, FFW and TR,

- and a second one covering VGF and GR) in which these relevant procedures are detailed.
- f. **Program Performance reports:** A major focus of the DLIs is to establish a well-functioning targeting system, information systems, payments systems, and grievance redress mechanisms that will strengthen program implementation. Many of these will be part of the overall M&E framework of DDM that will be used to regularly track progress toward the specified results. These performance reports will be generated by the MIS by DDM and shared with the World Bank team.
 - g. **Independent verification:** The World Bank will commission separate third party spot checks, sample reviews of receipts of Upazila level beneficiary Bank accounts, and household surveys to independently verify some of the DLIs.

67. For Components 2 and 3 (i.e., hardware, software and management information systems, the development of the BPD, individual consultant services, training, operational and maintenance costs, etc.) Bank funds will flow into two Designated Accounts, one for DDM and another for BBS. As mentioned above, these two components will disburse using standard reimbursement procedures under regular investment operations.

D. Lessons Learned and Reflected in the Project

68. Three sets of lessons have informed the design of the proposed project. The first set of lessons builds on the successful implementation of EGPP. The success of EGPP can be attributed to a number of factors: (i) MoDMR's strong sense of ownership over the governance reforms and innovations brought to the program via the achievement of the respective DLIs; (ii) access to technical assistance under the EGPP via the Operational Support Component; (iii) close coordination between the MoDMR and the Office of the Project Director, facilitated by the Bank team; (iv) a monitoring and evaluation system embedded in the project to provide constant feedback on implementation that allowed for dynamic policy changes to improve the design of the program; and (v) the importance of clear protocols for measuring and verifying achievement of results.

69. The second set of lessons draws from other World Bank operations that have supported the reform of safety net programs. These lessons include the following: (i) having comprehensive evaluation processes in place to ensure data quality when developing national targeting mechanisms based on a PMT methodology to reduce errors of inclusion and exclusion as was done in the case of the Benazir Income Support Project in Pakistan and the Social Welfare and Development Reform Project in the Philippines; and (ii) having clearly defined simple results framework with measurable and verifiable DLIs; and (iii) paying careful attention to "time calibration" in achievement of results as was done in the case of the Social Assistance Modernization Project in Romania.

70. A third set of lessons are derived from international experience on ways to build a systems-based safety net administration as laid out in the Bank's Social Protection and Labor

Strategy. In building well-functioning social protection systems, there are five key aspects of design that need to be kept in mind. This is summarized in the acronym SMART:²⁷

- a) **Synchronized:** This is the key “systemic” feature that ensures that different programs can be connected in terms of data, monitoring, and policy objectives.
- b) **Measurable:** Monitoring and evaluation of programs is important to see whether the desired results are being obtained, and evaluations should be used to tweak design to increase effectiveness.
- c) **Affordable:** Fiscally sustainable programs require cost-effective design which often involves targeting to specific groups.
- d) **Responsive:** There needs to be elements of the programs that can be scaled up in times of shocks as well as allow the identification of the newly eligible because of the shock.
- e) **Transparent and accountable:** A systemic approach would need to delineate clear program, defined roles for the various agencies and individuals delivering services, and tight controls to redress any departures from the rules and roles.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

71. The MoDMR (through DDM) and the SID (through BBS) will be the two implementing agencies for the proposed project. Project Directors (PDs), not below the rank of Joint Secretary, would be appointed to ensure smooth implementation and supervision of the project by the Project Management Units (PMU) at DDM and BBS respectively.

72. The Director General, DDM, would serve as the PD for the Ministry of Disaster Management and Relief (i.e. for Components 1 and 2) and would be assisted by two Deputy Project Directors, one of whom will be full-time, and an implementation team for day-to-day project management. The DDM PMU will comprise of existing DDM officials including: (1) Director, Administration & Finance; (2) Director, FFW/TR/EGPP; (3) Director, VGF; (4) Director, GR; (5) Director M&E; as well as specialists hired as consultants for the project period. These positions could include one Financial Management Specialist, one Procurement Specialist, one Training & IEC Specialist, one Database Specialist, one System Engineer, two Program (Social Safety Net) Specialists, along with support staff as needed.

73. An officer, not below the rank of a Joint Secretary, would be appointed by the Statistics & Informatics Division (SID) as the PD for the PMU at BBS (i.e. for Component 3) and would be assisted by two Deputy Project Directors (not below the rank of a Deputy Secretary) in day-to-day project management. The BBS PMU will include one Financial Management Specialist, one Procurement Specialist, one Training & IEC Specialist, one Database Management Specialist, Systems Management Specialist, and additional support staff as needed.

74. Both PMUs will be advised and guided by Project Steering Committees chaired by the Secretaries of MoDMR and SID respectively. These Committees will provide an oversight function to ensure that activities under both DDM and BBS are well coordinated. Technical

²⁷ World Bank. 2012. “Building resilience and opportunity: The World Bank’s Social Protection and Labor Strategy 2012-2022.”

Project Review Committees (TRPCs), headed by the PD in the case of DDM and the Director General of BBS in that case of BBS, will further assist in the supervision of the project at all levels. These Committees will ensure that the Project implementation follows both Government and Bank rules and regulations.

75. At the district level, the District Relief & Rehabilitation Officer (DRRO) will be the focal point for implementation of the MoDMR component, under the overall supervision and guidance of the respective Deputy Commissioner. At the Upazila level, the Project Implementation Officer (PIO) will be the primary official responsible for all program related processes for the five safety net programs of MoDMR, and would be supported by a Sub-Assistant Engineer (SNSP) (approximately 500 in total), hired on a contractual basis under the Project.

76. For the implementation of component 3 at the district and upazila levels, the Regional/District Statistical Officers (RSOs/DSOs) and Upazila Statistical Officers (USOs) of BBS will be the respective focal points. BBS activities at the Upazila level (approximately 500 staff) would also be supported by BPD Operators, hired on a contractual basis under the Project. These BPD Operators and USOs would work with the respective UNO and PIO to ensure that the poverty database is properly utilized in the selection of beneficiaries for the five safety net programs of MoDMR once it is operational, as well as maintained for regular updates and for addressing appeals and grievances.

B. Results Monitoring and Evaluation

77. **A range of M&E tools will be employed in assessing the DDM and BBS's implementation performance, outputs, and outcomes.** Results monitoring is expected to utilize the strengthened program monitoring system by DDM in combination with independent assessments, including both third party validations and a program impact evaluation.

78. The following monitoring tools will be employed:

- (a) **Program data monitoring and verification.** The DDM MIS will support the development of a set of standardized summary indicators and monitoring reports for DLI verification purposes. In addition, DDM will conduct sample spot checks including beneficiary satisfaction surveys to verify their program records.
- (b) **Third party validation.** The World Bank will partner with a reputable local think-tank to conduct independent checks for a random sample of Upazilas on an annual basis
- (c) **Audits of bank payments:** A sample review of payments made to beneficiary accounts will be conducted on an annual basis by the Bank.
- (d) **Household Surveys.** In order to assess the impact of the program for participants, the World Bank will partner with a reputable local survey firm to undertake baseline and endline surveys of program participants for each program (five sets of treatment groups), and a set of non-participants (one control group) in a representative sample of Upazilas.
- (e) **Operational Surveys.** Process evaluation will be conducted by for both the development of the BPD as well as to evaluate the performance of the five safety net programs of MoDMR with the help of Operational Surveys in a representative sample of Upazilas.

79. **Means of verification of DLI achievement are embedded in project design** such that there is no need for additional resources to verify the achievement of the targets for

disbursements. See Annex 9 for more details.

80. **External validation:** Lessons from the implementation of EGPP suggest that independent assessments of field level program performance are important mechanisms to both inform and motivate policy changes to (a) tailor program design to better meet the needs of the beneficiaries, and to (b) program processes to improve administration and management of program personnel. Under the SNSP therefore, MoDMR will also introduce their own sets of independent external validations, including beneficiary satisfaction surveys by a third party. An appropriate amount of resources in Component 2 is earmarked for this exercise. This activity will also fulfill requirements to verify some of the DLIs. Additionally the Bank will carry out independent Upazila level spot checks to validate that program implementation is being carried out as per the program Operations Manuals, including program adherence to the Environment Code of Practice (EcoP), implementation of the GRS, and whether program benefits are reaching the intended beneficiaries. The purpose of these spot checks is to assess how well the systems approach is working for DDM. These spot checks will be conducted in a random sample of approximately three to four percent of Union Parishads annually by a firm contracted by the World Bank.

81. **Impact evaluation:** The World Bank will commission a reputable local survey firm to undertake baseline and follow-up surveys of program participants and non-participants in a representative sample of Upazilas. The survey data will be used to monitor the results laid out in Annex 1, including estimation of outcome measures such as the net change in beneficiary consumption expenditure, dietary quality and the days beneficiary households remain unfed. The data will examine program targeting and the determinants of program participation, including whether women or individuals from households in the lowest income quintiles are (i) more likely to be selected; and (ii) more likely to participate under the various MoDMR programs. The individual, household, and community characteristics (e.g., literacy, other wage-earning opportunities, shocks suffered, and distance from the nearest worksite) that influence both the ability to be selected under the programs and the days worked by beneficiaries in the public works programs (EGPP, FFW, TR) and the benefit amounts received under VGF and GR (if applicable) will also be examined. The survey data will be merged with administrative data detailing the extent and types of workfare activities in the Upazilas where households were surveyed.

82. **Qualitative assessments:** To complement the quantitative work, beneficiary and non-beneficiary assessments will be conducted. This work would examine how well the programs are working, including perceptions of targeting, of leakages/malpractice, the quality of project produced under the EGPP, FFW, TR, and their value to the community sub-projects (both to participants and to non-participants), and impacts of the program on female empowerment. Additionally, independent operational surveys will also be conducted to evaluate the proper implementation of the BPD data collection process and procedures. These evaluations are critical to ensure the integrity of the data quality of the BPD as well as to help inform necessary updates to the BPD Operations Manual.

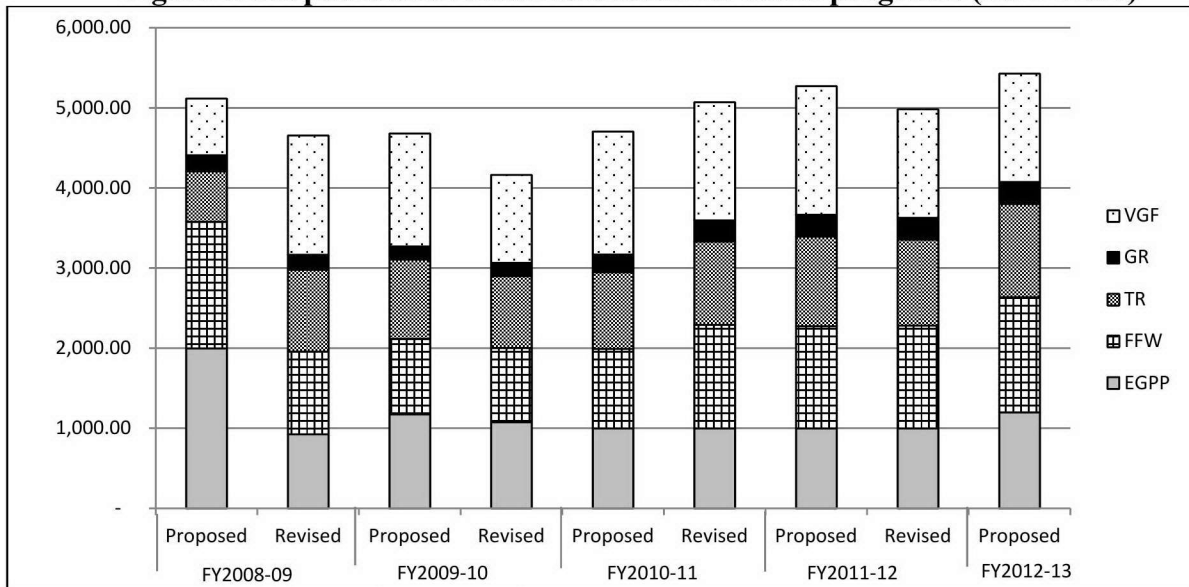
83. The implementation arrangements and the set of M&E activities discussed above (and summarized in Table A3.11 in Annex 3) are expected to facilitate effective and appropriate use

of the funds for the project, preclude the incidence of malpractice and maintain good governance in the management and implementation of project activities. Thus, some of these activities will be regularly monitored as part of the Governance and Accountability Action Plan (GAAP) designed to reflect the specific responsibilities of the implementing agencies (see Annex 6).

C. Sustainability

84. **There are several factors underlying the sustainability of the outcomes of the proposed project and its results.** First, there is a strong ownership of the programs and the overall reform agenda by MoDMR. This is clearly reflected in the Action Plan aimed at developing a long-term reform agenda for these safety net programs that MoDMR has begun drafting, and has sought the Bank’s technical assistance. SID is also fully committed to the development of the BPD, and has already put in a substantial amount of resources in conducting the test phase of the BPD with collaboration with the Bank. Second, the proposed project is supporting GoB programs that have been in implementation since the 1970s, and are expected to remain priority safety net programs of the Government beyond the duration of the proposed project. Building systems to improve the targeting accuracy, and strengthening management and governance of these five safety net programs of MoDMR are one-time investments that are likely to improve the delivery of safety net benefits to larger numbers of poor people for a longer period beyond the life of the proposed project. Third, these five safety net programs of MoDMR are fiscally sustainable. They have been included in the expenditure plan of the Government for many years, and is about a third of the overall budget for social protection. Figure 6 shows that since FY 2008-09, the revised or the actual allocation for these five safety net programs have more or less been close to the proposed allocation, indicating strong performance in terms of the utilization of funds, and thereby their ability to maintain long-term budgetary support from GoB. That some of these programs are linked to the PFDS and channel about two-thirds of the public food stocks, also imply long term longevity of these programs.

Figure 7. Proposed and revised allocation for DDM programs (BDT crore)



Source: Ministry of Finance

85. **The institutional sustainability of the five safety net programs is supported by recent restructuring and strengthening of the implementing agency.** The MoDMR recently restructured its two implementing agencies that previously existed, the Disaster Management Bureau (DMB) and the Department of Disaster Relief (DDR) into one agency, the Department of Disaster Management (DDM) to streamline all activities under one agency. The proposed project would further strengthen the institutional capacity of the DDM through the technical assistance provided under component 2, and its impact is likely to be felt across all programs.

86. **The monitoring and evaluation activities will allow evidence based decisions about the sustainability and consolidation of the five safety net programs.** The regular third assessments of the program performance, the monitoring mechanisms that provide information on the financial flows, and the process assessments will be providing timely information to help with management and policy decisions regarding the modernization of these programs. In other country contexts, such monitoring and evaluation mechanisms have been useful both in strengthening the implementation of programs but also in sustaining support for the programs through different political cycles.

87. **The availability of the Bangladesh Poverty Database will lead to more efficient use of public resources beyond the life of the project.** Other Ministries (e.g. Ministry of Social Welfare, Ministry of Primary Education, Ministry of Women and Children’s Affairs, Ministry of Health etc.) can also use the BPD to better coordinate their programs and deliver services to their target population. The BPD would also allow the Government to rationalize price subsidies on fuel, power, gas, etc. by proper targeting of these subsidies, which in turn would assist in freeing up substantial additional resources for other development expenditures.²⁸

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

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

²⁸ The level of price subsidies is substantial, and was about 3.9 percent of GDP in 2009 (WDI, 2011).

B. Overall Risk Rating Explanation

88. The overall risk rating for the project is deemed **Substantial**. This rating is driven largely by risks from potential opposition from stakeholders, low capacity of implementing agency, and high country level governance risk. There is a risk that improved targeting, management and grievance systems of the five safety net programs of MoDMR will create resentment and generate opposition from vested interest groups who currently benefit from the existing scope for targeting errors and leakage in program benefits. Mitigation measures are part and parcel of the design of the proposed project in that they undertake an incremental approach to the implementation of all reform measures as per the DLI matrix. Technical studies are also planned to counter any unfounded allegations by vested interest groups (as was done in the case of EGPP in 2011), to help engage the wider civil society and media to garner public support for the reform measures.

89. Albeit on an incremental basis, the project requires new ways of utilizing a large amount of social protection expenditures. Project activities thus may place a large strain on the already low capacity of implementing agencies. The detailed TA set aside under the proposed project will mitigate some of this risk through improvements in targeting, benefit delivery mechanisms, large-scale investment in transparency and accountability mechanisms, and enhanced monitoring and evaluation of the programs. This however will require constant oversight by the Bank, and coordination amongst the two implementing agencies facilitated by the bank. The regular monitoring of the GAAP, which has been jointly prepared with the counterparts, will assist the Bank team in that respect.

90. Further, the program design is robust and builds on lessons learned from the implementation and evaluation of the on-going EGPP project as well as international evidence. An institutional assessment has been carried out for both the implementing agencies, including procurement and financial management assessments, and mitigation measures are in place to address any respective gaps.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analyses

91. The project will have positive impacts on the Government's effectiveness in delivering safety net services and the targeting of poverty reduction programs at present and in the future. By supporting the implementation of the BPD, the Project is expected to increase the poverty-reducing impacts of the five safety net programs of MoDMR, and improve the cost-effectiveness of program implementation. Using data from recent household surveys,²⁹ simulations were conducted to estimate how more accurate targeting supported by the project will impact poverty and the cost-effectiveness of the programs.

92. **Greater impact of MoDMR programs in reducing poverty.** Over the life of the project, the DLIs require that the geographic targeting formulae place greater weight on the number of poor. Taking the existing rules as the baseline, and the endline DLIs as the

²⁹ HIES (2010), and the BIHS (2012).

counterfactual, simulations demonstrate that the geographic targeting has the potential to reduce the headcount index from 34.6% to around 34.1% by allocating the existing budget more efficiently. This translates to an additional half a million program beneficiaries being lifted out of poverty.

93. **Cost-effectiveness of MoDMR programs.** Alternatively, holding the poverty headcount constant, with the more efficient targeting the programs would collectively achieve their existing poverty reduction impact with 45 per cent fewer funds. This would equate to a savings of between Tk 8 and Tk 20 billion, or US\$100 and US\$250 million per year (depending on initial assumptions). This can be compared with the four year cost of developing the BPD and investments of approximately US\$70 million, or annually of about US\$17.5 million which is about 2.5% of the total annual allocations to the five safety net programs of US\$678 million in FY13.

94. The successful implementation of the BPD and the program information systems based on a national identification system has the potential to be the backbone of a modern social protection system for Bangladesh. If successful, the SNSP could potentially motivate other Ministries that implement large safety net programs to follow suit, and move the sector towards a more streamlined set of programs. By enhancing the capacity of DDM to efficiently implement five major safety net programs, and the management capacity of MoDMR, the project is well-positioned to promote the emergence of a strong institutional leader in the social protection sector.

95. The only major fiscal commitment arising from this project and not covered by the operation is the cost of updating the PSC based on the next HIES and the subsequent development of the BPD based on a nationwide data collection based on a census approach. This cost (estimated at US\$40 million in the current operation) is almost negligible, however, relative to the budget for all social protection programs (US\$2.1 billion in 2012-13). Furthermore, it may be feasible for the BBS to incorporate this poverty scorecard census into the population census that is conducted every 10 years, in which case the additional cost of updating the PSC and developing the respective BPD would be much smaller.

B. Technical

96. The project is technically sound. In particular the introduction of the three-step targeting system (geographic, household, gender) followed by household assessment through a Proxy Means Test as the targeting instrument is based on good practice examples from a number of countries. This methodology has proven to have better targeting outcomes than other targeting mechanisms in countries with similar characteristics (e.g. Pakistan and the Philippines). The design is being appropriately customized to local conditions with the help of the test phase. The MIS and IT applications have a good balance between functionality and cost.

97. The project is intended to provide technical and financial inputs that would lead to reform of the programs and increase the capacity of the implementing agency. Even during the preparation phase, the involvement of the preparation team has led to important policy decisions. For example, the MoDMR is currently discussing the ways in which a portion of TR benefits can be converted from food into cash – a recommendation that was made by a rapid assessment of

the MoDMR programs on possible ways to consolidate their programs.³⁰ The efficiency of TR is expected to increase as a result.

C. Financial Management

98. Financial management assessments of the DDM and BBS were carried out as part of preparation and the initial project financial management risk is considered “substantial.” The main driver of the risk rating is the large number of wage payments to be made under the Eligible Expenditure Programs (EEPs), which make up the bulk of project financing (i.e. Component 1 of US\$430 million) as well as the volume of transactions to be made by BBS during the data collection for the BPD. While several risk-mitigating measures have been incorporated into the project design, a number of additional measures will also be undertaken during implementation (see Table A3.3 in Annex 3 for details).

99. Funding for Component 1 would flow directly into the Government’s Consolidated Fund, and disbursements would be made upon the achievement of specific DLIs. For Components 2 and 3, separate CONTASA accounts (designated accounts) would be opened by DDM and BBS respectively, and operated by the respective Project Directors of the two Components for expenditures on goods, works, services, training and operating costs. Separate withdrawal applications would be required for disbursements under each project component.

100. Consolidated reports showing wage payments made per fiscal year under the proposed EEPs (i.e. EGPP and TR) would be prepared by DDM in a similar format used for reporting expenditures made under the EGPP project. Expenditure reports will show both allocations and expenditures by Upazila, across the various budget heads under both EEPs. This consolidated report will be checked against the report generated from the Government’s Integrated Budgeting & Accounting System (IBAS) system (showing pre-identified economic codes for the eligible expenditures and the other program budget heads) for disbursement under Component 1. Given their relative capacity, it was agreed that report-based disbursement would be applicable for Component 2, while Component 3 would use a transaction-based disbursement system.

101. Both DDM and BSS would appoint an experienced Financial Management Specialist, with qualifications acceptable to the Bank, to support the financial functions pertaining to each agency. Financial statements pertaining to each component of the project would be audited annually but separately by the Foreign Aided Project Audit Directorate (FAPAD), one of the audit directorates supervised by the Comptroller and Auditor General (CAG) of Bangladesh. The Bank requires that the financial statements pertaining to all three project components be audited annually and provided to it no later than six months after the end of each fiscal year. However since Component 1 operations cover the entire country, based on the EGPP audit experience and the discussions with the auditors, it is agreed that the deadline for submission of audited financial statements for Component 1 would be nine months from the end of each fiscal year. In addition to regular audits, other evaluation work, such as third-party validations, beneficiary surveys and impact evaluation surveys will be utilized to substantiate the proper utilization of Bank

³⁰ Rahman, H. Z. “Consolidating Safety Net Programs under DMRD Opportunities and Reality Check.” Draft report

resources. These activities are already planned under the project as part of the monitoring and evaluation activities (see Table A3.7 for details).

D. Procurement

102. Considering the extent of procurement in the project, the capacity of both implementing agencies and experience from other projects, the risk³¹ from a procurement management and contract administration perspective is considered "substantial." Both implementing agencies (i.e. MoDMR/DDM and SID/BBS) have agreed on an action plan to mitigate procurement risks, involving the assignment of sufficient staff, systematic capacity building, as well as implementing relevant monitoring and review procedures (see Annex 3 for details).

103. Initial procurement plans for each implementing agency were agreed at negotiations and will be updated upon effectiveness. The agencies will update their respective procurement plans semi-annually. No procurement except those agreed in the procurement plan will be initiated by the agencies.

E. Social (including Safeguards)

104. Sub-projects implemented by the three public workfare programs are intended to be small-scale, and implemented over brief phases to protect the poorest. Although EGPP triggered OP 4.12, no land acquisition or displacement of communities took place at the sub-project level. Based on the assessment done for EGPP, the MoDMR and the Bank team have agreed that no land acquisition or displacement of communities (economic or physical) from private or public lands will be required. Further since all sub-projects will be carried out in rural settings where squatters are not widely found, no large scale displacement is expected. Land acquisition and displacement of communities/people will not be allowed, and this exclusion will be highlighted in the Operational Manual of the workfare programs. Each sub-project proposal assessed by the Union level Steering Committees will include a social screening form that will demonstrate specifically that no acquisition or displacement is undertaken.

105. Given the nation-wide approach of the programs it is probable that the program may touch upon areas with tribal people (TPs), thereby triggering the safeguards policy for Indigenous Peoples (OP 4.10). Screening for TPs therefore will be included as well in the relevant areas.

106. The Social Management Framework (SMF) has been prepared on the basis of the SMF for the EGPP to cover the extended scope of SNSP. This has been done in consultation with concerned community, field staff and local NGOs. The SMF includes a Tribal People's Development Framework, Gender Assessment Framework, and a framework to assess inclusion, transparency and accountability issues in the project. Due to the very large number and small-scale nature of sub-projects to be implemented, the implementing agency will use a Social Screening procedure outlined in the SMF to identify, assess, evaluate, mitigate and monitor social impacts of each sub-project. The SMF approach complies with World Bank policies as

³¹ The four-point scale for procurement risk consists of "low", "moderate", "substantial" and "high" ratings.

well as national policies, while considering the practical aspects of the programs' implementation.

107. The SMF was disclosed on the MoDMR's website on April 8, 2013 (<http://www.dmr.gov.bd>) and the hardcopies of the SMF (including a Bangla version) are available in the DDM office. The SMF was also disclosed on World Bank's InfoShop on April 9, 2013.

F. Environment

108. The sub-projects to be funded under the proposed project are not expected to have significant environmental impact. For instance, EGPP mainly finances earthen works such as (i) construction and maintenance of rural roads; (ii) excavation or re-excavation of irrigation canals and drains; (iii) construction and maintenance of earthen embankments; (iv) land-fill for community institutions like schools, mosque, pagoda, temple, graveyards, prayer grounds etc; (v) earthen shelters to protect animals against cyclones; (vi) re-excavation of public ponds or fish farms; (vii) organic fertilizer production; (viii) further development of rural markets, and (ix) excavation or re-excavation of water reservoirs. TR mainly supports cleaning ponds or bushes, and minor repair work to rural roads, schools, mosques and madrasas. FFW basically supports construction and maintenance of basic rural infrastructure to create rural employment. The sub-projects under FFW are largely construction and maintenance of rural roads, river embankments and irrigation channels. .

109. However, if the planning and implementation of the physical interventions are not properly carried out, the sub-projects may have localized environmental impacts, though mostly short-term and reversible. In order to address the potential environmental impacts and improve existing environmental conditions, the World Bank Policy on Environmental Assessment (OP/BP 4.01) is triggered for this proposed project. Considering the nature and magnitude of the potential environmental impact is relatively limited, and the magnitude of community level rural earthen infrastructure development, the project is classified as category 'B'.

110. The Environmental Management Framework (EMF) has been prepared on the basis of the EMF for the EGPP to cover the extended scope of SNSP. Since the project will be implemented nation-wide, sub-project site selection is important to avoid any environmentally sensitive areas, and certain good practices need to be mainstreamed into their implementation. Thus according to MoDMR's updated EMF, instead of preparing an environmental management plan, the public workfare programs will adopt a standard Environmental Code of Practice (ECoP) for each type of sub-project. The ECoP will be part of the revised Operations Manual for workfare programs, and project staff will be trained in its application. The ECoP will be considered at the planning stage of sub-projects and mitigation measures will be followed during sub-project implementation. This will help to integrate environmental considerations into rural level development planning. If any sub-project requires additional measures beyond what is already described in the ECoP, a simple Environmental Management Plan (EMP) will be prepared in consultation with the PIO. As part of DDM's third party monitoring arrangements, annual reviews of the implementation of the ECoP will be conducted and submitted to the World Bank.

111. The Environmental Management Framework (EMF) of EGPP has been revised by MoDMR to cover the extended scope of the proposed project, and to adopt the ECoP approach. This has been done in consultation with concerned community, field staffs and local NGOs. The EMF was disclosed on the MoDMR's website on April 8, 2013 (<http://www.dmr.gov.bd>) and hard copies (including a Bangla version) are available in the DDM office. The EMF has also been disclosed in World Bank's InfoShop on April 9, 2013.

G. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Annex 1: Results Framework and Monitoring

Country: Bangladesh

Project Name: Bangladesh Safety Net Systems for the Poorest Project (P132634)

Results Framework

Project Development Objectives

PDO Statement

The Project Development Objective is to improve the equity, efficiency and transparency of major social safety net programs to benefit the poorest households.

These results are at Program Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	3273000.00					4000000.00	Annual	DDM records Expenditure reports	DDM PMU
Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub-Type Supplemental	27.00					30.00	Annual	DDM records Expenditure reports	DDM PMU
Number of person days of employment generated and financed by cash wage payments under EGPP and	<input type="checkbox"/>	Days	49000000.00					75000000.00	Annual	DDM records MIS reports	DDM PMU

TR											
Percentage of EGPP beneficiaries in the bottom expenditure quintile	<input type="checkbox"/>	Percentage	49.00					60.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of TR beneficiaries in the bottom expenditure quintile	<input type="checkbox"/>	Percentage	34.00					40.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of FFW beneficiaries from bottom expenditure quintile	<input type="checkbox"/>	Percentage						30.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of VGF beneficiaries from bottom expenditure quintile	<input type="checkbox"/>	Percentage	37.00					49.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of GR beneficiaries from bottom expenditure quintile	<input type="checkbox"/>	Percentage	31.00					35.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of EGPP beneficiaries aware of	<input type="checkbox"/>	Percentage	0.00	0.00	30.00	50.00	70.00	70.00	Annual	Third party validations, and baseline, endline	Private sector firm contracted for independent third party

program rules and beneficiary entitlements										household surveys	validations; independent data collection firm
Percentage of TR beneficiaries aware of program rules and beneficiary entitlements	<input type="checkbox"/>	Percentage	0.00	0.00	30.00	50.00	70.00	70.00	Annual	Third party validations, and baseline, endline household surveys	Private sector firm contracted for independent third party validations; independent data collection firm
Percentage of FFW beneficiaries aware of program rules and beneficiary entitlements	<input type="checkbox"/>	Percentage	0.00	0.00	30.00	50.00	70.00	70.00	Annual	Third party validations, and baseline, endline household surveys	Private sector firm contracted for independent third party validations; independent data collection firm
Percentage of VGF beneficiaries aware of program rules and beneficiary entitlements	<input type="checkbox"/>	Percentage	0.00	0.00	30.00	50.00	70.00	70.00	Annual	Third party validations, and baseline, endline household surveys	Private sector firm contracted for independent third party validations; independent data collection firm
Percentage of GR beneficiaries aware of program rules and beneficiary entitlements	<input type="checkbox"/>	Percentage	0.00	0.00	30.00	50.00	70.00	70.00	Annual	Third party validations, and baseline, endline household surveys	Private sector firm contracted for independent third party validations; independent data collection firm
Percentage of program benefits	<input type="checkbox"/>	Percentage	42.00					60.00	Year 1, Year 4	Baseline, endline household	Independent data collection firm

received by EGPP beneficiaries in the bottom expenditure quintile										surveys	
Percentage of program benefits received by TR beneficiaries in the bottom expenditure quintile	<input type="checkbox"/>	Percentage	18.00					35.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of program benefits received by FFW beneficiaries in the bottom expenditure quintile	<input type="checkbox"/>	Percentage						30.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of program benefits received by VGF beneficiaries in the bottom expenditure quintile	<input type="checkbox"/>	Percentage	49.00					60.00	Year 1, Year 4	Baseline, endline household surveys	Independent data collection firm
Percentage of program	<input type="checkbox"/>	Percentage	22.00					35.00	Year 1, Year 4	Baseline, endline	Independent data collection firm

benefits received by GR beneficiaries in the bottom expenditure quintile										household surveys	
--	--	--	--	--	--	--	--	--	--	-------------------	--

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Increased pro-poor geographic targeting of program resources	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	DDM guidelines, office orders, circulars Budget allocation from Ministry to upazila level; independent sample review of receipts of UP-level beneficiary bank accounts	DDM PMU
Increased use of program household eligibility criteria and the	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	DDM copies of all issued guidelines, office orders and circulars	DDM PMU; Private sector firm contracted for independent

BPD										Operations Manual reflects program eligibility rules; independent upazila-level spot checks; household surveys	third party validations; data collection firm
Maintaining gender targeting in EGPP and VGF	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	Ministry-issued guidelines, office orders and circulars for VGF EGPP MIS reports; independent upazila-level spot checks; household surveys	DDM PMU; Private sector firm contracted for independent third party validations; data collection firm
Increased use of efficient administrative systems	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	Bidding documents, TOR, MIS specification document Implementation report, including user feedback Independent upazila-level	DDM PMU; Private sector firm contracted for independent third party validations

										spot checks	
Improved implementation and monitoring capacity	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	DDM confirmation of appointments DDM confirmation of joining report Independent upazila-level spot checks	DDM PMU; Private sector firm contracted for independent third party validations
Implementation of efficient payments system for cash wages	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	Ministry-issued guidelines, office orders and circulars; household surveys; independent upazila-level spot checks	DDM PMU, Private sector firm contracted for independent third party validations; data collection firm
Increased awareness of program design, eligibility rules and entitlements among beneficiaries	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	Copy of PIC materials DDM sample spot checks; independent upazila-level spot checks; household surveys	DDM PMU, Private sector firm contracted for independent third party validations; data collection firm
Increased used of the Grievance Redress System	<input type="checkbox"/>	Yes/No	No	Yes	Yes	Yes	Yes	Yes	Annual	Copy of GRS guidelines DDM records	DDM PMU, Private sector firm

										Independent spot checks	contracted for independent third party validations
Percentage of upazilas where data collection for BPD is completed	<input type="checkbox"/>	Percentage	0.00	0.00	70.00	100.00	100.00	100.00	Annual	BBS records	BBS PMU
Percentage of total household population registered in the Bangladesh Poverty Database	<input type="checkbox"/>	Percentage	0.00	0.00	0.00	50.00	100.00	100.00	Annual	BPD MIS records	BBS PMU
Percentage of upazilas with BPD operators hired and trained	<input type="checkbox"/>	Percentage	0.00	0.00	0.00	50.00	100.00	100.00	Annual	BBS records; Independent upazila-level spot checks	Private sector firm contracted for independent third party validations
Data Centre and Disaster Recovery Sites Established	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Yes	Annual	MIS implementation report	DDM PMU
Percentage of upazilas able to access the MIS for supporting programs for beneficiary selection, payments and	<input type="checkbox"/>	Percentage	0.00		10.00	30.00	50.00	50.00	Annual	MIS implementation report, including user feedback; Independent upazila-level	DDM PMU; Private sector firm contracted for independent third party validations

monitoring										spot checks	
Single beneficiary list established across all programs	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Yes	Annual	DDM records	DDM PMU
Percentage of MODMR staff trained in the use of the Operations Manual	<input type="checkbox"/>	Percentage	0.00		50.00	100.00	100.00	100.00	Annual	DDM records; Independent upazila-level spot checks	DDM PMU; Private sector firm contracted for independent third party validations
Information on upazila-level program allocation and number of beneficiaries available on MODMR website	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Yes	Annual	DDM website	DDM PMU
Percentage of sub-projects that have signboards at worksites	<input type="checkbox"/>	Percentage		50.00	60.00	70.00	75.00	75.00	Annual	DDM records; Independent upazila-level spot checks	DDM PMU; Private sector firm contracted for independent third party validations

Annex 1: Results Framework and Monitoring

Country: Bangladesh

Project Name: Bangladesh Safety Net Systems for the Poorest Project (P132634)

	Description (indicator definition etc.)
Results Framework	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.
Percentage of EGPP beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of TR beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of FFW beneficiaries from bottom expenditure quintile	No description provided.
Percentage of VGF beneficiaries from bottom expenditure quintile	No description provided.
Percentage of GR beneficiaries from bottom expenditure quintile	No description provided.
Percentage of EGPP beneficiaries aware of program rules and beneficiary entitlements	This indicator is also linked as a DLI.
Percentage of TR beneficiaries aware of program rules and beneficiary entitlements	This is also linked as a DLI indicator.
Percentage of FFW beneficiaries aware of program rules and beneficiary entitlements	This indicator is also linked as a DLI.

Percentage of VGF beneficiaries aware of program rules and beneficiary entitlements	This indicator is also linked as a DLI.
Percentage of GR beneficiaries aware of program rules and beneficiary entitlements	This indicator is also linked as a DLI
Percentage of program benefits received by EGPP beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of program benefits received by TR beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of program benefits received by FFW beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of program benefits received by VGF beneficiaries in the bottom expenditure quintile	No description provided.
Percentage of program benefits received by GR beneficiaries in the bottom expenditure quintile	No description provided.
Number of person days of employment generated and financed by cash wage payments under EGPP and TR	No description provided.

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)
Increased pro-poor geographic targeting of program resources	This indicator is also linked as DLI.
Increased use of program household eligibility criteria and the BPD	This indicator is also linked as a DLI.
Maintaining gender targeting in EGPP and VGF	This indicator is also linked as a DLI.
Increased used of efficient administrative systems	This indicator is also linked as a DLI.
Improved implementation and monitoring capacity	This indicator is also linked as a DLI.
Implementation of efficient payments system for cash wages	This indicator is also linked as a DLI.
Increased awareness of program design, eligibility rules	This indicator is also linked as a DLI.

and entitlements among beneficiaries	
Increased use of the Grievance redress system	This indicator is also linked as a DLI.
Percentage of upazilas where data collection for BPD is completed	No description provided.
Percentage of total household population registered in the Bangladesh Poverty Database	No description provided.
Percentage of upazilas with BPD operators hired and trained	This indicator is also linked as a DLI.
Data Centre and Disaster Recovery Sites Established	No description provided.
Percentage of upazilas able to access the MIS for supporting programs for beneficiary selection, payments and monitoring	This indicator is also linked as a DLI.
Single beneficiary list established across all programs	No description provided.
Percentage of MODMR staff trained in the use of the Operations Manual	No description provided.
Information on upazila-level program allocation and number of beneficiaries available on MODMR website	No description provided.
Percentage of sub-projects that have signboards at worksites	No description provided.

Annex 2: Detailed Project Description
BANGLADESH: Safety Net Systems for the Poorest

1. The proposed project includes the following three components: (i) Support to MoDMR safety net programs (EGPP, FFW, TR, GR and VGF) by financing a portion of program costs (cash payments) in line with progress against a set of disbursement linked indicators (DLIs); (ii) Strengthening of MoDMR program administration and transparency; and (iii) Development of the Bangladesh Poverty Database. The first component would reimburse the GoB for results, while the second two components can be seen as a financing instrument for the inputs needed to achieve the results under component 1. These latter two components will finance all inputs such as personnel, design of IT systems as well as hardware, monitoring systems, vehicles and other equipment, consultants, and incremental operating costs.

Component 1: Support to MoDMR Safety Net Programs (total estimated cost US\$430 million)

2. The objective of this component is to ensure improvements in the implementation of five safety net programs implemented under the MoDMR. Financing will be provided against progress on 8 annual DLIs which will support results in three areas: (i) Improving the targeting of program resources to the poorest areas and households to promote more pro-poor coverage; (ii) Strengthening management, program information systems and monitoring capacity to ensure efficient administration; and (iii) Strengthening governance and accountability measures for increased transparency.

Results Area 1: Improve targeting of program resources to the poorest areas and households to promote more pro-poor coverage

3. ***Increased pro-poor geographical targeting of programs*** (DLI1 – total cost US\$35 million): Currently EGPP allocations at the Upazila level is based on the 2005 poverty maps whereby 60 percent of the program allocations are distributed to Upazilas with poverty rates of 35 percent or higher; 35 percent of the allocations are made to Upazilas with poverty rates between 34 and 21 percent, and 5 percent of the allocations are made to Upazilas with poverty rates below 20 percent. While this type of geographic targeting has helped to increase the participation of the poorest households, latest analysis suggests there are some improvements possible due to the following two reasons: (i) Upazilas with high poverty rate but a small size of population received a disproportionately higher allocation than Upazilas with low poverty but a large size of population; and (ii) the 2005 poverty map is being updated with the most recent Household Income and Expenditure Survey 2010 and the 2011 Population Census. The proposed allocation formula under SNSP takes these factors into account and has been revised such that the resource allocation for EGPP is based on the proportion of poor population. For example, 45 percent of the poor population lives in Upazilas with poverty rate of more than 40 percent. Thus the allocation of resources for this group of Upazilas has been determined as 45%. Similarly, 25 percent of the poor population lives in Upazilas with poverty rates between 29 and 39%. Thus the allocation of resources for this group of Upazilas has been determined as 25%, and so forth.

4. Current resource allocations for the other programs, on the other hand, are disproportionately determined by population as opposed to poverty rates. Thus, DLI 1 is: (i) a revision of the EGPP geographic allocation in order to update the formula based on recent poverty data, and (ii) a change in the allocation formulae for FFW, TR and VGF such that incrementally they provide a greater weight on poverty rates and thus allocate greater resources to Upazilas with larger proportion of poor households. Allocations under GR are guided by emergencies and shocks, and thus are not linked to DLI1.

5. **Use of the BPD for household targeting** (DLI2 – total cost US\$100 million): Public works programs are most successful when they are self-targeted, with only those willing to work at a given wage rate self-selecting into the program. EGPP currently offers a daily wage rate of Taka 175³² for both male and female workers, while FFW and TR provide food transfers. However, because the budget allocation for the FFW, EGPP and TR only covers a small proportion of poor households, there is in practice oversubscription in the poorest areas that necessitates additional household level targeting mechanism as well to select beneficiaries, as is currently done under EGPP. Despite this two-step targeting mechanism, household survey shows that there is still room for improvement in the targeting accuracy of EGPP.

6. Thus this DLI linked to household level targeting aims for all programs (FFW, TR, EGPP, VGF and GR) to transition to the Bangladesh Poverty Database (BPD). This will ensure that the targeting at the household level is eventually harmonized for all programs via the BPD. However, the BPD is expected to be developed under Component 3 by the end of the second year of the project. Thus, in the interim, MoDMR public works programs will incrementally harmonize their beneficiary identification procedures with that of EGPP. As in EGPP, the eligibility criteria of FFW and TR will be revised to include participants from households where the head is a manual laborer and the household owns less than 0.5 acres of land. The two variables still remain good predictors of poverty in rural Bangladesh: according to HIES 2010, 53 percent of households with at least one member engaged in manual labor are poor, and who own less than 0.5 acres of land are poor.³³

7. **Maintain gender targeting in EGPP and VGF** (DLI3 – total cost US\$20 million): Analysis from the EGPP household survey shows that having a gender quota increases the probability of participation in the program by female headed households. Given that these households are more vulnerable and are relatively worse off than male headed households, it is important to maintain some level of gender targeting.³⁴ Third party spot checks conducted under the EGPP also show that the nature of EGPP financed community level sub-projects and their proximity to villages make it easier for poor women to participate compared to other public works programs such as FFW and TR. A third reason why EGPP appears to be more attractive to poor women is the

³² These figures are subject to change when daily wage rate currently used by EGPP of about Taka 175 is revised upwards to account of recent wage inflation. Currently discussions are underway to revise the rate to Taka 225 given the average nominal wage rate of Taka 254 (or 8.7kg of rice) for men and Taka 189 (or 6.5 kg of rice) for women. Thus, program guidelines will be revised to reflect this wage ceiling.

³³ The daily wage rate currently used by EGPP of about Taka 175 is likely to be revised upwards to account of recent wage inflation. Currently discussions are underway to revise the rate to Taka 225 given the average nominal wage rate of Taka 254 (or 8.7kg of rice) for men and Taka 189 (or 6.5 kg of rice) for women as reported by WFP Food Security Bulletin No. 9: April – July 2012.

³⁴ Hasanath, U. 2012. EGPP midline analysis. Mimeo

reduced workload compared to FFW and TR when the work is more strenuous. Thus having a quota for female participants helps to ensure poor women, especially female-headed households, who are then able to benefit from development expenditures. These evaluations also suggest that female uptake of workfare programs varies across regions: in relatively wealthier areas and more conservation areas, there is less demand for EGPP type work among women. These results suggest raising the quota for female participants beyond a third may also be problematic. Thus under SNSP the gender targeting quota will be maintained at 33 percent of the beneficiaries nationally for EGPP only. Between the other two relief oriented programs, the VGF will introduce a female quota such that up to 90 percent of its beneficiaries (under the festival bonus component) will be female by the end of the project.

Results Area 2: Strengthen management, program information systems and monitoring capacity to ensure efficient administration

8. *Increased use of efficient administrative systems* (DLI4 – total cost US\$105 million): A fundamental problem faced by the five safety net programs of MoDMR is the lack of information on program implementation and record-keeping mechanisms that allow or easy consolidation of information on various aspects of program implementation such as sub-project selection, beneficiary selection and numbers, utilization of program expenditures, and so forth. There is scope to improve the current situation by streamlining and formalizing all operational processes with the help of an Operations Manual for these five safety net programs. The Operations Manual will help develop clear guidelines for program implementation, and allow for the development of a modern record keeping system based on a common IT platform and standards for internal controls. The MIS will also allow for the development of a single beneficiary list for these five safety net programs, and thus reduce overlap between the programs, as well as eventually be linked to the BPD.

9. While EGPP is building an efficient record-keeping mechanism with the help of an automated MIS, all records of other programs are maintained manually. Under SNSP the EGPP MIS will be linked to a Ministry-wide MIS that consolidates the monitoring of five safety net programs implemented by the MoDMR. This MIS will allow data on a set of streamlined indicators for each program to be collected at the sub-project level, and feed that information up to management for improved access to information and monitoring. The DDM will first develop the Operations Manual to delineate clear guidelines for program implementation, followed by the development of the MIS that will have links with the BPD and its incremental roll out across the country.

112. *Implementation and monitoring capacity improved and maintained* (DLI5 – total cost US\$40 million): Currently field level capacity to monitor the programs is very limited. The Upazila Project Implementation Officer (PIO) is responsible for monitoring all programs, and during times of disasters, becomes totally consumed in relief efforts. S/he therefore relies on the PIC and the UP to monitor its own programs, which is not the basis for a sound system. S/he also receives help from “tag officers” who are officers belonging to different departments that have field level presence, but who are “tagged” to monitor programs in a Union Parishad that may not be mapped to their own department. Clearly, they have little incentive to monitor programs that are not part of their core mandate. Poor monitoring on the ground creates the

conditions for potential malpractice. Thus, improving the capacity for field level program management and monitoring is just as important as improving the management capacity to monitor program implementation. Under EGPP an additional field level supervisor has been recruited in the poorest 334 Upazilas out of the total of 485 Upazilas nation-wide. Spot checks assessments show that the addition of project personnel has incrementally improved the management of EGPP. Thus it is important to provide additional personnel for field level monitoring and supervision for the five safety net programs of MoDMR. Given the national scope of program implementation, all Upazilas will have a field staff known as Sub-Assistant Engineers (SNSP) who will be trained in these five safety net program guidelines and data entry into the MIS.

Results Area 3: Strengthen governance and accountability measures for increased transparency

10. *Implementation of efficient payments systems for cash wages* (DLI6 – total cost US\$30 million): A major innovation introduced through IDA support for EGPP is in the way wages are paid. Currently, all EGPP workers receive direct cash payments to beneficiary bank accounts. Household surveys conducted by both the Bank and IFPRI suggest this type of payments system has considerably reduced the amount of leakage that existed when EGPP workers were paid by the Project Implementation Committee (PIC) in cash transactions on a weekly basis. Thus, in addition to the payments under EGPP, this form of payment will be maintained for all cash based wage payments when made under any of the other public works programs.

11. The survey results, however, also showed that EGPP beneficiaries still incur significant costs in terms transportation to get to banks for receiving weekly payments as well as time required to queue at the Bank for payment. This is especially a problem where access to banks remains significant challenge (e.g., remote rural areas). With a view to developing innovative payment solutions to the operational needs of EGPP, the Bank has been piloting other forms of payments mechanisms using mobile phones and Postal cash cards. It is anticipated that the new payment systems, if cost effective and successful, will considerably improve the quality of payments as well of record-keeping, and thus comprehensively strengthen program monitoring at the field level. Thus the DLI allows for payments to be made via banks as well as any other formal financial channel.

12. *Increased awareness on program design, eligibility rules and entitlements among beneficiaries* (DLI7 – total cost US\$35 million): It is often the case that safety beneficiaries are not aware of which program they are receiving benefits from, the amount of their entitlements and the reasons for their eligibility. For instance, although a relatively large number of households knew about the EGPP during November 2011 at the time of the midline survey compared to November 2010 when the baseline survey was conducted, knowledge about the beneficiary selection process and method of wage payments under the EGPP declined over the same period among the applicants. Only 26 percent of beneficiaries knew about the selection process during baseline which fell to 19 percent during the midline survey. While 74 percent of beneficiaries knew about how payments will be made during baseline, this figure fell to 71 percent during midline. Spot checks and the experience from data collection from various household surveys indicate that some programs have a local “name” which is different from their

official names (e.g. EGPP is known as “80-day employment program”), reflecting a lack of knowledge on the part of poor households. This lack of information allows for errors in beneficiary identification, as well as leakage in the amount of benefit. Thus, ensuring that program beneficiaries are aware of the program rules in a systematic fashion constitutes an important ingredient for better governance and accountability. The DLI7 will ensure that there is an increased awareness among program beneficiaries of all MoDMR programs over time regarding the program rules, eligibility and the level of entitlements under the various programs.

13. ***Increased use of the Grievance Redress System*** (DLI 8 – total cost US\$65 million): Spot checks on EGPP implementation suggest the grievance redress mechanisms still remain weak. Given the political realities of rural Bangladesh, there is always a threat of political capture of program benefits. In high poverty areas with intense competition amongst the poor to be included in the beneficiary list, project officers involved in preparing such lists have the opportunity to either collect an ‘entry fee’ or impose a levy on the wage. To address this DDM will develop operationally sound but practical mechanisms for grievance redress in all of these five safety net programs. This Grievance Redress System will address beneficiary complaints concerning targeting, payments, information updates, and complaints on quality of service. The MIS will include a grievance redress module, which will be managed by Grievance Redress Officers (GROs) who will help keep a record of these grievances, and monitor the details of cases lodged, resolved cases, pending cases and action taken. Tracking of these grievances also provide additional insight on the challenges associated with implementation. The DLI will thus focus on increased implementation of this system over time.

14. A feedback loop that includes informing the complainant about the action taken on their complaints, and feeding this information into the implementation of the program, will be a key aspect of the grievance redress system. The use of ICT will be utilized to simplify processes. The establishment of the Grievance Redress Register for the five safety net programs of MoDMR, and the incremental progress in terms of making the Register functional and operational thus will be linked to disbursements. Grievance redress and appeal processes will be included as one of the modules of the overall MIS to help strengthen the monitoring and evaluation of the programs. In addition to the MIS, the programs will need the help of the Upazila Nirbahi Officer (UNO) and the Deputy Commissioner (DC) who will be the Grievance Redress Officer (GRO), at the upazila and district levels respectively, to establish a Grievance Redress System (GRS). One of the Directors at DDM (designated by the PD) will act as the GRO at the central level.³⁵

Component 2: Strengthening of MoDMR program administration and transparency (total estimated cost US\$30 million)

15. The objective of this component is to strengthen DDM’s institutional capacity to implement five major safety net programs of MoDMR (EGPP, FFW, TR, VGF and GR) efficiently and transparently, and thus can be seen as a financing instrument for the inputs needed to meet the DLI targets under Component 1. Activities financed under this component include: (i) preparation of the overall Operations Manual based on the revised guidelines for the

³⁵ The Deputy Project Director (DPD) in the Office of the Project Director EGPP will continue to act as the GRO at the central level for EGPP program until June 2014. After this time, the Director designated by the PD – DDM will take over this responsibility.

implementation of five safety net programs; (ii) development of the specifications for the consolidated program MIS that will include a full set of modules including selection and verification of eligible beneficiaries, registration of selected beneficiaries, payments/transfers, case management, grievances and appeals; (iii) improving program monitoring at the field level; (iv) strengthening program management with the help of a consolidated program MIS; and (v) preparing evaluation reports.

16. The development and implementation of a computerized and automated system linking the MoDMR/DDM and the SID/BBS is a major output under this component. This will establish a comprehensive and sustainable MIS system in both the agencies for transparent tracking of program beneficiaries, and efficient recordkeeping, program administration and monitoring of their respective programs. The core areas of technical intervention under this component for DDM and BBS will be as follows:

System Design and Development

17. In MoDMR, while EGPP is building an efficient recordkeeping mechanism with the help of a computerized EGPP MIS, all other program's information and recordkeeping are being maintained manually by DDM. The absence of effective computerized systems for other programs have resulted a major challenge in terms of efficient recordkeeping, program administration and management and importantly, the inability to formulate evidence-based plans and policies as desired in absence of electronic database system. This component therefore will support in developing and implementing a Ministry-wide MIS system that could operate as an integrated MIS for all the existing programs including EGPP thereby facilitating a consolidated approach towards program administration, monitoring and recordkeeping for real-time decision making and facilitating improved service delivery aspects.

18. Similarly, in SID, the component will support the design, development and implementation of a computerized MIS (the Bangladesh Poverty Database) to maintain the comprehensive database developed by its implementing arm BBS, of an estimated 34 million households and their information to establish a better targeting system for SSN. The database platform would facilitate BBS and its offices at the district and Upazilla level to use the system for regular updates, while allowing for better program administration and monitoring by DDM. For instance, the proposed system will be designed in a manner that will provide a mechanism to exchange data electronically between SID/BBS and MoDMR/DDM through a secure and reliable network which would be part of the data exchange protocols. Similar protocols will be applicable for the verification of NIDs by the ID authority (NIDW) housed in the Election Commission.

Data Center, Disaster Recovery Site and Data Network Connectivity

19. Both the DDM beneficiary data and Poverty Database will be hosted centrally at the Bangladesh Computer Council (BCC) data center facility since BCC is the statutory body under the MOICT mandated to provide technical support the Government's ICT programs including the management of shared IT infrastructure such as the Database hosting facility (Data Center) and Disaster Recovery (DR) site among others. With the technical support from the Chinese and

Korean Government, including the World Bank funded Leveraging ICT for Growth, Employment and Governance Project, BCC is expected to have state-of-the-art database hosting facilities, Disaster Recovery site and data network connectivity established across all central Government agencies and departments, up to the district and Upazilla level by 2014-15. Given the expectation that BCC is likely to become the only tier-3 data center in the country as a result of the planned large scale investments planned to that effect, this component will use these ICT infrastructure and facilities to the extent possible.

IT Hardware and networking Equipment

20. The component will procure necessary hardware and networking equipment such as high-end servers, workstations, VPN routers, firewalls, switches, printers, UPS etc necessary for the system implementation and taking into consideration of establishing a reliable DR site for timely database backup. In addition, the component will also procure necessary hardware (computers, printers, UPS) and networking equipment (switches, routers) for the district and Upazila level for allowing the district and Upazila level staffs to access the centralized system and perform regular transaction of data update, entry and reporting. Besides, the component will also procure ICR scanner software for BBS to support the digitization of household registration scaled to the National level.

MIS User Training and IT Capacity Development

21. In order to continue a smooth operation of the system on a regular basis and ensure the system sustainability, the project will support providing extensive training to the users of the MIS for both the agencies. The training will be conducted at various levels such as the actual users of the system, staffs at the management level, staffs that oversee the technical aspects of the MIS among others. Besides, the component will also finance conducting a basic IT course for those staff who do not have any knowledge of using computers but wishes to acquire basic computer skills and subsequently get MIS user training for MIS operation.

Program Data Collection, Data Migration, Data Entry and Update

22. This component will also support the data collection required for each program and facilitate performing data entry into the respective MIS systems. A number of institutional and technical enhancements will be made under this component in order to ensure that the data collected is available for real-time decision-making. Besides, the component will also support for migrating the existing electronic data into the new system in place. For instance, the digitization of household information that is currently underway will be later migrated into the BBS MIS system when ready. Similarly, when the DDM MIS is developed, this component will support one time data collection and data entry. In the case of regular MIS data update, field level staff are expected to perform the tasks of data collection and entry upon taking MIS user training and IT capacity development program.

IT Implementation Support Advisory Services

23. Given the size and complexities of project scope and its implementation aspects, this component will also finance individual experts of various skillsets to closely work with the project implementation team in the respective agencies during the project execution period. The experts in each agency will include database management specialists and systems management specialists, among others.

24. The development and implementation of a computerized and automated system linking DDM and the BBS is a major output under this component. This will establish a comprehensive and sustainable MIS system in both the agencies for transparent tracking of program beneficiaries, and efficient recordkeeping, program administration and monitoring of their respective programs. Additionally the component will help deliver the following outputs:

- a) A consolidated program MIS with standardized program implementation linked to the BPD
- b) A single beneficiary list across five safety net programs of MoDMR
- c) A Grievance Redress System featuring a mechanism to track complaints including targeting errors, payment irregularities, fraud and malpractice
- d) Trained field level staff in the implementation of five safety net programs and in the streamlined data collection and entry into the MIS, as well as its maintenance
- e) HR performance management system
- f) Services of a project team, including fiduciary specialists
- g) Transport facility for improved monitoring by field level personnel provided
- h) Improved DDM's management capacity to deliver safety net services to the poorest households
- i) Program evaluations to facilitate evidence based policy changes.

25. As noted above, this component will strengthen the monitoring and evaluation of programs with a view to building DDM's capacity in these areas as a step towards a more systematic evidence-based policy making and planning. While the MoDMR is increasingly trying to focus on evidenced based policy making, currently these activities are conducted on an ad hoc basis and are poorly supervised. Program evaluations will be done for (i) the regular monitoring of the programs on, among other things, the DLIs so that the means of DLI verification are embedded in the M&E design; and (ii) an operational review, i.e. process evaluations to ensure compliance with the operational manual and spot checks to systematically monitor five safety net programs of MoDMR using third parties that will produce the information required for informed and timely policy decisions and adjustments to program design (as has been the experience with EGPP).

Component 3: Development of the Bangladesh Poverty Database – BBS (total estimated cost US\$40 million)

26. This component will support the Statistics and Informatics Division (SID) in the development of the Bangladesh Poverty Database (BPD) that will be used to better target the poor in five safety net programs of MoDMR, and by other key safety net programs implemented by other Government agencies. The BPD would consist of a set of uniform, objective and

transparent criteria to identify the poor, i.e. a Poverty Score Card (PSC) and is expected to reduce the overall costs and errors associated with targeting. This PSC will be administered to all households, and thus will adopt a census approach. The BPD therefore will consist of roughly 34 million households, from which poor households will be easily identified based on their respective PSC. Once the BPD is developed, SID will be in a position to share the data on potential eligible poor population for agencies that implement SSNs to draw from, thereby improving the coordination, efficiency and effectiveness of all SSNs. Thus the BPD will generate two databases: (i) a PSC census and (ii) a Upazila level list of poor households based on their PSC. The fact that the BPD will also include PSCs of non-poor households will allow MoDMR to identify in a timely fashion those who may be living just above the poverty but nevertheless vulnerable. So that in the event that there is an exogenous shock, the BPD will allow the MoDMR assess the needs for relief for both the poor and the vulnerable non-poor³⁶. The SID and the Bank team have agreed on a proposed Proxy Means Tests Formula (PMTF) based on the nationally representative Household Income and Expenditure Survey (HIES) 2010 which is presented in Annex 7.

27. Having the institutional set up to implement the targeting system is just as important as having a robust PMT formula. There is a need for example to have an appropriate data collection strategy and adequate management systems to ensure (i) the accuracy of household assessment; (ii) appropriate monitoring and oversight mechanisms to ensure transparency, credibility of the database development, and control of fraud; and (iii) minimize certain exclusion errors through eligibility appeals under the Grievance Redress System linked to the development of the BPD. These functions will be fulfilled by BBS, the implementing arm of SID.

28. This component will, therefore, support the following administrative responsibilities that are associated with implementing a PMT based targeting system based on a BPD Operations Manual. First, the data collection strategy reflected in this BPD Operations Manual will include: (i) a public information campaign to mobilize support for data collection exercise; (ii) an operational manual and training modules to ensure consistency in data collection and data quality; (iii) training of enumerators for data collection; (iv) household interviews via a home visit to collect data on the PSC; and (v) third party monitoring and oversight mechanisms to ensure transparency, credibility of the database development, and control of fraud. Second, the component will develop a management information system for data entry, validation, and processing the database including which will require: (i) the development of software to support the data collection and entry process and to manage the database; (ii) procurement of hardware, software, and data communications for BBS and its local offices; (iii) a system for updates in the database to minimize certain exclusion errors through eligibility appeals under the Grievance Redress System; (iv) provision of information technology hardware and networking equipment, and (v) training of staff to use and maintain the system. Third, the component will develop the required security protocols for data exchange surrounding the use of this database between SID and SSN implementing agencies other than the MoDMR, as well as data verification protocols between SID and the NIDW of the BEC.

³⁶ In the case of Bangladesh, the size of this population is substantial: 52 million people consume 1.5 times the poverty line.

29. With the help of Bank TA resources, and in coordination with DDM, SID is already testing the process of data collection and data based development. A test phase for developing this standardized targeting mechanism in two Upazilas of Manikganj and Tangail districts are underway and will be completed by June 2013. The purpose of this test phase is to identify the best possible mechanism with which to build the BPD, including data exchange protocols with MoDMR and ID data verification protocols with the NID Wing of the BEC. This test phase covers about 100,000 households in both rural and urban areas. The database developed during the test phase will be used to assess the targeting performance of the five safety net programs of MoDMR operating in these two areas. Activities already completed for this test phase include (i) the development of the software for questionnaire design, data scanning, and database management; (ii) training for enumerators; (iii) data collection using a the proposed PMTF; (iv) quality control of the data collected; and (v) monitoring and supervision of the overall process. Spots checks, process evaluation and empirical analysis of the accuracy of the PMTF are being financed via a Programmatic AAA/TA activity currently under implementation (P143214). The purpose of these studies is to help inform the national roll out of these processes. An estimated cost for this test phase is about US \$330,000, out of which SID has already contributed US \$270,000. The development of the BPD is considered a high priority task of the GoB and is being supervised by the Cabinet Division.

30. The SID recently completed the implementation of the 2011 census using ICR technology for form printing and data capture. This technology essentially scans the data from ICR-enabled forms and thus avoids more lengthy manual data entry which is much more prone to error. Given the BPD will be following a similar approach except for a more sophisticated questionnaire, BBS is able to provide a good estimation of the various cost elements surrounding printing of forms, data collection and capture.

31. The component will help deliver the following outputs:

- a) The Bangladesh Poverty Database consisting of a ranked list of all households based on their "Poverty Score Card."
- b) A MIS system that allows for the database management, update, and corrections.
- c) Protocols for identity verification of household members in BPD
- d) Data exchange protocols with other safety net implementation agencies.
- e) Trained BBS staff in the implementation and maintenance of BPD
- f) Database maintenance and services of database operators at the Upazila level
- g) Services of a project team, including fiduciary and IT systems specialists

Annex 3: Implementation Arrangements
BANGLADESH: Safety Net Systems for the Poorest

Project Institutional and Implementation Arrangements

Overview

1. The Ministry of Disaster Management and Relief (MoDMR), through the Department of Disaster Management (DDM), and the Statistics and Informatics Division (SID), through the Bangladesh Bureau of Statistics (BBS), will be the two implementing agencies for the proposed project. Project Directors (PDs) not below the rank of Joint Secretary would be appointed to ensure smooth project implementation and supervision. Project Management Units (PMUs) will be set up in DDM and BBS to assist the respective PDs in day-to-day project management.

2. Both implementation teams will be advised and guided by two Project Steering Committees chaired by the Secretaries of the Ministry of Disaster Management and Relief and the Statistics and Informatics Division, respectively. These Committees will provide an oversight function to ensure that activities under both DDM and BBS are well coordinated. Specifically, the Project Steering Committees will be responsible for the following:

- a. Providing policy advice and operational guidance particularly in relation to the development and use of the BPD and the MoDMR MIS;
- b. Periodically reviewing financial and physical progress;
- c. Resolving any implementation problem and grievances;
- d. Overseeing proper integration of results and findings of activities into implementation;
- e. Providing any other necessary directions for effective implementation.

3. The Project Steering Committees are expected to include representatives from any ministry, division, or agency, which they find useful in coordinating and determining project policy issues. The PD of Components 2 and 3 will serve as Member Secretary of the respective Committees. The Project Steering Committee is expected to meet quarterly, or at other times of necessity, to discharge its functions. In order to ensure strong convergence and coordination between the MoDMR and the SID as well as their two implementing agencies (DDM & BBS), joint meetings of the two Committees will be organized twice a year. The Secretaries of MoDMR and SID will jointly chair these joint meetings of the Project Steering Committee. These meetings will be hosted on a rotation basis.

Department of Disaster Management (DDM)

4. The Director General, DDM, is expected to serve as the PD for MoDMR (i.e. for Components 1 and 2) and would be assisted by two Deputy Project Directors (one of whom will be full time) not below the rank of a Deputy Secretary and a PMU in day-to-day project management. The PMU would comprise existing DDM officials including: (1) Director, Administration & Finance; (2) Director, FFW/TR; (3) Director, VGF; (4) Director, GR; (5) Director M&E; as well as specialists hired as consultants for the project period and contractual

staff. These positions include specialists for Financial Management, Procurement, Training & IEC Specialist, Database Specialist, System Engineer, Program Implementation (Social Safety Nets), along with support staff as needed. The Office of the Project Director (OPD) set up under the EGPP Project will continue to oversee the Program until June 2014. After completion of the EGPP Project, the PMU at DDM, specifically the Director, FFW/TR (i.e. the two large public workfare programs), would be responsible for the EGPP.

5. Key positions and technical services at DDM involved in the implementation of Components 1 and 2 of the project will include:

Table A3.1 Key positions at DDM

FUNCTION	POSITIONS	TECHNICAL SERVICES
<ul style="list-style-type: none"> Senior Management 	<ul style="list-style-type: none"> Project Director (1) Deputy Project Director (2) 	-
<ul style="list-style-type: none"> Administration & Finance 	<ul style="list-style-type: none"> Director, Administration & Finance (1) FM Specialist (1)* Procurement Specialist (1)* 	<ul style="list-style-type: none"> HR Performance Management System (1 contract)*
<ul style="list-style-type: none"> Program Management & Training 	<ul style="list-style-type: none"> Director, FFW/TR/EGPP (1) Director, VGF (1) Director, GR (1) Program (SSN) Specialists (2)* Training & IEC Specialist (1)* 	<ul style="list-style-type: none"> DDM Program Training (1 contract)* IEC Materials & Campaign (1 contract)*
<ul style="list-style-type: none"> Monitoring & Evaluation 	<ul style="list-style-type: none"> Director, Monitoring & Evaluation (1) Database Specialist (1)* Systems Engineer (1)* 	<ul style="list-style-type: none"> MIS Development / Implementation / Training (1 contract)* MIS Maintenance (1 contract)* Basic IT Training (1 contract)* Process Monitoring (1 contract)* Program Evaluations & Beneficiary Surveys (multiple contracts)*
* Project-funded individual consultants and consulting firms		

6. A Technical Project Review Committee (TPRC), headed by the PD will further assist in supervision of the project at all levels. The DDM TPRC will ensure that project implementation follows both Government and Bank rules and regulations. Specifically, the DDM TPRC will be responsible for the following:

- a. Supervising the implementation team at DDM PMU;
- b. Providing advice for timely implementation of scheduled activities;
- c. Monitoring and evaluating implementation progress and suggest necessary course corrections;

- d. Reviewing the performance of project personnel and quality of deliverables;
- e. Resolving issues and conflicts that may emerge during implementation;
- f. Facilitating coordination and convergence with other line ministries/divisions/agencies;
and
- g. Keeping the SID NSC apprised on overall performance and other key issues relating to Components 1 and 2 of the project.

7. The DDM TPRC is expected to include representatives from the Ministry of Finance, in addition to relevant membership from MoDMR and DDM. The Committee is expected to meet quarterly, or at other times of necessity, to discharge its functions.

8. At the District level, the District Relief & Rehabilitation Officer (DRRO) will be the focal point for implementation of the MoDMR components. The existing District level Steering Committees headed by the respective Deputy Commissioner will act as the core institutional structure at this administrative level to support implementation and supervision.

9. At the Upazila level, the Project Implementation Officer (PIO) will be the primary official responsible for all program related processes for the five safety net programs of MoDMR, and would be supported by a Sub-Assistant Engineer (SNSP) (approximately 500 staff), hired on a contractual basis under the project. The existing Upazila level Steering Committees will act as the core institutional structure at this administrative level to support effective implementation and supervision.

10. At the Union level, the existing Union level Steering Committees headed by the UP Chairperson will be responsible for the implementation and supervision of the different safety net programs supported by the project.

Bangladesh Bureau of Statistics (BBS)

11. An officer, not below the rank of a Joint Secretary, is expected to be appointed as the full time PD for the implementation of Component 3, and would be assisted by two Deputy Project Directors (not below the rank of a Deputy Secretary) in day-to-day project management. The PMU at BBS would comprise of specialists for Financial Management, Procurement, Training & IEC, Database Management, Systems Management, and support staff as needed.

12. Key positions and technical services at BBS PMU involved in the implementation of Component 3 of the project will include:

Table A3.2 Key positions at BBS

FUNCTION	POSITIONS	TECHNICAL SERVICES
<ul style="list-style-type: none"> Senior Management 	<ul style="list-style-type: none"> Project Director (1) Deputy Project Director (2) 	<ul style="list-style-type: none"> -
<ul style="list-style-type: none"> Administration & Finance 	<ul style="list-style-type: none"> FM Specialist (1) * Procurement Specialist (1) * 	<ul style="list-style-type: none"> -
<ul style="list-style-type: none"> Bangladesh Poverty Database Management 	<ul style="list-style-type: none"> Database Management Specialist (1) * Systems Management Specialist (1)* 	<ul style="list-style-type: none"> Form Printing & Data Digitization (1 firm)* Database Maintenance (1 firm)*
<ul style="list-style-type: none"> Program Management & Training 	<ul style="list-style-type: none"> Training & IEC Specialist (1)* 	<ul style="list-style-type: none"> Training (1 firm)* Public Information Campaign (1 firm)*
* Project-funded individual consultants and consulting firms		

13. A Technical Project Review Committee (TPRC), headed by the Director General of BBS will further assist in supervision of the project at all levels. The BBS TPRC will ensure that project implementation follows both Government and Bank rules and regulations. Specifically, the BBS TPRC will be responsible for the following:

- a. Supervising the implementation team at BBS PMU;
- b. Providing advice for timely implementation of scheduled activities;
- c. Monitoring and evaluating implementation progress and suggest necessary course corrections;
- d. Reviewing the performance of project personnel and quality of deliverables;
- e. Resolving issues and conflicts that may emerge during implementation;
- f. Facilitating coordination and convergence with other line ministries/divisions/agencies; and
- g. Keeping the MoDMR NSC apprised on overall performance and other key issues relating to Component 3 of the project.

14. The BBS TPRC is expected to include representatives from the Ministry of Finance, in addition to relevant membership from SID and BBS. The Committee is expected to meet quarterly, or at other times of necessity, to discharge its functions.

15. The respective Regional/District Statistical Offices will act as the core institutional structure for effective implementation and supervision at this administrative level. The Regional Statistical Officer (RSO) will act as the focal point for the implementation activities under Component 3.

16. The respective Upazila Statistical Offices will act as the core institutional structure to support effective implementation and supervision at this administrative level with the Upazila Statistical Officer (USO) as the focal point. One BPD Operator per Upazila (approximately 500 staff), hired on a contractual basis under the project, will be appointed in every Upazila Statistical Office to facilitate data management. These BPD Operators would work with the respective Upazila Nirbahi Officers and Upazila Statistical Officers to ensure that the poverty database is properly utilized in the selection of beneficiaries for the five safety net programs of MoDMR once it is operational, regularly updated, and that appeals and grievances are addressed.

Financial Management and Disbursements

Public Financial Management (PFM) Issues

17. Although substantial progress has been made in upgrading Bangladesh's PFM system, there are still numerous fiduciary risks linked to weak and cumbersome budgeting and accounting processes, and weak internal controls, arrangements for fund flows, financial reporting and auditing. These risks are present at both the national and sub-national levels. The Bank's assessment of the overall financial management risk in Bangladesh is "substantial." A Multi-Donor Trust Fund (MDTF) administered by the Bank has been providing support to a comprehensive PFM reform initiative known as Strengthening Public Expenditure Management Program (SPEMP) encompassing three discrete projects: (a) Deepening Medium-Term Budget Framework and strengthening financial accountability, (b) Strengthening the Office of the Comptroller and Auditor General, and (c) Strengthening Parliamentary Oversight. While reforms undertaken under SPEMP are unlikely to achieve substantive results during the initial period of the SNSP project, ongoing revisions to the national chart of accounts and improvements to the Integrated Budget and Accounting System (IBAS) would enhance budget implementation, and accounting and reporting processes of the safety net programs to be financed under the proposed project. Strengthening of five safety net programs of MoDMR through the use of formal financial channels for beneficiary wage payments, as well as improved administrative monitoring and accountability mechanisms, would help minimize fiduciary risks to a great extent. As such, Bank financing would leverage improvements in program design and implementation through the DLIs to ensure effective utilization of resources.

Fund Flow and Reporting

18. Funding for Component 1 would flow directly into the Government's Consolidated Fund, and disbursements would be made following the submission of program expenditure statements and evidence supporting achievement of DLI targets. This process will improve on the system established under the EGPP Project. For Components 2 and 3, segregated Designated Accounts in the form of Convertible Taka Special Accounts (CONTASA) would be opened by DDM and BBS in commercial banks acceptable to IDA.

19. Given DDM's experience in managing IDA funds, Component 2 will follow a quarterly report-based disbursement model, i.e. upon submission of interim unaudited financial reports (IFRs) showing forecasts and expenditures. Disbursements under Component 3 would follow a transaction-based model initially, given BBS's limited experience with IDA financial management. The disbursement method applicable to BBS may be converted to a report-based

system if the Bank finds the agency’s financial management capacity improves sufficiently after a year of implementation.

Risk Assessment and Mitigation Measures

20. The initial financial management risk of the project is considered “substantial.” The main drivers of this risk rating is the large number of wage payments to be made by DDM under the eligible expenditure programs (EEPs), i.e. EGPP and TR, which make up the bulk of project financing (i.e. Component 1 of US\$ 430 million) as well as the volume of transactions to be made by BBS during data collection for the Bangladesh Poverty Database (BPD). While several risk mitigating measures have been incorporated into the project design, a number of other identified measures would need to be taken during implementation. The risk areas, ratings and mitigating measures are shown in Table A3.3 below. In addition, the regular monitoring of the Governance and Accountability Action Plan (GAAP) will further help to ensure some of the risks listed below are mitigated (see Annex 6 for more details).

Table A3.3 FM Risk areas, ratings and mitigating measures

Risk	Rating	Mitigating Measures	Residual Rating
Inherent Risk	H		S
Country/Local Level	H	<ul style="list-style-type: none"> • Ongoing reforms in country PFM systems • Integrated use of country FM systems 	S
Entity Level	S	<ul style="list-style-type: none"> • Appointment of FM Specialists • Training of FM staff 	M
Project Level	H	<p><u>DDM</u></p> <ul style="list-style-type: none"> • Disbursement-linked indicators • Use of formal financial channels for beneficiary wage payments • Clearly defined and inclusive structure of PICs at local level <p><u>BBS</u></p> <ul style="list-style-type: none"> • Close monitoring of transaction based disbursements 	S
Control Risk	S		M
Budgeting	S	<p><u>DDM</u></p> <ul style="list-style-type: none"> • Identification of relevant budget and account codes for EGPP and TR wage payments • Approval of the EGPP and TR budgets in the national budget on the basis of allocations per Upazila • Approval of annual budgets of OSCs in Annual Development Plan (ADP) 	M
Accounting	S	<p><u>DDM/BBS</u></p> <ul style="list-style-type: none"> • Timely adjustment of advances to sub-national administrative levels • Return and reconciliation of unspent funds to Government treasury 	S
Internal Control	H	<p><u>DDM</u></p> <ul style="list-style-type: none"> • Formal financial channels for beneficiary wage payments • Use of third party validation of business processes • Grievance Redress System to resolve issues related to beneficiary wage payments, etc. 	S
Funds Flow	S	<p><u>DDM</u></p> <ul style="list-style-type: none"> • Report-based disbursement directly into Consolidated Fund • Disbursements upon independent verification of achievement of DLIs 	M

Risk	Rating	Mitigating Measures	Residual Rating
		<ul style="list-style-type: none"> Adherence to Program Operations Manuals on fund flows and controls Direct transfers to beneficiary bank accounts <p><u>DDM/BBS</u></p> <ul style="list-style-type: none"> Timely release of fund to sub-national administrative levels 	
Financial Reporting	S	<p><u>DDM/BBS</u></p> <ul style="list-style-type: none"> Agreement on the format of IFRs Appointment of Financial Management Specialists Establishing computerized accounting systems Regular collection of field level expenditure reports 	M
Auditing	H	<p><u>DDM/BBS</u></p> <ul style="list-style-type: none"> Agreement on general scope of audit of annual financial statements Agreement with CAG on Statement of Audit Needs focusing on risks and capacity constraints for timely and adequate coverage 	S
OVERALL RISK	S		S

Field Level Implementation Modalities and Controls (DDM)

21. Under the current EGPP system, 25% of the annual allocation to an Upazila is drawn from the concerned Upazila Accounts Office (UAO) as an advance, and the check is deposited in a joint bank account maintained by the UNO and PIO. Further advance to the UNO/PIO account is made on submission of an expenditure statement to the UAO. From the UNO/PIO account, onwards advances to Project Implementation Committees (PICs) are made on the basis of expected work for five days, and replenished after the weekly certification of work by the Tag Officers. Any unspent amount remaining with PIC is transferred back to UNO/PIO account on completion of the scheme. Unspent amount with UNO/PIO at the end of a fiscal year is deposited back to the treasury. Since the program implementation for some programs like EGPP is seasonal (typically October to December and March to May), it is expected that all advances will be settled before the close of each six month period during a fiscal year if applicable. However, even settlement of advances would not ensure financial reports generated from IBAS would indicate the actual expenditures, since the ongoing accounting practice records the return of unused funds as “miscellaneous income.” Efforts will be made to address this deficiency in the Government accounting practice through reforms under SPEMP. Meanwhile, accounting of wages funds will be based on actual expenditure reports produced by the PIO and/or Sub-Assistant Engineer (SNSP) in each Upazila and compiled by DDM.

Budgeting and Accounting (DDM)

22. As the project proposes to support the Government’s own initiatives, the project would continue to make maximum use of country systems for financial management and disbursement. While the project would refinance a proportion of beneficiary wages under the EGPP and TR (which are revenue budget program), activities related to the program management, accounting and financial reporting, would remain mainstreamed under the Government system. The existing system of budgeting, fund release, and accounting would continue. This would mean identifying expenditures for beneficiary wages from existing heads within the Government chart of accounts. Nevertheless, DDM would need to prepare semi-annual and annual financial reports

based on data received from the Upazila level, in addition to the relevant IBAS report for each program refinanced under Component 1 of the project as received from the Chief Accounts Officer of the MoDMR.

Financing and Disbursement

23. Table A3.4 below indicates the amount of IDA financing for expenditure types under the project. Duties and taxes under Components 2 and 3 will also be financed by IDA.

24. As the project is designed to support the Government’s ongoing safety net programs, the existing fund flow system would be maintained, and Component 1 funds, i.e. reimbursement of the beneficiary wages paid under the Eligible Expenditure Program (EEPs) (i.e. EGPP and TR) will be disbursed into the Government’s Consolidated Fund. These disbursements would be made upon (1) the receipt of financial reports of the EEPs, and (2) evidence supporting achievement of DLI targets. Consolidated reports showing wage payments made per fiscal year under the EEPs would be prepared by DDM in a similar format used for reporting expenditures made under the EGPP under the ongoing Bank financing for this program. Expenditure reports will show both allocations and expenditures by Upazila, across the various budget heads under both EEPs. This consolidated report will be checked against the report generated from the Government’s Integrated Budgeting & Accounting System (IBAS) system (showing pre-identified economic codes for the eligible expenditures and the other program budget heads). The consolidated reports are prepared on annual basis. Disbursed amount against each of the annual reports will be either (1) 80% of reported eligible expenditures, or (2) in the amount of allocation for achieved DLIs, whichever is the lower amount.

Table A3.4 Expenditure categories

Agency & Component	Expenditure Type	Amount (US\$ million)	Percentage of Expenditures to be Financed
DDM (1)	Beneficiary Wages (under EGPP and TR)	430.00	80%
	Goods, Works, Consulting and Non-consulting Services, Training ³⁷ & Operating Costs ³⁸	30.00	100%
BBS (3)	Goods, Works, Consulting and Non-consulting Services, Training & Operating Costs	40.00	100%
Total IDA Financing		500.00	

³⁷ “Training” means reasonable and necessary incremental expenditures incurred on account of organizing or attending learning and knowledge dissemination events, including, fees for educational institutions; fees and allowances for resource persons; travel, logistics and materials associated with conferences, seminars, workshops, and study tours; and other training costs directly associated with the Project but excluding those provided through consulting services.

³⁸ “Operating Costs” mean reasonable and necessary incremental expenditures incurred on account of Project management and supervision, including, office rent, utilities, stationeries, insurance, maintenance and repair; equipment and facilities leasing; meeting logistics and honoraria; bank charges; advertising; printing; postage; telecommunication; travel, board and lodging; vehicle leasing, fuel, maintenance and repair; salaries and allowances of contractual staff; and other administrative costs directly associated with the Project

25. Disbursement Arrangements. The timeframe for achieving the DLIs, as well as the amounts allocated per scheduled disbursement, has been designed to take into account the Government's need for budget predictability and flow of funds. An assessment of progress towards the DLIs will be carried out in September/October of each year by the Government and the World Bank to inform the preparation of the Government's budget for the following fiscal year. The DLIs will then be formally assessed in late April/early May of each calendar year so that the Bank can then make the project financing available to the Government at the end of the last quarter of each fiscal year with the expectation that actual disbursements will be carried out no later than September of the following fiscal year.

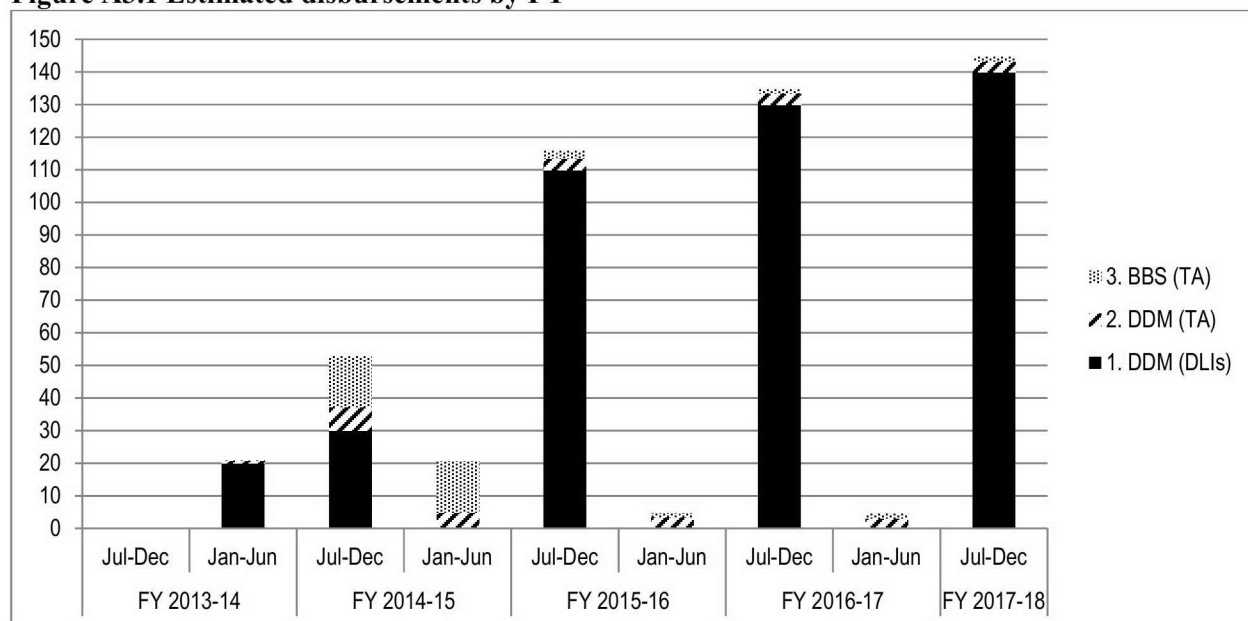
26. In FY 2014, a relatively lower disbursement amount is a reflection of the fact that there will be disbursements against EGPP for Phase I of FY 13-14 under IDA Credit No. 4833-BD as that project implementation ends in December 2013. It is expected that the ongoing EGPP project will reimburse up to US \$ 35 million of expenditures made in Phase I. The proposed project will thus be able to seek refinancing of EGPP of Phases I and II of FY 13-14 up to the amount that is 80% of total eligible expenditures minus the amount disbursed under the EGPP project. This implies that if the targets for DLI 1 (Geographic Targeting), DLI 2 (Household Targeting), DLI 6 (Payments System) and DLI 8 (Grievance Redress System) are met, MoDMR may request a disbursement of up to US \$20 million (i.e. the total value of these DLIs) when the expenditure reports for Phase 1 of EGPP (FY 2013-14) are prepared, and can happen as early as March 2014. The next disbursement of US \$30 million is expected around September 2014 after the achievement of the rest of the FY 2013-14 DLI targets, and for eligible expenditures incurred during FY 2013-14.

27. Component 1 consists of DLI targets per fiscal year of Bank support (i.e. FY 2013-14 to FY 2016-17) across eight areas, and as such, there are five scheduled disbursements under the Component. Component 2 and 3 funds i.e. for the technical assistance provided to DDM and BBS, will be disbursed into Designated Accounts maintained by the respective implementing agency. Reimbursement and Direct Payments will also be allowed from IDA to the beneficiaries of large value payments. Table A3.5 and Figure A3.1 below indicate the estimated disbursements from the IDA financing by calendar semester.

Table A3.5 Estimated disbursement levels

Agency & Component	FY 14		FY 15		FY 16		FY 17		FY 18	Project Total
	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	Jan-Jun	Jul-Dec	
DDM (1)	0	20	30	0	110	0	130	0	140	430
(2)	0	1	7	6	4	3	3	3	3	30
BBS (3)	0	1	15	16	3	1	1	2	1	40
Cumulative	0	22	52	22	117	4	134	5	144	500
	0%	4.2%	14.8%	19.2%	42.4%	43.2%	70%	71.2%	100%	

Figure A3.1 Estimated disbursements by FY



28. DLI targets are priced individually so each is treated independently for disbursement purposes. As such, failure to achieve the target of individual DLIs will only result in the deduction of the value of that specific DLI from the total amount scheduled against any specific fiscal year. Each scheduled disbursement is expected to be made within the fourth quarter of the fiscal year (but no later than September of the following fiscal year) against wages paid to beneficiaries under the EPPs during the preceding fiscal year. The following table shows the DLIs and their fixed target values, as well as the total DLI allocation, by fiscal year.

Table A3.6 DLI-specific allocation by FY

#	Focus Area	DLI	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	Totals	Weight
1	Equity	Geographic Targeting	5	10	10	10	35	8%
2		Household Targeting	5	25	30	40	100	23%
3		Gender Targeting	5	5	5	5	20	5%
4	Efficiency	Administrative Systems	5	20	40	40	105	24%
5		Implementation & Monitoring Capacity	10	20	5	5	40	9%
6	Transparency	Payment Systems	5	5	10	10	30	7%
7		Access to Information	10	5	10	10	35	8%
8		Grievance Redress System	5	20	20	20	65	15%
		Total DLI Allocation (per FY)	50	110	130	140	430	

29. It is important to note that while Bank refinancing of EEPs is fixed by fiscal year, the actual scheduled disbursement amount would not exceed 80% of the wages paid to beneficiaries under the EEPs. This limit is expected to ensure that there is sufficient fiscal incentive to maintain a certain budgetary allocation towards the EEPs over the course of the proposed Project. The indicative disbursement schedule for Component 1 above assumes that all DLI targets are met as scheduled. This includes “fixed” and “floating” targets. The former, must be achieved during the fiscal year to which they pertain, while the latter may be claimed at a later date if targets are not met during the pertinent fiscal year. Annex 9 provides a detailed description of the DLIs that are floating and those that are fixed as well as their verification protocols.

Audit Requirements

30. Both DDM and BSS would appoint an experienced Financial Management Specialist, with qualifications acceptable to the Bank, to support the financial functions pertaining to each agency. Financial statements pertaining to each component of the project would be audited annually but separately by the Foreign Aided Project Audit Directorate (FAPAD), one of the audit directorates supervised by the Comptroller and Auditor General (CAG) of Bangladesh. The Bank requires that the financial statements pertaining to all three project components be audited annually and provided to it no later than six months after the end of each fiscal year. However since Component 1 operations cover the entire country, based on the EGPP audit experience and the discussions with the auditors, it is agreed that the deadline for submission of audited financial statements for Component 1 would be nine months from the end of each fiscal year. In addition to regular audits, other evaluation work, such as third-party validations, beneficiary surveys and impact evaluation surveys will be utilized to substantiate the proper utilization of Bank resources. These activities are already planned under the project as part of the monitoring and evaluation activities (see Table A3.7 for details).

31. The normal country systems for resolution and settlement of audit observations will be equally applicable for the proposed project. MoDMR/DDM and SID/BBS would assist in the resolution of serious financial irregularities pointed out by auditors on an urgent basis and keep the Bank informed on the process.

FM Staffing

32. The PMUs at DDM and BBS would require adequate capacity for key FM tasks including budgeting, accounting, fund withdrawal, financial reporting, and audit coordination, among other tasks. The appointment of a suitably qualified and experienced FM Specialist at each agency would be a key capacity enhancement measure for these purposes. Both DDM and BSS would appoint an experienced FM Specialist, with professional accounting qualifications and adequate experience on project financial management to support the financial functions pertaining to each agency. It is expected that the selection process schedule would ensure that draft contracts with each FM Specialist are negotiated by the time the project is effective so that contracts can be signed at the earliest. For DDM, efforts would be made to retain the FM Specialist of the ongoing EGPP. Since there would be some overlap between the EGPP and SNSP, the EGPP FM Specialist may be given the additional responsibilities for SNSP during the initial period of the latter project.

Procurement

33. **Scope of Procurement.** The bulk of the total project financing of US\$500.00 million comprises US\$430.00 million to refinance the Government of Bangladesh under selected Eligible Expenditure Programs (EEPs). Out of the remaining amount, approximately US\$25.71 million is allocated for procurement, comprising US\$6.13 million for goods and US\$19.58 million for consulting services.

34. Procurement will be managed by DDM and BBS. Each agency will be represented by a Project Director. DDM will be responsible for a component worth US\$29.92 million, of which total procurement is US\$12.32 million. BBS will be responsible for another component worth US\$40.05 million, of which total procurement is US\$12.98 million.

35. **Procurement Capacity Assessment.** The Bank conducted capacity assessments of both DDM and BBS. Also, lessons were also drawn from earlier experience with DDM from the project *Emergency 2007 Cyclone Recovery and Restoration Project* (IDA 45070) as well as with BBS from the project *Capacity Building of BBS* (TF 093756).

36. Of the two agencies, DDM has a fair level of familiarity with small value procurements and a limited number of staff is conversant with the country's procurement law. Procurement in BBS, on the other hand, is mainly limited to day-to-day procurements of very small value, with very few staff conversant with standard procurement practices. However, in both agencies, no specific procurement person is designated as full time procurement staff. Few officials are engaged in procurement functions and their role in procurement processing is only a small part of their role in the organization. Both agencies lack experience in dealing with large value contracts.

37. Key findings of the procurement capacity assessments identified several common weaknesses of the two agencies: (i) inadequate experience in procurement and contract management, particularly for large value contracts; (ii) inadequate capacity in drafting quality specifications and terms of references; (iii) inappropriate handling of procurement complaints; (iv) delays in contract implementation; and (v) non-application of delegated financial powers in some cases.

38. Actions recommended for strengthening the procurement capacity of the implementing entities under the project include: (i) dedicating one full-time staff in each agency at least for the first two years of the project as the Procurement Focal Person (PFP) to take care of procurement processes and contract management functions under that particular agency; (ii) each agency will hire a mid-level individual national Procurement Consultant (PC) at least for the first two years of the project to assist the particular agency in procurement processes and contract management functions; (iii) the agencies will engage technical specialists from relevant departments of the government during drafting of technical specifications or terms of references, during technical evaluation and during delivery of the items by the suppliers; (iv) each agency will initiate a credible complaint handling mechanism; and (v) each agency will ensure appropriate application of information system in delivery follow ups and payments processing.

39. **Procurement Risks.** Some of the project procurement risks emerge from the lack of procurement capacity of the agencies as mentioned in the previous paragraph. Some other risks are related to the procurement environment in which the agencies are operating, such as: (i) external interferences in decision processes and (ii) possible collusive practices in bidding, including coercion. Considering the extent of procurement in the project, the capacity of both implementing agencies and experience from other projects, the risk³⁹ from a procurement management and contract administration perspective is considered "substantial". Several measures to mitigate procurement risks are currently in place, or being put in place, and elaborated below.

40. **Risk Mitigation Measures (Preparation).** The following measures has been agreed during the preparation phase of the project by each of the agencies:

- a. Designation of an officer as the full time PFP before negotiation;
- b. Finalization of procurement plans covering the entire project life;
- c. Finalization of terms of reference for a procurement consultant and publication of the invitation before signing of the legal agreement;
- d. Mandatory membership of the PFP and the PC in the evaluation committee.

41. **Risk Mitigating Measures (Implementation).** The following measures will be taken during the implementation phase of the project by both agencies:

- a. Making a full-time procurement consultant on board for a period covering at least for the first two years of the project within one month of project effectiveness;
- b. Arranging appropriate procurement training for the PFP within six months of project effectiveness;
- c. Using the agreed checklist of flags indicating collusion in all procurement evaluations;
- d. Selecting a safe location for bid submission, and ensuring bidders' safety in and around the bid submission location with due assistance from the law enforcing bodies; and
- e. Taking action against fraudulent, corrupt, coercive, collusive and obstructive bidders, including debarring the guilty bidders immediately after detection of such activity.

42. **Risk Mitigating Measures (Major Contracts).** Major contracts under the project include the following: (i) under DDM, MIS Hardware & IT Equipment (US\$0.87 million), Double Cabin Pick-ups (US\$1.25 million), and Consultancy Firm for MIS Development and Implementation (US\$5.00 million); and (ii) under BBS, GPS Devices (US\$0.75 million), Consultancy Firm for Training/Campaign (US\$1.00 million), and Form Printing & Digitization (US\$9.00 million). The following are the special measures for these major procurements:

- a. The Bank's procurement team will conduct orientation session on Bank Guidelines for the evaluation committee members of each agency before initiation of procurement process of any of the major contracts;
- b. The agencies will engage relevant Technical Experts in drafting of Specification and Terms of Reference (TOR) for each of these items and ensure inclusion of said expert in the concerned evaluation committee;

³⁹ The four-point scale for procurement risk consists of "low", "moderate", "substantial" and "high" ratings.

- c. For each of these procurements, the agency will agree on a time bound action plan identifying all procurement steps from drafting of specification/TOR to contract signing.

43. **Application of the World Bank's Guidelines.** Procurement of goods and non-consulting services valued US\$1,000,000 or more per contract will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 (Bank's Procurement Guidelines). Procurement of all consulting services by firms and individuals will be carried out in accordance with the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" dated January 2011 (Bank's Consultants Guidelines) irrespective of value. However, shortlists of consultants for services estimated to cost less than US\$300,000 may be advertised locally and composed entirely of national consultants. The Bank's standard documents will be used for procurement following Bank Guidelines.

44. **Application of National Procurement Laws.** Within the overall context of the Bank's Procurement Guidelines, local procurement of goods and non-consulting services valued less than US\$ 1,000,000 per contract will follow the Government's Public Procurement Act 2006 and Public Procurement Rules 2008 (PPA/PPR), with the exceptions as listed in the following paragraph. In case of any conflicts or ambiguity among Bank Guidelines and PPA/PPR, the Bank Guidelines shall prevail. Local procurement following National Competitive Bidding (NCB) will be conducted using the Standard Tender Document (STD) satisfactory to the Bank. For local procurement following the Request for Quotation (RFQ) method, the document based on PPA/PPR is acceptable to IDA for shopping.

45. Exceptions to PPA/PPR, for national competitive bidding (goods and works) are as follows: (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder; (b) bids should be submitted and opened in public in one location immediately after the deadline for submission; (c) re-bidding shall not be carried out, except with the IDAs prior agreement; (d) lottery in award of contracts shall not be allowed; (e) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and (f) single stage two envelope procurement system shall not be allowed.

46. **Review by the Bank.** The procurement plan sets forth those contracts which shall be subject to the Bank's prior review. IDA will carry out sample post review of all other contracts. Procurement post review of contracts below the threshold will constitute a sample of about 20% (twenty percent) of the post-review contracts in the project. Procurement post-reviews will be done on an annual basis depending on the number of post-review contracts.

47. Initial procurement plans agreed with the agencies identify the following as prior review contract packages: (i) each contract for goods and non-consulting services procured on the basis of International Competitive Bidding (ICB); (ii) all contracts for goods and non-consulting services estimated to cost equivalent of US\$1,000,000 or more, regardless of the procedure; (iii) all contracts for works estimated to cost equivalent of US\$4,000,000 or more, regardless of the procurement method applied; (iv) each contract for consultants' services provided by a firm,

estimated to cost the equivalent of US\$300,000 or more; (v) each contract for services of individual consultants, estimated to cost the equivalent of US\$200,000 or more; (vi) all contracts for goods/works procured through Direct Contracting and (vii) contracts for consultants' services procured through Single Source selection. For consultancy, all TORs need to be cleared with the Bank. The mentioned thresholds will be updated annually in the procurement plan based on the review of the capacity and performance of the respective agencies.

48. **Procurement Plans:** Initial procurement plans for each implementing agency were agreed at negotiations and will be updated upon effectiveness. The agencies will update the procurement plan semi-annually. No procurement except those agreed in the procurement plan will be initiated by the agencies.

Environmental and Social (including safeguards)

Social

49. Sub-projects implemented by the three public workfare programs are intended to be small-scale, and implemented over brief phases to protect the poorest. Although EGPP triggered OP 4.12, no land acquisition or displacement of communities took place at the sub-project level. Based on the assessment done for EGPP, the MoDMR and the Bank team have agreed that no land acquisition or displacement of communities (economic or physical) from private or public lands will be required. Further since all sub-projects will be carried out in rural settings where squatters are not widely found, no large scale displacement is expected. Land acquisition and displacement of communities/people will not be allowed, and this exclusion will be highlighted in the Operational Manual of the workfare programs. Each sub-project proposal assessed by the Union level Steering Committees will include a social screening form that will demonstrate specifically that no acquisition or displacement is undertaken.

50. Given the nation-wide approach of the programs it is probable that the program may touch upon areas with tribal people (TPs), thereby triggering the safeguards policy for Indigenous Peoples (OP 4.10). Screening for TPs therefore will be included as well in the relevant areas.

51. A Social Management Framework (SMF) has been prepared that includes a Tribal People's Development Framework, Gender Assessment Framework, and a framework to assess inclusion, transparency and accountability issues in the project. Due to the very large number and small-scale nature of sub-projects implemented under both EGPP and TR, the MoDMR field level functionaries will use a Social Screening procedure outlined in the SMF to identify, assess, evaluate, mitigate and monitor social impacts of each sub-project. The SMF approach complies with World Bank policies as well as national policies, while considering the practical aspects of the program implementation. The Upazila level Steering Committees would be responsible for ensuring all sub-projects adhere to the relevant screening procedures. Project Implementation Officers (PIO) at each Upazila would be responsible for ensuring compliance with Bank policies (incorporated in the SMF), including producing the Tribal People's Development Plan, and keeping records of actions undertaken. The Bank will commission sample based spot checks to ensure that adequate safeguards were in place for selected sub-projects.

52. The SMF describes the actions needed and processes required to implement the safeguards approach described above. This includes (i) key principles to follow during implementation; (ii) a check-list to identify the possible impacts including the presence of Indigenous People in project areas; (iii) guidance on how to implement the approach in proportion to the nature and the scale of the impact, and (iv) a detailed process for audits.

53. The approach suggested above builds on lessons learned and best practice examples from the ongoing Employment Generation Program for the Poorest (EGPP), Local Government Support Project (LGSP) and the Social Investment Program Project (SIPP).

54. The project SMF was prepared by MoDMR on the basis of the existing document in use for the ongoing EGPP Project. Updates to the EGPP SMF were made in consultation with concerned communities, field staff and local NGOs. The SMF has been disclosed by MoDMR on April 8 2013 (<http://www.modmr.gov.bd>) and hard copies (including the Bangla version) are available both at the Ministry and DDM. The SMF has also been disclosed on World Bank's InfoShop on April 9 2013.

Environment

Overview of Environmental Management

55. Public workfare schemes financed by the MODMR programs supported by the Bank consist mainly of: (i) construction and maintenance to rural roads (mainly earthen roads); (ii) construction and maintenance of river embankments; (iii) excavation or re-excavation of irrigation canals and drains; (iv) land-fill for community institutions like schools, mosque, pagoda, temple, graveyards, prayer grounds etc.; (v) earthen shelters to protect animals against cyclones; (vi) re-excavation of public ponds or fish farms; (vii) organic fertilizer production; (viii) further development of rural markets or helipad; (ix) excavation or re-excavation of water reservoirs, and (x) cleaning ponds and bushes, etc. The environmental impacts from the majority of community sub-projects are likely to be minor, local and, in most cases, temporary.

56. The project triggers the Bank's OP/BP 4.01 ("Environmental Assessment") which seeks to avoid potentially adverse environmental impacts and enhance environmental outcomes in sub-project implementation. Considering the nature and magnitude of potential environmental impacts and the scale of sub-projects, the SNSP is classified as category 'B'.

57. The objective of environmental management is to ensure that environmental considerations are appropriately addressed during sub-project planning and implementation. Since the environmental impacts cannot be precisely identified upfront, MoDMR has updated the existing Environmental Management Framework (EMF) for the EGPP to cover the expanded scope of the SNSP project, with an emphasis on environmental issues at the local level planning process. The EMF provides general policies, guidelines and procedures to ensure that the project is implemented in an environmentally sustainable manner and in line with Bank policy. Specifically, the EMF aims to achieve the following: (i) minimize potential negative environmental impacts; (ii) enhance positive environmental impacts; and (iii) develop institutional capacity to manage environmental impacts in partnership with communities.

58. The EMF details the criteria for community level environmental screening and planning, and sub-project level Environmental Code of Practice (ECoP) to mitigate possible negative environmental impacts. Although environmental impacts are not significant, special attention needs to be paid to: (i) top soil degradation and erosion; (ii) drainage congestion by blocking natural drainage; (iii) inappropriate waste disposal; (iv) cutting and/or trimming of trees; (v) temporary sound and air (mainly dust related) pollution; (vi) loss of biodiversity (loss of habitat for any fauna and flora); (vii) temporary decline in surface water quality, and (viii) potential public health concerns (spread of communicable disease by any community worker). The project EMF has been prepared by MoDMR on the basis of the existing document in use for the ongoing EGPP Project. Updates to the EGPP EMF were made in consultation with concerned communities, field staff and local NGOs. The EMF has been disclosed by MoDMR on April 8 2013 (<http://www.modmr.gov.bd>) and hard copies (including the Bangla version) are available both at the Ministry and DDM. The EMF has also been disclosed on World Bank's InfoShop on April 9 2013.

Environmental Screening and Implementation of ECoP

59. Community level environmental screening will be an integral part of sub-project planning to understand possible impacts, and to identify concerns and ensure they are addressed early on to mitigate negative impacts or enhance opportunities. It is suggested that community meetings be held to discuss proposed sub-projects in light of community priorities and environmental and social impacts. The community, under the guidance of the PIO, the Sub-Assistant Engineer (SNSP) and the Upazila level Steering Committees, will carry out the environmental screening. In addition, the community will review the sub-project specific ECoP to avoid or address environmental concerns through modifications (if required) in sub-project design and incorporation of mitigation measures. For example, the community may adjust the alignment of a rural road to avoid drainage congestion and make alternate provisions for water passage/flow to avoid erosion of earthen roads. The community, along with the Union level Steering Committee, will agree on relevant mitigation measures for the sub-project based on the relevant ECoP. The budget required for implementation of the mitigation measures would need to be estimated accordingly. If any sub-project requires additional measures beyond what is already described in the ECoP, a simple Environmental Management Plan (EMP) will be prepared by the UP-PIC/UP-HAIC in consultation with the PIO and Sub-Assistant Engineers (SNSP). The screening format, ECoP and sample EMP will be included in the project Operations Manual (in Bangla) as part of the guidance to prepare and implement sub-projects. The PIO will be responsible for reviewing the environmental screening and mitigation measures of sub-projects.

ECoP Implementation, Supervision and Reporting

60. PIOs, Sub-Assistant Engineers (SNSP) and Union Steering Committees will be responsible for implementation of the sub-project ECoP and receive feedback from the community, as applicable, according to the policies and procedures laid out in the EMF (and later incorporated in the Operations Manual). The Union level Steering Committees may form a sub-committee to ensure proper implementation of the ECoP and EMP (if required). Throughout sub-project implementation, sub-committees and community volunteers would monitor any negative impacts

that may arise. If any community members have questions or grievances related to environmental issues that cannot be answered at the community level, they would be encouraged to seek clarification and solutions through the project's grievance redress mechanism. The Upazila level Steering Committees would be responsible for providing necessary technical input to the Union level Steering Committees and overall supervision and monitoring of sub-projects.

61. PIOs and Sub-Assistant Engineers (SNSP) will review environmental compliance as part of their regular monitoring activities. PIOs and Sub-Assistant Engineers (SNSP) will maintain a database for sub-project specific environmental screening and mitigation measures and prepare a half-yearly report on environmental compliance issues with a brief description of each sub-project. The planned third party spot checks will capture this information as part of its overall focus on assessing performance of the programs on an annual basis.

Monitoring & Evaluation

62. The MoDMR, which had an annual budget that was Taka 54.29 billion (USD 678 million) in FY 2012-13, implements the largest ongoing safety net programs in the country. However, the Ministry has limited monitoring capacity to oversee these programs. The current monitoring system is essentially based on the MoDMR's monitoring systems for disaster relief assistance, where the emphasis has been traditionally on ensuring timely distribution of resources in crisis situations rather than ongoing outcome monitoring. Improvements in the Ministry's monitoring capacity generated through improvements in the overall DDM's program monitoring would bring about a substantial improvement on the oversight over these large amounts of public expenditures. DDM's monitoring capacity will be developed under the second results area of "strengthening management, program information systems and monitoring capacity to ensure efficient administration" under the proposed project. Monitoring activities will center on the collection of streamlined indicators on finances, sub-projects, and beneficiaries via a state-of-the-art Management Information System (MIS), while evaluation activities of the program will assess targeting performance, leakage rates in benefit amounts, the impact of program participation along with other areas of interest.

63. While the MoDMR is increasingly trying to focus on evidenced based policy making, currently these activities are conducted on an ad hoc basis and are poorly supervised. Under the proposed project, resources have been earmarked so that evaluations can be carried out for (i) the regular monitoring of the programs on, among other things, the DLIs such that the means of DLI verification are embedded in the M&E design; and (ii) an operational review, i.e. a process evaluation to ensure compliance with operational manual and spot checks to systematically monitor five safety net programs of MoDMR using third parties that will produce the information required for informed and timely policy decisions and adjustments to program design (as has been the experience with EGPP).

64. **Program data monitoring.** The current safety net programs of MoDMR focus on monitoring disbursements of food grains in the case of FFW, TR, VGF and GR and wages and days of work created under EGPP, as well as the amount of works conducted and the number of beneficiaries. Information on ongoing program progress - in terms of the percentage of the program allocation for food grains and wages that has been spent, projects selected, the number of work days that

have been created, the number of job cards issued, and the amount of work conducted - is recorded using standard templates. A team from the center conducts pre-work measurement for all projects identified, followed by monitoring of projects during implementation, and lastly post-work monitoring at the end of project implementation. At the local level, the PIO aggregates sub-project-level information to the Upazila level, then faxes or phones in the Upazila level reports to the district DRO since even with computer facilities may not have internet connections. The current reporting format tracks the number of projects, amount allocated, the number of male and female participants and the number of days of employment created for men and women in each Upazila as well as the amount of wages and food grains paid out. Transcription or data entry then typically occurs at the district level. The DRO then typically faxes or emails the district report to DDM where these district reports received in non-electronic form are then re-entered. The information is then used to generate a variety of reports, charts and GIS maps to assess program progress at the Upazila level.

65. Because the information is aggregated to the Upazila level, by the time it reaches the center, it is difficult to assess progress and outcomes at the sub-Upazila level. Additionally, because limited information is passed up from the local level, and none of the worker-level information from job cards, muster roll and attendance sheets is digitized, it is also difficult for the center to ascertain whether the program is reaching the poorest of the poor or identify potential problem areas at the sub-Upazila level.

66. The proposed project will support the development of a common administrative platform for targeting, benefit delivery, registry and monitoring and evaluation that allows for communication and management of common processes across the five safety net programs of MoDMR. Such a MIS system will streamline reporting procedures, improve the efficiency of program implementation, as well as increase its transparency. Increased transparency in the case of these programs is likely to reduce the scope for fraud and error. The existing monitoring forms and reports will be redesigned to facilitate monitoring on inputs, outputs, intermediate outcomes and compliance with program guidelines. The primary goal of the MIS will be the production of a user-friendly biweekly or monthly summary report for senior management. The MIS system will also enable the Government to assess, on an ongoing basis, the extent to which the programs are meeting their objectives.

67. The set of streamlined indicators to be collected at the sub-project level will include information on the flow of funds, beneficiary profile, wages/food grains, and sub-project types. Financial indicators to be collected will include data on how much has been disbursed to and paid out in each sub-project and spending on administrative and non-wage project costs. Indicators on beneficiaries will include: how many job cards have been issued for each sub-project to men and to women, the characteristics of program beneficiaries (e.g., the proportion of beneficiaries who are manual laborers and who have less than 0.5 acres of land or their PMT scores when targeting is conducted based on the BPD), how many days of work have been created on each sub-project, and the percent of person-days of work by female beneficiaries. Wage/food grain indicators will provide the average wages/food grains paid per worker per day. Infrastructure indicators will provide the type of sub-projects (e.g., road construction, irrigation system maintenance). The MIS will also allow for a single beneficiary list under DDM. This will allow for better beneficiary tracking by program and help identify overlap. It is expected that

all Upazilas will have electronic registries of beneficiaries by the last year of the project. The MIS will also allow for the monitoring of Grievance Redress System given that there will also be a GRS module.

68. The institutional arrangements for monitoring and transferring monitoring data will also be strengthened to improve the flow of information from the sub-project level and the utilization of the information at the center. Currently, at the local level there are insufficient personnel to monitor project implementation and outcomes. The Program Implementation Officer at the Upazila level has an allocation for two staff, neither with technical qualifications. These staff positions are not always filled in some upazilas. Each UP has also been assigned to a “Tag Officer” based in the Upazila and who has the responsibility of overseeing the UP or UPs assigned to him/her. However, although the PIO and Tag Officer must travel to sometimes far-flung locations to monitor sub-projects, neither the PIO nor the Tag Officers have a budget for visiting sub-project sites. The project will provide resources to allow for increased supervision at the sub-project level; investments in MIS and connectivity at the local level to facilitate the flow of information; and investments that strengthen the analytical capacities of the PIOs.

69. By providing MIS capacity (in the form of computers and data entry clerks) at the upazila level, as well as modems so that information can be transferred electronically from the local level directly to the center, the flow of information can be streamlined, duplication in data entry work can be eliminated, and more detailed monitoring information at the sub-project level can be provided to the center. If information duplication is eliminated, it will also free up time at the central level to focus on analysis and reporting rather than data entry. Additional support and training will also be provided so that DDM staff are able to operate and maintain the MIS.

70. Independent DDM Spot Checks. Independent assessments of field level program performance are important mechanisms to both inform and motivate policy changes to (a) tailor program design to better meet the needs of the beneficiaries, and (b) program processes to improve administration and management of program personnel. Under the SNSP therefore, MoDMR will also introduce their own sets of independent external validations in addition to those carried out by the Bank on a random sample basis. Resources in Component 2 have been earmarked for this exercise. This activity will be part of MoDMR’s own M & E system, and will also include beneficiary satisfaction surveys.

71. Third Party Spot checks. Additionally the Bank will carry out independent Upazila level spot checks to validate that program implementation is being carried out as per the program Operations Manuals, including program adherence to the Environment Code of Practice (EcoP), and whether program benefits reach the intended beneficiaries. The purpose of these spot checks is to assess how well the systems approach is working for DDM. Thus the spot checks will focus on assessing the targeting system, beneficiary enrolment system, payment system, and the Grievance Redress System (GRS). These spot checks will be conducted in a random sample of approximately three to four percent of Union Parishads annually by a firm contracted by the World Bank.

72. The employees of the organization contracted for independent third party validations would visit projects sites in the sampled Upazilas during each implementation phase of each programs,

and administer two sets of instruments: survey for program officials; and survey for beneficiary feedback. The first set of surveys would involve examining the hard copy (and electronic, if available) documentation on sub-project implementation, beneficiary selection, payments, and other financial arrangements at the community sub-project level, as well as interviews with program staff and other Union Parishad and Upazila officials. The second set of surveys would include focus group discussions or interviews with direct beneficiaries as well as indirect beneficiaries such as other community members. The information obtained from independent third party validation visits would be verified against program monitoring and financial reports received at the center, and the implementing agency would have the opportunity to cross-check findings at the verification stage. The independent third party validation firm would produce a report of findings for each completed phase to allow for immediate feedback into the program.

73. *Quantitative impact evaluation:* As in the case of EGPP, the World Bank would partner with a reputable local survey firm to undertake baseline (FY 2013-14), midline (FY 2015-16) and endline (FY 2016-17) surveys of program participants and non-participants in a representative sample of Upazilas. Expected to be supported by Bank-executed Trust Fund resources, the survey data will be used to monitor some of the results laid out in Annex 1. The data will examine program targeting and the determinants of program participation, including whether women or individuals from households in the lowest consumption quintile are (i) more likely to be selected; and (ii) more likely to participate under the five safety net programs of MoDMR. The individual, household, and community characteristics (e.g., literacy, other wage-earning opportunities, shocks suffered, and distance from the nearest worksite) that influence both the ability to be selected under the programs and the days worked by beneficiaries in the public works programs (EGPP, FFW, TR) and the benefit amounts received under VGF and GR (if applicable) will also be examined. Program impacts to be examined at the household level include: net household consumption expenditure (measured relative to the household's prior year expenditure or relative to otherwise similar non-participant households); responses to lean season vulnerability, including the use of coping strategies such as borrowing, migration, or reductions in the number of meals eaten per day; changes in dietary quality; changes in household assets, especially in relation to possible distress sales, and impacts of the program on human capital through children's school enrolment and household health spending.

74. The impact evaluation will include baseline and follow-up surveys of a sample of representative households in Upazilas. A one-time baseline survey in January-February 2014 and a three-round follow up/endline survey will be done in FY 15-16 to measure the program impact including the seasonality impact. Sampling will be done separately for each of the 5 programs, and power calculations for a few key outcome indicators will be done to determine the sample size for evaluating each program. However, one control group could be used for the 5 programs to establish the counterfactual. These surveys will be timed in such a manner to help in the verification of some of the DLIs. For instance, the data from each round of surveys will be used to examine program targeting and determinants of participation in each of the programs. We will also examine whether there is evidence of potential sources of leakage of program benefits to the non-poor, including, for example, short payment of wages.

75. Program impacts for beneficiaries will be examined primarily at the household level and will be identified using several analytical techniques, including a difference-in-differences with a

statistical matching method. With the latter approach, survey information on individual and household characteristics is used to construct a comparison group of eligible non-participants and differences in outcomes are compared for otherwise similar households that did and did not participate in the program. Accordingly, the survey will collect information on household demographics, assets, income generating activities, consumption, risk coping strategies, and participation in safety net programs. A listing exercise will also be conducted to determine the sampling frame for the household surveys. Beneficiary and non-beneficiary households will be randomly selected from the list of all households in sampled areas. In the analysis, the survey data will be merged with administrative data detailing the extent and types of workfare activities in the Upazilas where households were surveyed.

76. Operational Surveys: To complement the quantitative work, beneficiary and non-beneficiary assessments will be conducted by the Bank. Based on focus group discussions, this qualitative evaluation work would examine how well the programs are working, including perceptions of targeting, of leakages/malpractice, the quality of project produced under the EGPP, FFW, TR, and their value to the community sub-projects (both to participants and to non-participants), and impacts of the program on internal and external migration as well as on female empowerment. Additionally, operational surveys will also be conducted by the Bank to evaluate the proper implementation of the BPD data collection process and procedures, as well as the implementation of the operational manuals for the five safety net programs of MoDMR. These evaluations are critical to ensure the integrity of the data quality as well as the level of adherence to program rules by DDM respectively.

113. The implementation arrangements and the set of M&E activities discussed above and summarized in Table A3.8, are expected to facilitate effective and appropriate use of the funds for the project, preclude the incidence of malpractice and maintain good governance in the management and implementation of project activities. Thus, some of these activities will be regularly monitored as part of the Governance and Accountability Action Plan (GAAP) designed to reflect the specific responsibilities of the implementing agencies – Department for Disaster Management (DDM) and Bangladesh Bureau of Statistics (BBS) (see Annex 6).

Table A3.7: M&E Arrangement to Ensure that Benefits Reach the Beneficiaries

Type of Check/Assessment	Purpose	Actors
Impact Evaluation Survey	<ul style="list-style-type: none"> To assess the impact of the program on poverty and vulnerability To provide additional verification of some of the DLIs and allow monitoring of results framework. 	(i) World Bank (ii) Firm contracted for Survey
Third party validations (spot checks and operational surveys)	<ul style="list-style-type: none"> To examine whether program implementation guidelines are followed and whether program benefits reach the intended beneficiaries To evaluate the proper implementation of the BPD 	(i) World Bank (ii) MoDMR, SID (iii) Organization contracted for independent third party validations
Financial/payment Audits	<ul style="list-style-type: none"> To ensure implementation of a sound financial management and monitoring system To ensure that the program's financial statements are audited annually 	(i) Comptroller and Auditor General of Bangladesh (ii) Organization contracted for independent sample review

Type of Check/Assessment	Purpose	Actors
		of bank payments
Spot checks & Beneficiary feedback	<ul style="list-style-type: none"> • To provide verification of some of the DLIs and allow monitoring of results framework. • To ensure that information about the program has an impact on implementation and course corrections are made • To examine whether program implementation guidelines are followed and whether program benefits reach the intended beneficiaries 	(i) MoDMR, DDM (ii) Organization contracted for external validations
MIS reports on program data	<ul style="list-style-type: none"> • To monitor field level implementation of programs • To facilitate management decisions on resource utilization and oversight on performance 	(i) DDM

The Role of Partners

77. There are numerous Development partners (DPs) who have shown keen interest in supporting safety net programs implemented by GoB, including in the development of the Social Protection Strategy (SPS). With support from UNDP, DFID, AUSAID and WFP, the General Economics Division (GED) under the Planning Commission has been given the task of coordinating GoB efforts to develop the SPS. A concerted effort among donors however, to engage with the Government to synthesize and collectively agree on the priorities of the SPS based on the ground realities of Bangladesh is critical to ensure strong country ownership of the process. The activities in the proposed operation will inform this important discourse and allow for greater donor harmonization on key policy issues as well as subsequent support for GoB programs initiatives to make the SPS operational.

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

Annex 4
Operational Risk Assessment Framework (ORAF)
Bangladesh: Bangladesh Safety Net Systems for the Poorest Project (P132634)
Stage: Appraisal

Risks																														
Project Stakeholder Risks																														
Stakeholder Risk	Rating	Substantial																												
<p>Risk Description:</p> <p>There is a risk that improved targeting and payments systems of the Ministry of Disaster Management and Reliefs (MoDMR) programs will create resentment and opposition from vested interest groups (e.g. local politicians) who currently benefit from existing scope for targeting errors and leakage in program benefits.</p> <p>The National ID Wing (NID-W) of the Bangladesh Election Commission which is mandated to develop and maintain the National ID database might see the Bangladesh Poverty Database (BPD) as duplication of efforts. The NID-W is currently implementing the IDEA project supported by IDA.</p>	<p>Risk Management:</p> <p>The main sources of potential opposition for the activities under SNSP include (i) the proposed pro-poor changes in geographical resource allocations which will impact some of the less poor areas which were traditionally receiving large amounts of resources and (ii) the use of bank payments for making the transfers under Test Relief (TR), as this measures will reduce the scope for leakage.</p> <p>The MoDMR will adopt a three-pronged strategy to manage local politicians, which will include: (i) undertaking an incremental approach to the implementation of all reform measures as per the DLI matrix (simulations have also been carried out which show that the new geographic targeting formula proposed under SNSP does not change program allocation significantly, but over time will ensure the majority of resources flow to the poor); (ii) conducting third party process evaluations and beneficiary satisfaction surveys to counter any unfounded allegations by vested interests (as was successfully done in the case of EGPP); and (iii) engaging in public discussions and dialogue based on these evaluation studies to garner public support, including from Parliament, for these government efforts to improve the quality of social expenditure in these programs.</p> <p>The MoDMR has also prepared a draft Action Plan to be finalized and adopted formally which lays out the Ministry's vision for rationalization and consolidation of its programs for more effective use of resources based on the following four objectives (i) poverty reduction; (ii) female economic empowerment; (iii) food security and (iv) disaster response capacity of the poor and disadvantaged population. The proposed SNSP activities are situated within this broader Action Plan. Having full ownership of these activities will help to mitigate this opposition. Further, project activities that are likely to tighten the management of these programs are expected to take effect after the election cycle is over, and a new political cycle will have started. This will act in favor of the proposed project.</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Resp:</td> <td style="width: 15%;">Status:</td> <td style="width: 15%;">Stage:</td> <td style="width: 15%;">Recurrent</td> <td style="width: 15%;">Due Date:</td> <td style="width: 15%;">Frequency</td> </tr> <tr> <td>Both</td> <td>Not Yet Due</td> <td>Implementation</td> <td style="text-align: center;">✓</td> <td></td> <td>Yearly</td> </tr> </table>	Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency	Both	Not Yet Due	Implementation	✓		Yearly	<p>Risk Management:</p> <p>Discussions have been held with the Bangladesh Election Commission and the Bank IDEA team to explain that the BPD is not an ID database. Its purpose is to develop a household level poverty database, one that utilizes the national ID issued by the BEC. Data collection for the BPD has been designed to ensure that cross verification of NID by BEC is possible. A draft set of protocols for data verification by BEC is being developed for discussion with BEC so that the concerns over duplication are met. Further once the BEC realizes that the use of the BPD for targeting social transfer will help illustrate the value of having a unique ID to verify beneficiary identification, the complementarity between the two initiatives is expected be clear. In fact, this type of data exchange would contribute to the achievement of the PDO of the IDEA project. The team has been working on a draft data verification protocols to help initiate a dialogue between BBS and BEC on this issue.</p>			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Resp:</td> <td style="width: 15%;">Status:</td> <td style="width: 15%;">Stage:</td> <td style="width: 15%;">Recurrent</td> <td style="width: 15%;">Due Date:</td> <td style="width: 15%;">Frequency</td> </tr> <tr> <td>Both</td> <td>In Progress</td> <td>Both</td> <td></td> <td>30-Jun-2014</td> <td></td> </tr> </table>	Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency	Both	In Progress	Both		30-Jun-2014	
Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency																									
Both	Not Yet Due	Implementation	✓		Yearly																									
Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency																									
Both	In Progress	Both		30-Jun-2014																										
Implementing Agency (IA) Risks (including Fiduciary Risks)																														

Capacity	Rating	Substantial				
<p>Risk Description:</p> <p>District/Upazila offices of DDM lack adequate staffing and resources to monitor and implement numerous safety nets programs at the field level.</p> <p>Both DDM and BBS have limited experience with World Bank procurement and FM procedures and lack adequate staffing for procurement and financial management.</p>	<p>Risk Management:</p> <p>Recognizing this risk, the proposed project plans to support the implementation capacity of DDM with the help of additional technical and monitoring personnel, equipment and training, both at the central and field level. An electronic database of beneficiaries and an integrated MIS system will be developed, which is expected to make implementation and monitoring activities easier and more efficient.</p>					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: ✓	Due Date:	Frequency: Yearly
	<p>Risk Management:</p> <p>The MoDMR has been implementing the IDA-supported Employment Generation Program for the Poorest (EGPP) since 2010, which is designed under a similar "results-based" disbursement modality. This has built some fiduciary capacity within MoDMR, but the following measures will also be put in place:</p> <p>(i) Service of an experienced Procurement Specialist to assist DDM and BBS in preparation of procurement documents. Additionally, DDM and BBS will both appoint respective Procurement Focal Points (PFP).</p> <p>(ii) Service of an experienced Financial Management Specialist to assist DDM and BBS in ensuring smooth flow of project funds, preparation of IUFRRs, preparation of annual financial statements, coordination of project audit, among other relevant tasks.</p> <p>(iii) A functional web page with procurement-related information accessible to the public for both implementing agencies.</p> <p>(iv) A system for handling complaints and a database for recording, monitoring and following up all project procurement activities for both implementing agencies.</p> <p>(v) Procurement guidelines will be issued to the local level to ensure clarity on procedures and training will be provided to Upazila level staff for both implementing agencies.</p> <p>(vi) Use of report-based disbursement directly into the Government consolidated fund following independent verification of DLI achievement.</p>					
Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent: ✓	Due Date:	Frequency: Yearly	
Governance	Rating	Substantial				
<p>Risk Description:</p> <p>There is a risk that SID will lack commitment to the development of the BPD given that they have multiple competing priority tasks assigned by the Government. This may severely hamper management oversight of the database development activities.</p> <p>There is also the risk that a change in leadership/management in the MoDMR and SID will affect oversight on the progress of the DLIs and the quality of the implementation of the BPD respectively.</p>	<p>Risk Management:</p> <p>There is strong ownership and commitment on the part of the IAs in developing the BPD. As a key user of the database, MoDMR also has an interest in ensuring its development and effectiveness. The use of the database is linked to one of the DLIs under the project and this is expected to further reduce this governance risk. Moreover, contracting of the firm that will develop the technical aspects of the database will be managed by DDM and will thus ensure that DDM has oversight over the work as well.</p> <p>SID is funding a test phase of the survey in the amount of USD 270,000, covering approximately 100,000 households in two Upazilas, which is currently underway, including third party spot checks and process evaluations funded by the Bank. Results are expected at the end of June 2013 and will help assess survey methodology and modalities before the national rollout. This activity is another suggestion of strong ownership of the BPD by SID.</p>					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: ✓	Due Date:	Frequency: Yearly
	<p>Risk Management:</p> <p>Risks arising from change in leadership will be mitigated by ensuring: (i) the finalization and endorsement of the MoDMR Action Plan delineating the reform measures and (ii) third party monitoring arrangements and beneficiary surveys in addition to qualitative and quantitative evaluations (e.g. impact and process evaluations), which will be embedded in the project design to allow for a robust control and accountability system within DDM and BBS.</p>					

	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency Yearly
	<p>Risk Management:</p> <p>Both qualitative and quantitative evaluations of EGPP suggest that formalizing program rules and processes, and transparency of the implementation activities help to reduce any scope for malpractice. Rather than drastic changes, having an incremental approach to bringing about changes in program processes help in both reducing leakage in the programs but also minimize opposition to these changes.</p> <p>Similar approaches have been adopted to minimize the risk of targeting errors under the proposed project. First, the DLI matrix for the proposed project will allow close monitoring and verification of results geared towards reduced targeting error and leakage via strengthened information systems as well as third party oversight procedures. Second, within the DLI matrix, the three main activities that have received the most emphasis include developing the household-level targeting system, the program information system (MIS), and the Grievance Redress System (GRS). Together these three administrative systems will help to mitigate this risk. Third, the results framework includes intermediate results indicators that would require additional measures on the part of DDM to share program level implementation information such as Upazila-wise program resource allocation and beneficiary numbers with the wider public that are also linked to the GAAP. These measures, in addition to a culture of improved information gathering and monitoring, is expected help check the extent of this governance risk.</p>					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent ✓	Due Date:	Frequency Yearly
Project Risks						
Design	Rating		Moderate			
<p>Risk Description:</p> <p>There could be a risk that coordination between SID and DDM is weak given that they are part of two separate Ministries and thereby implementation activities will be delayed.</p> <p>Given the high pressure SID is currently facing to develop the poverty database, it is possible that the BPD is rolled out too quickly and/or uses sub-optimal processes.</p> <p>Inflationary pressures may push up project cost.</p>	<p>Risk Management:</p> <p>Modalities of coordination and implementation arrangements between DDM and BBS will be such that Technical Project Review Committees (TRPC), headed by the respective Project Directors of DDM and BBS, will be established to ensure smooth implementation of project activities. Such an approach has been very successful in the implementation of the Conditional Cash Transfer (CCT) pilot project housed under the Local Government Division which also involved multiple IAs. These Committees will ensure that Project implementation follows both GOB and IDA rules and regulations. A Technical Project Preparation Group with participation by the Bank, BBS and DDM has already been set up to help coordinate the preparation of the various components of the Project. This group has already met multiple times.</p> <p>Further, both implementation teams will be advised, guided and supervised by a National Steering Committee (NSC), headed by respective Secretaries of the Ministry of Disaster Management and Relief and the Statistics and Informatics Division. Joint meetings of the NSCs will provide an oversight function to ensure that activities under both DDM and BBS are well coordinated.</p> <p>As mentioned earlier, DDM will manage the contracting of the firm that will develop the technical aspects of the Bangladesh Poverty Database and will thus ensure that DDM is able to maintain regular collaboration and coordination with BBS.</p>					
	Resp: Client	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
	<p>Risk Management:</p> <p>It will be important to mitigate this risk by ensuring continued dialogue with BBS and DDM to apply a gradual phased approach to build capacity and credibility.</p>					

	<p>A test phase of the BPD is currently underway and is aimed essentially to help inform the optimal methodology and modality of its implementation. A comprehensive set of evaluations on the methodology, data collection processes, and its quality are expected to be completed by end-June 2013. These studies will be the basis for the planning of the national roll out.</p> <table border="1" data-bbox="926 285 1906 350"> <tr> <td>Resp: Both</td> <td>Status: In Progress</td> <td>Stage: Both</td> <td>Recurrent ✓</td> <td>Due Date:</td> <td>Frequency Yearly</td> </tr> </table> <p>Risk Management: The TA components have assigned appropriate contingency amounts to meet inflationary risks.</p> <table border="1" data-bbox="926 415 1906 480"> <tr> <td>Resp: Both</td> <td>Status: Completed</td> <td>Stage: Preparation</td> <td>Recurrent</td> <td>Due Date:</td> <td>Frequency</td> </tr> </table>	Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly	Resp: Both	Status: Completed	Stage: Preparation	Recurrent	Due Date:	Frequency
Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly								
Resp: Both	Status: Completed	Stage: Preparation	Recurrent	Due Date:	Frequency								
Social and Environmental	<table border="1" data-bbox="926 483 1906 521"> <tr> <td>Rating</td> <td>Moderate</td> </tr> </table>	Rating	Moderate										
Rating	Moderate												
<p>Risk Description:</p> <p>Environment: Three of the MoDMR programs (EGPP, TR and FFW) involve earthworks, including road construction/repair and landfilling for community institutions, etc. and the nature of these the sub-projects may lead to negative environmental impact. Sub-projects may also have adverse environmental impacts if they are not properly designed or executed, or mitigation measures are not implemented.</p> <p>Social: Given the nation-wide approach of the program it is also probable that the program will touch upon upon areas with tribal people (TPs).</p>	<p>Risk Management:</p> <p>MoDMR already has an Environmental Management Framework (EMF), which provides screening tools to identify potential environmental risks in sub-projects, procedures to mitigate potentially adverse environmental impacts (if any), and a monitoring mechanism. This has been updated to include the other workfare programs (TR and FFW) and disclosed publicly. MoDMR will use a specified "Code of Practice" outlined in the EMF to identify, assess, evaluate, mitigate and monitor environmental impacts of each sub-project</p> <p>Although no major social impacts are anticipated, the Social Management Framework (SMF) has been updated by MoDMR to include TR and FFW and specifically mentions that any sub-projects requiring land acquisition will not be funded under the project. Screening for TPs will be part of the screening format under the SMF. The SMF has been disclosed publicly.</p> <p>Annual spot-checks will assess compliance with EMF and SMF.</p> <p>The EMF and SMF will also be part of the formal Operational Manual that will be developed for each of the programs, as was the case for EGPP. In addition, independent/third party assessments will include a brief environmental audit to assess and evaluate the quality of environmental compliance of sub-projects.</p> <table border="1" data-bbox="926 927 1906 992"> <tr> <td>Resp: Client</td> <td>Status: In Progress</td> <td>Stage: Both</td> <td>Recurrent ✓</td> <td>Due Date:</td> <td>Frequency Yearly</td> </tr> </table>	Resp: Client	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly						
Resp: Client	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly								
Program and Donor	<table border="1" data-bbox="926 992 1906 1029"> <tr> <td>Rating</td> <td>Low</td> </tr> </table>	Rating	Low										
Rating	Low												
<p>Risk Description:</p> <p>Objectives of the proposed project may not necessarily be in alignment with the priorities of other development partners who may be inclined towards programs that offer universal social protection and are ideologically opposed to "targeting" resources.</p>	<p>Risk Management:</p> <p>The Bank team has been engaged in regular sectoral dialogue with Development Partners (DPs) and Government through the Local Consultative Group (LCG) sub-group for social protection to provide detailed analysis based on empirical evidence on the merits for targeting safety nets in Bangladesh, as well as the need for improving the implementation efficiency of these programs. These discussions are being held within the wider dialogue among DPs and the Government on the mechanisms for supporting Bangladesh's National Social Protection Strategy (NSPS). Many DPs in the sub-group have expressed both support for the proposed operation and interest to participate – further dialogue is being carried out to explore the specific nature of this support.</p> <p>Moreover, the Bank has recently undertaken a multi-year Programmatic AAA/TA (P143214) which will help to support the dialogue with DPs via the range of empirical analysis planned as part of this AAA. The Bangladesh Poverty Assessment that is expected to be launched in June 2013 has an extensive analysis and discussion on the priorities for social protection sector in Bangladesh. The dissemination of this document will also help move this dialogue with DPs and help in harmonizing donor efforts on social protection.</p>												

	Resp: Bank	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
Delivery Monitoring and Sustainability	Rating	Moderate				
Risk Description: Sustainability: Expenditure on social protection safety net programs has been increasing over time, both in terms of share of total expenditure and as a share of GDP. While the Government is committed to protect public spending on safety nets, competing demands for scarce resources mean that spending levels could be lowered. Measurability: Low M&E capacity of both MOMDR and BBS will undermine the quality of the outcomes of the proposed project.	Risk Management: The safety net programs being supported by the proposed project have been under implementation since the 1970s, and are the key programs that help the Government manage multiple objectives including poverty and vulnerability reduction, ensuring food security, and public food grain stock and price management. These safety net programs have always been a priority of all previous governments, and as such, any drastic reduction in fund allocation is not expected over the course of project life. Moreover, the project will be reimbursing the Government up to 80 percent of eligible cash expenditures under Component 1, and so if public spending falls below a certain limit, they will lose a portion of the reimbursement. The team has also been coordinating with IMF colleagues on the USD 1 billion Extended Credit Facility (ECF) (FY 13-15), which aims to ensure adequate budgetary provisions for social spending during the ECF program. There is an increasing appreciation for M&E systems at MoDMR and SID and interest to adopt a systematic M&E framework for their respective activities under the project. For instance, impact evaluations under EGPP helped revise geographic targeting formula to make the program even more pro-poor. DDM have already commissioned the Bangladesh Institute of Development Studies (BIDS), a leading semi-autonomous research institution, to carry out an evaluation of all DDM programs to inform the design of the proposed project. Third party monitoring and process/impact evaluations will be undertaken during the course of the project, and has been embedded in the project design as part of the DLI verification mechanisms. SID is also conducting evaluations of the test phase of the BPD, which will help inform the M&E framework for the BPD development component.					
	Resp: Both	Status: In Progress	Stage: Both	Recurrent ✓	Due Date:	Frequency Yearly
Other (Optional)	Rating					
Risk Description:	Risk Management:					
	Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency
Other (Optional)	Rating					
Risk Description:	Risk Management:					
	Resp:	Status:	Stage:	Recurrent	Due Date:	Frequency
Overall Risk						
Implementation Risk Rating: Substantial						
Risk Description: The overall risk rating for the project is deemed substantial. This rating is driven largely by risks from potential opposition from stakeholders, low capacity of implementing agencies, and the country operating environment. There is a risk that improved targeting, management and grievance systems of the DDM programs will create resentment and generate opposition from vested interest groups who						

currently benefit from the existing scope for targeting errors and leakage in program benefits. Mitigation measures are part and parcel of the design of the proposed project which undertakes a three-pronged approach: firstly, the project adopts an incremental approach to the implementation of all reform measures as per the DLI matrix (simulations have also been carried out which show that the new geographical targeting formula proposed under SNSP does not change program allocation significantly, but over time will ensure the majority of resources flow to the poor) to minimize opposition; secondly, the project provides technical assistance to ensure both implementing agencies are well-equipped to achieve the DLIs and thirdly, the project makes use of multiple instruments to verify progress and achievement of DLIs, including program performance reports generated by an automated system, third-party random spot checks and beneficiary satisfaction surveys. In addition to regular monitoring of the GAAP, technical studies are planned to counter any unfounded allegations by vested interest groups (as was successfully done in the case of EGPP) which also help to engage the wider civil society and media to garner public support for the reform measures.

Annex 5: Implementation Support Plan
BANGLADESH: Safety Net Systems for the Poorest

Strategy and Approach for Implementation Support

1. The project is designed to support the Ministry of Disaster Management and Relief (MoDMR) safety net programs by financing a portion of program costs in line with progress against a set of disbursement-linked indicators (DLIs). Technical assistance will also be provided to help achieve the results laid out in the DLI matrix. Disbursements under Component 1 will therefore only take place if and when the Government achieves specific results and in itself acts as a tool to mitigate governance risks that may be relevant to the project. This lending modality is considered an ideal fit for this operation as it would create incentives for improved program implementation which has been successful under the IDA-supported Employment Generation for the Poorest (EGPP) project.

2. The Implementation Support Plan (ISP) lays out the support required for implementation of the mitigation measures identified in the ORAF and the GAAP in the following areas: (a) institutional environment; (b) program design and oversight; (c) implementation and management supervision capacity; (d) procurement capacity, and (e) financial management capacity. The design of the project contains safeguards against each of these risks and the ISP is designed to review and ensure that those safeguards are effective and to reinforce them where necessary.

3. One such risk is the fragmented approach to social protection in Bangladesh, with over twelve ministries implementing the largest thirty safety net programs with very little coordination. Other ministries may therefore not share the same vision to improve the targeting and leakage in their respective programs and, as a result, oppose the reform measures adopted under this proposed project. One of the mitigating measures is the development of the National Social Protection Strategy (NSPS), led by the Planning Commission under the guidance of the Cabinet Division and supported by the Bank through the Streamlining Social Protection Non-Lending Technical Assistance (P143214). The Strategy, expected to be completed by October 2013, will help create the awareness and understanding across Government ministries/agencies involved in social protection program delivery on the necessity of improving targeting of safety nets and minimizing leakage in benefits. The Bank team will also continue high level policy dialogue with the Ministry of Disaster Management and Planning Commission on program consolidation, capacity improvement and widespread dissemination of the NSPS.

4. Implementation of the program is nationwide and will require adequate personnel and resources in all field offices of the MoDMR to monitor implementation of the numerous community sub-projects. Two “common” Operations Manuals will be prepared for the (a) workfare programs and (b) non-conditional/humanitarian relief programs which will lay out clear definitions of rules and guidelines on program operation and roles and responsibilities at both policy and program delivery levels. MoDMR will also carry out public information campaigns will also be supported under the project so that beneficiaries have access to full information at the local level. The project will put in place additional staff and resources in MoDMR and both

implementing agencies and field offices (DDM and BBS) - including Program Implementation Specialists, Sub-Assistant Engineers (SNSP), support staff, transportation facilities and IT equipment - to ensure compliance with and achievement of program objectives.

5. A range of M&E tools will be employed to assess implementation performance, outputs and outcomes. Lessons from the implementation of EGPP suggest that independent assessments of field-level program performance are important mechanisms to inform and motivate policy changes to (a) tailor program design to better meet the needs of beneficiaries and (b) program processes for improved administration and management. Under the project, DDM will introduce its own set of independent external validation under its M&E system which will also serve as mechanisms for DLI verification. Additionally, the Bank will carry out independent Upazila-level spot checks to validate that program implementation is being carried out as per the program Operation Manuals and whether program benefits are reaching intended beneficiaries. These spot checks will be carried out annually by a firm contracted by the World Bank and financed by trust funds.

6. There are some large procurement activities under the project for which the Bank will support both DDM and BBS through provision of technical and procurement expertise, specifically in the development of technical specifications, drafting bid documents, detailed guidance on the Bank's procurement guidelines and monitoring procurement progress against the detailed procurement plan developed by the implementing agencies.

7. Similarly for financial management, supervision activities will include reviews of the operational status and capability of financial management systems; quality of financial reports; reconciliation of financial data; capacity of FM staff; review of audit reports and follow up on implementation of recommendations.

Implementation Support Plan

8. The Bank's supervision team will include the Task Team Leader and the country-based team, including fiduciary, procurement and safeguards staff. Implementation support missions will be conducted three times a year. Specific technical support will be provided in the following areas:

a. **Technical:** In addition to the country-based operational support team, the Bank task team will also include an Institutional Development Specialist and a MIS/IT Specialist. The Institutional Development Specialist will support the implementing agencies in the development of the Operations Manual and will assess progress in strengthening of field-level capacity. The MIS/IT Specialist will support the implementing agency in developing the specifications of the two MIS in DDM and BBS and will work with procurement staff to ensure bidding documents have been appropriately designed.

b. **Procurement/FM:** The project will require intensive procurement/FM supervision support during the initial year of implementation given the challenges and capacity of DDM and BBS in terms of procurement/FM staffing. During implementation, the Bank will review: (a) the project IFRs (for DDM and BBS) and audited financial statements, including the

budget execution report, together with the management letters; and (b) the project’s FM and disbursement arrangements to ensure compliance with the agreed requirements. With the implementation of sound FM monitoring measures by the FM Specialists to be appointed by DDM and BBS, the Bank’s normal implementation review procedures will suffice. Bank’s supervision support would also include engagement with the Controller General of Accounts on the improvement of budget execution and accounting and reporting processes under IBAS. In terms of procurement, the Bank will carry out a sample post review of all other contracts. Such reviews (ex-post and procurement audits) of contracts below the prior-review threshold will constitute a sample of about twenty percent of such contracts per agency. Procurement post-reviews will be conducted on an annual basis depending on the number of post-review contracts.

c. Training will be provided by the Bank’s financial management and procurement specialists and the team will also help DDM strengthen its fiduciary and procurement capacity through the placement of dedicated specialists. Bank specialists will be based in the country office to provide timely support. Formal supervision of financial management will be carried out at least twice a year while procurement supervision will be carried out on a timely basis as and when required by the client.

d. **Safeguards:** Although there is limited social and environmental impact under these five safety net programs, both environmental and social safeguards staff will be based in the country office and provide due diligence support throughout the project. Independent monitoring of safeguard issues will be undertaken by the Bank safeguards team to review compliance with the Codes of Practice as laid out in the Environment/Social Management Framework (EMF/SMF) and highlight any issues and possible solutions to the task team.

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

Table A5.1 Implementation Support

Time	Focus	Skills Needed	Resource Estimate
First twelve months	Development of Operations Manual	Institutional Development Specialist	\$45,000
	Development of MIS specifications and bidding documents	MIS/IT Specialist	\$24,000
	Overall quality of implementation	FM, Procurement, Safeguards Third party validation	Staff \$75,000
12-48 months	Development of MIS	MIS/IT Specialist, Institutional Development Specialist, Procurement	\$140,000
	Overall quality of implementation	FM, Procurement, Safeguards Third party validation	Staff \$150,000

Table A5.2 Skills Mix Required

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task management (TTL)	20 staff weeks/year	Field based	
Task management	20 staff weeks/year	Field based	
Task management	20 staff weeks/year	Field based	
Institutional Development Specialist	15 staff weeks/year	As required	
MIS/IT Specialist	8 staff weeks/year	As required	
Procurement Specialist	10 staff weeks/year	Field based	
FM Specialist	8 staff weeks/year	Field based	
Environmental Specialist	4 staff weeks/year	Field based	
Social Specialist	4 staff weeks/year	Field based	

Annex 6: Governance and Accountability Action Plan (GAAP)

BANGLADESH: Safety Net Systems for the Poorest

Introduction

1. The Governance and Accountability Action Plan (GAAP) for the Bangladesh Safety Net Systems for the Poorest (SNSP) is designed to reflect the specific responsibilities of the implementing agencies – Department for Disaster Management (DDM) and Bangladesh Bureau of Statistics (BBS) – and the World Bank to facilitate effective and appropriate use of the funds for the project, preclude the incidence of malpractice and maintain good governance in the management and implementation of project activities.

2. The proposed project includes three components, as follows: (i) Support to MoDMR safety net programs (EGPP, FFW, TR, GR and VGF) (ii) Strengthening of MoDMR program administration and transparency; and (iii) Development of the Bangladesh Poverty Database by SID. The first component would reimburse the GoB for results, while the second two components can be seen as a financing instrument for the inputs needed to achieve the results under component 1. These components will finance all inputs such as personnel, design of IT systems as well as hardware, monitoring systems, vehicles and other equipment, consultants, and incremental operating costs. An estimated \$70 million is earmarked for Technical Assistance to two implementing agencies, and \$430 million as direct financing of cash wage payments to about 1 million beneficiary households mainly under two safety net programs (EGPP and TR).

3. The main concern over governance for SNSP relates to program-related risks - that the implementing agency has limited capacity to provide cash payments to such a large number of workers and to monitor program implementation. Specifically, lessons learned under the ongoing EGPP indicate that the two major risks are improper beneficiary targeting and leakages in program benefits due to fraud and error. Given that the success of the project depends on the mitigation of these risks (the PDO level indicators are linked to these two issues), the mitigation of these risks, in a sense, is being achieved through the project design itself.

4. First, through a set of eight DLIs under Component One will be financing a portion of program costs (cash payments only) in line with progress against a set of Disbursement Linked Indicators (DLIs). Second, under components 2 and 3, IDA support is designed to strengthen implementation and monitoring capacity of DDM and support the development of the Bangladesh Poverty Database (BPD) by BBS, which together are expected to mitigate these risks. For example, the TA support will bring about improvements in targeting, transparent benefit delivery mechanisms, large-scale investment in transparency and accountability mechanisms including payments via bank accounts and establishing a Grievance Redress mechanism, and enhanced monitoring of the five safety net programs of MoDMR. Third, key innovations in program design, such as the introduction of the BPD for more accurate targeting of beneficiaries, and moving toward more cash wage payments (under the TR) through formal financial channels, are also expected to mitigate these risks through reduced targeting errors and

leakage in program benefits (as has been suggested by the empirical evidence resulting from the evaluations of EGPP).

5. In addition to the above program-related risks, there are implementing agency risks associated with the limited capacity of DDM and BBS. These agencies have limited experience with World Bank procurement or financial management, as well as limited exposure to other development partner procurement or financial management processes and guidelines. Further, the TA includes substantial IT procurement, which implies that there is a need for support for these agencies on ensuring robust governance and accountability arrangements.

6. The GAAP plan is based on an assessment of the governance risks, particularly fraud and malpractice, including the extent to which they lead to improper beneficiary targeting and leakage in benefit amounts, in the context of Bangladesh and specifically for the entities involved with SNSP. It is also based on experience and lessons learned from the ongoing Bank-funded project, the Employment Generation Program for the Poorest (EGPP) that is under implementation with MoDMR. It is expected that given a dynamic policy environment, the GAAP will be adjusted as necessary during the implementation of the project to reflect governance issues which may emerge and/or to strengthen existing actions and add new ones. The Action Plan will be monitored regularly through the measures agreed upon with the implementing agencies, and reflected in semi-annual progress reports by the implementing agencies, as well as in World Bank Implementation Supervision Reports and Aide Memoires.

Description of Governance Risks and Mitigation Actions

7. The following four areas of governance risks have been identified under SNSP: (i) program design and oversight; (ii) implementation and management supervision capacity; (iii) procurement capacity, including contract management; and (iv) financial management capacity.

Program design and oversight

8. Unlike in EGPP where project activities were focused on one program, the focus of the proposed project on multiple programs implies the need for a wider “monitoring lens” to ensure that program implementation is occurring in a streamlined fashion. The implementation of three large public workfare programs as well as relief programs with common areas of coverage and beneficiary groups may cause confusion among DDM project personnel and beneficiaries. As a result there is scope for duplication in program goals and waste in program implementation resources. The lack of adequate staffing and resources at field level to monitor implementation of the numerous community sub-projects, including compliance of beneficiary targeting and selection with program guidelines is likely to pose challenges in implementation especially in the first two years of the project when the automated MIS and BPD are being developed.

9. However as part of implementation, a revision to the program guidelines for a more streamlined approach in implementing similar programs for a more harmonized delivery system is planned in the first year to facilitate better resource distribution and utilization. Two Operations Manuals - for the workfare programs and the humanitarian assistance programs - will be developed, laying out: (i) clear definitions of rules determining how each program works,

including eligibility criteria, targeting methods, benefit level setting, types of public workfare schemes permitted, incentives, exit criteria, among others, in program-specific policy documents; and (ii) clear assignment of roles and responsibilities, at both policy and program delivery levels, including defining accountability relationships, monitoring responsibilities, remedial actions, Grievance Redress System, among others, in program-specific policy documents. In addition to the development of the two distinct Operations Manuals covering public workfare and relief programs to streamline multiple programs with similar features, MoDMR will also invest in a Public Information Campaign aimed at potential beneficiaries to ensure full information at the local level. The development of this PIC and its implementation to ensure eligible beneficiaries are aware of program rules and their entitlements are linked to DLI7. Additionally, ensuring that there are designated officials (in addition to the Grievance Redress Officers) who are designated to be the “focal points” on program level information, including program allocations, eligibility criteria, objectives will help to further strengthen the transparency of MoDMR as well as ensure that the Ministry is compliant with the Right to Information (RTI) Act.

10. In the following years, the development of the MIS and the BPD will help to further streamline processes and generate information on program implementation which will in turn help MoMDR develop more sophisticated control and accountability measures, including the broad set of implementation mechanisms and procedures for ensuring that benefit reach the right person at the right time. The costs of these two activities constitute a large portion of the overall TA assistance under the project, and their implementation is also linked to DLI 2 and DLI4. While having these information systems set up will have a direct impact on the efficiency of the program implementation, the fact that they will also allow for better information on the implementation itself for the wider public implies there will be less scope for fraud and malpractice with regards to the program allocations. Local politicians will be cautious in the way they interact with the program officials when they realize these interactions will now be held will full transparency. Thus the development of the MIS is itself an important GAAP measure.

Implementation and management supervision capacity

11. Implementation of the project will be nationwide, requiring adequate personnel and resources in all field offices of the MoDMR. At the field level, there is an acute lack of adequate staffing and resources for proper supervision. There is also insufficient technical capacity for specific administrative functions which also hampers programs at the service delivery level. The lack of internet connectivity and computer equipment also provides large challenges to the data flow upstream. Human resource and infrastructure constraints continuously prove to be the one of the biggest challenges in implementation. Recognizing this, the Ministry has recently sanctioned new positions at the sub-national administrative levels and staff holding these posts will receive training under the project. It will be important to monitor the progress in these recruitments as part of the GAAP.

12. Institutional arrangements for monitoring and use of data are being strengthened under the project to improve the flow of information from the sub-project level all the way to the central level for the utilization of information by management. The project will provide resources to allow for increased supervision at the sub-project level by funding Sub-Assistant Engineers (SNSP) in all Upazila offices; and transport facilities to support monitoring of sub-

projects by the Project Implementation Officer (PIO) and other Officers at the upazila offices in addition to training for staff. Large-scale investment will also be made in MIS and internet connectivity to ensure that the data collected on monitoring indicators is available for use in real-time decision making. By providing MIS capacity and training in the use of the system, the flow of information can be streamlined and more detailed monitoring information at the sub-project level can be provided to the centre. It will be critical that once this system is developed, appropriate training is imparted to the relevant staff of the DDM so that the MIS is operational, especially the Grievance Redress Module. Equally important will be the training and motivation of designated Grievance Redress Officers (GROs) so that they understand the importance of their roles.

13. At the central level, there is a lack of adequate staffing and training for proper supervision, which often results in delays in field level implementation of policies and weak oversight on program implementation. Both appropriate technical staff support will be needed to fill this vacuum as well as training of management staff in the use of the MIS are important aspects of project implementation. Often exposure to international experiences on how fraud and error can be reduced in safety net implementation helps management to think outside the box and implement innovative mechanisms to address challenges. The project therefore has kept the provision for such exposure visits for MoDMR and DDM management.

Procurement capacity

14. Key findings of the procurement capacity assessments identified several common weaknesses of the two agencies: (i) inadequate experience in procurement and contract management, particularly for large value contracts; (ii) inadequate capacity in drafting quality specifications and terms of references; (iii) inappropriate handling of procurement complaints; (iv) delays in contract implementation, and (v) non-application of delegated financial powers in some cases. Several measures to mitigate procurement risks are currently in place, or being put in place, and elaborated below.

Risk mitigation measures prior to procurement (of any goods, works or services):

- Designation of an officer as the full time PFP before negotiation;
- Finalization of procurement plans covering the entire project life;
- Finalization of terms of reference for a procurement consultant and publication of the invitation before signing of the legal agreement;
- Mandatory membership of the PFP and the PS in the evaluation committee.

Risk mitigation measures during implementation:

- Making a full-time procurement consultant on board for a period covering at least for the first two years of the project within one month of project effectiveness;
- Arranging appropriate procurement training for the PFP within six months of project effectiveness;
- Using the agreed checklist of flags indicating collusion in all procurement evaluations;
- Selecting a safe location for bid submission, and ensuring bidders' safety in and around the bid submission location with due assistance from the law enforcing bodies; and

- Taking action against fraudulent, corrupt, coercive, collusive and obstructive bidders, including debarring the guilty bidders immediately after detection of such activity.

Additional risk mitigation measures:

- The Bank's procurement team will conduct orientation session on Bank Guidelines for the evaluation committee members of each agency before initiation of procurement process of any of the major contracts;
- The agencies will engage relevant Technical Experts in drafting of Specification and Terms of Reference (TOR) for each of these items and ensure inclusion of said expert in the concerned evaluation committee;
- For each of these procurements, the agency will agree on a time bound action plan identifying all procurement steps from drafting of specification/TOR to contract signing.

Further details on procurement risk and mitigation measures are provided in Annex 3.

Financial management capacity

15. The substantial risk coming out of the financial management assessment of the implementing agencies revolve around the large number of wage payments to be made by DDM under the eligible expenditure programs (EEP), which make up the bulk of project financing (i.e. Component 1 of \$430 million) and the volume of transactions to be made by BBS. Mitigation measures for both inherent risks (weak capacity and systems) and control risks (budgeting, accounting, funds flow, reporting, auditing) have been identified and agreed upon with the implementing agencies. These include the following:

Inherent risk mitigation measures:

- Appointment of Financial Management Specialists (DDM and BBS) and
- Use of outcome-based disbursement (DDM) with close monitoring of transaction-based disbursements (BBS).

Control risk mitigation measures:

- Timely adjustment of advances to Upazilas (DDM);
- Unspent amounts to be returned to Treasury and be accounted for (DDM);
- Payment through direct bank transfers/formal financial channels to the safety net beneficiaries (DDM), and
- Scheduled/timely release of funds to Upazilas (DDM).

Further details on financial management risk and mitigation measures are provided in Annex 3.

16. The GAAP Action Plan proposes actions for each of these issues, timeline for each action, and responsible agency for implementation. There are also some “early warning indicators” which, if monitored properly, will enable timely action for course correction.

GAAP Monitoring, Remedies and Sanctions

17. The lending instrument is a results-based investment loan, whereby disbursements will be linked to a set of outcome indicators that are laid out in the Disbursement Linked Indicators (DLI) matrix. This mechanism not only creates incentives for efficiency and allows for innovations, but also ensures specified outcomes have been achieved before disbursement takes place. The choice of the DLIs is based on minimizing the risks associated with poor targeting of program resources and any leakage in program benefits. The main characteristics of the DLI disbursement mechanism are (i) each DLI is associated with a specific value that will be disbursed upon achievement of the indicator; (ii) some DLIs will be fixed, i.e. the DLI would have to be achieved within a specific period, with only two that will be floating, i.e. the DLI can be achieved any time; (iii) DDM will provide evidence of achievement of each DLI which will be further verified by the Bank's technical team and independent assessments, and (iv) disbursements will be made in the amount of the DLIs that have been met and will flow to the Government Treasury. These DLI requirements on the part of the DDM are equivalent to sanctions against potential governance risks since all of them are designed to mitigate risks in program design and low management capacity. Three of the most important DLIs involved building a robust targeting system, state of the art MIS and a IT-enabled Grievance Redress System. Without fulfilling the actions listed in the GAAP matrix, it will be difficult for MoDMR to achieve the results against which the project will disburse IDA financing. Monitoring and reporting on the GAAP Action Plan will also be an integral part of the three implementation support missions which will be carried out each year.

18. **Right to Information:** One of the intermediate outcome is the strengthened governance measures for increased transparency, and one of the indicators in the Results Framework being used to monitor this result is increased access to information among beneficiaries regarding program eligibility criteria and entitlements, as well as by the wider public on Upazila level program allocation. It is therefore important to have focal points within the respective implementing agencies who will monitor progress on this outcome. The Deputy Project Directors (DPD) of each agency (two for BBS, one for DDM) will be designated as Information Officers and authorized to provide information/data as mandated under the Right to Information Act.

19. **Grievance Redress System:** In order to address the threat of political capture in beneficiary selection or leakage in benefits, as well as potential fraud or error in the development of the BPD, a Grievance Redress System (GRS) has been built into the project design. The establishment of this GRS for the five safety net programs of MoDMR and the incremental progress in terms of making the Register functional and operational will be linked to disbursements. The Upazila Nirbahi Officer (UNO) and the Deputy Commissioner (DC) will act as the Grievance Redress Officers (GRO) at the district and upazila levels, while one of the Directors at DDM (designated by the PD) will act as the GRO at the central level. A feedback loop that includes informing the complainant about the action taken on their complaints and feeding this information into the implementation of the program will be a key aspect of the GRS. The use of ICT will be utilized to simplify processes by including grievance redress and appeal processes as one of the modules of the overall MIS and is expected help strengthen the monitoring and evaluation of the programs.

20. **Third party monitoring:** Lessons from the implementation of EGPP suggest that independent assessments of field level program performance are important mechanisms to both inform and motivate policy changes to (a) tailor program design to better meet the needs of the beneficiaries and (b) processes to improve administration and management of programs. Funds have been set aside under the project for a range of M&E tools. Specifically, the MoDMR will conduct a set of independent external validations (see Table 5 in the main section of the PAD). In addition to these assessments annual household surveys will be carried out on a random sample basis by an independent firm to monitor a set of key DLIs as a cross-check of records provided by DDM on the achievement of DLIs. Qualitative assessments will also be commissioned to complement the quantitative work. The qualitative work will examine beneficiary and non-beneficiary assessments of how well the programs are working, including perceptions of targeting, of leakages and the quality and value of works produced under the sub-projects. For Component Three on the development of the BPD, spot checks and process evaluations will be carried out by independent firms to ensure quality of data collection is maintained. The information generated by these studies will also help to inform the extent of mitigation for these risks are required and the likely remedial action beyond those identified in the GAAP Action Plan, and thus allow future updates.

Governance and Accountability Action Plan (GAAP)				
Issues/Risks/Objectives	Actions/Features	Timeline	Responsibility	Early warning indicators to trigger additional action
(i) Program design and oversight				
The implementation of three large public workfare programs and two relief programs with common areas of coverage and beneficiary groups may cause confusion among DDM project personnel and beneficiaries. As a result there is scope for duplication in program goals and waste in program implementation resources.	Development of two Operations Manual (one for workfare programs and one for humanitarian programs) that will lay out: (i) clear definitions of programs rules; and (ii) clear assignment of roles and responsibilities, at both policy and program delivery levels, including defining accountability relationships, monitoring responsibilities, remedial actions, Grievance Redress System, among others, in program-specific policy documents. Training will also be provided to HQ and field staff on implementation of the OM.	By June 2014 (or end of first year of implementation)	MoDMR	Delays in drafting/finalizing Operations Manual
	Public Information Campaign aimed at potential beneficiaries to ensure full information at the local level.	By June 2014 (or end of first year of implementation)	MoDMR	Delays in the recruitment of Sub-Assistant Engineers (SNSP)
The lack of adequate staffing and resources at field level to monitor implementation of the numerous community sub-projects, including compliance of beneficiary targeting and selection with program guidelines is likely to pose challenges in implementation especially in the first two years of the project when the automated MIS and BPD are being developed.	Development of the DDM MIS to allow for improved information on program implementation	By June 2015 (or end of second year of implementation)	MoDMR	Delays in assigning RTI officer role to DPDs. Delays in procurement of MIS firm
	Establishing Grievance Redress System (GRS)			Lack of timely follow up on complaints registered in GRS
	Appointment of Sub-Assistant Engineers (SNSP).			
	Development of a Bangladesh Poverty Database to allow for more transparency in beneficiary selection and distributing resources more equitably.	By June 2016 (or end of third year of implementation)	SID	Delays in the completion of the BPD Operations Manual by three months into project effectiveness
	Third party monitoring of program implementation	Annual	MoDMR, SID	No initiative taken by implementing

	and data collection			agencies
(ii) Implementation and Management Supervision Capacity				
Human resource constraints are the biggest challenge to implementation. There is also insufficient technical capacity for specific administrative functions which also hampers programs at the service delivery level. The lack of computer literacy also provides large challenges to the data flow upstream.	Appointment of one additional Government official at upazila level to complement Project Implementation Officers. Appointment of Sub-Assistant Engineers (SNSP). Appointments and training of GROs Training of field level staff on basic computer literacy	By June 2014 (or end of first year of implementation)	MoDMR	Delays in upazila-level staffing
At the central level, there is a lack of adequate staffing and training for proper supervision, which often results in delays in field level implementation of policies and lack of oversight.	Appointment of technical specialists to complement Government officials at national level.	By June 2014 (or end of first year of implementation)	MoDMR/SID	Delays in appointments
	Provision of financial and technical resources (i.e. computers and other equipment, internet connectivity, etc.) at field level.	By June 2014 (or end of first year of implementation)		Delays in procurement of goods
	Training to DDM upazila and central-level staff on use of MIS and to BBS on use of BPD.	By June 2015 (or end of second year of implementation)	Delays in procuring training firm	
(iii) Procurement				
Lack of adequate capacity on procurement	Appointment of dedicated procurement staff at both DDM and BBS, including appointment of a Procurement Focal Point (PFP) prior to Negotiations.	Three months into effectiveness – by December 2013	MoDMR/SID	Lack of focal point or frequent replacement Delays in procuring Procurement Specialist
	Formation and approval of an evaluation committee	Throughout project implementation (for each contract package)	MoDMR/SID	
	Mandatory membership of the PFP and the PS in the evaluation committee	Throughout project implementation	MoDMR/SID	

	Engage relevant Technical Experts in drafting of Specification and Terms of Reference (TOR) for each of these items and ensure inclusion of said expert in the concerned evaluation committee	Before any procurement	MoDMR/SID	No technical expert in place
	Participate in orientation session on Bank Guidelines for the evaluation committee members of each agency before initiation of procurement process of any of the major contracts	By June 2014 (or end of first year of implementation)	MoDMR/SID	
(iv) Financial management				
Lack of adequate capacity on financial management	Appointment of Financial Management Specialists	Three months into effectiveness – by December 2013	MoDMR/SID	Delays in procuring FM Specialist
	Use of accounting software for documentation of fund usage and report degeneration, including timely submission of financial reports	Throughout project implementation	MoDMR/SID	Delays in report submission
	Submission of sample audits of upazila and union accounts within stipulated timeframe and resolution of issues as specified by the Bank	Within three months of end of each fiscal year	MoDMR	Delays in submitting audit reports Lack of resolution on audit queries
	Payment through direct bank transfers/formal financial channels to the safety net beneficiaries	Throughout project implementation	MoDMR	Spot checks reveal beneficiaries are not receiving money through formal financial channels

Annex 7: Bangladesh Proxy Means Test Formula for 2005 and 2010

BANGLADESH: Safety Net Systems for the Poorest

Introduction

1. The purpose of this note is to provide an update the Proxy Means Tests Model (or poverty scorecard) for Bangladesh that was developed in Sharif (2009) using household level data from 2005. A comparison of the poverty predictors used in the 2005 model using HIES 2005 and HIES 2010 finds that there have been some changes in the distribution of these variables. Therefore the scores for each predictor differ between these two rounds of HIES (see Table 1). However, the targeting performance of the PMT model using HIES 2010 data is similar to that of the 2005 model but it improves if a more elaborate model is used to calculate the scores. Further, some of the variables used in the 2005 model have lost their predictive power (for example, having access to electricity) and there are some new indicators that have become important determinants of poverty. Therefore, a new model has been developed using HIES 2010, and is explained briefly in this note.

Proxy means test formula (PMTF) 2010

2. To update the PMTF, ownership of a few more durable goods were included. However in order to reduce the number of variables in the model, these goods are included in a composite way. For example we use one dummy for the ownership of a radio or a cassette player or a fan, one dummy for the ownership of a bicycle or a motor cycle or a car or a boat, one for the ownership of refrigerator/microwave oven/washing machine, one for the ownership of TV/VCR/dish connection, one for that of camera/computer and one for the ownership of a mobile phone. The distributions of these asset dummies differ widely between the 1st and the 5th consumption quintiles. Therefore, these are important indicators of poverty/welfare. We also add access to supply water as an additional indicator of poverty/welfare. It is an important determinant of poverty in urban areas.

3. We however exclude the dummies for ownership of house and access to electricity from the new model. Access to electricity is no longer a statistically significant poverty indicator and the ownership of house variable seems to be problematic. Data shows that more households in the 1st consumption quintile own a house than those in the 5th quintile. This is consistent with the fact that wealthier households live in urban areas and are likely to live in rented households whilst poorer households live in rural areas in their own homes. Therefore, we decided to drop this variable off the new model.

4. Instead of using a dummy for divorced/separated/widow household head we use, in the new model, a dummy for divorced/separated/widow female head. The marital status of the household's head does not appear to have any correlation with the welfare status of the household. However, the households with single female heads are more likely to be poor. Column 3 of Table 1 presents the score/weight on the poverty predictor for the proposed new model.

Targeting performance of 2010 PMTF

5. Targeting performance is measured by three indicators: i) coverage at any given cut off, ii) the under-coverage or exclusion error and iii) the leakage or inclusion error. Coverage at any cut off is measured as an overlap between the target population and the beneficiaries selected by a targeting mechanism. The under-coverage at any cut off is estimated as the percent of targeted population left out by the targeting mechanism. Leakage is measured by the non-target population covered by the targeting mechanism as a percent of the targeted population (Sharif, 2009)

Coverage, Leakage and Under-coverage

6. Table 2 presents the coverage, leakage and under-coverage rates of the model at 15%, 20%, 25% and 30% cut-offs. The 2010 model has lower leakage rates compared to the 2005 model at all cut offs at the national level. We see a similar pattern for rural areas. But for urban areas the performance of the 2010 model is poor. At 15% and 20% cut offs it has lower coverage rates and higher under-coverage and leakage rates. It should also be noted that the targeting performance of both the 2005 and 2010 models for urban areas is poor in general. At 20% cut off the 2010 model covers only 4.5% of the target population and the under-coverage and leakage rates are also very high (69.3% and 47.7% respectively).

7. The proposed new model has smaller under-coverage and leakage rates at all cut off percentiles compared to the 2005 and 2010 models at the national level. It also has higher coverage rates at all cut off percentiles compared to the 2010 model. The new model also has higher rural coverage rates and smaller rural under-coverage and leakage rates. Compared to the 2010 model it reduces the under coverage rates from 70.5% to 63.8%, 60.1% to 54.9% and 51% to 46% at 15%, 20% and 25% cut offs respectively. We find almost similar results for urban coverage, under coverage and leakage rates. However the performance of the new model is still not very robust in identifying urban poverty.

Incidence of targeting and inclusion and exclusion error

8. Columns 1, 2 and 3 of Table 3 present the distribution of the population covered by the different models at 20% cut-off. The 2010 model performs better than the 2005 model in terms of incidence of targeting. For the 2010 model 64.76% of the targeted population lie below the 20% cut off, whereas for the 2005 model this share is only 58.07%. The new model slightly improves the incidence of coverage compared to the 2010 model. With the new model, 66.47% of the covered households are from the bottom 2 quintiles.

9. Columns 1, 2 and 3 of Table 4 compare the distribution of inclusion and exclusion errors of the proposed new model with that of the 2010 and 2005 models. There is no significant difference in terms of the distribution of inclusion and exclusion errors between the 2005 and 2010 models. However, the new model has slightly better distribution of the inclusion error (distribution of those who are targeted mistakenly). A larger fraction of the households who are targeted by the new PMTF mistakenly are from the 3rd and 4th quintiles (71.8%) compared to that of the 2010 model (68.35%). That is targeting with the new model is more progressive compared

to the 2010 one. However there is no significant difference in the distribution of exclusion error between the two models.

Separate models for rural and urban areas?

10. Though the new model brings significant improvement in the coverage, under coverage and leakage rates, its performance in urban areas is not satisfactory. One way to solve this problem is to use different scores for urban and rural areas. This means that rather than using one national model we run two separate models with the same poverty indicators for the rural and the urban areas and use the respective scores to identify rural and urban poverty. The performance of the separate urban-rural model compared to the proposed new one is described below. The scores for the separate rural and urban models are presented in columns 4 and 5 of Table 1.

Coverage, Leakage and Under-coverage

11. Columns 4-5 of Table 2 presents the coverage, leakage and under-coverage rates for the urban and rural areas using the scores of the proposed new model and columns 6-7 show those for separate urban and rural models. Though it is difficult to judge which model performs better for the rural areas from these statistics, for urban areas, the separate urban model does better in all three categories. The coverage rates increase by around 200% - 230% compared to the national model. With the national model the urban coverage rates at 15%, 20%, 25% and 30% cut off are 2.8%, 4.6%, 6.9% and 9.6% respectively. And with the separate urban model they are 6.5%, 10.4%, 15.2% and 20.3% respectively. The leakage rates also decline significantly under the separate urban model. At the above mentioned cut off percentiles they decline from 49.9%, 43%, 36.6% and 34.1% to 39.4%, 34.3%, 30.8% and 29% respectively. However the under coverage rates increase slightly under the separate urban model compared to those of the national model at all cut off percentiles. Nevertheless, the gain the coverage and the leakage rates more than offsets the increase in the under coverage rates.

Incidence of targeting and inclusion and exclusion error

12. The incidence of targeting improves with the new urban model. At 20% cut-off the separate urban model has 41.10% of the targeted poor from the 1st consumption quintile whereas the new model can identify only 32.17% of the urban poor from this quintile (Table 3). The distributions of inclusion and exclusion error for the urban and rural areas for the new model and for the separate urban rural models are presented in columns 4-5 and 6-7 of Table 4 respectively. The separate rural model performs slightly better in term of the exclusion error as it excludes 40.16% households from the 10th percentile and 59.84% from the 20th percentile compared to 41.59% from the 10th percentile and 58.41% from the 20th percentile by the national model. The distribution of inclusion error is also marginally better for the separate rural model. 46.55% of targeted households are from the 30th percentile, whereas, under the new model 44.88% of the rural targeted households are from the 30th percentile. For the urban areas the separate urban model has marginally better distribution of inclusion error and the distribution of exclusion error actually deteriorates.

Concluding Remarks

13. Using separate scores for urban and rural areas improve the targeting performance in urban areas significantly. Another way to improve urban targeting is to use a higher cut off score for urban areas. However using a different set of scores for the urban areas seem to be a far better option than using a different cut off score. For example, under the proposed new model (with one scorecard for urban and rural areas) the urban coverage rate is 9.7% at the 30% cut off whereas, it is 10.3% at 20% cut-off under the separate urban model. Therefore the separate urban rural scorecard is able to identify more people at the bottom of the consumption distribution than the new model. It should also be noted that the urban poverty head count rate (21.3%) is much lower than the rural head count rate (35.2%). Therefore, using a higher cut off for targeting the urban poor would be discriminating against the rural poor. One may argue that the targeting performance would improve further if different poverty predictors are used for urban and rural areas. However this would make the implementation of the PMTF politically more challenging and would complicate the data collection process.

Table A7.1. Proxy Means Tests Formula – 2005 and 2010 (National, Urban and Rural Models)

Variables	2005	NATIONAL	URB	RUR	Variables	2005	NATIONAL	URB	RUR
		Using HIES 2010					Using HIES 2010		
Location					Household assets				
Sylhet	0	0	0	0	HH owns house	4			
Dhaka	-10	-3	-9	-6	Amount of land owned:				
Barisal	-31	-6	-7	-11	none	0	0	0	0
Chittagong	12	14	13	14	≤ 1.5 acres	5			
Khulna	-26	-15	-19	-12	≤ 0.5 acres of		4	4	6
Rajshahi	-26	-8	-8	-17	>0.5 & ≤ 1.5 acres		7	9	8
Rangpur	0	-11	-16	-9	> 1.5 acres	23	16	19	16
Household characteristics					HH owns a fan	7	7	6	8
HH size of 2	0	0	0	0	HH owns a TV	12			
HH size of 3	-13	-16	-15	-17	HH owns cattle	3	2	3	0
HH size of 4	-20	-24	-25	-24	HH owns a bicycle	3			
HH size of 5	-26	-31	-31	-31	A drinking tube well	8	4	7	0
HH size of 6	-29	-37	-37	-37	Radio/cassette player	X	4	5	5
HH size of 7	-32	-40	-40	-39	Cycle/motor cle/car/boat	X	12	12	15
HH size of 8 or more	-36	-44	-46	-41	Refrigerator/microwave oven/ washing machine	X	3	0	7
No of children 0	0	0	0	0	TV/VCR/Dish connect	X	12	10	12
No of children 1	-9	-8	-9	-6	Camera/ computer	X	25	14	30
No of children 2	-16	-11	-11	-9	Mobile phone	X	14	14	9
No of children 3	-17	-14	-14	-10	Housing				
No of children 4 or more	-23	-19	-20	-11	No. of people/ room	-4	-4	-3	-7
Education of spouse: none	0	0	0	0	HH has Cement roof	0	0	0	0
Less 5 years	0	4	4	3	HH has Tin roof	-28	-21	-12	-20
6 to 9 years	3	3	4	0	HH has Wood rood	-36			
10 years or more	15	16	14	13	HH has Straw roof	-31	-23	-14	-26
Household head characteristics					HH has Brick wall	0	0	0	0
Age of HH head:					HH has Mud wall	-13	-6	-8	0
<40 & > 60 yrs	0	0	0	0	HH has Tin wall	-11	-9	-9	-5
40 to 60 yrs	5	5	6	2	HH has Straw wall	-16	-12	-15	-6
Education of HH head: none	0	0	0	0					

Variables	2005	NATIONAL	URB	RUR	Variables	2005	NATIONAL	URB	RUR
		Using HIES 2010					Using HIES 2010		
Less 5 years	7	3	3	5	No electricity	-2			
6 to 9 years	12	5	3	10	HH has no latrine	0	0	0	0
10 years or more	19	12	9	17	sanitary latrine	11	8	9	0
HH member engaged as agricultural laborer	-9	-8	-8	-12	Kacha permanent latrine	6	3	4	0
HH member engaged as non-agricultural laborer	-5	-6	-5	-9	Kacha temporary latrine	6			
HH head is separated, divorced, widowed	-18				Access to supply water		18	9	9
Female head is divorced /separated/widowed		-5	-6	0	Access to foreign remittances	13	10	11	11
					Constant	756	734	723	744

Note: Column 1, 2, refer to the scores for the national 2005 and 2010 models respectively. Columns 4 and 5 refer to the scores for the separate urban and rural models respectively.

TABLE A7.2: COMPARISON OF TARGETING PERFORMANCE BETWEEN 2005 AND 2010 MODELS

Area	15% cut off			20% cut off			25% cut off			30% cut off		
	coverage	undercover	leakage	coverage	undercover	leakage	coverage	Undercover	leakage	coverage	undercover	leakage
National												
2005	0.084	0.686	0.440	0.142	0.574	0.397	0.191	0.492	0.334	0.246	0.428	0.302
2010	0.085	0.646	0.372	0.133	0.557	0.336	0.189	0.468	0.296	0.245	0.411	0.280
Rural												
2005	0.100	0.676	0.466	0.166	0.554	0.414	0.223	0.466	0.346	0.287	0.399	0.314
2010	0.105	0.638	0.358	0.164	0.549	0.327	0.231	0.460	0.289	0.298	0.403	0.273
Rural	0.086	0.639	0.370	0.137	0.542	0.333	0.196	0.449	0.300	0.255	0.390	0.283
Urban												
2005	0.037	0.733	0.226	0.066	0.666	0.270	0.092	0.613	0.244	0.120	0.562	0.220
2010	0.029	0.729	0.522	0.047	0.636	0.432	0.070	0.538	0.362	0.097	0.476	0.340
Urban	0.065	0.739	0.396	0.103	0.663	0.344	0.151	0.581	0.307	0.203	0.515	0.285

TABLE A7.3: INCIDENCE OF TARGETING USING A 20TH PERCENTILE CUT-OFF

Decile	2005 model	Proposed 2010 model			Separate urban model	Separate rural model
		National	Urban	Rural		
	(1)	(3)	(4)	(5)	(6)	(7)
1	35.19	40.96	32.17	41.85	41.10	42.82
2	22.88	25.41	24.63	25.49	24.52	25.15
3	18.20	15.16	20.09	14.66	15.35	14.91
4	11.73	8.99	9.08	8.98	9.41	8.84
5	5.73	4.89	4.69	4.91	4.87	4.62
6	3.81	2.53	6.43	2.14	2.45	1.70
7	1.72	1.11	1.64	1.06	1.28	1.16
8	0.47	0.68	0.89	0.66	0.68	0.57
9	0.28	0.13	0.38	0.11	0.17	0.10
10	0.00	0.13		0.15	0.17	0.14

TABLE A7.4: DISTRIBUTION OF EXCLUSION AND INCLUSION ERROR USING A 20TH PERCENTILE CUT-OFF

Decile	2005	Proposed 2010 model			Separate model		Type of Error
		National	Urban	Rural	Urban	Rural	
	(1)	(3)	(4)	(5)	(6)	(7)	
1	42.02	40.78	35.33	41.59	36.06	40.16	Exclusion Error
2	57.98	59.22	64.67	58.41	63.94	59.84	
3	42.78	45.08	46.5	44.88	47.35	46.55	
4	28.19	26.72	21.02	27.49	21.76	27.58	Inclusion Error
5	13.80	14.55	10.87	15.05	8.36	14.42	
6	9.57	7.53	14.88	6.54	15.91	5.29	
7	3.86	3.30	3.79	3.23	3.97	3.62	
8	1.35	2.04	2.07	2.03	1.71	1.78	
9	0.45	0.39	0.87	0.32	0.93	0.32	
10	0.00	0.40	0.00	0.45	0.00	0.45	

Annex 8: Economic and Financial Analysis

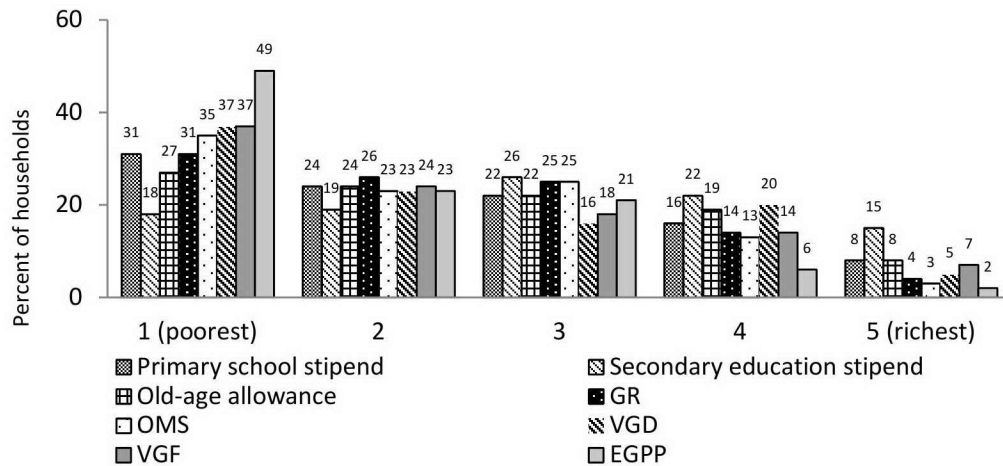
BANGLADESH: Safety Net Systems for the Poorest

Introduction

1. This project aims to improve the operational performance of EGPP, FFW, TR, GR and VGF. Improvements in performance are primarily related to improvements in the targeting of benefits and reduction in the leakage in benefit amounts, and have been described at length by other researchers (see, for example, Ahmed et al. (1995) and Rahman et al. (2011)). Incorporating many of these researchers' suggestions for improvement, the project will strengthen the administrative capacity of the MoDMR and enable it to better identify those households most in need of assistance and deliver their entitlements.

2. The five SSN programs covered by this project are relatively more pro-poor than other safety net programs operating in Bangladesh. With its more stringent eligibility criteria and bank-transfer payment system, EGPP is much better targeted than other SSN programs (Figure 1). However, even with EGPP there is room for improvement. Almost one-third of EGPP beneficiaries in 2011 were in the top three quintiles of the consumption distribution. The generosity of Bangladesh's SSN programs is also quite low (Table A 8.1). By providing program administration with better information on the operation of the programs, and enabling it to better target the poorest households, this project has the potential to increase coverage within the existing budget envelope. Furthermore, cost savings from reduced leakage could facilitate a much needed increase in the generosity of benefits.

Figure A8.1. Targeting effectiveness of selected SSN programs (2011)



Source: Prepared by Akhter Ahmed, International Food Policy Research Institute (IFPRI), using data from the 2011-2012 Bangladesh Integrated Household Survey conducted by IFPRI.

Table A8.1. Generosity of SSN programs

		2005	2010
Coverage of the poor	(%)	20.9	34.4
Inclusion errors	(%)	44.3	59.8
Targeting efficiency	(%)	52.6	35.3
Generosity	(%)	13.2	8.8
Generosity (for poor)	(%)	22.2	10.6

Source: World Bank (forthcoming), based on HIES 2005 and 2010.

3. The novel aspects of this project are the improved management and administration of the SSN programs, and more accurate targeting of benefits to the poor. We therefore focus on appraising these aspects in this section. The project aims to consolidate and strengthen the management, information collection and transparency of the five SSN programs. Aside from EGPP, the programs are run independently of each other and lack electronic MIS to manage information on beneficiaries, projects and grievances. The project focuses on developing three critical systems that are important for sound program implementation” (i) a common unified targeting system, (ii) a state of the art information systems based on a common MIS platform, and (iii) a Grievance Redress System (GRS) for all five programs, building on the systems that already exists for EGPP. These three mechanisms are expected to bring about improvements in the targeting performance of these programs and reducing leakage in program benefits, and ultimately improve the quality of large amount of public expenditures. Box 1 presents a brief description of the various food based programs and EGPP implemented by the MoDMR, and the differences in the way they programs are designed and implemented.

Box A8.1: Safety Net Programs implemented by MoDMR

Food for Work (FFW): aims to create food-wage employment during the slack season, mostly in construction and maintenance of rural roads, river embankments, and irrigation channels. Such a practice is thought to stabilize food grain prices in the market and to improve food consumption of the participating households. This program operates in rural areas and employs beneficiaries who must be fit and willing to work in local infrastructure projects in the area. Payment is made based on the amount of earth works completed by each participant in terms of rice or wheat. Half of the program allocation is channeled through Members of Parliament who is allowed to play a role in deciding which projects can be funded.

Test Relief (TR): is used to generate short term employment during the rainy season to support activities to clean ponds and bushes, or upgrade community institutions like schools, mosques and *madrashas*. The key difference with FFW is that up to 100% of the allotted amount per project can be monetized and utilized for the purposes of meeting wage and non-wage costs. Workers are paid up to 8kg rice or wheat or cash equivalent for every day of work of up to 7 hours. Half of the program allocation is channeled through Members of Parliament who is allowed to play a role in deciding which projects can be funded.

Employment Generation Program for the Poorest (EGPP): provide 40 days (initially 100 days) of employment across two lean periods to help maintain basic rural infrastructure. Unlike FFW and TR, transfers are paid in cash wages via bank accounts, and up to a third of the beneficiaries are female.

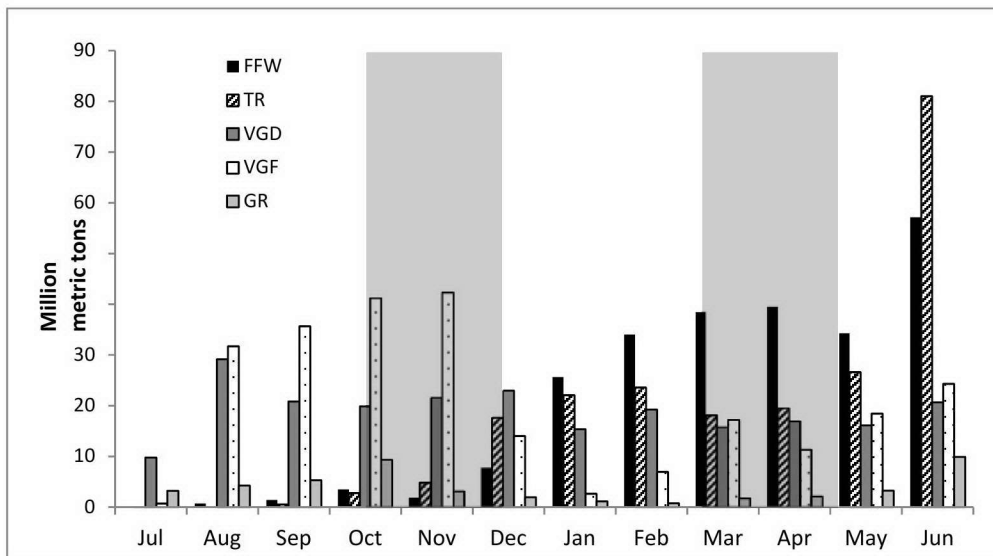
Vulnerable Group Feeding (VGF): This is a program designed to provide food grains to selected poor households who receive 10 to 20kg of rice per month per household during a period of distress. The goal of the program is to ensure food security and smooth consumption of beneficiaries.

Gratuitous Relief (GR): Administered by Union Parishads, this program provides about 10-20 kgs of rice to each household if needed following any disaster for a period of up to 6 months.

4. Although the economic benefit of these improved systems is difficult to estimate, a nontrivial example of how this information could help the government plan is in the timing of benefits. Figure 2 graphs the average distribution of rice and wheat, by month, over the past ten years for FFW, TR, VGF and GR. The two lean seasons during the months of Oct-Nov and March-April, when casual employment

and food stocks are traditionally most scarce, are shaded. Perhaps coincidentally, the two lean seasons are covered – but by different programs. The food-based workfare programs (FFW and TR) distribute most of their benefits in June, and provide almost no food aid during the most challenging lean season of October/November. This has a range of operational explanations, including the necessity of conducting public works projects immediately before the monsoon season. However, it can also be partly explained by delays in forming project committees (Ahmed et al., 1995). Having current information on project performance and an increased management capacity would make it easier for the MoDMR to identify and address the timeliness of program implementation.

Figure A8.2. Average annual grain distribution, 2003-12, by program and month



Note: Shading denotes the two major lean seasons (occurring just prior to the major rice harvests).

Source: Data from Ministry of Food and DGF, provided by IFPRI.

Estimating the Impact of Improved Targeting on Poverty

5. The more easily quantifiable benefit of the project derives from the establishment of the BPD and more pro-poor geographic targeting. In this section, we conduct a simulation exercise to measure the poverty impact of the proposed improvements in program targeting. We consider only EGPP, FFW, TR and VGF here, since GR benefits are distributed in response to crises and their targeting is not covered by the DLIs. Furthermore, we only examine the re-targeting of half of the VGF allocation, since the program similarly allocates 50% of its resources to help crisis-affected households.

6. The data used for this analysis come from official MoDMR records, the Ministry of Food, and the Bangladesh Integrated Household Survey (BIHS).⁴⁰ The BIHS was conducted between December 2011 and March 2012. The survey covered 5,500 households across rural Bangladesh, and is nationally representative of rural areas.⁴¹ It obtained full demographic information about each household, included a

⁴⁰ We are grateful to IFPRI for generously making these data available and to Akhter Ahmed and Farria Naem for their assistance with the analysis.

⁴¹ Given all five PSSN programs covered by this project operate only in rural areas, this representativeness is sufficient for our analysis.

full consumption module and a module on participation in safety net programs. This latter module collected information on benefits received (in cash and kind) from 42 different SSN programs over the previous 12 month period.

7. Table 2 presents statistics on the performance of the five programs covered by this project. Unfortunately, the data from the household surveys report receipt of only a fraction of the official allocations. No respondents reported receiving a benefit from FFW, and beneficiary numbers for the other programs are also much smaller. This phenomenon is observed in both the BIHS and the Household Income and Expenditure Survey (HIES) 2010, and the figures from the two surveys are relatively similar.

Table A8.2. Summary statistics on the five programs (for BIHS and HIES)

	Number of beneficiaries* (‘000)	Average benefit (Tk/yr)	Total benefits observed* (Tk m)	Official allocation† (Tk m)	Proportion Observed (%)
Data from BIHS (2012)					
EGPP	252	6,029	1,520	10,000	15.2
FFW	0	--	0	12,837	0.0
TR	206	558	115	10,744	1.1
GR	1,169	756	884	2,711	32.6
VGF	1,646	641	1,060	13,555	7.8
Data from HIES (2010)					
EGPP	62	749	41	10,000	0.4
FFW	13	136	2	12,940	0.0
TR	71	528	37	10,397	0.4
GR	1,473	478	665	2,638	25.2
VGF	325	399	128	14,736	0.9

Source: Staff calculations based on HIES (2010) and BIHS (2012). Official allocation data are from MoDMR.

Notes: * Population-weighted national totals. † For FY 2011-12 in BIHS rows, and FY 2010-11 for HIES 2010

8. There are a number of plausible explanations for this discrepancy. It may be partly attributable to survey design, especially since the module involved a 12-month recall and many of these programs provide benefits for only a few weeks or months. It may also be due to a lack of name recognition of the programs, or because beneficiaries took part in workfare activities without knowing they were government SSN programs. Finally, there is the possibility that benefits received by households fall short of budgetary allocations because of leakage through mismanagement or payment of non-beneficiaries. Without more information, we cannot assign magnitudes to any of these factors. We therefore treat these results tentatively, and focus below on simulated benefits using the household survey data.

9. To simulate the effect of improved targeting, we compare household consumption under the existing targeting rules with the consumption that would be observed if the existing budget were allocated according to the endline targeting rules. Over the life of the project, the DLIs require that EGPP, FFW, TR and VGF adjust their geographic targeting formulae to allocate more resources to those upazilas with the greatest number of poor. Furthermore, the DLIs incorporate a gradual shift towards more pro-poor targeting of households within Upazilas. Following the development of the BPD, the MoDMR will have the capacity to condition program eligibility on PMT score. Although eligibility according to PMT score will be achieved on an incremental basis, it is the ultimate objective of the project. We therefore make the endline assumption that household level program eligibility is fully determined by PMT score. We follow

as closely as possible the PMT formula presented in Ruthbah and Chowdhury (2012), re-estimating the cutoff score to correspond to the 30th percentile of the rural population. While the cut off is essentially a policy decision and should be determined based on the coverage of population and undercoverage and leakage rates of the PMT model, the 30 percentile is a convenient natural marker given the latest national poverty headcount ratio of 31.5 percent. The targeting rules assumed for this analysis are summarized in Table 3.

Table A8.3. Summary of targeting rules for simulations

Program	Geographic targeting rule				Household targeting rule	
	Baseline		Endline		Baseline	Endline
EGPP	<u>% of Program resources:</u> 60 35 5	<u>Upazila Poverty rates</u> 35% + 21-34% <= 20%	<u>% of Program resources:</u> 45 25 20 10	<u>Upazila Poverty rates</u> 40% + 29-39% 19-28% <= 18%	Head is casual labourer & Household owns less than 0.5 acres of land	PMT score less than 696
FFW	<u>Indicator</u> Population Area Poverty	<u>% of allocation</u> 50% 30% 20%	<u>Indicator</u> Population Area Poverty	<u>% of allocation</u> 30% 30% 40%	None (though implicitly self-targeted)	PMT score less than 696
TR	<u>Indicator</u> Population Area Poverty	<u>% of allocation</u> 50% 20% 30%	<u>Indicator</u> Population Area Poverty	<u>% of allocation</u> 30% 20% 50%	None (though implicitly self-targeted)	PMT score less than 696
VGF	50% of VGF funds used for two festivals (allocated based on poverty rates) 50% of VGF funds used for disaster-affected areas or compensation schemes (this portion not simulated)		<u>% of Program resources:</u> 45 30 20 5	<u>Upazila Poverty rates</u> 30% > 25-29% 19-24% <= 18%	Head is casual labourer & Household land less than 0.15 acres or Disabled or spouse of disabled	PMT score less than 696

10. Since the survey data on benefits received are much smaller than what would be expected (given even a high rate of leakage), we simulate the distribution of benefits across households using the official budget data. This amounts to calculating the expected benefit per household from each program given the eligibility and targeting rules. We conduct the exercise assuming leakage rates (i.e., difference between official allocation and amount actually received by households) of 0%, 25% and 50%.⁴² Aside from the rules summarized in Table 3, for simplicity we do not account for other factors determining participation, such as self-targeting and employment status. This omission will overweight the participation of better-off households, and thus understate targeting performance. However, this effect is common to both baseline and endline cases, and the increase in the efficiency and transparency in implementation supported by this

⁴² Even with official records, it is difficult to estimate leakage with much confidence. IFPRI estimates that the leakage of transfers at the beneficiary level can range between 2 and 13.6 per cent (Ahmed et al., 2003).

project means that poorer households should be increasingly favoured for participation over time. Thus these results can be interpreted as a conservative estimate of the gains from improved targeting.

11. We use observed household consumption as the baseline. Consumption following the endline rules is obtained by subtracting the expected benefit per household under the baseline rules from observed consumption (to obtain a measure of consumption before transfers) and adding the expected benefit from the programs under the endline rules. Since the marginal propensity to consume out of transfers received (MPCT) may be less than one (for example, because part of the benefit is saved, or because the transfers crowd out private insurance), we adjust the benefit received by this coefficient before doing the calculation. Lacking a recent empirical estimate of the MPCT, we present results for the simulations assuming MPCTs of 0.7 and 1.⁴³

Table A8.4. Estimated impact of improved targeting on poverty headcount

Percentage of allocation reaching beneficiaries	Share of transfers consumed (MPCT)	Rural poverty headcount rate (%)		
		Estimated current (2012)	Before predicted transfers under baseline criteria	After predicted transfers under endline criteria
100	1	34.6	35.6	34.1
	0.7	34.6	35.4	34.2
50	1	34.6	35.2	34.2
	0.7	34.6	35.0	34.3

Source: Staff calculations using BIHS (2012) data.

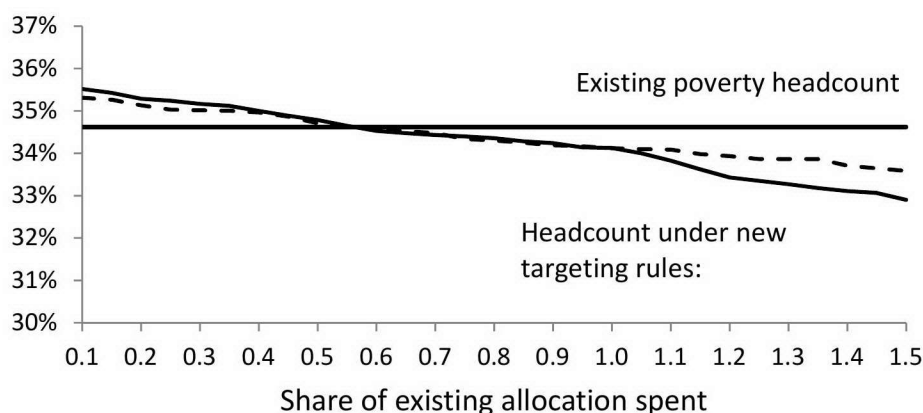
12. The results in Table 4 show that the five programs presently reduce the rural poverty headcount (relative to the official upper national poverty line) by between half and one percentage point. For example, if we simulate consumption excluding these transfers, the poverty rate would be 35.6% rather than 34.6%. This implies that the programs currently reduce the number of poor individuals in Bangladesh by around 1 million. Under the endline targeting formulae, the headcount would fall to 34.1%, a further half a million individuals lifted above the poverty line.

Estimating the Impact of Improved Targeting on Budgetary Allocation

13. Table 5 shows how the new targeting rules would affect the poverty headcount as the budget allocation (as a proportion of its 2011-12 level) is varied. For example, if all of those funds had been distributed to beneficiaries under the new rules, we would expect the headcount rate to fall to 34.1%, as noted in Table 4. But if only 55% of the budget allocation were distributed, the improvement in targeting would leave the headcount rate essentially unchanged (see figure 5). This is a measure of the efficiency gain from the PMT and new geographic formulae – the simulations predict that the same antipoverty impact could be achieved with considerably less funds.

⁴³ Cross-sectional survey data cannot be used to generate a reliable estimate of the MPCT. Grosh et al. (2008, p.226-7) cite various international estimates for the MPCT ranging between 0.5 and 1, and note that it is likely to be higher for less generous programs. We therefore consider 0.7 to be a credible lower bound.

Figure A8.3. Poverty headcount under endline targeting (as function of total allocation*)



Note: Allocation is for EGPP, FFW, TR and half of VGF.

14. The potential savings are summarized in Table 5 for all parameter values. In all cases we estimate that, by adopting the endline targeting rules, the existing impact of the five programs on poverty could be achieved with slightly more than half the actual 2011-12 allocation.

Table A8.5. Potential savings from improved targeting

Percentage of allocation currently reaching beneficiaries	Portion of transfers consumed (MPCT)	Total allocation 2011-12* (Tk bn)	Percentage of allocation required to achieve same headcount rate under endline targeting criteria	Difference	
				Tk bn	USD m
100	1	36.6	55.2	20.2	252.9
	0.7	36.6	55.3	20.3	253.3
75	1	36.6	43.0	15.8	197.0
	0.7	36.6	39.8	14.6	182.1
50	1	36.6	25.5	9.3	116.8
	0.7	36.6	23.0	8.4	105.4

Source: Staff calculations using BIHS (2012).

Notes: * Allocation in 2011-12 for EGPP, FFW, TR and half of VGF.

15. This basic simulation exercise indicates that the antipoverty impact of the five SSN schemes covered by this project could be increased by one third by adopting new geographic targeting formulae and PMT targeting at the household level. The absolute effect is not large, but this is due to the small size of the program benefits relative to consumption. The increased efficiency of targeting would however have a significant impact in fiscal terms: we estimate that the programs could maintain their existing poverty impact with slightly over half of their current allocation. Alternatively an increased benefit amount or an increased coverage could be achieved given the additional resources.

Summary of results

16. Using data from recent household surveys⁴⁴, we conducted simulations to estimate how the more accurate targeting supported by the project will impact poverty. Over the life of the project, the DLIs require that the geographic targeting formulae place greater weight on the number of poor. Furthermore, the development of a BPD will enable the MoDMR to better within each upazila according to a proxy means test score. This will facilitate more accurate household-level targeting.

17. Taking the existing rules as the baseline, and the project endline DLIs as the counterfactual, we estimate that the proposed changes to targeting have the potential to reduce the rural poverty headcount rate from 34.6% to around 34.1% by allocating the existing budget more efficiently. This translates to an additional half million individuals lifted out of poverty. Alternatively we can conclude that, holding the poverty headcount constant, with the more efficient targeting the programs would collectively achieve their existing poverty reduction impact with 45 per cent fewer funds. This would equate to a savings of between Tk 8 and 20bn, or USD 100 to 250m per year (depending on initial assumptions). This can be compared with the five-yearly cost of updating the BPD, approximately USD 40m. Additional savings are likely to be realized through the adoption of the MIS, GRM and increased program transparency, which will reduce the scope for leakage of allocated benefits.

⁴⁴ The Household Income and Expenditure Survey (2010), and the Bangladesh Integrated Household Survey (2012).

References

- Ahmed, A.U., S. Zohir, S. K. Kumar and O.H. Chowdhury (1995), 'Bangladesh's Food-For-Work Program and Alternatives to Improve Food Security.' In J. von Braun (ed.), 'Employment for Poverty Reduction and Food Security,' Washington, D.C.: International Food Policy Research Institute.
- Ahmed, A., S. Rashid, M. Sharma and S. Zohir (2003), 'A Study on Food-Aid Leakage in Bangladesh.' WFP/IFPRI Brief, Washington, DC.
- Ahmed, A. (2013), 'Profile of the Feed the Future Zone in the South and Other Regions of Bangladesh.' Presentation at a workshop on 'The Feed the Future Zone in the South and the Rest of Bangladesh: A Comparison of Food Security Aspects,' Dhaka, 16 January 2013.
- Grosh, M., C. del Ninno, E. Tesliuc and A. Ouerghi (2008), 'For Protection and Promotion: The Design and Implementation of Effective Safety Nets.' Washington, DC: The World Bank.
- Rahman, H. Z., L.A. Choudhury and K. S. Ali (2011), Social Safety Nets in Bangladesh, Vol. 1. UNDP and PPRC, April 2011.
- Ruthbah, U. and A. Chowdhury (2012), 'Poverty Scorecard for Bangladesh: An Update Using the HIES 2010 Data.' Mimeo, 1 June 2012.
- World Bank (2009), 'Project Appraisal Document: Employment Generation Program for the Poorest Project.' October 27, 2010.
- World Bank (forthcoming), Bangladesh Poverty Assessment 2010.

Annex 9: Disbursement Linked Indicators Verification Protocols

BANGLADESH: Safety Net Systems for the Poorest

DLI 1 – GEOGRAPHIC TARGETING				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	(1) Guidelines issued specifying revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines
Value (USD)	5 million	10 million	10 million	10 million
Fixed/Floating	Fixed	Fixed	Fixed	Fixed
Rationale	Geographic or area based targeting is based on the latest 2010 poverty maps and the 2011 population census, and essentially aimed at ensuring that program resources are allocated based on the population of poor households. Currently EGPP allocations at the Upazila level are based on the 2005 poverty maps while the resource allocations for the other programs are disproportionately determined by population as opposed to poverty rates. Thus, DLI 1 is: (i) a revision of the EGPP geographic allocation in order to update the formula based on recent poverty data, and (ii) a change in the allocation formulas for FFW, TR and VGF such that incrementally they provide a greater weight on poverty rates and thus allocate greater resources to Upazilas with larger proportion of poor households. Allocations under GR are guided by emergencies and shocks, and thus are not linked to DLI 1.			
Definitions / Descriptions	<ul style="list-style-type: none"> • Public Workfare programs refer to EGPP, FFW and TR. • Humanitarian Assistance programs refer to VGF, GR and other disaster response programs. • Annual resource allocations for the Public Workfare programs and VGF (festival component) are made at the Upazila level within the first quarter of each fiscal year. Each program's allocation document will specify Upazila-wise amounts by relevant budget heads. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> • Original or attested copy of program guidelines circulated to all Upazilas, and any amendments issued through office circulars, clearly mentioning program allocation formulas at the beginning of each fiscal year (Years 1, 2, 3 and 4) • Attested copy of program allocation document circulated to all Upazilas (in a format agreed with the World Bank) (Years 1, 2, 3 and 4) • Attested copies of program bank statements from a sample of Upazilas (randomly selected by the World Bank) (Years 1, 2, 3 and 4) 			
External Validation Procedures	<ul style="list-style-type: none"> • The World Bank will review program allocation documents to ensure consistency with geographic targeting formulas as per program guidelines (Years 1, 2, 3 and 4) • The World Bank will match program allocation amounts to transfers made to program bank accounts in a sample of Upazilas (Years 1, 2, 3 and 4) • Field expenditure reports provided by DDM will also be used to verify program expenditure levels by the Bank 			
Timing	<ul style="list-style-type: none"> • Consolidated program guidelines must be issued or updated at the beginning of the FY before commencement of work and/or beneficiary payments for either Public Workfare or Humanitarian Assistance programs (Years 1, 2, 3 and 4) 			

DLI 1 – GEOGRAPHIC TARGETING

	<ul style="list-style-type: none">• Program allocations, and transfers to Upazilas, must be made before commencement of work and/or beneficiary payments for either Public Workfare or Humanitarian Assistance programs (Years 1, 2, 3 and 4).
Inputs (needed by Government)	<ul style="list-style-type: none">• There are no incremental inputs required for these indicators to be met given that formulation of program guidelines and determination of program allocations are core functions of MODMR (and DDM).

DLI 2 – HOUSEHOLD TARGETING				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	<p>(1) Guidelines issued for EGPP, FFW, and TR, requiring that beneficiaries: (i) own less than 0.5 acres of land, and (ii) are from households headed by a casual laborer; and</p> <p>(2) Guidelines issued for VGF (festival component) specifying beneficiary selection according to existing eligibility criteria</p>	<p>At least 30% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet eligibility criteria defined in FY 2013-14</p>	<p>(1) In 80% of Upazilas where BPD is operational, EGPP, FFW, TR, and VGF (festival component) beneficiaries drawn from the bottom 30% of the BPD; and</p> <p>(2) In the remaining Upazilas, at least 50% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet existing eligibility criteria defined in FY 2013-14</p>	<p>(1) In 100% of Upazilas where BPD is operational, public workfare program and VGF (festival component) beneficiaries drawn from the bottom 30% of the BPD; and</p> <p>(2) In the remaining Upazilas, at least 70% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet existing eligibility criteria defined in FY 2013-14</p>
Value (USD)	5 million	25 million	30 million	40 million
Fixed / Floating	Fixed	Fixed	Fixed	Fixed
Rationale	<p>Household level targeting for all programs (EGPP, FFW, TR, and VGF) will be transitioned to the Bangladesh Poverty Database (BPD) to improve the targeting efficiency and coverage of the poor. Currently each program uses different eligibility criteria to select beneficiaries that are not always enforced. In the case of FFW and TR, beneficiaries do not always fulfill the eligibility criteria. One of the problems is that indicators used to identify the poor are difficult if not impossible to observe and verify. Given that all programs aim to support the poor, harmonizing eligibility criteria based on the respective program design would help to streamline implementation and achieve greater targeting efficiency. Thus until the BPD is fully operationalized in all Upazilas (which may go beyond the project timeline), public works programs will incrementally harmonize their beneficiary identification. As in EGPP, the eligibility criteria of FFW and TR will be revised to include participants from households where the head is a manual laborer and the household owns less than 0.5 acres of land. The two variables still remain good predictors of poverty in rural Bangladesh: according to HIES 2010, 53 percent of households with at least one member engaged in manual labor, and who own less than 0.5 acres of land, are poor. To maintain the self-targeting feature of the public works programs, wages under FFW, TR and EGPP will be below market rates. VGF currently determines eligibility based on 12 indicators associated with poverty; a household is eligible if it satisfies 4 out of the 12 indicators. The indicators are: (i) land ownership of less than 0.5 acres, (ii) household head engaged in casual labor, (iii) adult member engaged in casual labor or begging, (iv) no able bodied male member, (v) household member engaged in child labor, (vi) lack of productive assets, (vii) female household head, (viii) household head is a poor freedom fighter, (ix) household head is disabled, (x) household does not have access to microcredit, (xi) households suffering from food insecurity due to being disaster-affected, and (xii) households who are unable to have two meals a days for most of the year.</p>			
Definitions / Descriptions	<ul style="list-style-type: none"> Public Workfare programs refer to EGPP, FFW and TR. Humanitarian Assistance programs refer to VGF, GR and other disaster response programs. Incrementally beneficiary selections for EGPP, FFW, TR and VGF are made by Upazila from among the poorest 30% of population based on the BPD. Program beneficiaries from the three public works programs - FFW, TR and EGPP - would have to conform with the uniform eligibility criteria in Upazilas where the BPD is not operational (Years 2, 3, and 4) Program beneficiaries from VGF would have to meet the eligibility criteria laid out in the program guidelines in Upazilas where the BPD is not operational (Years 2, 3, and 4) Each program's beneficiaries (EGPP, FFW, TR and VGF) would have to be selected from the BPD in Upazillas, where it is operational, in accordance with the guidelines (Years 3 and 4) 			

DLI 2 – HOUSEHOLD TARGETING

	<ul style="list-style-type: none"> • “Operational” means that the data collection for the BPD is completed, the data entered, the database developed, and the BPD MIS is able to generate a ranked list of households which the MIS has access to.
Documentation (provided by Government)	<ul style="list-style-type: none"> • Original or attested copy of program guidelines circulated to all Upazilas, and any amendments issued through office circulars, clearly mentioning beneficiary eligibility criteria and/or that selection will be made using BPD (Years 1, 2, 3 and 4) • Spot check report from a sample of Upazilas to assess percentage of beneficiaries who meet program eligibility (contracted to a private firm by DDM) (Years 1, 2, 3, 4) • Attested copies of lists of the poor generated by the BPD from selected Upazilas obtained from BBS (Years 3 and 4) • Attested copies of beneficiary lists selected from the BPD from selected Upazilas obtained from DDM (Years 3 and 4)
External Validation Procedures	<ul style="list-style-type: none"> • The World Bank will contract a firm to carry out spot checks in a random sample of Upazilas to assess percentage of beneficiaries who meet program eligibility and/or are drawn from the BPD poverty list (Years 2, 3 and 4). • The survey firm will collect information on household characteristics to determine whether eligibility criteria were applied accurately (Years 2, 3, 4). • The World Bank and survey firm will cross-reference beneficiaries with ranked poverty lists from the selected Upazilas (Years 3 and 4).
Timing	<ul style="list-style-type: none"> • Program guidelines must be issued or updated before commencement of work and/or beneficiary payments for each individual program, i.e. EGPP, FFW, TR and VGF (festival component) (Years 1, 2, 3 and 4) • All activities leading to the development and operationalization of the BPD for at least 10% of Upazilas will have to be completed by end of Year 2.
Inputs (needed by Government)	<ul style="list-style-type: none"> • There are no incremental inputs for Year 1 and 2 indicators to be met given that beneficiary selection is a regular function of Upazila level Government functionaries • Contracting of a firm to develop the BPD, delivery of the BPD, and completion of data collection for the selected Upazilas (by BBS), is required in Year 1 and 2 to meet Year 3 and 4 indicators. • BPD operators to manage, update and maintain the BPD at the Upazila level are required by the beginning of Year 2

DLI 3 – GENDER TARGETING				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	(1) EGPP to maintain 33% female beneficiaries in FY 2013-14, Phase 2; and (2) Guidelines issued for VGF (festival component) requiring 70% of beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 60% of VGF (festival component) beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 70% of VGF (festival component) beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 80% of VGF (festival component) beneficiaries to be female
Value (USD)	5 million	5 million	5 million	5 million
Fixed/Floating	Fixed	Fixed	Fixed	Fixed
Rationale	Analysis from EGPP household surveys show that having a gender quota increases the probability of participation in the program by female headed households. Given that these households are more vulnerable and are relatively worse off than male headed households, it is important to maintain a female quota to ensure resources are going to poor women. Otherwise these resources are unlikely to go to poor women. Qualitative evaluations for instance suggest that maintaining female participation in public works programs is difficult for the following factors: (i) if the community is in conservative area; (ii) if the project site is too far from homes; (iii) if the work is too strenuous; and (iv) if there is minimal contact with local government and program officials. Thus it is important for programs to devise projects that would encourage women to enroll. Without the gender targeting quota it would be difficult for EGPP to ensure poor women are able to participate and benefit from the relatively larger program benefits than other safety net programs. To allow for a similar facility for poor women, 25% of beneficiaries under VGF will also be earmarked for poor women.			
Definitions / Descriptions	<ul style="list-style-type: none"> Humanitarian Assistance means VGF, GR and other disaster response programs. Beneficiary selections for EGPP and VGF (festival component) are made based on program eligibility criteria, and out of that list a third and a quarter of the eligible beneficiaries are women in the case of EGPP and VGF respectively. VGF issues program guidelines circulated to all Upazilas clearly mentioning the female beneficiary quota of 25% in VGF (Year 1). EGPP (Years 1, 2, 3 and 4) and VGF (festival component) (Years 2, 3 and 4) must maintain the minimum quota for female participation nationally and not by Upazila. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> Original or attested copy of program guidelines circulated to all Upazilas, and any amendments issued through office circulars, clearly mentioning minimum quota for female participation (Years 1, 2, 3 and 4) Spot checks report from a sample of Upazilas verifying female participation (contracted to a private firm by DDM) (Year 2, 3, 4) Attested MIS report showing consolidated beneficiary numbers in EGPP and VGF (festival component), disaggregated by gender, from all Upazilas where MIS is functional (Years 3 and 4) 			
External Validation Procedures	<ul style="list-style-type: none"> The World Bank will contract a firm to carry out spot checks in a random sample of Upazilas (Years 2, 3 and 4). Surveys will be based on a sample of beneficiary households across EGPP and VGF (festival component). The survey firm will collect information on household characteristics to determine whether the minimum quota for female participation reasonably met (Years 2, 3 and 4). The World Bank and survey firm will cross-reference beneficiaries with MIS reports from the selected Upazilas (Years 3 and 4). 			

DLI 3 – GENDER TARGETING

Timing	<ul style="list-style-type: none">• Program guidelines must be issued or updated before commencement of work and/or beneficiary payments for EGPP and VGF (festival component) (Years 1, 2, 3 and 4)
Inputs (needed by Government)	<ul style="list-style-type: none">• There are no incremental inputs for these indicators to be met given that beneficiary selection is a regular function of Upazila level Government functionaries.

DLI 4 – ADMINISTRATIVE SYSTEMS				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Specifications for common MIS for all programs developed	(1) MIS piloted in 10% of Upazilas; and (2) MODMR staff in these Upazilas trained in MIS usage	MIS producing program level data in 30% of Upazilas	MIS producing program level data in 50% of Upazilas
Value (USD)	5 million	20 million	40 million	40 million
Fixed/Floating	Floating	Floating	Fixed	Fixed
Rationale	While EGPP is building an efficient record-keeping mechanism with the help of an automated MIS, all records of the other programs are maintained manually. Under SNSP the EGPP MIS will be linked to a Ministry-wide MIS that will be built to consolidate the monitoring of all programs implemented by the MoDMR. This MIS will allow data on a set of streamlined indicators for each program to be collected at the sub-project level, and feed that information up to management for improved access to information and monitoring. The MoDMR will first develop the Operations Manual based on the revised guidelines of the DDM programs to delineate clear guidelines for program implementation, followed by the development of the specifications for the MIS, followed by the development of the system that will have links with the BPD such that where both systems are operational, the MODMR MIS is linked to the BPD.			
Definitions / Descriptions	<ul style="list-style-type: none"> Public Workfare programs refer to EGPP, FFW and TR. Humanitarian Assistance programs refer to VGF, GR and other disaster response programs. Based on approved operational manual and guidelines the MIS firm will develop specifications for the consolidated program MIS that will include a full set of modules for selection and verification of eligible beneficiaries, registration of selected beneficiaries, payments/transfers, case management, grievances and appeals (Year1); The MIS firm will develop and make operational the MIS modules linking the MoDMR/DDM and the BPD, and pilot test it in 10 Upazilas (Year 2). The MIS will be used to produce program level data in at least 30% of the Upazilas in Year 3 and in at least 50% of the Upazilas in Year 4. “Piloted” means that: (1) the MIS hardware is installed at a central location; and (2) is accessible from selected locations in Bangladesh using unique login identification. “Operational” means that the MIS software is: (1) housed on servers at the MODMR or DDM; (2) accessible online from any location in Bangladesh using unique login identification; (3) can store data pertaining to individual beneficiaries including banking details; (4) can cross-reference beneficiary information across all MODMR programs; (5) can store data, and produce consolidated reports at various administrative levels, on financial allocations, food stocks, beneficiary enrollments, payments and in-kind transfers, physical details of community schemes, grievance cases, etc. useful for program monitoring and information. Program level data would include amounts allocated, spent and unspent, by relevant budget heads under that program, disaggregated at various administrative levels (as well as beneficiary numbers by gender, types and amounts of transfers, types of projects, etc.). 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> Operations Manual for EGPP, FFW and TR; and Operations Manual for Humanitarian Assistance programs (Year 1) Request for Proposals (RFQ) for development of the MIS (Year 1) MIS implementation and staff training report (including user feedback) produced by firm contracted to develop the MIS (Year 2) Consolidated program level reports for EGPP, FFW, TR, VGF and GR (individually), from a sample of Upazilas where the MIS is operational (randomly selected by the World Bank) (Years 3 and 4) 			
External Validation	<ul style="list-style-type: none"> The World Bank will review the relevant Operations Manuals and RFQ to ensure that the MIS can capture and process information needed to adequately monitor MODMR 			

DLI 4 – ADMINISTRATIVE SYSTEMS

Procedures	<p>programs (Year 1)</p> <ul style="list-style-type: none">• The World Bank will review the implementation and staff training report to assess whether the pilot has been conducted successfully (Year 2)• The World Bank will cross-reference the MIS generated consolidated program level expenditure reports with manual produced expenditure reports and/or consolidated IBAS generated reports for the selected Upazilas (Years 3 and 4).
Timing	<ul style="list-style-type: none">• As the process of MIS contracting, development, deployment and usage is gradual and incremental, the indicators are not time bound. However, each annual indicator serves as a key milestone towards the project development objective.
Inputs (needed by Government)	<ul style="list-style-type: none">• Contracting of a firm to develop the MIS (Year 1) and to implement the MIS incrementally (Year 2, 3, and 4)• Training of DDM staff on the use of the MIS and data entry of all existing beneficiaries of MODMR programs where MIS is operational (Years 2, 3 and 4)

DLI 5 – IMPLEMENTATION & MONITORING CAPACITY				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Sub-Assistant Engineers (SNSP) appointed in all Upazilas	(1) 80% of Sub-Assistant Engineers (SNSP) positions filled; and (2) Sub-Assistant Engineers (SNSP) trained and assessed on program implementation	90% of Sub-Assistant Engineers (SNSP) positions filled	90% of Sub-Assistant Engineers (SNSP) positions filled
Value (USD)	10 million	20 million	5 million	5 million
Fixed/Floating	Floating	Fixed	Fixed	Fixed
Rationale	<p>Currently field level capacity to monitor the programs is very limited. The Upazila Project Implementation Officer (PIO) is responsible for monitoring all programs, and during times of disasters becomes totally consumed in relief efforts. S/he therefore relies on the PIC and the UP to monitor its own programs, which is not the basis for a sound system. S/he also receives help from “tag officers” who are officers belonging to different departments that have field level presence, but who are “tagged” to monitor programs in a Union Parishad that may not be mapped to their own department. Clearly, they have little incentive to monitor programs that are not part of their core mandate. Poor monitoring on the ground creates the conditions for potential malpractice. Thus, improving the capacity for field level program management and monitoring is just as important as improving the management capacity to monitor program implementation. Under EGPP an additional field level supervisor has been recruited in the poorest 334 Upazilas out of the total of 485 Upazilas nation-wide. Spot checks assessments show that the addition of project personnel has incrementally improved the management of EGPP. Thus it is important to provide additional personnel for field level monitoring and supervision for all DDM programs. Given the national scope of program implementation, all Upazilas will have a Sub-Assistant Engineers (SNSP) trained in the DDM program guidelines and data entry into the MIS</p>			
Definitions / Descriptions	<ul style="list-style-type: none"> Sub-Assistant Engineers (SNSP) will be selected on the basis of experience and qualifications (agreed with the World Bank) as per Government recruitment rules for Project staff. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> Attested copy of appointment order (Year 1) Report from firm contracted to conduct training and/or MODMR specifying key topics and extent of national coverage (Year 2). Spot checks report from a sample of Upazilas to assess Sub-Assistant Engineers (SNSP) attendance (contracted to a private firm by DDM) (Years 2, 3, 4) Salary reports from a sample of Upazilas showing payments to Sub-Assistant Engineers (SNSP) (randomly selected by the World Bank) (Years 2, 3 and 4) 			
External Validation Procedures	<ul style="list-style-type: none"> The World Bank will review the training report to assess whether Sub-Assistant Engineers (SNSP) have been provided adequate training on key program issues (Year 1) The World Bank will contract a firm to carry out spot checks in selected Upazilas to assess whether Sub-Assistant Engineers (SNSP) are adhering to the minimum office/worksite attendance requirements and/or are reachable over telephone (Years 2, 3 and 4) 			
Timing	<ul style="list-style-type: none"> Continuous, during each year. 			
Inputs (needed by Government)	<ul style="list-style-type: none"> Salaries and office expenses for Sub-Assistant Engineers (SNSP) (Years 2, 3 and 4) Initial training on MODMR programs and use of MIS (Year 2) and additional training for replacement Sub-Assistant Engineers (SNSP) (if any) (Years 3 and 4) 			

DLI 6 – PAYMENT SYSTEMS				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Guidelines issued requiring all cash based wage payments to be made through banks and/or other formal financial channels	70% of cash based wage payments made through banks and/or other formal financial channels	80% of cash based wage payments made through banks and/or other formal financial channels	90% of cash based wage payments made through banks and/or other formal financial channels
Value (USD)	5 million	5 million	10 million	10 million
Fixed/Floating	Fixed	Fixed	Fixed	Fixed
Rationale	<p>Currently, except for EGPP, all cash based wages are paid directly to beneficiaries on a weekly basis by the Project Implementation Committee (PIC). This violates an important principle of separation of tasks of resource management and payment processing (which in part is responsible for leakages in benefit amounts). Furthermore, the record keeping systems are dated, processes are manual, and monitoring is weak. This leaves considerable risk exposures in funds misappropriation, payment mismanagement, and abuses in individual payment cases (delays, bribes, collusion, etc.). If administration and payments were separated, if payments were made directly to workers by parties other than PIC, and if all such transactions were adequately automated, it would significantly reduce the fiduciary risk. This is the major innovation introduced in EGPP: all workers receive direct weekly cash payments to beneficiary bank accounts. Household survey analysis suggests this type of payments system has considerably reduced the amount of leakage that existed when EGPP workers were paid by the Project Implementation Committee (PIC) in cash transactions on a weekly basis. Thus, in addition to the payments under EGPP, this form of payment will be adopted for all cash based wage payments for the other public works programs where and when applicable.</p>			
Definitions / Descriptions	<ul style="list-style-type: none"> All beneficiaries of EGPP will continue to be paid via beneficiary bank accounts. In the case of TR or FFW, any cash wage payments will also be made via beneficiary bank accounts. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> Original or attested copy of program guidelines circulated to all Upazilas, and any amendments issued through office circulars, clearly mentioning the mode of beneficiary payments (Years 1, 2, 3 and 4) Attested copy of bank statements of all cash-paying programs from a sample of Upazilas (randomly selected by the World Bank) (Years 2, 3 and 4) MODMR MIS generated payment orders showing beneficiary names, for a selected timeframe, from a sample of Upazilas (randomly selected by the World Bank) (Years 3, and 4) 			
External Validation Procedures	<ul style="list-style-type: none"> The World Bank will conduct an independent review to match transfers from program bank account statements to the MIS generated payment order list, in a random sample of Upazilas (Years 2, 3 and 4) Impact evaluation surveys 			
Timing	<ul style="list-style-type: none"> Continuous, during each year. 			
Inputs (needed by Government)	<ul style="list-style-type: none"> There are no incremental inputs required for Year 1 indicators to be met given that formulation of program guidelines are core functions of MODMR (and DDM). There are no incremental inputs for Years 2, 3 and 4 indicators to be met given that beneficiary payments are a regular function of Upazila level Government functionaries 			

DLI 7 – ACCESS TO INFORMATION				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Public Information Campaign developed outlining programs' objectives, eligibility criteria, entitlements and grievance redress processes	30% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate	50% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate	70% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate
Value (USD)	10 million	5 million	10 million	10 million
Fixed/Floating	Floating	Fixed	Fixed	Fixed
Rationale	In addition to clarity and accessibility of rules and procedures, information about implementation should also be known by the community. Currently, communities seem to know about wage rates and the type of work beneficiaries are supposed to do, but have little idea about allocations to their wards, criteria for beneficiary selection, governance, or grievance mechanisms at the sub-project level. They are also not aware of their entitlements or the responsibilities of the project personnel. It is also often the case that beneficiaries are not aware of which program they are receiving benefits from, the amount of their entitlements and the reasons for their eligibility. This lack of information allows for errors in beneficiary identification, as well as leakage in the amount of benefit. Thus, ensuring that beneficiaries of all MoDMR programs are aware of the program designs, eligibility rules and the level of entitlements is an important step in promoting better governance and accountability.			
Definitions / Descriptions	<ul style="list-style-type: none"> Public Information Campaign (PIC) materials will be developed to ensure that even the illiterate beneficiaries are able to understand the program objectives for all of the DDM programs, their design, those who are eligible to participate, the payment amount and mechanism, ways to lodge complaints, etc. This PIC will be implemented annually at the start of any DDM program. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> Original or attested copy of PIC materials circulated to all Upazilas, and any amendments issued through office circulars, presented in a manner that is easily understood (Years 1, 2, 3 and 4) Spot checks report from a sample of Upazilas to assess beneficiary awareness (contracted to a private firm by DDM) (Years 2, 3, 4) 			
External Validation Procedures	<ul style="list-style-type: none"> The World Bank will review the Public Information Campaign materials to assess whether they are suitable for beneficiary outreach activities (Year 1) The World Bank will contract a firm to carry out spot checks in selected Upazilas (Years 2, 3 and 4). Spot checks will focus on assessing beneficiary awareness of program design, eligibility rules and entitlements. 			
Timing	Continuous, during each year.			
Inputs (needed by Government)	<ul style="list-style-type: none"> Contracting of a firm to develop the PIC (Year 1) and to train field level staff on how to conduct the PIC (Years 2, 3, and 4) 			

DLI 8 – GRIEVANCE REDRESS SYSTEM				
Indicators	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Guidelines issued specifying grievance redress processes	All GROs aware of grievance redress processes and roles	Grievances recorded electronically in all Upazilas where MIS is operational	Grievances recorded electronically in all Upazilas where MIS is operational
Value (USD)	USD 5 million	USD 20 million	USD 20 million	USD 20 million
Fixed/Floating	Fixed	Fixed	Fixed	Fixed
Rationale	<p>While all programs in principle have a grievance redress system, spot checks on EGPP implementation suggest these systems are weak. Given the political realities of rural Bangladesh, there is always a threat of political capture of program benefits, a situation that is not unique to EGPP. In high poverty areas with intense competition amongst the poor to be included in the beneficiary list, project officers involved in preparing such lists have the opportunity to either collect an 'entry fee' or impose a levy on the wage. Thus it will be important to develop operationally sound but practical mechanisms for grievance redress in all of these programs to increase the accountability of program officers. The MIS will include a grievance redress module, which will help keep a record of these grievances and be able to generate reports on the types of grievances, locations, etc. to provide a summary of "problem areas" in terms of implementation. Tracking these grievances will provide additional insights on the challenges associated with implementation.</p>			
Definitions / Descriptions	<ul style="list-style-type: none"> • Details of the Grievance Redress System guidelines and processes are developed (Year 1). • Attested copy of appointment order for Grievance Redress Officers (GROs) (Year 1). • A GRS module in the MIS implemented, including the assignment and training of the relevant GRO at both the Upazila and District levels (Year 2). • The first point of acceptance of complaints is proposed to be the Upazila, since this is the level closest to the community that is not directly involved in beneficiary selection or wage payments (two common sources of grievances). However, complaints can be accepted at any administrative level. The following would serve as GROs at their respective administrative levels: At the Upazila level, the Upazila Nirbahi Officer (UNO) will be the Local Grievance Redress Officer (LGRO). At the district level, the Deputy Commissioner (DC) will serve as the District GRO (DGRO). A designated Director, DDM, will act as the Central GRO (CGRO). • Complaints will be entered in a Grievance Redress Register at each level and complainants will be given a receipt. All grievances should ideally be addressed within 15 days, failing which the complainants can appeal before the appellate authority. The DC of the respective District will be the appellate authority for Upazila level complaints, while the Deputy Project Director will be the appellate authority for District level complaints. The Project Advisory Committee (PAC), headed by the Secretary of MoDMR, will act as the final appellate authority. The Project Director will be responsible for developing appropriate formats for complaints and redress as well as disseminating information about the Grievance Redress System. The System should both inform the complainant about the action taken on their complaints, and feed this information back into the implementation of the program. 			
Verification Documentation (provided by Government)	<ul style="list-style-type: none"> • Original or attested copy of program guidelines circulated to all Upazilas, and any amendments issued through office circulars, clearly mentioning grievance redress processes (Years 1, 2, 3 and 4) 			

DLI 8 – GRIEVANCE REDRESS SYSTEM

	<ul style="list-style-type: none"> • Attested copy of government order with nominations (Year 1) • Spot checks report from a sample of Upazilas to assess GRO awareness of processes and roles (contracted to a private firm by DDM) (Years 2, 3, 4) • Consolidated MIS grievance reports from the GRS module from a sample of Upazilas (Years 3 and 4)
External Validation Procedures	<ul style="list-style-type: none"> • The World Bank will contract a firm to carry out spot checks in a random sample of Upazilas. Spot checks will focus on assessing GRO knowledge of processes and roles (Year 2). • The World Bank will review the consolidated MIS grievance reports showing the number and types of grievances recorded (Years 3 and 4)
Timing	As the process of MIS contracting, development, deployment and usage is gradual and incremental, the indicators are not time bound. However, each annual indicator serves as a key milestone towards the project development objective.
Inputs (needed by Government)	<ul style="list-style-type: none"> • Contracting of a firm to develop the GRS module in the MIS (Year 1) and to implement the GRS module incrementally (Years 3, and 4) • Training of DDM staff on the use of the GRS module in the MIS and data entry of all existing beneficiaries of MODMR programs where MIS is operational (Year 2)

DLI Focus Area	Baseline	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)																																																
Geographic Targeting		(1) Guidelines issued specifying revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines	(1) Guidelines updated to reflect revised program allocation formulas; and (2) Actual allocations per guidelines																																																
	EGPP	EGPP	EGPP	EGPP	EGPP																																																
	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>= 35%</td> <td>60%</td> </tr> <tr> <td>21%-34%</td> <td>35%</td> </tr> <tr> <td><= 20%</td> <td>5%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>= 35%	60%	21%-34%	35%	<= 20%	5%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39%-29%</td> <td>25%</td> </tr> <tr> <td>28%-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39%-29%	25%	28%-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39%-29%</td> <td>25%</td> </tr> <tr> <td>28%-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39%-29%	25%	28%-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39%-29%</td> <td>25%</td> </tr> <tr> <td>28%-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39%-29%	25%	28%-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39%-29%</td> <td>25%</td> </tr> <tr> <td>28%-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39%-29%	25%	28%-19%	20%	<=18%	10%
	Upazila Poverty Rates	Allocation																																																			
	>= 35%	60%																																																			
21%-34%	35%																																																				
<= 20%	5%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39%-29%	25%																																																				
28%-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39%-29%	25%																																																				
28%-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39%-29%	25%																																																				
28%-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39%-29%	25%																																																				
28%-19%	20%																																																				
<=18%	10%																																																				
FFW	FFW	FFW	FFW	FFW	FFW																																																
<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>50%</td> </tr> <tr> <td>Area</td> <td>30%</td> </tr> <tr> <td>Poverty Rate</td> <td>20%</td> </tr> </tbody> </table>	Factor	Allocation	Population	50%	Area	30%	Poverty Rate	20%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>45%</td> </tr> <tr> <td>Area</td> <td>30%</td> </tr> <tr> <td>Poverty Rate</td> <td>25%</td> </tr> </tbody> </table>	Factor	Allocation	Population	45%	Area	30%	Poverty Rate	25%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>40%</td> </tr> <tr> <td>Area</td> <td>30%</td> </tr> <tr> <td>Poverty Rate</td> <td>30%</td> </tr> </tbody> </table>	Factor	Allocation	Population	40%	Area	30%	Poverty Rate	30%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>35%</td> </tr> <tr> <td>Area</td> <td>30%</td> </tr> <tr> <td>Poverty Rate</td> <td>35%</td> </tr> </tbody> </table>	Factor	Allocation	Population	35%	Area	30%	Poverty Rate	35%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>30%</td> </tr> <tr> <td>Area</td> <td>30%</td> </tr> <tr> <td>Poverty Rate</td> <td>40%</td> </tr> </tbody> </table>	Factor	Allocation	Population	30%	Area	30%	Poverty Rate	40%									
Factor	Allocation																																																				
Population	50%																																																				
Area	30%																																																				
Poverty Rate	20%																																																				
Factor	Allocation																																																				
Population	45%																																																				
Area	30%																																																				
Poverty Rate	25%																																																				
Factor	Allocation																																																				
Population	40%																																																				
Area	30%																																																				
Poverty Rate	30%																																																				
Factor	Allocation																																																				
Population	35%																																																				
Area	30%																																																				
Poverty Rate	35%																																																				
Factor	Allocation																																																				
Population	30%																																																				
Area	30%																																																				
Poverty Rate	40%																																																				
TR	TR	TR	TR	TR	TR																																																
<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>50%</td> </tr> <tr> <td>Area</td> <td>20%</td> </tr> <tr> <td>Poverty Rate</td> <td>30%</td> </tr> </tbody> </table>	Factor	Allocation	Population	50%	Area	20%	Poverty Rate	30%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>45%</td> </tr> <tr> <td>Area</td> <td>20%</td> </tr> <tr> <td>Poverty Rate</td> <td>35%</td> </tr> </tbody> </table>	Factor	Allocation	Population	45%	Area	20%	Poverty Rate	35%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>40%</td> </tr> <tr> <td>Area</td> <td>20%</td> </tr> <tr> <td>Poverty Rate</td> <td>40%</td> </tr> </tbody> </table>	Factor	Allocation	Population	40%	Area	20%	Poverty Rate	40%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>35%</td> </tr> <tr> <td>Area</td> <td>20%</td> </tr> <tr> <td>Poverty Rate</td> <td>45%</td> </tr> </tbody> </table>	Factor	Allocation	Population	35%	Area	20%	Poverty Rate	45%	<table border="1"> <thead> <tr> <th>Factor</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>Population</td> <td>30%</td> </tr> <tr> <td>Area</td> <td>20%</td> </tr> <tr> <td>Poverty Rate</td> <td>50%</td> </tr> </tbody> </table>	Factor	Allocation	Population	30%	Area	20%	Poverty Rate	50%									
Factor	Allocation																																																				
Population	50%																																																				
Area	20%																																																				
Poverty Rate	30%																																																				
Factor	Allocation																																																				
Population	45%																																																				
Area	20%																																																				
Poverty Rate	35%																																																				
Factor	Allocation																																																				
Population	40%																																																				
Area	20%																																																				
Poverty Rate	40%																																																				
Factor	Allocation																																																				
Population	35%																																																				
Area	20%																																																				
Poverty Rate	45%																																																				
Factor	Allocation																																																				
Population	30%																																																				
Area	20%																																																				
Poverty Rate	50%																																																				
VGF	VGF (for festival transfers)	VGF (for festival transfers)	VGF (for festival transfers)	VGF (for festival transfers)	VGF (for festival transfers)																																																
<p>50% for festival transfers based on poverty rates</p> <p>50% for disaster-affected areas or compensation for farmers and fishermen not to harvest during a particular season</p>	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39-29%</td> <td>25%</td> </tr> <tr> <td>28-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39-29%	25%	28-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39-29%</td> <td>25%</td> </tr> <tr> <td>28-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39-29%	25%	28-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39-29%</td> <td>25%</td> </tr> <tr> <td>28-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39-29%	25%	28-19%	20%	<=18%	10%	<table border="1"> <thead> <tr> <th>Upazila Poverty Rates</th> <th>Allocation</th> </tr> </thead> <tbody> <tr> <td>>=40%</td> <td>45%</td> </tr> <tr> <td>39-29%</td> <td>25%</td> </tr> <tr> <td>28-19%</td> <td>20%</td> </tr> <tr> <td><=18%</td> <td>10%</td> </tr> </tbody> </table>	Upazila Poverty Rates	Allocation	>=40%	45%	39-29%	25%	28-19%	20%	<=18%	10%									
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39-29%	25%																																																				
28-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39-29%	25%																																																				
28-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39-29%	25%																																																				
28-19%	20%																																																				
<=18%	10%																																																				
Upazila Poverty Rates	Allocation																																																				
>=40%	45%																																																				
39-29%	25%																																																				
28-19%	20%																																																				
<=18%	10%																																																				

DLI Focus Area	Baseline	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	Government Documents for Verification	<i>Program guidelines; Program allocation documents; Program bank statements (sample)</i>	<i>Program guidelines; Program allocation documents; Program bank statements (sample)</i>	<i>Program guidelines; Program allocation documents; Program bank statements (sample)</i>	<i>Program guidelines; Program allocation documents; Program bank statements (sample)</i>
Household Targeting	Different eligible criteria across programs which are varied in enforcement	(1) Guidelines issued for EGPP, FFW, and TR, requiring that beneficiaries: (i) own less than 0.5 acres of land, and (ii) are from households headed by a casual laborer; and (2) Guidelines issued for VGF (festival component) specifying beneficiary selection according to existing eligibility criteria	At least 30% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet eligibility criteria defined in FY 2013-14	(1) In 80% of Upazilas where BPD is operational, EGPP, FFW, TR, and VGF (festival component) beneficiaries drawn from the bottom 30% of the BPD; and (2) In the remaining Upazilas, at least 50% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet existing eligibility criteria defined in FY 2013-14	(1) In 100% of Upazilas where BPD is operational, public workfare program and VGF (festival component) beneficiaries drawn from the bottom 30% of the BPD; and (2) In the remaining Upazilas, at least 70% of EGPP, FFW, TR and VGF (festival component) beneficiaries meet existing eligibility criteria defined in FY 2013-14
	Government Documents for Verification	<i>Program guidelines; Spot Checks firm's report</i>	<i>Program guidelines; Spot Checks firm's report</i>	<i>Program guidelines; Spot Checks firm's report; BPD generated poverty lists; MIS generated reports</i>	<i>Program guidelines; Spot Checks firm's report; BPD generated poverty lists; MIS generated reports</i>
Gender Targeting	EGPP with minimum 33% female participation; no gender targets in other programs	(1) EGPP to maintain 33% female beneficiaries in FY 2013-14, Phase 2; and (2) Guidelines issued for VGF (festival component) requiring 70% of beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 60% of VGF (festival component) beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 70% of VGF (festival component) beneficiaries to be female	(1) 33% of EGPP beneficiaries to be female; and (2) 80% of VGF (festival component) beneficiaries to be female
	Government Documents for Verification	<i>Program guidelines; Spot Checks firm's report</i>	<i>Program guidelines; Spot Checks firm's report</i>	<i>Program guidelines; Spot Checks firm's report; MIS generated reports</i>	<i>Program guidelines; Spot Checks firm's report; MIS generated reports</i>
Administrative Systems	EGPP MIS under development; record keeping systems for all other programs are manual	Specifications for common MIS for all programs developed	(1) MIS piloted in 10% of Upazilas; and (2) MODMR staff in these Upazilas trained in MIS usage	MIS producing program level data in 30% of Upazilas	MIS producing program level data in 50% of Upazilas
	Government Documents for Verification	<i>Operations Manual (EGPP, FFW and TR); Operations Manual (VGF and GR); RFQ (for MIS firm)</i>	<i>MIS firm's report</i>	<i>MIS generated reports (sample)</i>	<i>MIS generated reports (sample)</i>
Implementation & Monitoring Capacity	EGPP Field Supervisors in 334 Upazilas	Sub-Assistant Engineers (SNSP) appointed in all Upazilas	(1) 80% of Sub-Assistant Engineers (SNSP) positions filled; and (2) Sub-Assistant Engineers (SNSP)s trained and assessed on program implementation	90% of Sub-Assistant Engineers (SNSP) positions filled	90% of Sub-Assistant Engineers (SNSP) positions filled
	Government Documents for Verification	<i>Sub-Assistant Engineers (SNSP) appointment order</i>	<i>Training firm's report; Salary reports (sample); Spot Checks firm's report</i>	<i>Salary reports (sample); Spot Checks firm's report</i>	<i>Salary reports (sample); Spot Checks firm's report</i>
Payment Systems	100% of EGPP wage payments	Guidelines issued requiring all	70% of cash based wage	80% of cash based wage	90% of cash based wage

DLI Focus Area	Baseline	Year 1 (FY 2013-14)	Year 2 (FY 2014-15)	Year 3 (FY 2015-16)	Year 4 (FY 2016-17)
	are made through bank accounts and/or other formal financial channels	cash based wage payments to be made through banks and/or other formal financial channels	payments made through banks and/or other formal financial channels	payments made through banks and/or other formal financial channels	payments made through banks and/or other formal financial channels
	Government Documents for Verification	<i>Program guidelines</i>	<i>Program guidelines; Program bank statements (sample)</i>	<i>Program guidelines; Program bank statements (sample); MIS generated payment orders (sample)</i>	<i>Program guidelines; Program bank statements (sample); MIS generated payment orders (sample)</i>
Access to Information	No systematic information campaigns conducted or beneficiary outreach mechanisms in place	Public Information Campaign developed outlining programs' objectives, eligibility criteria, entitlements and grievance redress processes	30% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate	50% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate	70% of beneficiaries aware of objectives, eligibility criteria, entitlements and grievance redress process, of programs in which they participate
	Government Documents for Verification	<i>Public Information Campaign materials</i>	<i>Spot Checks firm's report</i>	<i>Spot Checks firm's report</i>	<i>Spot Checks firm's report</i>
Grievance Redress System	EGPP Operational Manual and MIS have a grievance redress system; other programs do not have a systematic GRS	Guidelines issued specifying grievance redress processes	All GROs aware of grievance redress processes and roles	Grievances recorded electronically in all Upazilas where MIS is operational	Grievances recorded electronically in all Upazilas where MIS is operational
	Government Documents for Verification	<i>Program guidelines</i>	<i>Government orders; Spot Checks firm's report</i>	<i>Spot Checks firm's report; MIS generated reports</i>	<i>Spot Checks firm's report; MIS generated reports</i>