Efficiency in the Delivery of Social Protection Benefits and Services to Beneficiaries

To maximize the impact of social protection (SP) programs, it is critical to: (1) align the allocation of resources with national policies and strategies; (2) design programs that are able to reach their intended beneficiaries with adequate coverage and level of benefits; (3) ensure efficiency in programming and financing; and (4) ensure efficiency in the actual delivery of programs at the local level. This policy note analyses point (4), the processes of delivery of SP programs, including beneficiary identification and provision of benefits. It highlights areas where challenges remain and proposes policy recommendations to address those (other aspects are covered in other policy notes and in the main report).

Several questions are critical to assess the efficiency of the delivery of social protection programs: Are adequate human and financial resources allocated for program management? Do frontline delivery staff have the skills and capacity to perform their responsibilities? Is the beneficiary selection process efficient? Is there an established and integrated Management and Information System (MIS)? Can the beneficiaries conveniently withdraw provisions and benefits? Are there mechanisms to ensure accountability in the delivery process?

The Policy Note series discusses key thematic findings and recommendations outlined in the ‘Bangladesh Social Protection Public Expenditure Review (PER)’ report. The series includes notes on the Allocative efficiency: Better Align Social Protection Resources with National Policy; Adequacy of Coverage, Targeting and Benefits of Social Protection Programs; Efficiency in the Programming and Financing of Social Protection; and Efficiency in the delivery of Social Protection Benefits and Services to Beneficiaries.
MANAGEMENT OF PROGRAMS BY LOCAL ADMINISTRATIVE AND POLITICAL BODIES

Scope for better allocation of financial and human resources for program management

Most social protection agencies do not invest enough in core processes of budgeting, management, enrolment, delivery and accountability. Key agencies, such as Ministry of Social Welfare (MoSW), Ministry of Liberation War Affairs (MoLWA), Ministry of Disaster Management and Relief (MoDMR) and Ministry of Women and Children Affairs (MoWCA) allocate limited resources to program management (defined here to include wages and salaries, administrative expenses and training), significantly less than agencies focusing on health, education, or infrastructure. MoSW spent 8.5 percent on management, while MoDMR spent less than 2.5 percent, and MoLWA less than 1 percent (Figure 1). With limited resources, program staff can likely only provide basic supervision of enrolment and payment processes, with little space for meaningful engagement with beneficiaries.

Departments implementing social protection programs have in most cases offices down to the upazila level – the second last tier of administrative hierarchy in rural Bangladesh. Only the Department of Social Services (DSS) deploys staff at the union level, though their number remains inadequate. Union social workers (SWs) facilitate beneficiary interactions for all DSS programs, and often have additional responsibilities from other departments that have no union-level staff. Overall, like other South Asian countries, the number of staff at the local administrative level for social protection is inadequate in Bangladesh. About 20 percent of these positions remain vacant, and as a result some SWs are responsible for multiple unions. On average, each SW has a workload corresponding to about 2 unions (although it can be as high as 11 unions) and 1,943 to a maximum of 17,912 beneficiaries. SWs responsibilities are also numerous, which in combination with inadequate staffing often limit their ability to meaningfully engage with beneficiaries. For instance, 47 percent of SWs time is absorbed by administrative tasks, including collection of repayments, for Rural Social Services (RSS, a microfinance program), while only 9 percent of their time is dedicated to awareness activities and substantive interactions with beneficiaries.

Figure 1: Allocation of budgets on social protection benefits and management in FY2018-19

Source: Revised budget (FY2018-19), Ministry Budget Frameworks (MBFs), FD.
Capacity constraints and lack of motivation among SWs

Social workers are confronted by complex challenges, rooted in cultural, political and socio-economic patterns of the communities they serve. But on average, they report having attended only three trainings during their tenure, mostly focused on procedures rather than the core function of attending vulnerable groups (one training every six years on average). They also possess limited digital skills. Currently, 82 percent cannot input program data into the computer by themselves, 68 percent do not use computers, 61 percent continue to use only paper-based data for their work instead of the digitized MIS. SWs also have limited scope of career progression, as indicated by the average job tenure of 21 years with an average monthly salary of around US$300 (which is roughly half of their monthly average household income) which may affect their motivation.

Resource constraints often limit political bodies, capacity to perform optimally

Elected political bodies operate down to the ward level, complementing the limited administrative structure. The most important body in terms of service delivery in rural areas is the Union Council, which includes nine ward members. Members typically have a good sense of communities’ needs and the poverty status of households. The Union Councils also supplement capacity-constrained administrative staff: they contribute to monitoring of public works and to the dissemination of information about program eligibility and enrolment. However, resources allocated to the local governments are not commensurate with the scale of responsibilities they are assigned. Resources remain fairly centralized in Bangladesh (with only 7 percent of total government spending at the local level), making local governments rely mostly on the national budget. Such resource constraints could impose limitations on Union Councils’ capacities to administer better services.

IDENTIFICATION AND ENROLMENT OF BENEFICIARIES

Beneficiary identification processes are largely similar across major programs

A few distinctions concern the frequency of enrolment: programs like Maternity Allowance Programme (MAPP) receive applications all year round, programs like OAA only welcome applications once a year, while programs like VGD enroll every two years. Also, while most large programs have formal application formats (and planning to adopt online applications), the actual use of these formats is not consistent. Most programs require submission of a photo and National Identification Document (NID). For most programs, the Union Committee prepares a first list (Local ward members or leaders often play a role in assisting households in the application process, while administrative officials typically have a limited role in the process). The list is then submitted to the Upazila program officer and to the Upazila Committee, which may request a review of list, but typically leaves initial lists largely unchanged and sends them back to the Union Parishad, which enrolls beneficiaries.

Lack of objective metrics and performance-based incentives for political bodies

Core programs aim at reaching the poor and vulnerable, using varying demographic and economic criteria. But many criteria are not easily verifiable objectively or are loosely defined (discussed more in policy note 2). The combination of discretionary powers, lack of clear metrics and performance-based incentives can lead to patronage and nepotism. Indeed, in some cases, beneficiaries reported having had to pay money to be considered or enrolled in some programs. Reported payments were higher for the Old Age Allowance (OAA, 2 percent of beneficiaries reported paying 16 to 83 percent of annual transfer), which provides benefits over a long period (till death) and with no conditionalities, while enrolment commissions were not reported for the Maternal Health Voucher Scheme (MHVS) which provides smaller and time-bound benefits.
PROVISION OF TRANSFERS

Multiplicity of steps cause delays which can represent substantial costs

On average, it takes at least two months to transfer funds from the treasury to beneficiaries, in part because of multiplicity of steps (Table 1). Breaking down the payment process highlights specific steps which cause delays. For OAA, the most time-consuming step is the transfer from the child account at the upazila level to the beneficiaries, partly because payment lists are still maintained manually. Similarly, for Employment Generation Program for the Poorest (EGPP), a combination of complex processes and limited local-level capacity leads to delays in transfers from upazila-level accounts to beneficiary accounts. For Food for Work (FFW) and Test Relief (TR), central allocations were released relatively fast, but delays of up to 100 days were noted between receipt of funds, project approval, implementation, and payments.

Delays can be costly for both the Government and beneficiaries. Funds which remain idle, between treasury transfers and receipt by beneficiaries have substantial costs for the Government: lost interest could represent up to 2 percent of the total program budget (Table 1). In addition, delays, uncertain timing, and long intervals between payments can have deep impacts on beneficiaries, affecting their consumption, investments, and capacity to manage their debts. For instance, while MoDMR’s programs operate in phases expected to coincide with the agricultural lean season, delayed payments can miss the hardest period of the year for the poorest. Similarly, while payments are meant to be quarterly, more than a third of OAA beneficiaries report receiving payments semi-annually or annually.

G2P and agent banking show promises in provisioning payments, but need to be scaled-up

The G2P scheme was able to cut processing time to 10 days. Initiated in 2018 by FD, G2P eliminates administrative layers while facilitating authenticated and secure payments. With it, Bangladesh Bank transfers amounts directly to beneficiary accounts, using the G2P platform of FD’s Social Protection Budget Management Unit (SPBMU). To date, the MIIs of at least 13 programs in seven line ministries have been linked to the SPBMU system to roll out G2P payments. Together, these programs represent 68 percent of all cash transfers, and 16 percent of all the social protection expenditures (excluding pensions) in FY2019-20. However, the pace of implementation varies across programs depending on the preparedness of ministry-level data and systems.

With regard to ‘cash-out’/withdrawal of transfers, there are often transaction costs (including transport cost to travel to upazila-level branches or costs associated with opening bank accounts), which can amount up to 2-5 percent of benefits in the worst cases. Transaction costs can reduce significantly the benefits from a program, especially in early stages of participation. They can sometimes lead beneficiaries to entrust intermediaries such as Union Council members to collect benefits on their behalf, creating the scope for leakages. From 2016, MoSW began piloting digitized payments through the Bangladesh Post Office and agent banking, and in 2020 using mobile financial services (MFS), to reduce fraud and ghost beneficiaries (by adopting digitally authenticated secure payments) and facilitate the payment process by bringing agents closer to beneficiaries. As of December 2020, in the 87 upazilas, there were 923 digital payment points (an average of 10.6 points per upazila), as opposed to typically a single bank branch per upazila. Since 2021, MoSW adopted MFS as the primary form of payment, allowing beneficiaries to have access to a far greater number of cash-out points given the coverage of MFS agents in the country. The arrangements adopted by MoSW may serve as an example for other cash-based programs.

Constraints in the delivery of food-based transfers affect their cost-effectiveness

As part of its efforts to ensure food security, the Government maintains large food stocks. While improved stock monitoring
and planning significant reduced losses from food stocks in the 1990s, losses in transit, storage and packaging are still substantial, and deterioration of grains calls for frequent rotation of stocks. The need to rotate these stocks puts pressure on social protection programs to transfer food, resulting in a slow conversion to cash. Besides, as SP programs purchase food from the PFDS using an economic price (reflecting procurement price plus administrative and handling costs, typically higher than prevailing market prices), programs de facto receive lower allocations than officially set, limiting their scope. Also, beneficiaries report preferring cash, partly because they can use it for other purchases, but also because the resale value of food is lower than the market price and the quality of rice is not ensured.

Scope for greater citizen engagement to boost accountability and quality of service delivery

A key element for improved service delivery, in addition to improved capacity and processes, is the extent to which citizens are informed and able to hold government accountable. While program guidelines emphasize the importance of communication and information dissemination, there is still room for improvement. In the case of EGPP, campaigns tend to be regular; but this was less the case for other programs. Generally, announcements are limited to payment schedules, with less focus on enrolment. Overall, knowledge about major programs is low: Knowledge of benefits amounts is generally higher than that of eligibility criteria, which oscillates between 40 and 60 percent. This is particularly limited among the elderly who exhibit limited literacy and numeracy as well as inhibitions about asking questions.

RECOMMENDATIONS

- **Allocate resources for program management across different administrative levels, more in line with the level of effort required at each level.** This would help with program implementation at the local level, commensurate with their magnitude of responsibilities. Increased allocations for staffing, capacity building training including digital literacy, motivation and equipment can facilitate enhanced implementation of programs and contribute to improved impact. For political bodies, social protection performance-based incentives can be considered to help improve local level efficiency and transparency.

- **Harmonize or mainstream similar processes at local level.** This can be led by the Union Council and local administration to enhance efficiency and minimize redundancy in processes. This can eliminate the repetition of the same process for every different program, and potentially free up political bodies’ and administrators’ times for improved community engagement, implementation and supervision of programs respectively. The NHD can help alleviate local agents, by providing up-to-date information on households, which can be used to identify potential beneficiaries for key programs, using their respective criteria.

- **Transition to G2P to reduce redundancies, improve efficiency and realize savings, by reducing the time value of funds lying outside the treasury.** The government has committed to reach 100 percent of G2P transfers by 2023. The pace of transition to G2P can be enhanced through investments in field-level training, in alternative mechanisms to expedite digitization of beneficiary data, and in management information systems (MISs) which are compatible and integrated. This transition also requires sustainable cash-out mechanisms, and building a network of financial service providers, particularly at the union level, can facilitate convenient cash-out by beneficiaries.

- **Develop modern storage facilities and revise the minimum food security stocks.** This can help reduce pressure on social protection programs. This can also help expedite the conversion of food transfers to cash, and contribute to efficiency and impact. If food-based programs continue to prevail, to act a channel to regularly roll-over stocks, processes might need to be revised to better reflect market prices, limit inefficiencies, and improve monitoring and book-keeping.

- **Promote greater citizen engagement to increase efficiency and transparency through improved access to information and robust grievance management systems.** Communities that are informed will feel empowered to access the services they need and contribute towards improving service quality by strengthening accountability.
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5 These include OAA, Allowances for Widow Deserted and Destitute Women, Allowances for the Financially Insolvent Disabled, and Stipend for Disabled Students under MoSW; EGPP under MoDMR; MAPP, and Allowances for Urban Low-income Lactating Mothers under MoWCA; Honorarium for Freedom Fighters under MoLWA; Primary Education Stipend Program under MoPME; Stipend for Secondary and Higher Secondary Education, Madrashtra Education Stipend Program, and Technical Education Stipend Program under MoE; and Assistance for unemployed workers in the export-oriented garment and footwear industry due to Corona Pandemic under Ministry of Labour and Employment.