Challenges in the Distribution of School Stipends in Bangladesh

Evidence from a Field Survey


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Introduction and Background

The Primary Education Stipend Project (PESP), a conditional cash transfer program, has been operating since 2003 to increase attendance and reduce dropout rates among children from poor and vulnerable households in rural Bangladesh. Initially, selected students from low-income families, persons with disabilities, or tribal children in primary education institutions (excluding those in municipalities and city corporations) were eligible for assistance (Yunus & Shahana, 2018). The program contributed to improved enrollment, attendance, and progression through primary education (Directorate of Primary Education [DPE] et al., 2013).

In 2010, PESP's targeting policy shifted from uniform coverage to geographic targeting, with poorer areas receiving disproportionately higher coverage (up to 90% of poor students) (DPE et al., 2013). In 2016, the program was expanded to cover all children attending government schools, except those in municipalities and city corporations (Hossain, 2020). Since 2020, selected households with one qualifying student have received BDT 150 per month (an increase from the previous BDT 100) for all 12 months of the year, with eligibility criteria requiring students to maintain at least 85% school attendance and achieve at least 33% in their final examination to continue receiving the stipend. The program currently supports 14 million students across the country (Alamgir, 2020).

The Bangladesh government launched a nationwide stipend program for girls in secondary school in January 1994, with support from development partners. Since 2009, the Secondary Education Stipend Program (SESP) has prioritized poor students. Under the program, 30% of unmarried girls and 10% of boys from poor families are eligible for stipends. To qualify, students must attend at least 75% of classes and meet specific academic requirements: students in Grades 6 and 7 must secure a minimum of 33% marks, while those in Grades 8 and 9 must obtain at least 40% in the final examination. Currently, qualifying students receive an allowance of BDT 200 per month (Khan, 2014).

Since its universalization in 2016, the SESP has utilized mobile money technology and a digital database to disburse stipends, reducing the burden on guardians (Hossain, 2020). Previously, stipends were distributed through state-owned banks at local branches or designated disbursement sites near schools. Guardians, typically mothers, had to travel to these locations, present a PESP-issued identity card, and queue for hours twice a year. This system was burdensome, incurring travel costs, time away from domestic duties, and occasional missed disbursement dates (Hossain, 2020).

Previous disbursement mechanisms of the school stipend programs were susceptible to corruption and leakage (Rahman et al., 2011). This new transition of PESP to digital disbursement has changed the role of teachers; they are no longer required to handle disbursement, thereby eliminating their involvement in potential delays and fraud. Given the well-defined eligibility criteria, teachers' only

duty is to assist the parents and prepare the list of eligible students (DPE et al., 2013).

The reformed PESP introduced new actors, including private mobile money providers and their agents. However, the policy process behind selecting SureCash, a private offshoot of Rupali Bank, remains unclear, with a lack of transparency about why more established providers like bKash were not chosen. Many mothers advocated for bKash to manage the program, as it distributes secondary school stipends free of charge (Government of Bangladesh [GoB], 2017). A survey by Gelb et al. (2019) also found stronger support for bKash due to its national recognition.

Concerns have been raised regarding SureCash's services. Local agents who disbursed cash to guardians were often reported as unreliable, unavailable in some areas, and, in some cases, demanding extra charges. SureCash was ineffective in addressing the complaints from the guardians, and no measures were taken after the initial rounds to ensure more accurate disbursement (Hossain, 2020).

In 2020, the Ministry of Primary and Mass Education (MoPME) authorized Nagad to manage the disbursement of primary education stipends. Nagad, which has operated under a temporary license from the Bangladesh Bank since 26 March 2019, holds a service agreement with the Bangladesh Post Office (Alo & Uddin, 2024). Although 84% of individual mobile financial services (MFS) account holders had a bKash account and 39% had a Nagad account in 2022, Nagad was assigned to distribute 75% of social safety net allowances and 100% of secondary education stipends (Hasan & Alam, 2025), bypassing standard government procurement procedures, allegedly due to political influence. Nagad faces similar allegations of irregularities and lack of transparency as SureCash.

Many parents have reported issues with Nagad, alleging their accounts may have been hacked. After entering their PIN to withdraw stipend funds, they found discrepancies or no cash at all ("Students' Stipend Money Goes 'Missing,'" 2022). Although Nagad transfers stipend money to the mobile phones of many students, some SIM cards remain blocked in certain districts, affecting millions ("Ensure Accurate Stipend Payments," 2025).

Currently, about 14 million students across government primary schools, excluding those in city corporations and municipalities, receive stipends. However, the intended outcomes of the program are not being fully realized due to these service provider irregularities.

The present study aims to empirically assess the ineffectiveness and challenges of the distribution of the school stipend program through Nagad. Specifically, it investigates the extent to which eligible students are missing out, the proportion of funds not received, and how these challenges vary by school level and disbursement method.

Study Design

A field survey was conducted in 100 schools across 25 sub-districts in 21 districts. In each sub-district, enumerators randomly selected two primary schools from a list of four and then chose two secondary schools near the selected primary schools.

Headmasters were surveyed using quantitative questions regarding the number of students, the number eligible for and receiving stipends, the amount received, and the MFS used. The survey also included a descriptive section asking about the selection process, stipend distribution, challenges faced, and problem-solving mechanisms.

After completing the headmaster survey, a list of students who received stipends—Grade 5 students from primary schools and Grade 9 students from secondary schools—was collected. From this list, six students per school were randomly selected, and their contact details were gathered for the student module.

In the student module, the guardians of the selected students were asked whether their children had received the stipend; if not, they were asked the reasons why and whether they had filed any complaints regarding the stipend distribution.

Results

This section presents the findings from the field survey conducted across 100 schools in 21 districts, encompassing both primary and secondary levels. The data were collected from 100 headmasters and 602 parents. Nagad was used as the medium of disbursement for all primary schools; however, 13 secondary schools used other MFS providers, or MFS alongside banks.

According to responses from school headmasters, approximately 8.22% of eligible students did not receive their stipend across the full sample. When disaggregated by school type, primary schools reported a relatively lower exclusion rate of 2.97%, while secondary schools showed a significantly higher exclusion rate of 11.03%. Exclusion is highest in the Sylhet division, with approximately 30% of eligible students missing out on the stipend program.

Table 1. Proportion of Eligible Students Missing Out on Stipend (Headmaster Survey)

	Full sample (N=100)	Nagad only (N=87)
Total	8.22	8.89
By school type		
Primary	2.97	2.97
Secondary	11.03	13.45
By division		
Barisal	8.84	10.14
Chattogram	0.77	0.94
Dhaka	0.89	1.15
Khulna	4.70	4.91
Mymensingh	9.14	8.53
Rajshahi	2.02	2.02
Rangpur	0.34	0.56
Sylhet	30.07	30.48

Meanwhile, across the entire sample of parents, 23.79% reported that they did not receive the stipend funds. This finding indicates a substantial gap between the amount disbursed by the government and what ultimately reached students' households. Schools from the Barisal and Chattogram divisions are the main contributors to this discrepancy.

Table 2. Proportion of Stipend Funds Unreceived (Parents' Survey)

	Full sample (N=602)	Nagad only (N=524)
Total	23.79	23.33
By school type		
Primary	21.14	21.14
Secondary	26.40	26.22
By division		
Barisal	43.06	42.42
Chattogram	56.58	51.56
Dhaka	14.89	13.41
Khulna	12.50	13.64
Mymensingh	20.83	20.83
Rajshahi	6.94	6.94
Rangpur	8.45	10.17
Sylhet	27.78	30.30

A subset of four schools with the highest number of missing stipend payments was selected from the parent survey for further qualitative analysis. In these schools, 14 out of 24 parents reported that they would receive the stipend at a later date.

Discussion

The results of this study underscore the challenges associated with the disbursement process of the PESP and the SESP through Nagad. While the introduction of MFS was

intended to streamline stipend distribution, its implementation has been met with significant complaints. About a quarter of parents reported that they did not receive the stipend, highlighting a major issue with the current disbursement system.

The tables present both the overall totals and the subset of schools using only Nagad for stipend disbursement. While Nagad is the primary service provider, the small differences between the total sample and the Nagad-only sample suggest that problems of exclusion and unreceived stipends are not unique to Nagad but reflect broader systemic issues with mobile financial service–based disbursement.

The study also reveals considerable regional variations in stipend receipt. For instance, in Patuakhali district in Barisal division, 100% of parents reported not receiving the stipend. This finding is consistent with earlier reports, such as a 2021 news article claiming that 3,000 students from 239 schools in the same region had not received their stipend ("Students' Stipend Money Goes 'Missing,'" 2022). This suggests that certain areas are experiencing more severe issues with stipend distribution than others.

Further probing of parents' responses shows that "not receiving" often meant not receiving stipends in the expected way or timeframe. In many cases, households reported that they would eventually receive the full amount, but as a single delayed installment rather than the standard twice-a-year disbursement. This distinction is important: some students were entirely excluded, while others experienced irregular or delayed payments. Without this context, the figures may give the impression of outright fraud or disappearance of funds, when in reality they also capture failures in the consistency and reliability of the distribution process.

photo: BRAC

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