

Working paper

Enhancing Local Public Service Delivery

Experimental
Evidence on the
National Rural
Employment
Guarantee Scheme in
Bihar

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Please provide a closing report on your IGC-funded project based on the following questions:

1. Did you succeed in implementing all parts of the project in the way you initially envisaged when writing the Project Proposal or were there any major changes to its design, scope etc.?

In the initial project proposal submitted to IGC, JPAL SA proposed to evaluate an innovative Government of Bihar (GoB) intervention that would address the issue of timely availability of funds to Panchayat (or village councils) for MG-NREGS works. It was envisaged that the pilot would be completed by December 2011 and the program scaled up by January 2012 in 69 blocks randomly selected in 12 districts. It was proposed that the remaining blocks would be included in the program by phase, one in April 2012 and one in June 2012, such that the treatment effect could be observed over a period of 6 months. However, multiple implementation challenges led the GoB to postpone the scale up of the intervention in the first phase blocks from January to April 2012. Second and third phase blocks will start in October 2012 and April 2013, respectively. During the period of reporting, JPAL provided extensive design and implementation support to the GoB to roll out the intervention. The evaluation period has been postponed and extended, from January-June 2012 to April 2012-April 2013. We will continue to undertake this project, but along the parameters of this new timeline, as set by the Government.

Details of the interventions and the associated challenges to the implementation are provided below:

Ongoing implementation of the proposed Government Intervention:

- (i) The GoB set up a state pool of MG-NREGS funds in 2011 at the Central Bank of India (CBI). All MG-NREGS funds flowing from the Center and the state funds have been pooled into this account. In addition, the GoB in partnership with Central Bank of India has initiated the opening of Panchayat accounts which command direct access to the state pool of funds. Once Panchayat accounts are opened, an order from the Government to CBI is required to activate the account and grant access to the state pool.
- (ii) The GoB has refined an expenditure tracking initiative of the Ministry of Finance such that the “Central Plan Scheme Monitoring System” can be used by Panchayat assistants (Panchayat Rozgar Sewak or PRS) to make electronic payments directly to MG-NREGS beneficiaries’

accounts using the internet. By linking CPSMS, Central Bank of India and beneficiary accounts, the GoB hopes to ensure timely fund availability to the Panchayat as well as quick payments to the beneficiaries.

- (iii) In December 2011, GoB launched a pilot of the new fund flow in 3 randomly selected blocks of Nalanda district. Training for the new fund flow was given to 60 MG-NREGS administrative staff at the village and block level (Panchayat Rozgar Sewak and Program officers respectively) in the first week of December 2011. The training focused on the planned changes in the fund flow, how they will address the current issues with fund availability to the Panchayat and how Panchayat can execute online payments to the beneficiaries. Post the 3 day training, a test was conducted to ensure that the trainees had understood the system; failing the test meant attending remedial and retest. In the end all PRS managed to pass the test. In mid December, a system of live payments were executed, and for the first time Panchayat accessed the state pool of funds directly and ordered electronic payments to the beneficiaries.
- (iv) Following the pilot, a central level training was organised in Patna for all the block level officers (Project Officers and Data entry operators) from the 69 first phase blocks. In total 112 block level administrative staff attended between 26th December 2011 and 5th January 2012, according to a 4 day training schedule. These officers were in turn responsible for the training of Panchayat assistants (PRS), which was supposed to happen shortly after, so that the new fund flow could be rolled out in first phase districts starting from January 2012. However, in January, PRS went on strike to protest against an announced increase of financial audits unrelated to the project. The Bihar wide strike went on from January to mid February hence the training of PRS could only begin by February 21st.

Implementation challenges to the proposed Government Intervention:

In addition to the PRS strike which temporarily disorganized the Rural Development Department, severe implementation challenges have delayed the implementation of the fund flow reform. Some of them still threaten the success of the proposed intervention.

- (i) The GoB has devoted a limited amount of resources to the coordination of the fund flow reform at the higher levels of administration (state and district). The team responsible for designing and coordinating the new fund flow is short staffed and has been slow to recruit qualified candidates. For example, interviews for district level coordinator were held in the second week of January 2012 to recruit 13 district level coordinators. GoB received 16 applicants and 10 were shortlisted. However, due to bureaucratic delays, offers to the selected candidates

could be made only a month later. 5 coordinators were officially on roll by the second week of March 2012 and no efforts have been made to recruit the remaining 8. Concerns remain regarding the viability of the system in the long run if a stable team of state and district level coordinators is not appointed.

- (ii) The infrastructure required to implement the new fund flow is not available at the block level. In order to execute online payments to MG-NREGS beneficiaries, the PRS need access to an internet enabled computer, attached to a printer-scanner with a power back up. As of now, nearly 50% of the blocks do not have the required infrastructure because of delays in tendering, procurement, and other administrative procedures. The latest report indicates that less than 20% of blocks are without computers but 70% of these blocks have no internet connection. All components of infrastructure need to be in place in order to start online payments.
- (iii) The collaboration between the Department of Posts and the Rural Development Department is very limited. More than 90% of MG-NREGS beneficiaries are paid through post office accounts because they do not hold bank accounts; the cooperation of post offices is hence essential to the implementation of the new fund flow. However, the Department of Posts has not accepted yet to link beneficiaries' accounts to the new system, complaining that the GoB does not offer any additional resources to complete the task. The memorandum of understanding between the GoB and the Department of Posts is yet to be finalized.
- (iv) Central Bank of India accounts are yet to be opened for all Panchayat, since the strike also disrupted efforts on this front. Panchayat access has only been activated in the 3 blocks that were chosen for the initial pilot and is still under process in the 69 first phase blocks. Also, the pilot brought up many issues with the online interface between Central Bank of India and CPSMS. Trouble-shooting is an iterative challenge which requires constant monitoring by a dedicated team of programmers. This may induce further delays in the implementation of the new fund flow.
- (v) During the Panchayat level training conducted between February 21 and March 7, JPAL SA deputed district level observers in the 12 sample districts to monitor quality of training and to administer a PRS survey. Out of 12 districts, only 11 districts have completed the training; due to administrative negligence the training is yet to start for 5 blocks in Nawada district. In the blocks where training did take place, the quality has not been satisfactory, because of inadequate infrastructure and of frequent interruptions. Monitors report that officers were often called to other unscheduled meetings during the training itself. At the end of each PRS training session, a test was administered to gauge PRS knowledge of the basics of the new

fund flow. Preliminary results indicate that most PRSs were unsuccessful in correctly answering basic questions on CPSMS and how to use it to make electronic payments. The test and survey data are currently being compiled for 957 PRSs of 64 blocks; JPAL SA will present the survey results to GoB in April 2012.

The challenges encountered forced the GoB to change the project timeline. The new fund flow will be launched in April 2012 in first phase blocks, in October 2012 in second phase blocks and in April 2013 for third phase blocks. Postponing the scaling up of the intervention was required to solve the logistical issues which have come up during the piloting phase. It is in a sense beneficial to the evaluation design because it leaves a longer observation window between the launch of the new system in the treatment and in the control group of blocks. However, many of these issues may persist if the GoB does not allocate more resources to the coordination and monitoring of the intervention.

2. Are there any local researchers or policymakers you have interacted with during the project that you think are suitable for inclusion in the IGC network?

Yes, we have worked very closely with Mr. Santosh Mathew who is the Principal Secretary of the Rural Development Department, GoB. He is also one of the principal investigators for the current collaborative effort. Mr. Mathew has a doctorate from Institute of Development Studies, Sussex University. His contact details are as follows: Tel.:(0612)-2217496 ; E-Mail: rlrsec-bih@nic.in / RD Dpat-bih@nic.in

3. Did you collaborate with the IGC Country Programme during the implementation of your project (if applicable)? If yes, do you feel that this provided useful additional input for your project and are there any further areas in which you would have liked to collaborate or receive otherwise support from IGC?

Unfortunately, there has not been any opportunity for collaboration with the IGC Country Programme at this stage of the project. Nonetheless, the JPAL-SA team had regular interactions with the IGC Country researchers and kept them updated on the progress of the intervention.

4. Are you currently planning follow-up academic or policy engagement work on this project?

Since the project implementation has been delayed and the evaluation phase will start in April 2012 only, we are currently not in a position to plan follow up academic or policy engagement work. In the next months, JPAL SA will monitor the implementation of the new fund flow, and keep track of expenditures in the treatment and control blocks, in order to evaluate the effect of the reform on MG-NREGS spending. JPAL SA is currently seeking funding for the evaluation phase of the project. The research team is planning to implement

a survey at the end of the evaluation period (April 2013), to measure the impact of the fund flow reform on household outcomes (employment, income, expenditures and migration) and rural labor markets.

5. Please provide a summary of the expenditures related to this Research Award in the following categories:

(To be submitted separately)

Budget Line Item
Fees
(i) Principal Investigator(s)
(ii) Research Assistants
Expenses
(i) Cost of survey and other expenses related to project implementation
(ii) Travel – International, Domestic
(iii) Translation (if applicable)
(iv) Subscription/Purchase of data (only for the purpose of the project)
(v) Miscellaneous expenses (please specify items included; this category cannot surpass 10% of the overall budget)

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