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IDA/R2017-0351/1

November 28, 2017

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**Closing Date: Friday, December 15, 2017  
at 6 p.m.**

FROM: Acting Vice President and Corporate Secretary

**Bangladesh - Safety Net Systems for the Poorest Project**

**Additional Financing and Restructuring**

**Project Paper**

Attached is the Project Paper regarding a proposed additional credit and restructuring to Bangladesh for the Safety Net Systems for the Poorest Project (IDA/R2017-0351), which is being processed on an absence-of-objection basis.

Distribution:

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Report No: PAD2451

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL FINANCING AND RESTRUCTURING

IN THE AMOUNT OF SDR 174.10 MILLION  
(USD 245.00 MILLION EQUIVALENT)

TO THE

PEOPLE'S REPUBLIC OF BANGLADESH

FOR THE

SAFETY NET SYSTEMS FOR THE POOREST PROJECT

NOVEMBER 20, 2017

SOCIAL PROTECTION & JOBS  
SOUTH ASIA

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**CURRENCY EQUIVALENTS**  
(Exchange Rate Effective July 31, 2017)

Currency Unit = BDT  
BDT 81.375 = USD 1.00  
USD 1.408 = SDR 1.00

**FISCAL YEAR**  
July 1 – June 30

**ABBREVIATIONS AND ACRONYMS**

BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
CPF	Country Partnership Framework
DDM	Department of Disaster Management
DLI	Disbursement-Linked Indicator
EEP	Eligible Expenditure Program
EGPP	Employment Generation Program for the Poorest
FFW	Food for Work
GR	Gratuitous Relief
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPF	Investment Project Financing
MIS	Management Information System
MoDMR	Ministry of Disaster Management & Relief
NHD	National Household Database
NSSS	National Social Security Strategy
PDO	Project Development Objective
PIO	Project Implementation Officer
SAE	Sub-Assistant Engineer
SDR	Special Drawing Rights
SID	Statistics & Informatics Division
SNSP	Safety Net Systems for the Poorest
TR	Test Relief
USD	United States Dollar
VGf	Vulnerable Group Feeding
WFM	Work for Money

Regional Vice President:	Annette Dixon
Country Director:	Qimiao Fan
Senior Global Practice Director:	Michal J. Rutkowski
Practice Manager/Manager:	Stefano Paternostro
Task Team Leader(s):	Ashiq Aziz, Suleiman Namara

**BANGLADESH**  
**Safety Net Systems for the Poorest Project (Additional Financing)**

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## ADDITIONAL FINANCING DATA SHEET

*Bangladesh*

*Safety Net Systems for the Poorest (Additional Financing) (P163677)*

SOUTH ASIA

GSP06

Basic Information – Original									
<b>Original Project ID:</b>	P132634	<b>Original EA Category:</b>	B - Partial Assessment						
<b>Current Closing Date:</b>	31-Dec-2017								
Basic Information – Additional Financing (AF)									
<b>Project ID:</b>	P163677	<b>Additional Financing Type (from AUS):</b>	Cost Overrun, Restructuring, Scale Up						
<b>Regional Vice President:</b>	Annette Dixon	<b>Proposed EA Category:</b>							
<b>Country Director:</b>	Qimiao Fan	<b>Expected Effectiveness Date:</b>	15-Jan-2018						
<b>Senior Global Practice Director:</b>	Michal J. Rutkowski	<b>Expected Closing Date:</b>	30-Jun-2019						
<b>Practice Manager/Manager:</b>	Stefano Paternostro	<b>Report No:</b>	PAD2451						
<b>Team Leader(s):</b>	Ashiq Aziz, Suleiman Namara								
Borrower									
<b>Organization Name</b>	<b>Contact</b>	<b>Title</b>	<b>Telephone</b>	<b>Email</b>					
Economic Relations Division	Kazi Shofiqul Azam	Secretary	880-2-911-3743	secretary@erd.gov.bd					
Project Financing Data – Original (Safety Net Systems for the Poorest Project (P132634)) (in USD Million)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P132634	IDA-52810	Effective	26-Jun-2013	04-Oct-2013	17-Nov-2013	31-Dec-2017	30-June -2019		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P132634	IDA-52810	Effective	SDR	331.40	331.40	0.00	230.23	101.17	69.47

<b>Project Financing Data – AF (Safety Net Systems for the Poorest (AF) (P163677)) (in USD Million)</b>				
<input type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> IDA Grant		
<input checked="" type="checkbox"/> Credit	<input type="checkbox"/> Guarantee	<input type="checkbox"/> Other		
Total Project Cost:	459.00	Total Bank Financing:	245.00	
Financing Gap:	0.00			
<b>Financing Source – Additional Financing (AF)</b>			<b>Amount</b>	
Borrower/Recipient			214.00	
International Development Association (IDA)			245.00	
Total			459.00	
<b>Policy Waivers</b>				
Does the project depart from the CAS in content or in other significant respects?			No	
Does the project require any policy waiver(s)?			No	
<b>Team Composition</b>				
<b>Bank Staff</b>				
<b>Name</b>	<b>Role</b>	<b>Title</b>	<b>Specialization</b>	<b>Unit</b>
Ashiq Aziz	Team Leader (ADM Responsible)	Social Protection Specialist		GSP06
Suleiman Namara	Team Leader	Senior Social Protection Economist		GSP06
Rocio Mariela Malpica Valera	Counsel	Senior Counsel		LEGES
Ishtiaq Siddique	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO06
Mohammed Atikuzzaman	Financial Management Specialist	Financial Management Specialist		GGO24
Sabah Moyeen	Safeguards Specialist	Senior Social Development Specialist		GSU06
Nadia Sharmin	Safeguards Specialist	Senior Environmental Specialist		GEN06
Iffath Anwar Sharif	Team Member	Lead Economist		GSP06
Aneeka Rahman	Team Member	Senior Social Protection Economist		GSP06
Kenichi Victor Nishikawa Chavez	Team Member	Senior Social Protection Economist		GSP06
S. Amer Ahmed	Team Member	Senior Economist		GSP06
Rubaba Anwar	Team Member	Operations Analyst		GSP06

Satish Kumar Shivakumar	Team Member	Finance Officer		WFALA	
Ashish Joshi	Team Member	Consultant		GSP05	
Md Shawkat Ali	Team Member	Consultant		GSP06	
<b>Extended Team</b>					
<b>Name</b>		<b>Title</b>	<b>Location</b>		
-		-	-		
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Bangladesh	Barisal	Barisal	X	X	6 Districts
Bangladesh	Chittagong	Chittagong	X	X	11 Districts
Bangladesh	Dhaka	Dhaka	X	X	13 Districts
Bangladesh	Khulna	Khulna	X	X	10 Districts
Bangladesh	Mymensingh	Mymensingh	X	X	4 Districts
Bangladesh	Rajshahi	Rajshahi	X	X	8 Districts
Bangladesh	Rangpur	Rangpur	X	X	8 Districts
Bangladesh	Sylhet	Sylhet	X	X	4 Districts
<b>Institutional Data</b>					
<b>Original (Safety Net Systems for the Poorest Project (P132634))</b>					
<b>Practice Area (Lead):</b> Social Protection & Jobs					
<b>Contributing Practice Areas:</b> -					
<b>Additional Financing (Safety Net Systems for the Poorest (AF) (P163677))</b>					
<b>Practice Area (Lead):</b> Social Protection & Jobs					
<b>Contributing Practice Areas:</b> -					
<b>Consultants (Will be disclosed in the Monthly Operational Summary)</b>					
<b>Consultants Required?</b> Consultants will be required.					



## **I. Introduction**

1. This Project Paper seeks the approval of the Board of Executive Directors to provide a Credit in the amount of SDR 174.10 million (USD 245.00 million equivalent) for a proposed Additional Financing to the Safety Net Systems for the Poorest (SNSP) Project (the original Project) including a Restructuring. The proposed Additional Financing and Restructuring would support the scale-up of the use of selected systems relating to the Project Development Objective (PDO), cover cost overruns, and extend the original Project's closing date by eighteen months to June 30, 2019. The proposed Restructuring would also entail changes to the results framework, disbursement-linked indicator (DLI) framework, as well as selected operational arrangements. These changes would allow for a greater emphasis on the critical reform areas of "equity", "efficiency" and "transparency" of major safety net programs which are fundamental to the achievement of the PDO. No modifications to the PDO are proposed, nor are any new safeguards policies triggered or safeguards categories changed.
2. As of October 31, 2017, cumulative disbursement under the original Project is approximately 69%, while Progress towards Achievement of the PDO has been rated "satisfactory" and Implementation Progress has been rated "moderately satisfactory" for more than twelve consecutive months. There are no outstanding audits and the original Project complies with all legal covenants. Activities to be financed by the proposed Additional Financing are consistent with those of the original Project.

## **II. Background and Rationale for Additional Financing**

### (Original) Project Background

3. The PDO of the original Project is to improve the equity, efficiency and transparency of major safety net programs to benefit the poorest. These programs, implemented by the Department of Disaster Management (DDM) under the Ministry of Disaster Management & Relief (MoDMR), are the Employment Generation Program for the Poorest (EGPP), Food for Work (FFW) (closed in FY 2017 and replaced by Work for Money (WFM) from FY 2017), Test Relief (TR), Vulnerable Group Feeding (VGF), and Gratuitous Relief (GR).
4. Component 1 supports DDM via eight DLIs to incrementally improve the performance of these safety net programs in terms of their equity, efficiency and transparency. Component 2 supports DDM with capacity building and aims to establish a management information system (MIS) to more efficiently administer beneficiary records and program processes. Component 3, implemented by the Bangladesh Bureau of Statistics (BBS) under the Statistics & Informatics Division (SID), also support capacity building and aims to develop the country's first universal poverty registry – the National Household Database (NHD). The NHD, which would be integrated with external information systems, will use a proxy means test formula to produce "poverty scorecards" allowing safety net programs administered by DDM, as well as other agencies, to use such data for beneficiary selection towards improving targeting. The MoDMR/DDM safety net program MIS and the NHD are administrative sub-systems which make up elements of a broader integrated social protection service delivery system.
5. The original Project was approved on June 26, 2013, and declared effective on November 17, 2013. It was subsequently restructured on June 30, 2016, primarily to align the Results Framework and DLI Framework with actual progress and revised implementation plans which were initially assessed and agreed during the midterm review in October 2015 and confirmed during subsequent implementation reviews. Restructuring was necessitated due to delays by DDM and BBS in initiating several activities as per original implementation plans. This was largely due to the lack of procurement capacity early in the implementation phase and its cumulative effects, which resulted in setbacks in the development of the MoDMR/DDM safety net program MIS under Component 2 and the establishment of the NHD under Component 3.

### (Original) Project Status

6. As of October 31, 2017, the original Project has completed its fourth full fiscal year of implementation, with its cumulative disbursement at approximately 69% (compared to approximately 32% as of the restructuring on June 30, 2016). As per most recent data, PDO results indicators are reasonably on track as confirmed through a number of spot checks and household surveys. These higher-level achievements have been largely driven by meeting twenty-three DLI targets till date.

7. The aim of Components 1 and 2 implemented by DDM remain unchanged. MoDMR has made relevant year to year adjustments in safety net program policies allowing for more equitable distribution of resources based on poverty incidence, household characteristics, and gender participation quotas (these actions relate to the original DLIs 1, 2 and 3), and taken actions to ensure that cash benefits are paid via formal financial channels (this action relates to the original DLI 6). DDM has appointed field-level personnel in all upazilas (sub-districts) in the country and is continually conducting training on program policies and procedures, as well as existing information systems, to enhance implementation capacity (this action relates to the original DLI 5). Major consultant service contracts to produce outputs helping strengthen program administration, access to information, and citizen engagement, have also been awarded (these actions relate to the original DLIs 4, 7 and 8). Monitoring arrangements via spot checks are also in place to assess progress towards DLI achievement as well as compliance with relevant safeguard policies.

8. The aim of Component 3 implemented by BBS remains unchanged. BBS has signed agreements with the Local Government Division and the Election Commission, respectively, for birth registration and national identification data verification services. Data collection for the NHD has been planned in three distinct phases. The first phase of data collection was completed in FY 2017 and covered seventeen out of sixty-four districts in the country. The second phase covering twenty-five districts is planned for the second half of FY 2018 with the third phase covering the remaining twenty-two districts to be completed in the first half of FY 2019. Development of the NHD system has been contracted and is underway, with poverty data from the first phase locations expected to be made available for prospective clients by the end of 2017 through an online service integrated with external information systems (poverty data from the remaining locations would be made available when data collection is completed and data is processed).

### Purpose of Additional Financing

9. Additional Financing was requested by the Economic Relations Division (ERD) via letters dated November 16, 2016, and February 19, 2017, for BBS and DDM respectively. The purpose was to support the scale-up of the use of selected systems relating to the PDO, cover cost overruns, and extend the original Project's closing date by eighteen months to June 30, 2019.

10. Delays in developing core Project outputs – the MoDMR/DDM safety net program MIS and the NHD – have resulted in delays in the use of these systems to cover more individuals as well as geographic areas. The use of digital payment, initiated under the original Project, to reach more beneficiaries and locations has also been planned. These activities would be supported under Component 1. Changes in implementation strategy, high value contract prices, increases in salaries and wages, and exchange rate losses, have also resulted in significant cost overruns under Components 2 and 3, which the proposed Additional Financing aims to cover.

11. The proposed Additional Financing would focus on three selected DLIs out of eight total DLIs under the original Project. These are (a) DLI 1: Household Targeting (previously numbered DLI 2), (b) DLI 2: Administrative Systems (previously numbered DLI 4), and (c) DLI 3: Payment Systems (previously numbered DLI 6). The DLIs respectively relate to the “equity”, “efficiency” and “transparency” elements of the PDO, and have been selected on the basis of systems they support, which align with these PDO elements. The unifying

component is the MoDMR/DDM safety net program MIS (DLI 2), which would link to the NHD for beneficiary targeting (DLI 1) and to systems for digital payments (DLI 3).

12. The selected DLIs also align with MoDMR’s Action Plan for implementation of the National Social Security Strategy (NSSS), 2015. As such, results achieved under the proposed Additional Financing would support MoDMR and DDM in meeting key objectives under the Action Plan, as follows:

DLIs	NSSS (2015) Action Plan	
	Objectives	Activities
[“Equity”] <u>DLI 1: Household Targeting</u>	(5) Improve targeting of beneficiaries	Update relevant manuals; publish beneficiary lists online; utilize NHD
[“Efficiency”] <u>DLI 2: Administrative Systems</u>	(6) Grievance redress system	Establish field-level complaint recording facility; increase public awareness of this facility
	(7) Develop single registry MIS	Create online-accessible MIS; provide access to relevant departments; utilize MIS for payment
	(9) Enhanced result based M&E	Digitize monitoring and conduct mid/end-term evaluations
[“Transparency”] <u>DLI 3: Payment Systems</u>	(8) Digitization of cash transfer	Pilot and rollout different government-to-person payment modalities

13. The proposed Additional Financing would retain the original Project’s Components and approximately 78% of its proposed commitment would be allocated towards results-based financing under Component 1. The remaining portion would cover cost overruns incurred by DDM and BBS under Components 2 and 3.

14. Component 1 (Support to MoDMR Safety Net Programs) (proposed Additional Financing amount USD 192 million) will finance the scale-up of the use of selected systems relating to the PDO by reimbursing a portion of Government expenditures on beneficiary wages under EGPP – the eligible expenditure program (EEP) – against the achievement of predetermined DLI targets. These targets will be geared towards (a) improving resource targeting to ensure more equitable poverty coverage, (b) improving information systems and monitoring capacity to ensure more efficient program administration, and (c) improving governance and accountability measures to ensure greater transparency. The systems to be scaled-up under the proposed Additional Financing would do so in terms of geographic scope and thus benefit greater numbers of beneficiaries.

15. Component 2 (Strengthening of MoDMR Program Administration and Transparency) (proposed Additional Financing amount USD 4 million) will continue to finance the development of the MoDMR/DDM safety net program MIS, as well as capacity enhancement of DDM to improve service delivery under such programs. This Component will provide financing for regular Project management costs for DDM, and its activities would support the achievement of all DLI targets under Component 1.

16. Component 3 (Development of the National Household Database) (proposed Additional Financing USD 49 million) will continue to finance the development of the NHD, as well as support capacity enhancement of BBS to administer this system for improved resource targeting. This Component will provide financing for regular Project management costs for BBS, and its activities support the achievement of selected DLI targets under Component 1.

Rationale for Additional Financing

17. There is a clear opportunity to enhance the original Project’s impact by building upon achievements under Component 1 via results-based financing given that higher-level achievements till date have been largely driven by meeting relevant DLI targets. In addition, the financing shortfalls under Components 2 and 3 would need to be addressed as the MoDMR/DDM safety net program MIS and NHD form critical components of an integrated social protection service delivery system which the original Project is helping to establish.

18. The proposed Additional Financing is aligned to both Bangladesh’s Seventh Five Year Plan (FY 2016-FY 2020) and the NSSS (2015). The NSSS (2015), in particular, seeks to modernize the institutional arrangements underpinning safety net program administration via significant institutional reforms which include (a) establishing a single registry; (b) strengthening government-to-person payment systems that promote financial inclusivity; (c) strengthening processes for selecting recipients of social security schemes; (d) establishing a complaints and grievance mechanism; and (e) establishing a results-based monitoring and evaluation system. The proposed Additional Financing is thus critical not only to the achievement of the PDO but also in order to generate lessons for further implementation of the NSSS (2015).

19. The proposed Additional Financing is fully aligned with the World Bank Group’s Country Partnership Framework (CPF) (FY 2016-2020). The CPF includes three strategic focus areas for Bank intervention – (i) growth and competitiveness, (ii) social inclusion, and (iii) climate and environment management – and the proposed Additional Financing would primarily address the second focus area (specifically, CPF objective 2.3 “improved social protection coverage for the poor”). In addition, with a strategic focus on systems strengthening, the proposed Additional Financing is also fully aligned with the World Bank Group’s Social Protection and Labor Strategy (2012-2022). This Strategy adopts an approach where social protection administration, programs, and policies are coherently established and implemented, to achieve equity, resilience, and opportunity.

20. The original Project’s objectives continue to be achievable given agreements with counterparts on the revised implementation schedule and expected results informed by implementation experience till date, as well as strong Government commitment to reforming the administration of safety net programs as endorsed in the NSSS (2015).

**III. Proposed Changes**

<b>Summary of Proposed Changes</b>	
<b>Summary of Proposed Changes</b>	
The proposed Additional Financing and Restructuring would support the scale-up of the use of selected systems relating to the PDO, cover cost overruns, and extend the Project’s closing date by eighteen months to June 30, 2019. The proposed Restructuring would also entail changes to the results framework, DLI framework, as well as selected operational arrangements. These changes would allow for a greater emphasis on the critical reform areas of “equity”, “efficiency” and “transparency” of major safety net programs which are fundamental to the achievement of the PDO.	
Change in Implementing Agency	Yes [ ] No [ X ]
Change in Project’s Development Objectives	Yes [ ] No [ X ]
Change in Results Framework	Yes [ X ] No [ ]
Change in Safeguard Policies Triggered	Yes [ ] No [ X ]
Change of EA category	Yes [ ] No [ X ]

Other Changes to Safeguards	Yes [ ] No [ X ]
Change in Legal Covenants	Yes [ ] No [ X ]
Change in Loan Closing Date(s)	Yes [ X ] No [ ]
Cancellations Proposed	Yes [ ] No [ X ]
Change in Disbursement Arrangements	Yes [ X ] No [ ]
Reallocation between Disbursement Categories	Yes [ ] No [ X ]
Change in Disbursement Estimates	Yes [ X ] No [ ]
Change to Components and Cost	Yes [ X ] No [ ]
Change in Institutional Arrangements	Yes [ ] No [ X ]
Change in Financial Management	Yes [ X ] No [ ]
Change in Procurement	Yes [ X ] No [ ]
Change in Implementation Schedule	Yes [ X ] No [ ]
Other Change(s)	Yes [ X ] No [ ]

### Development Objective/Results

#### Project's Development Objectives

##### Original PDO

The Objective of the Project is to improve the equity, efficiency and transparency of major Safety Net Programs to benefit the poorest households.

#### Change in Results Framework

There are no changes to PDO Results Indicators apart from an adjustment in the phrasing of PDO results indicator 2 for consistency. Given the current implementation status, targets for a number of PDO and intermediate results indicators would be adjusted and/or added. Eight intermediate results indicators (four under Component 1 and four under Component 2) will not be retained and a new intermediate indicator will be added (under Component 2) which align more closely to the scope of activities. Specific changes are detailed in Annex 2.

### Compliance

#### Covenants – Additional Financing (Safety Net Systems for the Poorest (AF) (P163677))

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA Credit 6137-BD	Schedule 2, Section I.1	The Recipient to carry out the Project in accordance with the covenants set forth in Section 1 of Schedule 2 to the Original Financing Agreement.	N/A	X	Continuous	New
IDA Credit 6137-BD	Schedule 2, Section I.2	The Recipient to ensure that the list of expenditures mentioned in this section, are financed exclusively out	N/A	X	Continuous	New

		of its own resources, and not out of the proceeds of the Credit.				
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<b>Risk</b>	
<b>Risk Category</b>	<b>Rating (H, S, M, L)</b>
1. Political and Governance	Substantial
2. Macroeconomic	Low
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	
<b>OVERALL</b>	<b>Substantial</b>

<b>Finance</b>	
<b>Loan Closing Date – Additional Financing (Safety Net Systems for the Poorest (AF) (P163677))</b>	
<b>Source of Funds</b>	<b>Proposed Additional Financing Loan Closing Date</b>
International Development Association (IDA)	30-Jun-2019

**Loan Closing Date(s) – Original (Safety Net Systems for the Poorest Project ((P132634))**

The closing date of the original Project would be extended by eighteen months to June 30, 2019, to allow sufficient time for the scale-up of the use of selected systems relating to the PDO. This is consistent with the change in implementation schedule.

<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Original Closing Date</b>	<b>Current Closing Date</b>	<b>Proposed Closing Date</b>	<b>Previous Closing Date(s)</b>
IDA-52810	Effective	31-Dec-2017	31-Dec-2017	30-Jun-2019	

**Change in Disbursement Arrangements**

For the purpose of Components 1 and 2, each implementing agency will retain the Designated Accounts opened under the original Project. Disbursement against eligible expenditures would be made from the original Project until its financing has been fully withdrawn and documented, before withdrawals are made from the proposed Additional Financing.

For the purpose of Component 1, beneficiary wages under EGPP (the EEP) relating to FY 2018 and FY 2019 are to be claimed only under the proposed Additional Financing. The estimated total Project cost, during this period, of USD 459 million includes Government financing of approximately USD 406 million for the EGPP (which comprises beneficiary wages, non-wage costs, administrative costs, etc.). Total expenditures on beneficiary wages under EGPP

for this period is estimated at USD 345 million (i.e. approximately 85% of the Government financing), of which the IDA contribution will be USD 192 million. Accordingly, the IDA financing percentage is approximately 60%. The remaining Government contribution would be on parallel basis.

**Change in Disbursement Estimates (including all sources of Financing)**

Changed estimates for the period FY 2014 to FY 2017 show actual historical disbursement. Disbursement estimates for FY 2018 to FY 2020 cover the period until the proposed closing date and disbursement deadline.

**Expected Disbursements (in USD million) (including all Sources of Financing)**

Fiscal Year	2014	2015	2016	2017	2018	2019	2020
Annual	25.19	24.24	101.38	159.02	163.17	142.00	96.00
Cumulative	25.19	49.43	150.81	309.83	473.00	615.00	711.00

**Allocations – Additional Financing (Safety Net Systems for the Poorest (AF) (P163677))**

Source of Fund	Currency	Category of Expenditure	Allocation Proposed	Disbursement % (Type Total) Proposed
IDA	USD	Category 1: Beneficiary wages (under EGPP)	192,000,000.00	60.00
IDA	USD	Category 2: Goods (excluding vehicles), works, non-consulting services, consulting services, training and operating costs	4,000,000.00	100.00
IDA	USD	Category 3: Goods (excluding vehicles), works, non-consulting services, consulting services, training and operating costs	49,000,000.00	100.00
<b>Total</b>			<b>245,000,000.00</b>	

**Components**

**Change to Components and Cost**

Component costs would increase to support the scale-up of the use of selected systems relating to the PDO under Component 1 (approximately USD 192 million equivalent), cover cost overruns under Components 2 and 3 (approximately USD 48 million equivalent), and exchange rate losses under Components 2 and 3 (approximately USD 5 million equivalent).

Current Component Name	Proposed Component Name	Current Cost (USD million)	Proposed Cost (USD million)	Action
Support to MoDMR Safety Net Programs	Support to MoDMR Safety Net Programs	400.76	592.76	Revised
Strengthening of MoDMR Program Administration and Transparency	Strengthening of MoDMR Program Administration and Transparency	27.96	31.96	Revised

Development of the National Household Database	Development of the National Household Database	37.28	86.28	Revised
<b>Total:</b>		<b>466.00</b>	<b>711.00</b>	
<b>Other Change(s)</b>				
<b>Implementing Agency Name</b>	<b>Type</b>	<b>Action</b>		
Department of Disaster Management	Implementing Agency	No Change		
Bangladesh Bureau of Statistics	Implementing Agency	No Change		
<b>Change in Financial Management</b>				
<p>The proposed Additional Financing would be subject to the country financing parameters provided in the CPF for Bangladesh (FY 2016-2020). Accordingly, Bank financing will not apply to specified categories of recurrent expenditure such as sitting allowances/per diems/honoraria for meetings, conferences, seminars, workshops and study visits, and fuel. The taxes to be financed under the proposed Additional Financing is estimated to be less than 15%.</p> <p>In terms of financial reporting and auditing, accounts and financial statements for the original Project and the proposed Additional Financing would be prepared separately, while audit reports pertaining to all three Components would be due within nine months from the end of each fiscal year during which the proposed Additional Financing is effective. The audit report submission timing applicable to the original Project would be synchronized with this reporting cycle.</p>				
<b>Change in Procurement</b>				
<p>The Procurement Regulations for Investment Project Financing (IPF) Borrowers (July 2016) would be applicable for all procurement initiated from the approval date of the proposed Additional Financing. The Procurement Regulations would also become applicable for the original Project.</p>				
<b>Change in Implementation Schedule</b>				
<p>Under Components 1 and 2, the development of the MoDMR/DDM safety net program MIS was expected to be completed in Year 4 (FY 2017) (as per the Restructuring of June 2016). Due to implementation delays, this activity would now be completed in Year 5 (FY 2018). The proposed closing date would thus facilitate completion of training for MoDMR/DDM's field-level personnel and ensure utilization of the MoDMR/DDM safety net program MIS in digitizing beneficiary records and utilizing the NHD. These activities would be monitored using the Results Framework, and also constitute DLI targets (included in the new DLI Framework).</p> <p>Under Component 3, training for BBS' field-level personnel, the data collection process, and registration of households in the NHD were expected to be completed in Year 4 (FY 2017) (as per the Restructuring of June 2016). Due to implementation delays, these activities would now be completed in Year 6 (FY 2019).</p>				
<b>Other Change(s)</b>				
<p>(1) A new DLI Framework covering Year 5 (FY 2018) and Year 6 (FY 2019) would be used to assess the scale-up of the use of selected systems relating to the PDO.</p> <p>(2) Only beneficiary wages under EGPP would be retained as the EEP (beneficiary wages under TR also comprised</p>				

the EEP under the original Project) since (a) historical expenditure under this program is sufficient to absorb the financing allocated to Component 1, (b) expenditure reports are systematically produced using the existing EGPP MIS, and (c) TR expenditure reports are not available in a timely manner and thus have not been used in making withdrawals from Component 1 under the original Project.

- (3) The project report and interim unaudited financial report submission timing would be synchronized to within thirty days following the end of each fiscal year for Component 1, and to within thirty days following the end of each calendar semester for Components 2 and 3. This reporting cycle would be applicable to both the original Project and proposed Additional Financing.

#### IV. Appraisal Summary

<b>Appraisal Summary</b>
<b>Economic and Financial Analysis</b>
<p>The economic and financial analysis of the original Project focused on the outcomes of improved targeting, a major focus of the proposed Additional Financing, and the original analysis remain unchanged. Simulations using data from the Household Income &amp; Expenditure Survey (HIES) 2010 and Bangladesh Integrated Household Survey 2012 demonstrated that improvements in targeting supported by the Project would have a significant impact on poverty reduction and an increase in the cost-effectiveness of safety net programs. This improved targeting process would be implemented using the NHD which would utilize a proxy means test formula (PMTF) to better identify potential beneficiaries and substantially improve their coverage while reducing under-coverage and leakage (i.e. issues of exclusion and inclusion). Evaluations from pilots conducted using preliminary NHD data suggest that if the PMTF is used to identify the poorest 30% of households and provide similar levels of coverage as the EGPP actually did in 2010, then under-coverage rates could be lower by 38%, while leakage rates would be lower by half (data from the most recent HIES conducted in 2016 will be released in 2017 at which time BBS will update the PMTF model). This suggests that improved targeting, supported by the NHD, would allow benefits to reach more poor households within the same budget envelope, thus supporting more equitable distribution of program resources.</p> <p>Safety net program MIS, as part of an efficient administrative system, have been extensively used in other country contexts. More developed programs such as the Philippines’ Pantawid Pamilyang Pilipino use a complex modular MIS to confirm that household beneficiaries pass all eligibility criteria and receive the correct grants as determined by their status and compliance with program conditions. Similarly, Mexico’s Progresa, which is integrated with other information systems in the sector, uses MIS to generate indicators critical in identifying processes requiring improvement. The MoDMR/DDM safety net program MIS is similarly expected to provide rigorous tools to manage program-level data including beneficiary records, inventories of public works, payment transactions, among others, which would ease the burden of manual processing and facilitate audit functions.</p> <p>Digital payments have been shown to provide modest to substantial savings of time and costs to beneficiaries in receiving transfers relative to receiving transfers from commercial banks which serve as the formal financial channel for cash delivery under most safety net programs. Furthermore, the use of electronic instruments means greater security as beneficiaries themselves must authenticate any payment transaction, thus significantly cutting out the scope for leakages. Payment pilots conducted by DDM under the EGPP in 2014 show up to six hours and USD 0.70 saved on average per payment day in collecting cash using mobile financial services (EGPP has eight payment days per phase, across two phases each fiscal year). The cost savings include expenditures on travel, subsistence as well as informal fees to access payment services.</p>
<b>Technical Analysis</b>

The design of the proposed Additional Financing is consistent with that of the original Project. Ongoing activities would be continued to ensure that core Project outputs can be fully operationalized. The scale-up of the use of selected systems – (a) NHD, (b) MoDMR/DDM safety net program MIS, and (c) digital payment – were based on their direct linkage to these core Project outputs. Specific results targets have been informed by monitoring arrangements which provide regular feedback on the performance of the safety net programs supported by the Project. For example, monitoring data shows the difficulty of streamlining beneficiary selection under certain programs (i.e. WFM [previously FFW] and TR) given that the nature of the public works involves a significant amount of contracted labor, and daily laborers’ participation is not fixed, unlike in the case of EGPP. This would mean that NHD-based selection is less pertinent for these programs (relating to DLI 1: Household Targeting). The MoDMR/DDM safety net program MIS may be strategically utilized by digitizing beneficiary records of those programs for which beneficiary lists do not tend to change on a regular basis (relating to DLI 2: Administrative Systems). Furthermore, monitoring data notes the difficulties in ensuring security for cash payments which has incentivized the scale-up of digital payment (relating to DLI 3: Payment Systems). DDM and BBS have built adequate capacity over the course of implementation to ensure their ongoing activities can be successfully completed and contribute to the achievement of planned results in a timely manner.

The selected systems were chosen based on their contribution to a broader integrated social protection service delivery system comprising administrative sub-systems for (a) identification and selection, (b) program information, and (c) payments. The original Project, as well as the proposed Additional Financing, would contribute to utilization and strengthening efforts across all these administrative sub-systems, a process which has been and is continuously supported by the Bank through its broader engagement in the social protection sector (i.e. the ongoing Income Support Program for the Poorest Project (IDA 5553-BD) and the proposed Cash Transfer Modernization Project).

## **Social Analysis**

The original social analysis of the original Project remains unchanged. Field-level Project staff will be provided regular training to continuously improve implementation of relevant social safeguard actions.

### Gender

The original Project maintains a focus on ensuring female participation under the selected safety net programs, and this focus will be maintained under the proposed Additional Financing by continuing to track female beneficiaries as part of a PDO results indicator. As in the original Project, regular third part spot checks will help identify gender gaps.

### Citizen Engagement

The original Project maintains a focus on improving the transparency of the selected safety net programs by monitoring beneficiary awareness of programs rules (in terms of eligibility criteria, entitlements, and grievance redress process). As in the original Project, regular third party spot checks will be conducted to assess wider community and beneficiary awareness, and to serve as monitoring tool which can help to ensure that citizen feedback is incorporated in administrative decisions. In addition, the grievance redress system being installed as part of the MoDMR/DDM safety net program MIS would support systematic tracking of cases and help to further strengthen the feedback loop (the use of the MoDMR/DDM safety net program MIS will serve as a DLI).

## **Environmental Analysis**

The original environmental analysis of the original Project remains unchanged. Field-level Project staff will be provided regular training to continuously improve implementation of relevant environmental safeguard actions.

### Climate Change

Bangladesh is among the countries most afflicted by the intensification of climate change, with a quarter of its population living below the poverty line. Historically, the country has experienced recurring catastrophic natural disasters including floods and cyclones that mostly affect the northern and southern coastal regions, respectively, and more recently affected by a gradual onset of soil salinity in the southwest. Public workfare programs have been the Government's main response to reducing poverty and vulnerability in the context of climate-related risks, and combine a safety net function to help smoothen consumption with a community infrastructure function to build and maintain public assets.

EGPP aims to reduce climate risk and increase resilience by addressing the most vulnerable and poorest segments of the rural population. This is achieved by providing employment opportunities during two lean seasons annually to those with undiversified incomes based on agriculture, and thus highly vulnerable to climatic variations. The program provides eighty days of short-term employment each fiscal year to construct and repair rural infrastructure, both to serve as a means of coping for beneficiaries, as well as to address community needs particularly aimed at increasing agricultural production and reduction of climate risk.

Short and medium-term strategies of the EGPP which facilitate protective and preventive coping ability include the nature of the public works themselves as well as the process of beneficiary targeting. Preferred community-level public works include homestead raising, embankment building, road repair, fishing pond and water reservoir excavation, biofertilizers production, tree plantation, among others, which protect from water-logging, create and protect assets, and help sustain livelihoods. Geographic allocation of program resources based on regional poverty, as well as household-level criteria, provide the greatest coverage of the poorest unemployed rural populations. Medium and long-term strategies which have promotive and transformative effects on building adaptive capacity include program design features which provide access to formal banking with mandatory savings contributing to financial resilience, and the one-third female participation quota aiming to improve women's social and economic empowerment, thereby contributing to greater household productivity and ability to withstand shocks.

**Risk**

The overall risk is “substantial” based primarily on risks emerging from the political and governance environment, sector strategies and policies, the institutional capacity for implementation and sustainability, as well as the fiduciary capacity of implementing agencies. This rating remains unchanged from that of the original Project. Risks due to the political and governance environment cut across various sectors, and mitigation capabilities in this regard are limited to the technical design of the proposed Additional Financing. Results-based financing is deemed to have certain inherent self-mitigating measures due to the incentives for attainment of results targets which introduce reforms incrementally through relevant DLIs. Coherence in sector strategies and policies has been reinforced by the NSSF which is in its early stages of implementation. In addition, requisite training, investments in technology, and the use of multiple instruments for monitoring and evaluation, would support building of institutional capacity for implementation and sustainability, as well as serve to enhance fiduciary capacity.

**V. World Bank Grievance Redress**

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

please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## ANNEX 1: RESULTS FRAMEWORK & MONITORING

<b>Project Name:</b>	Safety Net Systems for the Poorest Project (Additional Financing) (P163677)	<b>Project Stage:</b>	Additional Financing
<b>Team Leader(s):</b>	Ashiq Aziz; Suleiman Namara	<b>Approval FY:</b>	2018
<b>Requesting Unit:</b>	SACBD	<b>Responsible Unit:</b>	GSP06
<b>Country:</b>	Bangladesh	<b>Region:</b>	SOUTH ASIA
<b>Product Line:</b>	IBRD/IDA	<b>Financing Instrument:</b>	Investment Project Financing
<b>Original Project Name:</b>	Safety Net Systems for the Poorest Project (P132634)	<b>Original Project ID:</b>	P132634

### Project Development Objectives

Original Project Development Objective – Original:

The Objective of the Project is to improve the equity, efficiency and transparency of major Safety Net Programs to benefit the poorest households.

Proposed Project Development Objective – Additional Financing (AF):

### Results

Core sector indicators are considered: Yes

Results reporting level: Program Level

Project Development Objective Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Direct project beneficiaries	<input type="checkbox"/>	Number	Value	11,000,000.00	11,727,000	12,000,000.00
				Date	30-Jun-2013	30-Jun-2015	30-Jun-2019
				Comment			
Revised	Female beneficiaries	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	27.00	29.00	30.00
				Date			
				Comment			
Revised	Person-Days of employment generated and financed by cash wage payments under EGPP	<input type="checkbox"/>	Days	Value	59,000,000.00	60,620,155.00	75,000,000.00
				Date	30-Jun-2013	30-Jun-2015	30-Jun-2019
				Comment			
Revised	Beneficiaries in bottom expenditure quintile: EGPP	<input type="checkbox"/>	Percentage	Value	49.00	43.45	60.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries in bottom expenditure quintile: FFW/WFM	<input type="checkbox"/>	Percentage	Value	34.99	39.52	41.00
				Date	30-Jun-2014	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries in bottom expenditure quintile: TR	<input type="checkbox"/>	Percentage	Value	34.00	42.55	44.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries in bottom expenditure quintile: VGF	<input type="checkbox"/>	Percentage	Value	37.00	44.90	46.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			

Project Development Objective Indicators (contd.)							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Beneficiaries in bottom expenditure quintile: GR	<input type="checkbox"/>	Percentage	Value	31.00	44.45	46.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Program benefits received by beneficiaries in bottom expenditure quintile: EGPP	<input type="checkbox"/>	Percentage	Value	42.00	43.41	51.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Program benefits received by beneficiaries in bottom expenditure quintile: FFW/WFM	<input type="checkbox"/>	Percentage	Value	32.83	36.79	38.00
				Date	30-Jun-2014	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Program benefits received by beneficiaries in bottom expenditure quintile: TR	<input type="checkbox"/>	Percentage	Value	18.00	40.95	42.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Program benefits received by beneficiaries in bottom expenditure quintile: VGF	<input type="checkbox"/>	Percentage	Value	23.00	44.19	46.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Program benefits received by beneficiaries in bottom expenditure quintile: GR	<input type="checkbox"/>	Percentage	Value	20.00	37.50	39.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries aware of program rules: EGPP	<input type="checkbox"/>	Percentage	Value	0.00	45.40	70.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			

Project Development Objective Indicators (contd.)							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Beneficiaries aware of program rules: FFW/WFM	<input type="checkbox"/>	Percentage	Value	0.00	36.20	70.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries aware of program rules: TR	<input type="checkbox"/>	Percentage	Value	0.00	32.80	70.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries aware of program rules: VGF	<input type="checkbox"/>	Percentage	Value	0.00	24.50	70.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Beneficiaries aware of program rules: GR	<input type="checkbox"/>	Percentage	Value	0.00	35.80	70.00
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			

Intermediate Results Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Increase pro-poor geographic targeting of program resources	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Increase use of program household eligibility criteria and the NHD	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Increase use of efficient administrative systems	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2014	30-Jun-2019
				Comment			
Revised	Implement efficient payment system for cash wages	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2019
				Comment			
Revised	Availability of Information on MoDMR/DDM websites	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2019
				Comment			
Revised	Establishment of Data Center and Disaster Recovery Sites	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2019
				Comment			
New	Personnel trained on MIS usage	<input type="checkbox"/>	Number	Value	0.00		1,500.00
				Date	30-Jun-2017		30-Jun-2019
				Comment			

Intermediate Results Indicators (contd.)							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Revised	Upazilas with NHD Operators hired and trained	<input type="checkbox"/>	Percentage	Value	0.00	23.00	100.00
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2019
				Comment			
Revised	Upazilas where data collection for the NHD is completed	<input type="checkbox"/>	Percentage	Value	0.00	23.00	100.00
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2019
				Comment			
Revised	Total Household Population registered in the NHD	<input type="checkbox"/>	Percentage	Value	0.00	0.00	100.00
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2019
				Comment			
Marked for Deletion	Maintain gender targeting in EGPP and VGF	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	30-Jun-2013	30-Jun-2015	30-Jun-2017
				Comment			
Marked for Deletion	Improve implementation and monitoring capacity	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2017
				Comment			
Marked for Deletion	Increase awareness of program rules among beneficiaries	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2017
				Comment			
Marked for Deletion	Increase use of the Grievance Redress System	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	30-Jun-2013	30-Jun-2016	30-Jun-2017
				Comment			

Intermediate Results Indicators (contd.)							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual (Current)	End Target
Marked for Deletion	Sub-Projects with worksite signboards	<input type="checkbox"/>	Percentage	Value	59.70	60.00	75.00
				Date	30-Jun-2014	30-Jun-2016	30-Jun-2017
				Comment			
Marked for Deletion	Upazilas able to access the EGPP MIS	<input type="checkbox"/>	Percentage	Value	0.00	100.00	100.00
				Date	30-Jun-2014	30-Jun-2017	30-Jun-2017
				Comment			
Marked for Deletion	PIOs/SAEs trained on the Operations Manuals	<input type="checkbox"/>	Percentage	Value	0.00	62.00	100.00
				Date	30-Jun-2013	30-Jun-2017	30-Jun-2017
				Comment			
Marked for Deletion	Piloting of electronic cash payment for EGPP	<input type="checkbox"/>	Yes/No	Value	Yes	Yes	Yes
				Date	31-Mar-2014	30-Jun-2017	30-Jun-2017
				Comment			

## ANNEX 2: CHANGES TO RESULTS FRAMEWORK

PDO Results Indicators	Change
1. Direct Project Beneficiaries	Error in the baseline value has been corrected (previously 3,270,000, now 11,000,000). Target for Year 4 revised accordingly (12,000,000) and moved to Year 6 (revised end-of-Project). The baseline value error resulted from VGF data unavailability in FY 2013.
2. Person-Days of employment generated and financed by cash wage payments under EGPP	Rephrased to delete reference to TR as the measurement of person-days of employment has been limited to the EGPP.
3. Beneficiaries in bottom expenditure quintile (EGPP, FFW/WFM, TR, VGF, GR)	EGPP target for Year 4 (60%) moved to Year 6 (revised end-of-Project). FFW/WFM, TR, VGF and GR targets revised for Year 4 (to 41%, 44%, 46% and 46% respectively) and moved to Year 6, as current achievement exceeds original Year 4 targets.
4. Program benefits received by beneficiaries in bottom expenditure quintile (EGPP, FFW/WFM, TR, VGF, GR)	EGPP target for Year 4 (51%) moved to Year 6 (revised end-of-Project). FFW/WFM, TR, VGF and GR targets revised for Year 4 (to 38%, 42%, 46% and 39% respectively) and moved to Year 6, as current achievement exceeds original Year 4 targets.
5. Beneficiaries aware of program rules (EGPP, FFW/WFM, TR, VGF, GR)	EGPP, FFW/WFM, TR, VGF and GR targets for Year 4 (70%) moved to Year 6 (revised end-of-Project).

Intermediate Results Indicators (C.1)	Change
1. Increase pro-poor geographic targeting of program resources	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”). This indicator would longer serve as a DLI (as targets have been consistently met), but serve to track continued usage. The geographic targeting formula applicable for Year 5 and Year 6 are those used in FY 2017.
2. Increase use of program household eligibility criteria and the NHD	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”) as this indicator serves as DLI 1: Household Targeting (measuring “equity”).
3. Increase use of efficient administrative systems	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”) as this indicator serves as DLI 2: Administrative Systems (measuring “efficiency”).
4. Implement efficient payment system for cash wages	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”) as this indicator serves as DLI 3: Payment Systems (measuring “transparency”).
5. Maintain gender targeting in EGPP and VGF	Not retained. While female participation targets in EGPP have been consistently met since the program’s inception, Government is considering changes to the overall VGF design. The (PDO results) indicator “female beneficiaries” will assess gender targeting performance.
6. Improve implementation and monitoring capacity	Not retained. The (PDO results) indicator “increase use of efficient administrative systems” will measure “efficiency” as it would focus on the use of the MoDMR/DDM safety net program MIS to manage program-level data.

<b>Intermediate Results Indicators (C.1) (contd.)</b>	<b>Change</b>
7. Increase beneficiary awareness of program rules	Not retained. The (PDO results) indicator “beneficiaries aware of program rules” will fulfill this purpose.
8. Increase use of the Grievance Redress System	Not retained. The (PDO results) indicator “beneficiaries aware of program rules”, and the (intermediate results) indicator “increase use of efficient administrative systems” under Component 1, will fulfill this purpose.

<b>Intermediate Results Indicators (C.2)</b>	<b>Change</b>
1. Availability of Information on MoDMR/DDM websites	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”), in line with the change in implementation schedule and revised closing date. Its focus will be on the availability of information sourced directly from the MoDMR/DDM safety net program MIS.
2. Establishment of Data Centre and Disaster Recovery Sites	Targets added for Year 5 (“Yes”) and Year 6 (“Yes”), in line with the change in implementation schedule and revised closing date.
3. Personnel trained on MIS usage	Newly added. Targets added for Year 5 (750) and Year 6 (1,500), in line with the change in implementation schedule and revised closing date.
4. Sub-Projects with worksite signboards	Not retained. The focus of Component 2 would be on operationalizing the MoDMR/DDM safety net program MIS.
5. Upazilas able to access the EGPP MIS	Not retained. The focus of Component 2 would be on operationalizing the MoDMR/DDM safety net program MIS. This indicator’s objective has been fulfilled.
6. PIOs/SAEs trained on the Operations Manual	Not retained. The focus of Component 2 would be on operationalizing the MoDMR/DDM safety net program MIS. This indicator’s objective has been fulfilled.
7. Piloting of electronic cash payment for EGPP	Not retained. The (intermediate results) indicator “implement efficient payment system for cash wages” under Component 1 will fulfill this purpose.

<b>Intermediate Results Indicators (C.3)</b>	<b>Change</b>
1. Upazilas with NHD Operators hired and trained	Target revised for Year 4 (24%), and targets added for Year 5 (69%) and Year 6 (100%), in line with the change in implementation schedule and revised closing date.
2. Upazilas where data collection for the NHD is completed	Target revised for Year 4 (24%), and targets added for Year 5 (69%) and Year 6 (100%), in line with the change in implementation schedule and revised closing date.
3. Total Household Population registered in the NHD	Target revised for Year 4 (0%), and targets added for Year 5 (69%) and Year 6 (100%), in line with the change in implementation schedule and revised closing date.

**ANNEX 3: DISBURSEMENT-LINKED INDICATOR (DLI) FRAMEWORK AND VERIFICATION PROTOCOLS**

<b>DLI 1</b>	<b>Baseline</b>	<b>Year 5 (FY 2018)</b>	<b>Year 6 (FY 2019)</b>
<b>Household Targeting</b>	NHD data collected in 17 districts; NHD system under development.	In at least 8 upazilas, beneficiary records validated against the NHD.	In at least 15 upazilas, EGPP and VGF (festival component) beneficiaries drawn from the bottom 30% of the NHD.
DLI Value		USD 32 million equivalent	USD 32 million equivalent
Achievement Timing	<ul style="list-style-type: none"> <li>DLI Targets are not time bound. While DLI Targets have an indicative achievement timing, they may be achieved at any time and their associated DLI Values withdrawn accordingly.</li> </ul>		
Scalability Formula	<ul style="list-style-type: none"> <li><b>Year 5:</b> USD 20 million equivalent upon achievement of minimum threshold of 5 upazilas; plus USD 4 million equivalent for each additional upazila (up to a maximum of USD 32 million equivalent).</li> <li><b>Year 6:</b> USD 22 million equivalent upon achievement of minimum threshold of 10 upazilas; plus USD 2 million equivalent for each additional upazila (up to a maximum of USD 32 million equivalent).</li> </ul>		
Definitions	<ul style="list-style-type: none"> <li>“Validated” means that beneficiary records in the EGPP MIS and/or the MoDMR/DDM safety net program MIS are being checked to verify whether the same data appears in the NHD or not.</li> <li>“Festival component” refers to the component of VGF which provides food transfers to beneficiaries during religious festivals.</li> </ul>		
Indicative Verification Documentation	<ul style="list-style-type: none"> <li>Summary reports generated by the MoDMR/DDM safety net program MIS and/or NHD indicating that validation has been conducted (Year 5) and beneficiary eligibility based on poverty scores (Year 6).</li> <li>Program guidelines and/or circulars indicating the requirement for use of the NHD for beneficiary selection (Year 5).</li> </ul>		
External Validation Procedures	<ul style="list-style-type: none"> <li>Third party spot check report from a sample of relevant upazilas to assess the proportion of beneficiaries that have been drawn from the bottom 30% of the NHD (Year 6).</li> </ul>		
Actions	<ul style="list-style-type: none"> <li>Record validation (Year 5) must take place on an ongoing basis.</li> <li>Program guidelines and/or circulars indicating the requirement for use of the NHD for beneficiary selection (Year 6) must be issued before the beginning of FY 2019; beneficiary selection must be made before beneficiary lists are approved and/or benefits are delivered.</li> </ul>		

<b>DLI 2</b>	<b>Baseline</b>	<b>Year 5 (FY 2018)</b>	<b>Year 6 (FY 2019)</b>
<b>Administrative Systems</b>	Approximately 900,000 EGPP beneficiary records digitized.	At least 1,200,000 safety net program beneficiary records digitized.	At least 1,500,000 safety net program beneficiary records digitized.
DLI Value		USD 32 million equivalent	USD 32 million equivalent
Achievement Timing	<ul style="list-style-type: none"> <li>DLI Targets are not time bound. While DLI Targets have an indicative achievement timing, they may be achieved at any time and their associated DLI Values withdrawn accordingly.</li> </ul>		
Scalability Formula	<ul style="list-style-type: none"> <li><b>Year 5:</b> USD 22 million equivalent upon achievement of minimum threshold of 1,000,000 records; plus USD 5 million equivalent for each additional set of 100,000 records (up to a maximum of USD 32 million equivalent).</li> <li><b>Year 6:</b> USD 22 million equivalent upon achievement of minimum threshold of 1,300,000 records; plus USD 5 million equivalent for each additional set of 100,000 records (up to a maximum of USD 32 million equivalent).</li> </ul>		
Definitions	<ul style="list-style-type: none"> <li>“Safety net program” includes EGPP, FFW/WFM, TR, VGF or GR.</li> <li>“Digitized” means that beneficiary information is entered into the EGPP MIS and/or MoDMR/DDM safety net program MIS, containing at least (i) names; (ii) dates of birth; and/or (iii) birth registration number and/or national identification numbers.</li> </ul>		
Indicative Verification Documentation	<ul style="list-style-type: none"> <li>Summary reports generated by the EGPP MIS and/or MoDMR/DDM safety net program MIS indicating the total number of beneficiary records (Year 5 and Year 6).</li> </ul>		
External Validation Procedures	<ul style="list-style-type: none"> <li>Third party spot check report from a sample of relevant upazilas to assess whether PIOs and/or SAEs have digitized beneficiary records (Year 5 and Year 6).</li> </ul>		
Actions	<ul style="list-style-type: none"> <li>Record digitization (Year 5 and Year 6) must take place on an ongoing basis.</li> </ul>		

<b>DLI 3</b>	<b>Baseline</b>	<b>Year 5 (FY 2018)</b>	<b>Year 6 (FY 2019)</b>
<b>Payment Systems</b>	1 upazila delivering EGPP wages using digital payment.	In at least 8 upazilas, EGPP wages delivered using digital payment.	In at least 15 upazilas, EGPP wages delivered using digital payment.
DLI Value		USD 32 million equivalent	USD 32 million equivalent
Achievement Timing	<ul style="list-style-type: none"> <li>DLI Targets are not time bound. While DLI Targets have an indicative achievement timing, they may be achieved at any time and their associated DLI Values withdrawn accordingly.</li> </ul>		
Scalability Formula	<ul style="list-style-type: none"> <li><b>Year 5:</b> USD 20 million equivalent upon achievement of minimum threshold of 5 upazilas; plus USD 4 million equivalent for each additional upazila (up to a maximum of USD 32 million equivalent).</li> <li><b>Year 6:</b> USD 20 million equivalent upon achievement of minimum threshold of 12 upazilas; plus USD 4 million equivalent for each additional upazila (up to a maximum of USD 32 million equivalent).</li> </ul>		
Definitions	<ul style="list-style-type: none"> <li>“Digital payment” means that cash withdrawals are made using electronic instruments (e.g. debit cards, mobile phones, etc.) and/or using biometrics (e.g. fingerprint, fingervein, etc.) means.</li> </ul>		
Indicative Verification Documentation	<ul style="list-style-type: none"> <li>Summary reports generated by the EGPP MIS and/or MoDMR/DDM safety net program MIS indicating the number of beneficiaries paid and the amount paid, for each work period (Year 5 and Year 6).</li> <li>Summary reports provided by payment service providers (Year 5 and Year 6).</li> </ul>		
External Validation Procedures	<ul style="list-style-type: none"> <li>Third party spot check report from a sample of relevant upazilas to assess whether beneficiaries have received wages using digital payment (Year 5 and Year 6).</li> </ul>		
Actions	<ul style="list-style-type: none"> <li>Payment orders (Year 5 and 6) must be issued on a regular basis during each work period.</li> </ul>		