



1. Project Data:		Date Posted : 02/11/2004	
PROJ ID: P040713		Appraisal	Actual
Project Name: Silk Development Pilot Project	Project Costs (US\$M)	13.0	6.5
Country: Bangladesh	Loan/Credit (US\$M)	11.3	5.9
Sector(s): Board: RDV - Other industry (47%), Agricultural extension and research (22%), Animal production (20%), Central government administration (10%), Other social services (1%)	Cofinancing (US\$M)		
L/C Number: C3004			
	Board Approval (FY)		98
Partners involved :	Closing Date	12/31/2003	06/30/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
<p>"To assist in increasing the incomes of small-scale silk producers, most of whom are poor women, through introducing improved technology and creating institutional and policy improvements designed to encourage sustainable development of the silk sector". (Project Appraisal Document, p. 3)</p>			
b. Components			
<p>(i) <i>Institutional development</i>, including restructuring of parastatal agencies, support to the private, non-profit Bangladesh Silk Foundation, establishment of small silk producers associations, plus policy measures to deregulate and liberalize the trade regime of the silk subsector (expected cost, US\$5.1 million, actual cost, not cited in ICR); (ii) <i>Research and productivity enhancement</i>, including renovation of research facilities, support to germplasm centers and production of high-quality silkworm eggs and piloting of higher-quality silk varieties (expected cost, US\$4.7 million, actual cost, not cited); (iii) <i>Technology dissemination</i>, including training, extension and demonstration of "early-stage" silkworm rearing (expected cost, US\$2.7 million, actual cost, not cited); (iv) <i>Product development and market promotion</i>, involving production and promotion of creative fashion designs (expected cost, US\$0.2 million, actual cost, not cited; and (v) <i>Monitoring and evaluation</i> (expected cost US\$0.2 million, actual cost, not cited).</p>			
c. Comments on Project Cost, Financing and Dates			
<p>Some cost details are missing (see Section 9 below). Following mid-term review in November 2000, the various components were scaled back, leading to a cancellation of SDR 3.8 million (of an expected total cost of SDR 8.3 million). This included cancellation of funds set aside to finance payments to workers made redundant by parastatal restructuring, in response to weakening government commitment to restructuring .</p>			
3. Achievement of Relevant Objectives:			
<p>The objectives statement in the appraisal document can be broken down into (i) improvements to the policy and institutional environment, (ii) the adoption of improved technology by silk rearers and (iii) increases in income and</p>			

employment.

(i) *Partially Achieved*. The project promoted the transfer of initiative from the Bangladesh Sericulture Board (BSB), a long-established parastatal, to the Bangladesh Silk Foundation (BSF), a participatory entity owned by stakeholders . After some delay government went ahead with separating the sericulture research and training institute (BRSTI) from the BSB; it also shut down two silk mills owned by BSB . Both BSF and BRSTI are still incipient and the former is not financially independent; but the size of the demonstration effect was fully adequate for a pilot project of this type . None of the producer associations that were envisaged at appraisal could be established, "largely because of resistance from the participating NGOs who viewed such organizations as trade unions which could be politicized and not serve the interests of the poor women " (p. 8). The ICR contains no evaluation of progress toward the agreed policy objectives of reducing the tariff on silk yarn to zero and deregulating cocoon prices . (There are no policy/institutional outcome indicators listed in Annex 1).

(ii) *Achieved*. Gains in reeling and rearing productivity exceeded appraisal targets . Average cocoon yields increased by nearly 100 percent

(iii) *Partially Achieved*. The increase in the average daily income of rearers was somewhat less than expected and only 150,000 worker/days of employment were created, as compared to the target of 1.2 million days (this was because of the reduced demand for domestic silk, in light of competition from China).

4. Significant Outcomes/Impacts:

This was an innovative project with complex institutional and policy issues . However, it was done on a pilot scale appropriate to the level of risk. It successfully modeled the transfer of management from a parastatal to a non -profit company charged with promoting small -scale silk production, including the introduction of new technology .

5. Significant Shortcomings (including non-compliance with safeguard policies):

Income and employment gains were modest . Delays in the handover of egg producing facilities from the parastatal to the new private entity prevented the latter from producing enough quality silkworm eggs until the third year of implementation; and the world market price for raw silk collapsed leading to massive imports by local weavers, mainly from China. The Bangladeshi silk industry will only flourish if China gives up production of cheaper silks to concentrate on the higher end of the market: there is no sign of this at present and therefore sustainability must be deemed unlikely. The attempt to organize women producers into associations was only partially successful, owing to lack of support by participating NGOs .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	Although results were mixed useful lessons were learned at a reasonable cost--which is precisely the objective of a pilot project.
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Unlikely	The Bangladesh Silk Foundation is a promising model but it is not financially independent. Also, the ICR notes that "Although the project has demonstrated that improved yarn can be produced domestically at prices below those of imported yarn, the volume of production and reliability of supply remains uncertain and weavers still prefer to use imported silk yarn" (p. 12). The difficulty of competing with Chinese imports also adversely affects prospects for sustainability.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Unsatisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Pilot projects, if well designed and supervised, can be very successful in demonstrating new technologies and in supporting politically sensitive institutional reforms;
- Because they involve less money than standard investment projects, pilots are less a hostage to the Bank's typical emphasis on rates of disbursement; and
- Pilots offer both a safe space for experimentation and the freedom to fail, these being essential for innovation;
- Not-for-profit foundations can effectively accommodate the interests of a number of stakeholders; but it may be difficult to secure autonomy for foundations initially supported with government funds and it may also be hard to attract capable managers from the private sector .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The lesson-learning potential of this project would have been greater if the evaluation had been more thorough . The poverty-reduction potential of this type of project is not explored in the ICR even though this forms part of the development objectives statement . There is no analysis of the likely impact on poor rural women --to whom the project was ostensibly targeted . One lesson cited by the ICR is that "sericulture can provide an attractive income for the rural poor, but not necessarily for those who have no access to some land, or modest amounts of finance " : this interesting observation is not backed up by any data or discussion in the preceding sections of the ICR . Annex 2 of the ICR--Project Costs and Financing--is incomplete, making it impossible to see how much each component actually cost. Annex 4(b) is missing: there is no information on Bank administrative costs . Section 2 indicates that QAG rated quality at entry when the QAG review was of supervision quality (rated satisfactory overall); the section of the ICR on Bank supervision makes no reference to the QAG review . On the other hand, the domestic resource cost analysis is thorough and very clearly presented in Annex 3.