Report Number : ICRR0020504

1. Project Data

Project ID P073886	**Project Name** BD: Social Investment Program Project II	
Country Bangladesh	**Practice Area(Lead)** Agriculture	
L/C/TF Number(s) IDA-47570	**Closing Date (Original)** 30-Jun-2016	**Total Project Cost (USD)** 120,000,000.00
Bank Approval Date 23-Jun-2010	**Closing Date (Actual)** 31-Dec-2015	

	IBRD/IDA (USD)	**Grants (USD)**
Original Commitment	115,000,000.00	0.00
Revised Commitment	114,970,952.57	0.00
Actual	115,718,953.03	0.00

Prepared by	**Reviewed by**	**ICR Review Coordinator**	**Group**
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2. Project Objectives and Components

a. Objectives

The originally stated objective of the project, the Social Investment Program Project II (SIPP-2), was to "…to improve the livelihoods, quality of life and resilience to climate variability, natural hazards and other shocks of the rural poor, especially the left-out poor and vulnerable households." (Financing Agreement, Credit Number 4757-BD, pg. 5; Project Appraisal Document [PAD], Report No: 53305-BD, pg. 6).
The objective was subsequently formally revised on January 14, 2014, and restated as follows: "The objectives of the project are to improve the livelihoods of extremely poor households and strengthen community institutions in selected districts." (Letter of Amendment, pg. 1).

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

14-Jan-2014

c. Will a split evaluation be undertaken?

Yes

d. Components

The project comprised four components, as described below (summarized from the PAD, pp. 7-8, with information on actual expenditures from the Implementation Completion Report [ICR], pp. 3-4;36)

1. **Community and Livelihoods Development at the Village Level (Original US$82.5M; Actual US$96.08M)**. The purpose of this component was to strengthen pro-poor institutions and provide funding for village and livelihood-related investments through: a) developing and strengthening community based organizations (such as the village credit organizations); and b) establishing a "Village Development and Risk Reduction Fund" (VDRRF) managed by the communities to finance village-level activities for income-generation, institutional development, small-scale infrastructure and services, and also for risk reduction associated with natural hazards and climate variability.

2. Institutional Development and Promotion at the Inter-Village Level (Original US$19.5M; Actual US $1.98M). The purpose of this component was to support inter-village development and sustain investments generated at the village level through capacity building, support to income generating activities, and links to employment. The component comprised: a) development and strengthening of Inter-village Organizations to network and aggregate small groups and community organizations by: i) supporting the development and sustainability of aggregated community institutions with technical assistance from public and private partners; ii) financing livelihood and productive infrastructure activities of Economic Activity Federations; and iii) developing Community Professional Centers to facilitate skills sharing and technical assistance among community members; and b) business promotion, livelihoods and market linkages and partnerships to promote savings, access to rural finance and development of microfinance, development of microfinance linkages, and development of microenterprises and community-corporate partnerships.

3. Capacity Development and Partnership Building from Cluster to National Level (Original US$ 6.1M; Actual US$2.4M). The purpose of this component was to strengthen the capacity of the Social Development Fund (SDF), the national implementing organization, and other agencies to scale up the community-driven development plan across Bangladesh. The component comprised the following subcomponents: a) strengthening the institutional capacity and delivery of services by SDF and other relevant agencies to build partnerships and promote the poor and their institutions; and b) supporting innovation in the project's approach and objectives through partnerships and competitive grants.

4. Component D: Project Management, Monitoring and Coordination (Original US$11.9 Million;

Actual US$14.54M). The purpose of this subcomponent was to strengthen the SDF to coordinate, plan, implement, and monitor the project at the national, regional, and district levels, as well as to focus on communication, learning, and evaluation.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Cost

The total appraised cost of the project was US$120 million (PAD, pg. 55). The full actual project cost amounted to US$115.72 million, which included approximately US$30.93 in cancelled funds (ICR, pg.37). The remaining US$5 million, which was to have been provided by local communities was not measured and is not accounted for in the ICR. At the end of the project, 101% of the IDA funds were utilized, with the difference accounted for by fluctuations in the exchange rate (ICR, pg. 36).

Funding for component A, *Community and Livelihoods Development at the Village Level, was* increased from US$77.5M (67.4% of the total project costs) to US$96.1 million (83.5% of the project costs). Funds were reallocated from component B, *Institutional Development and Services at Inter-Village and National Levels,* which as initially costed at US$19.5 million (17% of the total costs) and subsequently reduced to US$2 million (1.7% of the total costs). This reallocation was accomplished during Level 1 restructuring approved on February 19, 2014. Component B was reduced because delayed implementation during the first year of operation resulted in unspent funds as well as shifting tasks from consultants to existing SDF staff (ICR, pg. 5). Component C, *Capacity Development and Partnership Building from Cluster to National Levels*, similarly cost less (original US$6.1 million vs. US$2.4 million actual) due to funding only 2 of 9 anticipated innovations as well as by shifting costs from consultants to SDF staff and institutions at the community level (ICR, pg. 6).

Financing

Financing was primarily through IDA, which contributed US$115 million. Local community was to have contributed US$5 million, but this is unaccounted for, as noted in the ICR (pg. 36). The Government of Bangladesh contributed US$21.5 million towards an endowment fund for the SDF to assist with its sustainability beyond the project the project timeline (ICR, pg. 36) (but this does not appear to have been used towards project costs.)

Borrower contribution

As noted above, the borrower contributed US$21.5 million towards the SDF.

Dates

The project became effective in December, 2010, delayed from October 2010 (ICR, pg. 8; the operations portal shows the effectiveness date as September 24, 2010, close to the date of September 30, 2010, envisaged in the PAD). The effectiveness date was postponed to allow government to prepare for implementation. It closed on December 31, 2015, six months ahead of schedule; the original closing date was June 30, 2016 (ICR, pg. iv). The project was able to close earlier than planned because it had utilized all IDA funds ahead of time (ICR, pg. 8).

3. Relevance of Objectives & Design

a. Relevance of Objectives

The initial stated objective (PDO) was to "…to improve the livelihoods, quality of life and resilience to climate variability, natural hazards and other shocks of the rural poor, especially the left-out poor and vulnerable households." As noted under Section 2.a., this objective was subsequently formally revised on January 14, 2014, and restated as follows: "The objectives of the project are to improve the livelihoods of extremely poor households and strengthen community institutions in selected districts." (Letter of Amendment, pg. 1). Level 1 restructuring was undertaken to revise the objectives, because the original PDO was deemed to be too ambitious and vague, without project activities commensurately and directly addressing resilience and quality of life aspects of the PDO. Thus the revised PDO more closely reflected the project aims and activities (ICR, pg. 2).

The original project objectives were broadly consistent with the government's poverty reduction strategy papers from 2005 and 2009, which identified participation and inclusion, good governance, and improved service delivery as key elements of pro-poor economic growth. The objectives also aligned well with the World Bank Group's country assistance strategy (CAS; FY2011-14, Report No. 54615-BD) with respect to two strategic objectives: *reduced environmental degradation and vulnerability to climate change and natural disasters* and *enhanced accountability and social inclusion* (CAS FY2011-14, pg. 19). Specifically, the objectives aligned closely with CAS outcomes: 2.4 *enhanced disaster preparedness* (CAS FY2011-14, pg. 26); and 4.4 *expanded participation in local development and women's economic empowerment* (CAS FY2011-14, pg. 31). The emphasis on addressing vulnerabilities to natural disasters was based on the fact that the rural population in Bangladesh is highly susceptible to natural disasters. However, the objective of quality of life was quite broad and not strategically focused on any particular area of the government or the World Bank Group's strategy. The revised objectives fit directly into both government and Bank strategies. At the time of project closing, the government's seventh five-year plan (FY16-20), focused on inclusive growth, poverty reduction, and sustainable development. In response, the World Bank Group's FY16-20 Country Partnership Framework (CPF) outlined three focal areas of support: i) growth and competitiveness; ii) social inclusion; and iii) climate and environment management (Bangladesh CPF FY16-20, Report No. 103723-BD, pg. 17). Both the original and revised objectives were consistent with the CPF, although the *quality of life* aspect of the objective was vague and not aligned in particular to any of the strategic areas. The objective of improving livelihoods fits partially under *social inclusion* and the objective of resilience to climate variability, natural hazards, and other shocks of the rural poor fits partially under *climate and environment management*. The follow-on operation, the Nuton Jibon Livelihood Project (ICR, pg. 13), which builds on SIPP-2, is included under CPF objective 2.4, *Enhanced rural income opportunities for the poor* (pg. 26), which encompasses the continued focus on strengthened community institutions.

Rating	Revised Rating
Substantial	High

b. Relevance of Design

The initial stated objective (PDO) was to "…to improve the livelihoods, quality of life and resilience to climate variability, natural hazards and other shocks of the rural poor, especially the left-out poor and vulnerable households." As noted under Section 2.a., this objective was subsequently formally revised on January 14, 2014, and restated as follows: "The objectives of the project are to improve the livelihoods of extremely poor households and strengthen community institutions in selected districts." (Letter of Amendment, pg. 1).

The project design remained the same under both the original and the revised set of objectives. The project addressed the set of objectives through a community driven development (CDD) approach comprising a number of integrated activities at the village, inter-village, and national levels, by supporting and strengthening community-based organizations and their services in poor villages that were selected on the basis of a formula that included poverty head count rate, vulnerability to natural disasters, and relative lack of market accessibility (PAD, pg. 46). In theory, then, inclusion of the poor and typically marginalized populations in community institutions would result in programs/projects directly relevant to their livelihoods and quality of life, and that those programs/projects would focus on addressing the effects of natural disasters, which impact both sets of populations. Overall the overarching design was logical, if somewhat complicated, with features to build, support, and connect the grass-roots institutions with those at the higher lever levels.

Under the first set of objectives – *improve livelihoods, quality of life, and resilience to climate variability, natural hazards and other shocks of the rural poor, especially the left-out poor and vulnerable households* - there is a plausible, but not explicit and clear, contribution of project components to strengthening local institutions and capacity, and, through this effort, to resilience to climate variability, natural hazards, and other shocks to the poor and to improving their livelihoods. The pathways to provide differentiated support to the three groups (poor, left-out poor, and vulnerable households) are not articulated fully (other than the provision of grants to the vulnerable).

Under the original set of objectives, the results framework was designed to measure livelihoods, but not quality of life or resilience to climate variability and natural hazards (see also section 4, under discussion of the achievement of objectives). The two latter outcomes are of course harder to measure. Quality of life is a broad concept and is affected by numerous factors. Nonetheless, the design included activities targeted at some social services and village-level improvements and the preparation and integration of disaster preparedness plans (including infrastructure) into the village development plans. The management information system (MIS) and focus group discussions were also designed to gather information on these aspects of the project.

The original set of objectives was subsequently revised to *improve the livelihoods of extremely poor households and strengthen community institutions in selected districts.* The revision was undertaken for three reasons: a) to explicitly refer to the proximal objective of strengthening community institutions; b) to discard the vague and overly ambitious aspects of the objectives; and c) to better reflect the actual activities, which were focused directly on strengthening community institutions and improving livelihoods (ICR, pg. 2). This Level 1 restructuring did not result in substantial changes to the project activities. The theory of change essentially was that strengthened institutions would lead to and support improved livelihoods. The same results framework was used to assess *improved livelihoods while new features of the framework were added to assess strengthened community institutions.* . However, the design did not include ways to assess on the project's impact on household savings by the different household groups that were ultimately targeted (vulnerable, hard-core poor, and poor), indebtedness, and the viability of the village credit organizations, which would have strengthened and the theory of change underlying the project design and therefore provided a comprehensive picture of the expected outcomes.

At the micro, community level, the project initiated several sets of interventions for improved livelihoods (Component A,ii, includes skills training and employment opportunities for youth; the Shabolombi fund for livelihoods finance; and a grant facility for the vulnerable poor; Component B includes inter-village organizations that promote economic activity and provide professional development, business promotion, and market linkages and partnerships), with the most basic institutional unit being the Jibikayan Groups, later renamed Nuton Jibon Groups (NJGs), for internal savings and lending (see PAD, pp. 13, 16-17; ICR pp. 15-19). Empirical relevance of these distinct sets of activities is also presented, although not fully explained by the evidence provided in the ICR for the specific groups targeted by the project (the left-out poor and vulnerable households). The impact evaluation study cited in the ICR specifically showed increased income for the 432,919 who took a loan from the Shabolombi fund; increased ability to sell products at higher prices for about 90K of those who participated in the producer groups; and increased employment through youth employment strategies, which produced 41K jobs (section 4 on efficacy provides more information). The impact evaluation Information however is not disaggregated by the different groups identified in the PAD, the hard-core poor, poor, and vulnerable populations (PAD pg. 20).

Rating	Revised Rating
Modest	Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Improve the livelihoods of the rural poor, especially the left-out poor and vulnerable households. Improve the livelihoods of extremely poor households (reworded in January 2014)

Rationale

The indicators for this objective were as follows:

<u>Outcome Level</u>

1. Increase in household (HH) income by at least 50 percent against base year for 50 percent of targeted households by the end of the project. The baseline was established in 11/30/2012 at 11% . By the end of the project, 62 percent of the targeted households had increased their income by at least 50 percent, exceeding the target by 12 percentage points. However, it is unclear what the baseline refers to, given that the indicator measures increase in income.

This information regarding the indicator is based on an impact evaluation (which drew a sample from project and control villages and classified households into poor, hardcore poor, and vulnerable categories). According to the ICR, the poor, hard-core poor, and the vulnerable were identified based on a participatory identification of the poor exercise (ICR, pg. 3). However, the ICR does not provide impact information disaggregated by these three groups (if it is available in the impact evaluation), nor does it provide information regarding the control group.

A separate study, the technical audit and impact assessment by SDF, showed that in the three divisions in which the project was implemented, incomes increased by an average of 45 to 50 percent for vulnerable households, by 80 to 96 percent for the hard-core poor, and by 88 to 96 percent for the poor.

The impact evaluation also showed a significant impact on women’s access to finance and savings, as well as self-reported status in the household and the community, but no impact on women's decision-making on spending or investment decisions, mostly because these pertained to family enterprises (ICR, pg. 17). Among the targeted 658,661 households, the ICR states that 432,919 persons took a loan from the Shabolombi Fund operated by the village credit organization, 60% of which was for livestock. (The Shabolombi funds accounted for 64% of the total project expenditures, ICR, pg. 44). Half of the targeted households, or 358,500 took more than one loan. Those who took two loans saw a 39% increase in net income over the first loan, and those who took three loans saw an 89% increase in net income over the first loan (ICR, pg. 18). The impact evaluation also showed significant impact on livestock related livelihoods and paddy production, a major crop, in the project area. The ICR does not provide a breakdown by other sectors. It also does not report impact on net income after the first loan.

The project provided one-time grants to more than 17 thousand households to start some sort of income generating activity (ICR, pg. 18), and a survey showed that 95 percent of the grants were used for income-generating activities (ICR, pg. 45). However, the ICR on page 45 states that 35,321 households (96 percent of households classified as vulnerable) received a one-time grant of BDT 5,000. Over 50 percent of these had no assets prior to participation but after four years they had accumulated assets worth an average 27,085 BDT (ICR, pg. 48). It is important to note however that the one-time grant was likely to have supported income smoothing by smoothing expenditures or consumption related to ongoing income generating activities. But it is likely to have been too small to be the factor driving sustained income generation at the level suggested.

Output/Input Level

2. Number of direct project household beneficiaries (added as part of Level 1 restructuring on Feb. 14, 2014). The baseline, established in February 2014, noted the number as 258,113, and the target was 652,000. The number achieved is 658,661, or 104 percent of the target. The ICR also estimates the total number of individual beneficiaries as 3,622,635, on the basis of 5.5 individuals per household.

The PAD had calculated the number of household beneficiaries as 300,000 households with1.8 direct individual beneficiaries and reaching 3 million individual beneficiaries directly or indirectly (PAD, pg. 45).

3. Direct beneficiary women as a share of direct project household beneficiaries (added as part of Level 1 restructuring on Feb. 14, 2014). The baseline was 90 percent (established in February 2014), and the target was 90 percent. The value achieved was 94 percent, 104 percent of the target. This indicator is unclear, as the comments in the ICR pg. vii indicates that this indicator pertained to the number of decision-making positions in the village organizations, whereas the indicator, as stated, requires measurement of direct project household beneficiaries (ICR, pg. vii).

The ICR states that the individual beneficiary number was doubled because the project worked in more villages (PAD estimate was 2907 villages; ICR showed it to be 3,262 villages) directly reaching 658,661 households and indirectly benefitting an estimated 5.1 million people (number based on the total number of households in the project area) (ICR, pg. 3). How this doubling of beneficiaries was accomplished is not specifically explained in the ICR. (One possibility is that the project was re-costed based on number of target households rather than total number of villagers in villages with more than 500 households [ICR, pg. 5], but this was not identified as a factor.) In addition, disaggregated information by sub-groups (left-out poor and vulnerable households) is not evident in the ICR (also see section 2.a.). Furthermore, how 94% of the 5.5 individuals per household can be women is unclear (ICR, pg. 17).

Other key outputs related to this indicator included (ICR, pg. viii):

Nuton Jibon Group members mobilized savings and accessed additional sources of finance: the baseline was 17 percent, the target was 80 percent, and achievement was 91 percent. The ICR notes that 651,480

households were organized into Nuton Jibon Groups (NJBs).
In terms of job creation, the target was 50,000 jobs, and the SDF created 41,849 jobs (slightly below target). In addition, almost 49 thousand youth (of whom 80 percent males and 95 percent females were unemployed) found employment after skills training. However, it is unclear the extent to which youth employment funds and youth skills development funds were needs-tested. A thematic study found that 99 percent males and 98 percent females were still employed at project closing in a variety of sectors ranging from textiles to computer processing. However, the impact evaluation also found that there was no impact on incomes from wage employment.
Infrastructure development (discussed under objective 2, below) can also create an enabling environment for livelihood activities, although its direct contribution to promoting livelihood activities is not discussed in the ICR.

Rating
High

Objective 1 Revision 1
Revised Objective
The revised objectives of the project are to improve the livelihoods of extremely poor households and strengthen community institutions in selected districts." (Letter of Amendment, pg. 1).

Revised Rationale
The first part of the objective statement remained the same (improving livelihoods). The overall rationale and ratings for the livelihoods portfion of Objective 1 remains the same throughout the restructuring. The revised objective dropped objectives 2 and 3 below, and added new language, "strengthen the community institutions in selected districts" which is treated in Objective No. 4.

Revised Rating
High

Objective 2
Objective
Improve quality of life of the rural poor, especially the left-out poor and vulnerable populations.

Rationale
There were no indicators and targets associated with this objective and was therefore not measured directly. Although it can be presumed to encompass objectives 1 (see above) and 2 (see below), this assumption may not be accurate. The objective was dropped on January 14, 2014, as part of the Level 1 restructuring (ICR, pg. 2; also see section 2.a.).
The ICR states that a number of indirect measures can signal improvement in the quality of life:

improvement in economic conditions and social status, as reported through focus groups, impact evaluation, and the technical audit study. Participants in focus group discussions indicated that, due increased earnings, they could afford sufficient food and clothes and could send their children to school and that they are using sanitary latrines. In addition, the impact evaluation found an increase in the quality of food consumption. However, neither the audit study nor the impact evaluation found an effect on social cohesion in the villages studied (e.g., conflicts, rich-poor relationships). Other aspects of quality of life were not measured. As noted previously (section 3.b., relevance of design), disaggregated information on these groups is also not available in the ICR.

The ICR also states that 92 percent of the targeted households benefitted from improved infrastructure and social services (indicator 5, ICR pg. vii). However, how this indicator is measured is not indicated.

Key outputs related to this objective:

A number of community infrastructure projects, in addition to the direct support for income generation activities, potentially contributed to this objective, including 1934 Gram Samiti offices, 615 km of earthen roads 2541 culverts (for ease of movement and access to markets); 4198 tube wells (for access to water), 67 latrines (in addition to the ones that were part of the Gram Samiti offices), 71 schools (for access to education), and others (ICR, pg. 20). (These outputs are also related to objectives 1 and 3.)

Rating
Modest

Objective 2 Revision 1

Revised Objective
N/A

Revised Rationale
This objective was dropped as part of restructuring.

Revised Rating
Not Rated/Not Applicable

Objective 3

Objective
Improve resilience to climate variability, natural hazards, and other shocks, of the rural poor, especially the left-out poor and vulnerable households.

Rationale
This objective was dropped on January 14, 2014, as part of the Level 1 restructuring (ICR, pg. 2), but the indicator related with this objective was retained.

The indicator and target associated with this objective is: *80 percent of the targeted households benefit from improved access to community infrastructure or social services sub-projects*. At project closing 92 percent of the targeted households (115 percent of the target) benefitted from improved community infrastructure or

social services sub-projects. (This indicator could also apply to objective 4, below.) However, it is unclear from the ICR how this indicator is calculated.
The ICR notes that 2359 villages (72 percent) conducted participatory vulnerability analysis, and many infrastructure investments incorporated disaster risk management principles so that they could provide a safe space during disasters. The project formed disaster teams in 2353 villages and 2116 villages purchased disaster management tools (ICR, p. 38). Focus group participants shared that local offices had already been used during natural disasters and for hosting services such as immunization programs. The earthen roads provided access to markets and healthcare (ICR, pg. 20)
At least 80 percent of completed community infrastructure subprojects are being operated and maintained by communities. Baseline was 43 percent, and achievement was 89 percent. According to the MIS, 3006 of the 3262 villages (92%) had an operation and maintenance plan and 3005 (92%) had started a fund for this plan. However, a 2015 technical audit of 51 villages found that only 47 percent had an operation and maintenance plan, and that 83 percent of the investments were functioning. The ICR states that this large discrepancy could be attributed to a more recent completion of projects, although that would have meant only a two-month period until the end of the project.

Rating
Modest

Objective 3 Revision 1

Revised Objective
This objective was dropped as part of the restructuring.

Revised Rationale

Revised Rating
Not Rated/Not Applicable

Objective 4

Objective
Strengthen the community institutions in selected districts.

Rationale
A new objective was added during restructuring: "strengthen the community institutions in selected districts." This objective was not part of the original project objective. The indicator to measure this objective was: *Village institutions supported by the project are functioning in a transparent, inclusive, and accountable manner, as per project guidelines*. The baseline identified was 1224 from the preceding operation in which 1224 of the 1407 villages already had institutions meeting these criteria (ICR, pg. vi). Target was 75 percent of the villages, and the project achieved 92 percent. (However, to note: is unclear why the ICR the results framework comments section refers to households; and whether the numbers noted in the values row refers

to villages with institutions or institutions themselves.)
Key output indicators supporting this objective were as follows:
Gram Samitis (village organizations) accessing and managing project funds as per agreed rules and service standards agreed in the community operational manual. Baseline was 33 percent, target was 80 percent, and the project achievement was 98 percent.
Seventy percent of villages have 5 community professionals identified, trained, and offering service. Baseline was 0 and achievement was 47 percent. The ICR states that the assumed demand for professional training was probably too high, and should have been addressed at restructuring.
At least 50 percent of gram Gram Samitis and Village Credit organizations are federated at upzila/cluster (higher administrative units) levels. Baseline was 0 and achievement was 93 percent.
Ten major partnerships are established. Achieved 18, of which 6 of which were national-level companies benefitting 15,000 youth and another 12 between communities and government organizations and companies to help with training, access to commercial finance and so forth. (ICR pg. 39 shows achievement at 10, not 18, and needs clarification).
A number of outputs were designed to support community institutions but also supported the other three objectives: These include (ICR, pg. 40):

- Seventy percent of staff meeting the top two performance criteria (A and B). Achieved: 89 percent
- Seventy percent of village institutions meeting performance criteria (rating of A or B): Achieved: 86 percent
- Nine innovation pilots funded that would generate additional partnerships and create employment. Achieved: 2.
- Eighty percent of decision-making positions in village organization held by members of the poor, hard-core poor, and vulnerable. Baseline 25 percent: Achieved 100 percent. All positions were held by members of the poor/hard-core poor/vulnerable groups, with 94 percent occupied by women.

Finally, outputs associated with project management, monitoring, and coordination were to underpin and support all four project objectives. The ICR notes the following major outputs (ICR, pp. 40-41):

- The governance and accountability action plan recommendations implemented and reviewed annually with community representatives. The target was 70 percent of the villages; achievement was 71 percent.
- Process monitoring recommendations reviewed and actions taken by SDF management. The target was 70 percent of the recommendations; achievement was 83 percent.
- SDF established a complaints and grievance redressal system. The target was 80 percent of the complaints received and addressed, achievement was 89 percent.
- Grievance registered to delivery of project benefits addressed. No target set, but 100 percent of the 197 grievances received were addressed.

Rating
Not Rated/Not Applicable

Objective 4 Revision 1

Revised Objective

This objective was introduced on February 14, 2014, as part of the Level 1 restructuring (ICR, pg. 2; also see section 2.a.). It is a new objective.

Revised Rationale

See above for the rationale for this new objective that was added as part of the project restructuring.

Revised Rating

Substantial

5. Efficiency

The PAD provides economic and financial rates of return, but information on how these were calculated is not clearly provided (ICR, pg. 22).

It is notable that the project reached more than double the number of households estimated in the PAD (also see section 4.a., on efficacy). This implies a much lower per unit beneficiary cost. Funds were reallocated from component B to A, which was focused on the village level, and, it is possible that the additional US$18.6 million (24 percent of the original component costs), and savings on contracting costs under component B, allowed the project to expand to additional villages and households. Another possibility is that the project was re-costed based on the number of target households rather than total number of villagers in villages with more than 500 households [ICR, pg. 5], which could explain the increase in number of villages (but it would not explain the increase in households). It is also possible that the benefits were lower per beneficiary than was envisaged in the PAD, allowing the excess funds to be used in other villages and for additional households. However, the ICR does not provide a clear explanation of what made the expansion feasible.

In addition, although it started with a 2-month delay, the project completed 6 months earlier than planned.

SDF community infrastructure costs were compared with those provided by the Local Government Engineering Department and the Department of Public Health Engineering and were overall found to be less (ICR, pg. 22).

The PAD presented several calculations with respect to sector efficiency (improved targeting of the poor, improved livelihood due to better performing loans, reduced effects of natural shocks, and so forth). With respect to project efficiency, the PAD presented data based on the experience of the preceding SIPP-I project. Calculations showed that the construction costs would be 27 less than other similar publicly funded roads, an estimated savings of US$25M due to efficient use of funds (the PAD says “delivery”) as a result of community led development using community institutions (PAD, pg. 92). The PAD also calculated the economic rate of return to be 25.3 percent of the entire project, including benefits from livelihood activities, vulnerability reduction, and saved costs in infrastructure development. However, the precise methodology is unclear, including whether full costs of management are taken into consideration.

The ICR calculates the ERR to be 33 percent at the end of 2015. However, the methodology differs from that in the PAD, as it is based only on income generating activities, and not the entire project (ICR, pg. 50).

Efficiency Rating
Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	25.30	100.00 ☐Not Applicable
ICR Estimate	✓	33.00	83.00 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the project objective is rated high because of its alignment with the government's poverty reduction strategy papers and with the Bank’s past and current country strategies. The design is rated modest prior to restructuring due to lack of articulation of how the activities contributed to some of the objectives and how those objectives would be conceptualized and measured; it is rated substantial after restructuring. In terms of efficacy, the livelihoods objective was maintained throughout the project and is rated high, although disaggregated information by subgroups is insufficient. The quality of life objective was in effect prior to restructuring; it is rated negligible due to lack of definition and measurement, although the ICR attempts to provide information on project effects that could be related to quality of life. Objective 3 was dropped, but there is evidence that the project supported resilience at the village level and is rated modest. Finally, objective four related to community institutions was demonstrably met as measured by the indicators associated with it and is therefore rated substantial. Efficiency is rated substantial, largely due to the fact that the project was able to reach more than double the number of beneficiaries and show some lower cost inputs in comparison with those provide by other public institutions. However, the calculations for ERR are not comparable between the PAD and the ICR. In addition, the ICR is silent on how the project was able to achieve double the beneficiary targets determined at the outset.
The overall outcome rating is calculated over the original and revised set of objectives and targets as shown in the tables below. Based on this calculation, the project is rated moderately satisfactory, taking into account the ratings from both the pre- and post-restructuring phases of the project.

	Pre-restructuring (prior to Jan, 2014)	Post-restructuring (Jan, 2014)
Relevance of objectives	Substantial	High
Relevance of design	Modest	Substantial
Efficacy of Objective 1 (livelihoods)	High	High
Efficacy of Objective 2 (quality of	Modest	

life)		
Efficacy of Objective 3 (resilience)	Modest	
Efficacy of Objective 4 (community institutions)		Substantial
Efficiency	Substantial	Substantial
Outcome rating	Moderately Satisfactory	Satisfactory
Weight by disbursement	.66	.33
Final Rating	.66*4 = 2.64	.33*5 = 1.65
Overall Rating	2.64+1.65=4.29	
Outcome	Moderately Satisfactory	

a. Outcome Rating
Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

Overall, risks to development outcome are moderate. The project built on the successes of the previous project and the follow-on project is expected to continue to build the institutional/financial infrastructure needed for sustainability and expansion across the country. The government is also committed to this approach for poverty reduction (see section 3.a.) The ICR identifies risks in three categories: institutions, financial systems, and livelihoods (ICR, pg. 27). These have been acknowledged both the government and the Bank and are being addressed through the follow-on project.
Institutions: At the village level, the Gram Parishads are being registered as legal entities. At the national level, the SDF is established with an endowment fund set up by the government. The fund is expected to earn 10 percent interest per year and sustain its staff. Additional organizational reforms are also expected to be undertaken. The follow-on operation will address other sustainability issues, including training and capacity building for these institutions to continue to operate, and to diversity their sources of income.
Financial system: The Nuton Jibon Cluster Community Societies have put part of their funds in interest bearing accounts to generate a sustaining income. They are also being formally registered, which will give them legal status to continue to operate.
The follow on operation will address other sustainability issues, including training and capacity building for these institutions to continue to operate.
Access to finance and markets will affect how income-generating enterprises will thrive. The creation of producer groups and provision of access to larger loans through the Shabolombi Fund and commercial banks will receive attention in the new project. However, in order to fully assess the risks to development outcomes, data will be needed for savings and indebtedness. In addition, and as mentioned in the ICR (pg. 13), infrastructure is also likely to be maintained through the operations and management committees, who have developed operations and maintenance funds to pay for future maintenance. (This information however needs to be verified, as the data reported through the MIS and the technical audit are quite different, and the technical audit reports that only 48 percent of all village had an O&M plan and fund.)

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

The project built on the experiences of the previous Bank operation, the SIPP-1CDD project, which tested new ways of delivering infrastructure and social assistance to the poor in Bangladesh. It focused on developing and strengthening local institutions and sought to expand market linkages beyond villages. It also aimed to strengthen the Social Development Fund, the implementing agency, by focusing on its sustainability and updating its human resources and governance policies and processes. The project included a comprehensive support and monitoring and evaluation system. The project objective was broad and difficult to measure, but this was later redressed with a level 1 restructuring, as were allocations of project costs among components as part of a level 2 restructuring. However, the PDO was not revised until much later in the project, and the monitoring indicators did not accurately reflect the institutional development, a central feature of the project. Financing for the project was under-estimated, relying on almost 1/3rd of the total project costs, or about $40 million, which did not materialize, from the ongoing SIPP 1 project (ICR pg. 5). This led to a level 1 restructuring for reallocating funds among the components (also see section 2.d.).

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank supervised the project regularly, twice per year. There were three TTLs during the life of the project, but the Bank ensured adequate overlap between the consecutive TTLs. The ICR notes that the Bank team was quick to respond to and address issues as they arose and worked closely with SDF to design the follow up operation (ICR, pg. 29). The location of TTLs in the country or the region, together with a technical staff based in Dhaka enabled the team to provide close support to the SDF.

However, the Bank did not address the results framework early enough in the project, and there were delays in setting baselines and targets for three of the five PDOs (see section 10.a.). The ICR further notes that the interim supervision reports did not report on the indicators till 2013 (halfway into the project), as there was lack of clarity around measurement (e.g., headcount vs. households, percentages vs. numbers) (ICR, pg. 29).

This ICRR also notes that the project restructuring was undertaken late, given the importance of the objective of strengthening institutions. On the other hand, it should be acknowledged that the restructuring did take place when the project team realized that the objectives and the project design were not consistent.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

The Government showed strong support of the project by meeting all the lending conditions, reinstating the governance board of the SDF and convening the audit committee required by the Bank (ICR, pg. 30). It also set up a US$15M fund for the SDF, later increasing it to US$21.5M, due to higher funding needs becoming evident in 2013. Business partnerships were formed with communities and government departments, including linkages with local governments, to benefit households access services such as training and commercial finance (ICR, pg. 38).

Government Performance Rating

Satisfactory

b. Implementing Agency Performance

The implementing agency was the SDF. Implementation was slow at the beginning, but gained momentum once the full complement of SDF 60 new staff were on board as a result of reorganization and human resource reform to shift away from contract organizations to deliver the work. The SDF then met or exceeded targets and disbursement faster than originally planned (see also section 4). The ICR notes no significant safeguards, procurement, or financial management issues, expect that procurement was delayed initially (see (see section 11 b below). and financial management were There were a few challenges that were not addressed immediately, such as changes to the M&E until Level 1 restructuring. Overall the SDF implementation was strong and has created a network of strong institutions at the village level, as evidenced by the achievement of objective 4. However, the innovation fund was not fully successfully implemented.

Implementing Agency Performance Rating

Satisfactory

Overall Borrower Performance Rating

Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design included a comprehensive results framework, initially with three PDO indicators and 24 intermediate and output indicators. At the time of Level 1 restructuring in February 2014, approximately three years and four months into the approximately 5.5 year project, the PDO was revised (also see section 2.a.) and

two new indicators were added better reflect the PDO. Livelihoods was measured through increase in household income of targeted households by the end of the project, and strengthening of village institutions was measured trough how well the village institutions functioned with respect to project guidelines. (As discussed in sections 3.b. and 4, two of the original PDOs, improved quality of life and resilience to climate variability, did not have measurable indicators associated with them, and were dropped at the time of restructuring.) The results framework was simplified and 15 of the 24 original indicators were retained (ICR, see pp. vi-xiii; 9-11).
The project M&E was comprehensive and comprised several components:

- A management information system (MIS), with data compiled through community level monitoring to capture key village level data, including selection of beneficiaries and the functioning of village institutions,
- Third party monitoring to assess processes and activities,
- An impact evaluation,
- Thematic studies on infrastructure, youth development, livelihoods, and community finance before completion to identify lessons, and
- An Assessment under the Citizen Action for Results, Transparency, and Accountability (CARTA) program to assess the SDF village loan process and effectiveness of village-based institutions.

The PAD identified the frequency of data collection, the data collection instruments, as well as the responsibility for data collection. Overall the design was comprehensive, if somewhat complicated, but with refinements needed during implementation. The design however did not take into account disaggregation of data by the different groups (except women) that the project purported to support so that the project impact could be identified more comprehensively.
The project is to be commended for including an impact evaluation, restructuring to align indicators with project objectives, and instituting multiple processes for data collection and use. However, as noted in the ICR, the initial PDO indicators did not align well with the PDO and were subsequently addressed through the Level 1 restructuring in February 2014.

b. M&E Implementation

The SDF was responsible for the implementation of the M&E system, with the presence of field teams. The ICR states that implementation of the system was slow due to its complexity, resulting in difficulties in timely delivery of progress reports. There were delays in MIS software design to reflect changes and with contracting the third-party process monitoring agency. According to the mid-term review conducted in October 2013, the third-party agency did not feel independent from the system it was monitoring (ICR, pg. 11).
The baseline for two of the original PDO indicators was established in December 2011, more than a year after the project was operational, and for the third it was established in November 2012, more than two years after project effectiveness. For the two new indicators, the baseline was as of February 2014. Baseline values for 5 of the 15 intermediate outcomes and outputs were established more than a year after project effectiveness. There was a delay in producing the mid-line survey for the mid-term assessment.
It is unclear whether all thematic studies planned were actually carried out; these are not specifically referenced in the ICR.

c. M&E Utilization

The SDF generated village, cluster, district, and project level reports based on the information generated by the MIS. Quarterly learning workshops (as opposed to monthly ones envisaged in the PAD) were held to learn from implementation.

The mid-term report noted the need to improve data verification, a recommendation that was implemented, with improved data to facilitate the final assessment in the ICR (ICR, pg. 11).

The ICR reference section does not provide the full list of thematic studies in the reference section in annex 7, hence it is unclear whether these were eventually used for the ICR.

M&E Quality Rating

Substantial

11. Other Issues

a. Safeguards

SIPP-2 was designated as a category B project, which triggered the OP/BP 4.01 Environmental Assessment safeguard policy. The project prohibited any involuntary settlement and required activities to use only publicly owned lands. The project prepared an Environmental and Social Management Framework, and the ICR states that all 3,682 infrastructure sub-projects were approved after environment screening and environmental management plans. Thirteen cases of environmental problems were identified after construction, but these were immediately mitigated by village Gram Samitis.

A technical audit conducted in October 2015 confirmed that SDF schemes have not resulted in major harm to the environment. On the other hand, positive environmental impacts are noted – reduction in water logging and surface water pollution, as well as soil erosion protection. In addition, 1,300 households benefitted from vermi-compost technology to enhance soil fertility and 1,950 community members installed the improved cook stove to reduce firewood usage and air pollution (ICR, pg. 11).

No social safeguards were triggered. Although the project operated in some areas with ethnic and vulnerable communities, no negative consequences were observed. The ICR reports that the households in these communities also joined the Nuton Jibon groups and 77 percent received loans, and some took on leadership positions. No negative consequences are reported for these groups. Presumably, they would be an integral part of the target population, although this is not evident from the ICR.

b. Fiduciary Compliance

The centralized procurement plans followed the Government of Bangladesh's procurement laws, while the decentralized procurement plans at the community level followed a simplified procurement manual developed by the SDF.

There were delays in some procurements when the SDF Procurement Manager had to retire (due to a revised retirement age policy in 2014) and a new one had not yet been recruited. There was one case of misprocurement involving shopping contracts, but corrective action was taken against the firm involved.
The audited financial statement for FY15-16 is to be submitted to the Bank by December 31, 2016. This needs to be obtained and validated. The ICR does not mention previous audited statements. The government complied with the covenant of setting up an endowment fund of US$21 million for the SDF.
No disbursement issues are noted, and the disbursement profile shows that disbursements rate was slightly higher than was projected after Q1, 2012 (ICR, pg. xv).

c. Unintended impacts (Positive or Negative)

The impact evaluation suggests that increased income may be leading to improvements in the quality of food consumption, as measured by increased diversity in diets. No other unintended impacts, positive or negative, are noted.

d. Other

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12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Satisfactory	Satisfactory	---
Quality of ICR		Substantial	---

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICRR endorses the following lessons, paraphrased from the ICR:

1 **.** Participatory identification of the poor, most poor and vulnerable in a community driven development scheme can help to ensure that public services and private assets are allocated to those who are most in need. However, as was the case in SIPP II, monitoring and reporting systems need to be able to disaggregate project impacts across groups of different welfare levels.
2 **.** Strong local institutions are essential for supporting effective and sustained service delivery for the poor. Institutional development is a critical part of community driven development projects, especially for projects that seek to influence decision-making at the village and inter-village level over time, as was the case in SIPP II.
3 **.** There is a need to phase institutional development by building and strengthening the quality of first generation institutions before embarking on building the second generation institutions. The SIPP II experience suggests that it would be useful to identify the specific factors that enable the shift from first to second generation institutions and that have been scaled a the cluster and district levels.
4 **.** Attention to gender is a critical part of community engagement in community driven development projects. The SIPP II experience reveals that there is an opportunity to increase women's confidence, access to finance and savings levels as part of a community driven development program. Yet there is also a need to better understand why SIPP II had limited impact on women's agency at the enterprise level. In future projects like this, it would be important to assess and learn about intra-household decision-making to better understand how this effects women's welfare.

14. Assessment Recommended?

Yes

Please explain

Yes, as part of a cluster of CDD projects that intended to scale village level activities to the intra-village and district level in South Asia.

15. Comments on Quality of ICR

The ICR is thorough and has integrated effectively the information available from the monitoring and evaluation activities and attempted to provide a theory of change in describing the project design and to assess project outcomes in a systematic way. However, data provided for a number of indicators was not clear (e.g., indicators 1 and 3) and insufficiently disaggregated (or it could have indicated that the information was missing). However, the ICR offers little explanation for how the project was able to accommodate more than double the beneficiaries envisaged in the PAD – clearly an accomplishment but one that needed a

thorough explanation of the costs and trade-offs associated with this change. It could also have provided more systematic information on the thematic studies conducted and listed the relevant documents in the reference section.
On a minor note, a number of acronyms are missing from the list of acronyms (e.g., ESMF, SIPP), which imposes a burden on the reviewer/reader to find them elsewhere.

a. Quality of ICR Rating
Substantial