



1. Project Data

Project ID P090764	Project Name IN: Bihar Rural Livelihoods Project		
Country India	Practice Area(Lead) Agriculture	Additional Financing P130546	
L/C/TF Number(s) IDA-43230,IDA-51230	Closing Date (Original) 31-Oct-2012	Total Project Cost (USD) 70,000,000.00	
Bank Approval Date 14-Jun-2007	Closing Date (Actual) 31-Oct-2016		
	IBRD/IDA (USD)	Grants (USD)	
Original Commitment	63,000,000.00	0.00	
Revised Commitment	163,000,000.00	0.00	
Actual	157,095,054.32	0.00	
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2. Project Objectives and Components

a. Objectives

The Project Development Objectives (PDO) in the Project Appraisal Document (PAD, p. 4) and the Financing Agreement (FA, p. 4) were identical and aimed to:

"enhance social and economic empowerment of the rural poor in Bihar."

This review will assess the outcome of the project against the above mentioned PDO.

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



No

c. Will a split evaluation be undertaken?

No

d. Components

The project included the following four components:

1. Community Institution Development (appraisal cost: US\$18.00 million, additional financing: US\$38.00 million, actual cost: US\$56.00 million). This component would facilitate empowering Community-based Organizations (primarily Self Help Groups) to develop direct linkages with financial service providers including commercial banks. The communities would also be provided skills and tools to develop social accountability mechanisms to enable transparency and good governance of the institutions of the poor and build effective service delivery partnerships with local government. The component would also facilitate better village-level communication on issues affecting social and economic activities of interest to the rural poor.

2. Community Investment Fund (appraisal cost: US\$42.00 million, additional financing: US\$78.50 million, actual cost: US\$120.50 million). The Community Investment Fund (CIF) was designed to transfer financial and technical resources to the Community-based Organizations on a demand driven basis through a participatory micro planning process. These financial resources would be transferred to village organizations as a grant. The village organizations were expected to use this resource as revolving fund to finance various Self-Help Groups in the village, based on the micro planning process. This Community Investment Fund would serve as a catalyst to improve their livelihoods, build their institutions and leverage credit from formal sources on fair terms. Some of the key elements that could be supported using the Community Investment Fund include income generation and livelihood improvements, food security needs, skill development to increase employment and employability, and limited productive community level infrastructure facilities.

3. Technical Assistance Fund (appraisal cost: US\$5.50 million, additional financing: US\$12.30 million, actual cost: US\$17.80 million). The Technical Assistance Fund (TAF) would improve quantity and quality of service provision by public, cooperative, community and private service providers. The fund would also promote use of public-private partnerships in improving the supply of key support services for the community organizations and federations in the areas of institution building, finance and livelihoods enhancement.

4. Project Management (appraisal cost: US\$7.50 million, additional financing: US\$11.20 million, actual cost: US\$18.70 million). This component would facilitate overall co-ordination, implementation, and financial management, monitoring and learning of the project at state and district levels.

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

Project Cost. The total project cost was estimated to be US\$73.00 million (PAD, Annex 5). Actual cost



reported by the ICR (Annex 1) was US\$199.50 million. The difference was due to an Additional Financing in 2012 (see details below).

Financing. The project was financed through a Specific Investment Loan worth US\$63.00 million. An additional financing worth US\$99.24 million was approved on July 9, 2012. Actual amount disbursed according to the ICR (Annex 1) was US\$156.27 million.

Borrower Contribution. The borrower and local communities were estimated to contribute US\$7.00 million and US\$3.00 million, respectively. At the additional financing stage, the borrower was expected to further contribute US\$40.00 million of counterpart funds. Actual amount of counterpart funds was US\$43.24 million. The ICR did not provide a breakdown of this amount.

Dates. The project was expected to close on October 31, 2012, however, it closed four years later on October 31, 2016. The project was restructured twice, both level 2 restructurings. The first was on October 25, 2012 (amount disbursed: US\$63.93 million) in order to extend the project closing date from October 31, 2012 until October 31, 2015. This extension was needed to allow enough time to implement activities under the additional financing. The second restructuring was on June 30, 2015 (amount disbursed: XDR79.10) in order to extend the project closing date by one year from October 31, 2015 to October 31, 2016. This extension was needed to accommodate implementation delays that stemmed from the frequent changes in the leadership of the project. The Mid-term Review was conducted on August 5, 2012 compared to an original date on June 21, 2011.

3. Relevance of Objectives & Design

a. Relevance of Objectives

High.

Bihar is the third most populous state in India with 8.1% of the country's population. The state is predominantly rural with 89% of the population living in rural areas and a rural poverty ratio of 44.3%. The situation in rural Bihar is characterized by poor service delivery, complex political and social fabric, limited inclusion in institutions, limited economic opportunities, and poor development infrastructure. Also, delivery of financial services to the poor is seriously constrained.

At project appraisal, objectives were highly relevant to the priorities of the Government of Bihar, most importantly the aim of reducing the below poverty line population to 22% by 2015 or by about 1.5% per year, in order to achieve the MDG target. Objectives were also in line with the Government of India's Eleventh Five Year Plan strategy which emphasized investment in women's socio-economic empowerment, enhancing livelihood opportunities in the farm and non-farm sector, and participation of local level institutions to make service delivery more accountable. Objectives were also in line with the Bank's Country Strategy (CAS-August 2004) for India. The CAS highlighted support for lagging states including Bihar to move closer to India achieving the MDGs through sustained growth, poverty alleviation and improved access to quality social services. The CAS also emphasized building productive development relationship with four states, including



Bihar, where poverty was concentrated and public institutions were weak. Objectives also directly supported the MDGs of: (i) improving incomes of the poorest - reducing the proportion of the people living on less than \$1 a day (Goal 1, Target 1); (ii) promoting gender equality and empowering women (Goal 3, Target 4); and (iii) development and implementation of strategies for decent and productive work for youth (Goal 8, Target 45).

At project completion, objectives continued to be highly relevant to the priorities of the priorities of the Government of Bihar and nationally to these of the Government of India, most notably poverty reduction. Objectives were in line with the Government of Bihar's poverty reduction strategy which called for further investment in women's socio-economic empowerment, improvement of farm and non-farm livelihood opportunities, and increasing Self-Help Groups and community participation to ensure transparent and efficient delivery of government services. Objectives, were also in line with two of the three pillars (transformation and inclusion) of the World Bank's Country Partnership Strategy (CPS for India 2013–2017). The CPS discussed the overarching goal of economic growth, poverty reduction and shared prosperity with an emphasis on inclusion and outcomes such as increased access to financial services, enhanced rural livelihood opportunities and increased coverage of social protection programs.

Rating

High

b. Relevance of Design

Substantial.

Design included an ambitious and broad statement of objectives that covered a range of aspects, including institutional development, gender equality, socio-economic empowerment, as well as livelihoods and capacity enhancements. While the project description in the PAD (Annex 4) covered the relevant elements, the Results Framework did not provide a clear explanation of the linkages between project inputs, outputs and expected outcomes. The project design targeted poor rural women from rural households by considering their existing social vulnerability and spatial distribution. A poverty and social assessment in the design stage selected districts on the following criteria: poverty levels, social vulnerability, potential for livelihoods improvement and social capital.

To achieve the stated objectives, design featured four components. Under component 1, the project would target women in rural poor households, and build their social capital through community institutions, primarily Self Help Groups. Under component 2, the project would support these community institutions along with other institutions like producer organizations to form an essential platform for channeling community investments, leverage credit from formal financial institutions. The project under component 3 would provide technical assistance to improve quantity and quality of service provision by public, cooperative, community and private service providers. Component 4 was dedicated for project management. These activities were relevant and directly linked to the PDO as they would build further social and economic empowerment of the rural poor. They would also build local capacity and track record for the creation of demand for services and leverage further resources and support. In addition, community investments and the low cost credit leveraged from formal financial institutions accompanied by technical assistance and livelihood services were expected to reduce debt, increase assetization and enhance incomes of project beneficiaries.

In a further communication, the project team noted that the start of livelihood activities for the extreme poor and



landless should have started earlier in the implementation of the project rather than waiting to build the Self Help Group social infra structure.

Rating

Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

PDO: To enhance social and economic empowerment of the rural poor in Bihar.

The stated objective includes two sub-objectives that will be rated independently:

The first sub-objective was to enhance social empowerment of the rural poor in Bihar.

Rationale

Outputs

The source of the information below is the ICR Results Framework Analysis.

- By project completion 1,836,505 poor households (baseline: none, target: 590,000, revised target: 1,500,000) were organized into 154,626 Self Help Groups (baseline: none, target: 55,000, revised target: 150,000). Also, 10,445 village organizations were formed (baseline: none, target: 770, revised target: 10,000); and 225 Cluster-level Federation organized into 102 Block-level Federations were formed (baseline: none, target 42 Block-level Federations, revised target: 102 Block-level Federations).
- 62,460 community members (baseline: none target; 60,000) developed as community professionals including Community Resource Professionals providing services to Community-based Organizations.
- 146,291 households (target: 25,000) were members of producer organizations.

Outcome

- The evidence provided in the ICR showed that the project was successful in mobilizing rural poor women into Self Help Groups (SHGs) that were "sustainable and independent" (ICR, p. 14, para 58); compared to a pre-project situation where there was a limited number of SHGs that suffered from organizational and financial weaknesses; and lack of inclusion of the poor in local institutions (ICR, p. 14, para 58).
- The project mobilized more than 1.8 million poor rural women from rural households into 154,626 SHGs



and 10,445 village organizations exceeding the original and revised PDO targets of 1.2 and 1.5 million households, respectively. According to the ICR (p.14, para 58) the end-line assessment reported that in a survey on a stratified random basis of 1,400 SHGs over 85–100% of SHGs established between 2007–12, and 54–75% of SHGs established between 2013–15 "became self-managed and self-reliant on different strict parameters relating to frequency of transactions, regular attendance, repayment rates and relationship with higher-level federations."

- The village organizations formed under the project had positive balance sheets and provided financial services, links to entitlements, and social action support to SHGs. The project also supported establishing community based organizations that were inclusive between castes, reduced conflicts and increased social networks; and facilitated access to credit (discussed in more detail under the second sub-objective).
- Based on the afore mentioned results, the project was successful in enhancing social empowerment of the rural poor in project areas, hence, outcome is rated substantial.

Rating
Substantial

Objective 2

Objective

The second sub-objective was to enhance economic empowerment of the rural poor in Bihar.

Rationale

Outputs

The source of the information below is the ICR Results Framework Analysis.

- Cumulative beneficiary savings mobilized and cumulative leveraging from financial institutions as credit reached US\$23.00 million (target: US\$10.00 million) for savings; and Bank Credit reached US\$103 million (target: US\$80.00 million).
- 51% of the investments on livelihoods Community Investment Fund were made for productive purposes compared to a target of 50%.
- Food security increased for 86% of target households compared to a target of 80%.
- 484,162 households (target: 500,000) took up new agriculture activities resulting in an increase in income by 30%.
- 61,756 households (target: 50,000) were part of dairy intervention as a result of which there has been a 30% increase in income from dairy.
- 21,737 direct jobs were created through project-supported activities and 14,215 of these were getting sustained income representing 71% compared to a target of at least 75% of them getting sustained income.



- 5 scalable block level projects in non-farm, small livestock sector were developed (target: 5).
- 4 scalable block level models on village level community managed nutrition care center were developed (target: 4).
- 5 new partners inducted to promote financial inclusion services (target: 5). Partnerships included: State Bank of India; Madhya Bihar Grameen Bank; Uttar Bihar Grameen Bank; Life Insurance Corporation; and Central Bank of India.
- 40 to 72% -depending on the scheme, of member households accessed Social security entitlements through other Government of Bihar/Government of India programs (target: 30%). 67.3% households were able to access respective entitlement for pension; 72% for widows support; 40% for job cards and 60% for Rashtriya Swasthya Bima Yojna (RSBY) card.
- 300,000 household implemented environmentally friendly interventions piloted in each project block. These included use of less irrigation water through promoting the System of Rice Intensification (SRI) and System of Wheat Intensification (SWI); zero budget natural farming (where farmers use mulching and natural biodegradable inputs rather than synthetic fertilizers and pesticides); community managed solar photovoltaic pump based micro irrigation systems; vermin compost, and improving soil management.
- 82,000 toilets in SHG households were constructed under the project.

Outcome

- The evidence provided in the ICR (including in section 3 and Annex 2A) pointed to the success of the project in improving financial inclusion and increasing bank linkages, and reducing high cost debt. However, the impact of the project on increasing income and improving livelihoods of the rural poor was less clear. Project achievements are discussed in more detail below:
 - **Improving financial inclusion and increasing bank linkages.** The project facilitated dialogue between community based organizations and local banks. This contributed to establishing successful linkages between the community based organizations and local financial institutions. The ICR (p. 31) reported that "in five years 30% of the new bank linkages across the state were established through the project despite operating in only six of the 38 districts in the state." This resulted in significant increment in the leverage of bank credit for household livelihoods in the state, from US\$20.3 million in 2007 to US\$98 million by the end of the project compared to a target of US\$80 million. The project also promoted a number of pro-SHG policies that resulted in the growth of the overall bank linkage to US\$103 million by mid-2016 in the project areas (ICR, p. 16, para 61). The project also encouraged household savings in community institutions which improved financial inclusion.
 - **Reducing high cost debt.** Improved access to credit through community based organizations and improved bank linkages helped households who were members of the Self Help Groups reduce dependency on high-cost debt from moneylenders. The ICR (p. 61, para 63) reported that the 2016 survey of 1,350 households showed that less than 2% of households had outstanding high interest loans (with rates higher than two percent) at the end of the project. This was a decrease from 47% among members of older established SHGs, and down from 33% among recently joined members and those in younger SHGs compared to a target of 50% of target SHG members reducing high cost debt.



- **Increasing income and improving livelihoods of the rural poor.** Assessing the exact impact of the project activities on increasing income and improving livelihoods of the rural poor was difficult given the absence of a reliable baseline survey and relevant controls. Nevertheless, the ICR (Annex 5) provided proxy evidence that point to the positive impact of project activities on household income. This was demonstrated through a survey that captured the positive change in income over time for a sample of 1,530 households members of Self Help Groups who had accessed the Community Investment Fund in four project districts. Also, the survey showed that the asset base of the treatment group showed greater expansion in assets (including ownership of cows, mobiles and bicycles) compared to control group. While these results were based on a before-after comparison of households that became project beneficiaries, the ICR (p.16, para 61) acknowledged that "direct attribution measurement was challenging without controls." The project also contributed to positive income changes in household and group-level livelihoods through various interventions including: backyard poultry (almost 60,000 households), dairy interventions (partly through over 400 dairy cooperatives), productivity enhancement interventions (especially System of Rice Intensification (SRI), with over 60% increase in productivity for over 200,000 small farmers); and better marketing of maize through a national digital maize trading platform. Backyard poultry and incense sticks manufacture were a couple of livelihoods activities promoted by the project that successfully targeted the landless. According to the end-line assessment in 2016, nearly 86% of member households increased their food security situation after joining the project (ICR, p. 16, para 64).
- The project also met (or in some cases exceeded) the majority of its output/intermediate outcome targets as well as its PDO level targets. Therefore, outcome of this sub-objective is rated substantial.

Rating

Substantial

5. Efficiency

Economic and Financial Efficiency

ex ante

- The project was based on demand driven micro plans, hence, the ex ante economic assessment did not attempt to evaluate all the components in terms of quantifiable economic and financial returns. The ex ante analysis focused on the community investment fund (CIF) which was expected to receive US\$42 million or 67% percent of total project cost at appraisal, actual cost of CIF was US\$120.00 million (56% of total project cost after AF). The analysis in the PAD did not include an overall Economic Rate of Return for the project.



- The analysis of the CIF was based on a financial viability analysis of selected four productive livelihood activities which were expected to be included in the micro plans. The analysis of these activities showed that they had a financial rate of return within the range of 28% to 50%.

ex post

- The ICR included a robust economic and financial analysis that covered different parameters that contributed to efficiency. Overall project efficiency was assessed by measuring the following parameters: (i) extent to which the targets in the results framework were met using the available resources; (ii) actual project costs and disbursement against appraisal estimates; (iii) total costs per SHG formed and costs per SHG member; (iv) financial support leveraged from other sources, including convergence, partnerships and linkages with financial institutions; and (v) total resources managed by CBOs to implement project interventions, against formation and capacity building costs (ICR, p. 67). At project completion, an economic and financial analysis was conducted covering three types of interventions including economic activities through CIF, mainly for cropping, livestock and non-farm, some of which were group based; health and nutrition; and job creations for the youth.
- The economic analysis builds on the results from financial models by converting financial into economic prices and aggregating accrued benefits from the household to project level. The NPV of incremental net benefits was estimated at US\$36.4 million. Economic Internal Rate of Return (EIRR) was estimated to be 34.4%, which was higher than the discount rate used for the analysis (12%).
- The ex post analysis did not provide estimates for the financial rate of return for the interventions under analysis.
- A sensitivity analysis to assess the effects of lower future benefits showed that a 10% to 20% decrease in project benefits would maintain the EIRR above acceptable levels, with the switching value estimated at 29% (ICR, p. 66).

Administrative and Financial Efficiency

In 2012, the project received Additional Financing of about US\$100 million, which was nearly 1.5 times the original credit. The project closed four years later than the expected closing date to allow enough time for implementation of activities after the project expansion. The project experienced slow disbursement for the first three years due to "limited local experience and capacity to implement programs of this scale; poor initial experience in developing bank linkages, including skepticism from bankers; initial lack of clarity and management systems to support SHG federations, such as VOs; and limited technical capacity for supporting livelihoods, aside from rice intensification" (ICR, para 27, p. 6).

Based on the evidence provided in the ICR (Annex 3), some of which were discussed above, efficiency is rated substantial.



Efficiency Rating

Substantial

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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

6. Outcome

Relevance of objectives was rated high while relevance of design was rated substantial. Efficacy of the first sub-objective was rated substantial because the ICR provided evidence that showed that the project was successful in enhancing social empowerment through mobilizing rural poor women into Self Help Groups (SHGs) that were sustainable and independent. Efficacy of the second sub-objective was rated substantial because the evidence provided in the ICR pointed to the success of the project in enhancing economic empowerment of the rural poor through improving financial inclusion, increasing bank linkage, and reducing high cost debt. Also, proxy evidence pointed to the positive impact of the project activities on the income of the project beneficiaries. Efficiency was rated substantial.

Based on the afore mentioned ratings, outcome is rated satisfactory.

a. Outcome Rating

Satisfactory

7. Rationale for Risk to Development Outcome Rating

The risk to development outcome is rated modest. The ICR (p.20) highlighted a number of risks and discussed how they were mitigated. These are discussed below:

- **Sustained household income flows and sustaining debt reduction.** The project contributed to improving incomes streams, based on local appropriate economic activities. This is helped reduce household risks, including a widening range of income flows, strong debt reduction, increased household skills sets and financial assets, social changes. However, incomes and dietary diversity, while improving were increasing less for landless compared to those with productive land, and extra support would be needed to sustain growth.



- **Continuing support to rural poor households through community institutions.** Community Based Organizations developed under the project into a coordinated three-tier institutional structure with clearly defined roles and responsibilities for each level, and emerging self-reliance. Community institutions benefitted from project support and continue to play a key role in participatory implementation and monitoring of government social programs, favoring their continuing long-term support. Also, Community Based Organizations were viewed as implementation partners for several livelihoods programs of the state, with funding for services, such as the state-run backyard poultry program, social forestry, and enterprise and skill development. Annual credit flow from commercial banks to poor households and their groups increased multi-fold from US\$4.35 million in 2005–06 to US\$103.2 million by 2016; also generating increasing interest repayments to cover operational costs. Banks and other business entities, working with Community Based Organizations allowed them to de-risk operations as the higher federations bear the risk equally while reducing costs associated with due diligence and distribution.
- **Self-reliance and financial sustainability of community institutions.** The ICR (p. 20) reported that the end-line study showed that 61 Cluster-level Federations were financially self-sustainable and more were expected to achieve financial sustainability within a few years, however they would continue to need support under the follow-on programs to become fully self-sufficient. Cluster-level Federations as standalone, registered entities were expected to engage with the markets as well as civil society, leveraging their social capital.
- **Wider pro-poor institutional support and economic sustainability.** The project's experience demonstrated the importance of the presence of strong collectives of the poor as a pre-requisite to successful delivery of a program. This led to a shift in Government's strategy for rural development; and it became likely that the state will continue its commitment to the project outcomes in the longer term. Also, several line departments/government agencies saw the benefits and established productive partnerships facilitating more efficient delivery of economic and social services to target populations.

a. Risk to Development Outcome Rating
Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

- In 2006, the Government of Bihar requested the World Bank's assistance for supporting an innovative project that featured scalable and sustainable models for livelihoods enhancement of rural poor households; which would also be piloted to build institutions of the poor.
- The project design benefitted from the experience of other poverty alleviation projects in the state and the country; especially in the state of Andhra Pradesh. Design focused on targeting rural poor women and marginalized groups within the society; and aimed to improve inclusion and access to credit for the rural



poor. Targeting rural poor was informed by a poverty and social assessment that selected districts based on: poverty levels, social vulnerability, potential for livelihoods improvement and social capital. Design also featured peer-to-peer learning which enabled large scale-up of capacity building processes.

- Design called for gender specific support and focused on the development of social and economic capital of the highly vulnerable rural poor women and the livelihoods of their households. Design of social safeguards featured participatory processes to identify and engage poor communities, "often in the context of intensive caste, gender and livelihoods inequalities and conflicts" (ICR, p. 9, para 40).
- Sequencing of design activities could have benefitted from starting the livelihood activities for the extreme poor and landless earlier in the implementation of the project rather than waiting to build the Self Help Group social infra structure.
- Nine risks were identified at the design stage, five were rated moderate and four were rated substantial. According to the ICR (p. 6, para 25), mitigation measures were appropriate and successfully addressed risks that materialized during implementation.
- M&E arrangements were relevant to the project, however, the absence of a baseline limited the ability to assess the exact income of the project on improving rural incomes and livelihoods of the rural poor.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

This was the first single state World Bank-supported project implemented in Bihar after a gap of two decades. The project was implemented against a fragile context and low state implementation capacity (ICR, p. 6, para 26). The project benefitted from the task team's effort to integrate experiences from other states, build trust and capacity with the client team, and bring in more technical support partners in order to alleviate low capacity and limited implementation experience. The Bank team worked closely with the project implementation agency to address implementation issues in a timely manner. The project implementation benefitted from the Bank's team focus on specific topics of concern that were addressed through frequent and task focused missions (ICR, p. 7, para 30). The Bank team also supported building of trust not only between the state and the Bank, but also among the poor and their project -supported community institutions. The project also benefitted from the task team's approach to dispatch experienced resident livelihood consultants to act as a source of new ideas, provide regular feedback on implementation risks and provide strategic advice to the implementation team (ICR, p. 22, para 93). However, the supervision team should have addressed the lack of a baseline survey at an earlier stage in the project to ensure an accurate assessment of the impact of the project activities on the increase in the income of project beneficiaries. Also, there were weaknesses in financial management (see section 11 b for more details).

In a further communication after the preparation of this review, the project team explained that financial management issues were minor and did not impact the final outcome of the project. The team also explained that the "Bank supervision team continuously responded and adapted to the challenges. Overall, the systems were fit-for-purpose and delivered Satisfactory results despite the context and the scaling-up." With regards to the lack of a baseline survey the team explained that "the quality of data that was produced under the (original) baseline (survey) was not deemed to be satisfactory so a satisfactory proxy baseline data had to be used. In addition, the Bank team proactively partnered with the Social Observatory (a team



from DEC) and undertook many rigorous impact evaluations including 2 randomized evaluations that fed into the program strategy."

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

According to the ICR (p.22, para 95), the Government of Bihar showed "continuous support, strong commitment and buy-in" starting from the early preparation stages of the project and continued throughout implementation. This support enabled steady project leadership, policy support and timely counterpart funding. The Government also instituted a high-powered Executive Committee—which included senior government officials like the development commissioner of the state, and the principal secretaries of finance, agriculture and animal husbandry, to oversee project implementation. This Executive Committee facilitated important policy decisions in a timely manner; and ensured fast and efficient implementation of the project.

Government Performance Rating

Satisfactory

b. Implementing Agency Performance

The primary agency responsible for the project's implementation was the Bihar Rural Livelihoods Promotion Society (BRLPS). It was established by the Government of Bihar as an evolving, flexible, responsive and accountable agency for the transformation of women livelihoods on a very large scale. The implementing agency benefitted from the continued Government support and the Bank's guidance to scale up activities under a challenging and complex background. The BRLPS succeeded in building "trust and respect among communities of very poor women and their institutions; as well as a results-oriented management and willingness to innovate and learn, and monitor its own direction (ICR, p. 23, para 98). " The BRLPS also put in place accountable safeguard compliance mechanisms and effectively managed M&E and used data to guide management decisions. It also worked effectively with government departments to enhance services and resources to communities; and with other technical partners including Non-Government Organizations to develop livelihoods activities. However, financial management suffered from some weaknesses due to capacity limitations (see section 11 b for more details); and M&E suffered from delays (see section 10 b).

In a further communication after the preparation of this review the project team explained that the implementing agency continuously responded and adapted to the challenges; and was pro-active in addressing weaknesses in financial management. According to the ICR (p. 10, para 44): "financial management arrangements were suitably modified as the project scaled up. This included: (i) closing



block project implementation units (BPIUs) as accounting centers when the project scaled up to 102 blocks; (ii) granting transfers to CBOs for institutional development; (iii) increased focus on community-level financial management by creation of posts of community finance at state and district offices; (iv) development of operational guidelines/framework for the various funds to CBOs for follow-up on utilization and refund of unspent balances; and (v) proactive action by the project to address the few cases of misuse that were reported." The team also explained that the transaction based Management Information System was only one aspect of the M & E system which was overall functional.

Implementing Agency Performance Rating

Satisfactory

Overall Borrower Performance Rating

Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The State Project Management Unit had the overall responsibility of M&E activities. M&E design was comprehensive as it included monitoring of inputs and outputs; independent/third-party evaluation of results/outcomes; and learning systems based on implementation feedback mechanisms (ICR, p. 8, para 33). The Results Framework included three relevant outcome indicators that were directly linked to the PDO, however measuring the increase in income (second PDO indicator) proved to be challenging. It also included eleven intermediate outcome indicators that were measurable and relevant to assess different activities supported by the project. In a further communication during the preparation of this review, the project team explained that measuring the increase in income was extremely challenging due to the absence of a reliable baseline survey and difficulty in getting the beneficiaries to report their income.

b. M&E Implementation

The project's M&E activities benefited from the Bank's support and cooperation with a results-oriented monitoring and evaluation project team. The Bank guided the M&E emphasis according to the implementation stage of the project. During the earlier stages of implementation emphasis was on tracking inputs and targets, whereas the project progressed emphasis shifted more to outputs, outcomes and achievement of PDO indicators. The Additional Financing did not introduce any changes to the Results Framework indicators. However, targets were revised upwards to accommodate geographical expansion (as planned under the AF) where the project was up-scaled to cover all 102 blocks beyond the initial 42 blocks in the existing six districts of the parent project (Restructuring Paper, p. 5) and increased its outreach from 590,000 to 1.5 million households (ICR, p. 67). M&E implementation sought to use an online web-based system to record data, however, roll-out after the project expansion took a longer time than expected and "its use within the project period remained limited to data entry and recording except for one district where the system was used to inform management decisions" (ICR, p. 8, para 35). Besides the project own M&E system, activities were



monitored through an independent third party that worked closely with the project team. Third party monitoring provided quarterly implementation audits and feedback.

c. M&E Utilization

The project team benefitted from third party implementation audits which alerted the team to implementation challenges on the ground and contributed to changes in the operation manual (ICR, p. 8, para 36). Quarterly progress reports were shared with project stakeholders on regular basis. The World Bank's Development Economics Group (DEC) undertook three evaluations (including two randomized) which included an assessment of the project's impacts on asset accumulation, consumption and indebtedness (ICR, p. 9, para 38). However, these evaluations did not measure income due to "unforeseen complications in sampling due to the additional scaling up of the project" (ICR, p. 9 para 38). A dedicated survey for ICR-PDO indicators was set through the project with support from the Bank team, Food and Agriculture Organization (FAO), and DEC. The ICR benefited from the afore mentioned survey as well as other dedicated thematic studies including: the assessments of the System of Rice Intensification (SRI) and Participatory Varietal Selection Program (PVSP); assessment of various livestock and non-farm intervention on SHG households; and productivity enhancement. The ICR did not elaborate whether M&E data was used to inform management decisions.

On balance, M&E design was relevant, however, M&E implementation suffered from two notable shortcomings including the lack of a baseline survey; and the longer time needed to roll-out the online web based system. Therefore, M&E quality is rated modest.

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The project was classified as a category B. It triggered the following safeguard policies: Environmental Assessment (OP/BP 4.01) and Indigenous Peoples (OP/BP 4.10). Based on the nature and the scale of the activities that were funded by the project, the project interventions were not expected to cause any significant adverse impacts on the environment. The project received authorization from the Bank Senior Management under OP/BP 6.00 for financing food expenditures (PAD, p. 17, para 64).

Environmental Assessment (OP/BP 4.01). The Government of Bihar conducted an Environmental Assessment (EA) of the project, based on the list of activities that were likely to be supported in the project districts. An Environmental Management Framework (EMF) was developed as a part of the EA, to address the environmental issues pertaining to the project-supported activities and to mainstream them in the planning, design and implementation of activities included in Micro Credit Plans. According to the ICR (p. 9, para 39) key Technical Environmental Guidelines (especially those on agriculture) were mainstreamed into livelihoods interventions and "the project was in compliance with the mandatory environmental safeguards



instruments and requirements."

Indigenous Peoples (OP/BP 4.10). The project implemented a Tribal Development Plan for the relatively small tribal population in the project area (around 1%, mainly in one district). This included group appropriate, local language facilitators, and appropriate livelihoods promotion. The ICR did not report on compliance with regards to this safeguard policy.

b. Fiduciary Compliance

Financial Management. Financial management benefited from continuity in both project and financial management leadership at the state level. This enabled focus on capacity building, as well as a timely accounting and reporting system at block/district level and on internal controls (ICR, p. 10 para 43). Interim financial reports and statutory audit reports were submitted to the Bank in a timely manner during most of the project period. Financial management arrangements were adequately modified after the additional financing to accommodate scale-up of project activities. However, financial management faced some challenges that stemmed mainly from large vacancies in finance staffing especially at the block level during most of the project period. Also, limited financial staffing and capacity made managing of multiple funds at the Community Based Organizations level difficult; and contributed to substantial delays in Community Based Organizations audits and compliance of audit observations. Finally, close monitoring in areas of advances, idle funds and tracking of users committees through the Community Based Organizations was hindered by limited staffing.

Procurement. The project benefitted from a dedicated and well trained procurement staff that understood Bank procurement guidelines (ICR, p. 11). Also, the presence of a procurement committee, headed by the Managing Director, facilitated decision making on procurement related issues. However, at the start of project implementation procurement suffered from delays due to capacity constraints. According to the ICR (p. 11 para 47) "post procurement reviews did not reveal any significant systemic or capacity constraints in procurement plan implementation." However, there were minor deviations reported in 2011 and 2012. The ICR did not elaborate what was the nature of these deviations. In a further communication, the project team explained that these were minor deviations from the procurement plan that were later corrected and no incidence of misprocurement were recorded.

c. Unintended impacts (Positive or Negative)

d. Other



12. Ratings

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

Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICR included fourteen lessons. The following are emphasized with some adaptation of language:

- **Efficient expansion of a project requires adaptive management and strong M&E.** The project promoted adaptive learning through innovation support at all levels, reinforced by a strong M&E system with responsive process monitoring. This could have been further strengthened by monitoring Community Based Organizations at scale and measuring complex economic changes.
- **Economic and financial analysis needs to be more integrated into monitoring and evaluation and serve as an implementation support tool.** M&E survey methods should closely follow changes at household and specific livelihood group levels on an ongoing basis. This means relevant indicators and ongoing measurement of incomes and expenditures to accurately capture the impact of project activities on the target population.
- **Appropriate building of community capacity and ownership requires respecting and nurturing the collective voice of Community Based Organizations at all times on an ongoing basis.** It means using the right kind of capacity building processes (peer-to-peer and community videos), which are most appropriate and can be managed by the end-users themselves. Community resource persons enabled the scale up of most project interventions.

14. Assessment Recommended?

No



15. Comments on Quality of ICR

The ICR is well written with good cross referencing to the detailed Annexes. Discussion of outcomes was logical and reflected the project's achievements on the ground. The ICR provided comprehensive coverage of the gender dimension and social inclusion. It also included a detailed lessons section, however, lessons could have benefitted from some consolidation.

The ICR could have improved on the following areas:

- Discussion of Risk to Development Outcome should refer to the assigned rating.
- All triggered safeguard policies should be discussed with a clear statement of compliance.
- Provide more details on shortcomings faced by the project including: design, M&E and Quality of Supervision.
- Report on the status of external financial audits.

a. Quality of ICR Rating

Substantial