

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC7768

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Project Name	Nuton Jibon Livelihood Improvement Project (P149605)
Region	SOUTH ASIA
Country	Bangladesh
Sector(s)	General agriculture, fishing and forestry sector (40%), Other social services (30%), Public administration- Other social services (2 0%), Agro-industry, marketing, and trade (10%)
Theme(s)	Rural services and infrastructure (40%), Participation and civic engagement (25%), Rural non-farm income generation (15%), Nutrition and food security (10%), Other rural development (10%)
Lending Instrument	Investment Project Financing
Project ID	P149605
Borrower(s)	Government of Bangladesh
Implementing Agency	Social Development Foundation
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	26-Jun-2014
Date PID Approved/ Disclosed	28-Jun-2014
Estimated Date of Appraisal Completion	31-Oct-2014
Estimated Date of Board Approval	26-Mar-2015
Concept Review Decision	

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I. Introduction and Context

Country Context

Throughout the 2000-2010 decade, Bangladesh experienced steady and strong GDP growth, averaging a rate of nearly 6 percent per year. Poverty rates also demonstrated an impressive steady improvement during this period with an average decline of 1.7 percentage points per year. During this time, Bangladesh also achieved better health outcomes, improved living conditions of the poor, lowered childhood mortality, increased under-five vaccination rates for all children, increased literacy rates, and improved its safety net coverage. Despite those notable achievements, malnutrition remains a challenge in Bangladesh, especially for pregnant and lactating mothers, adolescent girls and children.

Rural poverty continues to be significantly higher and more extreme than urban poverty in

Bangladesh. While the decline in extreme poverty in rural areas has been impressive - from 37.9 percent in 2000 to 21.1 percent in 2010 - the poverty level remains almost three times that of urban areas. Extreme poverty continues to be a rural phenomenon. Rural poverty and food security thus remain critical policy areas with emphasis on the need for growth to be broad-based and pro-poor. With more than 70 percent of the population and the majority of the poor residing in rural areas, agriculture remains important for the rural economy. The recent Poverty Assessment (PAR) found that almost half of the poverty decline has been driven by growth in farm incomes. The PAR also found that poor households living in the poorest regions are less able to cope with shocks.

Sectoral and Institutional Context

Bangladesh remains a predominantly agricultural country where the agriculture sector plays a pivotal role in accelerating economic growth, increasing food and nutrition security, and securing rural livelihoods. Agriculture (crops, livestock, forestry, fisheries) contribution to economy is declining, but remains one of the largest sectors (19.4% of GDP) with about 43% of total labor force engaged in agriculture. Many of Bangladesh's poor in rural areas are in one way or other directly linked to the agricultural sector. Increasing rural incomes by linking pro-poor support to productive employment opportunities building and expanding on sustainable community support mechanisms and increased integration into higher value commodity supply chains will continue to be an important element for the country to address poverty and extreme poverty.

A comprehensive model of support to the poorest, combining livelihood support, empowerment, access to finance, and community development, was introduced in Bangladesh – the Social Investment Program (or Nuton Jibon) building on self-governed community institutions. An impact evaluation showed that the program successfully managed to increase beneficiary incomes, increases empowerment of the dominantly female beneficiaries and positively impacts youth employment, food security, and school attendance.

The Program was piloted in two districts and 120 villages in 2003. In 2008, the program was scaled-up under the Social Investment Program Project (SIPP-I), covering seven districts and 944 villages and introducing new opportunities for improving access to financial resources for hard-core poor and poor. A follow-up project (SIPP-II) in 2010 expanded activities into 16 districts and more than 3,000 villages in 2010. The program is implemented by the Social Development Foundation, an autonomous 'Not-for-profit' organization established in 2000 under the Ministry of Finance. SIPP-II, with a currently scheduled closing date of mid-2016, is estimating to have fully exhausted its funds by mid-2015. The Government has therefore requested to commence the preparation of a follow-up project that would build and expand on SIPP-II and be ready to start by around mid-2015.

Relationship to CAS

A CAS progress report was completed in November 2013. While the CAS's overall objectives remain valid (with four strategic objectives: (i) consolidating human development gains; (ii) accelerating growth (mainly through improving the business environment and expanding energy and transportation services); (iii) reducing environmental degradation and vulnerability to natural disasters and climate change; and (iv) strengthening governance), the progress report suggests a deepening of the Bank's strategic directions in areas that pose significant obstacles to growth. The Government is now preparing the Seventh Five- Year Plan, which is expected to cover the period FY16-20. To align the WBG's strategy with the plan, the current CAS will be extended for one year to cover FY15. The proposed new project would contribute to CAS Pillar 3 (vulnerability, adaptation, and inclusion) contributing to outcome 3.1 (agriculture and food security) and outcome 3.3 (women empowerment).

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed Project Development Objective is to empower the poor and extreme poor, and improve their livelihoods and living conditions in the project areas.

Key Results (From PCN)

Key outcome indicators would be defined around: (a) livelihoods (e.g. increase in household income); (b) empowerment (e.g. number of functioning village level institutions supported, improved access); and (c) outreach and coverage (e.g. number of direct beneficiaries by gender).

III. Preliminary Description

Concept Description

The proposed project would seek to build on the successful implementation aspects of the Social Investment Program Project –II (Nuton Jibon Project-SIPP-II), while aiming to simplify the project design, strengthen the support for sustainable institutions, and expand its reach into other upazilas and districts, based on recent poverty data and other selection criteria. The proposed project would consist of three components over six years with a currently proposed funding envelop of US\$ 200 million: (a) Community and Livelihood Development; (b) Business Partnerships and Market Linkages; and (c) Capacity Building, Monitoring and Learning, and Project Management.

An initial review of poverty data indicate that the above selection criteria would result into (i) deepening of intervention in districts in which the project is already active, by adding additional upazilas (new upazilas), that are among those with the highest percentage of poor according to the 2010 HIES but have not yet been covered; and (ii) expanding into upazilas in districts where the project is not yet active - about an additional 5 -6 districts would likely be included

Component A – Community and Livelihood Development

Objective. The objective of this component would be to: (i) mobilize and empower the poor and hard-core poor in rural communities, as well as build and strengthen pro-poor institutions; and (ii) fund village development and livelihood-related investments for project beneficiaries. The project would continue to work with SIPP-II beneficiaries to help them implement an exit strategy from project dependence and, at the same time, provide support to new villages and community institutions. The component would also seek to integrate nutrition related messages and actions as well as increase knowledge on good agricultural practices.

Community Planning and Empowerment. The project would largely keep the procedures of organization, empowerment, planning and implementation of sub-projects under this component intact as per the procedures under SIPP-II. It is suggested that the initial community planning process would be broadened such as to include disaster risk and climate change concerns at that level to feed into the overall investment planning, particularly for infrastructure investments. It is expected that the current funding windows for institutional development, community infrastructure and village development funds would remain. However, further review and discussions will be held as to the share of these funds within a village allocation.

Village Development Fund. Among current SIPP-II villages, the component would primarily focus on strengthening sustainability mechanisms for the infrastructure and village-level institutions built so far under the program. With respect to the community infrastructure, the project would particularly aim at strengthening mechanisms for ensuring its adequate maintenance, including

effective collection, management, and use of infrastructure maintenance funds. Regarding community financing, the project would particularly aim at improving the operational efficiency and sustainability of the Village Credit Organizations (VCOs).

VCOs continue to be an important resource in promoting economic opportunities among the poor in SIPP villages. As of December 31, 2014, some US\$ 54 million of revolving funds had been cumulatively disbursed to about 430,000 borrowers. Activities financed have ranged from production (livestock, vegetables, etc.) to services (tailoring, rickshaw transportation, etc.). As SDF starts to progressively scale down its presence in “maturing” communities, it will be important to leave these community financing institutions in a financially sustainable position. This will entail, among other things: (i) strengthening their loan portfolio quality; (ii) professionalizing their operations; (iii) simplifying their processes; (iv) facilitating their legal registration; and (v) strengthening their second-tier institutions.

Among the new villages, the component would: (i) help mobilize, develop, and strengthen self-reliant and self-managed community organizations; and (ii) establish a Village Development Fund to finance activities for income generation, small-scale local infrastructure development, and other activities at the village level which are prioritized, managed and maintained by the communities. The component would: (i) institute mechanisms to ensure more equitable allocation of funds and their efficient utilization and (ii) strengthen collaborative arrangements with other initiatives and entities, including government line ministries in order to maximize synergy.

Nutrition. The project would aim to address nutrition by (i) raising awareness; (ii) mainstreaming nutrition-sensitive actions across project interventions; (c) improving hygiene/hand-washing practices; and (d) enhancing access to safe and nutritious food. The project would seek to provide longer term training to targeted beneficiaries for (i) development of privately operated community-level nurseries to provide quality seeds and saplings tolerant to climate variability; (ii) improved technologies for poultry rearing to increase egg production and local production of poultry feed; (iii) vegetable homestead gardening practices; (iv) small fish ponds; and (v) improved agricultural practices and technologies. For agricultural related activities, arrangements would be made with support from the Local Government and extension services for the provision of adequate technical assistance to the beneficiary households. Given the shortfall of extension workers in livestock and fisheries, skilled community professionals would be selected and additional training provided for quality day-to-day support to the concerned households, under the overall supervision of the Upazila extension officer. A farmer field school approach could be adopted based on models already introduced by other organizations that integrate basic nutrition and agricultural messages.

Component B – Business Partnership Development and Market Linkages

Objective. This component would aim to increase livelihood opportunities of poor and hardcore poor by organizing them in producer groups, cooperatives or federations and improving their market and business orientation and forward and backward linkages in the market systems. Various empowerment models of joint actions of small-scale individual producers working as organized producer groups would aim to raise the attractiveness of poor and hardcore poor as market partners, reduce market transaction costs and align their production decisions with business and market opportunities. Such empowered producer organizations would also facilitate services provisions to their members and act as economic entities and business partners in the down- and up-stream value chains and create additional opportunities for added value to their products. Specific objectives would be to (i) build and strengthen producer organizations as market partners and commercially oriented entities; (ii) organize and align skill development and training in response to the specific

labor market requirements; (iii) facilitate interaction between producers and traders/processors of products in the down- and up-stream value chains; and (iv) support market/business oriented investment to solve bottlenecks in the market chains and/or adding value to the products (e.g. poor and hardcore poor capturing a higher share in the value chain). The design of the component would built on and further develop the approaches started under the on-going SIPP-II project.

The component would aim to address several issues: (i) limited marketing and commercial experiences of most project beneficiaries; many of them only used to sell small surplus production above subsistence needs, others with no experience as in the case of many landless or newly trained youth, who never promoted their skills on the labor market; (ii) production decisions are not market driven; traditionally agricultural production decisions are based on subsistence food production, where the surplus is sold on the market. This surplus, which is pushed on the markets rather than demanded by the market, generally yields sub-optimal returns. Low seasonal prices, difficulties to sell, weak negotiation power are generally associated with such surplus selling; (c) small-scale, scattered and non-standardized production units and products; individual producers offer small amounts of products, that are not attractive for traders, wholesalers or processors; and (d) limited added value; small producers offer mainly raw material, which is not graded, packaged or further processed and, thus, capture only a limited share of the value in the existing value chains.

Possible activities to be supported under the component would include: (i) capacity building for producer organizations created under the project including registration, management facilities and management training; (ii) regular stakeholder workshops, which would bring producer groups, traders, processors and other value chain actors together for forward and backward information exchange and facilitating business relationship building; (iii) youth employment support (e.g. employment promotion facilities such as web-sites, job centers, job fairs, etc.); and (iv) a fund for market facilitation and value addition available for registered producer groups/ federations/ cooperatives for investments in joint facilities supporting their market access and adding value to their produce (e.g. product storage facilities, product collection points, pre-processing, packaging, transport facilities, quality assurance and food safety improvement investments, etc.).

Component C – Capacity Building, Monitoring, Learning and Project Management

This component would aim to continue building SDF's capacity to provide comprehensive support to the poor. The component would enable the provision specialized technical advice on a needs basis and would aim to develop SDF's strategic and institutional vision further. The component would also continue supporting third party monitoring and impact evaluation activities as well as built and expand on communication/presentation aspects that SIPP-II started working on.

Information and communication technology supported feed-back mechanisms may be piloted under the proposed project to simplify and feed into existing feedback and monitoring tools. SIPP-II has established a well-functioning Monitoring and Information System that would be built on and expanded.

Impact Evaluation. The project would continue building on the impact evaluation process that has been started in SIPP-II and would include a second follow-up survey for communities that the program had been active for some time and a baseline and follow-up survey for the new areas to be intervened in.

Third Party Monitoring. SIPP-II has established a third party monitoring process that looks at processes and activities on a monthly basis and feeds into quarterly monitoring meetings held per region. The project would continue to use the successful process monitoring mechanisms that have been built under SIPP-II. The same methodology would be continued, though SDF suggests to

lower the number of communities visited per month.

Innovation. SDF would like to maintain funds for innovation activities as under SIPP-II. This would be used to establish a platform to generate new ideas/ proven experiences and encourage innovative proposals from individuals/organizations/societies etc. which would create opportunities to piloting ideas. The preparation process will further explore how one could improve on the experience of SIPP-II in this area and thus, whether an inclusion of funds for separate innovative activities is warranted.

Program Management. The component would also cover part of the operating costs of SDF. Within the new project period, the endowment fund established by the Government for SDF would likely become accessible and would be used to cover part of SDF's operating costs.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	225.00	Total Bank Financing:	200.00
Financing Gap:	0.00		
Financing Source			Amount
BORROWER/RECIPIENT			25.00
International Development Association (IDA)			200.00
Total			225.00

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