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MOBILE SOLUTIONS TECHNICAL ASSISTANCE & RESEARCH PROGRAM (mSTAR) BANGLADESH

TECHNICAL ASSISTANCE REPORT

TA RECIPIENT: DHAKA AHSANIA MISSION (DAM)
AUGUST 2014



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mSTAR Bangladesh Technical Assistance Report

Request from: Dhaka Ahsania Mission (DAM)

Overview of Technical Assistance Request

DAM requested technical assistance from mSTAR Bangladesh to operationalize integrating mobile payments into their USAID-funded Agricultural Extension Support Activity (AESAs) project. They first learned about mSTAR's TA support through their participation at an mSTAR quarterly workshop in April 2014 in Dhaka.

Challenges Transitioning to Mobile Money

DAM lacks information, knowledge, and resources about how to integrate mobile payments into operations. Specifically, they experience challenges performing cost utility analyses, creating a mobile payment process, planning capacity building sessions, and knowing what to document for an audit. Due to these challenges, DAM has been unsuccessful in their attempt to integrate mobile payments into project operations.

Overview of DAM Project

The Agricultural Extension Support Activity (AESAs) is working in 20 districts within Feed the Future's southwest Bangladesh focus area. AESAs promote greater intensification and diversification of high-value commercial and nutritionally-rich crops, and provide market linkages for the sale of quality value-chain products. Their target is smallholder farmers, particularly women.

AESAs are evaluating if using mobile payments will help achieve the goal of linking farmer producer groups with appropriate microfinance products and services.

Purpose of TA Request

DAM's TA request was twofold: 1) to receive assistance building their program and finance staff capacity **in regards to mobile financial services** and 2) to receive assistance conducting assessments of mobile finance products and services as they relate to AESAs project needs.

Description of Technical Assistance Provided by mSTAR Bangladesh

TA topics requested by DAM

Mobile Financial Services (MFS) Policy Information: to understand MFS policies adopted by the Government of Bangladesh.

Outreach & Training: to develop outreach initiatives and facilitate trainings related to integrating MFS into interventions, at both the organizational and beneficiary level.

M&E and Documentation: to learn how to measure change and impact resulting from integrating MFS into interventions.

Facilitation of Services: to provide information on mobile financial services and products in order to identify those appropriate for project beneficiaries.

TA activities and timeline

SL	Activity	Date
1	DAM staff send TA request to mSTAR Bangladesh	May 7, 2014
2	DAM and mSTAR meet to discuss TA request	May 15, 2015
3	mSTAR shares BRAC's and WorldFish Center's contact information with DAM to learn from their relevant experience	May 15, 2015
4	mSTAR and DAM meet to discuss TA request further	June 16, 2014
5	mSTAR share documents and meetings notes from BRAC's initiative with DAM	May 17, 2014
6	mSTAR meet with DAM finance staff about mobile finance payments	June 17, 2014
7	mSTAR shares cost utility analysis tool and payment scoping survey tool with DAM	June 19, 2014

In support of the TA activities outlined above, mSTAR also encouraged DAM staff to attend mSTAR workshops to learn more about mobile financial services. DAM staff participated at one of mSTAR's quarterly workshops in Dhaka on June 12, 2014 and at district level workshops in Barisal and Khulna from June 24-26, 2014.

Initial Outcomes

Identifying where to incorporate mobile payments

mSTAR Bangladesh identified three payment streams to transition to mobile payments for DAM's AESA project:

1. Payroll for project staff
2. Transportation and training incentives for project beneficiaries
3. Transfers from MFIs to project beneficiaries

DAM prioritized the third payment stream. In meeting with the mSTAR Bangladesh team, DAM realized that their Field Facilitators need to have experience with mobile payments before encouraging project beneficiaries to use mobile payments. Field Facilitators need to understand their benefits as well as be able to troubleshoot when basic problems arise in order to effectively promote uptake. Given this, mSTAR suggested that the first two payment streams identified were appropriate entry points for DAM to incorporate mobile payments.

Identifying mobile payments barriers

Due to attending mSTAR workshops and bilateral meetings, the DAM team was able to identify two major barriers to incorporating mobile payments in their project: 1) a lack of understanding of the potential benefit mobile payments can have on achieving project outcomes in comparison to the cost of staff time it would take to implement; and 2) resistance from operations and finance staff due to their perception that mobile payments will add additional work without providing commensurate benefit. Identifying barriers led mSTAR and DAM to plan to build staff awareness and finalize the transition process.

Learning from project examples

mSTAR Bangladesh arranged for DAM to learn from others' experience with transitioning to mobile payments. Through meetings and discussions with BRAC, DAM learned about using bKash for

microfinance transactions. DAM also met with WorldFish to learn from their experience. The major takeaways from the meetings were as follows:

- DAM learned about the initial challenges (e.g. beneficiary and staff awareness raising, payment stream finalization etc.) of incorporating mobile payments into project finances.
- DAM also came to learn about ways to use mobile payments to transfer funds to project supervisors/facilitators who work directly with project beneficiaries (i.e. farmers in this case), instead of sending funds directly to beneficiaries, which can sometimes be a challenge due to limited mobile access.

Capacity building on mobile payment tools

mSTAR Bangladesh shared NetHope's [Costing Utility Analysis Tool](#) and [Payment Scoping Survey Tool](#) with DAM to help them analyze the financial and non-financial costs of using cash versus electronic payments for project interventions. mSTAR Bangladesh taught DAM how the tool works by doing a sample exercise.

Capacity building on mobile payments

mSTAR Bangladesh invited DAM's finance and program teams to attend their quarterly and district workshops. Participation details are in the table below.

mSTAR Workshop	Participating staff	Staff type
2nd quarterly workshop, Dhaka	2 program staff	Head office, top management
District workshop, Barisal	1 program staff 6 finance staff	Local office, mid-level
District workshop, Khulna	2 program staff 2 finance staff	Local office, mid-level

Knowledge of Mobile Financial Services

The table and graph below summarize the increase in knowledge regarding mobile payments by DAM staff as a result of their workshop participation.

mSTAR Assessment ID No.	Workshop	Knowledge Increase (by participant)	Knowledge Increase (workshop average)
6	Quarterly Workshop, Dhaka (March 12, 2014)	40%	50%
15		60%	
12	District Workshop, Barisal (June 24, 2014)	28%	21%
8		20%	
4		44%	
5		24%	
2		16% *	
1		0% **	
3	District Workshop, Khulna (June 24, 2014)	16% *	25%
6		24%	
3		36%	
5		28%	
16		12% *	
Average change (%)		26.77%	

* indicates the participant didn't achieve the expected change of at least 20%

** indicates the participant didn't complete the post assessment test



Planned Follow Up

DAM has not yet decided to start the process of transitioning to mobile payments. mSTAR Bangladesh intends to provide ongoing support to DAM so that they learn about different mobile products and services that MFIs offer for crop and agricultural loans.