PROGRESS REPORT

January 2020

BANGLADESH GOVERNMENT TO PERSON AND PERSON TO GOVERNMENT ARCHITECTURE AND IMPLEMENTATION WITH ACCESS TO INFORMATION

a2i - innovate for all

Contents

PROJECT AT A GLANCE:

Project Name	**Bangladesh Government to Person (G2P) and Person to Government (P2G) Architecture and Implementation with Access to Information (a2i)**
Project Duration	42 months (01 July 2017- 31 December 2020)
Objective	To create a citizen-centered, secure and interoperable payment mechanism for government and citizens which will help to build an interoperable digital financial service ecosystem in Bangladesh.
Expected Results	Result 1: Build the architecture for digital G2P and P2G payments in Bangladesh Result 2: Enable government policies & guidelines for pro-poor, interoperable, digital G2P & P2G payments Result 3: Increase awareness and understanding of digital government payments among local and global population Result 4: Low-income Bangladeshi citizens are enrolled in digital financial service accounts
Target Groups	Beneficiaries who receive Social Safety Net allowance from Bangladesh Government and citizens paying fees directly to Government treasury.

Final Beneficiaries	Total estimated beneficiaries will be including:
	• Cash Transfer Programme of Dept. of Social Service
	    1. Old Age Allowance
	    2. Widows and Destitute Women's Allowance
	    3. Disabled Person's Allowance
	• Cash transfer programs also include the following ministries
	    1. Ministry of Liberation War Affairs
	    2. Ministry of Women and Children Affairs
	    3. Department of Disaster Management

Main Activities	Result 1:
	    1) Develop integration and security standard
	    2) Developed payment architecture for G2P & P2G payments
	    3) Develop MFS interoperability platform
	    4) Finalize business & technical process of proposed payment architecture
	Result 2:
	    1) MFS service providers permitted to access Bangladesh Electronic Fund Transfer Network
	    2) Guidelines released for e-KYC account registration for all providers
	    3) Guideline
	    4) released for NID-enabled G2P payment architecture
	    5) MFS interoperability policy developed in partnership with government ministries; regulators

Result 3:
1) Develop and launch awareness campaigns
2) Train social safety net program officials into the new system
3) Host international conference(s) to share the Bangladesh experience

Result 4:
1) SSN programs launched under new digital payment system
2) P2G payment programs formally integrated into digital payment system
3) Successfully register beneficiaries into digital G2P accounts
4) Majority of beneficiaries on boarded are female
5) Decrease in average time for a beneficiary to collect government payment
6) Decrease in average cost for a beneficiary to collect government payment

1. **INTRODUCTION:**

Government of Bangladesh (GoB) implements a number of Social Safety Net Programs to aid the underprivileged and vulnerable population of the country. Currently, there are 114 social safety net programs; implemented by 22 line ministries, with a budget of BDT 641.77 Billion (FY 2018-19), accounting for 13.81% of the Government budget, at a level of 2.53% of GDP.

Two commonly used cash transfer programs for social safety net programs in Bangladesh are the general needs-based social assistance and the more specific family allowance. In 2016, a2i & CGAP, conducted an initial scoping for an integrated payment architecture to digitize payments. Following that body of work, a2i developed a proposal to implement an integrated payment architecture for Government to Persons (G2P) and Persons to Government (P2G) payment as a part of the government's public commitment to a 'Digital Bangladesh Vision 2021' for enabling an effective shift from cash to electronic payments. Bill and Melinda Gates Foundation provided a grant to implement the payment architecture in Bangladesh.

During the 1st phase of the grant (July 17-April 18), a2i Programme facilitated the piloting of electronic social safety net payments. The main objectives of the pilot were to come up with feasible solutions for electronic payments of Social Safety Net Programs through current practices and scenario analysis and testing the possible solutions. After successfully piloting G2P payments, a2i immediately started the scale up phase 2[1] (May 18 to December 18) for digitizing the safety net payment programs nationwide. The scale-up phase is accelerating with great achievement focusing on the core objectives of this grant. This report will provide the description and progress of phase 3 (January 19 to December 19) activities of the project.

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[1] Annex-B- Phase 2 details are given in the Progress narrative 2019

2. PHASE 3 (January-December 2019)

a2i continue its strategy that was taken in the 2nd phase for engagement and support to the govt. ministries for the digitization work. The project continued its support to 5 different line ministries and government departments during this scale-up phase-3. Considering the project resources, line ministries preparation and readiness, support from government and other development partners in the G2P digitization process, the project is continuing to engage different programs to ensure coordination with others and reduce duplicate effort to faster the digitization process on the following strategies.

Ministries	Social Safety Net Programs	Project Engagement Area for different programmes & ministries			
		Implementation Support	Capacity Development	Awareness Programs	Technical Support
Department of Social Services	- Old Age Allowance - Disabled Allowance - Widowed Allowance	√	√	√	√
Department of Disaster Management	- Employment Generation Program for the Poorest	√	√	√	-
Ministry of Liberation War Affairs	- Freedom Fighters Allowance Program	√	√	√	√
Ministry of Women & Child Affairs	- Maternity Allowance program	-	√	√	-
Ministry of Education	- Secondary education stipned program	-	√	√	-
Minisry of Primary & Mass Education	Primary Education Stipned Programme	-	√	√	√

2.1 Activities during the scale-up phase:

According to the plan in the proposal document, the project ensures the following interventions to ensure the smooth scale-up of digital G2P payments across different ministries and SSN programs.

a. Beneficiary Enrollment in the Digital Payment System
b. Capacity Development of Social Safty Net related field Officials;
c. Awareness program with beneficiaries on digital payments;
d. Policy Advocacy
e. Technology Development

The team also continues its effort to maintain its strong relationship with Bangladesh Bank, Finance Division and NID departments for implementing the project.

2.1.1 Beneficiary enrollment in the digital payment process

The following table provides a summary of the SSN programs and beneficiaries covered under G2P payment architecture during the scale-up phase:

Sl	Name of the Ministry/Departments	SSN Programmes	Total Beneficiary	No. of beneficiary enrolled in the digital payment	Payment Mode
1	Department of Social Service	Old Age allowance	4 million	783,473	Bank
		widow allowance	1.4 million	353,695	
		Disabled Person Allowance	1 million	200,339	
2	Department of Disaster Management	Employee Generation Program for the Poor	0.85 million	18,491	Bank
3	Ministry of Liberation War Affairs	Freedom Fighter Allowance	0.19 million	105,242	Bank
4	Department of Women Affairs	Maternity Allowance	0.7 million	600,654	Bank & MFS
		Lactating mother allowance	0.25 million	219,813	Bank
5	Department of Primary Education	Primary School Stipend Programme	14.03 million	128,199	MFS
6	Ministry of Education	Secondary Education Stipend Programme	1.4 million	6,086	MFS
	Total		24.75 million	2,415,992	

- During the 3rd reporting period, nearly 2.4 million beneficiaries has been enrolled in the G2Ppayment process which is 10 % of the total Social Safety Net bneficiary of Bangladesh. Among this 10% G2P receipient 53% beneficiaries are women. Accoring to the project target, if we calculate the beneficiaries only for Department of Social Service, Ministry of Liberation War Affairs, Dept. of Women Affairs and Dept. of Disaster Management, 28% beneficiaries are enrolled in the G2P payment system and 48% beneficiaries are women from this beneficiary group.

2.1.2 Capacity Development Programs for Service Providers:

Scale-up phase continued to provide a training program for the field officials who are managing the SSN programs at the grassroots level. Training programs were designed to capacitate and prepare

those officials with hands-on training on the new process and to improve their knowledge about digital payment and associated technologies. The program is being conducted with different level officers from central to the field office. The training was conducted by the resource person from the project as well as experts from the relevant ministries. During the training period, officers & staffs were actively participated in group work and asked to prepare details plan for beneficiary enrolment, beneficiary verification bank account opening and awareness program for their respective areas.

A total of 40 batches training program has been organized for the Department of Social Service, Ministry of Liberation War Affairs, Department of Disaster Management and Department of Women Affairs. Deputy Director, Assistant Director, Upazila Officers, Urban Community Development Officer, Urban Social Workers, Union Social Workers, Technical Instructors, Sub Assistant Engineers were present in different batches of the training. A total of 1250 officials from different ministries/departments have been trained during the January to December 2019 timeline.

2.1.3 Awareness Program on G2P Payment Digitization:

The overall awareness program for the G2P included creating awareness among implementing ministries, field administration, local public representatives and various social safety net beneficiaries in the scale-up locations. For the implementing ministries, inception workshops were organized at the district and sub-district level. And for the beneficiaries, union-level campaign programs were organized.

Daylong district and sub-district level Inception Workshop was organized at Deputy Commissioner (DC) offices to build awareness and sharing opinion among the concern front-liner stakeholders of SSNP digital payment architecture implementation. Total 12 districts inception workshop including concerned government officials and local representatives (DC, ADC, Upazilla Chairman, UNO, Department of Social Services district and Upazilla officers, Women & Children Affairs district and Upazilla officers) participated in these workshops.

Division	District	No. of Participants
Dhaka	Gopalganj	40
	Munshiganj	35
	Narayanganj	37
	Kishoreganj	30
	Narshingdi	35
Chattogram	Khagrpachar	28
Khulna	Kushtia	25
Barishal	Jhalokathi	30
Rangpur	Nilphamari	32
	Chapanawabganj	36
	Naogaon	24
Sylhet	Sylhet Sadar	40
Total		392

Along with a2i resource person and other senior government officials (Additional, Joint and Deputy Secretary, Deputy Director) of concern ministries and departments also participated to understand their role on the SSNP digital payment program.

As most of the beneficiaries of the Social Safety Net Programs are from unserved, vulnerable and low-income group populations, they are less educated and have no idea about the new payment system. To mitigate these issues, a total of One Thousand Nine Hundred and Sixty Five (1965) campaigns program has been organized during this reporting period. These awareness campaign program involved different types of beneficiaries, local public representatives and local elites. The main objectives of the campaign were-

- To create awareness among the beneficiaries about the digital SSN payment;
- To encourage them to ensure their enrolment into the digital payment system;
- To aware them about their right and ownership of the allowance that the government are paying

The campaign was conducted by Upazilla level field officials and was supported by local public representatives and local government administration. A Summary of the campaign program for the beneficiaries is given below. It is very difficult to ensure all the beneficiary presence in the event but it is expected that the information will cascade to other beneficiaries by the participants. Details of the campaign at a glance:

Sl. No.	District	No. of Union	No. of Campaign	No. of Participants		
				Female	Male	Total
1.	Brahmanbaria	105	105	6,823	9,097	15,920
2.	Chattogram	209	209	14,534	17,560	32,094
3.	Dhaka	109	109	8,066	8,284	16,350
4.	Munshigonj	70	70	4,751	5,654	10,405
5.	Naogaon	102	102	8,027	9,816	17,843
6.	Narayangonj	45	45	2,654	4,096	6,750
7.	Nilphamari	64	64	4,432	4,858	9,290
8.	Sylhet	110	110	8,023	8,384	16,407
9.	Mymensing	150	150	10,480	12,052	22,532
10.	Habiganj	78	78	5,772	5,928	11,700
11.	Noakhali	105	105	7,350	8,405	15,755
12.	Moulvibazar	72	72	4,824	5,976	10,800
13.	Bhola	71	71	5,183	5,467	10,650
14.	Patuakhali	77	77	5,698	5,852	11,550
15.	Rajshahi	85	85	6,300	6,450	12,750
16.	Dinajpur	112	112	8,176	8,624	16,800
17.	Satkhira	80	80	5,760	6,160	11,920
18.	Kushtia	70	70	5,180	5288	10,468
19.	Faridpur	86	86	6,192	6,708	12,900
20.	Joypurhat	37	37	2,738	2,812	5,550
21.	Panchagarh	45	45	3,330	3,420	6750
22.	Khulna	70	70	5,110	5,390	10,500

Sl. No.	District	No. of Union	No. of Campaign	No. of Participants		
				Female	Male	Total
23.	Natore	13	13	962	1001	1,963
	Total	**1,965**	**1,965**	**140,365**	**157,282**	**297,647**

2.1.4 Technical Support for Integrated Management system:

Based on the scale-up phase the integrated Allowance Management System has been continuously developed to support the digital beneficiary data management for the Department of Social Service and Ministry of Liberation War Affairs. The project is also working to provide technical support and capacity development support to the primary school stipend program which will be implemented by 2019 timeline.

2.2 P2G Payment (eChallan):

After successful piloting of the centralized receipt management platform "e-Challan", the revenue receipt for the government has significantly increased. At the early stage, the deposits were low for a couple of months but have significantly increased within subsequent months over the last two years. The following graphs depicts an increasing trend of the e-challan receipt for the last 12 months.

Monthly e-Challan Deposit- Year 2019 (Million BDT)
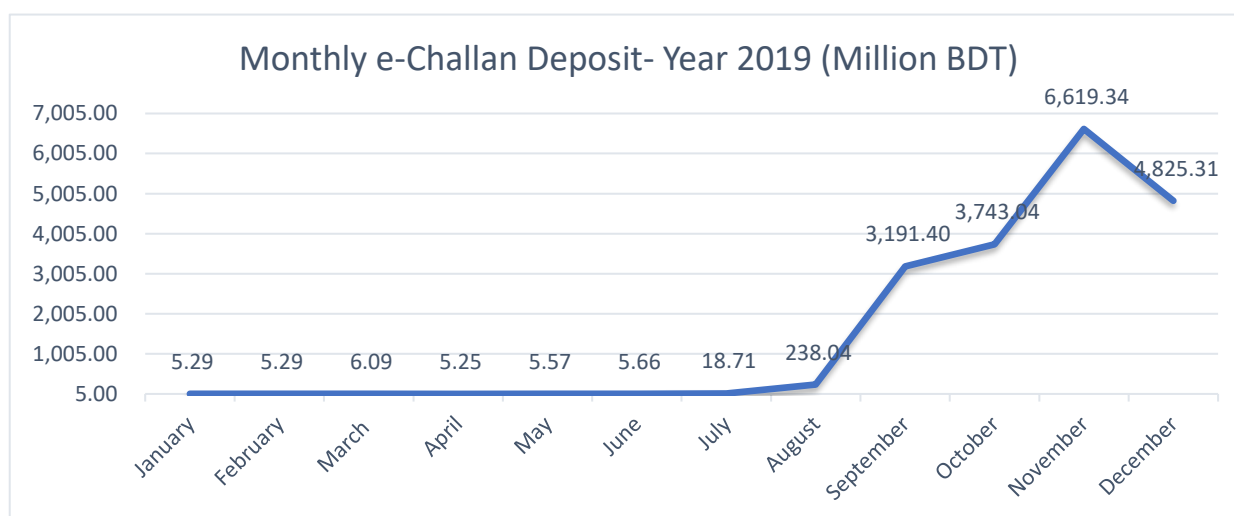
Based on the experience from the pilot and scale-up phase, the project ensured further development of the 2nd version of e-Challan platform. During the 3rd phase, the project enabled 21 services in the e-Challan portal to collect government fees from citizens electronically. The services are :

Service list	
1. Passport fees	2. Travel Tax
3. Police clearance fees	4. Taxes from other than companies
5. Trade Mark Application/Registration Fees	6. Examination fees
7. Patent and Design Renewal Fee	8. Cash sales-Wheat
9. Trade Mark Renewal Fee	10. VAT on imported commodities
11. Patent and Design Application/Registration Fee	12. Cash sales-Rice
13. VAT on domestic product and services	14. Supplementary duty on domestically produced commodities
15. Excise duty	16. Survey fees
17. Recovery of over payments	18. Cell of Stamps
19. Mines and Minerals royalty	20. Land development tax
	21. Documents registration fees

2.3 Integrated Bill Payment Platform (ekPay):

eKpay is a payment platform for bill payment with the integration of all the payment channels and incorporation of all the billers under a single access point. It is an integrated online platform developed by a2i Programme for P2B bill payments.

This one-stop payment platform was inaugurated on 20th October 2019 to offer integrated, accessible and interoperable "Anytime Anywhere" payment facility to all citizens across Bangladesh with convenience, reliability, and safety of transaction. eKpay aims to digitizing bill payments with its user-friendly features and convenience throughout the country considering very low-income users and unbanked population.

Sajeeb Ahmed Wazed, ICT Affairs Adviser to the Honorable Prime Minister launched ekPay on 20th October, 2019. ekPay is aligned with the government's vision that, by the year 2021, the majority of citizen services will be provided either on their fingertips of mobile phones and at the doorsteps of people.

Also, majority of the Billers such as Electricity, Gas, Water, Telephone, Municipalities, Education Boards, Road Transport Authorities are on board to be integrated with eKpay as well as major financial payment channels like Internet Banking, MFS, cards, wallets of the major banks and financial organizations will be used for payment processing. The following billers and financial service providers integrated with eKpay system.

Biller	Financial Institute	
Bangladesh Power Development Board	Sonali Bank Limited	South East Bank Limited
Dhaka Electric Supply Company Limited	DBBL	Modhumati Bank
Dhaka Power Distribution Company	Bank Asia	Meghna Bank
Bangladesh Rural Electrification Board	Brac Bank	First Security Islami Bank
West Zone Power Distribution Company Limited	Prime Bank	Dmoney
Titas Gas Transmission & Distribution Company Limited	Mercantile Bank	Nagad
Bakhrabd Gas Distribution Company Limited	United Commercial Bank	Trust Bank
Karnaphuli Gas Distribution Company Limited	One Bank	NRB
Jalalabad Gas Transmission & Distribution Company Ltd.	Dhaka Bank	The City Bank
Khulna Water Supply & Sewerage Authority	NRBC	Eastern Bank Limited
Chittagong Water Supply & Sewerage Authority	ITCL	
Dhaka Water Supply & Sewerage Authority	bKash	
Dhaka North City Corporation	iPay	
Dhaka South City Corporation		
Municipality Billing System		
Bangladesh Telecommunication Company Limited		

3   POLICY ADVOCAY:

The project contributed 2 major policy issues which is important to upscale the digital payment initiatives and Bangladesh progress on Diigtal Financial Service. The policy issues are:

a.   Guideline for e-KYC
b.   Mobile Financial Service (MFS) interoperability

As a part of the policy advocacy, a2i organized an exposure visit to Kenya and Tanzania to learn about the MFS interoperability model and issues. Three (3) senior officials from Payment System Department of Bangladesh Bank were participated in the visit. During the visit, the delegates meet with key Digitial Financial Service actors and regulators like MPesa, Kenaya Central Bank, Tanzania Central Bank, Tigo Pesa, Airtel Money, Financial Sector Deepening Trust etc. The visit was important for Bangladesh Bank Officials to contribut the ongoing discussion and work of MFS Interoperability. Beside that several policy discussion has been organized with Bangladesh Bank and other stakeholders to follow up and track the progress. Honarable ICT Advisor and ICT State Minister was present in several dsicussions and provided necessary policy direction to achieve the vision 2021 of Bangladesh Government. Bangladesh Bank already issued the eKYC guideline on December 2019 for Banks and Financial Service providers (Attachment-1). The MFS interoperability sytem under National Payment Switch Bangladesh has been installed and Bangladesh Bank already tested the system with different financial service providers. The new interoperability system will enable citizens for different interoperable transaction like MFS to MFS, MFS to Any Banks, Any Banks to Any MFS, Any Card to any MFS. Hopefully the system will be launvhed by February 2020.

Beside that, the project also organized another exposure visit in India with the delegates from Controller General of Accounts Office. They delegates visited Controller General of Accounts, India and state level accounts office to understand the digital payment and receipt management system for treasury payment. The visit was important to scale up the treasury payment (P2G) digitization effort in Bangladesh.

4   KNOWLEDGE AND EXPERIENCE SHARING WORKSHOP IN THE G2P DIGITAL TRANSFORMATION:

On February 18-19, 2019 a2i programme in association with Bill & Melinda Gates Foundation & The World Bank hosted a two-day workshop on "Amplifying Beneficiary Impact and Experience in the G2P Digital Transformation".

The workshop highlighted Bangladesh's progress in digitizing G2P payments and the impact of beneficiaries as well as identify opportunities by analyzing evidence of other countries from global perspective. Over 70 practitioners, global experts, development partners convened to explore opportunities in G2P digital transformation and to reflect on the expertise of the international participants from their respecting field to incorporate their feedback in designing the payment architecture.

Recommendations	Suggested Actions for future initiatives
Building beneficiaries financial capability	A2i will undertake an assessment study regarding financial literacy to perceive the current progress and further requirement in Bangladesh. Based on the findings, a collaborative approach will be developed to

Recommendations	Suggested Actions for future initiatives
	build the capacity of the providers as well as to promote technology-driven solutions to enhance the capability of the end-users.
Supporting beneficiary choice	Ministry of Finance will develop guidelines on commission for financial service providers and implementing programs to establish guidelines for updating beneficiary choice.
Monitoring beneficiary experience and satisfaction	A2i will pilot a rapid feedback system in partnership with the Department of Social Services and other G2P implementing ministries or departments.
Bundling financial products with G2P programs	Better coordination among the implementing authority of the different programs will enable to integrate different financial products with G2P programs.

5   IMPACT ASSESSMENT:

To examine the impact of a large-scale G2P digital payments platform on the welfare of recipient households and financial markets in Bangladesh Momoda Foundation conducted a thorough baseline survey of 7,338 social safety net beneficiaries from Widow and Old age allowance program under Department of Social Servies. The survey was conducted from May to August 2019 in 16 Districts, 122 Upazillas/Unions covering one Union per Upazilla.

Based on the initial findings from the baseline survey, Momoda foundation team identified probably problem areas into the entire allowance disbursement process and proposed a couple of interventions to evaluate the Impact of Digitizing Government Transfers in Bangladesh.

In the next phase of the project, the field team will focus on the following intervention ideas to measure the impact in coordination with a2i and the Department of Social Services.

| PROPOSED INTERVENTIONS	DESCRIPTIONS
PAYMENT UNCERTAINTY	Vary whether respondents receive a precise payment schedule for the next year (or the next few payments) or information that their payment has arrived.
PAYMENT FREQUENCY CHOICE	Allow some beneficiaries to choose their preferred payment frequencies and vary the frequency of payments in treatment Upazillas.
PAYMENT PLATFORM CHOICE	Allow beneficiaries to choose where/how they would prefer to receive their transfers, i.e., mobile money accounts or an existing bank account.
PROGRAM INFORMATION	Randomly assign some beneficiaries to receive information about the intended benefit amount and that there is no official fee to enroll as a beneficiary or collect payment. This information could be provided via text notifications or flyers.

6   MONITORING & EVALUATION:

The project also ensure regular monitoring and evaluation of the activities at the filed level. Based on the findings of the M&E, new strategies and intervention plans will be adapted to achieve the project objectives. The monitoring team has conducted year-long surveys to evaluate the process by implementing detailed interviews, listening post and group discussions in all digitized districts. A year-end report is attached herewith from the M&E partner **(Attachment-2)**. The findings and recommendations from the evaluation included in the learnings and ways forward for the next period.

7   IN-HOUSE AWARENESS AND SATISFACTION SURVEY ON G2P BENEFICIARIES:

To understand the current awareness status of receiving the allowance and to analyze beneficiaries' satisfaction and feedback on Digital Payment for SSNP Programs a2i DFS lab conducted 3 phone surveys on the Social Safety Net Beneficiaries under Old age allowance, Widow allowance & Disable person allowance.

The survey locations were Kishoreganj, Narshingdi, Gopalganj & Chapainawabganj and a total of 630 beneficiaries were reached over the phone from July to August 2019. Few findings on the beneficiaries' feedback on the G2P Digital Payment for SSNP Programs are shown in the following graphs.
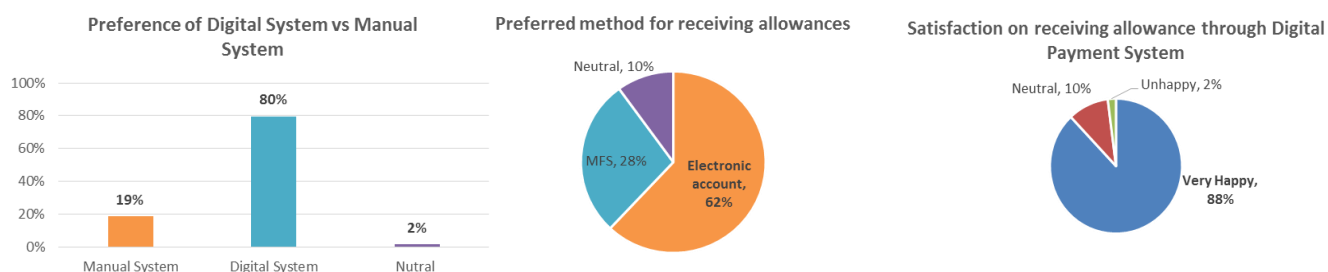
8   CHALLENGES

Although government has decided to implement the choice options for beneficiaries to choose Financial Service Providers, the implementation decision comes from individual ministry/departments level. The traditional bureaucratic decision making process in

ministries/departments is very time consuming. This challenge impacted the project implementation activities and the expected target for phase 3 delayed. a2i is working with the relevant departments team to solve the issue and achieving the the target by project timeline.

9. Sub-Awards:

The project sub-contract several technology and consulting firm to develop and maintenance different technology platform as well as evaluate diffetent initiatives of the project. The procumet was followed the stahdared procurement rules of UNDP Bangladesh.

Organization Name	Working Scope
pi Strategy Consulting Limited	Monitoring and evaluation of the activities under Bangladesh Government to Person (G2P) and Person to Government (P2G) project.
IT Consultant Limited	Development and Maintenance of electronic challan management system (eChallan) for electronic P2G payments
Data Edge Limited	Install and maintenance the technology infrastructure for the integrated bill payment platform (ekPay).
Dynamic Solution Limited	Development and maintenance of Management Information System (MIS) for Social Safety Net Programms for Dept. of Social Service
Micro Save Consulting	Evaluation of Electronic Know Your Customer (eKYC) piloting in Bangladesh
SoftBD Limited	Development and maintenance of Management Information System (MIS) for Social Safety Net Programms for Ministry of Liberation War Affairs