

Terms of Reference for Evaluation of Impact of wage and material payments to the beneficiaries (Labourers & Suppliers) through e-FMS since inception of the system under MGNREGA in Karnataka

1. Study Title:

The title of the study is “*Evaluation of Impact of wage and material payments to the beneficiaries (Labourers & Suppliers) through e-FMS since inception of the system under MGNREGA in Karnataka*”.

2. Department implementing the scheme:

The Commissioner, Rural Development, RDPR Department is implementing the scheme through Panchayat Raj Institutions of the State.

3. Background and the context:

MGNREGA is implemented as centrally sponsored scheme under the aegis of the Ministry of Rural Development, Government of India. The mandate of MGNREGA Act 2005, minimum 100 days of unskilled wage employment to rural households in a financial year is guarantee across the country. As per 6(1) of MGNREGA the Central Government may by notification specify for wage note for the purpose of this act and right to receive the wages within 15 days.

All the labourers are being paid unskilled wages through bank accounts and later on through electronic system without any cash disbursement. Wages to the labourers are expected to being paid on a weekly basis and in any case not beyond 15 days of the date on which work was done. Further, the payment to vendors are made for the material component utilized for construction of the assets and administrative expenses for also made through e-FMS. There are 56.98 lakh job card holders in the State with 1.55 crore workers. Out of these 26.29 lakh card holders and 65.28 workers are active. Therefore systematic solutions are required to ensure that wages are paid on time. A significant reason for the delay of wage

payments is on account of non-availability/surplus funds with PRI. Even if funds are lying un-utilized in some institutions these cannot be transferred to the district/block/GPs in the State. Fund allocation hence becomes difficult task in the implementation of MGNREGA. To meet this challenge, State has adopted an integrated Fund Management System called e-FMS, and same has been introduced in the State during January 2012. This is fully functional in all 30 districts. The e-FMS software interpreter NREGA-soft with panther Bank's software. The e-FMS achieves seamless online transfer of funds almost on real time basis to the beneficiary bank accounts. The payments to the labourers as well as the others are remitted electronically to their individual bank accounts. Payment of administrative charges through e-FMS started from 2015-16. The Commissionerate of Rural Development, RDPR dept has requested KEA vide letter no. RDPR/209/.OO.KHA.YO/2002, dated: 24.08.2016 for evaluation of the impact of wage and material payments (labourers and suppliers) through e-FMS since inception of the system (Evaluation to be done for the year 2013-14, 2014-15 & 2015-16).

4. Progress Achieved so far:

The financial and physical progress from 2013-14 to 2015-16 is as follows:

Sl. No	Item	2015-16	2014-15	2013-14
1	Total No of House Holds completed 100 Days of Wage Employment (In Lakhs)	1.33	0.14	1.18
2	Total Households Worked [In Lakhs]	12.37	10.94	14.90
3	Total Individuals Worked [In Lakhs]	30.31	30.08	42.33
4	Total No. of Works Taken up (New+Spill Over)[In Lakhs]	10.57	9.77	8.79
5	Total Release(Center+State+received this year release last year)	99155.27	171687.07	159606.81
6	Total Exp (Rs.in Lakhs)	182221.43	166586.29	206296.66

5. Objective of the Scheme:

- a. Timely payment of wages has emerged as one of the main challenges of MGNREGA over the last few years. As per section 3(2) of the Act, wages to the labourers has to be paid on a weekly basis and in any case not beyond 15 days on the date on which work was done.
- b. e-FMS solution will automate all processes involved in crediting the accounts of the beneficiaries.
- c. Reduction in the turn-around time required for wage processing and payments
- d. Automation of processes will eventually lead to real-time availability of data at all levels of governance for strategic decision making.
- e. e-FMS will act as seamless payment mechanism which will automatically ensure fund transfer and crediting of beneficiaries accounts leveraging the Core Banking infrastructure (NEFT/RTGS/ABP) of banks.
- f. The system ensure right amount in right accounts in time.
- g. Avoid parking of funds.
- h. This would also take care of the problem of large unspent opening balances.
- i. This would help streamline the fund flow process.
- j. Reduction of workload at Block Program Office (BPO) / Gram Panchayat (GP)

6. Objective of the Study:

- a. Whether e-FMS system has reduced the time in receiving wage and material payments.
- b. Has this system reduced intervention of middlemen and instances of corruption.
- c. Has the system avoided parking of funds.

- d. Are the beneficiaries able to withdraw money from the banks as and when required or they face difficulties in dealing with banks with respect to withdrawal and any other issues.

7. Institutional structure for implementation:

At the district level district MIS coordinator and at taluk level taluk MIS coordinator are appointed to handle the e-FMS along with Project Managers. The Technical officers with graduate qualification on Agriculture, Horticulture, Forestry and Engineering have been recruited to assist the implementing officers of line departments of Agriculture, Horticulture, Forestry, Minor Irrigation, Watershed, PRED, Sericulture, Rural Water Supply and Fisheries.

At the GP level the Adhyaksha of the GP and PDO are responsible for signing the monthly bills of works done under MGNREGA. At the TP level the Adhyaksha of the TP and TDO and at the ZP level the Adhyaksha of the ZP are involved in managing the e-FMS with the line departments whose works are undertaken under MGNREGA.

The muster role having a unit identity number electronically generated by the computer system (e-Muster) along with the list of workers. Every muster role shall be signed by authorised person of the GP. The muster role shall be closed on the last day of the month counter signed by every worker who has worked and shall be handed over to the engineers for measurement. Payment shall be made based on the measurements taken at the work site by the engineers.

The bills for works are prepared and Adhyaksha of the GP and PDO are the Joint Signatories for these bills. The Digital Signature Certificate (DSC) is issued by the competent authority. EO in case of GP, CEO in case of Taluk, DRDA and Line Department are the countersigning authorities for application for DSC.

How e-FMS works

Funds from Central and State are pooled at one bank (Nodal Bank). e-Transfer of funds are made for wages for labours and material cost to vendors. Payment of

wages are to be paid against NMRs generated in MGNREGA MIS. Transfer of funds are made to the accounts of MGNREGA workers opened with CBS (core banking system, Name of A/c holder, A/c Number, Branch Name, and IFSC are considered). Thus it is called as Entitled based Funds Management System. e-FMS application links to wage list generated in MGNREGA MIS. Wage lists are transferred to Nodal Bank at State Hqrs. in the form of Fund Transfer Order (FTO) from MoRD Server. Funds are transferred from Nodal Bank to the beneficiaries' account through RBI. This funds transfer acknowledgements are sent back to MIS by the Bank collecting from RBI.

8. Training:

Two rounds of intensive training were provided at state level during December 2013 and January 2014 to the implementing officers of block and hobli/GP level. Such kinds of training were also conducted at all the four divisions of the state, at district level and block level as well. All the modalities in implementing the scheme were dealt at length. Another round of training conducted for the District Resource Teams (DRTs) at Abdul Nazir Saab State Institute of Rural Development during April 2014.

9. Scope of the study:

The scope of the studies all the 30 districts of State. However, 8 districts and 90 Gram Panchayats from these districts are selected as sample as defined in the sampling methodology. The study period is 2013-14 to 2015-16. To compare the present system of payment by e-FMS the procedure adopted for payment of wage and material during non-e-FMS year 2012-13 to be studied in the selected GPs by interviewing the beneficiaries and vendors.

10. Sampling and Evaluation Methodology:

Out of 30 districts, 8 districts are selected at the rate of 2 districts per revenue division. The districts are arranged in alphabetical order in each division and selected the 3rd & 6th districts after numbering. There are 6019 GPs in the State. Out of these 5% (300) are to be evaluated. 300 GPs are to be selected out of 1539 GPs in proportion to the population in 8 districts as shown in the table which is 19% of the sample population. These are to be selected at random by arranging them alphabetically. From these GPs 92 % of works are to be selected which are done by the GPs and remaining 8% works are to be selected which are implemented by the line departments. The payment made to all the works so selected to be evaluated. FGDs to be held with all stake holders on all aspects of the e-FMS and their view for improvement in design and delivery of payment, improvement in the scheme implementation to be elicited.

Sl.no.	District	No. of TPs	Total No. of GPs	No of GPs selected	Total No Job cards Issued	HHs Provided Employ ment against Demand	*Completed works	Payment due for the year (2015-16)
1	2	3	4	5	6	7	8	9
1	Chikkaballapur	6	157	31	169733	42252	2095	78
2	Kolar	5	156	30	197038	25751	3250	251
3	Dakshinkannada	5	230	45	83995	16090	1563	8
4	Mandya	7	234	46	248444	31789	3523	98
5	Uttarakannada	11	231	45	154924	38987	1194	33
6	Dharwad	5	144	28	125705	25105	3294	113
7	Kalaburgi	7	264	51	220398	481154	4972	112
8	Yadagir	3	123	24	200977	26779	3714	174
Total		49	1539	300	1401214	687907	23605	866

11. Evaluation questions (Inclusive not exhaustive):

- a. e-FMS is a transaction based MIS. As per chapter 8.7 under payment of wages, whether all the 3 categories of transactions are followed properly by the GPs/TPs & ZPs? If not, what are the deviations noticed in the selected GPs? Please elaborate.

- b. Are all the personnel for handling the e-FMS software in place to avoid delays? If not, why not? If yes, are all of them trained on all aspect of the MIS?
- c. What is the cost incurred and time required for release of wages under e-FMS Vs. pre e-FMS period?
- d. What is the grievance redressal mechanism in place at GP/TP/ZPs levels? How many complaints have been received on demand registration, measurement, wage calculation, generation of FTO and crediting accounts to beneficiaries? What is the action taken for redressal of these grievances by concerned officers/committees constituted?
- e. If the complaints are on delayed payments, how many workers have got compensation for delayed payments? What were the reasons for delayed payment? If delay is caused by agency/official, is the amount recovered from the agency/official responsible for delay? If yes, what is the extent of compensation?
- f. How many applications were received for un-employment allowance and how many were paid? What are the reasons for non-providing the employment? Give details.
- g. What are the reasons for payments due to be paid for the year 2015-16 in the sample districts above? Please furnish details.
- h. To what extent it has improved the fund management?
- i. To what extent it has brought transparency over earlier system?
- j. What are the bottlenecks being faced in the system by the field level functionaries?
- k. What should be recommendation to improve the system further to minimize delay if any?
- l. To what extent the misuse of funds and involvement middleman are prevented by e-FMS?
- m. Any suggestion from beneficiaries and stake holders to improve the design, delivery and modification on features of the e-FMS?

12. Deliverables time schedule:

The Special Commissioner, MGNREGA, Commissionerate of Rural Development and Joint Director (Technical) to provide the necessary information related with the study and co-operate with the consultant organization in completing the study in the stipulated time. The district officers concerned to be addressed by the Commissionerate for providing the required information/data connected with study and cooperate in holding the FGDs with the stake holders at the taluk and GP levels. It is expected to complete the study in 5 months' time, excluding the time taken for approvals. The evaluating agency is expected to adhere to the following timelines and deliverables.

- a. Work plan submission : One month after signing the agreement
- b. Field Data Collection : Two months from date of work plan approval.
- c. Draft report Submission : One month after field data collection.
- d. Final Report Submission : One month from draft report submission.
- e. Total duration : 5 Months

13. Minimum Qualifications of Core team members:

The core team should comprise of the following members (the list is inclusive not exhaustive) should have technical qualifications/experience as stated below-

- i. A masters in Rural Development with 5 years experience in the related field (Principal Investigator).
- ii. M tech (Computer science)/MCA (Computer science) (Member-1)
- iii. Statistician (Member-2).

or more/better, and in such numbers that the evaluation is completed within the scheduled time prescribed by the ToR.

Consultant Evaluation Organizations who do not meet these criteria will not be considered for doing the evaluation.

14. Agency for evaluation:

The evaluating agency should be finalized as per the provision of the Karnataka Transparency in Public Procurement Act and Rules, but without compromising on the quality.

15. Qualities Expected from the Evaluation Report:

The following are the points, only inclusive and not exhaustive, which need to be mandatorily followed in the preparation of evaluation report:-

- a) By the very look of the evaluation report it should be evident that the study is that of MGNREGA, RDPR Bengaluru and Karnataka Evaluation Authority (KEA) which has been done by the Consultant Evaluation Organization. It should not intend to convey that the study was the initiative and work of the Consultant Evaluation Organization, merely financed by the MGNREGA, RDPR Bengaluru and Karnataka Evaluation Authority (KEA).
- b) The evaluation report should generally conform to the United Nations Evaluation Guidelines (UNEG) “*Standards for Evaluation in the UN System*” and “*Ethical Standards for Evaluations*”. The report should be complete and logically organized in a clear but simple language. Besides conforming to the qualities covered in the Terms of Reference, it should be arranged in the following order –
 1. Title and opening page.
 2. The Index.
 3. List of acronyms and abbreviations.
 4. Executive Summary – A stand-alone section that describes the program, gives purpose and scope of evaluation, the evaluation methodology, key findings, constraints and recommendations.

5. Sector history – A section that briefly covers the history of the sector under which the scheme/program being evaluated falls. It should give recent data taken from reliable and published sources.
6. The objectives and performance of the program being evaluated – The section will include the stated objectives of the program and the physical and financial achievements of the program in the period of evaluation. It should cover the description of the target group, the aim of the program and the method of selection of beneficiary (if included in the program).
7. Review of literature / past evaluation reports.
8. Evaluation Methodology – This should include the sample size and details of sample.
9. Findings of the evaluation study.
10. Limitations/constraints in the evaluation study.
11. Recommendations that flow from the evaluation.

This should be followed by the following Annexures –

- (A) The sanctioned Terms of Reference of the study.
- (B) The survey tools and questionnaires.
- (C) List of persons with addresses personally interviewed.
- (D) The places, dates, and number of persons covered by Focus Group Discussions (FGD).
- (E) Compilation of case studies / best practices.
- (F) Table showing details of major deviations, non-conformities, Digressions of the program.

16. Cost and Schedule of Budget release:

Output based budget release will be as follows-

- a. The First instalment of Consultation fee amounting to 20% of the total fee **can** be paid as advance to the Consultant Evaluation Organization after the approval of the inception report, but only on execution of a bank guarantee of a scheduled nationalized bank valid for a period of at least 12 months from the date of issuance of advance.
- b. The Second instalment of Consultation fee amounting to 40% of the total fee **can** be paid to the Consultant Evaluation Organization after the approval of the Draft report.
- c. The Third and final instalment of Consultation fee amounting to 40% of the total fee **will** be paid to the Consultant Evaluation Organization after the receipt of the 30 hard copies in English and 30 hard copies in Kannada and 3 soft copies of the final reports in both the languages in such format as prescribed in the agreement, along with all original documents containing primary and secondary data, processed data outputs, study report and soft copies of all literature used to the final report.

Taxes will be deducted from each payment as per rates in force. In addition, the Consultant Evaluation Organization is expected to pay statutory taxes at their end.

As per letter No. ಗ್ರಾಅಪ 209 ಉಖಾಯೋ 2012 ದಿನಾಂಕ 15-09-2016, (copy enclosed) this is intended to be a Joint evaluation study, which means that the cost of the study will be borne by the line department and KEA equally.

17. Contact person to get further details about the study:

Sri. U.P.Singh, Special Commissioner, MGNREGA, Commissionerate of Rural Development, RDPR dept. Phone number 080-22340387,

email: nregs-ka@nic.in and Sri. Tejas, Project Manager, e-FMS, Phone numbers 9740617007 email: kara.efms@gmail.com will be the contact persons for giving information and details for this study.

The entire process of evaluation shall be subject to and conform to the letter and spirit of the contents of the government of Karnataka order number PD/8/EVN (2)/2011 dated 11th July 2011 and orders made there under.

The Terms of Reference were approved by the Technical Committee of KEA in its 30th Meeting held on 17th September 2016.

Sd/-

Chief Evaluation Officer
Karnataka Evaluation Authority