



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
INCOME SUPPORT PROGRAM FOR THE POOREST
APPROVED ON DECEMBER 16, 2014
TO
PEOPLE'S REPUBLIC OF BANGLADESH

SOCIAL PROTECTION & LABOR

SOUTH ASIA

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ABBREVIATIONS AND ACRONYMS

ANC	Ante Natal Care
BBS	Bangladesh Bureau of Statistics
BPO	Bangladesh Post Office
CC	Community Clinic
CCT	Conditional Cash Transfer
CNCD	Child Nutrition and Cognitive Development
GMP	Growth Monitoring and Promotion
ISPP	Income Support Program for the Poorest
IUFR	Interim Unaudited Financial Report
LGD	Local Government Division
MIS	Management Information System
NHD	National Household Database
PMU	Project Management Unit
PSP	Payment Service Provider
SNC	Safety Net Cell
UNO	Upazila Nirbahi Officer



BASIC DATA

Product Information

Project ID P146520	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 16-Dec-2014	Current Closing Date 30-Jun-2020

Organizations

Borrower PEOPLE'S REPUBLIC OF BANGLADESH	Responsible Agency Local Government Division
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to provide income support to the poorest mothers in selected Upazilas, while (i) increasing the mothers' use of child nutrition and cognitive development services, and (ii) enhancing local level government capacity to deliver safety nets.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-55530	16-Dec-2014	09-Feb-2015	16-Apr-2015	30-Jun-2020	300.00	8.61	286.08

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The Project's progress towards achievement of development objective and overall implementation progress are currently rated Moderately Unsatisfactory. Of the original financing amount of US\$300 million, 3 percent has been disbursed to date. The Project is behind its implementation targets given initial procurement delays and ongoing data unavailability from the Bangladesh Bureau of Statistics.
2. Since effectiveness in April 2015, the Project has achieved the following:
 - (a) *Launch of cash transfer program:* The Jawtno cash transfer program has been launched in four unions where household and poverty data was made available, with over 4,000 beneficiaries enrolled. The first tranche of unconditional cash transfer, amounting to approximately \$145,000, was distributed to beneficiaries through biometric cash cards. Delivery of ante-natal care (ANC), growth monitoring and promotion (GMP) and child nutrition and cognitive development (CNCD) services started from October 2017 through the Project's partner agencies and firms, and the conditional cash transfer payments against compliance with the first quarter of services (Oct-Dec 2017) of approximately \$91,000 was transferred to beneficiaries in March 2018. The next tranche of payment for co-responsibility compliance (Jan-Mar 2018) of approximately \$117,000 is expected to be transferred to beneficiary accounts in May 2018.
 - (b) *Compliance with Legal Covenants and Conditions:* The Project has met all the legal covenants, which include adoption of an Operations Manual; entering into Memorandum of Understanding and Service Agreements with service partners to ensure interagency coordination; recruitment of procurement and fiduciary personnel, and compliance with the Project Governance and Accountability Action Plan. The Project has also met the disbursement condition for Category 1 following IDA approval of the Operations Manual, which lays out the modalities for cash transfer and detailed implementation arrangements.
 - (c) *Fiduciary:* Following initial delays in procurement activities, the Project has completed procurement of the four service contracts that are critical for program implementation: all partner firms are on board and have commenced fieldwork and services. The Project's financial management performance has been satisfactory, with no outstanding audits. The Project will be considered suitable to move to Interim Unaudited Financial Report (IUFR)-based reporting modality once all financial reports are generated through an automated system, which is expected by the end of this fiscal year.
 - (d) *Implementation timeline, staffing and training:* The Project has prepared a detailed implementation timeline, which includes phasing of locations, scheduling outreach activities and preparing the tentative enrollment calendar. The Project Management Unit (PMU) is fully-staffed and field-level staffing has also been completed for Phase 1 and 2 locations. Training has also been completed to all central and field staff, including those of partner agencies and firms, on the overall program Operations Manual; use of systems and hardware, and the CNCD curriculum.
 - (e) *Development and deployment of systems:* The program management information system (MIS) has been developed, tested and deployed at the field and central level. The MIS forms the foundational structure of the program by providing an automated system across all program processes, from beneficiary identification;



enrollment and registration; compliance monitoring; payments and reconciliation, and case management and grievances. The MIS is linked to the National Household Database (NHD), from which it would draw all potential households and associated poverty and demographic information, and the Bangladesh Post Office (BPO) information system, from which it draws co-responsibility compliance data as well as financial transaction and reconciliation data.

3. The Project is fully prepared to roll out the cash transfer program, pending household and poverty data from the NHD, developed by the Bangladesh Bureau of Statistics (BBS).

B. Rationale for Restructuring

4. As per the Financing Agreement, the Project is to select beneficiaries from households falling within the bottom two expenditure quintiles, as identified by the Bangladesh Poverty Database [re-named National Household Database] and households that include pregnant women and/or mothers of children below the age of sixty months. NHD data, which would provide the list of households belonging to the bottom two expenditure quintiles and demographic information on the number and age of children in the household, has been delayed and is not expected to be available to the Project before June 30, 2018. While NHD data collection activities have been completed in all Project locations, delays in procurement and installation of NHD hardware mean that the data cannot be processed to generate household poverty scores and secure transmission of personal information to the ISPP program MIS is not possible. This prevents the Project from identifying eligible beneficiaries as per original design parameters and delays the rollout of the cash transfer program significantly, impacting disbursement and ultimately, the Project's ability to meet its development objective and associated results targets.
5. The Government, in a letter dated March 5, 2018, requested a Project restructuring that would allow identification of potential beneficiaries from poor households based on alternative targeting mechanisms that have been jointly agreed upon between the Project and Bank teams. Specifically, this would require an amendment of the Financing Agreement paragraph 1(b)(i) of Section I.D. of Schedule 2, which stipulates only the use of the NHD targeting system in the selection of beneficiaries. Under the proposed restructuring, implementation would follow a phased targeting approach, using alternative mechanisms until such time as NHD data is available to the program, following which it would move back to original design principles.
6. Through the adoption of a phased targeting approach, the PMU would be able to implement, obtain feedback and make necessary adjustments to other innovative features under the Project, ensuring that the current delays to NHD data availability, does not hinder the Project's capacity to achieve a reliable implementation design which is effective in the long run. Implementation in the first four unions has already provided valuable lessons which have allowed the Project to modify and adapt processes and systems to be in line with ground realities. These are also reflected in the section below on proposed changes.

II. DESCRIPTION OF PROPOSED CHANGES

C. Beneficiary Selection Process



7. *Targeting method:* The Project has identified alternative mechanisms for determining eligibility of potential beneficiaries. Specifically, the Union Parishad will consolidate a list of potential households prepared at the ward level, based on a range of criteria that are closely associated with poverty, including occupation of household head, gender of household head, land ownership, etc. (list of criteria and detailed processes will be provided in the Project Operations Manual). Households that meet at least two of the criteria will be considered eligible from a poverty perspective. This is similar to current practices by other safety net programs implemented by over twenty ministries, including programs supported by other IDA-financed operations. The Union Parishad Committee will finalize the list and process for Upazila Nirbahi Officer (UNO)-level and subsequently, PMU approval.
8. Following PMU approval, demographic eligibility of listed households will be screened by the Project’s partner firm, responsible for training, outreach and enrollment activities. Once demographic eligibility has been confirmed, the final list of households will be invited to enroll in the program, which will follow the Project’s existing procedures as laid out in the Operations Manual.
9. Following the availability of NHD data, the Project will revert to its original design in using PMT-based poverty scores from the NHD in determining eligibility of households to the program.
10. *Eligibility threshold:* Under either targeting approach, the eligibility threshold will be revised upwards: current estimates from implementation in the four unions suggest approximately 10 percent of poor households are covered at the poverty score percentile cutoff equating to the bottom two expenditure quintiles. As the Project is being implemented in the poorest regions of Bangladesh, the eligibility threshold is proposed to be revised upwards to include all poor households in that location¹, which also meet the demographic criteria. This could potentially allow an additional 300,000 poor beneficiaries to be enrolled in the program.

D. Transfer Amount

11. The cash transfer amount associated with each co-responsibility is proposed to be increased by approximately 50 percent in order to ensure the adequacy of benefits for its intended purpose. This reflects the proportionate increase in household consumption and expenditure since Project preparation². The revised benefits are shown in Table 2.

Table 2: Beneficiary Co-Responsibility and Benefits

Eligible beneficiary	Co-responsibility	Benefit amount (Original)	Benefit amount (Revised)	Payment condition	Maximum payment per quarter

¹ As estimated by data from the Household Income and Expenditure Survey 2010 and Population Census 2011

² Findings from the Household Income and Expenditure Survey 2016 indicate an increase of approximately 50 percent in rural consumption.



Pregnant women	Up to four antenatal care visits during pregnancy	BDT 200 per visit	BDT 1000 per visit	No visit, no payment	BDT 1000-2000
All beneficiary mothers with children aged 0-24 months	Take child for height and weight check every month	BDT 500 per visit plus a bonus of BDT 500 if all three visits are completed in a quarter	BDT 700 per visit plus a bonus of BDT 700 if all three visits are completed in a quarter	Quarterly Payment allowed if at least two visits have been completed in three months	BDT 2800
All beneficiary mothers with children aged 25-60 months	Take child for height and weight check every 3 months	BDT 1000	BDT 1500 per visit	Quarterly No visit, no payment	BDT 1500
All beneficiary women	Attend child nutrition and development counseling sessions every month	BDT 500 per visit (total of BDT 1500 in one quarter, irrespective of number of children enrolled)	BDT 700 per visit (total of BDT 2100 in one quarter, irrespective of number of children enrolled plus bonus BDT 700 if all three visits are completed in a quarter)	Quarterly Payment allowed if at least two visits have been completed in three months	BDT 2800

E. Alternative Payment Service Provider

12. The Project, through the Local Government Division (LGD), signed a Service Agreement with the BPO to serve as the payment service provider (PSP), fulfilling one of the Project’s legal covenants. As part of its implementation of the National Social Security Strategy 2015 to promote financial inclusion of poor households and help them access a wide range of financial services, the Project will explore piloting the use of an alternate PSP for the program. In the longer term, this would also provide beneficiaries with enhanced choice on service providers. This would also allow testing of a mechanism should the BPO non-perform on its obligations under the Service Agreement. An revised legal covenant is proposed, in this respect, to reflect additional Service Agreements that would need to be signed with the selected PSP(s).

F. Results Framework Targets



13. Due to program implementation delays, the Project has not met its annual targets on a range of PDO and intermediate outcome indicators for FY2016, FY2017 and FY2018. Targets for selected indicators are proposed to be retroactively revised and targets for FY2019 have been modified based on what is realistically expected to be achievable under the revised implementation workplan. In addition, a number of indicators have been re-worded to provide better clarity. The specific changes are noted in Table 3.

Table 3: Proposed Changes to Results Framework

Level	Indicator	Proposed revision
PDO	Beneficiaries of Safety Net Programs	<ul style="list-style-type: none"> • Targets for Years 2, 3 and 4 revised to match actual/projected achievement. • End target remains unchanged.
	Beneficiaries of Safety Net Programs (CCT)	<ul style="list-style-type: none"> • Targets for Years 2, 3 and 4 revised to match actual/projected achievement. • End target remains unchanged.
	Beneficiaries of Safety Net Programs (female)	<ul style="list-style-type: none"> • Previous targets assumed 95% of beneficiaries would be female. Proposed revision assumes 100% of beneficiaries are female. • Targets for Years 2, 3 and 4 revised to match actual/projected achievement. • End target remains unchanged.
	ISPP beneficiary households in the bottom two expenditure quintiles (percentage)	<ul style="list-style-type: none"> • Indicator revised as “Proportion of eligible households in the bottom two expenditure quintiles of the NHD that are enrolled as beneficiaries”. • The re-wording reflects the methodology by which this indicator would be calculated, while leaving the original intention of measuring targeting accuracy unchanged. • Targets remain unchanged.
	ISPP beneficiaries receiving at least 70 percent of the maximum benefit amount (percentage)	<ul style="list-style-type: none"> • Indicator revised as “Proportion of ISPP beneficiaries receiving at least 50 percent of the maximum benefit amount” • The revision reflects payment condition guidelines which stipulate at least 2 out of 3 sessions must be attended for monthly GMP and monthly CNCD to entitle beneficiary to payment for compliance. • Targets for Years 4 and 5 revised downwards.
	Unions maintaining a single beneficiary registry of at least five safety net programs (number)	<ul style="list-style-type: none"> • Targets for Year 3 revised to match actual achievement. • End target remains unchanged.
Intermediate	Beneficiary mothers who fulfill Growth Monitoring and Promotion co-responsibility (percentage)	<ul style="list-style-type: none"> • This indicator has been split into two separate indicators: “Proportion of ISPP beneficiary mothers who fulfill <i>monthly</i> Growth Monitoring and Promotion co-responsibility” and “Proportion of



		ISPP beneficiary mothers who fulfill <i>quarterly</i> Growth Monitoring and Promotion co-responsibility” to reflect the different co-responsibilities.
		<ul style="list-style-type: none"> • Targets remain unchanged.
	Implementing Unions/municipal wards addressing grievance cases	<ul style="list-style-type: none"> • Indicator reworded as “Proportion of implementing Upazilas processing grievance cases” reflecting the Upazila as the Government’s primary level of grievance redressal. • Targets for Years 3, 4 and 5 revised downwards.
	Periodic beneficiary spot checks surveys conducted in sample of Unions/municipal wards	<ul style="list-style-type: none"> • Indicator reworded as “Number of Unions/municipal wards on which periodic beneficiary spot checks surveys conducted” for clarity of measurement and reporting. • Targets remain unchanged.
	Process evaluation of project cycle conducted (Y/N)	<ul style="list-style-type: none"> • Targets for Years 3, 4 and 5 revised to “Yes”.
	Impact evaluation of providing cash transfers on behavioural changes among beneficiary population conducted	<ul style="list-style-type: none"> • Proposed to be dropped. The impact evaluation is not carried out under the Project.

G. Disbursement Estimates

14. Disbursement estimates have been revised: retroactively to reflect actual disbursement, and projections based on the implementation workplan going forward following restructuring.

III. SUMMARY OF CHANGES		
	Changed	Not Changed
Change in Results Framework	✓	
Change in Disbursement Estimates	✓	
Change in Legal Covenants	✓	
Other Change(s)	✓	
Change in Implementing Agency		✓
Change in DDO Status		✓
Change in Project's Development Objectives		✓



Change in Components and Cost		✓
Change in Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

IV. DETAILED CHANGE(S)

RESULTS FRAMEWORK

Project Development Objective Indicators

Beneficiaries of social safety net programs				
Unit of Measure: Number				
Indicator Type: Corporate				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	4322.00	600000.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Beneficiaries of Safety Nets programs - Conditional cash transfers (number)				
Unit of Measure: Number				
Indicator Type: Custom Breakdown				



	Baseline	Actual (Current)	End Target	Action
Value	0.00	4322.00	600000.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Beneficiaries of Safety Nets programs - Female (number)
 Unit of Measure: Number
 Indicator Type: Custom Breakdown

	Baseline	Actual (Current)	End Target	Action
Value	0.00	4322.00	600000.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Proportion of eligible households in the bottom two expenditure quintiles of the NHD that are enrolled as beneficiaries
 Unit of Measure: Percentage
 Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	100.00	70.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Proportion of ISPP beneficiaries receiving at least 50 percent of the maximum benefit amount
 Unit of Measure: Percentage
 Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	49.28	60.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Unions maintaining a single beneficiary registry of at least five safety net programs
 Unit of Measure: Number
 Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	4.00	100.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

Intermediate Indicators



Beneficiary pregnant women and mothers who fulfill CNCD* co-responsibility				
Unit of Measure: Percentage				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	73.00	70.00	No Change
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Beneficiary pregnant women who fulfill ANC* co-responsibility				
Unit of Measure: Percentage				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	42.00	70.00	No Change
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Beneficiary mothers who fulfill monthly GMP co-responsibility				
Unit of Measure: Percentage				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	76.00	70.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Proportion of implementing Upazilas processing grievance cases				
Unit of Measure: Percentage				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	30.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Number of Unions/municipal wards on which periodic beneficiary spot checks surveys conducted				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	4.00	20.00	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Process evaluation of project cycle conducted				
Unit of Measure: Yes/No				



Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	Yes	Yes	Revised
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Impact evaluation of providing cash transfers on behavioural changes among beneficiary population conducted Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Marked for Deletion
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Dissemination of monitoring and evaluation reports on annual basis Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	Yes	Yes	No Change
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	
Proportion of ISPP beneficiary mothers who fulfill quarterly GMP co-responsibility Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	76.00	70.00	New
Date	01-Dec-2014	02-Apr-2018	30-Jun-2020	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2015	0.00	5,000,000.00



2016	5,000,000.00	325,261.50
2017	24,000,000.00	643,640.26
2018	66,000,000.00	5,850,000.00
2019	117,000,000.00	43,530,000.00
2020	88,000,000.00	247,501,098.24

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-55530	Finance Agreement :Program Operations Manual Description :The Government of Bangladesh, through the LGD, shall adopt an Operations Manual, in form and substance satisfactory to the Association, which shall set forth, inter alia, (i) the modalities for Cash Transfers and (ii) detailed arrangements and procedures for institutional coordination and day-to-day execution of the Program. Due Date: 16-Jul-2015	After delay complied with	No Change
IDA-55530	Finance Agreement :Interagency Coordination with Bangladesh Bureau of Statistics Description :The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Memorandum of Understanding, on terms and conditions acceptable to the Association, with the Bangladesh Bureau of Statistics, inter alia, setting out arrangements for the provision of access to lists of poor households based on the data from the Bangladesh Poverty Database. Due Date: 16-Jul-2015	After delay complied with	No Change
IDA-55530	Finance Agreement :Compliance with Governance and Accountability Action Plan Description :The Government of Bangladesh, through LGD, shall carry out the Project in accordance with the Governance and Accountability Action Plan. Frequency: CONTINUOUS	Complied with	No Change



IDA-55530	Finance Agreement :Interagency Coordination with Directorate General of Health Services Description :The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Service Agreement, on terms and conditions acceptable to the Association, with the Directorate General of Health Services, inter alia, setting out arrangements for the sharing and management of Beneficiary data and the use of community clinics for the provision of services. Due Date: 16-Jun-2015	Complied with	No Change
IDA-55530	Finance Agreement :Interagency Coordination with Postal Directorate Description :The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Service Agreement, on terms and conditions acceptable to the Association, with the Postal Directorate setting out the modalities for electronic Cash Transfer payments to be made to Beneficiaries and acceptable cash transfer fees. Due Date: 16-Jul-2015	Complied with	Revised
Proposed	The Government of Bangladesh, through LGD, shall enter into, and maintain throughout implementation of the Project, a Service Agreement, on terms and conditions acceptable to the Association, with the BPO or any other service provider acceptable to the Association, setting out the modalities for electronic Cash Transfer payments to be made to Beneficiaries, and acceptable Cash Transfer Fees.	Partially complied with	
IDA-55530	Finance Agreement :Procurement and fiduciary staffing Description :The Government of Bangladesh, through the LGD, shall recruit to the Project Management Unit one procurement specialist and two financial management specialists with qualifications and experience and under terms of reference acceptable to the Association. Due Date: 16-Oct-2015	Partially complied with	No Change
IDA-55530	Finance Agreement :Compliance with Social Safeguards Description :The Government of Bangladesh, through the LGD, shall carry out the Project in accordance with the Small Ethnic Communities Plan. Frequency: CONTINUOUS	Complied with	No Change



The World Bank

Income Support Program for the Poorest (P146520)
