

Project Completion Note for co-financed Policy-Based Financings under the COVID-19 Crisis Recovery Facility (CRF)

Bangladesh: Strengthening Social Resilience Program (Subprogram 2)

1. Project Information

Project ID:	P000710	Instrument ID:	L0710A
Member:	Bangladesh	Region:	Southern Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	Loan	E&S category:	C
Co-financier(s):	Asian Development Bank		
Borrower:	Ministry of Finance, Bangladesh		
Guarantor:	Not Applicable		
Implementing Agency:	Ministry of Finance, Bangladesh		
Other entities involved:	Asian Development Bank		
Project Team Leader(s):	Sangmoo Kim, PTL		
Project Team Members:	Asma Bachikh, Back-up PTL Jinghui Li, Project admin Abhijit Sen Gupta, Economist Rizal Rivai, OSD - Procurement Specialist Shodi Nazarov, OSD - Financial Management Specialist Kezia Paladina, Project Counsel Ting Wang, Alternate Counsel Sheikh Naveed Ahmed, OSD - Environment & Social Development Specialist		
Site Visits by AIIB:			

2. Project Summary and Objectives

The principal objective of the program is to improve the inclusiveness and responsiveness of social development in Bangladesh and the scope includes: (i) improving the coverage and efficiency of social protection; (ii) improving financial inclusion of disadvantaged people; and (iii) strengthening responses to lifecycle social and health needs (the Program).

The Program is aimed to help the Government of Bangladesh (“GoB”) to strengthen the social resilience of Bangladeshi people. It was designed as a programmatic approach with two subprograms comprising sequenced policy and institutional reform packages to enhance the inclusiveness and responsiveness of social protection in Bangladesh. The Program focused on further advancing the key reform agenda supported under the ADB- JICA financed Subprogram 1 by: (i) improving the administrative efficiency of the social protection system with better protection coverage; (ii) deepening the financial inclusion of disadvantaged people, including the poor and vulnerable women; and (iii) broadening the scope of protection as well-aligned with the GoB’s medium-term reform agenda on social protection. To continue to support the GoB’s efforts for social protection, in June 2022 ADB approved and provided a sovereign-backed loan of USD250 million for the Bangladesh Strengthening Social Resilience Program, Subprogram 2. The GoB requested AIIB co-financing of USD250 million for the Subprogram 2.

3. Key Dates

Approval:	November 23, 2022	Signing:	December 07, 2022
Effective:	December 09, 2022	Restructured (if any):	
Orig. Closing:	March 31, 2023	Rev. Closing (if any):	

4. Disbursement Summary (US Dollar million)

a) Committed:	250.00	b) Cancelled (if any):	0.00
c) Disbursed:	250.00	d) Last disbursement: (amount /date)	250.00 / December 16, 2022
e) Undisbursed (if any):	0.00	f) Disbursement Ratio (%) ¹ :	100.00

5. Estimated and Actual Costs

AIIB approved USD250 million under its COVID-19 Crisis Recovery Facility (the Facility). The loan was fully disbursed and utilized to support government's expenditures to respond to the impact of the COVID-19 pandemic.

6. Project Implementation, including major changes to the original Objective, Project Design, and Indicators

The Program was approved under the Facility of the Bank and co-financed with the ADB. The loan was made effective on December 9, 2022, and fully disbursed on December 16, 2022. All policy reforms (Prior Actions) have been fully met.

The Program was assessed as successful and has been rated as "Relevant", "Effective" and "Efficient" by ADB. The Program is relevant as it was strategically aligned with the national strategies, including the 8th Five-Year Plan and the National Social Security Strategy (NSSS)². Also, the Program design and the Policy Design Monitoring Framework (PDMF) were appropriate, and no changes were made in the PDMF during the program implementation. The Program is effective, as all 8 outcome targets were achieved, and all 21 Prior Actions are being executed with no reversals. It is efficient based on the timely processing to meet the needs of the country. The Program is likely sustainable, as the policy reforms are aligned with the national strategies and ensure the government's financial commitment to needed actions.

AIIB responded to Government's request in an efficient manner. It joined ADB in the co-financing of subprogram 2 to support the country's strong financial needs in mitigating impacts on vulnerable people amid the rising global energy and commodity prices. The swift approval of financing and immediate single-

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

² The NSSS is the key strategy for social protection development in Bangladesh. The current NSSS will complete its implementation by June 2026. The government will prepare Phase II of the NSSS to be implemented after this date.

tranche disbursement was instrumental for the government to effectively manage and mitigate the negative impacts of COVID-19 pandemic.

7. Results Achieved (Against the original indicators and/or revised indicators. RMF table will be exported on the last page of this PCN.)

Project Objective Indicators	Outcome Indicators	Program Achievements (for outcomes)
Reform Area 1: Coverage and efficiency of social protection improved		
The government operationalized an integrated registry system of social protection beneficiaries based on the social protection budget management system, linking to IBAS++ and G2P payment platform, to standardize and digitalize the administrative functions, including beneficiaries' registration, verification, budget allocation and benefit delivery (with sex-disaggregated data of beneficiaries).	By June 2023: a. At least 80% of social protection programs with cash-based benefits managed under a standardized and integrated management system with connection to G2Pm (2020 baseline: NA; As of 2021: 65%). b. At least 60% of cash-based social protection benefits delivered to disadvantaged women	(Achieved) By June 2023, Tk199.9 billion of social protection benefits have been managed under a standardized integrated management system with connection to G2P, which accounts for 80% of cash-based social protection benefits. By June 2023, Tk69.9 billion of cash-based social protection benefits were delivered to disadvantaged women, which accounts for 60% of cash-based social protection benefits.
Ministry of Women and Children Affairs, (MOWCA), Ministry of Social Welfare (MOSW) and, Ministry of Disaster Management and Relief (MODMR) adopted and commenced the implementation of respective policies on specific harmonization approach and programs to be consolidated to avoid duplication and improve the efficiency of social protection program management.	Social protection program fragmentation reduced in at least three ministries	(Achieved) MOWCA has consolidated (a) maternity allowance program and (b) lactating mother allowance program into mother and child benefit program (MCBP) in December 2021, and MCBP is under implementation. MOSW has consolidated (a) a program for improving the livelihood of the Bede community and (b) program for improving the livelihood of marginalized community to a livelihood program for those communities. A guideline of the consolidated scheme has been drafted by the Department of Social Services and is reviewed by the MOSW. MODMR has completed the design of MIS, including the development of software application) for the program harmonization of workfare programs, and will transfer the data to the Cloud Computing Center of the Bangladesh Data Center.
MOF approved an increase in the volume of subsidized grains under the open market sale program (sale of subsidized grains for urban poor), effective from January 18, 2022, to support basic needs of the urban poor.		Achieved with no reversal.
MOF approved an increase in coverage of the mother and child benefit program, effective from December 9, 2021, to strengthen support for disadvantaged women.	By June 2023 At least two social protection programs in at least 260 upazilas achieved full coverage of eligible beneficiaries. At least 160,000 additional disadvantaged women covered by the mother and child benefit program (2021 baseline: 1.04 million disadvantaged women).	(Exceeded) The Old age allowance program (OAA) and Widow allowance program (WA) achieved full coverage of respective eligible beneficiaries in 262 upazilas by June 2023. The total number of beneficiaries reached 5.701 million under OAA and 2.475 million under WA by June 2023. (Exceeded) The total number of MCBP beneficiaries has reached 1.254 million by June 2023, from 1.04 million in 2021. The MCBP covered 214,000 additional disadvantaged women.
Reform Area 2: Financial inclusion of disadvantaged people improved		
The government operationalized the National Council of National Financial Inclusion Strategy of Bangladesh, (NFIS-Bg	By June 2023	Exceeded. Active MFS accounts (monthly average in 2022): Total: 58.3 million

for NFIS-B) implementation to provide strategic directions and guidance, approve policy actions, and provide oversight in implementation of financial inclusion agenda.	The number of active Mobile Financial Services (MFS) accounts increased annually by at least 5%, disaggregated by sex, and urban and rural	Urban: 24.9 million Rural: 33.0 million Female: 22.7 million Male: 35.2 million
Following the existing guideline on e-payment service processing, Bangladesh Bank issued the first no-objection certificate to a nonbank entity on the deployment of digital payment devices, such as QR code readers, to improve the accessibility to a wider range of MFS in rural areas.		Achieved with no reversal.
Bangladesh Bank issued a pricing guideline on electronic transactions of digital payments, effective from October 18, 2021, to promote wider acceptance of digital payments by retailers and merchants.		Achieved with no reversal.
Reform Area 3: Response to life cycle social and health needs strengthened		
The government reformed the Urban Health Coordination Committee (UHCC) by specifying its authority, responsibility, and coordination mechanisms, effective from November 25, 2021, to oversee and supervise the cross-ministerial coordination for National Urban Health Strategy (NUHS) implementation.		Achieved with no reversal.
Based on the approved NUHS, with allocated budget, Ministry of Health and Family Welfare (MOHFW) commenced operation of mobile clinics in ten city corporations to strengthen the provision of health services for the urban poor and vulnerable groups, taking into account the different health care needs of women, men, and others.	By June 2023. At least 50 mobile clinics started operating in at least 10 city corporations. At least 1 pilot of social insurance scheme (contribution-based protection scheme) commenced.	(Achieved). The govt implemented 105 mobile clinic activities in eight cities in FY2021–2022 and 140 mobile clinic activities in nine cities in FY2022–2023. The number of urban mobile clinic activities exceeded the target of 50 urban mobile clinics, while the number of cities (9 cities by June 2023) was slightly less than the target of 10 cities, as the government focused on cities with larger urban floating population as its initial implementation of urban mobile clinic activities. (Achieved). A pilot of contribution-based protection scheme has been commenced, as targeted, through launching a pilot of employment injury schemes (EIS) in June 2022 by focusing on the readymade garment industry. The EIS pilot has already covered about 4 million workers and their family members by June 2023.
The government commenced the implementation of the new action plan of the NSSS (2021– 2026) to provide the national plan for continued reforms in social protection and a framework of reform activities to be accomplished by line ministries, with specific provisions for addressing the gendered needs voiced by disadvantaged women and communities (e.g., Bede [floating communities], third gender [trityo lingo] and persons with disabilities).		Achieved with no reversal.
The government endorsed an employment injury insurance scheme to be piloted in ready-made garment industry and developed as an introduction of a contribution-based protection scheme in Bangladesh.		Achieved with no reversal.

8. Alignment to the objectives and principles of the principles of the COVID-19 Crisis Recovery Facility

The Program was aligned with AIIB's commitment to support its members in responding to the impact of the COVID-19 pandemic. The Facility was designed to respond to the pressing need for support of its clients dealing with the COVID-19 pandemic. By specifically improving the coverage and efficiency of social protection programs in Bangladesh, building resilience of the disadvantaged, and supporting an inclusive recovery, the Program helped promote social resilience. In preparing the Facility, AIIB anticipated coordination with International Financing Institutions, including ADB, through co-financing programs. The Program has reinforced AIIB's mandate to promote economic and social development by improving and strengthening the social resilience of Bangladesh. The Program was timely in leveraging the pandemic experience as an opportunity to address weaknesses and strengthen the social protection capacity by focusing on the medium-term social protection reform agenda.

9. Implementation of project-specific Environmental and Social instruments

The Program was co-financed with the ADB as lead co-financier, and the Program's Environmental and Social (ES) risks and impacts were assessed in accordance with the ADB's Safeguards Policy Statement (SPS). AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to policy-based operations. Therefore, as permitted by the decision of the Board of Directors set forth in the Decisions to Support the AIIB COVID-19 Crisis Recovery Facility (Decisions), the provisions of ADB's SPS applicable to policy loans were applied to this operation in lieu of AIIB's ESP, which provided a harmonized approach to addressing the ES risks and impacts of the program. Under its SPS, ADB categorized the Program as C for environmental safeguards because the activities were confined to policy and institutional reforms only. The Program was assessed Category C for both involuntary resettlement and indigenous peoples safeguards as no social safeguard impacts were anticipated.

ADB categorized Subprogram 2 as gender equity theme. These two subprograms delivered four gender-target outcome indicators, including: (i) at least 60% of cash-based social protection benefits delivered to disadvantaged women, (ii) full coverage of eligible women under Widow Allowance program (**WA**) in 260 upazilas, (iii) at least 160,000 additional disadvantaged women covered by the mother and child benefit program, and (iv) the number of active **Mobile Financial Services (MFS)** accounts increased annually by at least 5%, disaggregated by sex. All gender targets have been achieved.

10. Lessons Learned

The pandemic exposed significant weaknesses in the country's social protection system and revealed the complexity of its needed reforms, which would require a medium- to longer-term perspective. The program was the concerted effort among multiple development partners including AIIB, ADB, JICA and it complemented the ongoing COVID-19 related projects and programs supported by AIIB and other development partners. Some of the lessons drawn from this Program include the following:

Importance of enabling policy and regulatory environment: The Program focused on reforming the existing programs and systems and through in-depth policy discussions to attain the overall purpose of strengthening social resilience in Bangladesh. Such an approach contributed to avoiding the creation of

ad hoc protection programs or introducing reforms without having in place a solid institutional setup for its implementation. This is a key lesson from this Program toward developing a policy-based lending program that can deliver sustainable reform impacts in the area of social protection.

Active partnership with Co-financiers: This Program provides many lessons to learn from the Co-financier (ADB) especially in understanding the processes and requirements of ADB in Policy Based Loans (PBL), engaging in policy dialogues with the client, monitoring the fulfillment of the necessary policy groundwork, and ensuring effective program implementation. AIIB has been closely communicating with the GoB and ADB and participated in policy dialogues for Program implementation and potential future collaboration such as follow-on programs focusing on social protection and climate resilience.

Active engagement with the Client and alignment with national strategies: The Program has been well aligned with the relevant national strategies and this ensured the government's strong ownership of Prior Actions and outcomes with this program. Through its continued dialogues with the government and DPs for social development in Bangladesh, AIIB team learned the importance of direct involvement, and constant coordination with the Client and co-financiers on the Project preparation, implementation, monitoring, and evaluation to build and strengthen trust.

11. Borrower's Feedback

The Borrower's feedback is reflected in Annex 1 based on the feedback received from the Finance Division of the Ministry of Finance.

12. Any Pending issues and Follow-up actions, if applicable

There are no pending or outstanding issues. The Borrower complied with all the legal requirements including submission of the required information, implementation monitoring and maintaining continuous dialogue with financiers.

Some of the follow-up actions to be considered would be to support the preparation for Phase II of the NSSS. The Program supported key reform issues of social protection in Bangladesh, i.e., expanding protection coverage under major protection programs, digitalization, program harmonization, financial inclusion through MFS, and introducing a contribution-based protection scheme. Those key issues require continued reform actions. It is necessary to specify the next phase of reforms for those issues and include them in the Phase II of NSSS by 2026.

The issue of program harmonization is also recommended for follow-up. Social protection program harmonization is an ongoing reform action in Bangladesh. Further support from AIIB, ADB and other development partners is expected for this challenging reform agenda. Digitalization would help in efficiently implementing that harmonization.

13. Achievement of Project Result

Program Results have been satisfactorily achieved. The two subprograms were expected to deliver 8 outcome indicators. All outcome indicators were either achieved or the targets were exceeded, and all 21 Prior Actions are being executed with no reversals (including 11 under subprogram 2).

Annex 1. Bangladesh - Strengthening Social Resilience Program (Subprogram 2)

Q-1. Are the services and support provided by the Project Team professional, sufficient and in time, during project preparation and project implementation? Please provide some specifics or examples as an illustration.

Yes, the services and support provided by the Project Team have been professional, sufficient, and timely throughout both the project preparation and implementation phases. The Project Team has been highly responsive to our requests and has provided valuable guidance and expertise. They have also been proactive in identifying potential issues and risks and have worked closely with us to develop mitigation strategies.

Q-2. Is it convenient to access to the Project Team's services and support? Please provide some specifics or examples as an illustration.

Yes, it has been very convenient to access the Project Team's services and support. They have been readily available via email, WhatsApp, and video conference, and they have always been willing to meet with us in person when necessary. They have also been very responsive to our inquiries and have provided timely feedback on our submissions.

Q-3. Does the Project Team demonstrate flexibility and efficiency during project preparation and project implementation? Please provide some specifics or examples as an illustration.

Yes, the Project Team has been very flexible and efficient in their work. They have been able to adapt to changes in our project scope and schedule, and they have always been willing to work with us to find solutions that meet our needs. They have also been very efficient in their review of our submissions and have provided timely feedback.

Q- 4. What is the value addition of AIIB's financing in the Project?

AIIB's financing has been invaluable to our project. It has allowed us to move forward with the policy matrix. AIIB's financing has also helped us to collaborate with other sources for additional financing.

5. Will you consider working with the AIIB again in infrastructure development? Please provide a few specific reasons.

Yes, we would definitely consider working with the AIIB again in infrastructure development. We have been very impressed with their professionalism, efficiency, and commitment to our project. We believe that AIIB is a valuable partner in infrastructure development, and we look forward to working with them again in the future.

Q 6. Do you have any suggestion to the Project Team and/or the AIIB for them to improve their operations in the future?

We would suggest that the Project Team continue to be proactive in identifying potential issues and risks, and that they continue to work closely with us to develop various infrastructure and environmental mitigation strategies. We would also suggest that the Project Team continue to be flexible and efficient in their work and remain responsive to our requests.

7. Other comments, such as comments on the reporting requirements, approval of project changes, etc.

We have found the reporting requirements to be reasonable and well-structured. We have also found the approval process for project changes to be efficient and transparent.