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MOBILE SOLUTIONS TECHNICAL ASSISTANCE AND RESEARCH (mSTAR), BANGLADESH

WORKSHOP ON *e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?*

October 29, 2015; FHI 360 Bangladesh Country Office

**WORKSHOP REPORT
OCTOBER 2015**



Table of Contents

1.	Introduction.....	3
1.1	mSTAR Workshop Series.....	3
1.2	Workshop: “e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?”	3
2.	Basic Information on the Workshop.....	3
3.	Workshop Participant Details.....	4
4.	Workshop Program Schedule	5
5.	Overview of Major Activities	5
5.1	Welcome Note.....	5
5.2	Overview of mobile money and mSTAR Bangladesh.....	6
5.3	Presentation on E-payments and USAID’s default payment mechanism	6
5.4	Open Discussion	7
6.	Findings from the Pre- and Post-Workshop Assessment.....	8
6.1	Findings from Participant Mobile Money Capacity Assessment	8
6.2	Participants’ major takeaways	9
6.3	Participants’ suggestions for further interventions	9
Annex – 1	10
Annex – 2	11
Annex – 3	14

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1. Introduction

USAID's mSTAR project aims to increase operational efficiency and productivity across USAID Bangladesh's agricultural, health and education portfolios through mobile and electronic payment adoption. Aligned with this objective, mSTAR Bangladesh facilitates quarterly and district-level technical workshops to increase awareness and competence of relevant USAID implementing partners (IPs) on the benefits of using mobile payments.

1.1 mSTAR Workshop Series

mSTAR workshops are designed to increase awareness and educate USAID/Bangladesh IPs working in the health and agriculture sectors on mobile money usage. The workshop series educates finance and programmatic staff on the benefits of using mobile money. Discussion among different IPs in the workshop also increases their reflective knowledge on mobile banking and mobile money.

1.2 Workshop: "e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?"

This workshop focused on USAID's guidelines on using electronic payments in all USAID funded projects and programs. Bruce McFarland, USAID's Global Development Lab's Chief of Operational Innovation provided background on why the new guidance was put in place and an overview of how electronic payments should be incorporated into projects. USAID/Bangladesh's IPs were able to share their concerns on the new guidelines and also get clarification on some clauses / provisions.

2. Basic Information on the Workshop

Title of the Workshop:	e-Payments: The New Default Payment Method for USAID Implementing Partners – Why, Where, When & How?
Date and Time	: October 29, 2015; 9:30 AM – 12:00 PM
Venue	: Conference Room; FHI 360, Bangladesh Country Office

3. Workshop Participant Details

A total of 18 participants from 10 organizations participated in the workshop.

Total Number of Participants: 18

- Male: 15
- Female: 3

Number of Organizations Participating: 10

Organizations Participating:

- | | |
|--------------------------------------|---------------------------------|
| 1. EngenderHealth | 6. CNFA |
| 2. IBI | 7. IRRI |
| 3. Social Marketing Company (SMC) | 8. Winrock International |
| 4. WorldFish | 9. FHI 360 / Finance Department |
| 5. Hellen Keller International (HKI) | 10. Abt Associates Inc. |

Presenter:

1. Bruce McFarland, Head of Operations and Innovation of USAID Global Development Lab

Details of the participants is provided in Annex – I

4. Workshop Program Schedule

Time	Description/Detail	Resource person
09:30	Registration and Pre-assessment	Shamsin Ahmed Mobile Money Associate mSTAR Bangladesh
09:40	Welcome note from USAID	Jeff de Graffenried Project Development Officer USAID Bangladesh
09:45	Overview of mSTAR Bangladesh	M Ataur Rahman Project Team Lead mSTAR Bangladesh
10:00	Presentation on E-payments and USAID's default payment mechanism	Bruce McFarland Head of Operations & Innovation USAID Global Development Lab
11:30	Post-assessment	Shamsin Ahmed
11:45	Closing Remarks	M Ataur Rahman

5. Overview of Major Activities

The workshop provided a platform for USAID implementing partners and USAID staff to discuss the new guidance from USAID on e-payments. The workshop discussed relevant requirements, why use of electronic payments are considered preferable over cash and why USAID's implementing partners should adopt mobile payments. Later, Bruce McFarland also fielded questions from participants.

5.1 Welcome Note

Jeff de Graffenried, Project Development Officer at USAID/Bangladesh, thanked all participants for attending the workshop. He shared that USAID sees mSTAR as an interesting and innovative project. He added that the mSTAR project has the technical competency to help USAID's IPs to transition from cash to electronic or mobile payments.



5.2 Overview of mobile money and mSTAR Bangladesh

M Ataur Rahman, Project Team Lead of mSTAR/Bangladesh, welcomed all participants. He mentioned that mSTAR/Bangladesh has the technical competency to help USAID's implementing partners in transitioning from cash to electronic and mobile money. He shared that mSTAR/Bangladesh organizes awareness raising workshops to educate USAID IPs on mobile money. In addition, mSTAR/B produces numerous learning documents that can help USAID IPs to take informed decisions while transiting to mobile money from cash. He further mentioned that mSTAR/Bangladesh also provides intensive technical assistance to USAID's IPs to assess the potential scopes for using mobile money, the viability of adopting mobile money, and to smoothen the transition from cash to mobile money. Mr. Rahman shared that mSTAR/Bangladesh had a grants program to provide support to USAID implementing partners to test the feasibility of mobile money in their project operations.



5.3 Presentation on E-payments and USAID's default payment mechanism

Bruce McFarland gave a brief presentation on the new USAID procurement executive's bulletin (PEB) which makes electronic payments the new default payment system for USAID's implementing partners. He shared that the new policy was adopted to encourage the use of electronic payments within project operations as the benefits of using electronic payment are far beyond just financial benefits. He mentioned that use of electronic payments reduces the risk of theft and loss of money significantly. In addition, usage of electronic payments make transactions traceable, which helps projects' finance teams. Commenting on the necessity of adopting electronic payments, he mentioned that it can increase the productivity of projects and reduce unnecessary burdens of securing cash in office premises and during travels. He mentioned that earlier USAID encouraged the use of electronic payments but now USAID has made it into the default payment process as it has proven to be beneficial in projects in many countries. Bruce also mentioned that transitioning to mobile money might incur additional cost for the project at the onset and also may not bring financial benefits instantly, however, USAID wants to see that all implementing partners are at least trying to adopt electronic payment systems in their projects. He also mentioned that USAID allows sufficient time to incorporate electronic payments and in addition, under special circumstances especially in areas where financial



infrastructure is inadequate, projects can request an exemption from their AO/CO. He concluded by saying that mSTAR project has the technical expertise to help USAID implementing partners to adopt electronic and mobile payments and assess the areas within payment streams where cash can be replaced by electronic money.

5.4 Open Discussion

In an open discussion, Bruce responded to several questions and concerns raised by participants. In response to a question, he mentioned that amounts below USD\$ 3,000 can be paid in cash, however he encouraged projects to use electronic payments. In response to another question, he shared that additional costs incurred due to use of electronic payments can be charged to USAID and further mentioned that USAID sees adoption of electronic payments more than just financial benefits or losses. He shared that the benefits received by using electronic payments are wider than financial benefits. In response to another question, Bruce shared that a project can take up to 6 months to adopt electronic payments and if it is not viable for a project to use electronic payments then the project should seek for approval from their AO/CO to use cash. While commenting on another question, he said that cheque is a paper payment and not counted as electronic payment whereas mobile payments are considered as part of electronic payment. He also added that writing cheque and converting it into money involves time and human resource engagement.



6. Findings from the Pre- and Post-Workshop Assessment

Workshop participants took part in both a pre- and post-assessment, which provided an opportunity to assess the level of change in their knowledge as a result of attending the workshop. A summary of the findings is described below.

6.1 Findings from Participant Mobile Money Capacity Assessment

One of the objectives of the workshop assessment was to measure how much participants learned from the workshop. The result of participant scores are summarized below:

ID No.	Pre assessment score	Post assessment score	Changes (Post Workshop Score- Pre-workshop Score)	Percentage of increase in understanding MM
1	12	20	8	32%
2	12	16	4	16%
3	13	13	0	0%
4	10	16	6	24%
5	7	20	13	52%
6	16	20	4	16%
7	11	17	6	24%
8	10	16	6	24%
9	12	16	4	16%
10	3	6	3	12%
11	12	16	4	16%
12	12	12	0	0%
13	6	16	10	40%
14	14	16	2	8%
15	18	20	2	8%
16	6	13	7	28%
17	8	20	12	48%
18	2	6	4	16%
			Average Improvement	19%

As can be seen in the chart above, the participants showed an increase in their understanding as a result of participating in this workshop. The average change in participant scores was 19%.

Improvement from pre-test (%)	No. of Participants	Percentage of participants
>20%	10	71%
20%-29%	4	29%
30%-39%	1	7%
40%-49%	2	14%
50%-59%	1	7%
≤60%	0	0%

14% participants achieved an increase of 40%-49%; another 29% gained an advancement of 20%-29%. It can also be observed that 71% workshop participants achieved less than 20% scores in the post assessment, indicating that a large number of workshop participants were already somewhat aware of electronic payments.

6.2 Participants' major takeaways

The five major takeaways from the workshop as recorded by participants are summarized below:

SL.	Issues	Frequency of responses
1	USAID requirements on e-payments	10
2	Benefits of making e-payments	5
3	Learnt about mSTAR/B activities	5
4	Details on how to transition to e-payments	3
5	Definition of e-payments	3

6.3 Participants' suggestions for further interventions

Participants suggested a number of potential topics that they would like to see in future mSTAR workshops. The suggestions are as follows:

Sl.	Future suggestions	Frequency	%
1	Arrange discussion between COP and AOR/COR	1	3
2	Practical training on e-payments	1	3
3	Discussion on challenge on e-payments	4	13
4	Awareness at the frontline	1	3
5	Sharing of real examples of mobile money usage	1	3
6	Sharing of mSTAR learning documents	4	13

Annex – I Participants' Details

SL	Name	Designation	Organization	USAID Project
1	Sk Nazmul Huda	Country Project Manager	EngenderHealth	Fistula Care-plus project
2	Ishrat Jahan	Finance Officer	WorldFish	CFB
3	Probir Kumar Roy	Manager, Admin & Finance	Winrock International	CCBA & F2F
4	Glenn Mackenzie-Frazer	Chief of Party	IBI International	BTFA
5	Gulfam Ifat Ara	Finance & Operations Manager	IBI International	BTFA
6	Manna Mahajaben	Officer – Network Administration	IRRI	
7	Md Nowroz Hossain	Sr. Finance Manager	Winrock International	CREL
8	Mohsin Ali Farajee	Manager – Finance & Grants	HKI	SAPLING
9	Morshedur Rasheed Reza	Manager, Finance & Admin	Winrock International	F2F & CCBA
10	Dr. Rafiqul Islam	Economist	IRRI	RVC
11	Mohammed Kamruzzaman	Finance & Admin Manager	CNFA	AIP Bangladesh
12	Md Habibul Islam	Sr. Finance Officer	CNFA	AIP Bangladesh
13	Monowarul Alam	Finance & Admin Officer	CNFA	AIP Bangladesh
14	Jewel Rana	Finance & Admin Manager	ABT Associates	HFG
15	Bilash Mitra	M&E Manager	IRRI	RVC
16	Mohibul Islam	Finance & Grants Analyst	FHI 360	Finance dept.
17	Bruce McFarland	Head, Operations Innovation	USAID	Global Development Lab
18	Stephen Jaroff	IT Architect	USAID	
19	Stanley Carton	Director of USAID Acquisition & Assistance	USAID	Procurement
20	Shayan Shafi	Project Management Specialist	USAID/Bangladesh	EG
21	Jeff deGraffenried	Activity Manager	USAID/Bangladesh	-
22	M Ataur Rahman	Project Team Lead	FHI 360	mSTAR
23	Kazi Amit Imran	Communication Specialist	FHI 360	mSTAR
24	Shamsin Ahmed	Mobile Money Associate	FHI 360	mSTAR
25	Dr. Salauddin Ahmed	Head, Training & Services	SMC	BlueStar
26	Md Tarifur Rahman Khan	Program Implementation Coordinator	SMC	mSTAR

Annex – 2

Pre & Post Assessment Questionnaires

**Workshop on ‘e-Payments: The New Default Payment Method for USAID
Implementing Partners – Why, Where, When & How?’
October 29, 2015; Workshop Pre-assessment**

Participant Name:

Organization:

Project/Dept:

Position:

Cell:

E-mail:

1. Which of the following is a true statement (select one)?

- Electronic payments are the default payment for all USAID awards, regardless of when they were awarded
- Electronic payments are the default payment for all new USAID awards
- Electronic payments are at equal status with cash in terms of USAID’s payment preference

2. Which of the following does Procurement Executive’s Bulletin No. 2014-06 apply to (select all that apply)?

- Contracts
- Grants
- Cooperative agreements
- Not sure

3. Which of the following should be paid using electronic payments (select all that apply)?

- Beneficiaries
- Subrecipients
- Contractors
- Not sure

4. For how long can a project make payments in cash while establishing electronic payments?

- up to 3 months
- up to 6 months
- up to 12 months

5. What is required to receive an exemption from the Procurement Executive’s Bulletin No. 2014-06?

- Verbal exemption from the project’s AOR/COR
- Modification to the project award
- Written exemption from the project’s Agreement Officer/Contracting Officer
- Not sure

**Workshop on ‘e-Payments: The New Default Payment Method for USAID
Implementing Partners – Why, Where, When & How?’
October 29, 2015; Workshop Post-assessment**

Participant Name:

Organization:

Project/Dept:

Position:

Cell:

E-mail:

1. Please list the major takeaways that you achieved from this workshop
2. Please write down your suggestions/expectations for/from future mSTAR workshops

Post Assessment Questionnaire

3. Which of the following is a true statement (select one)?

- Electronic payments are the default payment for all USAID awards, regardless of when they were awarded
- Electronic payments are the default payment for all new USAID awards
- Electronic payments are at equal status with cash in terms of USAID’s payment preference

4. Which of the following does Procurement Executive’s Bulletin No. 2014-06 apply to (select all that apply)?

- Contracts
- Grants
- Cooperative agreements
- Not sure

- 5. Which of the following should be paid using electronic payments (select all that apply)?**
- Beneficiaries
 - Subrecipients
 - Contractors
 - Not sure
- 6. For how long can a project make payments in cash while establishing electronic payments?**
- up to 3 months
 - up to 6 months
 - up to 12 months
- 7. What is required to receive an exemption from the Procurement Executive's Bulletin No. 2014-06?**
- Verbal exemption from the project's AOR/COR
 - Modification to the project award
 - Written exemption from the project's Agreement Officer/Contracting Officer
 - Not sure

Annex – 3

Frequently Asked Questions

Q How long can a project make payments in cash while establishing electronic payments?

Ans: Up to 6 months

Q What is required to receive an exemption from the PEB's guideline?

Ans: Written exemption from the project's Agreement Officer / Contractor Officer

Q Is cheque counted as a mode of electronic payment?

Ans: Bank cheque is a form of paper payment thus not counted as a mode of electronic payment.

Q Who would pay for any additional cost incurred due to transitioning to e-payments from cash?

Ans: USAID provides liberty to USAID funded projects to decide whether the project would bear the cost or whether its beneficiaries will bear the cost. USAID is ready to approve any additional cost incurred by projects to transition from cash to e-payments.

Q Do projects need to show financial benefits received from adopting e-payments?

Ans: USAID encourages all USAID funded projects to use electronic payments. Though USAID will love to see projects having financial benefits along with increased efficiency and transparency however at this stage, USAID is fine as long as projects try to incorporate e-payments in their project operations. In addition, USAID will also approve any additional cost incurred by projects from the transition.

Q Is there any limit for using cash under the new e-payment clause?

Ans: USAID funded projects can make cash payments under USD\$ 3,000. For making any payment above USD\$ 3,000, projects will require written exemption from corresponding Agreement Officer / Contracting Officer.

Q Who should be paid using electronic payment?

Ans: USAID encourages all USAID funded projects to use electronic payment during paying beneficiaries, sub-recipients and contractors.