Advanced Course on Administration and Development (ACAD)

Seminar Paper on

Evaluating the electronic payment system on Employment Generation Program for the Poorest: A case study of Bangalipur union of Sayedpur Upazila in Nilphamari zila

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Executive Summary

The unemployment problem is a major crisis for a developing country like Bangladesh. The rapidly increasing population of our country and the limited source of job availability have made it more difficult to sustain in a better way. The EGPP is an ongoing program of Bangladesh that provides short-term employment to manual workers during the lean season over two cycles 80 days of work is done. The first cycle starts from October to December and the second cycle starts from March to May. Among the beneficiaries workers, 33% is secured for the women. The beneficiaries are needed to work 7 hours a day and get Tk. 200(Two hundred) each and they are bound to save Tk. 25 in their respective account which is not withdrawn able till 1st July of each year. One Sarder is engaged to look after each project who gets extra Tk.50 per day. Seasonal poverty is rampant in Monga prone and Char areas in Bangladesh. In these regions, poor people remain unemployed and lead a precarious life during the months from October to December and from March to May, when there is very little or no farm activities.

The constitution of Bangladesh enables the government to take the social security programs for different segments of under privileged people including workless people. The beneficiaries face some difficulties in drawing the allowance from the bank. The sufferings of beneficiaries include traveling a long distance, transport cost, and physical labor for traveling, long queue, and sometimes paying a middleman to access the money. Improvement of the benefit delivery process is one of the challenges of this program. The government introduced an electronic payment mechanism in EGPP for hassle-free service delivery among the beneficiaries. The introduction of the payment system in EGPP service would be to reduce time, cost, and visit for the receivers. Also convenience and reduce the physical hazards of the people. Moreover, it may reduce corruption and ensure higher transparency and accountability.

1.Introduction

1.1 Background

Poverty alleviation is very much important to enter into middle-income countries of Bangladesh. It has reduced the percentage of poverty for the last few years because of several policies of poverty reduction activities taken by the present government but manual workers became jobless and fell in the threat of starvation in the poverty engulfed area of the country specially monga and char areas. As per BBS (2014), the poverty rate has been decreased to 25.6% where social safety net programs in Bangladesh are more necessary elements fighting against poverty. In the World Development Report on poverty, (1990) Social Safety nets – defined as 'some form of income insurance to help people through short-term stress and calamities' (World Bank 1990:90). In this aspect Department of disaster management under the Ministry of Disaster Management and Relief played a vital role to introduce a different type of social safety net program like the Employment Generation Program for the Poorest known as EGPP. The objectives of EGPP are 1. To provide short term employment to the hardcore poor in lean seasons over two cycles (March to May and October to December) for 80 days and 2. To develop rural infrastructure by constructing various work (khandker, et al. 2006). The social safety net system has a long history as a protective mechanism for vulnerable groups (World bank 2000-2010). Over the last decade, cash transfer as a safety net program helps poor people to be included in a safety net program (fizbein and schady, 2009).

Department of Disaster management at present providing 200.00 TK payment per day about 1.00 million poverty people for work under this program. Instead of a cash system government has introduced a new payment system called an electronic payment system where the fingerprint is detected for the salary payment system among the beneficiaries. The International Development Association (IDA) supporting the EGPP through financing the main program component as well as the operations support component. In this system, the payment of salary is automatically deposited to the beneficiaries' bank account number through the help of Bangladesh Bank under the G2P payment system. The government has introduced the system in 15 Upazilas in the country on a pilot basis through a project name "strengthening of the ministry of disaster management and relief program administration''(SMODMRPA) project under the

Ministry of Disaster Management and Relief. Establishes electronic payment systems enhancing the transparency and accountability of the governance System (Rahman and Choudhury 2012).

1.2 Problem statement

Bangladesh has graduated to a mid-income country. The country is going to be a welfare state. So we should increase our social safety net programs. The poor and vulnerable people should be taken forward in the mainstream of society. The traditional payment system in EGPP is a long procedure. For this long procedure in some places corruption may occur, such as banks do not pay money on time to the beneficiaries, middlemen and respective social welfare office withdraw money on behalf of some beneficiaries and do not pay them on time. Moreover, sometimes they take a commission from these poor people. Sometimes monetary involvement may occur in the beneficiary selection process at the root level. To mitigate the mentioned problems electronic payment systems have been introduced on a pilot basis but empirical study yet not been done to assess the system. Different kind of study has been done in the EGPP program, basically on the payment system. Before my observation, no works have been done to evaluate the electronic EGPP payment system as a new approach. Based on the above view feel eager to study in this field. This study in this field to identify the opinion of the new payment system compared to the traditional one.

1.3 Rationale/Justification of the Study

The Household Income and Expenditure Survey (HIES) 2010 reveals that 24.57 percent of families of the country have been brought under the coverage of the social safety net program. Bangladesh is a very densely populated country and unemployment or lack of wages became a very critical problem in the less economically developed area of the country in the lean season, especially in the north Bengal this area is generally called monga affected area. Nilphomari district is one of the poor areas of Bangladesh. To ensure or mitigate the suffering of the hardcore people in the lean season the Government introduced the EGPP program as a safety-net program. There are other periods in the year where unemployment also persists but not as acute as monga in the region. The region's economy mainly depends on agriculture and in this period agricultural activity is zero and the large population who are dependent on agriculture or subsistence farmers cannot be accommodated in the non-agricultural sectors which intensifies the unemployment situation. EGPP is one of the solutions for this seasonal unemployment taken by the government which directly focuses on the seasonal unemployed people and provides workfare cash transfer to eradicate their sufferings during the period. After completion of the survey system in electronic EGPP, the government can utilize the system all over the country. The policymaker also can be benefitted to receive the real situation of the electronic EGPP payment system.

1.4 Objectives

The purpose of the study is to evaluate the effectiveness of the electronic payment system in EGPP which is an automated service delivery system of the Upazila Project Implementation Office of Sayedpur, Nilphamary. The specific objectives are:

1.To understand the electronic EGPP payment system.

2.To evaluation of the electronic EGPP payment system.

3.To find the shortfall and way forward of the system.

1.5 Limitation

The study is based on empirical data collected from only one Union of one Upazila, i.e. Bangalipur Union of Sayedpur Upazilla under Nilphamari zila. But the collection of primary data from any rural area in Bangladesh is not an easy job. Respondents are not that much interested to talk about and or answer a sensitive matter, like if he or she faced a problem in the digital system while receiving payment, the problem for matching the fingerprint on payment, paid on the fixed payment day or not e.t.c. Other important limitations are-

1.Time and Resource constraints: Limited time and resources have been allotted for the completion of the study. Because of this limitation, the researcher had to select only one Union (Bangalipur) of one Upazila (Sayedpur) among 15 Upazila, where EGPP electronic payment Programme is running.

2. Small sample size: Only twenty respondents were selected (based on random sampling) from a Union of an Upazila.

3. Access to rural women: The rural women respondents usually feel shy about interviews. So it was difficult to get extensive data from them.

Despite all limitations, observation could have been better for this study, but due to the pandemic Covid-19 situation, the study is based on data collection over mobile telephones which little bit influence the pragmatic and mesmerizing of the result.

2. Methodology

The objective of this study is to find out whether the electronic payment system of the EGPP program is more beneficial to poor people. This research is one of the first works on the electronic payment system of EGPP in Bangladesh. The present study is an attempt to identify the reasons those save more time, cost, and visit for getting services and to assess the effectiveness of electronic service delivery system in terms of reducing sufferings and hassle. The study has utilized primary and secondary data. Primary data have been collected from the EGPP beneficiaries. Secondary data have been collected from journals, the internet, and various reports. All primary data have been collected over mobile phones under the pandemic covid -19 situation follow the personal interview. The payment services of EGPP in Bangladesh is a hazardous job. This consideration led to choose the Upazila Project Implementation Officer (PIO) is the pioneer that delivers the most important EGPP services with the help of the Upazila Nirbahi Officer (UNO). A structured and semi-structured questionnaire of 20 beneficiaries has been analyzed at Bangalipur union in Sayedpur Upazila on Nilphamari zila. Nilphamari Zila is a monga prone area and sayedpur Upazila is enlisted of the pilot Upazila out of 15 Upazila where the electronic payment system is applied in Bangladesh. And the union of Bangalipur is selected on a random basis. This is why the site has been selected. Bank Asia is officially enlisted bank for payment and union information and service center (UISC) is the venue for payment.

3.Results and Discussion

The EGPP program is supporting mainly the earthworks as short-term employment generation program activities. These activities help agricultural production, better rural communication, protection during natural disasters, etc. The type of sub-projects are-i) canal excavating, ii) earthen dam construction/reconstruction, iii) rural road construction/reconstruction, iv) drain construction/ reconstruction to address the waterlogging, v) earth raising of community institutions like school, graveyard, playground, fish market, vi) earthen shelter for animals to protect against a cyclone, vii) excavation of public ponds/fish firms, viii) organic fertilizer production for agricultural application, ix) development of market/helipad) water reservoirs construction for rainwater conservations/drinking water.

There are two components to the projects. The Main Program Component (MPC) and the Operational Support Component (OSC). The Main Program Component (MPC) is the component of the program to employ rural hardcore poor in lean seasons. The Operational Support Component (OSC) provides direct support to the Ministry of Disaster Management and Relief in strengthening its capacity including developing modern information systems, piloting electronic payment systems, facilitating equipment for better implementation, and monitoring and providing training to government officials. The International Development Association (IDA) supporting EGPP through financing the Main Program Component as well as Operations Support Component.

The individual project was selected by Union Parisad and approved by Upazilla Project Implementation Committee. The individual beneficiary got Taka 200/- per day for his/her labor. Each beneficiary was employed for forty working days in the project for two phases. Vast unemployed and poor people have been employed during the lean period under the program. As a result, their purchasing power has been increased and side by side rural infrastructure and road communication has been developed.

3.1 Requirements for the beneficiary in electronic EGPP: According to the EGPP implementation guideline(MODMR 2013-14) the selection of the beneficiary for electronic payment system in EGPP followed some criteria which are given below.

1) The person irrespective of sex at the age between 18 years to 60 years old who have not 0.10 acre of own land excluding homestead and a low-income person whose monthly income was below Tk. 4000/= or annual income is on an average below Tk. 48,000/= having no pond for fish-culture and he/she was an unskilled worker for the beneficiary of EGPP.
2) The person was not a beneficiary of any other social safety-net program of the Government.
3) Among the beneficiaries 33% were female.

4) The union committee informed about the deadline for the selection of beneficiaries of the program through Ward Member.

5) After fulfilled the requirements fixed by the concerned ministry applied for a beneficiary in a prescribed way to the concerned Ward Member.

6) The beneficiary was selected primarily by the Union Committee at the same time the Union Committee prepared a waiting list of the beneficiary as per the rule.

3.2 Procedure for electronic EGPP

The electronic EGPP is a new and sophisticated method in our country which is a software-based system maintained some procedures in the Bangalipur union is given below.

1. A muster roll was prepared by the project of "strengthening the ministry of disaster management and relief program administration (SMODMRPA)" under the department of disaster management and supplied to the PIO Office in Excel sheet.

2. After completion, it was sent to SMODMRPA Office over Mail.

3. After that SMODMRPA Office uploaded this master roll to SPFMSP MIS, which is an MIS of the finance division.

4.Then SPFMSP Project send that master roll to IBAS++

5.After that, the authorized DDO sends this master roll to CAO through IBAS++ with the token number. At the same time, TR 32 form also were prepared and signed by the authorized DDO.

6.Then CAO generated EFT based on the token number and send this to Bangladesh Bank.

7. Bangladesh Bank transfers this payment to the respective beneficiary account.

8.Then the Beneficiaries got a message on their mobile number.

9. After that beneficiaries collected their payment from the respective bank point located at the premises of Union Parishad.

3.3 Banking procedure in electronic EGPP

The electronic payment system followed some modalities are maintained by Bank Asia, given below step by step.

Step 1: When sayedpur Upazila was brought under the pilot payment system, bank Asia was selected for partnering in the process. Bank Asia is a private sector bank. The selected bank was not involved in the separate process of making payments through cheques.

Step 2: Beneficiaries were to open a new account with the lead bank. The bank's technical team with the help of the PIO office and UNO office prepared a database that records their data and fingerprint as finalized by the Upazila administration.

Step 3: Beneficiaries were given their Account number. Updates were given to the beneficiaries through SMS.

Step 4: PIO office sent the muster roll of attendance to the bank and accordingly the bank prepares an account of payment. Beneficiaries were informed of the payment date through SMS. The bank officials went to the union Parishad office with the necessary equipment for authenticating fingerprints and make payments in cash.

Step 6: If the fingerprint of a beneficiary does not match, he has to go to the bank for receiving payment. This occurs only with a negligible number of beneficiaries.

3.4 Finding

After analyzing 98% of beneficiaries comply that they faced no problem in the digital system while receiving payment and matching of fingerprints. This may happen, because that, the digital payment system saves time, and no hassle in the time of payment and this is more applicable for male and female beneficiaries without any discrimination. Another 2% faced problem for those of mismatching fingerprint may be to do work in the homestead in case of female and hardworking with grip in case of male. The scheduled date of payment was not changing due to fixed up before seven days and many people and organizations were involved in the payment system. The study revealed that 100% of beneficiaries are the same opinion that no change on the fixed payment date except the national crisis. 96% of beneficiaries were in the same that the payment system takes time less than once an hour and 4% were in the opinion that it takes more than one hour. This may be when more people gathered then they do not maintain a queue and that time it was taken more than one hour for heavy gathering premises the union information and service center (UISC). The 100% beneficiary opinioned that the electronic payment system is good and should be continued. This was because the system was controlled by a machine and no chance to manipulate or withdraw money instead of the actual beneficiary. No chance of the presence of a middle man was another cause for the satisfaction of the beneficiaries. All of the 20 beneficiaries that were 100% said that cost of transformation taken only 10.00 Taka for transportation from home to the bank's booth. The summary of the filled questionnaire is given below for the authentification of the study.

Beneficiary opinion	**findings**
No problem faced the digital system while receiving payment	98%.
No problem for matching the fingerprint on payment	98%
Not paid on the fixed payment day	0%
Less than one hour was taken while receiving payment	100%
The system is good and should continue	100%
Cost of transportation from home to the bank's booth.	10 Taka

3.5 Challenges in the electronic payment system in EGPP

Different kinds of challenges faced an electronic payment system given below;

1. People came earlier before the scheduled time on the payment date, caused a waiting line that was not systematically arranged. The people were not habituated to maintain queue which caused mismanagement and created a mob.

2. Insufficient internet availability and network problems sometimes mismatched the fingerprint and created the question of the system.

3. Fingerprints were mismatched due to working conditions. Many of them were not have clear fingerprints due to their age as well. Female fingerprints were mismatched due to cooking and household activities. Male fingerprints were mismatched due to unclear/unwashed hand from work and also from having "Pan and Chun" on hand. Sometimes unclear fingerprints were taken during the account opening period caused biometrically mismatched.

4. Lack of coordination among the institution arrived, which was the shortfall in this system. Coordination between union Parishad and bank personnel sometimes created frustration.

4. Recommendation

The study revealed the following recommendation;

1. Increasement of Bank manpower; for the quick and hassle less service and pragmatic fingerprint, sufficient manpower should be increase.

2. Coordination between the bank and UP to be improved; the conflict between bank and union personnel that is institutional conflict should be resolve.

3. Payment date frequency needs to be increased; payment is done one day in a week which creates a mob, which needs to be increased.

4. Internet connectivity to be improved; the union Parishad are weak coverage of network which will be available and increase.

5.0 Conclusion

The main objective of this study was to evaluate the electronic EGPP payment system. Electronic payment of EGPP is a fruitful endeavor taken by the government in a view to ensuring the livelihood of hardcore people of monga prone, Bangalipur union Sayedpur Upazila and Nilphamari zila. Economically insolvent people of this area in the lean season when the scope of work for the daily labor is scarce less efficient men who are not strong enough to work like skilled and strong person mainly get the benefit of this EGPP, the other beneficiaries are aged men, the widow who are not getting widow allowance and husband neglected women. Besides this village infrastructure development was also done by this program which helps to mobilize economic activities of rural areas. The allowance of this program at present is Tk. 200 which needs to be increased immediately to accommodate basic needs for the hardcore people. The implication of future research this study has examined the impacts and implications of the program. The findings have identified the areas where further improvement is needed for a fruitful program. Therefore, in-depth research on that area will make a more effective result. Future research may also be needed to explore some important issues like the management of the fund, efficiency of the beneficiaries, and sustainability of infrastructure done by this program.

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QUESTIONNAIRE Annex-1

Electronic payment program: An analysis of the EGPP program at Bangalipur Union in SayedpurUpazila on Nilphamarizila.

Survey questionnaire for beneficiaries of the EGPP program

(N.B: All information will only be used for research purpose)

A. Name of the Beneficiary :
B. Sex : male/ female
C. Age:
D. Village : ward: union:
E. The problem faced the digital system while receiving payment: yes/no
F. The problem for matching the fingerprint on payment day: yes/no
G. Not paid on the fixed payment day: yes/no
H. Less than one hour was taken while receiving payment: yes/no
I. The system is good and should continue: yes/no
J. Cost of transportation from home to the bank's booth. ……TK