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IN THE AMOUNT OF SDR 18.2 MILLION
(US\$ 29.29 MILLION EQUIVALENT)

TO THE

THE PEOPLE'S REPUBLIC OF BANGLADESH

FOR A

NARI -- NORTHERN AREAS REDUCTION-OF-POVERTY INITIATIVE:
WOMEN'S ECONOMIC EMPOWERMENT PROJECT

September 26, 2011

Sustainable Development Department
South Asia Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective {July 31, 2011})

Currency Unit = Bangladeshi Taka (BDT)
BDT 73.65 = US \$1
US \$1 = SDR 0.62136501

FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

AGI	Adolescent Girls Initiative
BEC	Bid Evaluation Committee
BEPZA	Bangladesh Export Processing Zones Authority
BGMEA	Bangladesh Garment Manufacturers and Exporters Association
BICF	Bangladesh Investment Climate Fund
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association
BOC	Bid Opening Committee
BOM	Bid Opening Minutes
BRAC	Building Resources Across Communities
C&AG	Comptroller and Auditor General
CARE	Cooperative for Assistance and Relief Everywhere
CAS	Country Assistance Strategy
CDD	Community-Driven Development
CFL	Compact Florescent Light
CLP	Chars Livelihoods Project
CoLI	Competitive Literacy Initiative
CONTASA	Convertible Taka Special Accounts
CPAR	Country Procurement Assessment Report
CPD	Center for Policy Dialogue
CPTU	Central Procurement Technical Unit
CQ	Consultants' Qualification
CSO	Civil Society Organization
CSR	Corporate Social Responsibility
DA	Designated Account
DAM	Dhaka Ahsania Mission
DFGG	Demand For Good Governance
DFID	Department for International Development
dgMarket	Development Gateway Market
DiD	Difference-in-Difference
DPD	Deputy Project Director
DPP	Development Project Proposal
EC	European Commission

EGBMP	Enterprise Growth and Bank Modernization Project
EGPP	Employment Generation Program
EMP	Environmental Management Plan
EPZ	Export Processing Zone
ERD	Economic Relations Department
ESIA	Environmental and Social Impact Assessment
FBS	Fixed Budget Selection
FGD	Focus Group Discussion
FM	Financial Management
FMS	Financial Management Specialist
FO	Field Office
GAP	Gender Action Plan
GAAP	Governance and Accountability Action Plan
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GPN	General Procurement Notice
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Technical Cooperation Agency)
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICB	International Competitive Bidding
ICS	Individual Consultant Selection
IDA	International Development Association
IEC	Information, Education and Communication
IFC	International Finance Corporation
ILO	International Labor Organization
IMED	Implementation Monitoring and Evaluation Division
IUFR	Interim Unaudited Financial Report
JIT	Just In Time
JSDF	Japanese Social Development Fund
JWG	Joint Working Group
KM	Kilometer
LCS	Least Cost Selection
LGED	Local Government Engineering Department
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MOLE	Ministry of Labor and Employment
MOU	Memorandum of Understanding
NARI	Northern Areas Reduction-of-Poverty Initiative
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NPV	Net Present Value
NSAPR-II	National Strategy for Accelerated Poverty Reduction II
ORAF	Operational Risk Assessment Framework
PAC	Project Audit Committee
PAD	Project Appraisal Document
PCU	Project Coordination Unit

PDO	Project Development Objective
PFM	Public Financial Management
PFP	Procurement Focal Point
PIU	Project Implementation Unit
PKSF	Palli Karma-Sahayak Foundation
PPA	Public Procurement Act
PPR	Public Procurement Rules
PPRP	Public Procurement Reform Project
P-RAMS	Procurement Risk Assessment Management System
PRMP	Procurement Risk Mitigation Plan
PROGRESS	Promotion of Social, Environmental, and Production Standards in the Ready-Made Garment Sector
PSDSP	Private Sector Development Support Project
PV	Present Value
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RAP	Resettlement Action Plan
RDRS	Rangpur Dinajpur Rural Service
RMG	Ready Made Garments
RPF	Resettlement Policy Framework
RR	Rate of Return
SAN	Statement of Audit Needs
SBD	Standard Bidding Documents
SC	Steering Committee
SDF	Social Development Foundation
SDR	Special Drawing Rights
SEA	Socio-Economic Assessment
SIL	Specific Investment Loan
SIPP	Social Investment Program Project
SOE	Statement of Expenditures
SPEMP	Strengthening Public Expenditure Management Program
SSS	Single Source Selection
STEP	Skills and Training Enhancement Project
TK	Taka
TOR	Terms of Reference
UNDB	United Nations Development Business
WB	World Bank

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BANGLADESH
Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

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BANGLADESH

BANGLADESH: NARI -- NORTHERN AREAS REDUCTION-OF-POVERTY INITIATIVE:
WOMEN'S ECONOMIC EMPOWERMENT PROJECT

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

SASDS

Date: September 18, 2011	Team Leader: Bhuvan Bhatnagar
Country Director: Ellen A. Goldstein	Sectors: Other industry (50%); Other social services (50%)
Sector Manager/Director: John Henry Stein	Themes: Other social development (67%); Improving labor markets (33%)
Project ID: P114841	Environmental category: Partial Assessment
Lending Instrument: Specific Investment Loan	Joint IFC:
	Joint Level:

Project Financing Data

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Total Bank financing (US\$m.): 29.29

Proposed terms: Standard, 40 years of maturity, 10 years of grace period

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	7.00	0.00	7.00
International Development Association (IDA)	26.29	3.00	29.29
Miscellaneous (Employers and Beneficiaries)	3.50	0.00	3.50
Total:	36.79	3.00	39.79

Borrower:

Ministry of Labor and Employment

Responsible Agency:

Bangladesh Export Processing Zones Authority (BEPZA)

BEPZA Complex House: 19/D, Road: 6, Dhanmondi

Dhaka, Bangladesh

Tel: (880) 2967-0530 Fax: (880) 2865-0060

Estimated disbursements (Bank FY/US\$m)									
FY	12	13	14	15	16				
Annual	2.0	15.4	7.25	2.07	2.57				
Cumulative	2.0	17.4	24.65	26.72	29.29				
Project implementation period: Start: January 1, 2012 End: December 31, 2015 Expected effectiveness date: January 1, 2012 Expected closing date: December 31, 2015									
Does the project depart from the CAS in content or other significant respects? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ref. PAD I.C.									
Does the project require any exceptions from Bank policies? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Ref. PAD IV.G.									
Have these been approved by Bank management? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Is approval for any policy exception sought from the Board? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Does the project include any critical risks rated "substantial" or "high"? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ref. PAD III.E.									
Does the project meet the Regional criteria for readiness for implementation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Ref. PAD IV.G.									
Project development objective Ref. PAD II.C., Technical Annex 3 The development objective of the project is to facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas of Bangladesh by providing information, technical and life skills training, transitional housing, and other support to adjust to urban life and formal sector employment.									
Project description [<i>one-sentence summary of each component</i>] Ref. PAD II.D., Technical Annex 4 The project is divided into four components, each with several sub-components as described below. Component 1: Raising awareness and selecting candidates in the <i>monga</i> -prone districts of northern Bangladesh. 1A: Information, Education, and Communication (IEC) campaign 1B: Targeting of intended populations and screening of applicants 1C: Orientation program for candidates and selection of beneficiaries 1D: Transportation of beneficiaries from the source areas to the receiving areas Component 2: Establishing training centers with dormitories in the Export Processing Zones (EPZs) located in Dhaka, Ishwardi, and Karnaphuli. 2A: Construction of training and transitory accommodation facilities 2B: Provision of furniture, equipment and management services for the facilities Component 3: Providing initial training and on-going support to beneficiaries. 3A: Delivery of a technical training curriculum for garment industry work 3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories 3C: Placement services for on-the-job training and employment in EPZ factories									

3D: Self-help and counseling for trainees and graduates

Component 4: Supporting coordination, monitoring and evaluation (M&E), and expansion.

4A: Project management and coordination

4B: M&E of the activities

4C: Preparation of a program for expansion

Which safeguard policies are triggered, if any? *Ref. PAD IV.F., Technical Annex 10*

Environmental Assessment.

Most of the activities supported by the project - such as the IEC campaign, selection and training of women, and their job placement - will not have any environmental or social safeguard policy implications. Only the construction of training centers and dormitories in the three project sites associated with the Dhaka, Karnaphuli and Ishwardi EPZs will have limited environmental and social impacts. The project sites have long been owned by the project implementing agency (BEPZA) and there are no land acquisition or resettlement issues associated with these sites. There are no indigenous peoples near the project sites. Only the World Bank's environmental assessment policy (OP 4.01) will be triggered by this project. Therefore, the project is classified as a Category B activity.

Significant, non-standard conditions, **if any**, for:
Ref. PAD III.F.

Covenants applicable to project implementation:

1. The Recipient, through BEPZA and MOLE, shall finalize the baseline for the project during the first year of project implementation.

2. The Recipient, through BEPZA and MOLE, shall implement the project in accordance with the objectives, policies, procedures, time-schedules and other provisions set forth in the Environmental and Social Safeguards Management Plans and the Resettlement Policy Framework.

3. The Recipient: (a) shall ensure that, not later than (July 1, 2013), the Operations Policy of the CSR Fund has been approved by the concerned Inter-Ministerial Committee; (b) except as the association shall otherwise agree, shall not amend, abrogate or waive any provision of the said Operations Policy; and (c) in the event that the said Operations Policy has not been approved by (July 1, 2013), shall through BEPZA, assume responsibility for providing funds necessary for the operating costs of the facilities throughout the period of Project implementation.

I. STRATEGIC CONTEXT AND RATIONALE

A. Country and sector issues

1. ***Bangladesh has experienced strong economic growth and achieved impressive progress in reducing poverty in recent years.*** In spite of recurrent natural disasters (floods, droughts, and cyclones) and severe external shocks (food, fuel, and financial crises), the Bangladeshi economy has been strong and resilient, maintaining around six percent annual growth over the last ten years, with low volatility (World Bank 2009a and 2010a). The country has also achieved significant and rapid gains in human development, especially in a number of key education and health outcomes. Bangladesh is on course to meet several Millennium Development Goals (MDGs); and it has already succeeded in achieving gender parity in both primary and secondary education (Government of Bangladesh (GOB) 2009).

2. ***Bangladesh has reduced poverty levels and improved living standards significantly in recent years despite global economic shocks and natural calamities.*** The national poverty headcount rate in Bangladesh has declined to 31.5 percent in 2010 from 40 percent in 2005 according to the 2010 Household Income and Expenditure Survey (HIES). Based on the lower poverty line, in 2010 the incidence of poverty is estimated at 17.6 percent at the national level, 21.1 percent in the rural areas and 7.7 percent in the urban areas. Furthermore, hard core poverty declined by 7.5 percentage points at the national level as well as in rural areas and 6.9 percentage points in urban areas during 2005 to 2010.

3. ***Bangladesh remains nonetheless a poor country.*** The distribution of gains from economic growth and poverty reduction has been uneven. Stark income and human development disparities persist between occupational groups and genders, as well as across regions (World Bank 2008a and 2010a). The northern areas of Bangladesh are lagging particularly far behind the rest of the country: poverty was 17 percent higher in northern Bangladesh compared to the rest of the country in 2005 (GOB 2008b).

4. ***Particularly acute poverty is found in the so-called munga-prone districts of Rangpur Division, the northern administrative region of Bangladesh.*** The districts of Kurigram, Gaibandha, Lalmonirhat, Nilphamari, and Rangpur—the five target areas of the proposed project—suffer from seasonal deprivation and famine-like conditions, a phenomenon locally known as *monga*. *Monga* occurs during the lean agricultural season of the major rice crop. During this time, employment and income opportunities plunge, leading to a dramatic reduction in nutritional intake that causes enormous suffering every year and induces chronic, extreme poverty in these areas inhabited by about 5.3 million people (World Bank 2008a and 2009b and Zug 2006). Women in *monga*-prone areas form a particularly vulnerable group, as they face exclusion, and suffer from lack of resources, opportunities, and voice.

5. ***Development interventions to mitigate the effects of munga have had very modest results so far.*** The Government, international development partners and donors, and non-governmental organizations (NGOs) have implemented programs that aim to prevent and limit the negative consequences of *monga* (World Bank 2009b). For example, the Government operates some modest food- and cash-for-work programs; the UK Department for International Development (DFID) finances a large livelihoods project; the Bank is active in developing local infrastructure through the Social Development Foundation (SDF); NGOs including Grameen

Bank, Building Resources Across Communities (BRAC), and Palli Karma-Sahayak Foundation (PKSF) offer micro-credit services; and Cooperative for Assistance and Relief Everywhere (CARE) is also present in the area with an employment and marketing project. All the initiatives supported *in situ* so far have had very limited impact, leaving hungry and vulnerable people with few options including trying to out-migrate.

6. ***Mitigating the effects of monga is a key challenge that the Government faces in the promotion of a “pro-poor growth” development strategy.*** The “pro-poor growth” strategy articulated by the Government in its last poverty reduction strategy paper, *Moving Ahead: National Strategy for Accelerated Poverty Reduction II* (NSAPR-II) for fiscal years 2009-2011, consists of sustaining the current pattern of economic growth, while targeting disadvantaged areas and groups (GOB 2008a). Two critical objectives have been put forward by the Government to support this strategy: (i) linking the lagging northern region of the country—that has been dramatically isolated by the natural barriers created by the country’s river system—to growth poles in the eastern regions (around Dhaka and Chittagong); and (ii) increasing the contribution of women to the labor force, as their participation rate today is one of the lowest in the world (26 percent) whereas the male participation rate is 87 percent.

7. ***The garment industry plays a very unique role with respect to the development strategy of Bangladesh.*** It is both a major engine for growth that stimulates internal migration towards the leading regions of the country, and a very large provider of jobs for poor women. It has been growing at 15 to 20 percent per year since the late 1970s. Currently it accounts for more than 80 percent of export earnings (US\$12 billion in 2009), contributes around 10 percent of gross domestic product, generates about 40 percent of manufacturing output, and employs more than 3 million workers (World Bank 2009d and 2009e). It has also shown resilience during the last global economic crisis. Today, the demand for additional skilled labor is still estimated to be between 350,000 and 450,000 by the Government and the trade associations, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Associations (BKMEA). All stakeholders are unanimous that there is a very large demand for skilled workers and the construction of numerous, new and large garment factories can be observed in all the industrial clusters.

8. ***Another distinctive feature of the garment industry is that women constitute a very large majority of its workers.*** This industry has therefore been especially important in changing the role and status of women and in providing poor and vulnerable women with significant symbolic and economic benefits. Broadly, the status of women has been enhanced as their contribution to the growth of the country has been acknowledged. Their control over income and decision-making has increased. Working in garment factories has provided a credible alternative to early marriage, contributing to reductions in fertility and health-related problems. It has also made returns from girls’ primary education tangible. Finally, the garment industry has helped women become “visible” and gain “voice” in public spaces (Khosla 2009 and World Bank 2008b).

9. ***Women in Bangladesh continue to face considerable challenges, however, and female garment workers are no exception.*** They constitute a highly vulnerable group: young, poor, unskilled, sometimes illiterate, and often single women in a society that is dominated by strong gender hierarchies. In spite of constituting a very large majority of garment factory workers, women remain at the bottom of the work ladder where they have weak bargaining power and are

subject to hard work, low wages, poor working conditions, and the risk of harassment (Khosla 2009). Living and housing conditions of factory workers are precarious, at times insalubrious, and violence and crime in the cities and slums surrounding industrial clusters are major concerns (World Bank 2007). The first few months in the city and/or the factory are the most hazardous as acknowledged by many studies on female garment workers. There is a limited support system for women when they start living in the city and working in a factory.

10. ***In this environment, the poorest and most vulnerable women either refrain from joining the garment industry, or they are likely to be unsuccessful in their migration.*** Although 85 percent of garment workers are migrants, their distribution by source region is skewed. Experts and stakeholders in the garment industry estimate that approximately five percent of the workers are from the northern areas—far below what it could be. Based on extensive consultations during project preparation, this low number of workers from the northern areas may be due to the lack of information on job opportunities, the absence of social networks in the growth poles, and the lack of adequate training, preparation, and support in making the transition to garment factories in urban settings. Moreover, poverty-motivated migration by women from the *monga*-prone areas has sometimes led to their informal and hazardous employment as domestic servants under slavery-like conditions, and increased their likelihood of becoming victims of traffickers.

11. ***The garment sector offers the Government an opportunity to both pursue its “pro-poor growth” development strategy and innovatively address the poverty trap related to monga.*** On the one hand, the continued expansion of the garment industry, despite the global economic crisis, requires an additional workforce that could include those from poor communities in the northern areas who are trying to escape the poverty trap of *monga*. Such migration would link the lagging regions to the growth poles. On the other hand, the jobs available in this industry are mostly attractive to poor women and offer a unique chance for their economic empowerment. Providing more support for women to participate in the garment sector would contribute to increasing the rate of female participation in the labor force.

12. ***In this context, the Government has expressed an interest in launching an initiative that better links poor and vulnerable women from the lagging areas to the garment sector.*** The missing mechanism to do so is the development of a managed system of transition to formal employment in the garment factories for poor and vulnerable women. Through provision of relevant training and adequate support, such a system would ensure fairness, efficiency, and safety along the entire labor supply chain, from awareness raising in the source areas to formal employment in garment factories. The Government has asked the Bank to assist in the design and financing of a pilot project that would develop a managed system to support poor and vulnerable women from the *monga*-prone districts of the northern areas who are willing to migrate to work in garment factories in selected Export Processing Zones (EPZs), but who currently lack the social, economic and knowledge resources required to make their transition successful.

13. ***Accordingly, the proposed Northern Areas Reduction-of-Poverty Initiative (NARI): Women’s Economic Empowerment project¹—nari means ‘women’ in Bengali—has been developed,*** keeping in mind the potential for it to be scaled-up and extended to other poor areas

¹ The Northern Areas Reduction-of-Poverty Initiative (NARI): Women’s Economic Empowerment project will be henceforth referred to as the NARI project in this document.

of Bangladesh as part of the Government's long-term efforts to reduce regional and gender inequalities in development opportunities and outcomes. The project has been designed to complement existing, *in situ*, interventions that address the *monga* issue in the northern areas (World Bank 2009b).

B. Rationale for Bank involvement

14. ***The NARI project responds to the Government's request for Bank assistance and builds on the original project concept of the Bangladesh Export Processing Zones Authority (BEPZA).*** BEPZA, a public body directly reporting to the Office of the Prime Minister, requested the Bank to help design and finance a project based on its original project concept to establish dorms and training centers in selected EPZs. The Prime Minister personally requested accelerated project preparation and identified the Ministry of Labor and Employment (MOLE) as the project coordinating agency and BEPZA as the main implementing agency. The Minister of MOLE strongly endorsed the project concept and BEPZA was strongly committed given its lead role in project implementation and its previous efforts in this area.

15. ***The project has received strong endorsement from a wide range of stakeholders who contributed to the refinement of the concept.*** During various rounds of consultations, the project has received support from private sector organizations (BGMEA and BKMEA) and individual employers and factory owners in the garment industry, prominent NGOs involved in assisting garment workers and women, and other development partners and donors in Bangladesh. Most importantly, extensive consultations in the northern areas have confirmed the strong demand from potential beneficiaries and their families and communities for the opportunities that may be provided through the project.

16. ***The project will help achieve the objectives of the Country Assistance Strategy for the period FY11-14 (World Bank 2010a).*** The project will focus on supporting employment preparation activities under the Country Assistance Strategy (CAS), Strategic Objective 4 – Enhance Accountability and Promote Inclusion. Within this pillar, the project addresses CAS Outcome 4.4 – Expanded participation in local development and women's economic empowerment. The project will directly respond to the key challenge of strengthening women's economic empowerment. It will do so by providing training and support to poor and vulnerable women from among the most impoverished areas to transition to formal employment in the garment industry, which will improve their economic and social status. With respect to CAS Outcome 4.4, the project will contribute towards the specific indicator to increase women's participation in short term employment programs, and to the indicative milestone on employment services and support to women from the poorest areas entering paid employment. The project will also support the cross-cutting dimension of the CAS on strengthening gender mainstreaming.

17. ***The project builds upon the recommendations of the Bank's key analytical work.*** Given the significant potential that the garment industry represents for economic growth, poverty reduction, and women's economic empowerment—and given the vulnerabilities of migrant women in the factory and the city—the latest *Bangladesh Country Gender Assessment* (World Bank 2008b) makes a strong case for policies and programs that facilitate access to employment opportunities for poor and vulnerable women while ensuring the fairness, efficiency, and safety

of the process. The NARI project directly takes up this mandate. The project also follows the recommendations of the most recent *Bangladesh Country Poverty Assessment* (World Bank 2008a) to: (i) promote growth through increased labor productivity in manufacturing; (ii) expand opportunities in lagging regions by improving connectivity with growth poles and investing in human capital; (iii) facilitate migration from poor areas given the poverty-reducing impact of remittances; and (iv) stimulate women's participation in the labor force. These policy priorities have been confirmed by *Accelerating Growth and Job Creation in South Asia* (World Bank 2009c), which advocates the linkage of leading and lagging regions through increased labor mobility for inclusive growth and poverty reduction.

18. ***The Bank has a comparative advantage in facilitating south-south learning in preparing women for formal employment and is positioned to create useful synergies with other in-country Bank Group activities.*** The Bank has solid regional experience in preparing women for formal employment in South Asia, for example, with the Adolescent Girls Initiative (AGI) projects in Nepal and Afghanistan, as well as AGI projects in Sudan, Liberia and Rwanda. The Bank can draw on this cross-country knowledge to transfer good practices in preparing women for formal employment to Bangladesh. In addition, the International Finance Corporation (IFC) has done a lot of work to develop and promote EPZs through the Bangladesh Investment Climate Fund (BICF). In this regard, the Bank is well positioned to complement IFC's work on the demand side of employment in the garment industry with the supply side intervention supported through this project. The Bank also has other valuable project experience such as the Social Investment Program Project (SIPP), designed to mobilize young men and women in the northern areas and prepare them for employment. The experience of the SIPP will inform the implementation of a suitable Information, Education, and Communication (IEC) campaign to share information about the project with potential participants and their families and communities.

19. ***The Bank has the convening power to bring the necessary resources, knowledge, and partners together to make the project possible.*** BEPZA had previously attempted to set up a similar initiative, the concept for which became the basis of the NARI project. However, BEPZA lacked the necessary financial resources and cross-national experience to implement their concept. There are some small-scale training institutes that have sprung up outside the EPZs to help prepare job seekers for garment factory work, but these are too small and limited to technical training only. Several NGOs have developed some similar training programs, but these also face limitations of scale. A purely private sector led initiative responding only to a demand for trained labor would neither address the hazards that poor women currently face in the labor supply chain, nor create opportunities for the economic empowerment of vulnerable women from the *monga*-prone districts. With the International Development Association (IDA) credit, the NARI project would invest in piloting a process that addresses both the social and economic needs of the target group in the northern areas, while simultaneously responding to the existing demand for workers in the EPZs. Moreover, the Bank brings together not only the resources and knowledge for this project, but also the relevant actors – the Government, the private sector, NGOs, and donors.

20. ***Finally, the Bank can support eventual scaling up of the NARI project informed by rigorous impact evaluation, learning from experience, and providing financing for a follow-on project.*** An expansion phase is planned for after project completion, and will draw heavily on the

results of a rigorous impact evaluation of the project. Given the Government's emphasis on linking lagging regions to growth poles through the migration of labor and investment, this impact evaluation will yield lessons that are likely to be useful in informing other future initiatives. The Bank is already involving potential partners for the expansion phase project, such as BGMEA and BKMEA, in the preparation of the NARI project.

C. Higher level objectives to which the project contributes

21. ***The project will contribute to the Government's long-term efforts to eliminate poverty and reduce regional and gender inequality.*** As a pilot, the scope and scale of the project is limited. However, as an innovative model that has the potential to be scaled up and replicated to reach other poor areas and industrial clusters, it has scope for a much greater development impact. The project is perfectly aligned with the joint strategic objectives of the Government and the Bank in Bangladesh to promote inclusive growth, reduce poverty in lagging regions, and encourage the empowerment of women (GOB 2008a, World Bank 2006 and 2010a). In addition, it is consistent with the newly enacted EPZ Workers Welfare and Industrial Relations Act 2010.

22. ***The project's focus on the economic empowerment of women complements the Bank's corporate commitment to gender.*** The project comes online at an opportune moment to leverage a greater emphasis on gender work within the Bank's portfolio, as manifest in several ways. First, donor countries have selected gender equality as one of three key themes for the IDA's 16th replenishment. Second, the Bank President has made six public commitments on gender including the economic empowerment of young women. Third, the focus of the Bank's Gender Action Plan (GAP), *Gender Equality as Smart Economics* (2007-2010), was on economic empowerment of women as is the focus of the follow-up GAP Transition Plan. Fourth, the project will also support the South Asia Region Vice-Presidency's commitment to enhancing gender equality as a regional priority.

II. PROJECT DESCRIPTION

A. Lending instrument

23. ***Specific Investment Loan.*** The lending instrument for the proposed NARI project is a Specific Investment Loan (SIL), financed by an IDA Credit for Special Drawing Right (SDR) 18.2 million (US\$29.29 million equivalent). The Credit amount of SDR 18,200,000 was determined by multiplying the authorized amount of US\$29,290,000 by 0.62136501, this being the USD/SDR exchange rate prevailing on August 31, 2011, which is the last day of the month preceding the month of negotiations, and rounded up to the next SDR100,000. The proposed terms of the Credit are standard: 40 years maturity including a 10-year grace period, with the standard IDA service charge and applicable commitment fees less waivers. The Credit will finance project implementation over a period of four years, between January, 2012 and December, 2015, to allow for infrastructure development, operational start-up, and strengthening of human and institutional capacities. The first year of implementation will focus on the construction of the facilities (training centers and dormitories) and establishment of the mechanisms (IEC, selection, training, placement and other support services) required for the proposed project. In the following three years, there will be a roll out of the support system, which will be accompanied by extensive monitoring and evaluation (M&E) activities. The

financing plan also includes a Government Counterpart Contribution of US\$7.0 million in kind (US\$6.9 million from BEPZA and US\$0.1 million from MOLE), employers' contributions of US\$1.6 million to the operating costs of the project, and beneficiary contributions of US\$1.9 million for cost of accommodation and food.

B. Project development objective and key indicators

24. ***Project Development Objective (PDO).*** The development objective of the project is to facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas of Bangladesh by providing information, technical and life skills training, transitional housing, and other support to adjust to urban life and formal sector employment.

25. ***Outcome indicators.*** The key outcome indicators of the project include: (i) the number of women who receive training, (ii) percentage of graduates who are formally employed for at least ten months of the year following completion of their training; (iii) difference in average level of net monthly income of graduates before the training program and one year after completion of their training; and (iv) level of satisfaction with the project among graduates of the training program.

26. ***Intermediate outcomes.*** The PDO will be attained through the following intermediate outcomes: (i) project beneficiaries are selected from among the targeted population; (ii) project beneficiaries rely on appropriate facilities (training centers and dormitories) for their transition to urban life and formal sector employment; and (iii) project beneficiaries receive the technical skills and life skills necessary for successful transition to urban life and formal sector employment.

27. ***Project outputs.*** The outputs of the proposed project will be: (i) three training centers with transitional accommodation facilities in selected EPZs; (ii) an innovative curriculum including technical training, life skills training, and on-the-job training as well as other support like job placement services and counseling; (iii) development of a model for supporting poor and vulnerable women from lagging areas migrating to the garment industry; and (iv) design of a program for expansion of this pilot project.

C. Project components

28. ***Principles for project activities.*** The proposed NARI project will offer a managed system of transition to employment opportunities in the garment industry for poor and vulnerable women from the *monga*-prone districts of northern Bangladesh, which ensures fairness, efficiency, and safety along the entire labor supply chain. *Fairness* addresses the lack of resources and opportunities (from information to training to social networks) that poor and vulnerable women from lagging regions face—the project levels the playing field. *Efficiency* speaks to the need to solve the “common good” issue of training in the industry—the project develops the best mechanisms to match supply of and demand for skilled labor. *Safety* responds to the social vulnerabilities that these women face when left alone in their migration—the project provides the necessary instruments for risk mitigation and empowerment.

29. **Overview.** The project is divided into four components: three substantive components and an integrated administrative component, each with several sub-components as outlined below and presented in Figure 1 (see Annex 4 for details).

Component 1: Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh

- 1A: Information, Education, and Communication (IEC) campaign
- 1B: Targeting of intended populations and screening of applicants
- 1C: Orientation program for candidates and selection of beneficiaries
- 1D: Transportation of beneficiaries from the source areas to the receiving areas

Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli

- 2A: Construction of training and transitory accommodation facilities
- 2B: Provision of furniture, equipment, and management services for the facilities

Component 3: Providing initial training and on-going support to beneficiaries

- 3A: Delivery of a technical training curriculum for garment industry work
- 3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories
- 3C: Placement services for on-the-job training and employment in EPZ factories
- 3D: Self-help and counseling for trainees and graduates

Component 4: Supporting coordination, M&E, and expansion

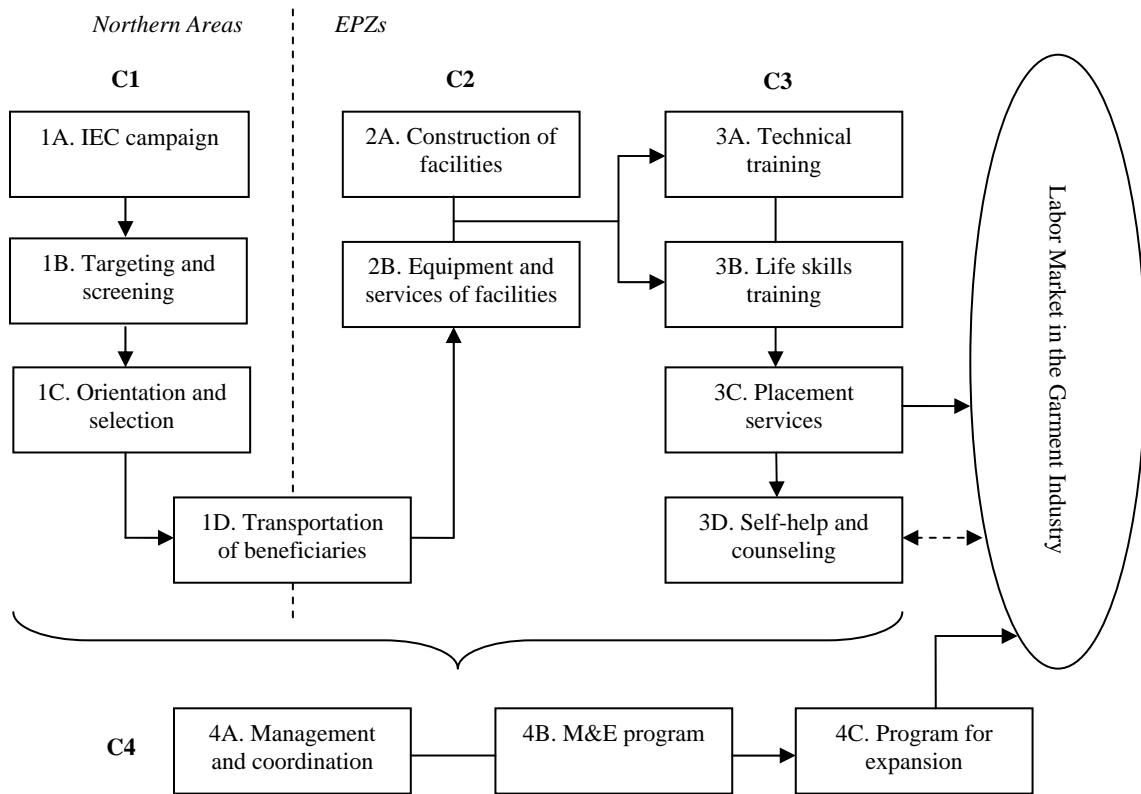
- 4A: Project management and coordination
- 4B: M&E of the activities
- 4C: Preparation of a program for expansion

30. **Component 1: Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh (estimated cost: US\$0.92 million; IDA financing US\$0.92 million).** This component aims to share information about the project with the people of the five *monga*-prone districts of northern Bangladesh—namely, Gaibandha, Kurigram, Lalmonirhat, Nilphamari, and Rangpur—and select beneficiaries from among these populations. Component 1 is made up of four sub-components, in sequence: (1A) an IEC campaign in the five districts; (1B) the targeting of poor and vulnerable women and screening of applicants to the project; (1C) an orientation program for the candidates that concludes the selection of project beneficiaries; and (1D) the transportation of the beneficiaries from the source areas (the *monga*-prone districts of northern Bangladesh) to the receiving areas (the EPZs in Dhaka, Ishwardi, and Karnaphuli).

31. **Approach.** The intent of Component 1 is twofold: maximizing the audience for project-related information in the source areas while minimizing the risk of selecting people who would not be suitable beneficiaries for the project. The objective is essential to inform potential beneficiaries and their families and communities about the project, gain their support, and ensure the participation of targeted populations. It is also a transparency mechanism to disclose and explain critical project information and by doing so, to prevent misunderstanding about the project, capture of project benefits, fraud, and corruption. The second objective is critical since the project must balance the need to find participants capable enough to succeed in their

transition to formal employment, e.g. a minimum level of education is required, and the need to stay focused on the targeted population, i.e. poor and vulnerable women, who are also those less likely to succeed.

Figure 1: Summary of the Project Main Elements



32. **Component 1A: IEC campaign.** The IEC campaign, prepared in consultation with potential beneficiaries and other stakeholders (local authorities, migrant garment workers, civil society organizations), will provide poor and vulnerable women from the targeted districts and their families and communities with information about the project and other contextual details to address the concerns women, families, and communities may have about women migrating to the factory and the city. Existing social networks sustained by ongoing community-driven development (CDD) projects that people in the northern areas have been working with and trust will facilitate the implementation of the IEC campaign, e.g. the Social Development Foundation supported by the Bank’s SIPP project and the DFID-funded Chars Livelihood Project (CLP). Women from the *monga*-prone areas, who currently work in the garment sector (possibly former project beneficiaries), will also help to promote the project and will serve as catalysts for the IEC campaign. The IEC campaign will utilize a combination of low cost mass media (community radio, local newspapers, microphones, cell phone messaging, posters and pamphlets) and interpersonal communication (public hearings, information kiosks, community theater and videos of workers in EPZs) to disseminate information. A mid-term assessment of the

effectiveness of this communication and outreach strategy will be carried out to enhance future implementation.

33. ***Component 1B: Targeting of intended populations and screening of applicants.*** A multi-level targeting and screening process will be used starting with self-selection. Self-selection is a pertinent targeting strategy in the context of the proposed project for several reasons: (i) the project seeks to recruit women who are very motivated and would choose to migrate anyway as this cohort has the greatest chance of success; (ii) field visits in the source areas indicate that those who would self-select would be poor and vulnerable women because the benefits of migrating for garment industry work are much higher for them relative to their better-off peers (women from richer households express little interest in garment work); and (iii) self-selection helps minimize risks of capture by elites and coercion by families and communities. Self-selected applicants will then be screened against a set of objective, transparent, and verifiable criteria—which will also have been publicized during the IEC campaign—to ensure that they meet the minimum criteria for eligibility. Specifically, applicants must be at least 18 years old (the legal minimum age to work), possess grade 8 education or higher (a criterion suggested by employers during consultations), and reside in one of the five *monga*-prone districts. The screening process will be informed, facilitated, and monitored by civil society organizations, village institutions, and local government representatives who are familiar with the communities. A Selection Advisory Committee (SAC) using a CDD type approach will be formed to include representatives from these groups in order to verify the eligibility of applicants (age, education, motivation, origins, etc.).

34. ***Component 1C: Orientation program for candidates and selection of beneficiaries.*** The candidates, i.e. eligible applicants, will be invited to participate in a five-day residential orientation program in a suitable location in the *monga* districts. The purpose of the orientation program is to give candidates a detailed understanding of the project and explain the opportunities, difficulties, and hazards they could face in the factory and the city. Ultimately this residential program will serve as a test of candidates' willingness and capacity to participate in and benefit from the project. Consultations show that the majority of migrant female garment workers who quit and come back home do so in the very first few days of beginning employment in urban areas. Living away from home in a new environment is therefore a decisive test. The orientation program will conclude with an aptitude and motivation test supervised by the SAC. Successful candidates will be offered admission to the training program and those who accept will become the project beneficiaries. The orientation program will be ongoing, working on a rolling basis to provide a steady stream of successful candidates for the training program in the receiving areas. Efforts will be made to assign beneficiaries to the receiving areas based on their preferences and common characteristics.

35. ***Component 1D: Transportation of beneficiaries from the source areas to the receiving areas.*** Project beneficiaries will be offered transportation by bus from the northern areas to the training and accommodation facilities in one of the three selected EPZs, namely Dhaka, Ishwardi, and Karnaphuli. Project staff will escort beneficiaries from the source to the receiving area. Free transportation back to the northern areas will also be guaranteed for trainees who decide to quit the program and return home.

36. **Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli (estimated cost: US\$32.53 million; IDA financing US\$23.64 million, BEPZA contributing US\$6.7 million in land and some supporting infrastructure, and employers and beneficiaries contributing US\$2.19 million).** This component will support the establishment of the project’s training centers and transitional accommodation facilities. Component 2 includes two sub-components: (2A) the construction of the facilities on the three project sites and (2B) the provision of furniture, equipment, and management services for the facilities.

37. **Approach.** The project will focus on the three EPZs located in Dhaka, Ishwardi, and Karnaphuli during this pilot phase. The three EPZ sites have been chosen for several reasons. First, BEPZA owns the land at the three locations thus removing land acquisition as a potential obstacle or delay to implementation of the project. Second, the three EPZs to be included in the project have a high potential for employing women trained in the project. Conservative estimates by independent market analysts project the demand for female garment workers to be 70,000 in the next four years in these three zones (World Bank 2010e). Third, factories in the EPZs are subject to strict compliance with international labor standards—especially on worker pay, health, and safety—imposed by BEPZA and international buyers. This ensures better conditions and security for the project beneficiaries.

38. **Component 2A: Construction of training and transitory accommodation facilities.** In each receiving EPZ, a training center will be constructed to accommodate cohorts of 300 trainees. The dormitories attached to the training center will be built to accommodate 600 women only, regardless of their marital status. The training center will accommodate 600 women because the training will last for three months but accommodation of beneficiaries will be offered for up to six months, i.e. a cohort of trainees and a cohort of graduates will be living in the dormitory at the same time. This will encourage mentoring between and within generations of project beneficiaries and provide a “cushion” of three months for graduates from the training program to find permanent housing. The project will provide an incentive for timely departure, for example, by offering women a transition grant, when they leave the dormitories after 6 months of residence. They will also sign an agreement at entry regarding the conditions of their stay and departure. Construction of the training facilities and dormitories will occur during the first year of project implementation.

39. The key principles which have influenced the architectural design of the buildings, and are based on consultations with intended beneficiaries from the *monga-prone* areas and other stakeholders, are: (i) flexibility (pilot project, adjustment must be easy); (ii) safety and security (vulnerability of project beneficiaries is high); (iii) simplicity (low maintenance, easy replication); (iv) transitional (from rural work and villages to factory work and living in the city); (v) communal (development of social networks); and (vi) culturally appropriate and adequate (for the local context). These principles and the architectural design of the buildings are explained in Annex 12

40. **Component 2B: Provision of furniture, equipment and management services for the facilities.** The project will finance the procurement of goods to make the three training centers and the three dormitories functional. This includes the appropriate equipment and machinery to conduct the technical training, e.g. sewing machines, as well as furnishings and supplies for

classrooms, offices, recreational areas, dining areas, and bedrooms. Services to ensure that the facilities are operational will include: maintenance (including the machines for technical training), cleaning of the common areas and the outside of the facilities, lighting and security of the perimeter and access to the facilities, and food services for trainees, graduates, and management and teaching staff.

41. Costs for food and accommodation in the facilities will be deducted from the stipend provided to each trainee during the period of training. Each trainee will receive a monthly stipend of US\$39 which is equal to the legal amount that they would earn as apprentices in EPZ factories. Monthly costs that trainees and graduates will pay for food and rent are estimated at US\$22 and US\$7 respectively, which are less than market prices. The graduates will be allowed to stay in the dormitories for up to three additional months and will continue to pay for their food and accommodation at the same subsidized rates as trainees. It should be noted that the graduates will not receive a stipend anymore as they are expected to have found work in the garment factories of the EPZ (the minimum wage for a junior operator, the expected starting job for graduates, is US\$56). Employers will also contribute to the operating costs of the facilities (see section III, subsection D on sustainability below). Project graduates, i.e. beneficiaries who successfully completed the training, will receive a lump-sum payment equivalent to a month of rent when they leave the project accommodation facilities after six months.

42. ***Component 3: Providing initial training and on-going support to beneficiaries (estimated cost: US\$2.04 million; IDA financing US\$0.73 million and employers contributions US\$1.31 million).*** This component will finance initial training and ongoing support to project beneficiaries in their transition to formal employment in the garment factories and life in the areas surrounding the EPZs. Four sub-components are proposed: (3A) the delivery of a technical training curriculum for garment industry work; (3B) the delivery of a life skills curriculum to adapt to the factory and the city; (3C) placement services for on-the-job training and employment in EPZ garment factories; and (3D) self-help and counseling services for trainees and graduates. Training and support will start after the first year of project implementation once the facilities are operational.

43. ***Approach.*** The training of each cohort will last for three months. Consultations with stakeholders in the industry and review of existing training programs indicate that a training period of three months, including a month of on-the-job training, is necessary and sufficient for good preparation—beneficiaries would not want to stay longer as after three months they could find a good job and start earning a salary. After three months, the trainees will graduate and be given a certificate that attests to their skills. About 10,800 women will enter the training program over the duration of the project: 300 per cohort, with a new cohort every three months, for three years, in three EPZs (300 beneficiaries/cohort x 4 cohorts/year x 3 years x 3 training centers). Following graduation, graduates will benefit from the assistance of placement services to find a job and sign a contract. They will also be entitled to access counseling services and a sponsored graduate self-help group.

44. ***Component 3A: Delivery of a technical training curriculum for garment industry work.*** This sub-component involves designing and delivering a technical training curriculum to enable beneficiaries to join the industry as Junior Operators (semi-skilled workers) rather than Helpers (unskilled workers). The technical curriculum will include teaching in cutting, sewing, and

quality control—the main operations in the industry. The training will be flexible enough to be responsive to the changes in the industry and the local conditions of each EPZ. Employers have indicated their willingness to contribute to the design of this curriculum, which will be finalized during the first year of project implementation when construction is ongoing. Former or current garment workers and supervisors will be recruited as trainers.

45. As mentioned above, there will be a month of on-the-job training in the garment factories when the training facilities will not be fully in use. During this period, the facilities will be used to provide management training for current workers who could potentially become supervisors. Beyond the obvious benefits for those women who will be trained as supervisors, this would have several other advantages, including: (i) addressing concerns, albeit in a modest way, of gender stratification in the industry; (ii) helping to increase the visibility and bargaining power of women workers; (iii) providing role models and mentors for the new trainees; and (iv) opening up stronger dialogue with the employers on the place of women in the work force. While best efforts will be made to include some existing workers from the *monga*-prone districts, this training activity will not be exclusively limited to them.

46. ***Component 3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories.*** The delivery of a life skills training curriculum will complement the technical training. This curriculum—designed by a team of seasoned, local specialists during project preparation—has the objective of preparing trainees for formal employment in factories and life in urban settings. The training will address specific challenges that poor and vulnerable women from *monga*-prone districts will likely face in transitioning to formal employment. It will cover topics such as workers' labor rights and responsibilities, negotiation skills, health and safety awareness, reproductive health and hygiene, Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) prevention, finding accommodation, using public transportation, basic personal budget management (including savings and remittances) and elementary English literacy—a necessity to work in an industry where instructions are often not written in Bengali. Classes will be taught in dedicated classrooms in the dormitories. Graduates will be invited to share their experiences. The life skills training will be regularly reviewed and updated as additional information on the needs of project beneficiaries becomes known.

47. ***Component 3C: Placement services for on-the-job training and employment in EPZ factories.*** The project will support the establishment of a bureau for employment placement services at each training center. The placement service will have four mutually-reinforcing functions: (i) arranging on-the-job training with employers, under the authority of BEPZA, so each trainee spends her third month of training in a factory (in return, employers get an apprentice for free for one month as trainees receive a stipend from the project); (ii) assisting graduates in their search for employment in the EPZ factories with special attention to the terms of the contracts that graduates are offered—the bureau will also collect job offers from the EPZ factories and match them with graduates' demands for work; (iii) conducting an awareness campaign for employers in the receiving EPZs to promote the new training program, inform them about why and how they should participate in the program (sponsoring, on-the-job training, placement services), and emphasize their responsibilities vis-à-vis the workers; and (iv) undertaking regular local Rapid Market Assessments to determine the skills in demand in the garment factories of each EPZ (opening and closing of factories, new machines or product lines, etc.) and evaluating how graduates are doing (follow-up surveys with graduates and employers to

assess which courses prove to be useful and rewarding) in order to foster responsive and flexible training.

48. **Component 3D: Self-help and counseling for trainees and graduates.** The project will sponsor a self-help group of graduates. Self-help groups have a proven record of success in the region, e.g. micro-credit groups. The social networks they constitute provide a safety net for their members and are also a means for social empowerment. The self-help groups will be especially useful in helping women find jobs and accommodation, as word-of-mouth and individual reference are the best mechanisms for matching supply and demand in these two markets. Since cohorts of trainees and graduates will overlap in the dormitories, participation in the self-help group should be easy and natural. In addition, trainees and graduates will benefit from counseling services located in the training centers, where social workers can help them address any issues they may face. Trainees and graduates will also have access to the medical facilities of the EPZs.

49. **Component 4: Supporting coordination, M&E , and program for expansion (estimated cost: US\$4.30 million; IDA financing US\$4.00 million, MOLE financing US\$0.1 million in kind, BEPZA financing US\$0.2 million in kind).** Component 4 aims to support implementation of project activities. As a pilot, this project requires special care and supervision. To this end, this component has three specific sub-components: (i) the management and coordination of the project; (ii) the M&E of the project; and (iii) the preparation of an expansion program.

50. **Component 4A: Project management and coordination.** This sub-component will finance capacity building and consultancy services to help MOLE perform its responsibilities in coordinating the project, e.g. organizing meetings of the project Steering Committee (see section III on implementation), serving as principal liaison with the Bank, preparing reports, etc. The project will support MOLE by providing training, including fiduciary- and governance- related training, as well as facilities upgrading and equipment, and will cover incremental staff salaries and other operating expenses needed to carry out project-related functions.

51. **Component 4B: M&E of the activities.** The project will include a comprehensive M&E program for: (i) internal monitoring of project progress and results; (ii) external, third-party monitoring of processes, outputs, and outcomes, likely through independent NGOs or research centers; (iii) impact evaluation of the project and its effects on the economic and social well-being of the beneficiaries, which is likely to include a tracer study of a subset of trainees; and (iv) action-oriented studies and annual stakeholder workshops to draw lessons of experience in real time and facilitate a learning approach to project implementation and program expansion. All these M&E activities will be designed and implemented in a coordinated manner, while maintaining independence, as appropriate. Provisions have been made for implementing a baseline survey during the first year of the project's implementation after the intended populations are targeted and the applicants are screened (see Component 1B). In addition, some instruments are intended to collect information from control groups in both villages with similar characteristics to those that are intended to be targeted, as well as from non-beneficiary individuals with similar characteristics to the applicants. These instruments will be key sources of information for the proposed Results Framework (see Annex 3) and for the Impact Evaluation (see Annex 3, Attachment 1).

52. **Component 4C: Preparation of a program for expansion.** The proposed NARI project is a pilot operation designed to test new approaches to facilitating the entry of poor and vulnerable women into the formal labor force. If successful, the project may be replicated and scaled up to reach other poor areas of Bangladesh and serve additional industrial clusters. The project will support site identification and selection and technical assistance for preparing the program for expansion. When appropriate, additional financing will be sought to scale up the project.

D. Lessons learned and reflected in the project design

53. **Context.** The proposed project will be the first Bank-financed operation in Bangladesh with a specific focus on the economic empowerment of women through supporting their transition to employment in the formal sector. There is no comparable project that includes a managed system along the entire labor supply chain either in Bangladesh or elsewhere. Accordingly, the proposed project is conceived as a pilot operation. The NARI project is different from other initiatives targeted towards poor women in that it facilitates the participation of women in the garment industry who have little familiarity with urban life or factory work, and it aims to prepare women to face these challenges. Given this context, a number of in-depth preparatory studies were commissioned to identify lessons that would help mitigate the risks and overcome the challenges.

54. **Previous attempts.** As mentioned earlier, there have been some efforts by government, NGOs, donors, and the private sector to provide training to women entering garment factory employment. While none of these projects included the extensive range of support mechanisms that are incorporated in the proposed NARI project, they do provide some lessons. For example in 2007, a Government pilot effort to place women from *monga*-prone areas in the EPZs had limitations. Many of the workers were not needy and were already employed, but they were given the impression that this would be a permanent government job with a good salary from foreign companies. They were not given a proper briefing and orientation on what life would be like in the EPZs and thus arrived with unrealistic expectations. The women workers were not at all accustomed to be standing on their feet for eight hours a day with a short lunch break. They were under the impression that they would be given good accommodation soon after arriving, but instead they had to find their own place to stay without any assistance from the enterprises. There were some relatives of *union parishad* (lowest administrative unit in rural Bangladesh) chairmen and members and other elites among the recruited workers, but they did not have much commitment to this low paying job. This experience pointed to the need for upfront information to prevent misunderstanding, support mechanisms and networks, food and housing assistance, a means of preventing elite capture or political patronage in selecting project beneficiaries, training in life skills, and the creation of a program that would appeal to poor and vulnerable women and recruit the same through self-selection.

55. **Participatory design and Socio-Economic Assessment.** The project has been designed around recommendations and advice that were culled from extensive stakeholder consultations, focus group discussions, interviews with resource persons, assessment of development partners and donors' interventions in the *monga*-prone districts and in the garment industry, surveys of employers and workers of the garment factories in the EPZs, and market analysis of the labor demand in the EPZs. Most of these activities were carried out through the analytical work funded by DFID and the Bank, the participatory *Socio-Economic Assessment (SEA) to Link Labor from*

Lagging Areas to the Urban Garment Sector (World Bank 2010b and 2010e). Its objective was to identify relevant operational interventions to increase labor supply from lagging regions to the garment industry while mitigating social risks and adverse impacts of such migration. The key recommendations for the design of the proposed project are summarized below.

56. ***Identifying the risks to women participating in the project is critical.*** Given the mixed history of young women working in the garment sector, there is significant reputational risk to the Government and the Bank if women participating in the proposed project are harmed or exploited. Therefore, as part of the SEA, a Vulnerability Map and a Social Risk Management Plan have been prepared to identify and minimize risks and mitigate their impact if necessary. Moreover, factories in the EPZs are subject to strict compliance with international labor standards, including on worker health and safety, and they have a much better record for corporate social responsibility than factories outside the EPZs. This was one of the main reasons to pilot the proposed project in the EPZs.

57. ***Prospective project beneficiaries and their families and communities need to be properly informed about the project from the beginning.*** There is a great deal of suspicion about ulterior motives in recruiting young women to migrate for garment factory work. Therefore, during project preparation, an IEC campaign was designed to inform and educate all stakeholders about the NARI project, but especially the young women and their families and communities who are likely to influence decisions about participating in the project. The IEC campaign will help prospective participants understand what they are getting into, both in terms of the opportunities and the challenges (including how these will be addressed), so they can make an informed decision. The IEC campaign will also promote project transparency and an environment of trust rather than suspicion.

58. ***The mechanism for targeting and selecting project participants must be transparent and fair to prevent elite capture or any other form of corruption.*** It must also balance the objective of reaching poor and vulnerable women with the need to select candidates who are most likely to successfully complete the training program and obtain employment in EPZ garment factories. Sub-component 1B takes into consideration the lessons learned in targeting and selecting project participants, and sub-component 1C includes a five-day residential orientation program. This is designed to serve as a means of identifying the more promising candidates and to expose young women to a taste of life in an EPZ while giving them a chance to experience living away from home.

59. ***Project participants need significant support during their training, apprenticeship and possibly during the first few months of employment.*** In order to provide some stability and to reduce their vulnerability, meals and women-only housing will be provided to participants for six months at subsidized rates to help adjust to life working in the EPZ. This is intended to provide participants time to develop their own support networks including a self-help network of training program graduates. In addition to the technical training, women will also receive life skills training, mentoring from experienced garment factory workers (including the previous cohorts), health care and counseling services that are considered important for the transition process. They will receive support from employment placement services to help them find jobs after completing the training course.

60. ***Active participation by employers in the EPZ is essential for project success.*** Employers and their associations have been extensively consulted during preparation of the project so that they have ownership of the project and will contribute to the successful implementation of the project by hosting trainees as apprentices, hiring graduates and contributing to the costs of the training program. Specifically, the SEA has sought the help of employers to identify the criteria for selecting candidates for training, design the training curriculum and enable on-the-job apprenticeship by matching trainees with jobs in their factories. Moreover, employers who contribute to the costs of the training program will have priority in selecting their first choice of graduates of the program. They will also be able to send well performing existing workers for one-month training as supervisors. Representatives of the garment industry will be invited to participate on the project Steering Committee. They will also play a key role in planning the expansion phase of the project.

E. Alternatives considered and reasons for rejection

61. ***Inclusion of women from areas other than monga-prone districts in the project.*** While poverty in the *monga*-prone areas is acute and characterized by specific conditions related to the seasonal famine, there are many other areas of Bangladesh with large populations of poor and vulnerable women who could also benefit from inclusion in the proposed project. However, given that the NARI project is a pilot initiative, the decision was taken to focus specifically on the five *monga*-prone districts of the Rangpur Division in northern Bangladesh because women in this area face acute poverty, their representation in the garment industry is low, there is high demand for work among women from the *monga*-prone districts, and there are few existing initiatives to empower these women economically. These reasons will be explained to women from other lagging areas in the EPZs and surrounding areas to build their understanding for the decision and acceptance of the women from the *monga*-prone districts. Women from other poor areas may be included in the expansion phase of the project. If the number of candidates from the *monga*-prone districts is insufficient to fill all the spaces in the training program, then women from other areas will be considered, but priority will be given to women from the *monga*-prone districts. Finally, women from other poor areas will be included in the one-month training program for current female factory workers to become supervisors.

62. ***Training in the monga-prone districts.*** An option initially considered was to train beneficiaries in the source region, i.e. the *monga*-prone districts. However, various stakeholders—including those operating training programs in Rangpur Division—recommended that training not be conducted in the source region as it would be very difficult to implement and monitor. The source region lacks adequate capacity, infrastructure and equipment to provide the training. It was also considered important to provide an opportunity to experience being away from home as the women can only begin to understand what circumstances they will face in the city and the factory when they get to the EPZs. Moreover, training away from home constitutes a self-selection test for the beneficiaries of the project (not very “costly” for those who are ready to migrate anyway; very “costly” for those who are not so sure they would migrate and would therefore be less likely to succeed in their transition to formal employment in the garment industry). However, a one-week initial orientation program will be conducted in the source region to give women a sense of what to expect in the EPZ and to experience living away from home. Dropping out of the project at this stage will be less costly, to the project and the women, than after they have moved to the EPZs in the urban centers.

63. ***Inclusion of other EPZs in the project.*** Previous analysis by IFC had questioned whether Ishwardi EPZ, due to its limited growth and relatively remote location and distance from Bangladesh's main port of Chittagong, would be a suitable EPZ for the project. Preliminary stakeholder consultations also indicated that Comilla EPZ (located on the Dhaka-Chittagong corridor) might be a better fit. Field visits and additional analyses in both Comilla and Ishwardi EPZs were carried out during preparation (World Bank 2010a) and led to the conclusion that the Comilla EPZ should not be substituted for Ishwardi EPZ. The latter eventually appeared to be a very promising site on which to operate the project (good location with proximity to Kolkata, several garment factories under construction, space for rapid expansion of factories and for housing, closer and more similar to the *monga*-prone districts than other EPZs, and complementary infrastructure under construction or development such as a gas line and a rail extension). Uttara EPZ was also considered as a potential project site early in project preparation as it is in one of the targeted districts. However, it was determined that the EPZ is not economically viable at present and will need a major infusion of capital and infrastructure before it is ready to provide significant employment opportunities. BEPZA made a strong case for Ishwardi as the next EPZ and highlighted its rapid development; a field visit confirmed that choice.

64. ***Training in other industries in addition to garment manufacturing.*** Consideration was given to providing training for other industries but this was rejected for a number of reasons. First, the garment sector is the most rapidly growing sector in the economy, accounts for more than 80 percent of Bangladesh's exports, and the number of unfilled jobs in this sector in the EPZs alone is sufficient to accommodate all the graduates of the training program and many more. In fact, garment manufacturing has provided the main opportunity for women's employment in the formal sector to date. Second, women have already benefited from participating in the garment sector and there is a logical fit with the project's objective of empowering women economically. Third, providing training in multiple industries would be technically complex and complicate the project design. Fourth, given this is a pilot project in a new area for the Bank, it is best to focus efforts on the most promising industry and test the approach before diversifying to other industries and areas.

65. ***Guarantee of employment for beneficiaries.*** Guidance was sought at the concept review meeting on whether to guarantee employment to project beneficiaries. The rationale in favor of doing so would have been that women could have been reluctant to relocate without some sort of promise of gainful employment. However, it was unclear how jobs could be guaranteed given that employment depended on private sector companies hiring the trainees, a voluntary process. Furthermore, the project team was concerned that guaranteeing employment would have had potentially perverse consequences, e.g. the trainees may not have an incentive to learn or perform well. Employers would also have been reluctant to be involved in a process where workers would have been imposed on them. Legal issues were also associated with this option (terms of the guarantee) while ethical issues could have arisen (the guarantee of employment might imply its converse: compulsory labor for a fixed term). The placement services described above—a middle way approach—appear to be the best mechanism to avoid creating market distortions while offering some security and positive incentives. It provides necessary support to trainees for finding a job and offers employers a non-constraining way of getting involved.

III. IMPLEMENTATION

A. Partnership arrangements

66. ***Development partners and donors.*** The proposed project foresees no formal co-financing agreement with development partners and donors. Nonetheless, the Bank has initiated a robust dialogue with a number of development partners in Bangladesh, especially DFID and German Technical Cooperation Agency (GIZ). A participatory workshop on project design was organized in Dhaka with donors. More meetings with their representatives have followed to: (i) share progress in project preparation, (ii) learn about other projects and programs with similar focus and/or coverage, and (iii) coordinate efforts to ensure complementary actions. The project will continue to explore opportunities for collaboration in the course of project implementation. Annex 2 further identifies development partners and donors working on poverty reduction in the *monga*-prone districts, and on training for garment workers, e.g. DFID's CLP and GIZ's Promotion of Social, Environmental, and Production Standards in the Ready-Made Garment Sector (PROGRESS).

67. ***Civil society and local communities.*** NGOs, including international NGOs like CARE which runs the Competitive Literacy Initiative (CoLi), and local organizations like Dhaka Ahsania Mission (DAM) and Rangpur Dinajpur Rural Service (RDRS) that run vocational training centers, have also contributed to project design and preparation in many ways. A participatory workshop to solicit NGO inputs was organized in Dhaka. During the SEA, local communities in northern Bangladesh provided important inputs to the project design.

68. ***Private sector.*** The private sector—through the trade associations, individual employers and factory owners in the EPZs—has supported project preparation. Numerous visits to factories were organized. Employers' commitment to the proposed project will be strengthened as they contribute to the project during implementation (hosting of beneficiaries for on-the-job training, employment of graduates, financial contribution to the operating costs of the training facilities, use of the placement services, etc.). BGMEA and BKMEA, the trade associations, are also considered prospective implementing agencies for the potential expansion phase of the project.

69. ***Steering Committee.*** All partners—donors, NGOs, private sector—have already met during project preparation as they were members of the External Consultative Committee for the SEA, a group of experts convened to advise the SEA research team. This committee was also invited to a logical framework workshop to discuss the M&E program for the project. Their involvement will be maintained during project implementation, as they will be invited to become members of the NARI project Steering Committee (SC), serving alongside representatives of key ministries and government agencies (see paragraph 76 below for more details). This committee will be an additional instrument to develop partnerships and project coordination.

70. ***International Finance Corporation.*** IFC has been a key partner and has provided outstanding support in the preparation of the project. It has funded three preparatory studies: (i) the environmental and social impact assessment (see Annex 10); (ii) the architectural designs and structural drawings for the project facilities; and (iii) a study for the M&E program of the project (see Annex 3). More generally, IFC has had an advisory role in project preparation through its close collaboration with BEPZA to develop the EPZs through the BICF.

71. **Other Bank projects.** The proposed project will complement two new Bank-financed operations, the Skills and Training Enhancement Project (STEP), which is focused on strengthening vocational training institutions, and the second phase of the SIPP, which supports empowerment and sustainable livelihoods among the rural poor currently outside the reach of most development interventions, including people in the *monga*-prone districts. SDF, the implementing agency of SIPP, is envisioned as a potential partner for facilitating the implementation of Component 1 (IEC campaign, targeting and screening, orientation and selection of candidates for the training program) through its network of organized communities in the *monga*-prone areas.

B. Institutional and implementation arrangements

Overall institutional arrangements

72. **Government counterparts.** The proposed project involves two government agencies:

- MOLE, assigned by the Government as the Sponsoring Ministry for this operation, will act as the *Coordinating Agency* for the project; and
- BEPZA will act as the *Implementing Agency* for the project.

73. **Responsibilities for implementation.** BEPZA will be responsible for the implementation of the three components: Component 1 – Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh; Component 2 – Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli; and Component 3 – Providing initial training and on-going support to beneficiaries. MOLE will be responsible for the implementation of the integrated administrative component: Component 4 – Supporting coordination, M&E, and expansion.

74. **Medium-term vision.** The reason why the proposed institutional arrangements include a coordinating agency in addition to an implementing agency is that in the medium term the program will be modular in nature. That is to say, new geographic areas and implementing agencies can be added depending on the findings from the pilot and the expansion program. For example, the project can be potentially replicated with the trade associations of the garment industry that are mostly active outside the EPZs (and where BEPZA would have no role). Hence, there is a need for an overall project coordinating agency with an eye on future expansion. In addition, the coordinating agency will provide arms-length oversight of implementation of the project as it is not involved in day-to-day implementation. BEPZA is the logical implementing agency in the pilot because most of the project activities will be executed inside the EPZs.

75. **Joint Working Group.** A Joint Working Group (JWG) between MOLE and BEPZA—that has already been established and met regularly to prepare the Government’s Development Project Proposal (DPP) (the equivalent of the Project Appraisal Document or PAD)—facilitates coordination and collaboration between the two agencies at the technical level. This working group, chaired by the Joint Secretary of MOLE, has the mandate to reach agreement regarding the modalities to be followed during the different stages of the project, ensure a clear and common understanding of the project by the two agencies, and provide a platform for enhanced collaboration and cooperation.

Overall implementation arrangements

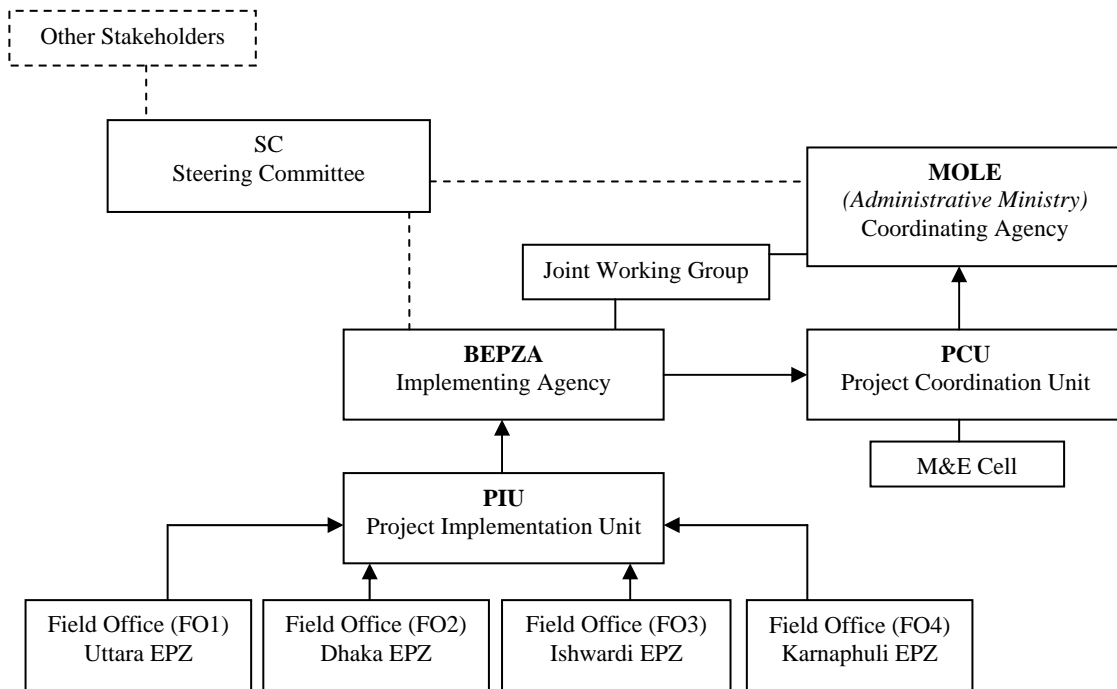
76. ***Project Implementation Unit.*** BEPZA will set up a Project Implementation Unit (PIU) to oversee the development and management of Components 1, 2, and 3. The PIU, led by a project director appointed by BEPZA, will have a central project office located at the headquarters of BEPZA in Dhaka. In addition to the central unit in Dhaka, four Field Offices (FO) will be set up, each headed by a management advisor recruited by the project. The FOs will be located in each of the four main project sites, namely Dhaka EPZ, Ishwardi EPZ, Karnaphuli EPZ and Uttara EPZ in the Nilphamari district in the source region.

77. ***Project Coordination Unit.*** MOLE will create a Project Coordination Unit (PCU) whose purpose will be the implementation of Component 4, the integrated administrative component, under the leadership of a coordinating director assigned by MOLE. Three core functions will be the responsibility of the PCU: (i) the overall management and coordination of the project; (ii) the M&E of the project; and (iii) the preparation of an expansion program beyond the pilot project. The PCU will be located in office space rented by the ministry—the space is already available and will be shared with an International Labor Organization (ILO) project for the prevention of child labor. It will house the Monitoring and Evaluation Cell (M&E Cell) of the project.

78. ***Steering Committee.*** In addition, the Secretary of MOLE will chair a multi-stakeholder SC, comprising *inter alia* PMO, IMED, MOLE, BEPZA, the Economic Relations Department (Ministry of Finance), the Ministry of Commerce, the Ministry of Industry, the Ministry of Women Affairs, and the Planning Commission, as well as employers' associations, research institutes and NGOs selected for their experience and knowledge of the issues of poverty reduction in the *monga*-prone districts and of the garment sector. The SC will provide strategic, high-level oversight to the project with an eye to future expansion. The SC will also provide an opening for participation of stakeholders that may become implementing agencies at a later stage if the pilot proves successful, e.g. the employers' associations of the garment industry (BGMEA and BKMEA).

79. ***Schematic overview.*** Figure 2 provides a summary of the overall implementation structure for the proposed project. Annex 6 provides details of the institutional and implementation arrangements including staffing.

Figure 2: Implementation Structure



Note: Lines with arrows indicate a reporting relationship, straight lines indicate a working relationship and dashed lines indicate a formal/associative relationship.

80. **Outsourcing of activities.** The execution of most of the activities will be outsourced to reputable and experienced private sector companies and/or non-profit organizations following the best practices in procurement. Procurement will be centralized in the PIU where a procurement specialist will be recruited by the project. Ideally, three organizations could provide all the services required for the main activities, except civil works and procurement of goods: (i) one active in the northern areas for the implementation of the IEC campaign, as well as the selection and preparation of the beneficiaries, and their transportation; (ii) another for the management of the training facilities and the dormitories; and (iii) a third for the delivery of the training, placement and counseling services. Several organizations, which are capable and willing to perform these tasks have been identified during project preparation, however, the contracts may be split depending on the availability of skills and expertise.

81. **Technical assistance.** Provision has been made for the project to support MOLE through outsourcing of technical assistance for areas where capacity improvements are required, e.g. M&E activities. Preferably, a single consulting firm will be contracted for technical assistance to support the following functions: (i) secretariat of the SC; (ii) M&E program; (iii) preparation of the program of expansion; and (iv) capacity-building of MOLE so that it can play a larger role in the expansion phase. However, the contract may be split depending on the availability of skills and expertise.

82. **Functions of the PIU and PCU.** The role of the PIU and the PCU is therefore largely to contract competent organizations, to carefully supervise their performance, to enable them to

perform efficiently, to learn from them (in M&E for example) and to ensure transparent, honest, and regular reporting to BEPZA and MOLE respectively.

Governance and accountability

83. ***Governance and Accountability Action Plan.*** A Governance and Accountability Action Plan (GAAP) has been developed and agreed with MOLE and BEPZA to complement the institutional and fiduciary arrangements. The GAAP proposes to, *inter alia*, (i) enhance communication both at the source and receiving areas through sharing project-related information like the targeting criteria with potential beneficiaries and others; (ii) organize public hearings, focus groups, and learning forums to solicit feedback on project implementation; (iii) establish a complaint mechanism to receive and address grievances about project implementation; and (iv) undertake third party monitoring, via NGOs or research institutes to provide independent oversight of the processes, outputs and outcomes of the project. Details of the GAAP are included in Annex 11.

C. Monitoring and evaluation of outcomes/results

84. ***M&E Strategy.*** M&E is an integral part of the project design (Component 4B) because of the innovative and pilot nature of the proposed project. The project will adopt a results-based approach to monitoring and evaluation in order to facilitate timely improvements in project implementation and to identify lessons to inform planning for the expansion phase of the project. The approach will include tracking information on a range of results including relevance of the training, effectiveness of project support systems and user satisfaction with project services. Additionally, selected indicators will be utilized to track the progress of beneficiaries beyond graduation from the training program.

85. ***Main components of project M&E.*** The project M&E subcomponent will include four main activities. First, a baseline study which will define the pre-project status of the indicators that will be used to assess achievement of the project objectives and evaluate the project impact. Provisions are being made for implementing a baseline survey during the first year of project implementation after the intended populations are targeted and the applicants are screened (see Component 1B). These provisions include: (i) establishing this survey as a primary activity for the M&E cell in the PCU; (ii) the preparation of the TOR; (iii) preparation of a draft questionnaire; and (iv) establishing a protocol for the implementation of the survey instruments.

86. Second, the information management system will provide an integrated platform for monitoring project implementation. Third, a rigorous, independent impact evaluation will be designed and implemented utilizing mixed methods and a diverse set of data sources. Fourth, action-oriented studies and annual workshops will be conducted to draw lessons of experience in real time and facilitate a learning approach to project implementation and program expansion.

87. ***Information sources.*** The M&E strategy for capturing the outcomes and results indicators for the project will involve the use of a diverse mix of quantitative and qualitative methods. Quarterly progress reports will describe the main achievements of the project. Household surveys will be used to collect information related to the beneficiaries' experiences during implementation as well as their employment history after graduation. The survey data will

form the basis of the impact evaluation (see Annex 3, Attachment 1). The household surveys will be complemented by participatory focus groups with beneficiaries, communities in the target districts, graduates, employers and other workers in the EPZs, as well as key informant interviews. Surveys of beneficiary satisfaction will facilitate the identification of areas where improvements are required and will allow for corrective action in the implementation of the IEC campaign, selection process and training program. Some instruments are intended to collect information from control groups in both villages with similar characteristics to those that are intended to be targeted, as well as from non-beneficiary individuals with similar characteristics to the applicants. These instruments will be key sources of information for the proposed Results Framework (see Annex 3) and for the Impact Evaluation (see Annex 3, Attachment 1). Where required, M&E activities will utilize secondary data sources such as the census or data collected for recent, relevant and credible studies and reports.

88. ***Institutional arrangements.*** Responsibility for the overall management and coordination of M&E activities will rest with dedicated staff organized as an M&E Cell in the PCU. This will include supervising data collection, updating and maintaining project databases, coordinating all M&E activities in cooperation with the PIU, and producing periodic monitoring reports including the quarterly progress reports mentioned above. External monitoring will be contracted out to a reputable external monitoring organization with relevant experience and expertise. The PCU will contract a seasoned M&E specialist to: (i) supervise all project M&E activities, (ii) provide capacity building support to staff in MOLE and BEPZA, and (iii) manage procurement and contracting for conducting the surveys, focus group discussions, impact evaluation and external third party monitoring.

89. ***Impact evaluation.*** An independent impact evaluation will be designed and implemented. Given the innovative nature of the project, the capacity to properly evaluate its impact is a central determinant of the project's sustainability and its potential for scalability. The impact evaluation will provide stakeholders with information regarding the cost effectiveness and overall success of the project, as well as its impact on the well being of participants. Mixed-methods will be used with data sources including data collection conducted through the baseline study and follow-up household surveys (difference-in-difference comparison) and selected secondary data sources (census and other types of secondary data). BEPZA officials took part in an impact evaluation workshop organized by the Bank in Kathmandu in February, 2010, in which they prepared a preliminary impact evaluation proposal for the project. This has been updated during detailed project preparation. The proposed impact evaluation aims to determine the causal relationship between the intervention under this project and socio-economic outcomes. The evaluation will seek to answer whether the intervention impacts: (i) women's earnings 18 months after the completion of the training program; (ii) women's probability of employment; (iii) women's probability of continuing to be employed for a certain amount of time (survival rate) in the garment industry; (iv) women's health and behavior outcomes (life expectancy, pregnancy and marital status, among others); and (v) women's living standards of dependents (family and friends) from their village. In order to answer these questions, the design is proposing an experimental design where the identification strategy will allow for a difference-in-difference approach that will aim to compare the differences before and after the interventions between the treatment and the control groups (see Annex 3, Attachment 1).

D. Sustainability

90. **Government commitment.** There is high-level political commitment to the project. BEPZA prepared the original project concept and initial design, and it continues to assert a strong sense of ownership of the project. The project has a strong champion in the Minister of MOLE. The Executive Chairman of BEPZA has offered constant support to ease the preparation process of the project. The Prime Minister, who presides over the Board of Governors of BEPZA, has commended the concept of the proposed NARI project and requested regular updates during BEPZA Board meetings. Such steady support reveals strong client ownership, a very important predictor of project sustainability. In addition, the Government is contributing US\$7.0 million in land and in kind to the project, which is almost a fifth of the total project cost.

91. **Financial sustainability.** A critical aspect of the sustainability of the project is the recurring cost of operating the training centers and the dormitories. Most training programs fail as they lack adequate resources to cover operational costs. Too often, vocational schools and training centers are found to be empty or to operate below capacity. Employers, who are the indirect beneficiaries of the project, will have to contribute to the operating costs of the project to make sure that the training continues to run when the Bank disengages financially. Following an extensive review of potential financing mechanisms and consultations with both BEPZA and employers, it was decided that earmarking a portion of the Corporate Social Responsibility (CSR) Fund (established by the *EPZ Workers Welfare and Industrial Relations Act, 2010*) for employers to make mandatory contributions to cover the costs of social services in the EPZs would be the best mechanism to cover project costs in the short term. BEPZA's implementation of the CSR Fund follows the examples of other export zones that levy a fee on employers for training.

92. **Employers' contribution.** The financial support from the CSR Fund will cover one third of the operating costs of the facilities over the life span of the project, but its contribution will increase progressively: 0 percent of operating costs in the first two years, 50 percent in the third year, and 75 percent in the fourth and final year. BEPZA has committed to cover 100 percent of the operating costs of the project through this CSR mechanism after the end of the project to ensure financial sustainability. This provision has been written into the Operations Policy of the CSR Fund for the implementation of the EPZ Act 2010 that is expected to be approved by the concerned Inter-Ministerial Committee. In the event that the Operations Policy of the CSR Fund has not been formally approved by the BEPZA Governing Board (July 1, 2013), BEPZA has agreed to contribute the necessary resources. Over the longer term, a combination of an earmarked amount from the CSR Fund and a sponsorship fee from employers would be optimal, supplemented where possible with contributions from international buyers. Employers could be persuaded to pay a sponsorship fee on the strength of the following incentives:

- Participation in training curriculum design to tailor beneficiary learning to their production needs;
- Ability to gain skilled workers at no cost as participants of on-the-job training;
- Ability to provide incentives to well performing existing workers to get training for supervisory jobs at no cost to employers;
- Preferential access to send recruitment personnel into training centers to select trainees for factory jobs; and,

- Through linkages with project placement services, preferential access to trained workers whose age, skills, and professional good conduct have been certified.

Ideally, by the end of the project, employers would see increasingly clear benefits from the project. At that point, the CSR contribution could be lowered and the fees increased as the project becomes independently viable as a business proposition.

93. **Beneficiaries’ contribution.** Project beneficiaries will also contribute to the project costs by paying US\$1.9 million for the cost of accommodation and meals, albeit at subsidized prices. Trainees are expected to save about US\$10 per month from their stipend once accommodation and meals are paid for, while graduates will save about US\$27 per month from their factory wage after paying for their meals and accommodation. The project will help the beneficiaries set up bank accounts in local commercial banks into which their stipends and salaries will be directly deposited.

E. Critical risks and possible controversial aspects

94. **Overall risk rating: High.** The overall risk rating of the project is high. While typical project risks do not appear to be substantial, the social risks to poor and vulnerable women, which may occur at every point of the labor supply chain, are considerable. Consequently, the reputational risk for the Bank is significant as well. In addition, there are institutional concerns related to the capacity of MOLE (for whom this will be the first project with the Bank) and related to the level of coordination between MOLE and BEPZA.

95. Last, the design of this pilot project must be flexible and adjustable to test different approaches and adapt as new circumstances develop. The key to success in a social development project of this nature will lie in assessing the risks and designing sound mitigation measures, monitoring and supervising progress regularly, recognizing that implementation will not always go as planned and making adjustments in real time. In this way, the project will provide a testing ground for risk management approaches to link poor and vulnerable women from lagging areas to the garment industry, which can generate lessons for scaling up and expanding this approach. Thus, the overall potential rewards of the project will outweigh the risks.

96. **Specific risks.** The critical risks and possible controversial aspects to the project are listed with mitigation measures in Table 1 below. After mitigation, the risks are expected to be medium.

Table 1: Critical risks to the project and mitigation measures

Risk Description	Mitigation Measures
PROJECT STAKEHOLDER RISK – High	
Social tension created by current factory workers and local populations who will not benefit from the project directly. Beneficiaries will need to be accepted in the workplace and community.	<ol style="list-style-type: none"> 1. EPZ Labor Counselors will be involved to monitor and prevent social tension. 2. Former and current workers will be employed as trainers for technical and life skills training programs. 3. If not enough women from the <i>monga</i> districts apply for the program, women from other areas will be considered. 4. There will be opportunities for inclusion of beneficiaries

Risk Description	Mitigation Measures
	<p>from other areas in the expansion phase.</p> <p>5. Women from other areas will be included in the one-month training program for current female factory workers to become supervisors.</p>
<p>Lack of community support for the project in the source region may reflect entrenched traditional views that take a very limited, conservative attitude towards economic opportunities for women. This may impede women from joining the training program.</p>	<ol style="list-style-type: none"> 1. An IEC campaign will share project information with beneficiaries, their families and their communities in order to address concerns. 2. Current female garment workers from the <i>monga</i>-prone districts (who may also be graduates from the training program) will be used as spokeswomen for the project. 3. The project will be advertized through existing social networks sustained by other development programs, e.g. SDF/SIPP and CLP/DFID. These networks have already gained the trust of the local community.
<p>Criticism of the project at the country level for providing public subsidies to the private sector.</p>	<ol style="list-style-type: none"> 1. The IEC campaign will clearly state that the objective of the project is social development. 2. Communication with the media will stress that (i) BEPZA—a public entity—will own the physical assets and (ii) employers will finance part of the recurring costs of the training.
<p>Criticism by international audiences who are not familiar with the socio-economic context of Bangladesh. The terms <i>migration</i>, <i>garment factory</i>, <i>young</i>, and <i>girls</i> may be easily connoted with very negative terms like <i>human trafficking</i>, <i>sweatshop</i>, <i>child labor</i>, and <i>prostitution</i>.</p>	<ol style="list-style-type: none"> 1. Advice from South Asia Region External Communications (SAREX) unit will be systematically sought when disclosing and advertizing information on the project to international audiences. Emphasis will be placed on the positive aspects of working in the garment industry as well as the mitigation measures put in place by the project to address social risks.
INSTITUTIONAL RISK – Medium	
<p>Slow or inadequate processing of the administration and finance of the project within the PCU due to lack of capacity and experience with Bank procedures.</p>	<ol style="list-style-type: none"> 1. An institutional assessment of MOLE has determined what capacity building is necessary and feasible to set up an efficient PCU. 2. Training and workshops on Bank procedures will be organized before effectiveness of the project.
<p>Despite the strong championship of the Minister, limited buy-in for the project within the administration of MOLE, plus a constant rotation of staff that limits the full of ownership of the project.</p>	<ol style="list-style-type: none"> 1. At the policy level, the Minister has appointed the Secretary as the NARI focal point for the life of the project. 2. Three staff persons at the technical level, who have worked closely with the Bank team during preparation, have been assigned to work on project implementation. 3. Additionally, a competent staff with experience in preparing and implementing Bank type projects has been seconded from the Planning Commission to MOLE to work on the NARI project.
CAPACITY RISK – Medium	
<p>Lack of capacity in the PIU in the ‘soft’ skills required for this program (training and management) and weak presence in the source region for the implementation of the awareness-raising component.</p>	<ol style="list-style-type: none"> 1. An Institutional Assessment of BEPZA has determined its capacity, especially for implementing the “soft” components of the project, and has made recommendations accordingly. 2. The training and the awareness raising activities will be outsourced to organizations with relevant experience and capacities. 3. MOLE will help coordination with local authorities in the source region.
<p>Improper application of procurement rules for goods and services, because of limited knowledge</p>	<ol style="list-style-type: none"> 1. An in-depth Procurement Capacity Assessment of BEPZA and MOLE has determined appropriate mitigation measures.

Risk Description	Mitigation Measures
of the Bank's requirements.	<ol style="list-style-type: none"> 2. The procurement management capacity of BEPZA will be enhanced (training on IDA requirements; recruitment of an experienced national procurement specialist; agreement on a Procurement Risk Mitigation Plan). 3. The procurement capacity in MOLE will be enhanced by identifying a suitable procurement focal point in MOLE and building her capacity, and arranging for the procurement specialist in BEPZA to help MOLE as needed. 4. Demand for Good Governance (DFGG) activities will complement the mitigation system through: (i) establishment of a complaint system; (ii) posting of procurement information and rules on the BEPZA website as well as on the Central Procurement Technical Unit website (Planning Commission); and (iii) independent monitoring of the project.
GOVERNANCE RISK – Medium	
Lack of coordination between MOLE and BEPZA, and their different understandings of their respective responsibilities (BEPZA is more focused on infrastructure; MOLE on the social dimensions).	<ol style="list-style-type: none"> 1. A JWG has been established and meets regularly to work out the modalities and procedures for preparation and implementation of this project. 2. The JWG has learned to work together by doing during preparation and has strengthened coordination between MOLE and BEPZA. 3. The project documents (PAD for the Bank and DPP for the client) identify clearly the functions and responsibilities of both MOLE and BEPZA.
FRAUD AND CORRUPTION RISK – Medium	
Opportunities for fraud and corruption may develop in the construction of the training centers and dormitories that account for a very significant part of the project spending (around \$US20.00 million), as well as in the contracting for maintenance and other outsourced activities.	<ol style="list-style-type: none"> 1. The Bank's fiduciary safeguard measures will be applied rigorously. 2. A Governance and Accountability Action Plan (GAAP) identifies measures to mitigate the threat of fraud and corruption in civil works. 3. Arms-length oversight of implementation by MOLE, which is not involved in day-to-day implementation, will create a preventive mechanism. 4. Lessons learned from other projects in Bangladesh through the DFGG portfolio review and fiduciary review for anti-corruption in infrastructure projects and NGO contracting will be applied. 5. An independent complaint mechanism will be set up to receive and address grievances.
DESIGN RISK – High	
The design and delivery of the training curriculum is critical to the project, but BEPZA has very limited experience in this field. In addition, the project will implement a unique and innovative training program that includes both technical and life skills training. Last, the training must be relevant so that employers are willing to employ the graduates despite changing circumstances, e.g. the introduction of new technology in factories.	<ol style="list-style-type: none"> 1. The technical and life skills training curriculum will be prepared by a specialist(s). A competent organization will be outsourced to deliver this component. 2. Consultations and surveys with employers and the garment sector trade associations (BGMEA and BKMEA) will be conducted to ensure the process is demand-driven and relevant to the needs of the industry. 3. The technical training will benefit from inputs from employers.
Lack of interest on the part of employers in recruiting women from the <i>monga</i> -prone districts	<ol style="list-style-type: none"> 1. Consultations show there is a high need for semi-skilled and well prepared workers wherever they come from.

Risk Description	Mitigation Measures
when there is an abundance of unskilled labor at the factory gates.	<ol style="list-style-type: none"> 2. Selection criteria of the beneficiaries as well as the design of the curriculum will benefit from inputs from employers so that the process is demand-driven and meets the needs of the industry. 3. Placement services will be provided to trainees in the project to help them find jobs.
The placement services need to find an appropriate balance between assisting the trainees and imposing on employers.	<ol style="list-style-type: none"> 1. A study will look into the best design for this service. 2. Employers will be closely associated with the project so that they have a vested interest in employing the graduates.
Potential for the dormitory and training facilities to become a 'white elephant' and fall into disuse after the project ends.	<ol style="list-style-type: none"> 1. In order to facilitate the continued growth of the garment sector in the EPZs, two priority concerns are: a) meeting the need for affordable, safe housing for workers (especially trainees) and b) and increasing the supply of trained, semi-skilled labor to meet growing industry demands. 2. There is thus a sound business case and strong client demand for Bank support to provide transitional housing and training facilities for the EPZs. Given growth in the sector, demand is likely to be long-term. 3. However, in the case of a worse case scenario in which there is no need for transitional housing for trainees, a careful review of the Alternative Use Governance Framework applicable to BEPZA-owned facilities is underway. If necessary, conditions can be added to support the continued long-term use of project facilities. 4. Demand for permanent housing for EPZ workers is also high. Converting the dormitories to rental accommodation for female workers is therefore a viable low-cost alternative use for the buildings, which would minimize potential for disuse.
SOCIAL AND ENVIRONMENTAL RISK – High	
The construction of the facilities may have adverse environmental impacts.	<ol style="list-style-type: none"> 1. An Environmental and Social Impact Assessment has been prepared, which includes mitigation plans.
The targeting and selection of the project beneficiaries involves multiple challenges and constraints (potential for corruption or elite capture, definition of criteria, involvement of employers, etc.).	<ol style="list-style-type: none"> 1. An in-depth study on targeting and selection has been conducted focusing on self-selection, participatory proxy means testing and the experience of other projects in these areas, e.g. SIPP/SDF project and CLP/DFID project. This has resulted in focusing on the self-selection method. 2. An induction and preparation program will be delivered in the source region to screen the candidates, test their motivation and make sure that only those with a high probability of success will go to the receiving areas.
Capture of project benefits by elite and non-targeted populations are present at every stage of the supply chain of labor (selection of candidates, use of dormitories, access to jobs, etc.).	<ol style="list-style-type: none"> 1. A vulnerability map and risk mitigation plan have been prepared to identify risks at every stage of the labor supply chain and design mitigation measures for the protection of beneficiaries' rights and promotion of the project objectives. 2. DFGG mechanisms (grievance mechanism; third-party monitoring) are already planned to provide a channel to prevent elite capture and to allow stakeholders to lodge complaints. 3. The IEC will inform communities and potential beneficiaries of their rights and eligibility. It will increase transparency and help fight fraud and corruption.

Risk Description	Mitigation Measures
	4. A comprehensive M&E system will be able to identify major problems or irregularities in the implementation of the project.
The vulnerability of the beneficiaries is a key concern, as the urban settings of garment factories may be very hazardous for young women.	<ol style="list-style-type: none"> 1. A vulnerability map has been completed to identify vulnerabilities and propose mitigation measures. 2. Transportation back home will be offered for those who want to quit the program. 3. The purpose of the life skills training is to prepare the beneficiaries for life in urban areas. 4. Counseling services will be provided to graduates to assist them in their transition, e.g. to find housing. 5. The project will sponsor a self-help group for graduates of the project to encourage peer support and mentoring.
DELIVERY QUALITY RISK – Substantial	
The financial sustainability of the project may become an issue when the Bank disengages.	1. A mechanism has been designed so that the employers finance the recurring costs of the training centers through the CSR Fund managed by BEPZA.
OTHER RISKS	
Economic crises (such as the current global one) may modify the demand for labor in the garment industry, which is export-oriented.	1. The project cannot mitigate this risk, except to have flexible training that can be reoriented and updated to meet new labor demand.
The beneficiaries may not wish to leave the project accommodation after the maximum occupancy period of 6 months.	<ol style="list-style-type: none"> 1. Providing long-term housing for garment workers is outside the scope of the project. The project was designed as a pilot to comprehensively support the transition of <i>monga</i>-affected women to the EPZs, and thus offers transitional accommodation only. 2. Beneficiaries will have a full six months to seek private rental accommodation. They will receive full guidance/support on how to navigate this process from the project through the life skills training curriculum, the counseling services and the self-help groups. They will also sign an agreement at entry regarding the conditions of their stay and departure. 3. The SEA established that there is expanding capacity in the private rental sector in the vicinity of the EPZs to absorb project graduates. 4. Beneficiaries will have accrued savings during their time in the dormitories as they will be encouraged to do so in the project. After graduation, they are also likely to be employed on the higher wage scale that applies to EPZ factories, thus increasing their ability to find an affordable and adequate place to live. 5. The project cannot enforce evictions. However as the project accommodation is for women only, beneficiaries who are married, who have children, or who have relatives already in the area are likely to want to move in with their families. 6. The project will provide an incentive for timely departure by offering women a housing allowance (Tk 1,000) when they leave the project accommodation after 6 months.

F. Loan/credit conditions and covenants

97. **Covenants.** The following are the covenants that will be included in the Financing Agreement:

- The Recipient, through BEPZA and MOLE, shall finalize the baseline for the project during the first year of project implementation.
- The Recipient, through BEPZA and MOLE, shall implement the project in accordance with the objectives, policies, procedures, time-schedules and other provisions set forth in the Environmental and Social Safeguards Management Plans and the Resettlement Policy Framework.
- The Recipient: (a) shall ensure that, not later than (July 1, 2013), the Operations Policy of the CSR Fund has been approved by the concerned Inter-Ministerial Committee; (b) except as the association shall otherwise agree, shall not amend, abrogate or waive any provision of the said Operations Policy; and (c) in the event that the said Operations Policy has not been approved by (July 1, 2013), shall through BEPZA, assume responsibility for providing funds necessary for the operating costs of the facilities throughout the period of Project implementation.

IV. APPRAISAL SUMMARY

A. Economic analysis

98. **Benefits.** The proposed NARI project is expected to have positive outcomes for the beneficiaries along the three following dimensions: (i) an increase in the probability of being employed compared to staying in the *monga*-prone districts; (ii) a higher income in comparison to both women staying in the *monga*-prone districts and migrants in the garment industry with no initial training and support; and (iii) progress in human development outcomes like access to reproductive health. In addition, beneficiaries will also receive other non-economic benefits such as increased self-esteem, enhanced ability to live independently, and others forms of social empowerment. This analysis focuses on the first two dimensions since they are the ones that are more easily quantified at this stage. Nevertheless, it is reasonable to assume that the third dimension will bring additional benefits resulting in higher rate of returns for this project since the life skills would most likely bring financial benefits as well as human development ones. In addition, the project is expected to produce positive economic externalities for the garment industry by increasing the average productivity of garment workers, reducing the shortage of skilled labor in the market, and improving the international reputation of Bangladeshi factories in terms of corporate social responsibility.

99. **Rate of return.** The economic feasibility of the project is examined through a cost-benefit analysis. Rates of return have been calculated under several assumptions and simulated for a variety of scenarios to test the robustness of the results (see Annex 9). Table 2 provides comparisons of the present values (PV) of lifetime wage differentials between NARI graduates and the comparison group. Under the assumptions presented in the analysis, the PV of the earnings of a NARI graduate will be US\$8,334, while those in the comparison group will be

US\$3,279. Assuming other things constant—such as similar probabilities of obtaining and retaining a job in both groups and under a 100 percent completion rate of those who begin the training program—the present value of the income differential will be US\$5,711. The net present value (NPV) is estimated discounting the average cost per trainee, US\$3,704, and it is equivalent to US\$2,007 and a rate of return of 54 percent.

Table 2: Net present values and rate of return – 20% higher employment probability

	Completion rate	
	80%	100%
Present Value (PV)	\$4,568.93	\$5,711.16
Net Present Value (NPV)	\$865.22	\$2,007.46
Rate of Return (RR)	23%	54%

100. Table 2 also presents different training program completion rates. As described in Annex 9, the lifetime wages earned by those who drop out before completing the program are assumed to be similar to the comparison group. For example, an 80 percent completion rate will reduce the expected present value of the differential lifetime earnings to US\$4,569, while the cost of these trainees will be the same, i.e. US \$3,704. The NPV will become US\$865 and the rate of return will be 23 percent. Robustness of the results was tested using different scenarios in the changes in the probability of graduates finding a job (from 0 to 40 percent), the discount rate (from 5 to 9 percent), and length of work life spans (from 12 to 20 years). Rates of return varied from 4 to 54 percent.

B. Technical

101. **Training program.** The training component of the project—technical skills, life skills, and placement services—will be designed by vocational training experts with experience in the garment sector and delivering training for women. In addition, an intensive participatory process will be conducted to solicit feedback and advice from a large range of stakeholders: factory owners, current garment factory workers, Labor Counselors, and NGOs involved in the sector, to name but a few. A review of experience of existing training programs like those of BGMEA, BKMEA, GTZ, and CARE, will also be carried out and lessons integrated in the technical design of the project.

102. **Construction.** The detailed construction designs of the training centers and dormitories are being prepared by a qualified consultant, supervised by BEPZA. These designs will cover the functional, architectural, and structural aspects of the buildings as well as tender documents, bills of quantities, bid evaluation, etc. During construction, a technical third-party monitor will conduct quality assurance for the construction of the facilities.

C. Fiduciary

Financial Management

103. ***Country financial management environment.*** A financial management (FM) assessment was carried out in August 2010 to evaluate the overall FM environment prevailing in Bangladesh and within the entities that will implement the project. Despite considerable progress, Bangladesh's public financial management (PFM) system has not yet evolved to have the capacity to fully manage public funds effectively. Although the reforms under the proposed Strengthening Public Expenditure Management Program (SPEMP) will provide some mitigation, the FM risk of the proposed project remains substantial as a reflection of the weak regulatory environment and low capacity/expertise in FM at the national level.

104. ***Financial management capacity of MOLE.*** Since MOLE lacks experience with Bank funded projects, mainstreaming of project FM functions is a challenge. Additionally, MOLE does not have additional resources for managing and recording day to day financial activities of the project. In order to ensure effectiveness and continuity of FM functions and disbursement, the PCU will be required to recruit a dedicated Project Accountant with appropriate skills and experience from the start of the project. The PCU will procure accounting software to maintain record keeping and to generate project financial reports.

105. ***Financial management capacity of BEPZA.*** BEPZA has experience in implementing Bank-funded projects and currently has one ongoing. The PIU that is handling this project has had extensive exposure to IDA disbursement procedures and FM requirements. BEPZA has a strong financial management team and an Internal Audit Department, but the NARI project entails implementation of activities that BEPZA does not normally perform. BEPZA will therefore need to enhance its FM capacity by recruiting a professional and experienced Financial Management Specialist (FMS). This FMS will also assist and guide the Accountant of the PCU as required. The consolidation of the Interim Un-audited Financial Report (IUFR), and the Annual Financial Monitoring Report, will be done by BEPZA's FMS on behalf of the PCU.

106. ***Risk analysis and mitigation.*** The initial overall project FM risk is rated as "Substantial". The risks are based mainly on the weak country FM systems, and limited MOLE and BEPZA capacity and experience using Bank FM processes. The Bank will institute the necessary measures to mitigate the fiduciary risks arising from the weaknesses of each entity's internal control environment and FM capacities through the project FM arrangements and FM Action Plan. Upon implementation of identified mitigating measures within a time bound FM Action Plan, the overall residual risk is likely to be reduced to "Moderate".

107. ***Financial reporting.*** Each implementing agency (PIU and PCU) will maintain separate books and records, prepare financial statements, and issue quarterly IUFRs for the component(s) implemented by them. The project will follow the GoB Project Accounting Manual in maintaining books of accounts. Actual expenditures for the project will be compared with the budgets each quarter. Budget variances and their rationale will be discussed in the quarterly IUFR.

108. **Designated accounts and fund flows.** IDA funds for the project will flow through separate Designated Accounts (DAs) for the PCU (MOLE) and the PIU (BEPZA). The PCU and the PIU will be responsible for managing their respective designated accounts, the varying authorized limits for which will be set depending on the amount of project funds to be allocated for each component. Project funds will also flow through direct payments and issuance of special commitments as and when required. The minimum application size for direct payments will be set at 20 percent of outstanding amounts in the respective DAs.

109. **Disbursement.** IDA funds will be disbursed under transaction-based traditional Bank disbursement procedures. IDA will require full documentation where contracts are for: (i) goods exceeding US\$2,000,000; (ii) works exceeding US\$6,000,000; (iii) consultant firms exceeding US\$200,000; and (iv) individual consultants exceeding US\$100,000. Expenditures below these thresholds will be claimed through Statement of Expenditures (SOEs). FM staff will receive training on financial management and the disbursement requirements of IDA.

110. **Audit.** BEPZA's internal audit department will carry out the annual internal audit on the components to be implemented by BEPZA as per an audit plan to be agreed by the Bank annually before the start of the audit. The PCU and the PIU will prepare annual financial statements reflecting project resources received and expended for their respective component(s) and submit this to the PIU by August 31 each year. The PIU, on behalf of the PCU, will prepare consolidated annual financial statements for the entire project showing appropriate break down for the PCU and PIU by project component and make this available to the auditor by September 15, each year. These financial statements will be audited by the Foreign Aided Project Audit Directorate of the Comptroller and Auditor General (C&AG). A Statement of Audit Needs (SAN) will be prepared by the PIU on behalf of the PCU and agreed with the C&AG. The SAN will include audits focused on testing efficacy of internal control arrangements at each agency and transaction testing for detection of fraud and corruption. Full details on financial management, fund flows and disbursement are included in Annex 7.

Procurement

111. **Procurement capacity and risk assessment.** The procurement capacity assessment was carried out in BEPZA and MOLE using the web-based Procurement Risk Assessment Management System (P-RAMS). While BEPZA has experience in Bank funded projects for similar types of tasks, MOLE has no experience in Bank funded projects and lacks adequate procurement staff to manage procurement under this project. To this end, MOLE will require appropriately qualified and knowledgeable staff to manage procurement under this project. BEPZA and MOLE also need more training and experience in ICB following Bank guidelines. Given this context, the overall project risk for procurement is "Moderate".

112. **Measures for improving governance in procurement.** In order to minimize procurement-associated risks, the following measures have been agreed with the agencies: (i) identify procurement focal points in BEPZA and MOLE; (ii) contract the services of an experienced procurement consultant; (iii) establish a functional webpage for BEPZA with procurement related information accessible to the public; (iv) establish a system for handling complaints in the PCU and a database for recording, monitoring and follow up of all the procurement activities

under the project; and (v) introduce a procurement risk mitigation plan through reports submitted to IDA on a semi-annual or quarterly basis.

113. ***Procurement Plan.*** A Procurement Plan covering the first eighteen months of project implementation has been developed, which provides the basis for the procurement methods. This Procurement Plan will be updated during implementation in agreement with BEPZA and MOLE as required to reflect the actual project implementation needs and improvements in institutional capacity. Full details on procurement are included in Annex 8.

D. Social

114. ***The NARI project is a social development project.*** Although approximately 75 percent of the project's costs are for construction and equipping the training centers and dormitories, the project was conceived as a social development project. Its eventual objective is the economic empowerment of poor and vulnerable women. Recognizing the centrality of the social dimensions, the project focuses on social development issues such as beneficiary and community participation, involvement of NGOs and civil society, social analysis, gender, corporate social responsibility and demand-side of good governance in both project design and implementation.

115. ***The project design process has been very participatory.*** The Bank project team entered a competition hosted by the Gender Action Plan/Just-in-Time (GAP/JIT) window for core operational funding. The project team was awarded US\$35,000 to fund a more participatory, gender-sensitive project design process. These funds were used for the participatory process in undertaking the SEA. The main participatory activities were focus groups discussions with all stakeholder groups, interviews with resource persons, stakeholder workshops in the *monga*-prone districts, and a consultative committee to advise and provide feedback to the team conducting the SEA. In addition to participation in the SEA, the Bank team has undertaken several rounds of consultations with NGOs, private sector organizations, and other development partners during project preparation to inform project design.

116. ***NGOs are particularly involved in the project design process and are expected to play a major role in project implementation.*** NGOs such as DAM and CARE Bangladesh have relevant expertise in providing training to women working in the garment sector. NGOs, private sector entities and other development agencies are expected to implement most of the project activities except for Component 2 (construction and equipping of training centers and dormitories). This includes the IEC campaign; the targeting, selection and orientation of candidates for the training program; the management of the facilities; the technical and life skills training; counseling services; and external monitoring and evaluation. NGOs will be invited to serve on the project Steering Committee. NGOs are also anticipated to undertake DFGG activities to support the project (see paragraph 118).

117. ***Social analysis is fundamental to project design and preparation.*** This project is innovative and ventures into a new area of work for the Bank. There are social unknowns that may jeopardize achievement of the project objective. In addition, it touches on very sensitive issues (migration, gender, and social empowerment). Therefore the project has undertaken a SEA to inform project design. In addition to the participatory design process described above, the SEA has undertaken a household survey to understand the lives of potential beneficiaries and

their families and communities. The SEA will inform the design of the project's communication strategy, the targeting and selection mechanism, and social support mechanisms. A vulnerability mapping has been conducted to identify risks and a Social Risk Management Plan has been prepared to minimize risks and mitigate their impacts.

118. ***The project includes numerous measures to enhance DFGG.*** The project uses many demand-side (citizens and civil society) approaches to strengthen the social development aspects of the project. These include an IEC campaign to proactively disseminate information about the project to all stakeholders, regular structured consultation and feedback processes to inform project implementation and monitoring, a grievance mechanism, and participatory third-party monitoring (see Annex 11 for more details). Furthermore, the project plans to seek Japanese Social Development Fund (JSDF) funding for Bangladeshi civil society organizations (CSOs) to undertake activities in support of enhanced DFGG associated with the project.

E. Environment

119. ***Impacts.*** Given the nature and scope of the NARI project's components, it is not anticipated that any significant adverse and irreversible environmental impacts will result due to project activities. The main environmental issues relate to the construction activities and to the traffic associated with civil works. Potential areas of concern include air and water quality, waste disposal, the impact of traffic, and the health and safety of construction workers and local residents. The ongoing operation of the training centers and dormitories is anticipated to have minimal environmental impacts as long as water management, waste disposal, and other potential impacts of the buildings are properly mitigated.

120. ***Expected general mitigation measures.*** It is expected that the project's final Environmental Management Plan (EMP) (see paragraph 122 below) will include the following mitigation measures: (i) improvement of all project sites by providing/improving proper road access where required, and by ensuring that buildings have reliable and efficient water supply, sanitation, and drainage facilities; (ii) disposal of all solid and liquid waste generated during construction activities in designated sites in an appropriate and safe manner; (iii) construction of buildings according to Bangladesh's national building code, and in conformity with fire safety regulations and standard hygienic practices; (iv) provision of adequate measures to ensure acceptable standards of cleanliness, ventilation, dust and fume control, illumination, and temperature control; and (v) post-construction landscaping of ground at project sites, which is currently barren, to improve aesthetics. Access roads to the sites may require some widening or upgrading, but no land acquisition will be necessary. If required during construction, traffic control measures may be implemented to ease congestion and to allow for the enforcement of safety measures.

121. ***Atomic Energy Research Establishment:*** In addition, approximately 1 km from the proposed dormitory site in Dhaka is the Atomic Energy Research Establishment (AERE). This is a research facility of the Bangladesh Atomic Energy Commission (BAEC) situated at Ganakbari, Savar. The AERE's main function is to undertake scientific research and development for peaceful application of nuclear energy in various fields of physical, biological and engineering sciences. The AERE comprises of ten individual research institutes/units, including the Institute of Nuclear Science and Technology; the Institute of Food and Radiation Biology; the Institute of

Electronics; the Institute of Computer Science; the Reactor Operations and Maintenance Unit; the Nuclear Minerals Unit; the Tissue Banking and Bio material Research Unit; the Energy Institute; the Central Engineering facilities; and the Scientific Information Unit. The AERE campus also includes community resources, such as a residential colony, cafeteria, school, mosque, club, clinic, guest house, etc.

122. Given its proximity to the proposed NARI dormitory site, and the potential risk of an accident due to the activities of the AERE, the Bank asked the local consulting firm which conducted the EA and the SIA to undertake a rapid assessment of the AERE and submit a report focusing on safety aspects surrounding the AERE and the vicinity. The field work, which included consultations with officials of the AERE and local stakeholders residing in the area close to the AERE, took place on 13 February, 2011. The consultations indicated that the activities in the AERE are research and training oriented; managed well; and have non significant hazardous activities with extremely low potential for environmental accidents.

123. The AERE campus has the presence of the Training Research Isotope Production General Atomics (TRIGA) Research Reactor, which was installed in 1980 and commissioned in 1986. Although, the reactor is used solely for research and uses low enriched uranium as fuel, the extent of health impacts due to a potentially rare nuclear reactor explosion cannot be determined beforehand. It may be mentioned that the Bangladesh Atomic Energy Commission (BAEC) has a number of agreements with the International Atomic Energy Agency (IAEA) like (i) Additional Protocol to Safeguards Agreement (30 March, 2001), (ii) Improved Procedures of Designation of Safeguards Inspectors (25 April, 1995), (iii) Regional Cooperative Agreement (24 August, 1987), (iv) Nuclear Non-Proliferation Treaty related Safeguards Agreement (11 June, 1982) and (v) Supplementary Agreement of Provision of Technical Assistance by the IAEA (31 December, 1979). In compliance with these agreements, due diligence and monitoring is carried out thoroughly and regularly by a team of professionals. Pre-and post operational monitoring of air, water, soil, grass and food samples from within the campus and the surrounding areas; radiation monitoring services for the area and personnel; and routine radiation surveys in and around the nuclear facilities are carried out.

124. Consultations with local stakeholders indicated no accidents or environmental impacts due to the facility to date. Based on the due diligence of available information, site visit and consultations with local people, the Bank team determined that the probability of accidents related to the activities of the AERE is extremely low and, therefore, the environment risks due to the presence of the AERE are assessed to be also extremely low.

F. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[x]	[]
Natural Habitats (OP/BP 4.04)	[]	[x]
Pest Management (OP 4.09)	[]	[x]
Indigenous Peoples (OP/BP 4.10)	[]	[x]
Physical Cultural Resources (OP/BP 4.11)	[]	[x]
Involuntary Resettlement (OP/BP 4.12)	[]	[x]
Forests (OP/BP 4.36)	[]	[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]

125. **Category B project.** Most of the activities supported by the project—such as the IEC campaign, selection and training of women, and their placement into garment factory jobs—will not have any environmental or social safeguard policy implications. Only the construction of training centers and dormitories in the three project sites associated with the Dhaka, Karnaphuli and Ishwardi EPZs will have limited environmental and social impacts. The project sites have long been owned by the project implementing agency (BEPZA) and there are no land acquisition or resettlement issues associated with these sites. There are no indigenous peoples near the project sites. Only the World Bank’s environmental assessment policy (OP 4.01) will be triggered by this project. Therefore, the project is classified as a Category B activity.

126. **Environmental Management Plans and Resettlement Policy Framework.** A local consulting firm has conducted an Environmental Assessment (EA) and a Social Impact Assessment (ESIA). The EA and SIA assessed potential environmental and social impacts, and designed measures to mitigate these impacts. As part of the EA and SIA, site-specific Environmental Management Plans (EMPs) were prepared to guide BEPZA staff and contractors in implementing and monitoring suitable social and environmental mitigation and enhancement measures during planning, construction and operation of project activities in compliance with the policy and legal framework of the GOB and the Bank. Although no land acquisition or resettlement is anticipated in the project, possible future expansion of the project may require land acquisition. Additionally, if for any reason some cause for compensation arises in the current project itself (unrelated to land acquisition, but for instance associated with loss of income to businesses/shops due to keeping the access roads closed for repair or upgrading works), then the project should anticipate potential risk management. Therefore, a Resettlement Policy Framework (RPF) will also be prepared as part of the ESIA. The RPF will provide guidance on the preparation of site specific Resettlement Action Plans and management of resettlement and rehabilitation in the expansion phase of the project if and when land acquisition is required.

127. **Safeguard implementation and monitoring.** BEPZA, the project implementing agency, has worked with the Bank over the past several years in the context of the Enterprise Growth and Bank Modernization Project (EGBMP) and the Private Sector Development Support Project

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

(PSDSP) and has successfully implemented environmental and social safeguards requirements of those projects. The NARI project will continue capacity development support to BEPZA on safeguard issues. BEPZA will be responsible for supervising the implementation of site-specific EMPs by the contractors and monitoring environmental compliance. As the project coordinating agency, MOLE will conduct overall M&E of the project, including of safeguards issues.

128. **Public consultation and disclosure.** A stakeholder analysis was conducted to identify relevant stakeholders for the social and environment assessments. Key stakeholders included local residents, farmers, skilled workers, day laborers, health workers, shopkeepers, transportation workers, local community groups including religious and cultural groups, garment trade unions, women's groups, owners of construction materials, community leaders, local government, law enforcement agency officials and NGOs. The assessments used a participatory methodology to seek stakeholder input into the design of the EA and SIA and implementation of the EMP and SMP. The consultations helped to identify key issues, concerns and expectations of each stakeholder group.

129. The draft EA and SIA have been disclosed for public consultation by BEPZA with key portions translated in Bengali and posted on BEPZA's website and at places accessible to the public on January 16, 2011. Notices were published in both English and Bengali newspapers announcing the disclosure of the documents and the appropriate websites and localities where they can be found on January 20, 2011. The final cleared version of the safeguards documents has been made publicly available through the Bank's Infoshop and in easily accessible places including the project sites. The RPF will be disclosed on the websites of both MOLE (which is expected to remain as the coordinating agency in the expansion phase of the project) and BEPZA (although there is no land acquisition required in this phase, the RPF can provide guidance should the need arise to make compensation for non-land related losses such as those concerning livelihoods). The RPF may be advertised in newspapers during project implementation. If site-specific Resettlement Action Plans (RAPs) are prepared during the expansion phase of the project, these too will be disclosed publicly following the same process.

G. Policy Exceptions and Readiness

130. **Exceptions.** The project does not require any exceptions from any Bank policies.

131. **Readiness.** It also meets the country-specific and regional criteria for readiness for implementation.

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Annex 1: Country and Sector or Program Background

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

1. The proposed Northern Areas Reduction of Poverty Initiative (NARI) project—*nari* means ‘women’ in Bengali— specifically addresses the recommendations of the last *Poverty Assessment for Bangladesh* (World Bank 2008a) to: (i) promote growth by sustaining increases in labor productivity and job creation in manufacturing; (ii) expand opportunities in lagging regions by improving connectivity with growth poles and investing in human capital; (iii) facilitate migration from poor areas given the poverty-reducing impact of remittances; and (iv) stimulate women’s participation in the labor force. By doing so, the proposed project supports the joint strategic objectives of the Government and the Bank to promote pro-poor economic growth, reduce poverty in lagging regions, and encourage the empowerment of women (Government of Bangladesh (GOB) 2008a, World Bank 2006 and 2010). This annex explains how the NARI project contributes to the higher objectives of the Country Assistance Strategy (CAS) and describes the context of the country and the sector the project falls within.

A. Poverty in Bangladesh, the East-West divide, and the phenomenon of *monga*

2. Bangladesh in recent years has experienced strong economic growth and made considerable progress in reducing poverty. The national poverty headcount rate in Bangladesh has declined to 31.5 percent in 2010 from 40 percent in 2005 according to the 2010 Household Income and Expenditure Survey. Average annual gross domestic product (GDP) growth has been 5.7 percent over the last decade, and 6.1 percent over the last five years. On a per-capita basis, GDP growth has accelerated by 1 percentage point each decade since the 1980s, averaging 3 percent in the 1990s and 4.3 percent in the 2000s, resulting in a doubling of per capita GDP since 1989. Growth has been broad-based, cutting across all major economic sectors, and benefiting from robust demand in both domestic and export markets. The two pillars of poverty reduction in the country have been manufactured exports and remittance inflows (World Bank 2009a).

3. However, Bangladesh remains a poor country. Its major challenge is hence to promote a “pro-poor growth” development strategy: sustaining the current growth pattern while accelerating poverty reduction and improving social and economic equity (GOB 2008a). Today, stark income disparities persist between occupational groups and genders, as well as across regions. Growing regional inequality is characteristic of many developing countries experiencing rapid growth. Yet in Bangladesh the situation is particularly pronounced as economic regional integration is impeded by the natural boundaries created by the country’s river system that leaves the northwestern part of the country dramatically isolated. In addition to these natural barriers, a combination of other factors explains the stagnation of the lagging, less integrated northwestern region: lack of remittances, inadequate public infrastructure, poor access to markets, dearth of growth poles within the region, and deficiencies in assets and endowments among households (World Bank 2008a).

4. The northern areas of Bangladesh are lagging particularly far behind the rest of the country: poverty was 17 percent higher in northern Bangladesh compared to the rest of the country in 2005(GOB 2008b). Particularly acute pockets of poverty are found in the so-called *monga*-prone districts of Rangpur Division, the northern administrative region of Bangladesh.

The districts of Kurigram, Gaibandha, Lalmonirhat, Nilphamari, and Rangpur— which are the target areas of the NARI project—suffer from seasonal deprivation and famine-like conditions, a phenomenon locally known as *monga*. About 9.6 million people, roughly seven percent of Bangladesh’s population, inhabit these five districts. About 5.3 million of them lived below the poverty line in 2005 (World Bank 2008a).

5. *Monga* occurs during mid-September to mid-November, corresponding to the period between planting and harvesting of the major rice crop. Households primarily reliant on agricultural wages find their purchasing power dropping drastically during this period due to a rise in the price of food staples coupled with a fall in local labor demand and wages. The non-farm sector is not large enough to absorb the surplus of unemployed rural people, while the remoteness of these areas raises the transaction costs associated with migration. The consequences of the *monga* are thus dramatic, causing enormous suffering every year and inducing chronic poverty in the northern areas (World Bank 2009b).

6. The Government, international development partners and donors, and non-governmental organizations (NGOs) have implemented programs that aim to prevent and limit the negative consequences of *monga* (World Bank 2009b). For example, the Government operates some modest food- and cash-for-work programs; the UK Department for International Development (DFID) finances a large livelihoods project while the Bank is active in the development of local infrastructure through the Social Development Foundation (SDF). Grameen Bank, Building Resources Across Communities (BRAC), and Palli Karma-Sahayak Foundation (PKSF)—the three major Bangladeshi community development organizations—provide micro-credit services. Cooperative for Assistance and Relief Everywhere (CARE) is also present in the area with an employment and marketing project. All the initiatives supported so far have had very limited impact, leaving hungry and vulnerable people with few options including trying to out-migrate.

7. An alternative avenue for development interventions is to focus on facilitating migration of *monga*-affected people (lowering transportation costs, providing information on employment opportunities, supporting training of workers, etc.) rather than concentrating on *in situ* efforts in the *monga*-prone areas. Strong support for this approach is found in the “pro-poor growth” strategy defined by the Government in its last poverty reduction strategy paper, the *Second National Strategy to Accelerated Poverty Reduction* (NSAPR-II) for fiscal years 2009-2011. The strategy consists of sustaining the current pattern of economic growth while accelerating poverty reduction and reducing inequalities (GOB 2008a). Two critical objectives have been put forward by the Government to support this strategy. First, to link the lagging northern region of the country—that has been dramatically isolated by the natural barriers created by the country river system—to growth poles in the eastern regions (around Dhaka and Chittagong). Second, to increase the contribution of women to the labor force as their participation rate today is one of the lowest in the world (26 percent) whereas male participation is 87 percent. The concept for the NARI project has been developed in response to this strategy.

B. Growth poles and the state of the garment industry

8. The garment sector has played a crucial role in the growth of Bangladesh. Emerging under the “quota” regime in the late 1970s, the garment industry has developed spectacularly over the last three decades, becoming Bangladesh’s first multi-billion dollar manufacturing and export industry. The share of the garment industry in total export earnings has increased from

virtually zero in 1976 to around 80 percent in 2009. Export earnings of the garment sector represented about 17.4 percent of GDP in 2009. The sector also accounts for more than 40 percent of total manufacturing employment (World Bank 2009d). The garment sector is still growing with about 4,500 factories contributing to more than three percent of the world's total apparel exports. The demand for additional skilled labor in the garment sector is estimated to be between 350,000 and 400,000 workers by the employers' associations and the Government.

9. While the current global economic crisis has slowed export orders and seen some job losses, overall the sector has shown resilience. Bangladesh's garment exports were less affected by the crisis than other export sectors of the country. According to most buyers and manufacturers, two main factors played a pivotal role in the Ready Made Garment (RMG) sector resilience to the crisis. The first is the "Wal-Mart effect," where consumers substituted more expensive products for cheaper ones such as those produced in Bangladesh. The second reason is that buyers shifted production from China to Bangladesh, as the latter has become the world's lowest-cost producer, mainly because of the low cost of its labor force.

10. The garment sector has traditionally received support from the Government in the form of cash incentives, import duty exemption, bonded warehouse facilities, credit support, and the development of the Export Processing Zones (EPZs). Development partners have also been involved in assisting the Government and this industry. For instance, in light of the Multi-Fiber Arrangement phase-out, the Government requested Bank assistance in identifying policy initiatives to ensure the competitiveness of the apparel sector (World Bank and the Center for Policy Dialogue (CPD) 2007).

11. Enhancing the productivity at the enterprise level has repeatedly been identified as a major challenge of the industry. Various recommendations on how to improve workers' productivity have been put forward by entrepreneurs, external private-sector analysts, and NGOs (World Bank and CPD 2007) including appropriate training, improvement of compliance with workplace rules and regulations, development of performance incentives, ethical behavior towards workers, decent housing for workers, and health care. All these policies are at the core of the NARI project. Therefore the project concept has received strong support and endorsement from both factory owners and workers in the garment industry.

C. Gender equality, women's employment, and the garment sector

12. Bangladesh has achieved significant progress in gender equality (World Bank 2008b). Between 1971 and 2004, Bangladesh lowered fertility rates by fifty percent, eradicated gender inequality in infant mortality rates, and dramatically increased female participation in secondary education. Female enrolment in secondary school tripled between 1993 and 2005 and now surpasses male secondary school enrolment. Two major contributors to improving women's status have been the micro-credit revolution that provided thousands of women with access to credit, and the rapidly growing garment sector that has given three million young women employment in the formal sector.

13. The garment industry—the overwhelming majority of whose employees are women—has been a driving force in opening formal labor markets to women, as well as facilitating other significant benefits such as women's increased control over their income, increased decision-

making capacity, greater physical mobility, enhanced social prestige and improved overall empowerment (see World Bank 2008b and Khosla 2009 for a review of the academic literature).

14. Whereas previous generations of young women were rarely seen outside their homes, a large number of young women—most of them from rural areas—now choose to migrate from their families and communities to work in garment factories and live in cities. About 85 percent of garment workers are migrants (World Bank 2008b). This pattern suggests that it is a lack of opportunity rather than social or cultural constraints that prevents women from entering the labor force. The migration of female garment workers is poverty-motivated, and these women become a significant source of income for their families thanks to the remittances they send home (World Bank and CPD 2007).

15. Formal sector employment for young women has proven to be an attractive alternative to early marriage, contributing to reductions in fertility and health-related problems caused by early marriage. In addition, the garment industry has generated a new and growing demand for female workers who have at least primary-level education, making returns from girls' education tangible. As hundreds of thousands of garment workers walk to work every day, women are now seen on the streets of Dhaka and Chittagong and the presence of women in public is increasingly accepted. The garment industry has made women “visible”, and acceptance of women in public spaces has also made the streets safer for all women (World Bank 2008b and Khosla 2009).

16. Women in Bangladesh continue to face considerable challenges in most arenas, however, and female garment workers are no exception. Garment workers constitute a highly vulnerable group. They are typically young, poor, unskilled, sometimes illiterate, and often single women in a society where female mobility still tends to be highly circumscribed. Living and housing conditions of factory workers are precarious, at times insalubrious. Violence and crime in the cities and slums surrounding industrial clusters are also major concerns (World Bank 2007). In spite of constituting the majority of the factory workforce, women struggle to move beyond the bottom of workplace hierarchies. Often they have the lowest-paid, lowest-skilled jobs with little bargaining power, and are barely represented in management or positions with decision-making responsibilities. They are also at higher risk of facing sexual harassment or other hostility from co-workers and supervisors. (Khosla 2009)

17. Given the tremendous potential that female participation in the garment industry represents for economic growth, poverty reduction, and the empowerment of women, the most recent Bangladesh Country Gender Assessment (World Bank 2008b) makes a strong case for policies and programs that would offer poor and vulnerable women a managed system of transition to formal employment in the garment industry while ensuring fairness, efficiency, and safety along the entire labor supply chain. The NARI project responds to this call.

D. Linking *monga* and garment: a chance for poverty reduction and the empowerment of women

18. Not all Bangladeshi women have yet had an equal chance to benefit from the booming garment industry. In particular, despite very high poverty and unemployment rates in the *monga*-prone districts, poor and vulnerable women from this region are underrepresented in the garment labor force. Different estimates converge on five percent as the proportion of garment workers

from the northern areas. Explanations for this low figure are the lack of information on job opportunities, the absence of social networks in the growth poles, and inadequate training, preparation, and support in the transition to garment factories in urban settings. Moreover, poverty-motivated migration by women from the *monga*-prone areas has sometimes led to their informal and hazardous employment as domestic servants under slavery-like conditions, and increased their likelihood of becoming victims of traffickers. Unfortunately, in some cases these women sometimes end up in brothels in India and elsewhere.

19. The garment sector offers the Government an opportunity to both pursue its “pro-poor growth” development strategy and innovatively address the *monga* issue. On the one hand, the expansion of the industry requires additional labor that can be supplied by workers from poor communities in the northern areas who are trying to escape the poverty trap of *monga*. This migration would link the lagging regions to the growth poles. On the other hand, the jobs available in the industry are mostly attractive to poor women as they offer a unique chance for economic empowerment. This would facilitate an increase in the rate of female participation in the labor force, which today is too low to sustain current progress in economic and human development.

20. Therefore, in this context, the Government has expressed an interest to link poor and vulnerable women from the lagging areas to the garment sector. The missing mechanism to do so is the development of a managed system of transition to formal employment in the garment factories for poor and vulnerable women, which ensures fairness, efficiency, and safety along the entire labor supply chain—from awareness-raising in the labor source areas to formal employment in garment factories through relevant training and adequate support. The Government has asked the Bank to assist in the design and financing of a pilot project that would develop such a managed system that links poor and vulnerable women from the *monga*-prone districts of the northern areas, who are willing to migrate and today lack support to succeed, with the garment factories in selected EPZs.

21. The NARI project offers a model that could later be scaled-up and extended to other poor areas of Bangladesh as part of long-term efforts of the Government to reduce inequalities in opportunities between gender and regions. Such a project would provide a complementary approach to existing, *in situ*, interventions that address the *monga* issue in the northern areas (World Bank 2009b).

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

Related World Bank Projects

Project	Sector Issue	Rating	
		DO	IP
Employment Generation Program, EGPP (P118701) – US\$150 million – pipeline	To support an efficient and accountable implementation of the Government of Bangladesh's (GOB's) Employment Generation Program for the Poorest, particularly by improving targeting criteria based on poverty maps. <i>The EGPP may provide NARI with tools and models to expand the project to other poor areas and refine its targeting mechanisms.</i>	NA	NA
Skills and Training Enhancement, STEP (P090807) – US\$79 million – active (06/10/2010)	To strengthen the governance and professionalism of the technical and vocational training sector to improve access, quality of skills, and employability of trainees. <i>NARI has potential to complement STEP's effort to improve vocational training for poor and vulnerable populations. Exchange of experience and practice between the two projects could be mutually beneficial.</i>	NA	NA
Social Investment Program II, SIPP II (P073886) – US\$115 million – active (06/23/2010)	To support empowerment and sustainable livelihoods amongst the rural poor who are currently outside the reach of most development interventions, notably by enhancing the skills and capacities of women and helping to link them to employment opportunities. <i>SIPP II operates in the monga-affected areas that NARI focuses on. NARI can utilize the networks of mobilized communities created by SIPP II in order to disseminate project information and raise awareness about the project amongst the target population.</i>	NA	NA
Social Investment Program, SIPP and Additional Financing (P053578 + P104483) – US\$18.24 + 8 million - active (03/18/2003 + 05/24/2007)	To develop effective and efficient financing and institutional arrangements at the local level for improving access to infrastructures services and social assistance using a Community-Driven Development (CDD) type approach. <i>SIPP operates in the monga-affected areas that NARI focuses on. SIPP's experience and lessons learned in mobilizing communities and gaining consensus for development interventions may be useful to inform the implementation of NARI's information, education and communication campaign.</i>	S	MS

Rating: S = Satisfactory; MS = Moderately Satisfactory; U = Unsatisfactory – NA = Not Applicable

Related World Bank Analytical and Advisory Activities

Title	Sector Issue Addressed
<p>Linking Labor from Lagging Areas to the Garment Sector (P119861) – closed</p>	<p>To study the socio-economic issues associated with facilitating the transition of poor and vulnerable women from rural lagging areas to the urban garment industry. <i>This study informed the operational design of NARI by identifying opportunities to augment benefits to targeted populations while mitigating risks and adverse impacts along the labor supply chain.</i></p>
<p>Addressing Extreme Poverty in Bangladesh: the Case of Monga (P109755) – active</p>	<p>To assess existing programs in <i>monga</i>-prone districts and design a longitudinal survey to support interventions for the extreme poor. <i>The survey data collected could be useful to inform the development of NARI's economic analysis and impact evaluation design.</i></p>
<p>Country Poverty Assessment (P099963) – closed (10/21/2008)</p>	<p>To measure and assess poverty trends and distribution and analyze the key poverty issues in Bangladesh, with a special focus on regional inequalities. <i>NARI meets the recommendations of this report, e.g. improving connectivity with growth poles, investing in human capital, facilitating migration from poor areas and stimulating women's participation in the labor force.</i></p>
<p>Learning for Job Opportunities : Vocational Education and Training (P095818) – closed (06/01/2007)</p>	<p>To analyze the Bangladeshi vocational education and training system and propose recommendations to improve the relevance and cost-effectiveness of this system. <i>NARI responds to the recommendations of this assessment, especially by making training responsive to market needs and involving the private sector in the design and financing of training.</i></p>
<p>Whispers to Voices: Country Gender Assessment (P083895) – closed (03/13/2008)</p>	<p>To assess the key gender issues in Bangladesh and deliver relevant data and analysis to inform the work of policy makers, civil society, and the development community. <i>This flagship report lays the theoretical and empirical foundations for NARI by emphasizing the economic and social opportunities—as well as the challenges—that the garment sector has created for the empowerment of women.</i></p>
<p>Dhaka: Improving Living Conditions for the Urban Poor (P083815) – closed (04/16/2007)</p>	<p>To draw a profile of urban poverty in order to provide the basis for an urban poverty reduction strategy that responds to the developmental challenges associated with large-scale internal migration. <i>NARI benefits from the insights of this report, especially in informing the design of the support activities for facilitating the transition to urban settings, e.g. life skills needed in the city and the importance of temporary housing facilities to prevent crime and violence against new migrants.</i></p>

Related Projects supported by other development organizations

Project	Sector Issue	Agency
Social Protection for Poor Female Garment Workers (US\$0.4 million, 2004 – 2007)	To develop a social protection strategy to reduce unemployment risks and support re-integration of retrenched female garment workers. <i>The completion report contains policy advice that helped in designing the initial concept of NARI to provide a managed system of support to transitioning female workers along the entire labor supply chain.</i>	ADB
Competitive Literacy Initiative, CoLI (US\$0.8 million funded by international buyers like GAP, 2007 – present)	To upgrade the literacy and life skills of female garment workers in order to improve their career and living standards. <i>NARI builds on the lessons learned from CoLI's experience in designing and delivering life skills training to female garment workers in both factory and community contexts.</i>	CARE
Chars Livelihoods Program. CLP (US\$77 million, 2004 – 2010; phase 2 under preparation)	To improve livelihood security and reduce extreme poverty of people in the Chars (riverine islands) of the northern Jamuna River. <i>NARI complements the effort of CLP in the munga-prone areas but with a different approach, i.e. connecting these areas with economic growth poles and providing training and employment opportunities in the receiving areas. NARI could utilize CLP's networks in the chars to disseminate project information and reach targeted populations.</i>	DFID
Promotion of Social, Environmental, and Production Standards in the RMG Sector, PROGRESS (US\$8.7 million, 2007 – present)	To contribute to the sustainable development of the RMG industry by promoting social and environmental compliance and productivity improvement. <i>NARI builds on the lessons learned from PROGRESS's knowledge and experience in skill development, training design, and curriculum delivery.</i>	GIZ
Bangladesh Investment Climate Fund, BICF (US\$55 million funded by DFID and the European Commission (EC), 2006 – present)	To technically assist GOB in developing a better operating environment for business, including in the EPZs. <i>BICF has financed a set of preparatory activities for NARI: (i) the environment and social impact assessment; (ii) assistance to the Bangladesh Export Processing Zone Authority (BEPZA) for construction designs; and (iii) design of the Monitoring and Evaluation (M&E) program.</i>	IFC

Annex 3: Results Framework and Monitoring

Bangladesh: NARI -- Northern Areas Reduction of Poverty Initiative: Women's Economic Empowerment Project

1. The Project M&E Framework will track progress in implementation, measure intermediate outcomes, and evaluate project impacts. The Framework outlines key performance indicators, data collection methods, a timetable for data collection and responsible agencies. This Framework will be used to monitor, evaluate and supervise the implementation of the project.

2. The project will adopt a results-based approach to M&E in order to facilitate timely improvements in project implementation, and identify lessons to inform planning for the expansion phase of the project. The approach will include tracking information on a range of results including relevance of the training, effectiveness of project support systems, and user satisfaction with project services. Additionally, selected indicators will be utilized to track the progress of beneficiaries beyond graduation from the training program.

A. Main activities of the M&E System

3. **Baseline study.** The baseline study, which will be completed within the first year of project implementation (during the construction phase), will define the pre-project status of the indicators that will be used to assess achievement of the project objectives and evaluate the project impact. In accordance with the data requirements for the project results framework and impact evaluation (described below), the baseline study will develop a suitable sampling method to assess the socio-economic status of target populations in the source area and women in the garment sector using a range of indicators. Consequently, the project results framework will be updated with data from the baseline study when this is completed. The baseline study cannot be done earlier because first the intended targeted populations need to be identified and the applicants need to be screened (see Component 1B). The team is making advance provisions for implementing a baseline survey during the first year of project implementation after the intended populations are targeted and the applicants are screened (see Component 1B). These provisions include: (i) establishing this task as a primary activity for the M&E cell in the PCU; (ii) the preparation of the TOR; (iii) preparation of a draft questionnaire; and (iv) establishment of a protocol for the implementation of the survey instruments.

Information system for monitoring implementation. The information management system will provide an integrated platform for monitoring project implementation. It will track data on procurement, contracts, finances, and other inputs, as well as monitoring project outputs and activities. Data will be stored electronically in a centralized database from which comprehensive implementation progress reports can be generated.

Impact evaluation. A rigorous, independent impact evaluation will be designed and implemented. The goal of the impact evaluation is to enable the Government of Bangladesh and the Bank to assess the cost-effectiveness and overall success of the project, and its impacts on the well being of participants. The impact evaluation will utilize mixed methods and a diverse set of data sources including primary data collection through the baseline study and follow-up household surveys (for a difference-in-difference comparison) and selected secondary data

sources (census and other types of secondary information). BEPZA officials took part in an impact evaluation workshop organized by the Bank in Kathmandu in February, 2010, in which they prepared a preliminary impact evaluation proposal for the project. This has been updated during detailed project preparation. The proposed impact evaluation aims to determine the causal relationship between the intervention under this project and socio-economic outcomes. The evaluation seeks to answer whether the intervention impacted: (i) women's earnings 18 months after the completion of the training program; (ii) women's probability of employment; (iii) women's probability of continuing to be employed for a certain amount of time (survival rate) in the garment industry; (iv) women's health and behavior outcomes (life expectancy, pregnancy and marital status, among others); and (v) women's living standards of dependents (family and friends) from their village. In order to answer these questions, the design is proposing an experimental design where the identification strategy will allow for a difference-in-difference approach that will aim to compare the differences before and after the interventions between the treatment and the control groups (see Attachment 1 for details).

4. ***Action-oriented studies and annual workshops.*** A Monitoring and Learning Plan will specify the mechanisms for strengthening internal and external (third-party) monitoring. The plan will include provisions for learning through action-oriented studies of key implementation activities. Annual stakeholder workshops will be conducted to draw lessons of experience in real time and facilitate a learning approach to project implementation and program expansion.

B. Information sources

5. ***Administrative data on project implementation.*** Quarterly progress reports will describe the main achievements of the project. Reports will include detailed information on contracts, procurement, disbursement, the project's financial status, inputs, number of beneficiaries and other outputs, and a range of additional operational indicators to track project status. These reports will be produced by the Project Coordination Unit (PCU), and will be used mainly by BEPZA, Ministry of Labor and Employment (MOLE), the Steering Committee and the World Bank. Careful monitoring of procurement will be especially important to ensure that project funds are disbursed appropriately, transparently, and in accordance to relevant guidelines.

6. ***Household surveys.*** A pilot socio-economic assessment has been conducted to measure the initial socio-economic status of potential project beneficiaries. Follow-up household surveys will be used to collect information related to the beneficiaries' experiences during implementation as well as their employment history after graduation. This instrument is intended to also collect information from households in the control group in villages with similar characteristics to those that are intended to be targeted, as well as from non-beneficiary individuals with similar characteristics to the applicants. These instruments will be key sources of information for the proposed Results Framework and for the Impact Evaluation (see Attachment 1).

7. ***Participatory focus group discussions.*** The household surveys will be complemented by participatory focus groups with beneficiaries, communities in the target districts, graduates, employers and other workers in the EPZs, as well as key informant interviews.

8. **Beneficiary satisfaction surveys.** Satisfaction surveys of beneficiaries will facilitate the identification of areas where improvements are required, and will allow for corrective action in the implementation of the Information, Education and Communication (IEC) campaign, selection process and training program.

9. **Secondary data sources.** Where required, M&E activities will utilize secondary data sources such as the census or data collected for recent, relevant and credible studies and reports.

C. Institutional arrangements

10. MOLE will establish an M&E cell within the PCU that will be responsible for the overall management and implementation of the Results Framework and other project monitoring and evaluation activities. This will include supervising data collection, updating and maintaining project databases, coordinating all M&E activities in cooperation with the Project Implementation Unit (the PIU, housed within BEPZA), and producing periodic monitoring reports including the quarterly progress reports mentioned above. MOLE will also be directly responsible for conducting Results-Based M&E.

11. A senior M&E consultant will be based within the PCU to perform the following functions:

- Supervise all project M&E activities.
- Provide capacity building support to staff in MOLE and BEPZA.
- Manage procurement and contracting for conducting the surveys, focus group discussions, impact evaluation, and external third party monitoring required for project M&E.

12. The monitoring arrangements will include both internal and external monitoring. For internal monitoring, the M&E Cell within the PCU will be responsible for data collection, including the baseline instruments. It will analyze, verify and report project data and records to the Bank team and Project Steering Committee (SC) in a timely manner. The M&E cell will also be responsible for ensuring that internal monitoring systems and procedures align with the monitoring requirements of the project. If required, the capacity of the M&E cell to monitor project implementation and outcomes will be enhanced by hiring additional field monitors.

13. External (third-party) monitoring by an independent NGO or research institute will be used to triangulate internal monitoring and, in particular, to verify internal monitoring of indicators in the Project Results Framework. Within six months of project effectiveness, a reputable external monitoring organization with relevant experience and expertise will be engaged through a competitive process to provide independent verification and assessment of project activities. The external monitoring organization will provide regular, bottom-up feedback using a number of methods including periodic interviews and surveys of trainees, random workplace visits, and stakeholder/public hearings. Soliciting feedback from project beneficiaries will help to validate the results of internal monitoring and mitigate the risk of data manipulation.

14. The project results framework will be useful to BEPZA as the agency responsible for implementation, MOLE as the ministry responsible for management and coordination, and the Bank for project supervision. The framework presents intermediate outcomes that measure

progress towards the project’s development objective (PDO) and indicators that measure achievement of the project’s expected results. The results framework provides a tool to assess the effectiveness of the project and identify areas where improvements may be necessary during implementation.

D. Results Framework

Project Development Objective	Project Outcome Indicators	Use of Project Outcome Information
<p>To facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas by providing information, technical and life skills training, transitional housing, and other support to adjust to urban life and formal sector employment</p>	<ul style="list-style-type: none"> • Number of women who receive training • Percentage of graduates who are formally employed for at least ten months of the year following completion of their training • Difference in average level of net monthly income of graduates before the training program and one year after completion of their training • Level of satisfaction with the project among graduates of the training program 	<ul style="list-style-type: none"> • To evaluate the effectiveness of the pilot project • To assess the development impact of the project • To inform planning for the expansion phase of the project
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>COMPONENT 1: Raising awareness and selecting training program candidates from the <i>monga</i>-prone districts of northern Bangladesh</p> <p>Project beneficiaries are selected from among the targeted population.</p>	<ul style="list-style-type: none"> • Number of eligible applicants who apply to the training program • Percentage of beneficiaries who complete the three-month training program 	<ul style="list-style-type: none"> • To assess the demand for the program among the targeted population • To facilitate improvements and to take corrective action in the implementation of the IEC campaign and selection mechanisms
<p>COMPONENT 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli</p> <p>Project beneficiaries rely on appropriate facilities (training centers and dormitories) for their transition to the urban life and formal sector employment.</p>	<ul style="list-style-type: none"> • Percentage of project beneficiaries who are satisfied with the services offered by the facilities (counseling, training, meal service, accommodation, security, etc.) • Percentage of graduates who stay in the project accommodation after completion of their training • Percentage of graduates who opt to pay for the meal service provided by the project facilities 	<ul style="list-style-type: none"> • To assess the adequacy of the facilities for their intended purpose • To facilitate improvements and to take corrective action in the management of the training centers and dormitories

<p>COMPONENT 3: Providing initial training and on-going support to beneficiaries</p> <p>Project beneficiaries receive the technical and life skills necessary for successful transition to the urban life and formal sector employment.</p>	<ul style="list-style-type: none"> • Percentage of project graduates who are offered formal employment within one month of graduation • Percentage of graduates who are employed at the senior operator level 18 months after graduating (i.e., they get promoted) • Percentage of graduates who are satisfied with the training program (% who rank their satisfaction as three or higher on a five point scale) 	<ul style="list-style-type: none"> • To evaluate the relevance of the technical training to meeting labor market needs • To assess the effectiveness of the life skills training and project support systems (including placement, counseling and self-help groups) • To evaluate the effectiveness of the project in facilitating economic and social upward mobility
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Data Collection and Reporting Plan

Indicators	Baseline	YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Project Outcome Indicators									
<ul style="list-style-type: none"> Number of women who receive training 	0	NA	3600	3600	3600	0	Quarterly reports	Administrative data	M&E Cell; PCU
<ul style="list-style-type: none"> Percentage of graduates who are formally employed for at least 10 months of the year following completion of their training 	0	NA	90%	90%	90%	90%	Quarterly reports	Survey of employing firms; survey of graduates Administrative data	M&E Cell, PCU (with assistance from the project placement services)
<ul style="list-style-type: none"> Difference in average level of net monthly income of graduates, before and 1 year after completion of their training 	0	NA	+50%	+50%	+50%	+50%	Quarterly reports	Baseline & follow-up surveys Administrative data	M&E Cell, PCU
<ul style="list-style-type: none"> Level of satisfaction with the project among graduates (% who rank their satisfaction level as three or higher on a five point scale) 	0	NA	70%	80%	90%		Quarterly reports	Survey of graduates Focus group discussions	M&E Cell, PCU (with assistance from the Field Office in Uttara) External third party monitoring
Intermediate Outcome Indicators									
Component 1:									
<ul style="list-style-type: none"> Number of eligible applicants who apply for the training program 	0	NA	At least 350 every 3 months	At least 350 every 3 months	At least 350 every 3 months		Monthly reports	Administrative data	M&E Cell, PCU (with assistance from staff at the Orientation Program in the Uttara EPZ)
<ul style="list-style-type: none"> Percentage of beneficiaries who complete the three-month training offered by the program. 	0	NA	90%	95%	95%		Quarterly reports	Administrative data	M&E Cell, PCU

Indicators	Baseline	YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component 2:									
<ul style="list-style-type: none"> Percentage of project beneficiaries who are satisfied with the services offered by the facilities (% who rank their satisfaction as three or higher on a five point scale) 	0	NA	60%	70%	80%	90%	Quarterly reports	<ul style="list-style-type: none"> Survey of trainees Focus group discussions 	<ul style="list-style-type: none"> M&E Cell, PCU External third party monitoring
<ul style="list-style-type: none"> Percentage of graduates who stay in the project accommodation after completion of their training 	0	NA	80%	85%	90%	95%	Monthly reports	Administrative data	M&E Cell, PCU
<ul style="list-style-type: none"> Percentage of graduates who opt to pay for the meal service provided by the project facilities 	0	NA	80%	85%	90%	95%	Monthly reports	Administrative data	M&E Cell, PCU

Indicators	Baseline	YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Component 3:									
<ul style="list-style-type: none"> Percentage of project graduates who are offered formal employment within one month of graduation 	0	NA	80%	90%	100%		Quarterly reports	Administrative data	M&E Cell, PCU (with assistance from the project placement service)
<ul style="list-style-type: none"> Percentage of graduates who are employed at the senior operator level 18 months after graduating (i.e., they get promoted) 	0	NA	NA	80%	80%	80%	Monthly reports	Administrative data	External third party monitoring (with assistance from the project placement service)
<ul style="list-style-type: none"> Percentage of graduates who are satisfied with the training program (% who rank their satisfaction as three or higher on a five point scale) 	0	NA	80%	85%	90%		Quarterly reports	Survey of graduates Focus group discussions	M&E Cell, PCU External third party monitoring

ATTACHMENT 1: IMPACT EVALUATION

A. Research Questions for the Impact Evaluation

15. The proposed impact evaluation (IE) aims to determine whether the NARI project (the ‘intervention’) has had a significant impact on the earnings and socio-economic welfare of project beneficiaries. The evaluation seeks to answer whether the intervention impacted women’s: (i) earnings 18 months after the completion of the training program; (ii) probability of employment; (iii) probability of continuing to be employed for a certain amount of time (survival rate) in the garment industry; (iv) health and behavior outcomes (life expectancy, pregnancy and marital status, among others); and (v) living standards of dependents (family and friends) from their village.

B. Control Group and Identification Strategies

16. **Control group and proposed identification strategy.** Ideally, there would be two groups to compare that would be as similar as possible before the intervention (*ex-ante*) in both observable and unobservable characteristics and factors. In order to achieve similarities between these groups, the IE will be designed as a randomized controlled trial (RCT). This design constitutes the best strategy to ensure that the impact analysis is rigorous and enables causal inference. If this is achieved, the single difference between the two groups after the intervention could be attributed to the impact of the project intervention. Eligible women that are willing to participate in the early stages of the training program will be randomly assigned to intervention and control groups. Randomization ensures that any source of bias is properly isolated. The expected demand for the program will determine the final design of the IE. Information on this demand is expected to be refined before the training program begins. In the most likely scenario of excess demand for the program, a lottery would be used as a fair and transparent option for giving every woman the same chances to be first (or last) in the program.

17. **Alternative identification strategy.** A representative sample of villages will be selected for the evaluation (for example, 200 villages) where half of these villages will be randomly assigned to the treatment group and the other half to the control group. The treatment group will receive the awareness campaign and the opportunity to enroll in the training program right away, subject to their eligibility, while the control group will receive the awareness campaign in year 4. This has the advantage that the program is not generating expectations in a group of women that would experience the intervention in later stages. However, this has the disadvantage that the comparison between the women in these two groups is not straightforward. The treatment group will be composed of eligible women that would be getting the intervention, while the control group will be composed of all the women in these villages, so the evaluation team will not know a priori who would be willing to take the training since this will be unobservable. This bias may be minimized using econometric techniques exploiting the observable characteristics of the women in both groups.

C. Procedure, Data Collection and Methodology of Analysis

18. **Procedure for the IE.** Once the awareness campaign starts, it is expected that a large number of women will apply. Eligible candidates will be evaluated and selected to participate according to their educational status and health. The selected women will be considered the nominated group. After construction of project facilities is completed in year one, the training will be conducted in quarterly batches. Starting in the second year of project implementation, 900 women will be trained every three months in three different training centers (one per EPZ, 300 women x 3 training centers). A lottery will determine which women will enter each batch of trainees. From the pool of nominees defined above, a random sample will be selected to receive training among the first batch of the second year while those remaining will receive training as part of the first batch of the fourth year.² No potentially eligible beneficiaries are excluded from the project. On the contrary, all eligible candidates will be given the same opportunity of being in the first batch, where the public lottery will provide a transparent and fair mechanism for making this allocation. A sample of these women will be included in the baseline and follow-up surveys.³ At the end of the third year of the project, it is possible to identify two types of women: (i) women who were self-nominated for the project and entered in the first batch of year 2; and (ii) women who were self-nominated for the project and will enter in the first batch of year 4. The impact of the project will be measured through the comparison of the changes in the outcomes between the treatment and control groups.

19. **Data.** The baseline survey will be conducted during the first year of project implementation, i.e., during the construction phase. The surveys will be implemented at the individual (women), household, and village levels. The follow-up survey will take place 18 months after the first batch of women complete the training program and be applied to the same sample used for the baseline. Qualitative data, at the household and community levels (focus groups), will be included as part of the baseline survey data collection. The gathering of qualitative information can provide information to refine the analysis of the diffusion mechanisms of the impact identified in the evaluation as well as potentially capture additional spillover effects.

20. **Methodology of analysis.** The study will implement a difference-in-difference (DiD) approach for comparisons between treatment and control groups, drawing on data from both the baseline and the follow-up surveys. The DiD methodology consists of measuring the average change in a given indicator between two periods (before and after the intervention, for both treatment and control groups) and then comparing the changes for the two groups. The differences between two groups reflect the isolated effect of the program. The DiD econometric analysis will allow for verification of the effectiveness of the randomization strategy in creating comparable groups. It will also facilitate correction of some potential “contamination” of the data, as the before-and-after difference for each group corrects for any remaining fixed

² From the evaluation design perspective, it does not matter how the remaining batches will be filled. Any type of mechanism (i.e. first come-first serve or prioritizing the poorest women first) can be used and it will not cause methodological problems.

³ It should be noted that if some women assigned to the first batch of year four are no longer available/interested in the project when their turn comes, this is perfectly acceptable. The random assignment does not prevent women from engaging in any other activity since the evaluation is not trying to measure the treatment versus nothing. It is therefore possible that some women could end up going to an EPZ on their own or engage in some other activities in their community, and thus decide to forfeit their ‘slot’ in the project. Such diversity does not compromise the identification strategy and is likely to bring forth very valuable information, including through the collection of qualitative data.

differences between the treatment and control groups while the difference between groups deals with external factors that affect the target population during the interval of analysis.

D. Potential Extensions and Risks

21. *Potential Extensions.* There are several possible extensions of the impact evaluation outlined above which may help to clarify reasons for the success (or failure) of the pilot project. Such questions would be useful to consider in the context of modifying the project design for future expansion. These extensions, to be further discussed at the appraisal stage, include:

- the impacts of social networks on beneficiaries using the following indicators: (i) earnings 18 months after the completion of the training program; (ii) probability of employment; and (iii) probability of surviving in the garment industry;
- the impact of the life skills training curriculum (basic English, financial management, safety and security in the city, professionalism in the EPZ work place, etc.) on women's socio-economic wellbeing across selected indicators (e.g. mental health, ability to manage money, sense of security, etc); and
- spillover effects on other members in the home villages of the training program's beneficiaries.

22. *Potential Risks.* The need to establish a control group to be able to measure impact is at the core of any IE. Using randomization to allocate participants to one group or the other constitutes the most transparent and fair process. However, a reputational risk and ethical concern could be raised regarding the denial (or the delay) of the opportunity of increased earnings for two years to women allocated to the control group, i.e. those that would enter the training program in year 4. The issue arises if the number of women selected in the first phase is just sufficient to cover the first batch or just 2 batches. Such a smaller initial cohort raises the concern of postponing the entry of the women of the control group to a later cohort when they could in fact be part of the next cohort in the second year. Based on consultations with the communities, a large number of women are expected to be interested in the program. However, there is still a small chance that an insufficient number of women will be identified to fill the first cohort. That unlikely scenario will be discussed at the appraisal stage. Given this risk, the alternative identification strategy was prepared as described earlier.

Annex 4: Detailed Project Description

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

Overview

1. The NARI project will offer a managed system of transition to employment in the garment industry for poor and vulnerable women, which is designed to improve fairness, efficiency, and safety along the entire labor supply chain.
2. The project is divided into four components: three substantive components and an integrated administrative component, each with several sub-components as outlined below.

Component 1: Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh

- 1A: IEC campaign
- 1B: Targeting of intended populations and screening of applicants
- 1C: Orientation program for candidates and selection of beneficiaries
- 1D: Transportation of beneficiaries from the source areas to the receiving areas

Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli

- 2A: Construction of training and transitory accommodation facilities
- 2B: Provision of furniture, equipment, and management services for the facilities

Component 3: Providing initial training and on-going support to beneficiaries

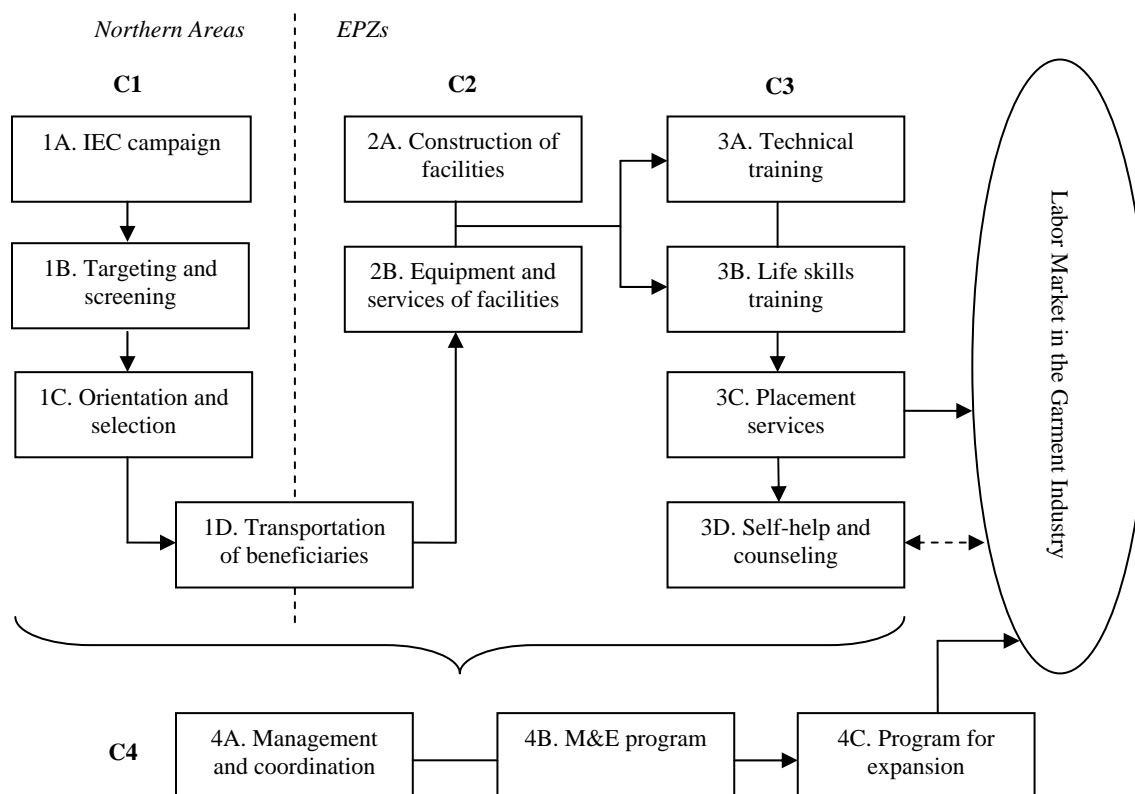
- 3A: Delivery of a technical training curriculum for garment industry work
- 3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories
- 3C: Placement services for on-the-job training and employment in EPZ factories
- 3D: Self-help and counseling for trainees and graduates

Component 4: Supporting coordination, M&E, and expansion

- 4A: Project management and coordination
- 4B: M&E of the activities
- 4C: Preparation of a program of expansion

3. The three substantive components are to be implemented by BEPZA, the project implementing agency. The integrated administrative component, i.e. Component 4, is to be implemented by MOLE, the project coordinating agency, which is also the sponsoring ministry assigned by the Government (see Annex 6 for details on the institutional and implementation arrangements).
4. Figure 4.1 provides a summary of the main activities of the project.

Figure 4.1: Summary of the Project Main Elements



5. **Component 1: Raising awareness and selecting candidates in monga-prone districts in northern Bangladesh (estimated cost: US\$0.92 million; IDA financing US\$0.92 million).** This component aims to share information about the project with the populations of five *monga*-prone districts in northern Bangladesh—namely, Gaibandha, Kurigram, Nilphamari, Lalmonirhat, and Rangpur—and select beneficiaries from those populations. Component 1 is made up of four sub-components, in sequence: (1A) an IEC campaign in the five districts; (1B) the targeting of poor and vulnerable women and screening of applicants for the project; (1C) an orientation program for the candidates that concludes the selection of project beneficiaries; and (1D) the transportation of the beneficiaries from the source areas (the *monga*-prone districts of northern Bangladesh) to the receiving areas (the EPZs in Dhaka, Ishwardi, and Karnaphuli).

6. The intent of Component 1 is twofold: maximizing the audience for project-related information in the source areas while minimizing the risk of selecting people who would not be suitable beneficiaries for the project. The objective is essential to inform the potential beneficiaries and their families and communities about the project, gain their support for the project, and ensure the participation of targeted populations. It is also a transparency mechanism to disclose and explain critical project information, and by doing so, to prevent misunderstanding about the project, capture of project benefits, fraud, and corruption.

7. As mentioned above, the second objective is to minimize the risk of selecting people who would not be suitable beneficiaries for the project. This is critical since the project must balance the need to find participants capable enough to succeed in their transition to formal employment (e.g. minimum level of education is required), with the need to stay focused on the target populations, i.e., poor and vulnerable women, who are also those less likely to succeed.

8. **Component IA: IEC campaign.** The IEC campaign will provide poor and vulnerable women from the five targeted districts and their families and communities with critical project-related information, namely: the objectives, rationale, and design of the project; the rules and criteria for the selection process; the costs and benefits to beneficiaries of participating in the project; and the roles and responsibilities of project beneficiaries and partners.

9. A variety of media will be used to facilitate access to and sharing of information, combining low cost mass media (community radio, local newspapers, micro-phones, cellular-phone messaging, advertizing posters, and illustrated pamphlets), with interpersonal communication (public hearings, project kiosks, role play activities, community theater, and videos of workers in the EPZs). Above all, project information will be disseminated via existing social networks sustained by CDD projects that people in the northern areas have been working with and trust—a key mechanism to prevent misinformation and trafficking. Two examples of such projects include the Social Development Foundation (SDF) supported by the Bank-financed SIPP project and the DFID-funded CLP. Woman from the *monga*-prone areas, who currently work in the garment sector (including possibly former project beneficiaries), will also help to promote the project and will serve as catalysts for the IEC campaign.

10. Information will be delivered in local languages. A special effort will be made in the design and delivery of the IEC campaign to reach the poorer, less educated, and more vulnerable young women, who are less likely to be aware of the project.

11. The IEC campaign has been prepared in consultation with potential beneficiaries and other stakeholders (like local authorities, migrant garment workers, and CSOs). The objective is to provide a steady stream of applicants for the training program, with neither too many nor too few applicants in any one recruitment period. An independent, mid-term assessment of the effectiveness of this communication and outreach campaign will also be carried out with participation of the target audience and other key stakeholders to enhance future implementation.

12. **Component IB: Targeting of intended populations and screening of applicants.** In general, a multi-level targeting and screening process will be used starting with self-selection. Self-selection is a pertinent targeting strategy in the context of the proposed project for several reasons: (i) the project seeks to recruit women who are very motivated and would choose to migrate anyway as this cohort has the greatest chance of success; (ii) field visits in the source areas indicate that those who would self-select into the project would be poor and vulnerable women because of the benefit of migrating for garment industry work are much higher for them relative to their better-off peers (women from richer households express no interest in garment work); and (iii) self-selection helps minimize risks of capture by elites and coercion by families and communities.

13. Self-selected applicants will then be screened against a set of objective, transparent, and verifiable criteria—which will also have been publicized during the IEC campaign—to ensure that they meet the minimum criteria for eligibility. Specifically, applicants must be at least 18 years old (the legal minimum age to work), possess grade 8 education or higher (a criterion suggested by employers during consultations), and reside in one of the five *monga*-prone districts.

14. The screening process will be informed, facilitated, and monitored by CSOs, village institutions, and local government representatives who are familiar with the communities. A Selection Advisory Committee (SAC), using a CDD type approach, will be formed to include

representatives from these groups in order to verify the eligibility of applicants (age, education, residence, motivation, etc).

15. **Component 1C: Orientation program and selection of beneficiaries.** The candidates, i.e. eligible applicants, will be invited to participate in a five-day residential orientation program in a suitable location in the northern areas. The purpose of the orientation program is to give candidates a detailed understanding of the project and explain the opportunities, difficulties, and hazards they may face in the factory and the city. The use of video showing life in the city, inside the factories, and a typical dormitory, etc., will complement talks by former or current workers, originally from the *monga*-prone areas, who can describe the changes entailed in moving to the EPZ in terms that candidates can understand.

16. Ultimately this residential program will serve as a test of candidates' willingness and capacity to participate in and benefit from the project. Consultations show that the majority of migrant female garment workers who quit and come back home do so in the very first days of beginning employment in urban areas. Living away from home in a new environment is therefore a decisive test. The orientation program will conclude with an aptitude and motivation exam supervised by the SAC. Successful candidates will be offered admission to the training program and those who accept will become the project beneficiaries. The orientation program will be ongoing, working on a rolling basis to provide a steady stream of successful candidates for the training program in the receiving areas. Efforts will be made to assign beneficiaries to the receiving areas based on their preferences and common characteristics.

17. **Component 1D: Transportation of beneficiaries from the source areas to the EPZs.** Project beneficiaries will be offered transportation by bus from the northern areas to the training and accommodation facilities in one of the three selected EPZs, namely Dhaka, Ishwardi, and Karnaphuli. As stated above, beneficiaries will join the EPZ training center where a new cohort of trainees is due according to the rolling schedule of intakes. However, beneficiaries may request to be sent to a specific EPZ if they can offer a valid justification, e.g. they have family members already present in one of the receiving areas. Project staff will escort beneficiaries from the source to the receiving area. Free transportation back to the northern areas will also be guaranteed for trainees who decide to quit the program and return home.

18. **Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Karnaphuli, and Ishwardi (estimated cost: US\$32.53 million; IDA financing US\$23.64 million, BEPZA contributing US\$6.7 million in land and some supporting infrastructure, and employers and beneficiaries contributing US\$2.19 million).** The project includes three receiving areas for the project beneficiaries: the EPZs located in Dhaka, Karnaphuli, and Ishwardi. This component of the project will support the establishment of the project's training centers and transitional accommodation facilities. Component 2 includes two sub-components: (2A) the construction of the facilities on the three project sites and (2B) the provision of furniture, equipment, and management services for the facilities.

19. **Component 2A: Construction of training and transitory accommodation facilities.** In each receiving EPZ, a training center will be constructed to accommodate cohorts of 300 trainees. The dormitory attached to the training center will be built to accommodate 600 women only, regardless of their marital status. The training center will accommodate 600 women because the training will last for three months, but accommodation of beneficiaries will be offered for up to six months, i.e. a cohort of trainees and a cohort of graduates will be living in the dormitory at the same time. This will encourage mentoring between and within generations of project beneficiaries and provide a "cushion" of three months for graduates from the training

program to find permanent housing. The project will provide an incentive for timely departure, for example, by offering women a transition grant, when they leave the dormitories after 6 months of residence. They will also sign an agreement at entry regarding the conditions of their stay and departure. Construction of the training facilities and dormitories will occur during the first year of project implementation.

20. The key principles which have influenced the architectural design of the buildings, and are based on consultations with intended beneficiaries from the *monga*-prone areas and other stakeholders, are: (i) flexibility (pilot project, adjustment must be easy); (ii) safety and security (vulnerability of project beneficiaries is high); (iii) simplicity (low maintenance, easy replication); (iv) transitional (from rural work and villages to factory work and living in the city); (v) communal (development of social networks); and (vi) culturally appropriate and adequate (for the local context).

21. ***Component 2B: Provision of furniture, equipment, and management services for the facilities.*** The project will finance the procurement of furniture and equipment to make the three training centers and the three dormitories operational. This includes the appropriate equipment and machinery to conduct the technical training, e.g. sewing machines, as well as furnishings and supplies for classrooms, offices, recreational areas, dining areas, and bedrooms. Services to ensure that the facilities are operational will include: maintenance (including of the machines for technical training), cleaning of the common areas and the outside of the facilities, lighting and security of the perimeter and access to the facilities, and food services for trainees, graduates, and management and teaching staff.

22. Costs for food and accommodation in the facilities will be deducted from the stipend provided to each trainee during the period of training. Each trainee will receive a monthly stipend of US\$39 which is equal to the legal amount that they would earn as apprentices in EPZ factories. Monthly costs that trainees and graduates will pay for food and rent are estimated at US\$22 and US\$7 respectively, which are less than market prices. The graduates will be allowed to stay in the dormitories for up to three additional months and will continue to pay for their food and accommodation at the same subsidized rates as trainees. It should be noted that the graduates will not receive a stipend anymore as they are expected to have found work in the garment factories of the EPZ (the minimum wage for a junior operator, the expected starting job for graduates, is US\$56). Employers will also contribute to the operating costs of the facilities. Project graduates, i.e. beneficiaries who successfully completed the training, will receive a lump-sum payment equivalent to a month of rent (TK 1,000) when they leave the project accommodation facilities after six months.

23. ***Component 3: Providing initial training and on-going support to beneficiaries (estimated cost: US\$2.04 million; IDA financing US\$0.73 million and employers contributions US\$1.31 million).*** This component will finance the initial training and on-going support to project beneficiaries in their transition to formal employment in the garment factories and life in the areas surrounding the EPZs. Four sub-components are proposed: (3A) the delivery of a technical training curriculum for garment industry work; (3B) the delivery of a life skills curriculum to adapt to the factory and the city; (3C) placement services for on-the-job training and employment in EPZ garment factories; and (3D) self-help and counseling services for trainees and graduates. Training and support will start after the first year of project implementation once the facilities are operational.

24. The training of each cohort will last for three months. Consultations with stakeholders in the industry and review of existing training programs indicate that a training period of three

months, including a month of on-the-job training, is necessary and sufficient for good preparation—beneficiaries would not want to stay longer as after three months they could find a job and start earning a salary. After three months, the trainees will graduate and be given a certificate that attests to their skills. About 10,800 women will enter the training program over the duration of the project: 300 per cohort, with a new cohort every three months, for three years, in three EPZs (300 beneficiaries/cohort x 4 cohorts/year x 3 years x 3 training centers). Following graduation, graduates will benefit from the assistance of placement services and a sponsored graduate self-help group.

25. *Component 3A: Delivery of a technical training curriculum for garment industry work.*

This sub-component involves designing and delivering a technical training curriculum to enable beneficiaries to join the industry as Junior Operators (semi-skilled workers) rather than *helpers* (unskilled workers). The technical curriculum will include teaching in cutting, sewing, and quality control—the main operations in the industry. The training will be flexible enough to be responsive to the changes in the industry and the local conditions of each EPZ. Employers have indicated their willingness to contribute to the design of this curriculum, which will be finalized during the first year of project implementation when construction is ongoing. Former or current garment workers and supervisors will be recruited as trainers.

26. As mentioned above, there will be a month of on-the-job training in the garment factories when the training facilities will be not fully in use. During this period, the facilities will be used to provide training for current workers who could potentially become supervisors. Beyond the rather obvious benefits for those women who will be trained as supervisors, this would have several other advantages, including: (i) addressing concerns, albeit in a modest way, of gender stratification in the industry; (ii) helping to increase the visibility and bargaining power of women workers; (iii) providing role models and mentors for the new trainees; and (iv) opening up stronger dialogue with the employers on the place of women in the work force. While best efforts will be made to include some existing workers from the *monga*-prone districts, this training activity will not be exclusively limited to them.

27. *Component 3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories.*

The delivery of a life skills training will complement the technical training. This curriculum—designed by a team of seasoned, local specialists during project preparation has the objective of preparing trainees for formal employment in factories and life in urban settings. The training will address specific challenges that poor and vulnerable women from *monga*-prone districts will likely face in transitioning to formal employment. It will cover topics such as workers' labor rights and responsibilities, negotiation skills, health and safety awareness, reproductive health and hygiene, HIV/AIDS prevention, finding accommodation, using public transportation, basic personal budget management (including savings and remittances), and elementary English literacy—a necessity to work in an industry where instructions are often not written in Bengali. Classes will be taught in dedicated classrooms in the dormitories. Graduates will be invited to share their experiences. The life skills training will be regularly reviewed and updated as additional information on the needs of project beneficiaries becomes known.

28. *Component 3C: Placement services for on-the-job training and employment in EPZ factories.*

The project will support the establishment of a bureau for employment placement services in each training center. The placement service will have four mutually-reinforcing functions: (i) arranging on-the-job training with employers, under the authority of BEPZA, so that each trainee spends her third month of training in a factory (in return, employers get an apprentice for free for one month as trainees receive a stipend from the project); (ii) assisting graduates in their search for employment in the EPZ factories, with special attention to the terms

of the contracts graduates are offered—the bureau will also collect the job offers from the EPZ factories and match them with graduates’ demands for work; (iii) conducting an awareness campaign for employers in the receiving EPZs to promote the new training program, inform them on why and how they should participate in the program (sponsoring, on-the-job training, placement services), and emphasize their responsibilities vis-à-vis the workers; and (iv) undertaking regular, local Rapid Market Assessments to determine the skills in demand in the garment factories of each EPZ (opening and closing of factories, new machines or product lines, etc.) and evaluate how graduates are doing (follow-up surveys with graduates and employers to assess which courses prove to be useful and rewarding) in order to foster responsive and flexible training.

29. The BEPZA field office of each EPZ will be closely involved in the administration of the job placement services, given that the management of the EPZ is very well placed to support this function due to their cooperation and existing relationships with employers. EPZ employers will be listed with the bureau.

30. **Component 3D: Self-help and counseling services for beneficiaries.** The project will sponsor a self-help group of graduates. Self-help groups of women have a proven record of success in the region, e.g. micro-credit groups. The social networks they constitute provide a safety net for their members and are also a means for social empowerment. The self-help group will be especially useful in helping women find jobs and accommodation, as word-of-mouth and individual reference are the best mechanisms for matching supply and demand in these two markets. In addition, the self-help group will be used as a mechanism for encouraging savings during and beyond their residence in the dormitories. Since cohorts of trainees and graduates will overlap in the dormitories, participation in the self-help group should be easy and natural. In addition, trainees and graduates will benefit from counseling services located in the training centers, where social workers can help them address any kind of issues they may face. Trainees and graduates will also have access to the medical facilities of the EPZs.

31. **Component 4: Supporting coordination, M&E, and expansion (estimated cost: US\$4.30 million; IDA financing US\$4.00 million, MOLE financing US\$0.1 million in kind, BEPZA financing US\$0.2 million in kind).** Component 4 aims to support implementation of project activities. As a pilot, this project requires special care and supervision. To this end, this component has three specific sub-components: (i) the management and coordination of the project; (ii) the M&E of the activities; and, (iii) the preparation of an expansion program.

32. **Component 4A: Project management and coordination.** This sub-component will finance capacity building and consultancy services to help MOLE perform its responsibilities in coordinating the project, e.g. organizing meetings of the Steering Committee (see Annex 6 on implementation arrangements), serving as principal liaison with the Bank, preparing progress reports, etc.. The project will support MOLE by providing training, including fiduciary- and governance-related training, as well as facilities upgrading and equipment, and will cover incremental staff salaries and other operating expenses needed to carry out project-related functions.

33. **Component 4B: M&E of the activities.** The NARI project will include a comprehensive M&E program for: (i) internal monitoring of project progress and results; (ii) external, third-party monitoring of processes, outputs, and outcomes, likely through independent NGOs or research centers; (iii) impact evaluation of the project and its impacts on the economic and social well-being of the beneficiaries, which is likely to include a tracer study of a subset of trainees; and (iv) action-oriented studies and annual stakeholder workshops to draw lessons of experience

in real time and facilitate a learning approach to project implementation and program expansion. All these M&E activities will be designed and implemented in a coordinated manner, while maintaining independence, as appropriate.

34. ***Component 4C: Preparation of a program of expansion.*** The proposed NARI project is a pilot operation designed to test new approaches to facilitate the entry of poor and vulnerable women into the formal labor force. If successful, the project may be replicated and scaled up to reach other poor areas of Bangladesh and serve additional industry clusters. The project will support site identification and selection and technical assistance for preparing the program for expansion. When appropriate, additional financing will be sought to scale up the project.

Annex 5: Project Costs

Bangladesh: NARI – Northern Areas Reduction-of-Poverty Initiative: Women’s Economic Empowerment Project

TABLE 5.1: OVERALL SUMMARY PROJECT COSTS						
	Components/Sub-Components	Estimated Cost (US\$ million)	Financing (US\$ million)			
			IDA	MOLE	BEPZA	Others ⁴
1	Raising awareness and selecting beneficiaries in the <i>monga</i>-prone areas					
<i>1A</i>	<i>IEC campaign</i>	<i>0.4</i>	<i>0.4</i>	<i>x</i>	<i>x</i>	<i>x</i>
<i>1B</i>	<i>Targeting and screening</i>	<i>0.1</i>	<i>0.1</i>	<i>x</i>	<i>x</i>	<i>x</i>
<i>1C</i>	<i>Orientation and selection</i>	<i>0.3</i>	<i>0.3</i>	<i>x</i>	<i>x</i>	<i>x</i>
<i>1D</i>	<i>Transportation of beneficiaries</i>	<i>0.1</i>	<i>0.1</i>	<i>x</i>	<i>x</i>	<i>x</i>
ST1	Sub-Total Component 1	0.9	0.9	x	x	x
<i>1U</i>	<i>Unallocated and Contingencies (2%)</i>	<i>0.02</i>	<i>0.02</i>	<i>x</i>	<i>x</i>	<i>x</i>
T1	Total Component 1	0.92	0.92	x	x	x
2	Establishing training centers with dormitories in the EPZ					
<i>2A</i>	<i>Construction of facilities</i>	<i>26.59</i>	<i>19.89</i>	<i>x</i>	<i>6.70</i>	<i>x</i>
<i>2B</i>	<i>Equipment and services of facilities</i>	<i>5.30</i>	<i>3.11</i>	<i>x</i>	<i>x</i>	<i>2.19</i>
ST2	Sub-Total Component 2	31.89	23.00	x	6.70	2.19
<i>2U</i>	<i>Unallocated and Contingencies (2%)</i>	<i>0.64</i>	<i>0.64</i>	<i>x</i>	<i>x</i>	<i>x</i>
T2	Total Component 2	32.53	23.64	x	6.70	2.19
3	Providing training and support to beneficiaries					
<i>3A</i>	<i>Technical training</i>	<i>0.80</i>	<i>0.19</i>	<i>x</i>	<i>x</i>	<i>0.61</i>
<i>3B</i>	<i>Life skills training</i>	<i>0.50</i>	<i>0.20</i>	<i>x</i>	<i>x</i>	<i>0.30</i>
<i>3C</i>	<i>Placement services</i>	<i>0.30</i>	<i>0.10</i>	<i>x</i>	<i>x</i>	<i>0.20</i>
<i>3D</i>	<i>Self-help and counseling</i>	<i>0.40</i>	<i>0.20</i>	<i>x</i>	<i>x</i>	<i>0.20</i>
ST3	Sub-Total Component 3	2.00	0.69	x	x	1.31
<i>3U</i>	<i>Unallocated and Contingencies (2%)</i>	<i>0.04</i>	<i>0.04</i>	<i>x</i>	<i>x</i>	<i>x</i>
T3	Total Component 3	2.04	0.73	x	x	1.31
4	Supporting coordination, monitoring and evaluation, and expansion					
<i>4A</i>	<i>Management and coordination</i>	<i>3.01</i>	<i>2.71</i>	<i>0.10</i>	<i>0.20</i>	<i>x</i>
<i>4B</i>	<i>M&E program</i>	<i>0.90</i>	<i>0.90</i>	<i>x</i>	<i>x</i>	<i>x</i>
<i>4C</i>	<i>Program for expansion</i>	<i>0.30</i>	<i>0.30</i>	<i>x</i>	<i>x</i>	<i>x</i>
ST4	Sub-Total Component 4	4.21	3.91	0.10	0.20	x
<i>4U</i>	<i>Unallocated and Contingencies (2%)</i>	<i>0.08</i>	<i>0.08</i>	<i>x</i>	<i>x</i>	<i>x</i>
T4	Total Component 4	4.30	4.00	0.10	0.20	x
TC	Grand Total	39.79	29.29	0.10	6.90	3.50

A comprehensive project detailed costing table is available. For illustration and clarity of disbursement arrangements (Annex 7), an extract of this detailed costing is provided below for Sub-Component 2B:

⁴ CSR Fund (CSR): 1/3 of operating costs over the life time of the project with increasing contribution (0% in year 1 and year 2, 50% in year 3, 75% in year 4, 100% beyond) for a total of US\$1.6 million; also, trainees and graduates’ contribution for food and accommodation for a total of US\$1.9 million.

Table 5.2: Costing of Sub-Component 2B (Extract from Detailed Costing Table)

2	Establishing training centers with dormitories in the EPZ	Estimated Cost (US\$ million)	Financing (US\$ million)			
			IDA	MOLE	BEPZA	Others
...
2B	Equipment and services of facilities	5.30	3.11	x	x	2.19
2B1	Equipment	1.69	1.69	x	x	x
2B2	Utility management	2.19	x	x	x	2.19
2B3	Stipend to trainees	1.26	1.26	x	x	x
2B4	Housing Allowance for graduates	0.16	0.16	x	x	x
...

Annex 6: Implementation Arrangements

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

1. This Annex presents detailed information on (A) the overall institutional arrangements of the proposed NARI project; (B) the overall implementation arrangements; (C) the specific implementation arrangements by component; and (D) the staffing required and their training as well as the necessary equipment for implementation.

A. Overall institutional arrangements

2. **Government counterparts.** The proposed project involves two government agencies:

- MOLE assigned by the Government as the Sponsoring Ministry for this operation, will act as the *Coordinating Agency* for the project; and
- BEPZA will act as the *Implementing Agency* for the project.

3. **Responsibilities for implementation.** BEPZA will be responsible for the implementation of the three substantive components described in Annex 4:

- Component 1: Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh;
- Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli; and
- Component 3: Providing initial training and on-going support to beneficiaries.

4. MOLE will be responsible for the implementation of the integrated administrative component described in Annex 4:

- Component 4: Supporting coordination, M&E, and expansion.

5. **Medium-term vision.** The reason why the proposed institutional arrangements include a coordinating agency in addition to an implementing agency is in the medium term the program will be modular in nature. That is to say, new geographic areas and implementing agencies can be added depending on the findings from the pilot. For example, the project can be potentially replicated with the trade associations of the garment industry that are mostly active outside the EPZs (and where BEPZA would have no role). Hence, there is a need for an overall project coordinating agency with an eye on future expansion. In addition, since MOLE will not be involved in the day-to-day implementation, it can provide arms-length oversight of implementation. BEPZA is the logical implementing agency in the pilot because most of the project activities will be executed inside the EPZs.

6. **Joint Working Group.** A Joint Working Group (JWG) between MOLE and BEPZA—that has already been established and meets regularly to prepare the Government's Development Project Proposal (DPP) (the equivalent of the Bank's PAD), facilitate coordination and collaboration between the two agencies at the technical level. This working group, chaired by the Joint-Secretary of MOLE, has the mandate to reach agreement regarding the modalities to be followed during the different stages of the project, ensure a clear and mutual understanding of the project by the two agencies, and provide a platform for enhanced collaboration and cooperation.

B. Overall implementation arrangements

7. ***Project Implementation Unit.*** BEPZA will set up a Project Implementation Unit (PIU) to oversee the development and management of Components 1, 2, and 3. The PIU, led by a project director appointed by BEPZA, will have a central project office located at the headquarters of BEPZA in Dhaka. In addition to the central unit in Dhaka, four Field Offices (FO) will be set up, each headed by a management advisor recruited by the project. The FOs will be located in each of the four main project sites, namely Dhaka EPZ, Ishwardi EPZ, Karnaphuli EPZ, and Uttara EPZ (Nilphamari district) in the source region.

8. ***Project Coordination Unit.*** MOLE will create a Project Coordination Unit (PCU) whose purpose will be the implementation of Component 4, the integrated administrative component, under the leadership of a coordinating director assigned by MOLE. Three core functions will be the responsibility of the PCU: (i) the overall management and coordination of the project; (ii) the M&E of the activities; and (iii) the preparation of an expansion program beyond the pilot project. The PCU will be located in office space rented by the ministry—the space is already available and will be shared with an ILO project for the prevention of child labor. It will house the M&E Cell of the project.

9. ***Steering Committee.*** In addition, the Secretary of MOLE will chair a multi-stakeholder Steering Committee (SC), comprising *inter alia* PMO, IMED, MOLE, BEPZA, the Economic Relations Department, Ministry of Finance, the Ministry of Commerce, the Ministry of Industry, the Ministry of Women Affairs, the Planning Commission, as well as the employers' associations, research institutes and NGOs (selected for their experience and knowledge of the issues of poverty reduction in the *monga*-prone districts and of the garment sector). The SC will provide strategic, high-level oversight to the project, with an eye to future expansion. The SC will also provide an opening for participation of stakeholders that may become implementing agencies at a later stage if the pilot proves successful, e.g. the employers' associations of the garment industry (BGMEA and BKMEA).

10. ***Schematic overview.*** Figure 6.1 provides a summary of the overall implementation structure for the proposed project.

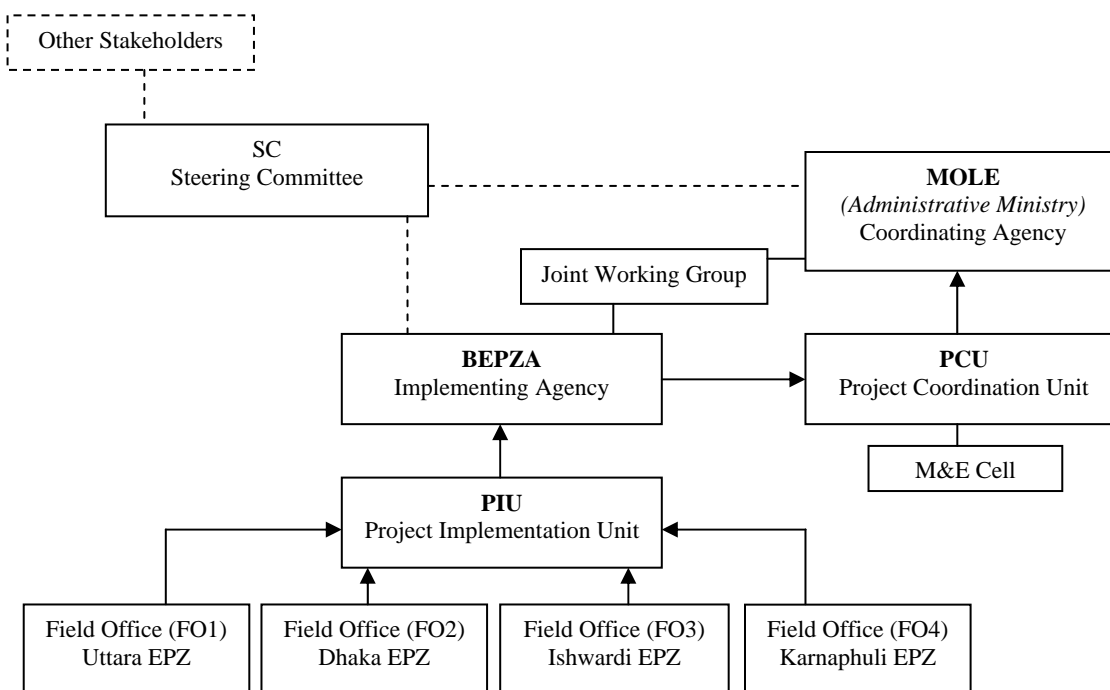
11. ***Outsourcing of activities.*** The execution of most of the activities will be outsourced to reputable and experienced private sector companies and/or non-profit organizations following best practices in procurement. Procurement will be centralized in the PIU where a procurement specialist will be recruited by the project. Ideally, three organizations could provide all the services required for the main activities, except civil works and procurement of goods: (i) one active in the northern areas for the implementation of the IEC campaign, as well as the selection and preparation of the beneficiaries, and their transportation; (ii) another for the management of the training facilities and the dormitories; and (iii) a third for the delivery of the training, placement and counseling services. Several organizations, which are capable and willing to perform these tasks have been identified during project preparation, however the contracts may be split depending on the availability of skills and expertise.

12. ***Technical assistance.*** Similarly, provision has been made for the project to support MOLE through outsourcing of technical assistance for areas where capacity improvements are required, e.g. M&E activities. Preferably, a single consulting firm will be able to be contracted for technical assistance to perform the following functions: (i) secretariat of the SC; (ii) M&E

program; (iii) preparation of the program for expansion; and (iv) capacity building of MOLE so that it can play a larger role in the expansion phase. The contract may be split depending on the availability of skills and expertise.

13. **Functions of the PIU and PCU.** The role of the PIU and the PCU is therefore largely to contract competent organizations, carefully supervise their performance, enable them to perform efficiently, learn from them (in M&E for example), and ensure transparent, honest, and regular reporting to BEPZA and MOLE respectively.

Figure 6.1: Implementation Structure



Note: Lines with arrows indicate a reporting relationship, straight lines indicate a working relationship and dashed lines indicate a formal/ associative relationship

C. Specific implementation arrangements by component

14. **Component 1: Raising awareness and selecting candidates in the monga-prone districts of northern Bangladesh.** This component will be executed by a competent organization with presence in the northern areas, under the supervision of the field office of the PIU in the source region, i.e. FO1. The particulars of the activities to be implemented—(1A) IEC campaign, (1B) Targeting of intended populations and screening of applicants, (1C) Orientation program for candidates and selection of beneficiaries, and (1D) Transportation of beneficiaries from the source areas to the receiving areas—are described in Annex 4.

15. The PIU will (i) prepare the terms of reference for the execution of the activities of this component, (ii) contract the appropriate organization on a competitive basis, (iii) support the organization in carrying out its assignments, (iv) supervise the work and monitor the performance of the organization, and (v) report to BEPZA. An additional duty of the PIU will be to liaise with local community and administrative authorities through its field office (with the help of MOLE when needed).

16. The PIU will retain responsibility for the safety of the beneficiaries during transportation of the beneficiaries. The field office in Uttara EPZ in the source region, under the responsibility of its management advisor (MA), will have to coordinate with the field offices in the receiving EPZs to arrange transportation. Staff from FO1 will accompany the beneficiaries on their journey from the source region to the receiving areas where staff from FO2, FO3, or FO4 will welcome the beneficiaries to their training centers and dormitories.

17. ***Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli.*** BEPZA, in its capacity as the ultimate owner of the project facilities, will supervise the construction of the training and temporary accommodation facilities. In addition during construction, a technical third-party monitor will conduct quality assurance on the construction of the facilities, and BEPZA will supervise this work. The PIU will benefit from the assistance of three fully staffed and equipped teams of specialists seconded by the Engineering Department of BEPZA. The engineering teams will supervise civil work contractors employed for the construction of the facilities according to the site planning reports, the constructing drawings, and the bid documents that are being prepared during project preparation.

18. Each of the three engineering teams will be deployed to one of the field offices of the PIU in the EPZs, i.e. FO2 in Dhaka EPZ, FO3 in Ishwardi EPZ, and FO4 in Karnaphuli EPZ, for duration of the construction (the first year of project implementation). The PIU, through its field offices, will cooperate with the Engineering Department of BEPZA. The PIU will have the responsibility of ensuring that the construction activities are in compliance with Bank's safeguard requirements and that the Environmental Management Plans are properly implemented. In addition, as mentioned above, a technical third party monitor will conduct quality assurance on the construction of the facilities, as is standard for World Bank projects that involve construction.

19. The provision of furniture, equipment, and management services for the facilities (2B), which also includes the management and maintenance of the training and housing facilities, food service for the employees and residents and security of the facilities, will be outsourced. Given that these activities are diverse in nature, it is highly likely that at least two contracts will be required for different firms or organizations--one that encompasses procurement of furniture and equipment, and the other that encompasses services, management and maintenance. The PIU will (i) prepare the terms of reference for the execution of these activities, (ii) contract suitable organizations following the procurement guidelines of the project, (iii) support the contracted organizations in carrying-out their assignments, (iv) supervise the work and monitor the performance of the contracted organizations, and (v) report to BEPZA. Security will be subcontracted via an extension of the contract already awarded by BEPZA to a private company in charge of the security and safety of the EPZs.

20. ***Component 3: Providing initial training and on-going support to beneficiaries.*** Component 3 will be executed by a contracted organization under the supervision of the field offices of the PIU in the EPZs, i.e. FO2, FO3, and FO4. The particulars of the activities to be implemented—(3A) Delivery of a technical training curriculum for garment industry work, (3B) Delivery of a life skills training curriculum to adapt to urban life and working in factories, (3C) Placement services for on-the-job and employment in EPZ factories, and (3D) Self-help groups and provision of counseling services—are described in Annex 4.

21. The PIU will (i) prepare the terms of reference for the execution of the activities of this component, (ii) contract an organization following the procurement guidelines of the project, (iii)

support the contracted organization in carrying-out assignments, (iv) supervise the work and monitor the performance of the contracted organization, and (v) report to BEPZA. An additional duty of the PIU, through its field offices, will be to liaise with employers in the targeted EPZs as well as with the EPZ management.

22. ***Component 4: Supporting coordination, M&E, and expansion.*** The PCU is in charge of the implementation of Component 4, whose activities are described in Annex 4. The PCU will be set up in office space rented by MOLE. The PCU will benefit from technical and financial assistance to ensure the project can be efficiently managed and that PCU staff has access to the facilities and equipment needed to carry out project-related functions. The PCU is in charge of the timely submission of project reports to the Bank.

23. The overall coordination of the NARI project (4A) will be performed by the PCU. The PCU will be in charge of convening the SC, chaired by the Secretary of MOLE, and the JWG, chaired by the Joint-Secretary of MOLE, on a timely and regular basis. In addition, the PCU will assist the PIU in establishing relationships with local authorities like the Union Councils in the source areas.

24. The PCU will set up and house an M&E Cell to coordinate and carry out the comprehensive M&E program of the project (4B). MOLE is not involved in the implementation of the substantive components, which is the responsibility of BEPZA. This arrangement ensures “arms-length” checks and balances. The M&E Cell will benefit from the assistance of external expertise as required. The PCU will (i) prepare the terms of reference for the execution of the M&E activities, (ii) support the contracted individuals/organizations in executing its/their assignments, (iii) supervise the work and monitor the performance of the contracted individuals/organizations, and (iv) report to MOLE senior management. In addition, the PCU, via the M&E Cell, will liaise with BEPZA, which will perform the internal monitoring of project progress and results, and provide assistance when required. BEPZA will submit the necessary project information to MOLE via the PCU in order to forward them to the Planning Commission and other related Divisions. The PCU will especially link with the Impact Monitoring and Evaluation Division (IMED) of the Ministry of Planning.

25. The preparation of a program for expansion into other areas and with other implementing agencies (4C) will be the responsibility of the PCU. The PCU will benefit from the assistance of external expertise to prepare proposals for the scope and modalities of the expansion and liaise with the relevant stakeholders and potential implementing agencies. Essentially, the PCU will undertake ‘identification’ and ‘preparation’ for a program to scale up the pilot in a second phase.

26. Ideally, a single consulting firm could be contracted to provide technical assistance to the PCU to perform the following functions: (i) operating the secretariat of the SC; (ii) implementing the M&E program; (iii) preparing the program for expansion; and, (iv) capacity building of MOLE. However, the contract may be split depending on the availability of skills and expertise.

D. Staffing and equipment

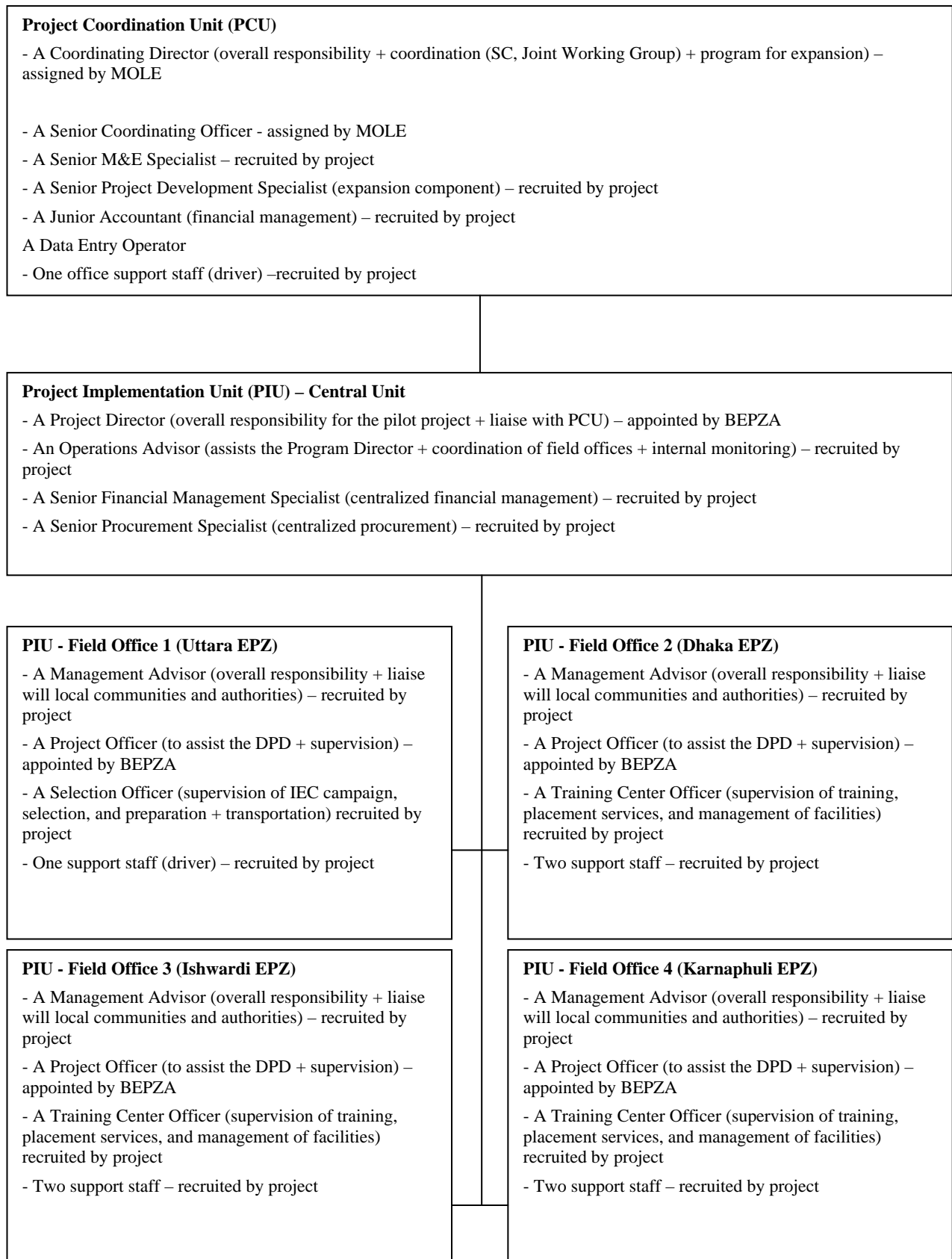
27. As far as possible, the proposed NARI project will be implemented and managed by existing BEPZA and MOLE personnel, e.g. the use of BEPZA’s engineering teams. However, some staffing gaps will need to be filled through external recruitment (particularly procurement and M&E functions). The positions of project director in the PIU and coordinating director in the PCU will be filled by internal candidates from BEPZA and MOLE respectively. All senior managers assigned to the project will be expected to serve for the duration of the project in order

to ensure consistent and steady implementation.

28. Figure 6.2 proposes an organizational chart of the staffing of the proposed NARI project. MOLE will assign two persons: the Coordinating Director (a function probably assumed by the Joint-Secretary, MOLE) and a Senior Coordinating Officer—the latter working full-time for the project. BEPZA will assign five people: the Project Director and four Project Officers, one in each of the four field offices.

29. The project will also provide funding and assistance for training of the PIU and PCU staff as desirable for effective implementation of the project, e.g. procurement and financial management, and facilities and equipment needed to carry out project-related activities.

Figure 6.2: Organizational Chart of the NARI Project



Annex 7: Financial Management and Disbursement Arrangements

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

1. A financial management (FM) assessment was carried out to evaluate the overall financial management environment prevailing in the country and within the entities that will implement the project. More specifically, this assessment aimed at assessing the FM risks underlying the project, the capacities of the implementing entities, and the FM systems in place. It also sought to identify which FM arrangements would need to be in place for the proposed project to meet the Bank's fiduciary requirements in accordance with its OP/BP 10.02.

2. **Country FM environment.** Despite considerable progress, the Public Financial Management (PFM) system has not yet evolved to have the capacity to fully manage public funds effectively. The system remains highly regulated and bureaucratic, as well as input- and process-oriented rather than result- or outcome-focused. Access to information is restricted; capacity to act in a timely manner is largely constrained by cumbersome bureaucratic processes; and credible sanctions of transgressions are particularly weak. As a result, the main thrust of both the present and planned PFM reform is to improve public expenditure management and financial accountability by strengthening transparency mechanisms and implementing sound internal controls at all levels. Although the reforms under the proposed Strengthening Public Expenditure Management Program (SPEMP) will provide some mitigation, the FM risk of the proposed project remains substantial as a reflection of the weak regulatory environment and low capacity/expertise in FM at the national level.

3. **FM assessment of implementing agencies.** As part of project appraisal, the Bank carried out an FM assessment of the implementing agencies, diagnosed the strengths and weaknesses therein, and identified actions required for addressing the weaknesses in order to establish adequate FM arrangements for project implementation. A brief account of the FM capacities of the different implementing entities is provided below.

- **MOLE:** As the project coordinating agency, the MOLE will house the PCU and will be in charge of Component 4 of the project (the integrated administrative component). The FM functions of MOLE are therefore relatively small and mostly limited to the disbursement of pay, allowances, and other departmental expenditures related to the project. An Accountant and an Account Assistant in the Accounts Section, headed by a Deputy Chief (Administration), perform routine accounting functions pertaining to the recurrent budget. Since MOLE lacks experience with Bank funded projects, mainstreaming of project FM functions will be a challenge. Additionally, MOLE does not have additional resources for managing and recording day-to-day financial activities of the project. This implies that MOLE needs to strengthen its FM capacity in proportion to the size and level of its functional responsibilities in the project. In order to ensure effectiveness and continuity of FM functions and disbursement, the PCU will be required to recruit a dedicated project Accountant with appropriate skills and experience from the start of the project. The PCU will procure accounting software to maintain record keeping and the generation of project financial reports.
- **BEPZA:** BEPZA being an authority of the Government under the Prime Minister's Office, has experience in implementing Bank-funded projects and currently has one ongoing. BEPZA has had extensive exposure to International Development Association (IDA) disbursement procedures and FM requirements. BEPZA has a strong FM team

headed by a Member (Finance). It has an Internal Audit Department headed by a General Manager, reporting to the Member (Finance). However, the scope and components of the NARI project entail implementation of activities that are different from the functions normally performed by BEPZA. Components 1 to 3 of the project are directly managed by the NARI PIU, located in BEPZA, and encompass a variety of activities, ranging from establishment of training centres and dormitories to conducting of training, and from maintenance of training centres and dormitories to payment of monthly stipends to the trainees. Each activity under these components will require strong and effective FM systems to ensure transparency and effectiveness. BEPZA will therefore need to enhance its FM capacity by recruiting a professional and experienced FM Specialist (FMS). Since a FMS level resource has not been considered for the PCU under MOLE because of its smaller fund compared to BEPZA, this FMS will also assist and guide the Accountant recruited by the PCU as and when required. Moreover, the consolidation of Interim Financial Reports (IFR) and Annual Financial Reports will be done by FMS of BEPZA on behalf of PCU. BEPZA will procure separate accounting software in order to maintain timely record keeping and generate project financial reports.

4. The Bank will institute the necessary measures to mitigate the fiduciary risks arising from the weaknesses of each entity's internal control environment and FM capacities, through the project FM arrangements and FM Action Plan. The appointment of a qualified accountant as the project FMS with BEPZA and an Accountant with MOLE will be required to lead the project FM functions, to provide FM support during implementation and to maintain fiduciary safeguards.

5. ***Project description.*** The project is divided into four components: three substantive components and an integrated administrative component, each with several sub-components as outlined below.

Component 1: Raising awareness and selecting candidates in the *monga*-prone districts of northern Bangladesh (estimated cost: US\$0.92 million; IDA financing US\$0.92 million):

1A: IEC campaign

1B: Targeting of intended populations and screening of applicants

1C: Orientation program for candidates and selection of beneficiaries

1D: Transportation of beneficiaries from the source areas to the receiving areas

Component 2: Establishing training centers with dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli (estimated cost: US\$32.53 million; IDA financing US\$23.64 million, BEPZA contributing US\$6.7 million in land and some supporting infrastructure, and employers and beneficiaries contributing US\$2.19 million):

2A: Construction of training and transitory accommodation facilities

2B: Provision of furniture, equipment and management services for the facilities

Component 3: Providing initial training and on-going support to beneficiaries (estimated cost: US\$2.04 million; IDA financing US\$0.73 million and employers contributions US\$1.31 million):

3A: Delivery of a technical training curriculum for garment industry work

3B: Delivery of a life skills training curriculum to adapt to urban life and working in factories

3C: Placement services for on-the-job training and employment in EPZ factories

3D: Self-help and counseling for trainees and graduates

Component 4: Supporting coordination, M&E, and expansion (estimated cost: US\$4.30 million; IDA financing US\$4.00 million, MOLE financing US\$0.1 million in kind, BEPZA financing US\$0.2 million in kind):

4A: Project management and coordination

4B: M&E of the activities

4C: Preparation of a program for expansion

6. **Risk analysis and mitigation.** The initial overall project FM risk is rated as “Substantial.” Upon implementation of identified mitigation measures within a time bound FM Action Plan, the overall residual risk is likely to be reduced to “**Moderate.**” Risk assessment, mitigation measures, and determination of residual risks are tabulated below:

Table 7.1: Agreed Action Plan

FM Assessment	Actions	Responsible IA	Completion plan
<p>Staffing</p> <p>MOLE: Weak FM capacities and FM organization.</p> <p>BEPZA: It has FM capacity with experience and existing resources. But it has been assessed that existing resources will not be able to handle additional FM functions under this project.</p>	<p>PCU in MOLE will recruit a dedicated Project Accountant.</p> <p>A project specific FMS will be recruited and based in the PIU in BEPZA. This FMS will also guide the Accountant in the PCU in implementing books of accounts, reporting, and preparing a financial manual MOLE and PCU will collaborate fully with the FMS of the PIU so that the FMS can complete the above-mentioned functions smoothly.</p> <p>Recruitment plan: Financial Management Specialist (consultant) for BEPZA & Accountant (consultant) for MOLE</p> <ul style="list-style-type: none"> - Agreed TOR - Appointments 	<p>MOLE</p> <p>BEPZA</p> <p>BEZPZA & MOLE</p>	<p>Details mentioned in staffing section</p> <p>By negotiation</p> <p>By not later than two(2) months after the Effective Date a financial management specialist and an accountant, both</p>

	<p><i>agreement/MOU with the organizations will be reviewed and agreed by the Bank.</i></p>		<p><i>stipends to the recipients.</i></p> <p><i>Agreement/MOU with other organizations will be done before transfer of any fund to the recipients.</i></p>
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7. ***Project FM arrangements.*** The project FM arrangements as agreed as mitigation measures and other arrangements will be adequate to support the project implementation and to meet the fiduciary requirements of the Bank in compliance with the provisions of the OP/BP 10.02. The status, as assessed and agreed, for arrangements on various aspects of financial managements are stated below.

8. ***DPP and project budgets:*** BEPZA on behalf of MOLE will prepare a single consolidated DPP for the project on the basis of the separate inputs from BEPZA and MOLE. MOLE will submit the DPP to the Planning Commission for approval. The same process will be followed with respect to submission and approval of proposals for allocations under the Annual Development Plans.

9. ***Books of accounts and financial reporting:*** Each agency (PIU and PCU) will maintain separate books and records, prepare financial statements, and issue periodic IUFRRs for the component(s) implemented by them. The project will follow the Government Project Accounting Manual in maintaining books of accounts and in complying with the monthly, quarterly, and annual financial reporting requirements of various government agencies as well as with the requirements of the Bank. As the Agencies do not have Computerized Accounting Systems designated for the project, they will use excel-based accounting tools until appropriate accounting software to maintain the books using Government’s Code of Accounts becomes functional. Manual registers will be used to adequately record acquisition and use of all project fixed assets. Physical inventories at the end of each financial year will be updated to accurately record the condition and safe custody of the assets.

10. The PCU will submit to the PIU (with a copy to the Bank) the quarterly IUFRR for their component of the project for consolidation, within 30 days after each quarter, showing receipts, uses and balances of funds by IDA (and other sources if any), and status of procurement activities including contract-wise status of payment against the contract value. The PIU will then prepare quarterly consolidated IUFRRs incorporating the IUFRR of the PCU, and its own IUFRR, and submit these to the Bank not later than 45 days after the end of each quarter. Actual expenditures for the project will be compared with the budgets each quarter; budget variances and their rationale will be discussed in the quarterly IUFRR.

11. ***Designated account and fund flows:*** IDA funds for the project will flow through separate Designated Accounts (DAs) for the PCU (MOLE) and the PIU (BEPZA), to be opened as Convertible Taka Special Accounts (CONTASA) with a branch of the commercial bank that has adequate experience in maintaining such accounts and that is acceptable to IDA. The PCU and the PIU will be responsible for managing their respective designated accounts, the varying authorized limits for which will be set depending on the amount of project funds to be allocated

for each components. Project funds will also flow through direct payments and issuance of special commitments as and when required. The minimum application size for direct payments will be set at 20 percent of outstanding amounts in the respective DAs.

12. **Disbursement:** The project is a four-year IDA credit of US\$29.29 million with additional contribution as follows:

- US\$6.9 million in kind from BEPZA for land acquisition, supporting infrastructure, staff salaries, and office space for the PIU.
- US\$0.1 million in kind from MOLE for staff salaries and office space for the PCU.
- US\$1.9 million from project beneficiaries for the operation of project facilities (utility management contract for Sub-Component 2B2).
- US\$1.6 million from employers through the CSR Fund⁵ for the utility management of the project facilities (contract for Sub-Component 2B2 as detailed in Table 5.2 in Annex 5) and the training costs (time-based service contract for Component 3).

IDA financing will be 100 percent of all expenditure costs including taxes, except in:

- a. The time-based service contract for activities under Component 3, in which IDA overall financing will be 36 percent of all costs including taxes; funding required for the remaining will come from the CSR Fund..
- b. The utility management contract for the project facilities under Sub-Component 2B2 as detailed in Table 5.2 in Annex 5, in which IDA financing will be 0 percent; funding required will come entirely from the CSR Fund and project beneficiaries.

The IDA fund will be disbursed under transaction-based traditional Bank disbursement procedures. IDA will require full documentation where contracts are for: (i) goods exceeding US\$2,000,000; (ii) works exceeding US\$6,000,000; (iii) consultant firms exceeding US\$200,000; and (iv) individual consultants exceeding US\$100,000. Expenditures below these thresholds will be claimed through Statement of Expenditures (SOEs). Upon implementation of satisfactory FM capacity and reporting system the project can switch to report based financing system with agreed IFR format of the Bank. The following table shows the IDA financing under different expenditure categories:

⁵ If the Operations Policy of the CSR Fund does not get formally approved by the Inter-Ministerial Committee by XYZ date, BEPZA has agreed to contribute the necessary resources.

Table 7.3: Allocation of IDA Credit Proceeds

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed
BEPZA		
(1) Consultants' services under Component 3 of the Project	USD730,000	100%
(2) Goods, works, Housing Allowances, Stipends, Incremental Operating Costs, and consultants' services under Components 1, 2 (except the utility management contract under Sub-Component 2B2) and 4 of the Project	USD26,760,000	100%
MOLE		
(3) Goods, consultants' services, and Incremental Operating Costs under Component 4 of the Project	USD1,800,000	100%
TOTAL AMOUNT	USD29,290,000	

13. Note 1: The term "Stipends" means the monthly amount of money that each trainee will receive while undergoing training over a three-month period.

Note 2: The term "Housing Allowances" means the lump-sum payment that Project graduates, i.e. beneficiaries who successfully completed the training, will receive when they leave the project accommodation facilities.

Note 3: The term "Incremental Operating Costs" means the reasonable costs incurred on account of the implementation of the Project for office utilities, office supplies and stationeries, printing and publication, rental of vehicles and equipment, events, bank charges, advertising costs but excluding office rental, salaries and contractual allowances of contracted staff, and salaries of the Recipient's civil servants.

Note 4: The project will incur expense which amounts to US\$150,000 for Engineering Design Consultancy following Bank's procurement guideline and clearance for the purpose of the project before the signing of the Financing Agreement. This expenditure, which is under category (2) in the above table, will be covered under retroactive financing with effect from 21 June 2011.

14. **Internal audit:** BEPZA has an in-house established internal audit department. This internal audit department will carry out the annual internal audit on the components to be implemented by BEPZA as per an audit plan to be agreed by the Bank annually before start of the audit. The internal audit report will be submitted to its reporting entity first with copies to the Bank and Project Audit Committee. BEPZA will review the audit report and will determine any remedial measures required. These will again be reported to the Project Audit Committee and to the Bank.

15. **External Audit:** BEPZA and MOLE do not have any outstanding audit report or ineligible expenditure related to the Bank financed project. The PCU and the PIU prepare annual financial statements reflecting project resources received and expended for their responsible component(s) and submit this to the PIU by August 31, each year. The PIU, on behalf of the PCU, will prepare consolidated annual financial statements for the entire project showing appropriate break down for the PCU and PIU by project component and make this available to the auditor by September 15, each year. These financial statements will be audited by the Foreign Aided Project Audit Directorate of the C&AG. A SAN will be prepared by the PIU on behalf of the PCU and agreed with the C&AG. BEPZA will submit the consolidated audited financial statements for the entire project not later than December 30, each year. Such audited consolidated financial statements will be submitted to the Chair, SC, with copies to the Secretary of MOLE and the Executive Chairman of BEPZA. The SAN will include audits focused on testing efficacy of internal control arrangements at each agency and transaction testing for detection of fraud and corruption. The following audit reports will be monitored in the Audit Report Compliance System:

Coordinating Agency	Audit Type	Auditor	Deadline
Ministry of Labor and Employment	Audit of Project's Consolidated Annual Financial Statements	Foreign Aided Project Audit Directorate under Comptroller & Auditor General	December 31

16. **Project Audit Committee:** To ensure that the audit reports generated by the external and internal audits of the project have satisfied the audit plan, that the reports are reviewed and that audit recommendations are followed up on, a Project Audit Committee (PAC) will be set up with the Project Coordinator as the Chair and the Project Director as a member. Member (Finance) of BEPZA will be the other member of the PAC. The PAC will operate as an extended arm of the project SC and it will meet at least twice a year.

17. **Supervision plan:** The initial supervision will focus on compliance with all agreed actions, terms, and conditions including assignment of project FM staff, identification of any FM or disbursement issues in project implementation, and reaching agreement on measures for redress, where required. Close review will be conducted regarding the readiness of the PCU and the PIU to access project funds, their use of appropriate accounting systems for project FM, their production of the first IUFRRs in a timely manner, and their use of internal controls on FM functions. In addition, supervision efforts will focus on sampling expenditures below prior-review thresholds, reviewing payment processes against the defined control framework, reviewing the achievements on the disbursement conditions, and monitoring the progress of institutional preparedness and strengthening.

Annex 8: Procurement Arrangements

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

A. General

1. **Overview.** Total value of the project is US\$39.79 million; IDA Credit will finance US\$29.29 million, the Government will finance US\$7.0 million and the remaining US\$3.5 million will be financed through a combination of employers' contribution—through funds allocated to the project by BEPZA-administered CSR Fund—and project beneficiaries' contributions. Total procurement of US\$29.86 million under the project will involve works of US\$18.93 million followed by consulting and non-consulting services of US\$8.81 million and goods of US\$2.12 million.

2. Procurement for the proposed project will be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 ((cumulatively know as "Bank Guidelines"), and the provisions stipulated in the Financing Agreement.

3. For the purpose of National Competitive Bidding (NCB) (goods and works), the following shall apply: (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder; (b) bids should be submitted and opened in public in one location immediately after the deadline for submission; (c) rebidding shall not be carried out, except with the Association's prior agreement; (d) lottery in award of contracts shall not be allowed; (e) bidders' qualification/experience requirement shall be mandatory; (f) bids shall not be invited on the basis of percentage above or below the estimated cost and contract award shall be based on the lowest evaluated bid price of compliant bid from eligible and qualified bidder; and (g) single stage two envelope procurement system shall not be allowed.

4. All expected major procurement of goods and consultants' services will be announced in the General Procurement Notice (GPN), published on the World Bank's external website and United Nations Development Business (UNDB).

5. **Procurement components and responsibility.** This project is composed of four components as below:

- COMPONENT 1 – Raising awareness and selecting beneficiaries in the *monga*-prone districts of northern Bangladesh
- COMPONENT 2 - Establishing training centers with dormitories in three EPZs located in Dhaka, Ishwardi and Karnaphuli
- COMPONENT 3 – Providing training and on-going support to beneficiaries
- COMPONENT 4 - Supporting coordination, M&E, and expansion

The overall responsibility for the first three components will lie with BEPZA. Component 4 will be implemented by MOLE. BEPZA will be responsible for most of the procurement (US\$27.20 million) under this project.

6. **Procurement of goods and works.** There will be works procurement for construction of dormitories and training centers. BEPZA will carry out such procurement using the Bank's

standard bidding documents (SBDs) for all International Competitive Bidding (ICB) and followed by NCB and shopping. NCB would be carried out under the Bank Procurement Guidelines following the procedures for “Open Tendering Method” of the People’s Republic of Bangladesh (Public Procurement Act 2006, Public Procurement Act (1st Amendment) 2009, and Public Procurement Rules 2008 (as amended in August 2009), collectively referenced as PPA) with the modifications outlined in the paragraph 3 and using standard bidding documents satisfactory to IDA. The “Request for Quotation” under PPA is acceptable to IDA as a form of shopping.

7. **Procurement of non-consulting services.** The project will require a few non-consulting services such as a utility management contract for the training centers and dormitories. BEPZA will carry out such procurement using the Bank Guidelines and as agreed in the Procurement Plan.

8. **Selection of consultants.** The project will contract a small number of consulting firms and individual consultants for financial management, procurement, training, M&E, and other individual specialists with specific expertise as required for supporting project implementation. Selection of consultants will follow the Consultant Guidelines. For services, short lists of consultants may be composed entirely of national consultants, in which case provisions of paragraph 2.7 of the Consultant Guidelines will apply. For the selection of these national consultants, the request for proposal prepared on the basis of PPA and acceptable to the Bank may be used. For the purpose of the project, Quality and Cost Based Selection (QCBS) Quality Based Selection (QBS), Fixed Budget Selection (FBS), Consultants’ Qualification (CQ), Single Source Selection (SSS), Least Cost Selection (LCS) and Individual Consultant Selection (ICS) will be used. The Procurement Plan shall specify the circumstances and threshold under which specific methods will be applicable.

9. **Operating costs.** These costs will include incremental operating costs for office utilities, office supplies and stationeries, events, bank charges, advertising costs, and salaries and contractual allowances of contracted staff, but excluding salaries of Government officials.

B. Assessment of the agency’s capacity to implement procurement

10. **Procurement environment.** Bangladesh has a nodal procurement policy agency and a Public Procurement Act (PPA) 2006 with associated Public Procurement Rules 2008 (PPR) and bidding documents. It created a critical mass of about 25 procurement professionals and, as of now, has provided training to over 3200 staff of about 300 organizations. To sustain the reform, with the Bank’s assistance, the Government has been implementing a second Procurement Reform Project since late 2007, focusing largely on the implementation and monitoring of PPA including introduction of e-government procurement at key sectoral agencies. Notwithstanding the above progress over the past years, recently the new Government made a few amendments to the PPA which were found not to be consistent with the Bank’s Guidelines, and as such the Bank for its projects allowed for local procurement the use of PPA / PPR with those exceptions.

11. **Procurement capacity and risk assessment.** The procurement capacity assessment was carried out in BEPZA and MOLE with the web-based Procurement Risk Assessment Management System (P-RAMS). BEPZA has experience in Bank-funded projects for similar types of tasks in “Enterprise Growth and Bank Modernization Project (EGBMP)”. In EGBMP, BEPZA has successfully completed all the procurement activities within the project closing date. For this project regular procurement post review was carried out and the review showed that BEPZA implemented the procurement as per the provisions of the Financing Agreement without

any major observations. However, MOLE lacks adequate procurement staff to manage procurement under this project and also has no experience in Bank funded projects. MOLE will require appropriately qualified and knowledgeable staff to manage procurement under this project. Further, BEPZA and MOLE need more training and experience in ICB following Bank guidelines. In addition, the following areas need improvement: information dissemination, delivery follow up, and payments. This being considered, the project is rated as “Moderate Risk” from the procurement operation and contract administration perspective. Several measures need to be introduced to minimize the risk during the implementation of the project.

12. Measures for improving governance in procurement. In order to minimize procurement-associated risks, the following measures have been agreed with the Government, part of which are already in place while the remaining will be implemented as the project preparation moves forward and the project is implemented.

- i) Identify procurement focal points (PFP) in BEPZA and MOLE;
- ii) Ensure fulltime service of an experienced procurement consultant;
- iii) Establish a functional webpage for BEPZA with procurement related information accessible to the public;
- iv) Establish a system for handling complaints in the PCU and a database for recording, monitoring and follow up on all the procurement activities under the project; and,
- v) Introduce a procurement risk mitigation plan (PRMP) through reports submitted to IDA on a periodic (semi-annual or quarterly) basis.

13. Identify procurement focal points. Both BEPZA and MOLE have nominated a procurement focal point for this project. These two focal points will take necessary training both on PPR 2008 and Bank Procurement Guidelines. The focal persons will help the respective agencies in day-to-day procurement follow-up and preparation of periodic procurement reporting.

14. Service of Procurement Consultant. BEPZA will hire the services of an experienced procurement consultant for the duration of the project. This consultant will also provide services to MOLE as and when required. The procurement consultant will assist both BEPZA and MOLE to prepare invitations for bids, requests for expressions of interest, bidding documents, requests for proposals, evaluation reports, contracts, and other documents concerning procurement of goods, works, and consulting and non-consulting services.

15. Establish a functional webpage. All information pertaining to bidding and procurement above the specified thresholds, as per PPR, will be published in Central Procurement Technical Unit’s (CPTU’s) website. In addition, BEPZA will publish procurement information on its own website. This information will include: invitation to bid, bid documents and RFPs (wherever applicable); latest information on procurement plan/contracts; status of evaluations once completed; contract award information; and information covering the poor performance of contractors, suppliers and consultants, including a list of debarred firms. The website would be accessible to all bidders and interested persons equally and free of charge.

16. Establish a system for handling complaints. A credible system for handling complaints related to procurement and implementation of Components 1, 2 and 3 will be put in place within BEPZA. This system will be linked to, and feed into, the project’s overall complaint mechanism, which will be designed and managed by MOLE as coordinating agency. The complaints database of BEPZA will record, monitor and follow up on the procurement activities under this project.

The system will include a standard protocol with appropriate triggers for carrying out investigations, and a record of actions taken against involved parties. The system will be developed and managed by BEPZA. It will be supported by a database containing information relating to all steps of the procurement process such as official estimates (global unit prices), all bidders (individuals, companies, joint ventures, owners information, etc.), and all bids.

17. The PRMP periodic report will capture the status of the following actions, undertaken by BEPZA and MOLE for the project:

A. **Alert bidders in pre-bid meeting.** BEPZA and MOLE, via notification during a pre-bid meeting, will alert bidders of the consequences of corrupt practices (fraud and corruption, collusion, coercion, etc.). The alert message, among others, will include that if bidders are found to have adopted such practices, they would be debarred from subsequent bidding processes in conformity with PPA and IDA Guidelines. In addition, in the pre-bid meeting, the bidders will be clarified for preparation of bids correctly.

B. **Alert internal officers/staff.** In reference to the legal agreement to be signed with IDA, MOLE and BEPZA will issue alert letter(s) indicating the fraud and corruption indicators and the possible consequences of corrupt behavior in procurement practices, which will include actions to be taken against official staff if their involvement in such practices is proven. Moreover, BEPZA and MOLE will highlight that in the case of noncompliance or material deviation from IDA'S Procurement Guidelines, IDA may take remedial actions (i.e., withdrawal of funds, declaration of mis-procurement) for the concerned contracts.

C. **Bid Opening Committee (BOC) & Bid Evaluation Committee (BEC).** A formal structured BOC will be constituted for each contract package, as per the provisions of the PPA. Pursuant to provisions of the PPA 2006, the BEC will have at least five members with two members from outside the procuring entity with a proven track record of experience in procurement. Depending on the type of procurement, these members shall be either from public offices and/or from professional bodies/ beneficiaries. The BOC will include at least one member of the BEC.

D. **Bid Opening Minutes (BOM).** During the same day of bid opening, photocopies of the BOM with readout bid prices of participating bidders will be submitted by BEPZA and MOLE for circulation to all concerned. For prior review packages, the BOM will be shared with IDA.

E. **Low competition among bidders and high price of bids.** The case(s) of low competition (not solely based on number of bidders) in ICB and NCB cases coupled with high priced bids will be inquired by BEPZA and further reviewed by the procurement unit of the project. The review and decision in this regard will be in the context of qualification criteria, the contract size (too small or too large), location and accessibility of the site, capacity of the contractors, etc. In straightforward cases BEPZA may decide to change the schedule of requirements. The packaging of NCB contracts will be based on BEPZA's best judgment of the capacity of local contractors. Slicing of packages will be done on a case-by-case basis and shall not be used for lowering the level of the contract approving authority.

F. **Measures to reduce coercive practices.** Upon receiving allegations of coercive practices resulting in low competition, BEPZA and MOLE will look into the matter and take appropriate measures. For prior review contracts, observations of BEPZA and MOLE will be shared with IDA, along with the evaluation reports. BEPZA and MOLE may seek assistance from law enforcement agencies to provide adequate security for bidders during bid submission. For ICB

contracts, provision for bid submission through international/national courier services will be allowed and confirmation of the receipt of the bid will be shared with the bidders through e-mail.

G. **Rebidding.** In the case of re-bidding, BEPZA and MOLE will enquire into the matter, record and highlight the grounds for re-bidding (i.e. corruption or similar, high bid prices etc.) along with recommended actions to be taken. For prior review cases, all detailed reports will be sent to IDA.

H. **Filing and record-keeping.** BEPZA and MOLE will preserve records and all documents regarding their public procurement in accordance with provisions of the PPA, and these records will be made readily available on request for audit/investigation/review by BEPZA and MOLE.

I. **Procurement planning.** BEPZA and MOLE will prepare the project procurement plan. The consolidated procurement plan of this project, covering all contracts will be published in the website of BEPZA and CPTU, and updated semi-annually.

J. **Publication of Award of contract in websites.** The following information will be published on BEPZA's website, as well as that of the CPTU's website: identity of contract package, date of advertisement, number of bids sold, number of submitted bids, number of responsive bids, brief reasons for rejection of bids, name of the winning bidder and the price it offered, date of notification of award, date of contract signing, proposed completion date of contract as well as brief description of the contract awarded. For contracts following ICB procedures, BEPZA and MOLE shall publish notice of award of such contracts in UNDB online and dgMarket, in accordance with the provisions of IDA Guidelines.

18. **The overall project risk for procurement is "Moderate."**

C. **Procurement plan**

19. **A procurement plan covering the first 18 months** of the project implementation has been prepared. This provides the basis for the procurement methods. It will also be available in the project's database and in IDA's external website for this project. The procurement plan will be updated in agreement with BEPZA and MOLE semi-annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. **Review by IDA of procurement decisions**

20. **Procurement review.** The review by IDA of procurement decisions and selection of consultants will be governed by Appendix 1 of the Bank's Guidelines. For each contract to be financed by the Credit, threshold for prior review requirements and post review contracts will be identified in the procurement plan. During the first 18 months of the project, IDA will carry out prior review of the following contracts; this prior review threshold will be updated annually based on the performance of BEPZA and MOLE:

(i) For Goods: All the ICB contracts and Direct Contracts irrespective of estimated cost. The NCB Contracts estimated cost equivalent or more than US\$2,000,000.

(ii) For Works: All the ICB contracts and Direct Contract irrespective of estimated cost. The NCB Contracts estimated cost equivalent or more than US\$ 6,000,000 and the first NCB contract irrespective of value.

(iii) For Consultant's Services: Prior review will be required for consultants' services contracts estimated to cost US\$200,000 equivalent or more for firms and US\$100,000 equivalent

or more for individuals. All single-source contracts will be subject to prior review by and in agreement with IDA. All Terms of references of the consultants are subject to the IDA's prior review.

E. Frequency of procurement supervision

21. In addition to the prior review supervision to be carried out by IDA, the capacity assessment of the Implementing Agency has recommended semi-annual supervision missions to visit the field to carry out post review of procurement actions. A customized review process will be developed for reviewing procurement at the community level.

Attachment 1

Details of the Procurement Arrangements involving large procurements.

Goods and works

Ref No.	Contract Description	Estimated Cost (Million US\$)	Selection Method	P-Q	Review By Bank (Prior/ Post)	Expected Bid Opening Date
BEPZA-G1	Supply and installation of equipment for training centers at Dhaka, Iswardi and Karnaphuli EPZ.	1.00	NCB	No	Yes	Jan- 2012
BEPZA-G2	Procurement of Furniture	0.70	NCB	No	No	June- 2012
BEPZA-W1	Construction of training complex and dormitories and related infrastructure near Dhaka EPZ.	6.13	ICB	No	Yes	Dec-2011
BEPZA-W2	Construction of training complex and dormitories and related infrastructure near Iswardi EPZ.	6.4	ICB	No	Yes	Feb-2012
BEPZA-W3	Construction of training complex and dormitories and related infrastructure near Karnaphuli EPZ.	6.4	ICB	No	Yes	April -2012
BEPZA –NS 1 to 3 (Three Packages)	Management contract for supplying of food, maintenance and cleaning, security service at training center	2.20	NCB	No	No	April 2012

Services

Ref No.	Contract Description	Estimated Cost (Million US\$)	Selection Method	Review By Bank (Prior/ Post)	Expected Proposals Submission Date
BEPZA -S1	Consulting services for the construction supervision at Dhaka, Ishwardi and Karnaphuli EPZ.	0.76	QCBS	Yes	December- 2011
BEPZA –S2	Consultancy service for raising awareness and selecting beneficiaries in the <i>monga</i> -prone areas.	0.90	QCBS	Yes	April-2012
BEPZA –S3	Consultancy services for training, placement and counseling at training centers	2.00	QCBS	Yes	July 2012
BEPZA –S4	Management Advisor	0.74	IC	Yes	October - 2011
BEPZA –S5	Operations Advisor	0.13	IC	Yes	October - 2011

BEPZA –S6	Procurement Consultant	0.20	IC	Yes	September-2011
BEPZA –S7	Financial Management Consultant	0.20	IC	Yes	September - 2011
BEPZA –S8	Consulting services for design engineering	0.20	IC	Yes	April -2011
MOLE- S1	Monitoring and Evaluation Consultant	0.20	IC	Yes	October- 2011
MOLE- S2	Project Development Specialist	0.10	IC	Yes	October- 2011
MOLE- S4	Monitoring and Evaluation Program Consultant	0.90	IC	Yes	October- 2011
MOLE- S5	Program for Expansion Consultant	0.30	IC	Yes	October- 2011

Annex 9: Economic and Financial Analysis

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

Background

1. The proposed NARI project is a pilot operation designed to test new approaches to facilitate the systematic entry of poor and vulnerable women from the *monga* area into the formal labor force in the garment sector. The high priority **goal** for the project is to support GOB and Bank strategic objectives to (i) promote “pro-poor” economic growth by providing trained labor to the garment sector; (ii) reduce poverty by focusing on the poorest regions of the country; and (iii) encourage the empowerment of women. In sum, the project aims to contribute to the Government's long-term efforts to eliminate poverty and reduce regional and gender inequality.

2. The specific **project development objective (PDO)** is to: *facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas of Bangladesh by providing information, technical and life skills training, transitional housing, and other support to adjust to urban life and formal employment.*

3. In order to achieve the above proposed objective the following main activities will be pursued:

- i. Raising awareness and selecting candidates in the source areas (*monga*-prone districts in the northern region of Bangladesh), while incorporating labor demand-related inputs from garment sector employers in selected EPZs;
- ii. Establishing multi-purpose centers and dormitories at the receiving points (EPZs) located in Dhaka, Karnaphuli, and Ishwardi; and
- iii. Providing ongoing training and support (technical preparation, “life skills” education, housing, placement services, counseling, etc.) to the trainees/workers.

4. The achievement of this PDO will be measured against the following **key performance indicators**: (i) number of direct project beneficiaries; (ii) percentage of graduates who are formally employed for at least ten months of the year following completion of their training; (iii) difference in average level of net monthly income of graduates before the training program and 1 year after completion of their training; and (iv) level of satisfaction with the project among graduates of the training program.

Main Dimensions of the Economic Analysis

5. This analysis estimates the private returns of migration to the EPZs and acquiring technical and life skills, by estimating the probability of employment as well as the wage premium. The proposed project is expected to have outcomes along the following dimensions:

- Develop a higher expected salary profile of the graduates from the program compared to their opportunity cost in the source area. This change in their salary profile would be achieved through higher labor productivity due two factors: (i) the skills acquired during the technical and non-technical training; and (ii) the more capital intensive type of activity performed in the EPZ when compared with the alternatives in *monga* area;

- Improve the probability of being employed; and
- Advance several human development outcomes such as health, hygiene and security.

6. This analysis will focus on the first two dimensions since they are the ones that are more easily quantified at this stage. Nevertheless, it is reasonable to assume that the third dimension will bring additional benefits resulting in higher rate of returns for this project since the life skills would most likely bring financial benefits as well as human development ones. For example, life skills may well add a premium to the basic wages earned by trainees who get jobs. For example, anecdotal evidence during the preparation missions indicated that beneficiaries of life skills programs had applied lessons learned in their day-to-day life. The basic math and negotiation skills taught in the course helped them to calculate overtime wages, to assert their right to the full amount, and to receive full payment due.

Baseline Data Description

7. The Socio-Economic Assessment collected two datasets for the project. First, a household questionnaire survey was conducted in the sending areas, i.e. the five *monga* districts. The total number of sample households was 904 from 50 villages in the area. This was supplemented by two sets of focus group discussions (FGD): one with women age 18-35 and the other with community leaders. The *upazila* administration and local government representatives were also interviewed. A simple questionnaire was also designed which focused on issues such as occupations of men and women, household expenditures and incomes, seasonal patterns of employment, and time allocation of household activities by gender and age group. Second, a set of FGDs were also conducted in the export processing zones with both employers and workers from *monga* and non-*monga* areas. These FGDs were able to cast light on various issues that needed to be addressed in the SEA, e.g. the need for training, type of training, plans for factory expansion and implications for female employment, scope for tension between *monga* and non-*monga* workers, and the concerns and well-being of workers. This effort also includes a sample survey of workers from the *monga* districts working in the Dhaka EPZ. This survey provides details about the employment and job history of workers, savings, remittances, recruitment process, wages and earnings, etc. The sample size of this survey is 339 workers.

Analysis

8. The economic feasibility of the NARI project is examined through cost-benefit analysis and rate of return calculations based on several assumptions and simulated over a variety of scenarios. The benefits that are expected from the project, as reflected in the key performance indicators, are indicated below.

9. The following analysis derives monetized values of these indicators for all the beneficiaries from the *monga* area and compares them to the base scenario where the candidates that remain in *monga* areas earn 1,414 takas (TK) per month with the expected probability of being employed based on current official rates. This estimate results in the average of those employed women between age 18 and 60. The standard deviation is 717 TK.

10. According to the household survey commissioned under the social analysis, 80.5 percent of the women in the *monga* area, between 18 and 30 years old, are unemployed or housewives. The program aims to train 10,800 women from the *monga* area during a three year period. The total cost of the project is about US\$40 million. Since the capital expenditures as well as the

operational cost will be supported by the project, we will distribute the total cost equally among the total number of beneficiaries obtaining training and average the cost at US\$3,704 per trainee.

11. The cost-benefit analysis and rate of return calculations are based on the following assumptions, data sources, and scenarios:

- The salary profile for a graduated program trainee is based on the salary scale defined by BEPZA for each job category; according to the following table. Our assumptions on the duration in these categories are based on the discussions during the field trips. During the training period, the trainees will earn a salary as 'Apprentice' for three months and then they would skip the 'helper' phase since the objective of the project is to have graduates enter the industry as junior operator.

<i>Category</i>	<i>Duration</i>	<i>Salary per month (in US\$)</i>
Apprentice	3 months	\$39
Helper	-	\$50
Junior operator	12 months	\$56
Operator	4 years	\$68
Senior operator	rest of their working life	\$87

- The opportunity cost in *monga* is equivalent to a job with a salary of TK 2,100 per month (one standard deviation above the mean).
- The exchange rate is 70 TK per dollar.
- The rate of inflation is zero and there is no secular trend productivity growth over the lifetime of NARI graduates, so that wage profiles estimated at one point in time can be used to simulate lifetime wage profiles of NARI graduates in real terms.
- Graduates and the comparison group earn lifetime wages over 15 years of work in the labor market. The difference between the lifetime wage streams of the two groups is the benefit attributable to the training program. The robustness section also considers working life spans of 12 and 20 years.
- We assume that the trainees would improve their probability of finding a job by 20 percent compared to their probability of being employed in the *monga* area. The robustness section will consider a scenario without this difference in probabilities and also a scenario with a 40 percent increased probability of finding a job.
- Enrolled trainees who drop out before completing training earn the same lifetime wages as the comparison group.
- Each of the three training facilities will enroll 300 trainees per quarter for three years, the period over which the investment will be amortized. Note that a longer amortization period, such as seven years, will reduce the cost per student by half.
- Lifetime wages must be discounted to the present for any cost-benefit comparisons because costs are incurred today while the benefits to graduates are realized only over a long period of time. A real discount rate of 7 percent (inflation-adjusted) is used to calculate the present values of lifetime wages for the graduates and comparison groups. The robustness section also considers real discount rates of 5 and 9 percent.

12. Under the proposed assumptions, the present value of the earning of a NARI graduate will be \$8,334, while those in the comparison group will be \$3,279. Table 1 provides comparisons of the present values (PV) of lifetime wage differentials between NARI graduates and the comparison group. Assuming other things constant—such as similar probabilities of obtaining and retaining a job in both groups and under a 100 percent completion rate of those who begin the training program—the present value of the income differential will be \$5,055. The net present value (NPV) is estimated discounting the average cost per trainee, \$3,704, and it is equivalent to \$1,352 and a rate of return of 36 percent.

Table 1: Net present values and rate of return – similar employment probabilities

	Completion rate					
	50%	60%	70%	80%	90%	100%
PV	\$ 2,274.93	\$ 3,033.23	\$ 3,538.77	\$ 4,044.31	\$ 4,549.85	\$ 5,055.39
NPV	\$ (1,428.78)	\$ (670.47)	\$ (164.93)	\$ 340.61	\$ 846.15	\$ 1,351.69
RR	-39%	-18%	-4%	9%	23%	36%

13. Table 1 also presents different completion rates. As described above, the lifetime wages earned by those who drop out before completing the program are assumed to be similar to the comparison group. For example, an 80 percent completion rate will reduce the expected present value of the differential lifetime earnings to \$4,044, while the cost of these trainees will be the same, i.e. \$3,704. The NPV will become \$341 and the rate of return will be just 9 percent.

14. The project also aims to improve the probability of finding and retaining a job. Therefore, it is very likely that NARI graduates will have a significantly higher chance of finding a job. Furthermore, with a new set of skills learned through the program, trainees will most likely retain their jobs in contrast to those in the control group who do not have these valuable skills.

15. Table 2 presents similar estimations to the ones presented in Table 1 with the assumption that the probability of getting a job (and retaining it) is 20 percent higher for trainees than the control group. With a 100 percent completion rate, the rate of return is 54 percent, while with a 80 percent completion rate, the rate of return is 23 percent. For the duration of the analysis, the latter scenario is assumed to be the “base” scenario.

Table 2: Net present values and rate of return – 20% higher employment probability

	Completion rate					
	50%	60%	70%	80%	90%	100%
PV	\$ 2,570.02	\$ 3,426.70	\$ 3,997.81	\$ 4,568.93	\$ 5,140.04	\$ 5,711.16
NPV	\$ (1,133.68)	\$ (277.01)	\$ 294.11	\$ 865.22	\$ 1,436.34	\$ 2,007.46
RR	-31%	-7%	8%	23%	39%	54%

Robustness Analysis

16. **Discount rate of five percent.** Table 3 provides comparisons of the present values and rates of return of lifetime wage differentials of NARI graduates with respect to the comparison group. The table reports these estimations using real discount rates of 5, 7, and 9 percent. Note that the real discount rate used can dramatically increase the present value of lifetime wages for NARI graduates from \$4,569 at 7 percent to \$5,302 at 5 percent, reaching a rate of return of 43 percent. A higher real discount rate will reduce the present value of lifetime wages for NARI

graduates. For instance, a real discount rate of 9 percent will generate a PV of \$3,969 and a rate of return of 7 percent.

Table 3: Net present values and rates of return – 5% vs. 7% discount rate

	5%	7%	9%
PV	\$ 5,302.02	\$ 4,568.93	\$ 3,969.28
NPV	\$ 1,598.32	\$ 865.22	\$ 265.57
RR	43%	23%	7%

17. **Changes in the probability of obtaining employment.** Table 4 provides comparisons of the present values and rates of return of lifetime wage differentials of NARI graduates with respect to the comparison group. Table 4 reports these estimations using different assumptions on the increase of the probability of being employed. As previously described, the base scenario is 20 percent which results in a rate of return of 23 percent. The low scenario (very unlikely) is that the beneficiaries will observe no significant changes in their probability of getting a job. In this case, the rate of return is 9 percent. The high scenario is that the probability of getting an employment will increase by 40 percent, and the rate of return will be 38 percent.

Table 4: Net present values and rates of return – by changes in the probability of obtaining employment

	Change in the probability for getting a job		
	0% (low scenario)	+20% (base scenario)	+40% (high scenario)
PV	\$ 4,044.31	\$ 4,568.93	\$ 5,093.54
NPV	\$ 340.61	\$ 865.22	\$ 1,389.84
RR	9%	23%	38%

18. **Different scenarios in the working lifespan.** Table 5 provides comparisons of the present values and rates of return of lifetime wage differentials of NARI graduates with respect to the comparison group. Table 5 reports these estimations using different assumptions on the working life span. As previously described, the base scenario is that the beneficiaries will work for 15 years that result in a rate of return of 23 percent. The low scenario is that the beneficiaries will work only for 12 years. In this case, the rate of return is 4 percent. If they work 20 years, the rate of return is 48 percent.

Table 5: Net present values and rates of return – by working life span

	Working life span		
	12 years (low scenario)	15 years (base scenario)	20 years (high scenario)
PV	\$ 3,864.20	\$ 4,568.93	\$ 5,467.72
NPV	\$ 160.49	\$ 865.22	\$ 1,764.02
RR	4%	23%	48%

Conclusions

19. The economic analysis suggests that the base scenario—with at least an 80 percent completion rate and 20 percent increase in the probability of finding a job—results in at least a 23 percent rate of return. The analysis also examined alternative scenarios modifying the

discount rates, completion rates, expected changes in the probability of finding a job, and different working life span. In all the low scenario cases, the rate of return was 4 percent or greater.

20. As mentioned in the introduction, this analysis does not consider benefits due to the life skills acquired during the training. Nevertheless, it is reasonable to assume that these outcomes will bring additional benefits that will result in higher rate of returns. Among other potential benefits are the impact of remittances that the beneficiaries of the program may send back to their villages as well as partial skills that trainees that dropout may have acquired that may result in some additional benefits.

Annex 10: Safeguard Policy Issues

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

1. Most of the activities supported by the project—such as the IEC campaign, the selection and training of women, and their placement into garment factory jobs—will not have any environmental or social safeguard policy implications. Only the construction of training centers and dormitories in the three project sites in the Dhaka, Karnaphuli and Ishwardi EPZs will have limited environmental and social impacts. The project sites have long been owned by the project implementing agency (BEPZA) and there are no land acquisition or resettlement issues associated with these sites. There are no indigenous peoples near the project sites. Only the World Bank's Environmental Assessment policy (OP 4.01) will be triggered by this project. Therefore, the project is classified as a Category B activity.

2. A recognized environmental consulting firm, SMEC Bangladesh Ltd., in association with Enviro-Consultants, Ltd., conducted an Environmental Assessment (EA) and a Social Impact Assessment (SIA). The EA and SIA assessed potential environmental and social impacts, and designed measures to mitigate these impacts. As part of the EA and SIA, site-specific Environmental Management Plans (EMPs) and Social Management Plans (SMPs) were prepared to guide BEPZA staff and contractors in implementing and monitoring suitable social and environmental mitigation and enhancement measures during planning, construction and operation of project activities in compliance with the policy and legal framework of the GOB and World Bank. Although no land acquisition or resettlement is anticipated in the project, possible future expansion of the project may require land acquisition. Therefore, SMEC also prepared a resettlement policy framework (RPF).

3. **Consultation process.** A stakeholder analysis was conducted to identify relevant stakeholders for the social and environment assessments. Key stakeholders included local residents, farmers, skilled workers, day laborers, health workers, shopkeepers, transportation workers, local community groups including religious and cultural groups, garment trade unions, women's groups, owners of construction materials, community leaders, local government, law enforcement agency officials and NGOs. The assessments used a participatory methodology to seek stakeholder input into the design of the EA and SIA and implementation of the EMP and SMP. The consultations included 15 focus group discussions (FGDs) with different stakeholder groups at each project site, a socio-economic survey of 50 households at each of the three project sites, key informant interviews, individual interviews with a selection of other stakeholders, and public meetings.⁶ The consultations helped to identify key issues, concerns and expectations of each stakeholder group.

4. **General social and environmental impacts.** It is anticipated that the construction of training centers and dormitories in the EPZs located in Dhaka, Ishwardi, and Karnaphuli has the potential for adverse environmental impacts—albeit minimal—due to siting, construction and operation. Each EPZ will include a two-story training center with sufficient sewing machines to train 300 women and four-story dormitories to house 600 women. The main social and environmental issues relate to the construction activities and the traffic associated with the construction. These include reduced air and water quality, waste generation, the impact of traffic, and the health and safety of construction workers and local residents. Construction and traffic will cause noise, dust, pollution (air, water, soil) and congestion impacts which will need

⁶ A total of 5 FGDs with 51 participants were held near the Dhaka EPZ, 8 FGDs with 85 participants near Ishwardi EPZ, and 5 FGDs with 50 participants near Karnaphuli EPZ.

mitigation. All these impacts are temporary and can be managed within acceptable levels through good housekeeping and planning. The proposed sites will neither consume nor alter significant land and water resources or affect any historical and cultural sites. They will not generate other significant demands on natural resources in the immediate or surrounding area. All construction materials will be supplied by existing and approved sources and will have no significant additional impacts. The ongoing operation of the training centers and dormitories are anticipated to have minimal social and environmental impacts as long as their water, waste disposal, and other impacts are properly mitigated. The main potential social issues during project operation relate to the increased demand for goods and services. These both have positive impacts in that they will provide more customers and local jobs, but they also may increase pressure for rental accommodations which might be negative if they put upward pressure on local rents. More details of potential impacts are contained in the EA and SIA.

5. **General mitigation measures.** Given that construction will generate significant dirt and dust, particularly during dry periods, paving and provision of drainage is essential to mitigate the issue both during construction and for the long-term. Until the access roads at each EPZ are paved, the contractor should ensure that the roads and construction materials are watered regularly. This is also applicable to the construction sites. In addition, dust barriers should be erected, particularly on the periphery connecting inhabited areas. Dust could be also emitted when transporting sand, soil, metal, debris, etc. In order to reduce such emissions, the trucks should be covered during transportation. Emissions from generators and other machinery need to be controlled through filtering systems, duct collectors and other techniques. All vehicles and machinery should be regularly serviced. Repairs must be made to access roads and anything else damaged by construction traffic. Disturbed areas should be restored as soon as possible. Tree plantings are strongly recommended, particular where substantial numbers of trees are to be removed to make space for construction activities. Construction and traffic noise will need to be minimized. Because all three sites are very close to residential areas, construction should be done during the day to avoid noise at night. Traffic will need to be regulated (including speed limits) to reduce congestion, noise, and safety risks. All construction material should be extracted from designated sites and such sites should be rehabilitated after use. Local labor and materials should be used where practical.

6. The project sites should be improved with proper road access, water supply, sanitation and drainage facilities. In addition, during construction, provisions should be made to provide water to the worker camps and for construction purposes. Septic tank systems will need to be installed as there is no public sewage system in all three sites. Presently, there is no storm water drainage for the sites. With the net increase in impervious surface area as a result of the project, a well planned drainage system will need to be designed as part of the construction plan.

7. All solid and liquid waste generated during construction activities need to be disposed in designated sites in an appropriate and safe manner. The contractor will be required to adhere to waste disposal regulations and to provide a waste management plan with recycling/reuse options as far as practical. A solid and liquid waste system has to be put in place in order to properly manage the waste once the facilities are in operation.

8. The buildings will need to be constructed according to Bangladesh's building code and should conform to fire safety and disaster management regulations. The trainees and employees should be trained on safety measures of the buildings. The design of the buildings should incorporate energy efficient designs such as use of Compact Florescent Light (CFL) fixtures, utilization of natural light and ventilation. Adequate provisions should be made to ensure cleanliness, ventilation, dust and fume control, illumination, and temperature control conform to

standard hygienic practices. Although the land is currently barren, in order to achieve better aesthetic conditions, the land should be landscaped and replanted. This should ensure that there is no standing water that can become breeding grounds for disease vectors.

9. The contractor should prepare and submit a traffic management plan to the PIU for approval at least 30 days before commencing work on any project component involved in traffic diversion and management. The plan should include measures to ensure uninterrupted traffic movement during construction, detailed drawings of traffic arrangements showing all detours, access roads, necessary barricades, warning signs and lights, road signs, etc.

10. The project should implement suitable safety standards for all workers and site visitors which should meet international standards. An Occupational Health and Safety Management Plan (OHSMP) should be established, operated and maintained for overall project. It is the responsibility and duty of the employer to ensure healthy and safe working conditions. Road and workplace safety needs to be taught to workers and local residents affected by the construction. Details of the mitigation measures are in the EMP and SMP.

Description of sites, specific potential impacts and mitigation measures

11. **Dhaka EPZ.** The selected 5 acre site is flat, level barren land. There are no bodies of water near the site. The water table is 1.5-2 meters deep and good quality potable ground water is available at a depth of 200-300 feet. Due to heavy build-up in the west and south of the site, the area is faced with severe drainage congestion. Since the unpaved 1.5 kilometer access road is prone to inundation during monsoon rains, drainage will need to be improved.

12. The site has a power line running across it. BEPZA has given assurance that they have an agreement with the Rural Electrification Board and will not face any issues in shifting the line outside the site, which will be done prior to commencing any activities on the site. The existing access road is adequate to handle trucks carrying construction material. Traffic control will likely be necessary to ease congestion and to enforce safety measures during the construction phase

13. **Atomic Energy Research Establishment:** In addition, approximately 1 km from the proposed dormitory site in Dhaka is the Atomic Energy Research Establishment (AERE). This is a research facility of the Bangladesh Atomic Energy Commission (BAEC) situated at Ganakbari, Savar. The AERE's main function is to undertake scientific research and development for peaceful application of nuclear energy in various fields of physical, biological and engineering sciences. The AERE comprises of ten individual research institutes/units, including the Institute of Nuclear Science and Technology; the Institute of Food and Radiation Biology; the Institute of Electronics; the Institute of Computer Science; the Reactor Operations and Maintenance Unit; the Nuclear Minerals Unit; the Tissue Banking and Bio material Research Unit; the Energy Institute; the Central Engineering facilities; and the Scientific Information Unit. The AERE campus also includes community resources, such as a residential colony, cafeteria, school, mosque, club, clinic, guest house, etc.

14. Given its proximity to the proposed NARI dormitory site, and the potential risk of an accident due to the activities of the AERE, the Bank asked the local consulting firm which conducted the EA and the SIA to undertake a rapid assessment of the AERE and submit a report focusing on safety aspects surrounding the AERE and the vicinity. The field work, which included consultations with officials of the AERE and local stakeholders residing in the area close to the AERE, took place on 13 February, 2011. The consultations indicated that the

activities in the AERE are research and training oriented; managed well; and have non significant hazardous activities with extremely low potential for environmental accidents.

15. The AERE campus has the presence of the Training Research Isotope Production General Atomics (TRIGA) Research Reactor, which was installed in 1980 and commissioned in 1986. Although, the reactor is used solely for research and uses low enriched uranium as fuel, the extent of health impacts due to a potentially rare nuclear reactor explosion cannot be determined beforehand. It may be mentioned that the Bangladesh Atomic Energy Commission (BAEC) has a number of agreements with the International Atomic Energy Agency (IAEA) like (i) Additional Protocol to Safeguards Agreement (30 March, 2001), (ii) Improved Procedures of Designation of Safeguards Inspectors (25 April, 1995), (iii) Regional Cooperative Agreement (24 August, 1987), (iv) Nuclear Non-Proliferation Treaty related Safeguards Agreement (11 June, 1982) and (v) Supplementary Agreement of Provision of Technical Assistance by the IAEA (31 December, 1979). In compliance with these agreements, due diligence and monitoring is carried out thoroughly and regularly by a team of professionals. Pre-and post operational monitoring of air, water, soil, grass and food samples from within the campus and the surrounding areas; radiation monitoring services for the area and personnel; and routine radiation surveys in and around the nuclear facilities are carried out.

16. Consultations with local stakeholders indicated no accidents or environmental impacts due to the facility to date. Based on the due diligence of available information, site visit and consultations with local people, the Bank team determined that the probability of accidents related to the activities of the AERE is extremely low and, therefore, the environment risks due to the presence of the AERE are assessed to be also extremely low.

17. **Karnaphuli EPZ.** Part of the proposed 5 acre site has been used for agriculture purposes until late 2010. The site was leased to one farmer, which has expired on June 30, 2010. BEPZA has provided appropriate documentation to confirm this and the farmer has been consulted to ensure that there are no future conflicts. There are no bodies of water near the site. The water table is about 7 feet deep and the ground water is contaminated with iron.

18. There is only one road that provides suitable access to the site. Traffic congestion is likely due to construction vehicles as the road is relatively narrow. The road ends at a wall, so the boundary wall of the site and will have to be pulled down and a road extension built to the site. Since the land on the other side of the wall belongs to BEPZA, no land will need to be acquired for this purpose. Construction traffic should be minimized during the day and should avoid times when factory shifts change.

19. **Ishwardi EPZ.** The site is 5 acres of flat land with vegetation. There is a one acre pond about 15 meters outside the boundary of the site. EPZ employees practice aquaculture in the pond. Care will need to be taken to ensure that it will not be affected by construction at the site.

20. There is currently no entry gate to the site. There is a road belonging to the Local Government Engineering Department (LGED) which is currently being upgraded and will be used as the access road to the site. A box culvert needs to be built to connect the LGED road to the site at the entrance.

21. There is very little traffic on the road at present and the nearest residential area is not close enough to the site for noise to be an issue. While dust and noise from traffic needs to be minimized (e.g., by watering the road until it is paved), no special traffic measures (e.g.,

restricted hours, traffic management) will be needed as for the urban sites at the Dhaka and Karnaphuli EPZs.

22. **Resettlement Policy Framework.** The RPF lays out the key principles of the national Acquisition and Requisition of Immovable Property Ordinance 1982, World Bank OP 4.12, and a strategy to fulfill the policy's requirements that are mutually agreed upon. Site-specific SIAs and Resettlement Action Plans (RAP), if and when required, will be prepared when the specific project sites can be identified. The RPF provides guidelines on how to mitigate adverse impacts of land acquisition and/or displacement. The RPF contains, *inter alia*: the project background and a description of project components; applicable laws, policies and procedures for land acquisition; procedures for the identification and mitigation of impacts; an entitlement matrix; institutional mechanisms for the implementation of the RAP (e.g., establishment of grievance committees, monitoring and evaluation); an estimated budget and disclosure procedures for the RPF and the RAP.

23. **Safeguard implementation and monitoring.** BEPZA is the project implementation agency and will house the PIU. BEPZA has participated in a number of capacity building events organized by the Bank safeguards team in Dhaka that included seminars, safeguards training sessions, and exposure visits to other countries on issues of land acquisition and resettlement. BEPZA has worked with the World Bank over the past several years in the context of the Enterprise Growth and Bank Modernization Project (EGBMP) and the Private Sector Development Support Project (PSDSP) and has successfully implemented environmental and social safeguards requirements of these projects. The proposed project will continue capacity development support to BEPZA on safeguard issues. BEPZA will set up site level PIUs that will be responsible for supervising the implementation of site-specific EMPs and SMPs by the contractors and monitoring environmental and social compliance. The project coordinating agency, MOLE, will conduct overall M&E for the project, including on safeguards issues. The PIUs and Contract Supervision Consultants (CSC) will engage qualified staff to ensure safeguards compliance of the project.

24. During construction, environmental monitoring will ensure the protection of top soils and prevent potential soil erosion, drainage congestion, and degradation of environmental quality. During project implementation, the PIU will supervise the environmental monitoring regularly based on the monitoring and management plan prepared in the EA with the assistance of CSCs. It will submit quarterly reports based on the monitoring data and laboratory analysis reports. It will oversee that the contractor is complying with all monitoring measures and has subcontracted a recognized organization for data collection for monitoring purposes.

25. The tender and contract documents will clearly set out the contractor's obligations to undertake environmental mitigation measures set out in the EMP. During procurement, contractors will be encouraged to include these costs in their rates and present the mitigation cost as a line item in the Bills of Quantities. This will ensure that there is a specific budget for environmental mitigation activities. Each contractor will recruit an environmental, health and safety manager (EHSM) who will be responsible for implementing the contractors' environmental responsibilities, and liaise with the PIU for reporting and to discuss any issues. The EHSM will also be also responsible for health and safety aspects of work sites.

26. **Public disclosure.** The draft EA and SIA have been disclosed for public consultation by BEPZA with key portions translated in Bengali and posted on BEPZA's website and at places accessible to the public on January 16, 2011. Notices were published in both English and Bengali newspapers announcing the disclosure of the documents and the appropriate websites

and localities where they can be found on January 20, 2011. The final cleared version of the safeguards documents has been made publicly available through the Bank's Infoshop and in easily accessible places including the project sites. The RPF will be disclosed on the websites of both MOLE (which is expected to remain as the coordinating agency in the expansion phase of the project) and BEPZA (although there is no land acquisition required in this phase, the RPF can provide guidance should the need arise to make compensation for non-land related losses such as those concerning livelihoods). The RPF may be advertised in newspapers during project implementation. If site-specific Resettlement Action Plans (RAPs) are prepared during the expansion phase of the project, these too will be disclosed publicly following the same process.

Annex 11: Governance and Accountability Action Plan

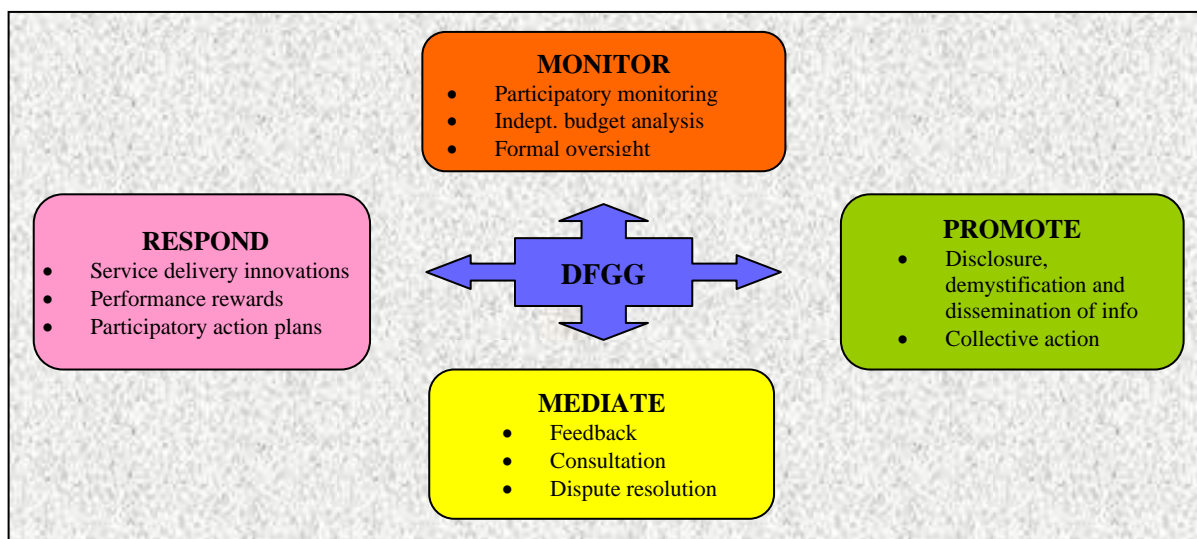
Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

A. The rationale and scope of the Governance and Accountability Action Plan

1. The project is venturing into a new area for the Bank, female migration for urban employment. The principal risk will be entering a field where the potential beneficiaries are essentially powerless, exploitation of workers is common, and the obstacles to their success are daunting. Opportunities to derail or capture the project by special interests exist at every stage, from selection of candidates to misuse of the facilities to exploitation of women on the shop floor and in their housing. A vulnerability mapping study (following the entire supply chain from source to sustainable employment) has assessed these risks and recommended measures to ensure the interests of the female workers are protected throughout the project life and beyond. These recommendations set the ground for this Governance and Accountability Action Plan (GAAP), which will be updated as more knowledge of the risks becomes known during project implementation. The purpose of this GAAP is to promote accountability, transparency, and responsiveness of the coordinating and implementing agencies to the intended beneficiaries and the public at large. In other words, it promotes good governance. It also attempts to put into place a number of measures to address many of the vulnerability, corruption, and governance risks identified during project preparation.

2. This GAAP is based mainly on the following definition and conceptual framework of demand for good governance (DFGG). DFGG refers to *the extent and ability of citizens, civil society organizations (CSOs), and other non-state actors to hold the state accountable and to make it responsive to their needs. And, in turn, DFGG enhances the capacity of the state to become transparent, accountable, and participatory in order to respond to these demands.* Given this conceptualization of DFGG, operationally the project approaches strengthening of DFGG as a *process*, which has four key elements as illustrated in Figure 1.

Figure 1: The Four Core Elements of DFGG



3. The GAAP is not the only instrument for promoting good governance in the NARI project. There are supply-side measures, that is, measures to enhance the ability of the coordinating and implementing agencies to be transparent, accountable, and responsive. For example, the procurement, financial management and disbursement aspects of the project will also promote good governance. Those elements are the focus of those respective annexes of the

PAD. This annex focuses on demand-side measures, that is, measures that enhance the ability of citizens and/or civil society to hold government accountable.

B. Promoting DFGG

4. The following mechanisms will promote *disclosure, dissemination, and demystification of information* relevant to the intended project beneficiaries (i.e., the trainees and graduates) and other stakeholders. These include local stakeholders in the *monga*-prone districts and in the three EPZs of the project (Dhaka, Karnaphuli, and Ishwardi), as well as national stakeholders such as NGOs, garment sector trade associations (BKMEA and BGMEA), unions, and others working with garment sector employees and employers.

<p>Promotion of Demand</p>	<ul style="list-style-type: none"> • The MOLE and BEPZA websites will post information on key project activities, beneficiary targeting, selection criteria and processes, methods for accessing project services, implementation status with expenditure data, monitoring procedures and reports, grievance procedures, etc. • The procurement plan, bidding opportunities, complaints and actions taken, and information on contract awards and procurement performance will be posted on the MOLE, BEPZA, and CPTU websites. • Information regarding project services should be publicly displayed in the villages targeted for recruitment of trainees. • An NGO or private firm will be contracted to conduct the IEC campaign and develop materials for dissemination. • The IEC campaign will provide poor and vulnerable women and their families and communities with information on the rules and criteria of selection, the costs and benefits of the project, the roles and responsibilities of project beneficiaries and partners, and on working in the garment factories, life conditions in urban areas, etc. • Information will be disseminated through local workshops, group discussions, information campaigns, and participatory community forums. • Women from the <i>monga</i> area already working in the EPZs will be given information leaflets to share project information with their friends, families and neighbors to support the IEC campaign. • Existing social networks sustained by community-driven development (CDD) projects that people in the northern areas have been working with and trust are a key mechanism to prevent misinformation and trafficking, and will facilitate implementation of the IEC campaign • The IEC campaign will include an awareness campaign for employers in the receiving EPZs to promote the new training program, inform them on why and how they should participate in the program (sponsoring on-the-job training, placement services), and emphasize their responsibilities vis-à-vis the workers. • The effectiveness of this communication and outreach strategy will be reviewed and the IEC campaign revised. • Program candidates will undergo a five day orientation program to give them a detailed understanding of the project and explain the
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	<p>opportunities, difficulties, and hazards they could face in the factory and the city.</p> <ul style="list-style-type: none"> ● The life skills training will cover topics like workers' rights and responsibilities, and improve their negotiation skills, so project beneficiaries can demand and understand project-related information.
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C. Mediating DFGG

5. For mediating demand for good governance, the project will take the following actions to: (i) create and strengthen mechanisms for *feedback* of citizens and civil society to public officials; (ii) encourage *consultation* of these actors in decision making and public actions of executive agencies; and (iii) establish formal and informal mechanisms for *dispute resolution*.

<p>Mediation of Demand</p>	<ul style="list-style-type: none"> ● The Secretary of MOLE will chair a multi-stakeholder SC that will provide strategic, high-level oversight to the project, with an eye to future expansion. The SC will include representatives from MOLE, BEPZA, BGMEA, BKMEA, factory owners, trade unions, research institutes and civil society. ● NGOs and the private sector have already been consulted during project preparation as members of the External Consultative Committee for the SEA. Their involvement will be maintained during project implementation as members of the SC. ● Communities in northern Bangladesh participated in the project design through focus groups, interviews with resource persons, and stakeholder workshops. ● Focus groups were conducted in the EPZs with women from the <i>monga</i> areas who currently work in garment factories to help inform the project concept and validate the facilities design. ● The Bank team has undertaken several rounds of consultations with NGOs, private sector organizations, and other development partners during project preparation to inform project design. ● NGOs and communities were consulted during preparation of the ESIA and the EMP. ● The screening process for selecting training program candidates will be informed, facilitated, and monitored by CSOs, village institutions, and local government familiar with the local communities. ● The project will establish a system to obtain regular feedback from trainees, graduates of the training program, and other workers in the same garment factories and employers. ● Regular structured consultations will be established with NGOs, CSOs, and research institutes in the <i>monga</i>-prone areas and the EPZ areas. This is likely to be part of the project monitoring system. ● A complaint system will be established to address all types of project complaints and make them public along with the status of follow up of each complaint.
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D. Responding to DFGG

6. The project will take the following actions to improve service provider response to DFGG through: (i) *participatory action planning*, (ii) *innovations in service delivery*, and (iii) *response-based performance incentives*.

Response to Demand	<ul style="list-style-type: none"> • NGOs and communities will continue to participate in project planning and developing the details of most project components. • NGOs (or private firms) are expected to implement most of the project including the IEC campaign; the targeting, selection and orientation of candidates for the training program; the management of the facilities; the technical and life skills training; counseling services; and external M&E. • The bureau for placement services will conduct follow-up surveys with graduates and employers to assess which courses are useful in order to foster the responsiveness and flexibility of the training.
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E. Monitoring to inform DFGG

7. To support monitoring of project activities by non-state actors—such as the media, civil society, communities, and citizens—the project will undertake the following actions: (i) *participatory monitoring*; and (ii) *formal oversight mechanisms*.

Monitoring to Inform Demand	<ul style="list-style-type: none"> • NGOs and project beneficiaries will play a significant role in providing feedback on overall project performance. • The M&E program will include household surveys, participatory focus groups with project communities, consultations with the peer-to-peer self help groups, and beneficiary surveys. • Independent monitoring will be conducted by an NGO (or a private firm). • NGO and citizen monitoring will be strengthened through social accountability methods. Potential tools include citizen report cards, community scorecards, and beneficiary surveys. These will target trainees, garment factory workers, and the communities and families of the trainees. • The results of community monitoring and feedback will be posted on the MOLE and BEPZA websites. • The project will include action-oriented studies and annual stakeholder workshops to draw lessons of experience in real time.
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F. Organizational responsibilities for the GAAP

8. This GAAP was developed and agreed with MOLE and BEPZA based on the framework described above. The GAAP indicates the agreed critical time bound actions that BEPZA has committed to undertake under the overall guidance of MOLE. Based on the project’s experience during implementation, the GAAP will be updated as necessary under the guidance of MOLE. The Bank will monitor implementation of the GAAP during supervision missions and as needed.

Governance and Accountability Activity	Implementing Organization	Timeframe	Cost
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Promotion of Demand			
Post project information on websites	MOLE and BEPZA	2011-2015	
Undertake IEC campaign	NGO or private firm	2011-2015	
Evaluation of IEC campaign	NGO or private firm	2012	
Orientation program for candidates on urban life and garment factory work	NGO or private firm	2012-2015	
Life skills training on workers' rights and responsibilities	NGO or private firm	2012-2015	
Mediation of Demand			
Multi-stakeholder Steering Committee	MOLE	2011-2015	
Selection Advisory Committee	CSOs, village institutions, and local government	2012-2015	
Regular feedback and consultation system	BEPZA, NGO, placement service	2011-2015	
Regular interviews of project beneficiaries	NGO or private firm	2012-2015	
Develop and operate complaint system	MOLE and BEPZA	2011-2015	
Response to Demand			
Participatory project design and planning	Maxwell Stamp, BEPZA	2010-2015	
Conduct transparent identification and selection of trainees	NGO or private firm	2011-2015	
Monitoring to Inform Demand			
Independent project monitoring	NGO or private firm	2011-2015	
Monitoring of ESIA and EMP	NGO or private firm	2011-2015	
Action-oriented studies and annual stakeholder workshops	NGO or private firm	2011-2015	

Annex 12: Design of the Project Facilities

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

1. **Context.** The project will build training and transitory accommodation facilities in each of the three receiving EPZ, i.e. Sub-Component 2A. BEPZA is the owner of the land in the three sites. Training centers will be constructed to house cohorts of 300 trainees. Dormitories will accommodate 600 women, as a cohort of trainees and a cohort of graduates will be living in the dormitories at the same time. Construction of the facilities will occur during the first year of project implementation.
2. **A two-fold objective.** The design of the facilities during project preparation has proceeded in accordance with two objectives. On the one hand, to provide the client and beneficiaries with high-quality buildings, as per the Bangladesh National Building Code (BNBC) and appropriate international standards. On the other hand, to ensure that the buildings contribute towards achieving the social development objective of the project: namely, to facilitate access to employment opportunities in the garment sector for poor and vulnerable women from lagging areas of Bangladesh.
3. **Teaming up architects, engineers, private sector experts, and social development specialists.** The design of the project facilities has benefited from the joint effort of multidisciplinary teams in BEPZA and the Bank. In addition, Medway Consultancy Services (UK) Limited—a reputed agency for civil work—was contracted with funding from IFC to undertake site and topographical surveys, draw architectural designs, and provide initial technical assistance to the Engineering Department of BEPZA. Another competent construction company, Prokalpa Upodeshta Limited, is being contracted by BEPZA for sub-soil investigations, structural and engineering designs, cost estimates and specifications, and preparation of tender documentation. This pool of expertise ensures the achievement of a premium design for the project facilities that embeds social development into the infrastructure.
4. **Extensive consultations and observations.** Interviews have been conducted with intended beneficiaries and their families in the *monga*-prone districts, garment workers and employers in the EPZs, and occupants and managers of working women's hostels. The consultation process has been facilitated by DAM, CARE Bangladesh, and RDRS—three of the most prominent NGOs that are active in providing training and support to garment workers. Field visits were organized in numerous locations in both the source (houses in villages, vocational training centers) and receiving areas (hostels in urban areas, garment factories). The team conducting visits always included at least one infrastructure expert and one social development specialist in order to promote an exchange of complementing perspectives and findings.
5. **Key design principles.** A number of key principles have been identified to ensure that the design of the buildings reflected both the need for adequate infrastructure and the social development objectives of the project. These principles are:
 - i. *flexibility* (pilot project, adjustment should be easy)
 - ii. *safety* and *security* (vulnerability of project beneficiaries is high)
 - iii. *simplicity* (low maintenance, easy replication and scale up)
 - iv. *transitional* (from rural work and villages to factory work and living in the city)
 - v. *communal* (to facilitate the development of social networks among beneficiaries)

vi. *culturally appropriate* (sensitive to norms and expectations around living and working space for women from northern Bangladesh).

6. ***Specific issues.*** Observations and consultations associated with these key design principles have helped to answer difficult questions. Among others: How many women should be accommodated in each bedroom? How the classrooms should be designed to optimize learning? What bathroom arrangements are most culturally appropriate? What provisions should be made to ensure security for the women? Should there be prayer rooms? What kind of furniture and equipment is required?

7. ***Description of the buildings.*** In each EPZ, the gated project compound will contain dormitory accommodation and a technical training center. Soil testing, topographical surveys and site surveys were conducted on the land at each EPZ in order to inform the parameters of site design and layout. The same architectural designs for the facilities will be used on all three sites, with the site layout arranged to maximize available space, ensure cost-effectiveness, and allow for future expansion (for example, see Figure 12.1 for Dhaka EPZ). There will be three main buildings on each site: a two-story training center of a total of 3,200 square meters (sq. m.), and two dormitories of 6,030 sq. m., each of four stories. Foundations for the buildings will be of sufficient strength to support two additional floors on the footprint, if desired. The project buildings are to be constructed from mainly brick and concrete, materials that blend well with surrounding buildings and represent a good balance between cost efficiency, ease of maintenance (to address sustainability considerations), and aesthetic sensitivity. Landscaping of each site with trees, shrubs, and the inclusion of green ‘courtyard space’ in the central outdoor atrium of each dormitory building will ensure that the project facilities blend into their surrounding environs. Provisions for water harvesting will be incorporated in the designs. This water can be used for a variety of purposes, e.g. washing, toilets, and gardening.

8. ***The BNBC and quality control.*** The BNBC *inter alia* requires that the facilities be able to withstand earthquake loading and other environmental stresses, including high wind forces and flooding. The design and choice of materials for the buildings has been decided accordingly; for example, by taking account of historic and predicted flood levels at each EPZ site in order to mitigate flooding risk on the ground floors and access ways during the monsoon period. Quality control will be maintained through careful monitoring of construction by a project-appointed consultant. Owing to the absence of adequate national legislation on health, safety, and welfare of construction workers, appropriate provisions will be incorporated in the tender documents to ensure that good practice is followed in this respect. The tender documents will also clearly stipulate provisions for sound environmental management during the construction phase, in conformity with appropriate international practice.

9. ***Positive externalities.*** In the short term, the construction of project facilities is expected to generate secondary benefits for the immediate community through increased local trade. The presence of large labor forces at each site for the duration of construction (one year) will generate demand for tea and food vendors to service basic needs during the working day. Once completed, each EPZ training complex will house more than 600 people on a residential basis. Thus, the need for low order goods and services will continue and perhaps even expand (to include, for example, cloth stores), thereby creating longer term benefits for the local economy. As contractors typically employ unskilled laborers from the local communities to supplement their own skilled labor force, the construction process will also stimulate job creation at each of the sites. In addition to income generation, construction work creates opportunities for skills transfer with lasting benefits to individuals and their communities. This is especially valuable in

Bangladesh, a context in which there is currently a paucity of effective and adequate construction training.

Key design features of the facilities

10. **Technical Training.** There will be five separate training rooms, each containing desks, sewing machines, and other machines found in factories. Each room is designed for use by up to 60 trainees at a time. Each training room will have four lines of 15 desks—emulating the layout of a factory floor. Movable partitions will allow the group of 60 to be broken into two more manageable groups of 30 during the early stages of training. This innovative design (see Figure 12.2 for an illustration) will allow reconciliation between two opposing needs identified during consultations: first, the importance of creating smaller class sizes for the initial stages of technical training to foster a productive learning environment; second, the need to create a space that will give trainees an opportunity to practice their technical skills in working conditions similar to those found in the factories. Other aspects of the classroom design further reinforce this simulation; for example, lighting and ventilation of the training space will correspond to the high standards found in EPZ factories.

11. **Life Skills Training.** Life skills training for women, a key element in this project, will be conducted in ten smaller classrooms located on the ground floor of the dormitories rather than in the training centers (see Figure 12.3). Each of these rooms can accommodate about 30 trainees. By teaching this curriculum to smaller groups of women, there is greater opportunity to create an atmosphere of trust, informality, and openness. This will help to reinforce bonding between peers, facilitate the development of self-help groups, and allow trainees to engage in and benefit from discussion of potentially sensitive issues including sexual harassment and health concerns. During consultations, the experience of CARE Bangladesh in delivering life skills training to garment workers helped to inform this design. CARE has found that teaching groups of smaller women in a familiar space (a small, well-equipped shed located within the communities in which they live), and after the main working day is over, offers the most effective design for helping women to build life skills.

12. **Counseling Services.** The project will also offer ‘drop-in’ style counseling services to provide women with one-on-one support and mentoring. Counseling offices will be located in the dormitories, near to the rooms for life skills training, for convenient and discreet use by women.

13. **Office Space, Medical Services, and Project Placement Services.** The training center will house office space for project staff, a small medical facility, and the project placement services. Office space will be located on the ground floor of the building to facilitate easy access for staff and visitors and to provide additional security to the building (see Figure 12.2). The project placement services will be located next to the entrance of the building to enable easy access for employers and factory owners. The entrance lobby will feature displays, photographs, and information to showcase the project to visitors and help to create a friendly environment of positive reinforcement for trainees. There will be separate prayer rooms for male and female staff and separate staff toilets. A medical room will be provided to deal with first response and non-urgent complaints, to be staffed by a doctor or nurse (BEPZA maintains a large hospital in each EPZ for handling more serious cases).

14. **Accommodations.** Given safety and security considerations, the decision was made to place common rooms and dining facilities on the ground floor with three stories of bedrooms above. Six trainees (three trainees and three graduates) will be accommodated per room to

facilitate bonding and mentoring and allay any potential tensions that may be caused by large group dynamics (see Figure 12.4). Each individual will be provided with a bed, space to hang/air clothes, lockable under-bed storage and a safe box. A single large mirror will be provided in each room. The shared rooms will also include a communal seating space with a table to facilitate socialization. This design evolved significantly over the course of consultations with existing garment workers and potential beneficiaries and through observations of existing dormitory facilities. The initial assumption was that women would value privacy and seek to maximize their personal space. In fact it was found that most women would rather live in a communal space that offered the comfort of emulating familiar conditions and preventing homesickness/loneliness (women grow up used to sharing beds and living in very close proximity with immediate and extended family).

15. ***Bathrooms, Cleaning, and Laundry in the Dormitories.*** Communal washrooms with separate latrine style toilets and shower cubicles and lockable doors will be provided. There will be one toilet cubicle and one shower cubicle provided for every five trainees, i.e. 120 toilet cubicles and 120 shower cubicles for 600 trainees. Trainees will be responsible for cleaning their own rooms, including bedding (to be monitored by the dormitory management) and for washing their own clothes, as per the preference expressed during consultations. A laundry area will be provided for this purpose, and verandah space will be accessible for drying.

16. ***Dormitory Staff facilities.*** Individual rooms will be allocated for dorm ‘sisters’ on each floor in a central location facing main access to the floor (six in total, i.e. one ‘sister’ per floor, for 100 trainees). These dorm ‘sisters’ will use the communal toilets, bathrooms, and dining facilities and they will be available to support women and monitor behavior in the dorms. A security guard house will be at the entrance of the site; additionally, there will also be a security room located at the entrance of each building.

17. ***Disabled-Friendly Provision.*** Although it is not anticipated that the project will attract disabled candidates due to the physical requirements of garment sector work, the buildings have been designed to meet basic standards for accessibility. A disabled toilet will be provided on the ground level of every building, and a room that can be converted into sleeping accommodation will also be located on the ground floor of the dormitories. Ramp access to training classes, dining facilities, and other project services is also included in the design.

18. ***Meal Services.*** All trainees will be fed centrally in the dormitory canteens. Individual kitchens would create too much of a safety risk (fire). The canteen is to accommodate 300 trainees at one sitting (plus 20 staff), allowing the entire 600 trainees and all staff to be fed in two sittings. Staff will share the main dining room with the trainees to create a feeling of a ‘family’ atmosphere—informal, welcoming, and non-hierarchical. This will also serve as a control mechanism to help ensure quality of service. Kitchens will be provided of an appropriate size to cater for the projected number of diners.

Annex 13: Project Preparation and Supervision

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

	Planned	Actual
PCN Review	December 9, 2009	December 9, 2009
Initial PID to PIC	December 31, 2009	January 4, 2010
Initial ISDS to PIC	December 31, 2009	December 22, 2009
Appraisal	January 15, 2011	June 19, 2011
Negotiations	February 15, 2011	September 18, 2011
Board/RVP Approval	March 15, 2011	October 27, 2011
Planned date of effectiveness	June 1, 2011	January 1, 2012
Planned closing date	April 30, 2015	December 31, 2015

Key institutions responsible for the preparation of the project:

- Ministry of Labor and Employment (MOLE)
- Bangladesh Export Processing Zones Authority (BEPZA)

Bank staff and consultants who worked on the project include:

Name	Title	Unit
Bhuvan Bhatnagar	Lead Social Development Specialist, Task Team Leader (TTL)	SASDS
Luis Andres	Senior Economist	SASSD
Paul Bance	Operations Officer, Co-TTL	AFTCS
Janet Bably Halder	Program Assistant	SASDS
Priya Chopra	Program Assistant	SASDO
Tanvir Hossain	Senior Procurement Specialist	SARPS
Shirin Jahangeer	Consultant, Gender Advisor	SASDS
Ursula Martinez	Consultant, Private Sector Development Specialist	IEGSE
Diana Moreira	Consultant, Impact Evaluation Specialist	SASSD
Sabah Moyeen	Social Development Analyst	SASDS
Anna O'Donnell	Consultant, Social Development Specialist	SASDS
Jay Pascual	Senior Counsel	LEGES
Fabio Pittaluga	Sr. Social Development Specialist, Co-TTL (until May 31, 2010)	LCSSO
Md. Mahbubur Rahman	Financial Management Specialist	SARFM
Daniel Ritchie	Consultant, Sr. Operations Advisor	SASDS
Aude-Sophie Rodella	Social Development Specialist	SASDS
Poonam Rohatgi	Program Assistant	SASDS
Jen Scott	Consultant, Social Development Analyst	SASDS
Nadia Sharmin	Consultant, Environmental Analyst	SASDI

Chau-Ching Shen	Senior Finance Officer	CTRFC
Jennifer Solotaroff	Senior Social Development Specialist	SASDS
Warren Van Wicklin	Consultant, Social Development	SASDS
Istiaque Ahmed	Transport Specialist	SASDT
Darshani De Silva	Environment Specialist	SASDI

Project Preparation Cost to Date (in US\$), as of August 5, 2010

	FY10 expenditure	FY11 expenditure	Total expenditure
Bank Budget	363,924.33	254,882.42	618,806.75
Trust Fund (Gender Action Plan)	93,224.25	105,852.70	199,076.95
Total			817,883.70

Estimated Annual Supervision Costs

US\$ 100,000

Annex 14: Statement of Loans and Credits

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

BANGLADESH:

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P111017	2011	BD: Padma Bridge	0.00	1,200.00	0.00	0.00	0.00	1,242.78	0.00	0.00
P118701	2011	BD: Employment Generation Program	0.00	150.00	0.00	0.00	0.00	153.05	-0.36	0.00
P120843	2011	BD: Private Sector Development Support	0.00	120.00	0.00	0.00	0.00	122.69	0.00	0.00
P121528	2011	BD: IDEA Project	0.00	195.00	0.00	0.00	0.00	196.52	0.00	0.00
P126263	2011	BD:Repatriation & Livelihood Restoration	0.00	40.00	0.00	0.00	0.00	40.78	0.00	0.00
P103999	2010	BD: Chittagong Water Supply Improvement	0.00	170.00	0.00	0.00	0.00	180.01	0.00	0.00
P073886	2010	BD: Social Investment Program Project II	0.00	115.00	0.00	0.00	0.00	115.25	-5.77	0.00
P090807	2010	BD: Skills and Trg. Enhancement Project	0.00	79.00	0.00	0.00	0.00	75.18	-1.05	0.00
P093988	2009	BD: Dhaka Water Sup & San. Project	0.00	149.00	0.00	0.00	0.00	142.14	46.54	0.00
P095965	2009	BD: Siddhirganj Peaking Power Project	0.00	350.00	0.00	0.00	0.00	352.66	195.42	0.00
P098151	2009	BD: Clean Air & Sustainable Environment	0.00	62.20	0.00	0.00	0.00	60.52	1.96	0.00
P106161	2009	BD: Sec. Educ Qlty & Access Enhancement	0.00	130.70	0.00	0.00	0.00	69.31	-9.42	0.00
P106216	2009	BD: Higher Education Quality Enhancement	0.00	81.00	0.00	0.00	0.00	75.36	12.82	0.00
P106332	2009	BD: Disability and Children at Risk	0.00	35.00	0.00	0.00	0.00	32.11	9.04	0.00
P111272	2009	BD:Emergency 2007 Cyclone Recovery &Rest	0.00	184.00	0.00	0.00	0.00	171.32	27.98	0.00
P084078	2008	BD:National Agricultural Technology Proj	0.00	62.60	0.00	0.00	0.00	40.45	5.52	0.00
P040712	2008	BD: Water Management Improvement Project	0.00	102.26	0.00	0.00	8.08	83.57	15.87	11.81
P098146	2008	BD: Public Procurement Reform Project II	0.00	23.60	0.00	0.00	0.00	9.48	0.89	0.00
P102305	2007	BD: Avian Flu Preparedness	0.00	16.00	0.00	0.00	3.83	8.94	-1.99	0.00
P098273	2006	BD: Local Governance Support Project	0.00	111.50	0.00	0.00	19.96	8.06	11.80	0.00
P089382	2006	Investment Promotion Financing Facility	0.00	307.00	0.00	0.00	0.00	256.35	-20.49	0.00
P074841	2005	BD: HNP Sector Program	0.00	300.00	0.00	0.00	0.00	11.33	12.05	0.00
P074966	2004	BD: Primary Educ. Develop. Program II	0.00	150.00	0.00	0.00	0.13	20.78	11.62	0.00
P086791	2004	BD: Reaching Out of School Children	0.00	86.00	0.00	0.00	0.00	24.29	-15.44	-7.44
P078707	2004	BD: Power Sector Development TA	0.00	15.50	0.00	0.00	0.00	5.76	4.75	0.00
P071435	2003	BD: Rural Transport Improvement Project	0.00	210.00	0.00	0.00	0.00	18.79	-22.26	-5.26
P053578	2003	BD: Social Investment Program Project	0.00	101.24	0.00	0.00	0.00	47.57	-35.60	21.70
P062916	2003	Central Bank Strengthening Project	0.00	37.00	0.00	0.00	0.00	25.23	19.69	0.00
P071794	2002	BD: Rural Elect. Renewable Energy Dev.	0.00	320.98	0.00	0.00	0.04	15.05	-153.86	-80.42
P041887	1999	BD: Municipal Services	0.00	205.60	0.00	0.00	1.39	48.26	-23.31	-23.97
Total:			0.00	5,110.18	0.00	0.00	33.43	3,653.59	86.40	- 83.58

BANGLADESH
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
2001	BRAC Bank	0.00	1.63	0.00	0.00	0.00	1.60	0.00	0.00
1997	DBH	1.91	0.65	0.00	0.00	1.91	0.65	0.00	0.00
1991	Dynamic Textile	0.00	0.00	0.00	1.48	0.00	0.00	0.00	1.48
	GTFP Dhaka Bank	5.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
	GTFP Eastern Bnk	2.59	0.00	0.00	0.00	2.59	0.00	0.00	0.00
2004	GrameenPhone Ltd	24.00	0.00	0.00	0.00	24.00	0.00	0.00	0.00
2006	GrameenPhone Ltd	59.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1998	IPDC	3.13	0.00	0.00	0.00	3.13	0.00	0.00	0.00
1998	Khulna	10.40	0.00	0.00	11.99	10.40	0.00	0.00	11.99
1998	Lafarge/Surma	35.00	10.00	0.00	0.00	35.00	10.00	0.00	0.00
2000	Lafarge/Surma	0.00	0.00	0.00	15.00	0.00	0.00	0.00	15.00
2003	RAK Ceramics	7.20	0.00	0.00	0.00	7.20	0.00	0.00	0.00
2000	United Leasing	2.57	0.00	0.00	0.00	2.57	0.00	0.00	0.00
	Total portfolio:	150.80	12.28	0.00	28.47	91.80	12.25	0.00	28.47

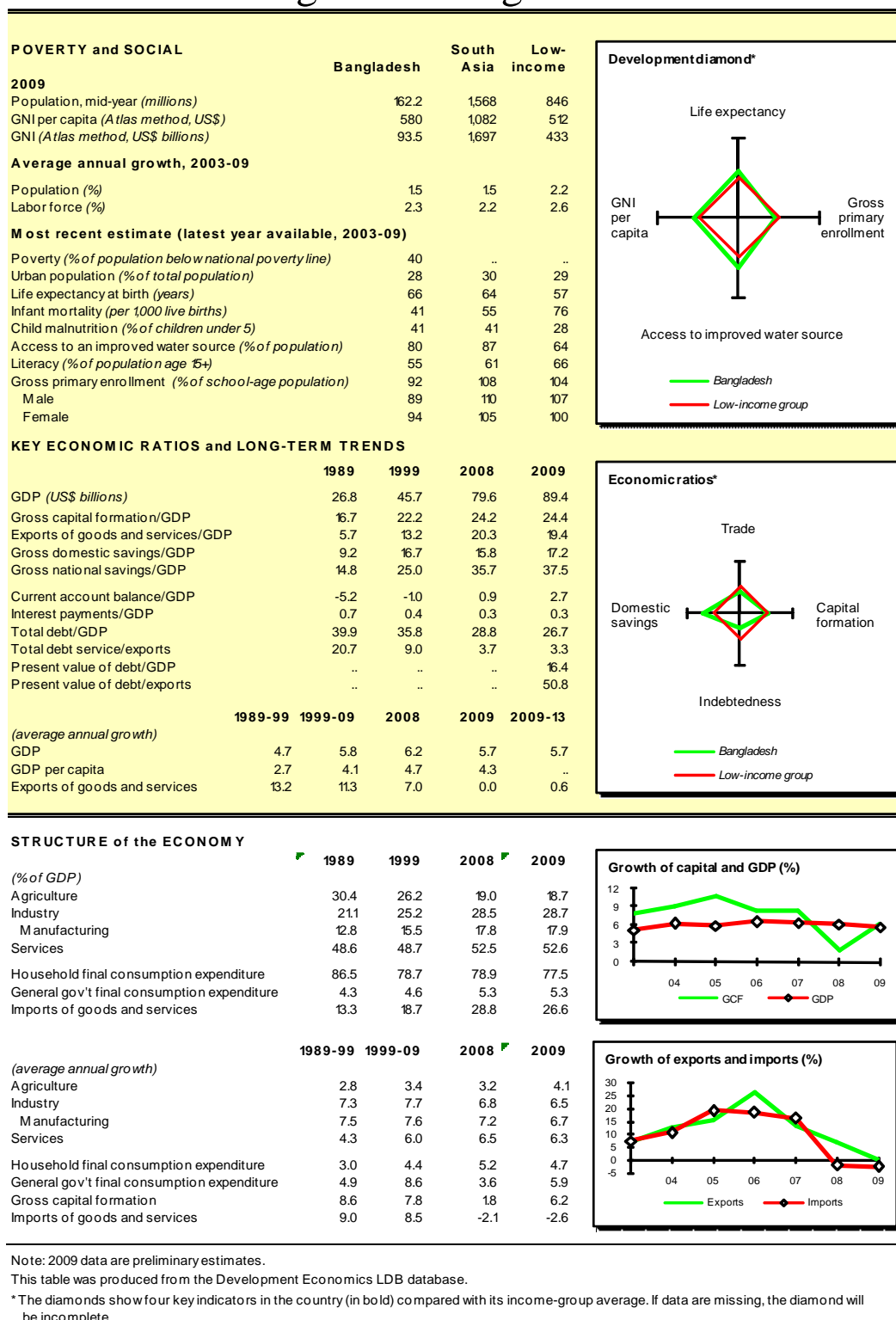
		Approvals Pending Commitment			
FY Approval	Company	Loan	Equity	Quasi	Partic.
2000	USPCL	0.00	0.00	0.00	0.00
1998	Khulna	0.00	0.00	0.00	0.00
	Total pending commitment:	0.00	0.00	0.00	0.00

Annex 15: Country at a Glance

Bangladesh: NARI -- Northern Areas Reduction-of-Poverty Initiative: Women's Economic Empowerment Project

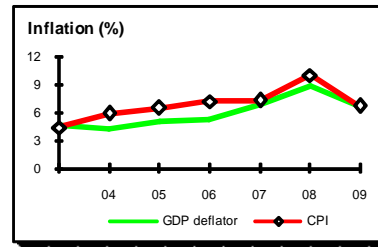
Bangladesh at a glance

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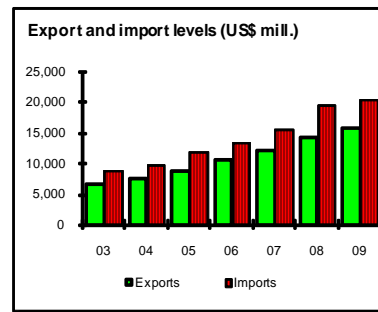
PRICES and GOVERNMENT FINANCE

	1989	1999	2008	2009
Domestic prices				
(% change)				
Consumer prices	..	7.1	9.9	6.7
Implicit GDP deflator	8.5	4.7	8.8	6.5
Government finance				
(% of GDP, includes current grants)				
Current revenue	9.6	9.0	11.5	10.5
Current budget balance	3.2	1.4	2.0	0.4
Overall surplus/deficit	-2.7	-4.8	-3.6	-4.0



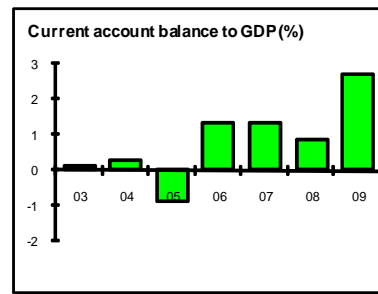
TRADE

	1989	1999	2008	2009
(US\$ millions)				
Total exports (fob)	1,286	5,283	14,151	15,581
Raw jute	97	72	165	148
Leather and leather products	137	223	284	177
Manufactures	871	4,675	13,153	14,789
Total imports (cif)	3,390	7,217	19,481	20,291
Food	555	997	3,492	2,712
Fuel and energy	285	520	2,753	2,581
Capital goods	1,070	1,969	1,664	1,420
Export price index (2000=100)	56	100	135	136
Import price index (2000=100)	56	99	166	163
Terms of trade (2000=100)	101	101	81	83



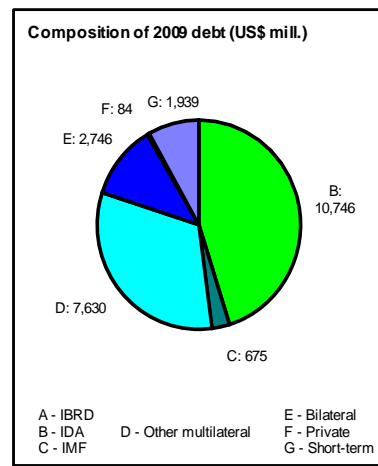
BALANCE of PAYMENTS

	1989	1999	2008	2009
(US\$ millions)				
Exports of goods and services	1,603	5,990	16,042	17,413
Imports of goods and services	3,716	8,527	22,897	23,739
Resource balance	-2,113	-2,537	-6,855	-6,326
Net income	-108	-135	-994	-1,484
Net current transfers	835	2,195	8,529	10,226
Current account balance	-1,386	-477	680	2,416
Financing items (net)	1,452	306	-349	-358
Changes in net reserves	-66	171	-331	-2,058
Memo:				
Reserves including gold (US\$ millions)	..	1,522	4,171	4,686
Conversion rate (DEC, local/US\$)	33.2	48.1	68.6	68.8



EXTERNAL DEBT and RESOURCE FLOWS

	1989	1999	2008	2009
(US\$ millions)				
Total debt outstanding and disbursed	10,698	16,380	22,886	23,820
IBRD	62	31	0	0
IDA	3,441	6,428	10,613	10,746
Total debt service	508	697	888	957
IBRD	6	7	0	0
IDA	35	119	290	313
Composition of net resource flows				
Official grants	773	675	1,746	919
Official creditors	929	376	1,093	807
Private creditors	-30	-19	7	-13
Foreign direct investment (net inflows)	0	180	1,010	674
Portfolio equity (net inflows)	2	-1	-48	-54
World Bank program				
Commitments	421	595	1,807	273
Disbursements	301	413	820	297
Principal repayments	13	78	213	234
Net flows	288	335	607	63
Interest payments	28	48	77	79
Net transfers	260	286	530	-16

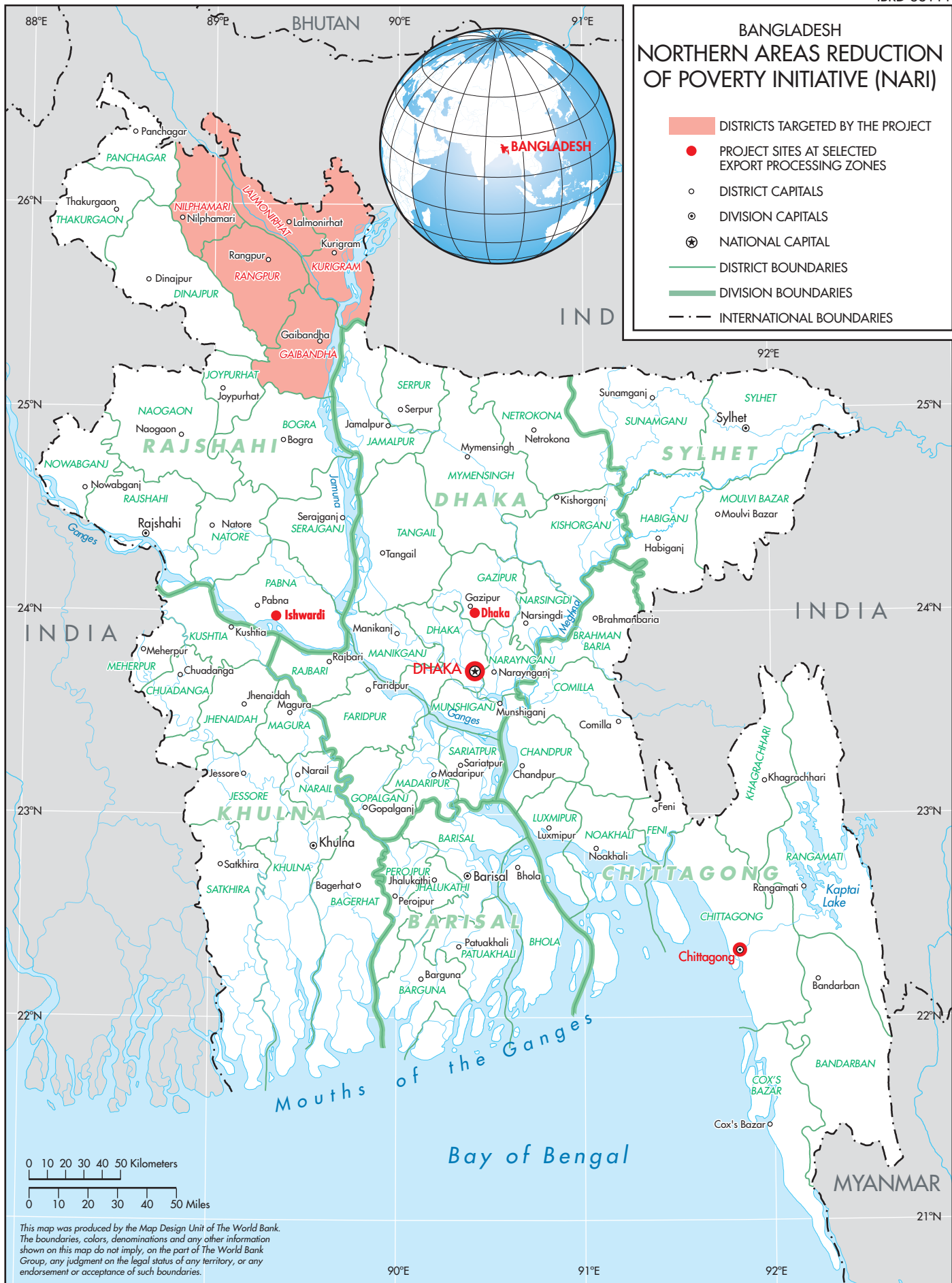


Note: This table was produced from the Development Economics LDB database.

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BANGLADESH NORTHERN AREAS REDUCTION OF POVERTY INITIATIVE (NARI)

- DISTRICTS TARGETED BY THE PROJECT
- PROJECT SITES AT SELECTED EXPORT PROCESSING ZONES
- DISTRICT CAPITALS
- DIVISION CAPITALS
- NATIONAL CAPITAL
- DISTRICT BOUNDARIES
- DIVISION BOUNDARIES
- INTERNATIONAL BOUNDARIES



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