

**PROJECT INFORMATION DOCUMENT (PID)**

Report No.: AB5828

<b>Project Name</b>	Bangladesh Employment Generation Program
<b>Region</b>	SOUTH ASIA
<b>Sector</b>	Public administration- Other social services (100%)
<b>Project ID</b>	P118701
<b>Borrower(s)</b>	GOVERNMENT OF BANGLADESH
<b>Implementing Agency</b>	Disaster Management Bureau, Ministry of Food and Disaster Management
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
<b>Date PID Prepared</b>	August 24, 2010
<b>Date of Appraisal Authorization</b>	July 12, 2010
<b>Date of Board Approval</b>	November 30, 2010

**I. COUNTRY AND SECTOR BACKGROUND**

*Bangladesh has seen an impressive decline in poverty over the last twenty years, but a large number of households still live below the poverty line. About 35 million people live in extreme poverty.* The national poverty rate declined at roughly one percentage point per annum over the last 15 years. Yet according to the 2005 Household Income and Expenditure Survey (HIES) 40 percent of the population still lives in poverty and 25 percent of the population in extreme poverty (HIES 2005). Only 40 percent of household heads among the poor has received more than 5 years of education and only 6 percent more than 10 years (HIES 2005). Literacy rates for poor male workers aged 15 and older stand at 52 percent; 33 percent for poor female workers. Besides being less educated, the poor are also less healthy. The Demographic and Health Survey (DHS) (2004) finds that, on average, 16.7 percent of poor children suffer severe stunting.

*The obduracy of Bangladesh's poverty is deepened by its chronic natural disasters, which undermine both economic gains and the resilience of poor households.* Bangladesh is often cited as the most disaster prone country in the world. Climate change is likely to exacerbate this situation. The parts of the country that endured the main brunt of the floods of July-September 2007 and the cyclone Sidr in November 2007 saw their situation further aggravated by the following the hike in food and fuel prices. In 2009 cyclone Aila hit 16 districts, and as recently as May 2010, cyclone Laila was expected to wreak havoc on the southwestern coast of Bangladesh. Areas in the north are less prone to the vagaries of cyclones, but experience frequent floods from numerous rivers. The ecologically fragile areas along the riverbeds of the north are also notoriously prone to seasonal *Monga*, when household food stocks dip to starvation levels. While the Government of Bangladesh (GOB) has been very proactive with its relief efforts, the long-term impact of these disasters on the poorest households is known to be severe.

*The sheer size of the population living around the poverty line means that even a small shock can push large numbers of individuals into poverty, and many poor into extreme poverty.* High levels of food inflation in 2007-08 eroded real incomes of the poor much faster than that of others because of the higher share of food in their consumption basket. A recent World Bank survey suggests that during the crisis a majority of households reduced their food and non-food intakes as well as switching to food of inferior quality. Between December 2007 and March 2008 the number of households that either skipped a meal or ate scarcer meals at least once a month rose from 43 percent to 58 percent. Roughly 8 percent of households with school-going children took their children out of school; most of these children took up

jobs. Clearly shocks, whether economic or in the form of natural disasters, can frustrate improvements made in nutrition and education.

*Bangladesh's poverty profile is further complicated by the need to employ a large and growing labor force.* While open unemployment rates are low, serious under-employment exists, especially among young men. Female employment levels have remained low, despite increasing levels of education and low levels of fertility. Most women are employed in household enterprises as unpaid workers. Even women from poor households, who would be expected to engage in manual labor, are unlikely to be employed for a wage. They do not seem to find casual employment either. Self-employment is the default employment type all around and only a very small proportion of all workers are employed in wage jobs. Each successive government realizes the importance of the employment agenda, and there is continuous political pressure to come up with policies and programs that will protect vulnerable workers and promote employment.

*In response to this complex situation, the GOB implements a wide range of safety net programs targeted to the poor.* This is in keeping with Bangladesh's successive national poverty reduction strategies, which focus on the social protection agenda. In particular they focus on providing employment to the poorest households and regions, so as to prevent the most vulnerable from falling into extreme poverty. In line with this national vision, the Government has a range of cash and in-kind (or food) programs. This is reflected in the categories of safety net programs: (i) labor intensive public works programs where creation of infrastructure is a secondary objective; (ii) livelihood programs for income generation, group training and building awareness on health, nutrition and legal rights; (iii) education and health programs that provide (food or cash) incentives for child education and for seeking maternal health care; (iv) relief programs designed to mitigate the consequences of disasters, and (v) programs and services for disadvantaged groups like the elderly, the widowed, the disabled, and freedom fighters.

*Despite a plethora of initiatives, however, Bangladesh continued to have very low coverage of safety nets.* In 2005, about 22 percent of households in the lowest consumption quintile received benefits from safety net programs. Even among the bottom 10 percent of the population, the combined coverage of all safety net programs was just 23 percent, and for targeted programs it was only 16 percent. The percentage of households who benefit from targeted programs declines progressively as one moves to higher quintiles. Such progressive benefit incidence is a positive feature, but a strong area of concern is the considerable level of inclusion errors across programs.

*In response to the international food and fuel crisis of 2008, the GOB then launched its largest public works program to date: the 100 Day Employment Program.* Managed by the Ministry of Food and Disaster Management (MOFDM) in partnership with local governments, the program was intended to cushion the poor against the rise in food prices. The program's design drew on Bangladesh's successful experience with workfare and was a major expansion of the existing cash-for-work model, with only minor adjustments. The program was designed to run during the lean season; in rural areas only.

*In 2009, the Employment Generation Program for the Poorest (EGPP) was launched close on the heels of the 100 Day Employment Program.* The EGPP, which IDA purports to support, is intended to run during two lean season phases –60 days from October to December and 40 days from March to May. During the first phase of year one of the program (FY09-10) the GOB rolled out the program in the 16 districts affected by Cyclone Aila. In the first phase (October to December 2009), the program created 16,555,325 person days of employment. The second phase (March-May) has just been concluded. Based on the success of the EGPP, the GOB has allocated Tk. 10 billion to the EGPP in the current fiscal year (2011). The program is now expected to extend nationwide/

*Successive assessments of food and cash for work programs in Bangladesh have suggested areas for improvement.* These include increased community input into beneficiary selection and the use of easily observable and verifiable selection criteria. The assessments also call for setting wages (whether in food or in cash) correctly so that the wage rate serves a self-targeting function in which only the poor choose to work. In addition to wage setting, the assessments also focus on delays in cash payments and suggested exploring a greater use of formal financial channels and technology as potential solutions to these delays. The assessments also identified the phenomenon of ‘ghost workers’ whereby a larger number of workers is shown on the rolls than actually work. This allows the project implementation committees at the local level to claim larger resources and is one of the main sources of leakages in public works programs in Bangladesh (and in India).

## II. RATIONALE FOR BANK INVOLVEMENT

*The Bank has had a long-standing engagement with the GOB on expanding and reforming safety nets.* It has done analytical and advisory work, just-in-time technical assistance and brought international evidence to policy makers in Bangladesh. The involvement of the Bank team in the assessment of the first phase of the EGPP has led to continuous updating of the implementation guidelines. The Bank also is engaged in an expansive dialogue and has made investments in safety nets elsewhere in the region, fostering cross-country learning. This is particularly relevant to workfare programs, where several countries have similar delivery systems and a similar history of public works programs.

*Given these previous engagement with the Bank, the Ministry of Finance (MOF) requested financial and technical support for the EGPP.* The MOF and the MOFDM are seeking the Bank’s involvement not only for financial assistance, but also to make use of the Bank’s technical expertise as it reforms the design and implementation of one of the country’s largest safety net programs. The MOFDM specifically wants to address poor governance and leakage of funds, and is keen to make use of international experience in doing so. The expectation of the Bank team and the Government is that improving the capacity of the MOFDM to design and implement safety net programs such as the EGPP will benefit a large number of similar programs across the country.

## III. DESCRIPTION

**Component 1: The Main Program Component (MPC) (US\$ 144.75 million)** would support expansion and reform of the existing program through three Focus Areas:

- i. ***Focus Area 1: Rigorous Targeting.*** Reaching the poorest is the cornerstone of the EGPP. This includes both the poorest areas and the poorest households. There is a three-fold targeting methodology in the program to ensure money does reach the poorest. Wages are set such that only the poorest will want to work. Geographical targeting will distribute the bulk of the resources to the poorest Upazilas. Finally, household targeting allows only individuals from those households where the head is a manual laborer and the household has less than ½ acre of land to be eligible for the program. In addition, one third of the program benefits are mandated to go to women workers.
- ii. ***Focus Area 2: Improved governance through clearer rules and enhanced transparency.*** IDA support to EGPP is meant to improve its design and implementation in a way that enhances the governance of Bangladesh’s largest safety net program. Wages will be paid through formal financial channels; part of the government’s funding will be earmarked for non-wage costs; supervision capacity will be built up; public disclosure will be improved, and a grievance redress system will be put in place. This strengthening will build on existing systems and structures.

- iii. **Focus Area 3: Better Capacity for Monitoring and Evaluation.** The proposed project would provide support to develop the monitoring capacity of the MoFDM at the upazila level and at the center. The project would support the development of a set of standardized indicators and monitoring reports and would provide financing for critical staffing at the central and local levels and investments in MIS. In addition the Bank will undertake an impact evaluation, and sponsor a series of independent validation exercises, to gain further insight into how the program is functioning and could be improved.

**Component 2: The Operational Support Component (OSC) (US\$ 5.25 million)** would provide direct support to the MOFDM for implementation support and capacity strengthening to deliver the EGPP with enhanced efficiency through better targeting, a better benefit delivery mechanism, greater transparency and improved monitoring. Specifically it will:

- i. Strengthen reporting and monitoring of the *EGPP* operations
- ii. Provide training to staff engaged in *EGPP* to enhance their capacity in targeting beneficiaries and delivering benefits

The MPC can be viewed as a component that reimburses the GOB for results, while the OSC can be seen as a financing instrument for the inputs needed to achieve the results indicated in the MPC. The support through the OSC is also expected to percolate to other social protection initiatives implemented by the MoFDM, including Food for Work (FFW) and Test Relief (TR).

#### IV. FINANCING

Source:	(\$m.)
BORROWER/RECIPIENT	0
International Development Association (IDA)	150
Total	150

#### V. IMPLEMENTATION

The Disaster Management and Relief Division (DMRD) of the MOFDM will implement the program along existing institutional structures and implementation arrangements, but with a strong focus on strengthening its systems for a more effective implementation and monitoring of the program. A program implementation team led by a full-time Project Director, not below the rank of Joint Secretary, will support the program. An Office of the Project Director (OPD) will be established in the DMRD for the duration of IDA support to the program, to ensure efficient and timely implementation. One full-time Deputy Project Director, not below the rank of Deputy Secretary, will assist the PD in the implementation of the project. The OPD will comprise of a Project Director, Deputy Project Director, Financial Management Specialist, Procurement Specialist, MIS Specialist, Payment Systems Specialist, Training Specialist, 334 Field Supervisors and the support staff. The Project Director will be responsible for overall management of the program, providing guidance on planning, implementation, operation, monitoring and supervision. He will be assisted by a Deputy Project Director, who will be responsible for field supervision and coordination, administration, finance and monitoring.

The OPD will be advised, guided and supervised by a National Steering Committee (NSC), headed by the Secretary DMRD. The NSC will provide policy advice and oversight to ensure the effective implementation of the program. A Technical Project Review (TPR) Committee, headed by the Project Director, will further assist in implementing the program. This Committee will oversee overall program implementation as per the GOB and IDA rules and regulations. The Project Implementation Officer (PIO) of every upazila will be the focal point for the implementation of the program at the upazila level. S/he

will be assisted by a Field Supervisor, hired on a contractual basis by the program. At the upazila level, the Upazila Committee (UC) - headed by the Upazila Nirbahi Officer (UNO) - will be responsible for the implementation and supervision of the program. At the Union Parishad (UP) level, the Union Committee - headed by UP Chairman - will have this responsibility. Union Committees may form Project Implementation Committees (PICs) for each community sub-project. These will be responsible for the day-to-day implementation of the community sub-projects, in close collaboration with the Union Committee. In order to deal with the grievances and complaints of workers under the EGPP, a Grievance Redress System will be set up at the national, district and upazila levels.

## **VI. SUSTAINABILITY**

*IDA is supporting an ongoing GOB program, and the program is expected to remain a key priority of the Government beyond the duration of the proposed program.* The 100 Day Employment Program was started by the previous government, and was scaled up after some redesign as the EGPP by the current government. There is strong political support for and ownership of the program across the political spectrum. The current government is keen to make the EGPP a flagship program of the GOB. Finally, the EGPP is in keeping with the priorities of the GOB as reflected in the National Strategy for Accelerated Poverty Reduction II (NSAPR II).

*The recent strengthening of the implementing agency supports the institutional sustainability of the program.* The GOB recently restructured the MOFDM to create DMRD under which the Ministry's cash-based safety net programs have been consolidated. Although the Ministry is still limited in its staffing and technical capacity, the DMRD has significant experience in implementing public works programs. This project would further strengthen the institutional capacity of the DMRD through the technical assistance provided through the OSC.

*The project design includes mechanisms that will assess the EGPP's progress and impacts as well as ensure that future decisions incorporate the information from these assessments.* These include external assessments of the institutional arrangements during each program phase, and a thorough impact evaluation to measure the impact of the EGPP on households' net incomes and their ability to cope with shocks. The program monitoring mechanisms would provide accurate information of the financial flows and actual expenditures to track program progress. Together they would provide timely information about the program to support measures that would further improve its functioning.

## **VII. LESSONS LEARNED FROM PAST OPERATIONS IN THE COUNTRY/SECTOR**

Two sets of lessons have informed the design of the EGPP. The first set of lessons draws from recent experiences in Bangladesh, especially the 100 Day Employment Program that preceded the EGPP. The second set of lessons draws from international experience in the design and implementation of public works programs.

*Bangladesh experience:* In addition to assessments of other food for work and public works programs in Bangladesh by the World Bank (del Ninno, 2003) and IFPRI (2009), there have been three independent assessments of the 100 Day Employment Program. These were done by: the World Bank (2009), the Centre for Policy Dialogue (CPD) (2009) and Bangladesh Rural Advancement Committee (BRAC) (2008). Broadly they are in agreement and outline the need some refinement to ensure that errors of exclusion and inclusion in targeting are minimized. The assessments also showed that communication of the program rules to the local level was lacking, and that the program guidelines were too generic and needed to be made more concrete. In particular, the CPD (2009) exhorted government to communicate better with the communities and to enable the latter to voice their needs. The other lessons focus mainly on the need to improve accountability, payment mechanisms, and monitoring and evaluation. Almost all

the recommendations from the CPD assessment have been included in the design of IDA support to the EGPP. In addition, data from the 2005 HIES has been used in the poverty maps that are being used for the geographical targeting of the EGPP.

*Within the constraints of a rapid project preparation the team undertook some rapid assessments of the first two phases of the EGPP.* Real time wage data being absent, the team commissioned telephone interviews of Union Parishad Chairpersons to understand whether the wages set under EGPP were below the prevailing market wage. The assessment showed that at the current rate of 120 Tk. per day, wages are well below the market level. The team also commissioned an assessment of options for paying wages through formal financial channels and found that this is both feasible and desirable but will need to be sequenced, given the number of steps needed before it can be rolled out nationally.

*International experience:* The following are the lessons from international experience:

- Monitoring and evaluation mechanisms, such as this project proposes, have proven useful in strengthening the functioning of programs as well as in sustaining support for programs through different political cycles;
- Wages should be set slightly below than the prevailing market wage for unskilled labor to promote self-selection;
- If rationing becomes inevitable, use poverty mapping for geographical targeting and then use communities for individual selection;
- Reasonable labor intensity, generally not lower than 40 percent;
- Launch during times when the opportunity cost of labor is low (agricultural slack seasons);
- Community involvement in selection of projects;
- Adapt design features to encourage female participation;
- Keep transaction costs of participation low;
- Maintain assets created.

Most of the principles that emerge from international learning have been incorporated in the design of the EGPP.

## VIII. SAFEGUARD POLICIES (INCLUDING PUBLIC CONSULTATION)

*Based on the nature and the scale of the activities that will be funded by the project, the project interventions are not expected to cause any large-scale, significant and irreversible adverse impacts on the environment.* Still, to avoid any potentially adverse environmental impacts and enhance environmental outcomes of the activities implemented under individual subprojects, the *safeguard policy on Environmental Assessment (OP 4.01)* is triggered. The project has been identified as *Category 'B'*, since the specific sub-projects' environmental impacts cannot be precisely identified before sites are selected. The sub-projects may also have environmental impacts if not properly designed, executed or if mitigation measures are not implemented.

An *Environmental Management Framework (EMF)* has been developed for the project, taking into account the implementation experiences of Social Investment Program Project (SIPP) and Local Governance Support Project (LGSP). A simplified approach has been adopted in the EMF to suit the small-scale nature of the sub-projects. The EMF prescribes the environmental management parameters to be included in the project monitoring and evaluation plan, and environmental audits to periodically evaluate the adequacy of the EMF, modifying where required.

No major adverse social impact is expected to ensue from the project activities, and in fact the social impacts are expected to be salutary. Although no land acquisition or significant displacement of squatters is anticipated under this project (as most projects will take place in rural settings where squatters are not widely found), some sub- projects may require limited land acquisition or encounter encroachers and squatters who would be displaced due to project works. The project has hence triggered safeguards policy on involuntary resettlement (OP4.12). Additionally, given the nation-wide approach that the project is based on, it is probable that the project will touch upon areas with indigenous people (IPs), thereby triggering safeguards policy Indigenous Peoples (OP 4.10).

A Social Management Framework (SMF) has been prepared that includes a Resettlement Policy Framework (RPF) and an Indigenous Peoples Planning Framework (IPPF). The implementing agency will use the screening procedures outlined in the SMF to identify, assess, evaluate, mitigate and monitor social impacts of each sub project. The SMF indicates all actions needed and processes required for implementing the safeguards approach for the project and includes a check-list to identify possible impacts related to either land acquisition, resettlement or the presence of IPs in the sub project areas as well as guidance on how to implement the approach described above in line with the nature and scale of impacts. The Social Management Framework (SMF) approach complies with World Bank policies as well as national policies, while considering the practical aspects of the program’s implementation.

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

## 1. List of Factual Technical Documents

Joshi, Ashish (2010). *Assessment and Feasibility Study Report: Options to strengthen record keeping and payment systems of the EGPP program*

Kumar, Pravesh (2010). *Institutional Capacity and Training Assessment of the Disaster Management and Relief Division (DMRD). Ministry of Food and Disaster Management, Government of People’s Republic of Bangladesh.* (Draft).

*Telephone Survey of UP Chairmen (Draft), 2010*

Serajuddin, Umar, Tara Vishwanath, Syed Hashemi, Hassan Zaman and Qaiser Khan (2008 ). *Findings from the initial implementation of the Bangladesh Employment Guarantee Scheme.* [PPT]

World Bank. (2009) *An Assessment of the First Phase of the 100-Day Employment Generation Program in Bangladesh.* Policy Note, SASEP and SASHD.

World Bank. (2008) Bangladesh: Poverty Assessment

\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties’ claims on the disputed areas

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