



National Social Protection Strategy (NSPS) of Bangladesh

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Acronyms

BBS	Bangladesh Bureau of Statistics
BPD	Bangladesh Poverty Database
CFW	Cash for Work
CCT	Conditional Cash Transfer
CHT	Chittagong Hill Tracts
DSS	Department of Social Services
EGPP	Employment Generation Programme for the Poor
FFW	Food for Work
FWP	Food for Work Programme
G2P	Government to Person
GED	General Economics Division
GR	Gratuitous Relief
HIES	Household Income and Expenditure Survey
IMED	Implementation Monitoring and Evaluation Division
LDC	Least Developed Countries
LFS	Labour Force Survey
LPL	Lower Poverty Line
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MHVS	Maternal Health Voucher Scheme
MIS	Management Information System
MSD	Ministry of Social Development
MoLE	Ministry of Labour and Employment
MoHFW	Ministry of Health and Family Welfare
MoWCA	Ministry of Women and Children Affairs
NGO	Non Government Organization
NSSA	National Social Security Agency
NSIS	National Social Insurance Scheme

NSPS	National Social Protection Strategy
OMS	Open Market Sales
PMT	Proxy Means Test
PVP	Private Voluntary Pension
REOPA	Rural Employment Opportunities for Public Assets
RMP	Rural Maintenance Programme
SDF	Social Development Framework
SFYP	Sixth Five Year Plan
SPP	Social Protection Programme
SPS	Social Protection System
SASSA	South Africa Social Security Agency
UPL	Upper Poverty Line
VWB	Vulnerable Women's Benefit
VGD	Vulnerable Group Development
VGf	Vulnerable Group Feeding

Executive Summary

A. Background

The Government of Bangladesh is strongly committed to reducing poverty, improving human development and reducing inequality. This commitment is reflected in Vision 2021, the Perspective Plan 2010-2021 and in the Sixth Five Year Plan FY11-FY15. The Government seeks to build on past progress with poverty reduction and further deepen this progress by both addressing the root causes of poverty as well as by lowering the impact of risks faced by the poor and vulnerable population. The Government appreciates that notwithstanding the past impressive progress with poverty reduction, there is a substantial population that remains exposed to poverty owing to various vulnerabilities. This includes the population that remains under the poverty line and those that are just above the poverty line but could easily fall below the poverty line because of these vulnerabilities. Evidence shows that the poor and vulnerable group cannot cope with all the downside risks and shocks with their own resources.

Current safety net programmes reflect the Government's response to support the poor and the vulnerable population manage those risks. Household Income and Expenditure Surveys (HIES) shows that the coverage of these programmes for the poor and vulnerable households has increased and they have helped lower poverty. But data also suggest that a large proportion of the poor and vulnerable households do not have any access to these programmes. The average benefit of safety net programmes is low and in many cases falling in real terms. There is considerable leakage of allocated funds and a significant percentage of household beneficiaries are non-poor. Consequently, the impact on poverty reduction from the amount of money spent in these programmes is much less than is possible with a better social protection system.

In recognition of these concerns, the Government of Bangladesh has embarked upon the formulation of a comprehensive National Social Protection Strategy (NSPS) that seeks to streamline and strengthen the existing safety net programmes with a view to achieving better results from money spent, and to broaden the scope of social protection from the more narrow safety net concept to include employment policies and social insurance to address the emerging needs of a middle income Bangladesh in 2021 and ahead. By broadening the scope and coverage and by improving programme design the NSPS will help lower income inequality and contribute to higher growth by strengthening human development. The NSPS draws on the past experience with social protection programmes in Bangladesh and good practice international experience. To facilitate the preparation of the NSPS ten background papers, prepared by a team of international and local experts, were commissioned on the various issues relating to the NSPS.

B. Past Progress with Poverty Reduction and Remaining Challenges

Remarkably, there has been a rapid decline in the rate of poverty measured in terms of the percent of the population falling below the upper poverty line (UPL). Thus the poverty

incidence fell from 48.9 percent in 2000 to 40 percent in 2005 and 31.5 percent in 2010. Commensurately, the percent of chronic poor, defined as population below the lower poverty line (LPL), fell from 34.3 in 2000 to 17.6 in 2010. Progress has also been made in reducing the depth of poverty. There has been a continuous narrowing of this consumption gap between 2000 and 2010. Thus in 2000, the poor on average consumed 26 percent less than the basic needs consumption basket defined by the poverty line. This gap narrowed to 23 percent in 2005 and 21 percent in 2010.

Poverty has declined in both urban and rural areas, although the poverty rate remains much higher in the rural areas. Looking at the regional dimension, the poverty outcomes show a similarly declining pattern. All the Regional Divisions of Bangladesh have registered significant reduction in poverty.

Along with reduction in poverty, considerable progress has been made in enhancing human development. The latest Census Data for 2011 also shows substantial progress in improving the living standards of the poor.

The above record of progress with poverty reduction, human development and living conditions of the poor constitutes a major achievement and as a nation has made Bangladesh proud. It is also a reaffirmation that the development strategy is appropriate and on track. Nevertheless, the poverty challenge moving ahead remains enormous. There are several aspects of this poverty challenge that have implications for the proper design and coverage of social protection programmes.

First, notwithstanding past progress, some 31.5 percent of the population (47 million) in 2010 was still living below the poverty line.

Second, an additional 18.6 percent of the population was consuming less than 1.25 times the UPL. This population is highly vulnerable because a “shock” such as a major illness, a natural calamity or other external events could cause a substantial part of this population to fall back into poverty. The combined total of poor and vulnerable amounted to 50 percent of the population (75 million people) in 2010. Among this combined group of poor and vulnerable population reaching out to those who are most needy ought to be a major focus of the social protection programmes.

Third, the disaggregation of the poverty profile by location in terms of rural and urban and by Divisions show substantial variations. This geographic variation in the distribution of poverty underscores the need to further refine the poverty profile by other characteristics including gender, age, education, asset and employment in order to design an appropriate poverty reduction strategy and associated interventions. By implication, the social protection strategy also needs to be aligned to the poverty profile based on a proper assessment of related risks.

C. Evolution and Performance of the Current Social Protection System (SPS)

The NSPS is grounded in learning from the lessons of past experience with social protection in Bangladesh. There is a long history of formal social protection in Bangladesh, which, in part, has shaped the nature of the current social protection system. At independence, the main social protection scheme in place was the government service pension. It was complemented by a Provident Fund that provided the government and formal private sector employees a lump sum amount on retirement. In response to the 1974 famine and floods in the 1980s, new schemes were developed for poor families that were badly hit. The schemes were mainly public works and other food aid programmes, making use of foreign assistance. In the 1990s the Government began to introduce schemes that addressed risks across the lifecycle, such as school stipend programmes and allowances for the elderly, people with disabilities, and widows. During the 1990s, there was also significant investment by donors in various programmes managed by non-government organizations (NGOs), providing a range of social services, including social transfers.

There has been a gradual growth in the proportion of transfers provided as cash instead of food, although cash is mainly provided through the lifecycle type programmes. There has also been a significant increase in small schemes among both NGOs and government that include some element of social protection.

Reflecting the Government's commitment to social protection, budgetary allocations have grown in absolute terms as well as a share of GDP. The allocation for Social Protection Programmes (SPPs) increased from 1.3 percent of GDP in 1998 to 2.5 percent in FY2011. Since then, it has stabilized at around 2.2 percent of GDP. Although this level of funding is modest by international standards, when measured against the Government's tight budget situation, this represents a substantial commitment, accounting for 12 percent of total government spending.

At the national level the impact of the SPP spending is partly reflected by the sharp reduction in the incidence of hunger-based poverty. Furthermore, simulation exercise shows that in the absence of SSP spending the head count poverty rate would have been about 33 percent, which is 1.5 percentage points higher. The depth of poverty would also have been higher.

Simulation exercises, however, also suggest that a more efficient system that seeks to address the various programmatic and administrative issues will help achieve better results in term of lower poverty rate and a further reduction in the depth of poverty. While the coverage of SPPs has increased over time, some 64 percent of the poor households still do not have access to any social protection programme. If the target is broadened to include the vulnerable population, the exclusion share of households increases to 68 percent. When this result is combined with the low average benefit provided by most large programmes, the challenge for the social protection agenda moving forward is substantial.

D. Issues and Challenges of the Present SPS

Bangladesh's current social protection system (SPS) is complex, comprising a large number of programmes and managed by many ministries. According to a comprehensive official compilation prepared by the Ministry of Finance, there are 95 programmes under the social protection system currently financed through the budget. The total amount spent on these programmes in FY13 was Tk 231 billion, which was equivalent to 2.2 percent of GDP. These programmes are administered by as many as 30 line ministries/agencies and there is no formal mechanism for sharing information among the implementing ministries/agencies.

Because of the proliferation of programmes, the budget for most programmes is small and the average benefit per individual is low. While coverage of beneficiaries has increased, the targeting performance suggests the need for improvement. For example, in 2010 of the 24.5 percent of households who reported benefitting from at least one of the 30 SPPs covered in the HIES, 82 percent of the beneficiaries belonged to the poor and vulnerable group while some 18 percent of the beneficiaries were non-poor. Importantly, as noted above, 64 percent of the poor did not have access to any SSP.

A strategic review of programmes shows that some 65 percent of the SPPs are seeking to address life-cycle related risks. Yet, there are significant gaps. The SP coverage of children aged 0-4 years is very small. Furthermore, only a small proportion of people with disabilities and elderly persons receive some form of benefit. Coverage is highest among school age children but the transfers they receive are low in value, a problem that affects almost all of Bangladesh's social protection schemes.

There is a dominance of food-transfer and rural employment programmes in terms of beneficiary participation as well as funding owing to the nation's focus on eliminating hunger and reducing rural poverty. With rapid GDP growth over the past 10 years and good agricultural performance, the incidence of hunger and food poverty is being reduced substantially. There is also evidence that the labour market in agriculture is tightening as reflected in growing agricultural real wages. In view of this changing economic landscape, the nature of poverty and the risk profile is also changing. This requires a reassessment of the adequacy of the present SPS schemes to meet the social protection requirements of the Bangladeshi population in the 21st Century.

Much of the SPPs are focused on addressing the risks faced by the rural poor. With the evolving economic transformation in Bangladesh - where both the GDP and employment domination of the rural economy is declining and the urban economy is growing with an increasing number of poor and vulnerable in the urban areas- the SP system needs to be rethought strategically to anticipate the importance of these changing economic and social dynamics and develop programmes that do not focus only on the rural poor but instead become a more inclusive system whereby the poor and vulnerable can expect to access SPPs irrespective of where they live.

Presently, the employment market is dominated by informal employment. Bangladesh is aspiring to become a middle-income country by 2021. Already, the per capita annual income level has crossed the US\$ 1000 mark. As the economy grows and the share of modern manufacturing and organized services in both GDP and employment expands, the requirements demand from the SPS system will change dramatically. The approach to delivering social benefits will therefore need to broaden from the concept of a safety net to a more inclusive concept of a social protection strategy that is aligned to the life cycle and incorporates formal employment policies as well as social insurance schemes. This will fit more cogently with the needs of a modern urban-based economy the demand for this is already seen from the risks faced by the Readymade Garments sector.

Another major shortcoming of the present SPS is the absence of an effective monitoring and evaluation (M&E). There is no formal mechanism for regularly reviewing the performance of the SPS either at the national level or by individual programmes. Some limited efforts aimed at studying the impact of programmes supported by donors have been done in recent years. The findings of these one-off exercises illustrate the critical importance of instituting a well-designed formal M&E system for SPPs.

E. Lessons of International Experience

The NSPS has benefitted from several lessons from international experiences.

First, there is growing global evidence that social protection works and is an essential tool in tackling poverty and promoting economic growth. However, the value of any social transfer and programme coverage will have to be sufficiently large to have a meaningful impact.

Second, in the early stages of the development of national social protection systems, it is common for countries to target schemes at the poorest households. However, as social protection systems mature, they are shaped by the need to address the causes of poverty and are designed to address the risks and challenges associated with different stages of the lifecycle.

Third, as countries build their social protection systems, they need to decide the relative balance between tax-financed and social insurance schemes. International experience suggests that tax-financing should be used to provide a minimum level of benefits for citizens, with a particular focus on the poor, those in the informal and subsistence sectors and those without employment. Social insurance schemes should enable those who have sufficient income to invest in an additional level of protection against lifecycle risks.

Fourth, as countries move towards building lifecycle social protection systems, the question remains on how best to include poor and vulnerable families into tax-financed schemes. Countries have experimented with many different means of identifying the poor – including community-based targeting, unverified means tests and proxy means tests– but all have relatively high levels of inaccuracy. Combined approaches work better than one single methodology.

Fifth, proper administrative arrangements involving a coordinating agency, strong implementing agencies, professional staff, a sound MIS, a payment system based on financial institutions, a proper M&E and an appeals system to resolve beneficiary grievances are all elements of a sound social protection delivery system.

F. The Proposed Social Protection Strategy

NSPS in the Context of the Social Development Framework: The Government's social protection policy must be seen as a core element of the other policies and programmes that together comprise the broader social development framework (SDF). The main objective of the SDF is to have a comprehensive and consistent set of policies that can help Bangladesh achieve better equity and social justice in the context of its development effort. This focus of the SDF is to be achieved through a range of policies and programmes encompassing the Government's poverty reduction strategy, the education strategy, the health, nutrition and population strategy, the strategy for sanitation and water supply, the strategy for inclusive finance, the strategy for women and gender empowerment, the strategy for social inclusion of ethnic and religious minorities, the strategy for environmental protection and climate change management, the strategy for disaster management and social protection strategy. These various strategies and programs are mostly complementary in nature and tend to strengthen the impact on poverty reduction, reduce vulnerability of the poor and promote social cohesion

NSPS Vision: In the long-term the objective is to move towards building a social protection system that is available to all Bangladeshis, providing everyone with a guaranteed minimum income but also a comprehensive safety net for those who suffer shocks and crises that may push them into poverty. Therefore, the long-term **vision** for social protection is to:

- ***Build an inclusive SPS for all Bangladeshis that effectively tackles and prevents poverty and rising inequality and contributes to broader human development, employment and economic growth.***

The current NSPS is designed with this long-term vision in mind. Therefore, over the next five years the Government will take appropriate steps towards achieving this vision, while being cognizant of the reality that substantial change will take time. The Government will focus on building the foundations of a progressive and inclusive system. Over the next five years, the **goal** for the NSPS is to:

- ***Reform the national SPS by ensuring more efficient and effective use of resources, strengthened delivery systems and progress towards a more inclusive form of social protection that effectively tackles lifecycle risks, prioritising the poorest and most vulnerable members of society.***

Priority Challenges for the Medium-Term: Against the backdrop of the review of past SPS experience, the priority challenges that will need to be addressed over the next five years are:

- Expanding coverage of core schemes for the most vulnerable members of society, focusing on children, the elderly and people with disabilities.
- Ensuring that the most vulnerable women are provided with income security and greater opportunities to engage in the labour market, in particular as they enter into motherhood.
- Initiating a social insurance system that enables people to invest in their own social security, providing protection against the risks of old age, disability, unemployment and maternity.
- Expanding coverage to the residents of urban areas and to the socially excluded people.
- Ensuring that the social protection system supports an effective disaster response system.
- Strengthening the delivery systems for priority transfers by establishing advanced management information systems and professional staff.

Programme Consolidation along the Life Cycle Risks: The NSPS will strengthen the transformation towards a lifecycle system by consolidating programmes in a small number of priority schemes. The aim is to identify the high priority schemes make the system more inclusive by incorporating a higher proportion of poor and vulnerable people within it. This will be achieved by gradually increasing coverage of priority schemes and ensuring that selection processes priorities the inclusion of poor and vulnerable families.

The five core life cycle programmes suggested by NSPS are:

Programmes for Children: The strategy advocates two core programmes for children:

- A child grant of Taka 800 per month for children of poor and vulnerable family up to age 4. The child grant will be limited to a maximum of two children per family to avoid any adverse implications for the population management policy.
- A school stipend of Taka 240 per month for all primary and secondary school going children belonging to the poor and vulnerable households.
- The children will also have the disability benefit, the school meals programme, the orphans programme and the legal provision to ensure that abandoned children get the financial support from the responsible parent.
- Supply side interventions relating to immunization, childcare health and nutrition, water supply and sanitation and nutrition outreach will be strengthened.

Programmes for the Working Age: The strategy consists of:

- Strengthening education and training programmes to motivate the **youth** to complete education and to enable the working youth and the older workforce to acquire required skills.
- Implementing a strengthened workfare programme for the unemployed poor. The Government will build on the ongoing reforms of the workfare programmes by converting food-based programmes into cash-based and consolidating these fragmented

schemes into one workfare programme within the Employment Generation Programme for the Poor. It is expected that the reform of the workfare programmes will be completed by July 2018.

- Introducing legislation for providing unemployment, sickness, maternity and accidental insurance as a part of the NSIS (see below)
- Implementing a programme of financial support to **vulnerable women** (widows, divorced, destitute, single mother, and unemployed single women) and facilitate their participation in the labour market. In the strategy, women will be entitled to the Citizen's Pension and the Disability Benefit as relevant. Additionally, in recognition of the special difficulties faced by vulnerable working age women, the strategy advocates a consolidated income transfer under the reformed Vulnerable Women's Benefit (VWB) that provides Taka 800 per month to this group.
- In addition, the strategy provides for expansion of the Maternal Health Voucher Scheme (MHVS) administered by the Ministry of Health and Family Welfare and a range of policy measures to facilitate the entry of women in the labour market. These include continuation of training provided under the ongoing Vulnerable Group Development (VGD) scheme, provision of childcare facilities in all government offices and in formal private sector, as well as maternity insurance through the NSIS as noted above.

Comprehensive Pension System for Elderly: This reformed programme has four components:

- The Citizen's Pension for citizens who are aged 60 years and above and belong to the poor and vulnerable population. The monthly rate will be increased to taka 3000 for the few people who exceed 90 years since this will generate significant incentives to care for elderly people.
- Continue with the Government Service Pension with no change at this time.
- Introduce legislation to establish a National Social Insurance Scheme (NSIS) that makes it obligatory for all private enterprises in the formal sector to offer a contributory pensions programme for all employees. The NSIS will provide pensions as well as address other contingencies (such as disability, sickness, unemployment and maternity).
- Review options to facilitate the development of Private Voluntary Pension (PVP), which are open to all citizens irrespective of occupation or formality of employment.

The Citizen's Pension and the Government Service Pension will be funded by the Budget. The NSIS and the PVP will be funded through employer and employee contributions.

Programmes for People with Disabilities: The support strategy for the disabled consists of:

- A disability benefit of Taka 800 per month for children suffering from disability.
- A disability benefit of Taka 800 per month for working age population suffering from disability.

Preserving the Value of Transfers: To prevent the value of transfers from falling, all cash transfers provided through the above Life Cycle based core schemes will be indexed to inflation.

Income Eligibility Criteria: The above programmes will be available to all poor and vulnerable population (about 50 percent of the population) if they meet the other requirements of each specific programme. Income eligibility will be determined on the basis of a Proxy Means Test (PMT) that is being developed by the Bangladesh Bureau of Statistics (BBS).

Programme Implementation: The core life cycle programmes will be implemented gradually over a three year period starting from July 2015-16. The programmes will be continued thereafter based on periodic reviews and modifications as necessary.

Health Insurance and Human Development Supply Side Interventions: The Government is aware that without health financing reforms and adequacy of supply side interventions in health, education, water supply and sanitation, the cash transfers from the life cycle scheme alone will not achieve the desired results. The Government has already adopted a long-term comprehensive health financing reform strategy, which will be fully implemented. Additionally, efforts to strengthen the provision of health care, nutrition, water supply and sanitation, and education and training will continue.

Special Programmes for the Freedom Fighters: The schemes to support the freedom fighters and their families will continue under the consolidated Freedom Fighters Benefit Programme.

Consolidating Small Schemes: In recent years there has been a rapid expansion in the number of small schemes. Much of this has been led by development partners, usually well intentioned as new approaches have been piloted and specific challenges addressed. However, with the formulation of core programmes of the NSPS, it is important to assess whether these schemes are adding value in terms of innovative ideas with prospects for scaling up. Under the leadership of the General Economics Division (GED) of the Planning Commission, each sponsoring Ministry of these small schemes will be responsible for determining the value of these schemes and, by mid-2015, will present a business case if they believe that the programme should continue. The GED will, on the basis of the business cases, make proposals to Cabinet on which schemes should continue. Decisions will be finalized and implemented from July 2016.

Consolidation of Food Transfer Programmes: The Government will gradually convert all food-based transfer programmes that are a part of the NSPS into cash transfers. All workfare-based food programmes will be converted into one consolidated cash-based workfare programme under EGPP. The transfer of food during disaster will continue as a disaster management response as necessary under the management of the Ministry of Disaster Management and Relief. The only Food Programme that will continue under the NSPS as a food security programme is the Open Market Sales (OMS) managed by the Ministry of Food. The scope of the

OMS will be expanded as necessary to tackle hunger and food affordability issues as appropriate. The OMS will remain self-targeted as presently.

The reform will be done in an orderly manner by the Ministry of Food in consultation with the Ministry of Disaster Management and Relief. Food distribution through OMS and as disaster relief will be coordinated with the Government's Food Stock Policy as appropriate. It is expected that the reform of the food transfer programmes will be completed by July 2018.

Reducing Risks and Vulnerabilities from Climate Change, Environmental Degradation and Disaster Preparedness: The Government's programmes to address climate change and disaster prevention will be further strengthened as a part of its broader development effort. Agricultural research, embankment and reforest programmes, disaster preparedness etc are already making important inroads in lowering the vulnerability of the population to climate change and natural disasters. Longer-term programmes such as the planned Delta Region Development can be of further benefit in this regard.

Reaching Out the Urban Population: The Government is mindful of the need to bring more of the poor and vulnerable population living in urban areas under the umbrella of social protection. Accordingly, steps will be taken to ensure that the priority social protection schemes for the elderly, children, vulnerable women and people with disabilities are expanded so that urban residents have equal access. The Government also understands that new proposals in NSPS such as the childcare proposals and the NSIS will initially benefit urban residents mostly owing to the location of the formal economic activities. Therefore, special efforts will be made to expand these benefits to the rural population. This is a longer term agenda and the Government will review experiences of countries like Brazil and Mexico to determine how the scope of social insurance schemes can be expanded for the rural population.

Reaching Out the Socially Excluded Population: A range of socially excluded population that faces various social discriminations based on religion, ethnicity, profession or illness. The Government is highly sensitive to ensuring the elimination of all kinds of socio-economic discrimination against these groups through legislative and other affirmative actions. This is a major agenda item for the Government's broader Social Development Framework. The Government will also ensure that these groups have similar access as the rest of the population to all social protection programmes and to all publicly provided basic services in education, health, nutrition, population planning, water supply and sanitation. The Government believes that these two strands of public policy are the best way to support the development of these groups.

The Government is aware that special efforts will be needed to reach many of the members of this group. This will involve sensitizing staff of social protection agencies as well as relying on local government and NGOs for identifying potential beneficiaries. An effective grievance redressing mechanism will also be helpful to bring members of these excluded populations into the social protection network.

G. Financing the NSPS

The full financing of the NSPS programme is based on cost sharing arrangements between the government and the private sector. The tax-financed component is only one part of the NSPS financing; the other part is financed by the private sector based on social insurance and employment based regulations. One fundamental policy question is whether the tax-financed component of the NSPS is affordable in terms of available budgetary resources. The financing assumption is based on keeping the spending on SPP constant as a share of GDP at the current level (2.2 percent of GDP). This is a conservative assumption for two reasons: First, the Government had planned to increase the share of SPP spending from 2.2 percent of GDP to 3.0 percent by the end of the Sixth Plan (FY14-15). Second, the updated medium-term macroeconomic framework of the Sixth Plan shows that the consolidation of the ongoing tax reform progress will allow the government's resource base to grow by 3 percent of GDP in FY15-16 over the Sixth Plan base year of FY09-10.

The Base Case financing availability assumes that GDP will continue to grow at an average rate of 6 percent per year, as presently. Projections show that the available resources are broadly consistent with required resources. There is a small gap in the first few years after the introduction of the reform programme in FY15-16. These gaps are modest, growing only to 0.5 percent of GDP in FY17-18 and then starts falling, turning into a surplus in FY 21-22.

These results are comforting for a number of reasons.

- First, the SP reform programme is financeable even under conservative financing availability assumptions. The small gap in the first few years could be covered by allocating the modest additional amount required from a growing budget. Even when expenditure reaches a peak of 2.7 percent of GDP in FY17-18, it is still below the 3.0 of GDP level financing assumed in the Sixth Plan. Importantly, much of the additional benefit goes to the children of poor and vulnerable family, which is a high priority for the Government.
- Second, the projections over the longer-term show that the suggested NSPS is fully consistent with the changing demographics of an aging population and a declining young age cohort.
- Third, the strategy provides for sufficient financing for non-core programmes to allow resource transfers across programmes depending on the M&E results of individual programme effectiveness.
- Finally, with unchanged benefits, a substantial surplus builds up after FY21-22. The surplus would be larger under a high case GDP growth scenario of 7-8 percent per year. These suggest that the Government would be able to re-examine the benefit levels for possible increases across both life cycle and other programmes to meet the social protection requirements of the poor. The Government could also introduce and scale up new innovative programmes for the extreme poor or for selected target group (i.e. youths).

Poverty Impact of the Reformed SPS: The simulation results suggest that the restructured programmes will result in significantly better poverty outcomes when compared with the present programmes. The more positive results happen because a substantially larger number of poor households benefit from a better defined and higher average benefit-yielding SPS.

H. Strengthening the Delivery of the National Social Protection System

The Government understands that improvements in the administrative arrangements for the NSPS will be critical to its success. Administrative problems and weak governance in the implementation of SPPs are inter-linked. Establishing good institutional arrangements for administering well-designed SPPs will also help lower leakages. The review of past experience suggests that there are a number of areas that need to be reformed. The key priorities are to address:

- A vastly simplified institutional arrangement that allows proper planning, implementation and M&E of the NSPS.
- The professionalization of staff so that there is a group of public servants who are experts in the delivery of social protection schemes at both national and local levels.
- Effectiveness in identifying recipients for social protection schemes.
- Up-grading the MISs so that they are able to underpin the effective and efficient delivery of transfers and promote cross-governmental coordination and monitoring of performance.
- Strengthening payment mechanisms to minimize leakage and to use the social protection system to promote financial inclusion, in particular among poor and vulnerable families.
- Establishing an effective grievance and complaints system so that all citizens have recourse to appeal decisions on selection and can notify the competent authorities about instances of misconduct and failures in the delivery of the promised benefit.

Administrative Reforms: Drawing from good practice international experience, the Government will establish a coordinating Ministry and a specialized agency to simplify and coordinate NSPS delivery. This will imply a significant transformation in how Bangladesh delivers its social protection schemes at both local and national levels. These reforms will be intimately linked to initiatives to build a professionally competent social security staff and the modernisation of the MISs across all social protection schemes. The planning and M&E of SPS will be strengthened by assigning these responsibilities to the GED.

Ministry of Social Development: The existing Ministry of Social Welfare will be converted into a significantly strengthened Ministry of Social Development (MSD). The MSD will serve as the coordinating Ministry for implementing the NSPS. The MSD will be established by the Cabinet by July 2014.

National Social Security Agency: Under the auspices of the MSD, a National Social Security Agency (NSSA) will be created that will be responsible for the delivery of all social protection

schemes that are under the MSD. The NSSA will incorporate the Department of Social Services (DSS) of the Ministry of Social Welfare and become a semi-autonomous institution. The MSD will prepare a detailed plan for the establishment of the NSSA and submit to the cabinet for approval by December 2014. It is expected that the Agency will start functioning by July 2015. It will be built up gradually and the new structures will initially be piloted in a small number of regions before being gradually rolled out nationally. It is expected that the NSSA would be fully functioning nationwide by July 2018.

The NSSA will establish professionally competent staff to work at all levels, ensuring the highest standards of propriety. A one-month training scheme will be developed for staff, in partnership with a national university, to commence in the latter half of 2015. Resources will also be set aside for the continuous professional development of staff.

Role of Local Government Institutions (LGIs): The NSSA will work closely with the LGIs and NGOs. The LGIs will be instrumental in helping identify potential beneficiaries, resolving disputes and helping conduct M&E exercises. The LGIs will also work with line Ministries in the delivery of programmes that are outside the NSSA.

Role of NGOs: The Government will continue, and where necessary, deepen the partnership with NGOs in the area of delivering social protection services based on the NSPS. Specific areas where NGOs can be helpful concern piloting of innovative ideas for possible scaling up, identification of potential beneficiaries, especially those that are hard to reach because they live in remote areas or belong to the marginalized or vulnerable social group of the population, and helping redress grievances and disputes relating to the implementation of the NSPS.

Interim Administrative Arrangements: The Government understands that these administrative changes are far-reaching. In some areas related actions can be taken quickly taking advantage of the existing administrative infrastructure. However, the Government is mindful that full implementation of the reforms will take time. It also recognizes that in the interim there must not be any disruption in the administration of ongoing benefits. Therefore, until such time as the MSD and NSSA are fully functional, the line Ministries will continue to administer the programmes in their own domain.

Establishing a Single Registry Management Information System: The efficient administration of social protection schemes requires that high quality Management Information Systems (MISs) are in place. A number of developing countries have shown that it is possible to establish effective MIS using advanced technologies. In effect, a form of national Single Registry can be established, based on a network of independent but interlinked scheme-specific MISs.

The Government will, therefore, establish a national Single Registry that uses the database from the national identity system and is based on building scheme-specific MISs that communicate with each other and deliver comprehensive information across government. The MSD will take

the lead in establishing the Single Registry in coordination with other concerned ministries. However, the NSSA and other concerned ministries will be directly responsible for overseeing the MISs for all schemes that are their responsibility.

By September 2014, the Ministry of Social Development will commission a review of MISs across all of Bangladesh's social protection schemes. The review will be tasked with making recommendations on how best to establish a Single Registry and the costs of implementation. The Government will initially test the MIS within the NSSA, focusing on the initial pilot regions where the first NSSA offices will be established. Over time, the MIS will be extended as the NSSA expands nationwide. The Government expects a fully functioning national Single Registry to be in place by the end of 2018.

Strengthening Government to Person (G2P) Payment Systems that Promote Financial

Inclusivity: A further key reform that will be introduced is an initiative to transform the Government to Person (G2P) payment systems so that they promote financial inclusivity and prevent leakages. The Government has already improved the cash delivery systems in some social protection schemes so that transfers are delivered through financial institutions. Therefore, to take forward this initiative, the Finance Division of the Ministry of Finance will undertake a comprehensive review of current G2P payment mechanisms as well as international experience. The review will make recommendations on how to transform the current payment systems to ensure that they promote and permit greater financial inclusion of recipients. The study will run in parallel with the MIS study, beginning in July 2014. The recommendations of the review will be assessed by Government and by July 2015 a plan will be developed by the Ministry of Finance – in collaboration with MSD and other key delivery ministries – to transform the G2P payment system.

Strengthening Processes for Selecting Recipients of Social Protection Schemes: Given the increases in expenditure proposed for core social protection schemes, it is imperative to ensure that transfers go to the right people. Yet, identifying the right people is a common challenge faced by developing countries, in particular when using poverty-based selection processes. As noted earlier, recently the BBS has taken an endeavour to establish a Bangladesh Poverty Database (BPD) using the PMT approach. In view of the limitations of the PMT approach, a combination of PMT, support from local government, and support from NGOs will be employed to identify the poor and vulnerable population. Assessing disability is problematic in many countries – both developed and developing – but the Government is willing to invest sufficient resources to ensure that the most deserving are able to access the disability benefits.

The Government will, therefore, task the MSD- supported by a cross-governmental advisory body – to design detailed selection processes for each social protection scheme, aligned to the eligibility criteria to be used for each scheme. The review will start in July 2014 and make its recommendations by December 2014. The Government will then gradually introduce new processes across schemes from 2015.

Appeals Mechanism: The Government understands that it is impossible to always make the correct decisions on recipients. Therefore, the Ministry of Social Development will develop a nationwide complaints and grievance mechanism. The exercise will run in parallel with the task on selection processes and its recommendations will be implemented starting in 2015.

I. Towards a Results-Based Monitoring and Evaluation System for the Social Protection Programmes

Once the NSPS has been designed and implemented, an ongoing process of monitoring and evaluation (M&E) will be needed to improve delivery processes, document results, inform policymakers about the effectiveness of alternative approaches, and mobilise political support for sustainability and expansion of the programmes that comprise the strategy.

Coordinating Role of GED for M&E: The Sixth Five Year Plan (SFYP) assigned overall responsibility for instituting a results-based M&E to the Planning Commission. The GED in collaboration with the Implementation Monitoring and Evaluation Division (IMED) has been asked to take the lead responsibility. GED will be responsible for preparing the M&E framework at the individual programme level as well as at the national level. It will also be responsible for overall coordination of the M&E framework and dissemination of the evaluation results. Evaluation at the individual programme level will be the responsibility of IMED whereas evaluation of the overall SPPs will be the responsibility of the GED. The GED will also be responsible for overall coordination of the M&E framework and dissemination of the evaluation results

Data Availability and BBS Capacity Building: The SFYP also recognises that the availability of reliable data and its timeliness is crucial for policy making and impact evaluation which calls for increasing efficiency of the statistical system. This M&E of the NSPS should rely in large part on regular surveys undertaken by the BBS, such as the HIES, augmented by panel surveys and qualitative approaches. The capacity of the BBS will be further strengthened to enable it conduct surveys, special surveys and censuses to produce quality data required for conducting M&E.

The M&E system will need to be adapted to the implementation capabilities of Bangladesh at the present time. This is a dynamic process that will evolve and mature as Bangladesh gains more experience and improves its administrative capacity. As a first step, a task force will be established in July 2014 under the supervision of GED and comprising of government officials and national experts to develop an implementable M&E framework based on the analysis of Chapter 7 of NSPS. The task force will submit its recommendations by December 2014 and implementation will start in July 2015.

Dissemination and Use of M&E Results: Emphasis on M&E is placed in order to ensure that best results are obtained from the resources spent on social protection. It is therefore important that there are well-specified mechanisms for disseminating the findings of the M&E. All

information needs to be readily available to stakeholders, in this case the beneficiaries, ministries and NGOs involved. The beneficiaries should be aware of the programme outcomes and the eligibility criteria for each programme. This could be best achieved by putting all monitoring data and evaluation results on the website of the Ministry of Social Development as well as the website of the Planning Commission. All evaluation reports would be shared with the cabinet and responsible Parliamentary Standing Committee. The Ministry of Social Development will be responsible for reporting to the cabinet and the Parliamentary Standing Committee the types of actions taken to respond to the findings of the evaluation reports.

A Summary of Proposed Reforms

Proposed Reform	Action Plan	Ministry/ Agency
A. Programme Reforms		
<p>1. Strengthening Social Protection for the Children (age <1 – 18)</p> <p>--Child Benefit</p> <p>--Primary and Secondary School Stipends</p> <p>-- Continuing Orphan’s and School Meals Programmes</p> <p>--Ensuring Child Maintenance Payment for Abandoned Children</p> <p>--Strengthen Immunization, Child Healthcare, Nutrition and Water and Sanitation Programmes.</p>	<p>-- Submit detailed implementation plan for the Child Benefit to the Cabinet, December 2014</p> <p>-- Submit detailed implementation plan for the scale up of the stipend programmes to the Cabinet, December 2014</p> <p>-- Implement programme, 2015-18.</p> <p>-- Maintain ongoing programmes</p> <p>--Develop policy and start implementation, July 2016</p> <p>- Take actions to strengthen supply and outreach of these programmes (ongoing)</p>	<p>--Women & Children’s Affair (MoWCA)</p> <p>-- Primary & Mass Education (MoPME) and Education (MoE)</p> <p>MoPME/MoE</p> <p>-MSD/MoPME</p> <p>--MoWCA</p> <p>--Concerned Ministries</p>
<p>2.a Strengthening Programmes for Working Age (age 19-59)</p> <p>--Strengthen Education and Training</p> <p>-- Strengthen Workfare Programmes</p> <p>--Introducing Unemployment, Accident, Sickness and Maternity Insurance under NSIS</p>	<p>- Strengthen quality of education and training</p> <p>--Consolidate all workfare programmes into one programme under EGPP by July 2018</p> <p>--Commission study to design legislation for unemployment insurance for workers in the organized private sector, January 2015.</p> <p>--Legislation sent to Parliament by July 2016 with implementation starting in July 2017.</p>	<p>--MoPME/MoE</p> <p>--Disaster Mgt and Relief/Local Government</p> <p>--Labour & Employment (MoLE /Social Development (MSD)</p> <p>--MoLE</p>
<p>2b. Strengthening Programmes for Vulnerable Women (age 19-59)</p> <p>-Consolidate into one VWB programme on a cash basis (taka 800/month).</p> <p>-- Provision of Childcare across all Formal Employment</p> <p>-- Maternal health care</p> <p>--Training programme</p>	<p>--Submit detailed implementation plan for Vulnerable Women’s Benefit (VWB) to the Cabinet, December 2014.</p> <p>-- Implement programme, July 2015-18</p> <p>-- All government offices and formal private enterprises have childcare facilities by 2018.</p> <p>-- Continue. Prepare expansion plan, Dec 2014</p> <p>--Continue training under VGD</p>	<p>--MoWCA</p> <p>--MSD /NSSA</p> <p>--MoWCA</p> <p>-- MoHFW</p> <p>--MoWCA</p>
<p>Protecting the Old: Comprehensive Pension System for the Elderly (age 60 +)</p> <p>--Tax-Funded Citizens’ Pension</p> <p>-- The National Social Insurance Pension (NSIP)</p> <p>-- Private Voluntary Pensions</p>	<p>-Submit detailed implementation plan to Cabinet, December 2014.</p> <p>--Implement the new pension programme, 2015-18</p> <p>--Establish NSIS Commission to recommend options, July-December 2014</p> <p>--Introduce NSIS legislation, July 2016</p> <p>--Initiate NSIS implementation, July 2017</p> <p>--Initiate study to determine the viability of a Pension Regulatory Authority, January 2015</p>	<p>-- MSD</p> <p>--MSD/NSSA</p> <p>--MSD/Finance</p> <p>--MSD</p> <p>--MSD</p> <p>--MSD/NSIS Authority</p> <p>--MSD</p>

2. Strengthening the System of Social Security for People with Disabilities	-- Submit detailed implementation plan for the Child Dependency Benefit and the Working Age Disability Benefit to Cabinet, December 2014. -- Implement programme, 2015-18	--MSD --MSD
6. Strengthening the Social Protection System for the Urban Poor	Ensure urban poor households have similar access as rural poor households, July 2015-onwards.	Concerned line Ministries, MSD, Finance
7. Consolidate and Reform Food Security Type Programmes	-- By July 2018 consolidate food transfer programmes into one food security programme under OMS; coordinate with food stocking policy. --Food distribution for disaster relief to continue as a disaster relief programme	-- Food / Disaster Management and Relief --Disaster Management and Relief
8. Consolidate small schemes	--Retain few schemes that are innovative and can be scaled up, July 2016.	--Line Ministries/ GED
B. Institutional Reforms		
1. Reorganize the Delivery of Social Protection Programmes --Establish the Ministry of Social Development (MSD) --Establish the National Social Security Agency (NSSA)	--Convert the Ministry of Social Welfare into a strengthened Ministry of social Development, July 2014 -- Prepare detailed plan for the creation of the NSSA and present it to Cabinet by December 2014. -- Make Agency operational by June 2015	--Cabinet --MSD --MSD
2. Establish a Single Registry Management Information System	--Commission a review of MISs across all social protection schemes, September 2014. --Establish a Single Registry on a pilot basis within NSSA, July 2015-December 2017 --Establish nationwide Single Registry, December 2018	--MSD --MSD, NSSA --NSSA
3. Strengthen Government to Person (G2P) Payment Systems that Promote Financial Inclusivity	--Initiate comprehensive review of current G2P system, September 2014 --Initiate implementation of findings, July 2015	-- Finance --Finance, NSSA and other Ministries
4. Strengthen Processes for Selecting Recipients of Social Protection Schemes	--Review of selection criteria for all programmes, December 2014. --Implement recommendations from July 2015 --Combine PMT with use of LGIs and NGOs in identifying beneficiaries	--MSD --NSSA and Ministries --NSSA and Ministries
5. Establish a Complaints and Grievance Mechanism	-- Commission study to design the mechanism, July 2014 --Initiate implementation, July 2015	--MSD --MSD
6. Establish a Results Based Monitoring & Evaluation System	--Assign M&E responsibilities, July 2014 -- Establish task force to develop M&E framework, September 2014 --Implement task-force recommendations, July 2015	--Cabinet --GED --GED, IMED

CHAPTER 1

Development Context for National Social Protection Strategy

1.1 Background

The Government of Bangladesh is strongly committed to reducing poverty in Bangladesh. This commitment is reflected in Vision 2021, the Perspective Plan 2010-2021 and in the Sixth Five Year Plan FY11-FY15. The commitment seeks to build on past progress with poverty reduction and further deepen this progress by both addressing the root causes of poverty as well as by lowering the impact of vulnerabilities faced by the poor population. The Government appreciates that notwithstanding the past impressive progress with poverty reduction, there is a substantial population that remains exposed to poverty owing to various vulnerabilities. This includes the population that remains under the poverty line and those that are just above the poverty line (near-poor) but could easily fall below the poverty line because of these vulnerabilities. Evidence shows that the poor and near-poor group cannot cope with all the downside risks and shocks with their own resources. Consequently, various social safety net programmes have emerged in Bangladesh to help the poor and near-poor address the downside risks and shocks that affect their well being.

The safety net programmes reflect the Government's concern to support the poor and near-poor. Household Income and Expenditure Surveys (HIES) suggest that the coverage of these programmes for the poor and near-poor households has increased. But data also suggest that a large proportion of the poor and vulnerable households do not have any access to these programmes. The average benefit of safety net programmes is low and falling in real terms. There is considerable leakage of allocated funds and a substantial percentage of household beneficiaries are non-poor. Consequently, the impact on poverty reduction from the amount of money spent in these programmes is much less than is possible with a better social protection system.

The underlying reasons for this low poverty impact are numerous. The safety net programmes have mainly emerged in a somewhat ad hoc fashion to meet the needs of an ongoing economic or social crisis resulting from an exogenous shock (e.g. natural disaster) or in response to donor initiatives (protection to vulnerable population groups). As a result, they are multiple in numbers, often duplicative, have low budget allocations for individual programmes, and involve multiple implementation agencies. The monitoring and evaluation aspects of these programmes are inadequate and implementation progress is mainly measured in terms of amount of money disbursed rather than results achieved.

Being reactive to existing needs, the programmes are not well-entrenched in a strategic framework, such as the commonly used life-cycle framework, and in particular do not reflect

future needs resulting from demographic changes. Additionally, as Bangladesh moves away from a primarily agrarian economy towards a more urban-based manufacturing and modern service economy the underlying social and economic risks faced by the poor and near-poor will also change. Indeed, on counts of both demographic and economic structural changes, a number of important gaps in the structure of social protection programmes are already emerging. These changes require a broadening of the safety net strategy to a more inclusive concept of a social protection strategy that also supports recipients of schemes to engage in the labour market as well as social insurance schemes. This vision of social protection fits much more cogently with the needs of a modern urban-based economy and in the context of a life cycle framework.

In recognition of these issues and concerns, the Government of Bangladesh has embarked upon the formulation of a comprehensive National Social Protection Strategy (NSPS) that seeks to streamline and strengthen the existing safety net programmes with a view to achieving better results from money spent, and to broaden the scope of social protection from the more narrow safety net concept to include also complementary labour market policies and social insurance to address the emerging needs of a middle income Bangladesh in 2021 and ahead.

The NSPS draws on the past experience with Social Safety Net Programmes in Bangladesh and good practice international experience. To facilitate the preparation of the NSPS a total of ten background papers were commissioned on the various issues relating to the NSPS. These papers were prepared by a group of international and local experts. A list of the background papers is contained in Annex 1. While the NSPS draws on these background papers, they contain more detailed analysis and provide references of research that were reviewed in preparing the NSPS.

1.2 Social Protection and Social Development Framework

The Government's social protection policy must be seen as a part of the other policies and programmes that together comprise the elements of its Social Development Framework (SDF). The main objective of the SDF is to have a comprehensive and consistent set of policies that can help Bangladesh achieve better equity and social justice in the context of its development effort. This focus of SDF is to be achieved through a range of policies and programmes encompassing the Government's poverty reduction strategy, the education strategy, the health, nutrition and population strategy, the strategy for sanitation and water supply, the strategy for inclusive finance, the strategy for women and gender empowerment, the strategy for social inclusion of ethnic and religious minorities, the strategy for disaster management and social protection strategy. These strategies and programmes are mostly complementary in nature and strengthen the impact on poverty reduction, reduce vulnerability of the poor and promote social cohesion.

This broader concept of SDF should be kept in context in order to understand that the social protection strategy is only one element of this SDF. Importantly, while social protection policy has obvious relationship with poverty reduction and human development it is not a substitute for comprehensive poverty reduction and human development strategies. Similarly, social protection

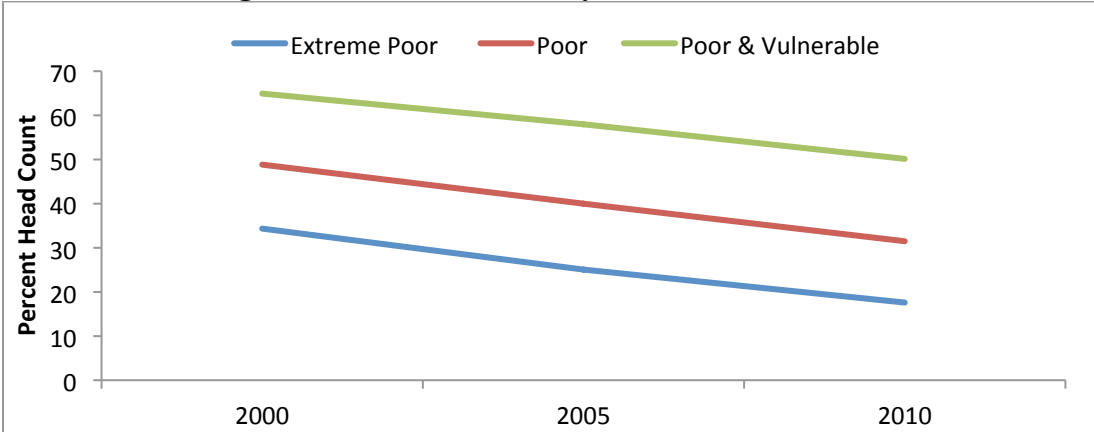
policies, while a major instrument for reducing the vulnerabilities of the poor, are not the only instrument. The Government has many corrective and affirmative action policies to promote social cohesion and inclusion of social groups that might otherwise face discrimination or risk being left out in the society or at the work place. Important examples are affirmative actions to promote better representation of females in the parliament and the civil service; prevention of violence or other discriminatory practices against minority and ethnic groups, programmes to rehabilitate sex workers and the like. Another aspect of the Bangladesh development is the frequency of natural disasters resulting from climate change and geography. Proper management of natural disasters and climate change are a major focus of the Government’s SDF. Substantial and laudable progress has been made by Bangladesh in improving disaster management and reducing its impact in terms of loss of lives and injuries. Yet substantial vulnerabilities remain. The Government is committed to continually refining and improving in its SDF to achieve its development goals.

Against the backdrop of the above, it is important to recognize that the focus of this paper is on the formulation of a National Social Protection Strategy (NSPS) based on a strategic review and reform of existing policies and programmes that directly fall within the purview of a social protection strategy. This NSPS is not to be confused with the SDF that is much broader and comprehensive in coverage. The NSPS should also be seen as complementary to other key social development strategies and policies covered under SDF. A well-defined NSPS will be helpful to avoid confusion and misunderstanding of its focus and coverage and what it should do and what it should not to avoid overlap and duplication with other related strategies.

1.3 Progress with Poverty Reduction

Progress with poverty reduction measured in terms of the headcount index is shown in Figure 1.1. Remarkably, there has been a rapid decline in the rate poverty measured in terms of the percent of population falling below the upper poverty line (UPL). Thus the poverty incidence

Figure 1.1: Trend in Poverty Reduction 2000-2010

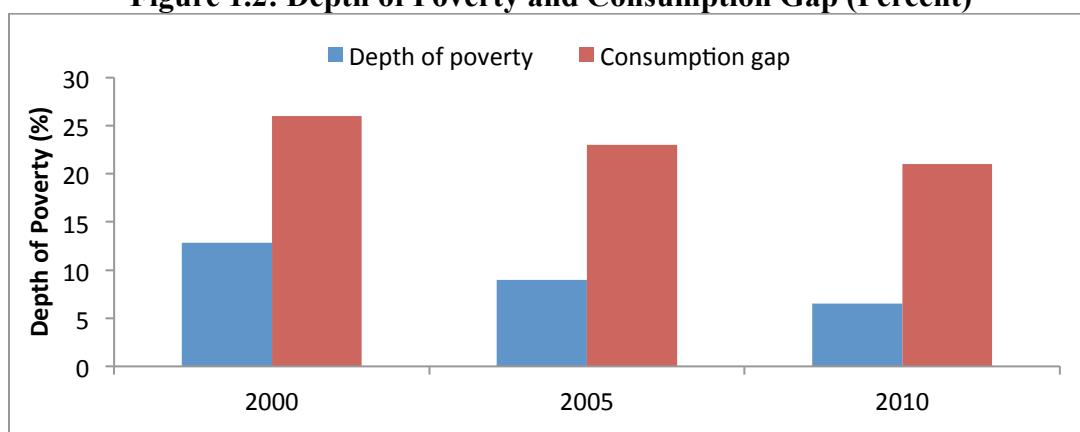


Source: Bangladesh Bureau of Statistics, HIES 2000, 2005, 2010

declined from 48.9 percent in 2000 to 40 percent in 2005 and 31.5 percent in 2010. Commensurately, the percent of chronic poor, defined as population below the lower poverty line (LPL), fell from 34.3 in 2000 to 17.6 in 2010.

Progress has also been made in reducing the depth of poverty. A related measure is the consumption gap, defined as the percent by which the average consumption of poor population falls below the poverty line. These measures indicate the magnitude of the additional effort needed to bring the poor out of poverty. Figure 1.2 shows the depth of poverty and the consumption gap (measured by the ratio of the depth of poverty and the

Figure 1.2: Depth of Poverty and Consumption Gap (Percent)

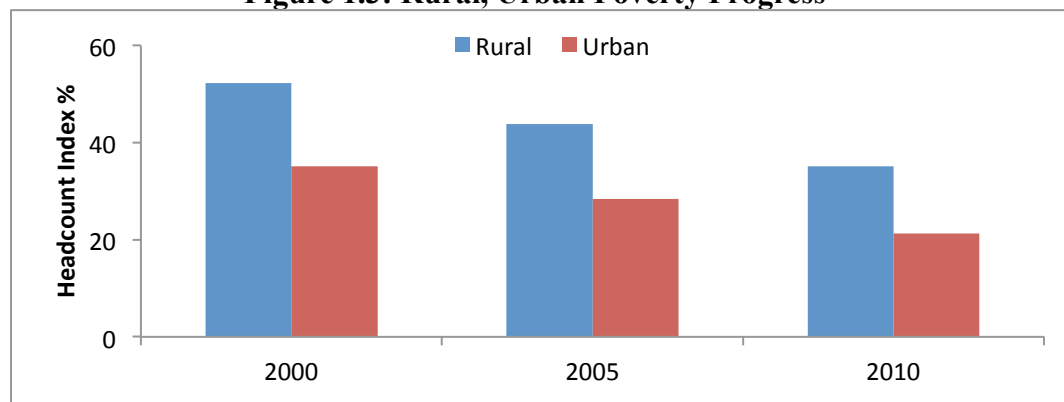


Source: Bangladesh Bureau of Statistics, HIES 2000, 2005, 2010

total headcount poverty rate). There has been a continuous narrowing of this consumption gap between 2000 and 2010. Thus in 2000, the poor on average consumed 26 percent lower than the basic needs consumption basket defined by the poverty line. This gap narrowed to 23 percent in 2005 and 21 percent in 2010.

The rural-urban poverty pattern is indicated in Figure 1.3. Poverty has fallen substantially in both urban and rural areas, although poverty rate remains much higher in the rural areas.

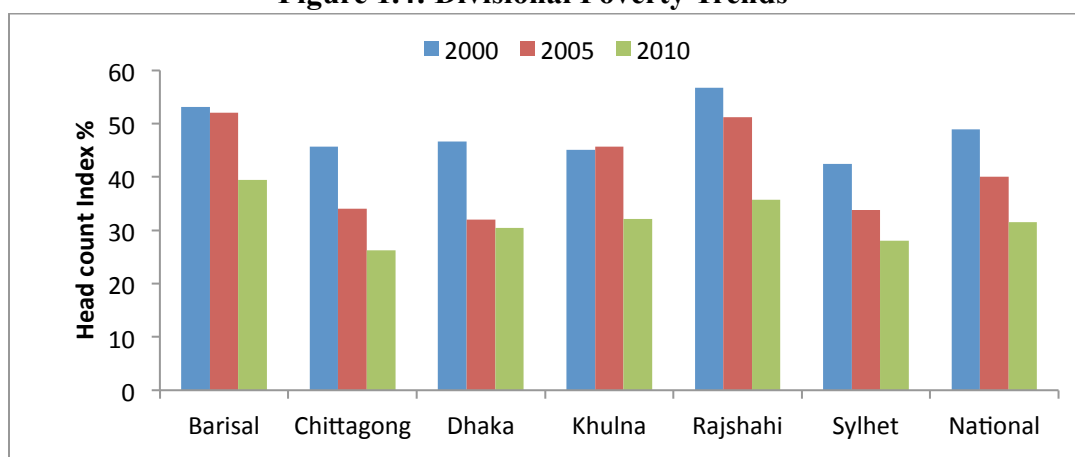
Figure 1.3: Rural, Urban Poverty Progress



Source: Bangladesh Bureau of Statistics, HIES 2000, 2005, 2010

Looking at the regional dimension, the poverty outcomes show a similarly declining pattern. All the six Divisions of Bangladesh have registered significant reduction in the incidence of poverty (Figure 1.4). Even so, the gaps in poverty rates across divisions remain substantial. Rajshahi Division has the highest rate of poverty (39.4 percent), which is significantly higher than the national average (31.5 percent), whereas the Chittagong Division exhibits the lowest poverty incidence (26.2 percent), which is much lower than the national average. Rajshahi and Khulna similarly show higher poverty incidence than the national average, whereas Sylhet and Dhaka have lower than national average poverty levels.

Figure 1.4: Divisional Poverty Trends



Source: Bangladesh Bureau of Statistics, HIES 2000, 2005, 2010

A further interesting regional result coming out of the HIES 2010 data is the distribution of poverty between the recently created Rangpur Division and the redefined Rajshahi Division that now excludes the districts belonging to the Rangpur Division. Remarkably, the poverty incidence for the redefined Rajshahi Division (29.7 percent) is not only lower than the national average, but also lower than Dhaka. On the other hand Rangpur exhibits a much large incidence of poverty (42.3 percent), which makes Rangpur the poorest among all 7 divisions.

Along with reduction in poverty, considerable progress has been made in enhancing human development. The latest Census Data for 2011 also shows substantial progress in improving the living standards of the poor.

The above record of progress with poverty reduction, human development and living conditions of the poor constitutes a major achievement and as a nation has made Bangladesh proud. It is also a reaffirmation that the development strategy is appropriate and on track. Nevertheless, the poverty challenge moving ahead remains enormous. There are several aspects of this poverty challenge that have implications for future poverty reduction strategy. Additionally, these aspects have important bearing in judging the adequacy of the social protection strategy.

First, notwithstanding past progress, some 31.5 percent of the population (47 million) in 2010 was still living below the poverty line.

Second, and very importantly, an additional 18.6 percent of the population was consuming at less than 1.25 times the UPL. This population is close to the poverty line and is highly vulnerable because a large shock such as a major illness, a natural calamity or other external events could cause a substantial part of this population to fall back into poverty. The combined total of poor and vulnerable population, illustrated in Figure 1.1, amounted to 50 percent of the total population (75 million people) in 2010. The Government believes that among this combined group of poor and vulnerable population reaching out to those who are most needy ought to be a major focus of the social protection programmes.

Third, the disaggregation of the poverty profile by location in terms of rural and urban and by Divisions show substantial variations. This geographic variation in the distribution of poverty underscores the need to further refine the poverty profile by other characteristics including gender, age, education, asset and employment in order to design an appropriate poverty reduction strategy and associated interventions. By implication, the social protection strategy also needs to be aligned to the poverty profile and proper assessment of related risks.

Finally, there is growing evidence that, as a result of transformations to the economy and society, traditional forms of care for vulnerable populations is breaking down. This is common in all countries as a result of demographic changes and processes such as urbanization and migration. As has happened across all countries as they develop, it is essential that the social protection strategy sets mechanisms by which the government can step in to ensure a minimum income for the most vulnerable citizens. International experience indicates that social protection transfers can also enable vulnerable citizens to re-engage with their social and kinship networks while providing them with a dignified existence.

1.4 Evolution and Summary of Social Protection Programmes in Bangladesh

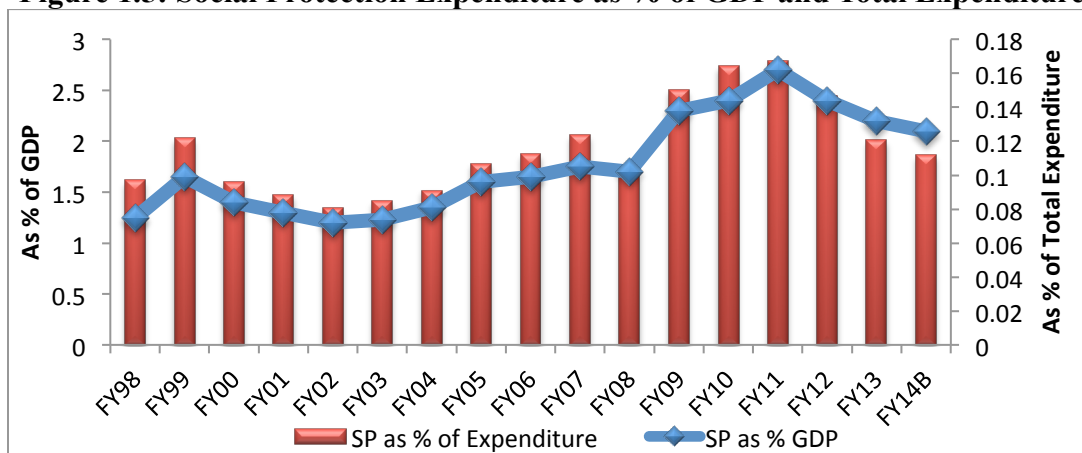
Bangladesh has a long history of formal Social Safety Net Programmes, which, in part, has shaped the nature of the current social protection system. At independence, the main social protection scheme in place was the civil service pension. It was complemented by a Provident Fund that acted as a savings vehicle for government and formal private sector employees, providing them with a lump sum amount on retirement. However, in response to the 1974 famine and floods in the 1980s, new schemes were developed for poor families that were badly hit. The schemes were mainly public works and other food aid programmes, making use of foreign assistance. In the 1990s the Government began to introduce schemes that addressed risks across the lifecycle, such as school stipend programmes and allowances for the elderly, people with disabilities, and widows. During the 1990s, there was also significant investment by donors in various NGO programmes, providing a range of social services, including social transfers.

There has also been a gradual growth in the proportion of transfers provided as cash rather than food, although cash is mainly provided through the lifecycle programmes. By the mid-2000s, foreign food aid was mostly withdrawn and replaced by food transfers funded from taxation. There has also been a significant increase in small schemes among both NGOs and government that include some element of social protection.

Reflecting the Government’s commitment to social protection, budgetary allocations have grown in absolute terms as well as a share of GDP. As shown in Figure 1.5, the allocation for Social Protection Programmes (SPPs) increased from 1.3 percent of GDP in 1998 to 2.5 percent in FY2011. Since then, it has stabilized around 2.0 percent of GDP. Although this level of funding is modest by international standards, when measured against the government’s tight budget situation, this represents a substantial commitment, accounting for 12 percent of total government spending, and reflects the high priority accorded by the Government to this aspect of the social development policy.

Bangladesh’s current social protection system is complex, comprising a large number of programmes and managed by many ministries. According to a comprehensive official compilation prepared by the Ministry of Finance, there are 95 programmes under the social protection system currently financed through the budget. The total amount spent on these programmes in FY13 was Tk 231 billion, which was equivalent to 2.2 percent of GDP. These programmes are administered by as many as 30 line ministries/agencies and there is no formal mechanism for sharing information among the implementing ministries/agencies.

Figure 1.5: Social Protection Expenditure as % of GDP and Total Expenditure

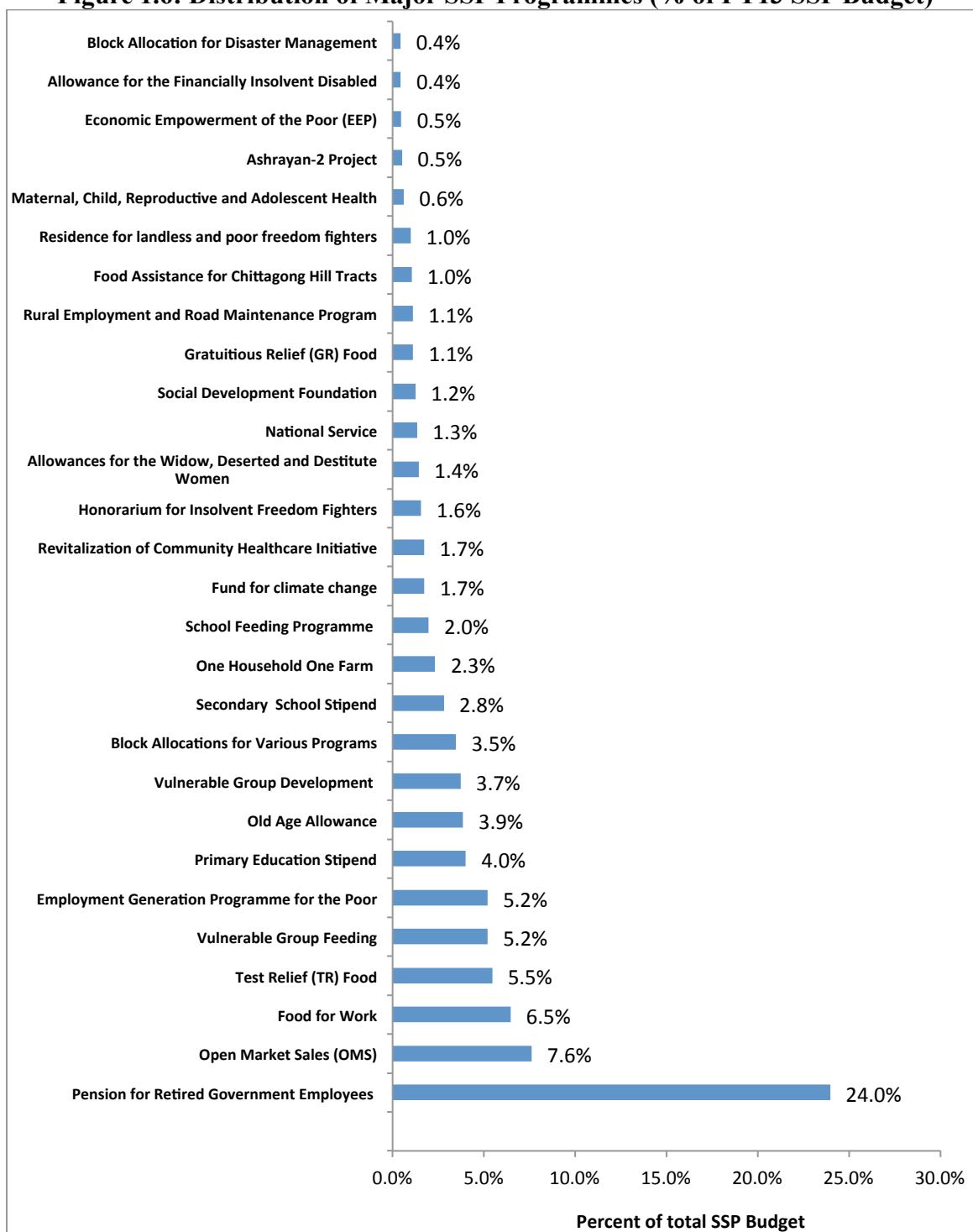


Source: Ministry of Finance

A review of the SPPs also indicates that there are serious overlaps among the various programmes and many are too small to have any significant impact on the target groups. About 58 percent of programmes (55 of the 95 programmes) have an annual budget of less than Tk. 500 million (US \$6.3 million) and collectively account for only 4 percent of Government’s total social protection spending.

Figure 1.6 shows the distribution of the SPPs by major individual programmes. The term major is defined to include all programmes that had a budget allocation in FY13 of taka one billion or more (US dollar 12.5 million or more). Some 28 schemes meet this criteria and account for 92

Figure 1.6: Distribution of Major SSP Programmes (% of FY13 SSP Budget)



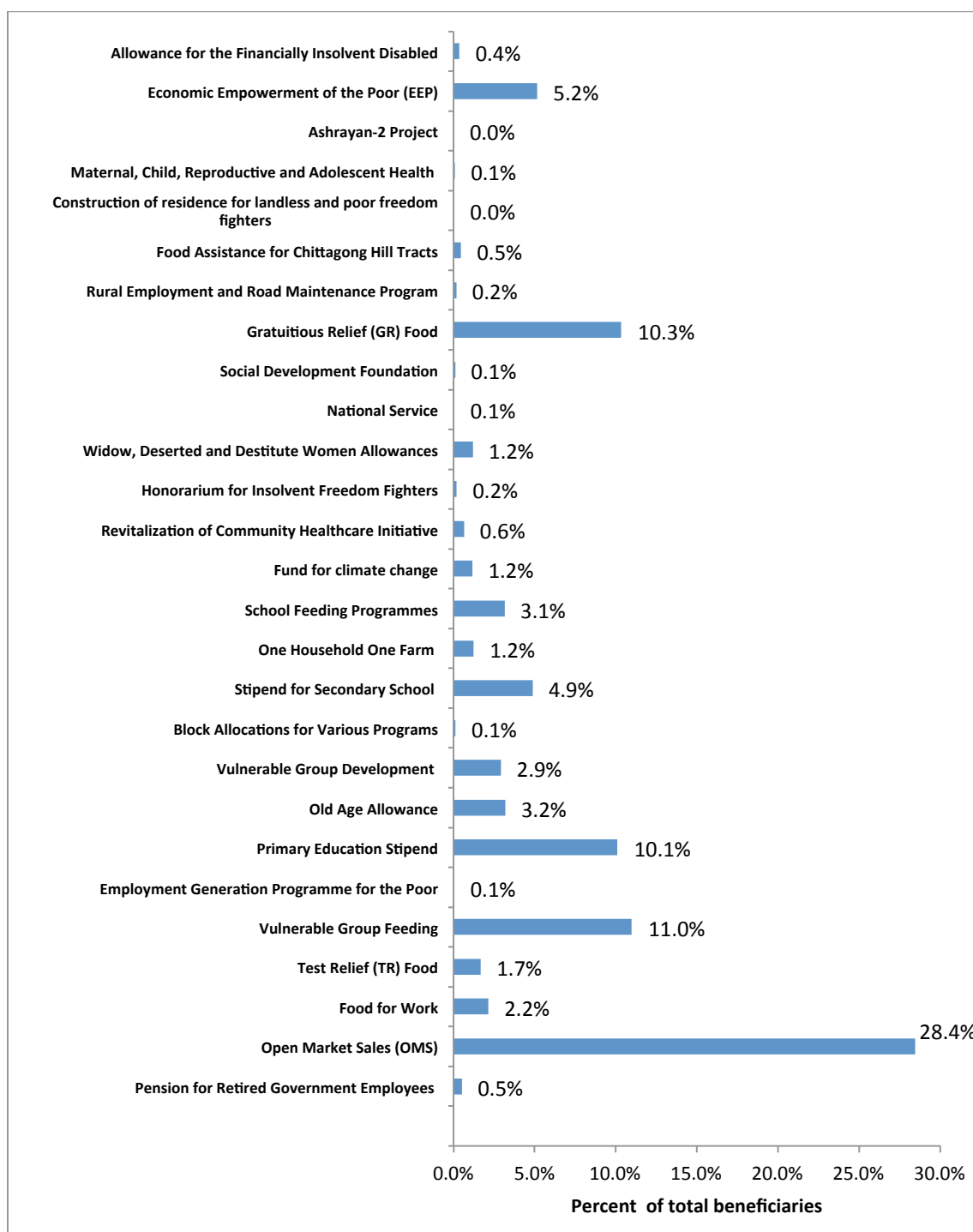
Source: Ministry of Finance

percent of total spending. The Figure reveals some important aspects of the present structure of the SPPs. The top ten programmes account for some 69 percent of the total FY13 SPP Budget. When measured in terms of budgetary allocation, the pensions programme for the government employees and their families is the single largest programme accounting for nearly a quarter of all money allocated for SPP in FY2013. The other nine large programmes in terms of budget share are: Open Market Sales (7.6 percent), Food for Work (6.5 percent), Test Relief (5.5 percent), Vulnerable Group Feeding (5.2 percent), Employment Generation Program for the Ultra Poor (5.2 percent), Primary Education Stipend (4 percent), Old Age Allowance (3.9 percent), Vulnerable Group Development (3.7 percent) and Block allocations for various programs (3.5 percent). The remaining 18 major programmes defined by the taka one billion allocation criteria are still small in terms of budget share, individually absorbing 2.8 percent or less of the budget and jointly accounting for only 20 percent of the FY13 SPP Budget. This suggests that the multiplicity of programmes, presently amounting to 95, can be easily consolidated to make the programme administration more manageable and lower the administrative cost.

An important issue is the outreach of these programmes in terms of number of beneficiaries. Data from the Ministry of Finance shows that the taka 231 billion allocated for the 95 social protection programmes in FY2013 was distributed to some 62.9 million beneficiaries. This, however, is a gross figure in the sense that it counts each beneficiary of a programme as one individual whereas it is most likely that an individual benefits from multiple schemes. The HIES 2010 suggests that some 24.5 percent of the total households benefited from at least one SPP. This yields a gross beneficiary count of 37 million for 2010, which is significantly lower. There are some good reasons why the HIES numbers might be different from the Ministry of Finance numbers. These include the three year lag between HIES 2010 and FY2013 data, the possible under-reporting in the HIES by beneficiary household, and the exclusion of programmes from the HIES data. Even so, the discrepancy appears large enough to merit a serious effort to reconcile the two data sources to the extent that is practicable. This is indicative of the need to have a strong management information system (MIS).

The distribution of beneficiaries by major programmes is shown in Figure 1.7. Some 6 programmes account for 70 percent of the beneficiaries. The largest scheme is the Open Market Sales (OMS) accounting for 28 percent of total beneficiaries. This is followed by the Vulnerable Group Feeding Programme (11 percent of total beneficiaries), the Gratuitous Relief Food Programme (10.3 percent), the Primary School Stipend Programme (10.1 percent), the Economic Empowerment of the Poor Programme (5.2 percent) and the Secondary School Stipend Programme (4.9 percent). However, in terms of budget share these programmes account for only 21 percent of total SPP budget. The government pension programme, which accounts for over 24 percent of the national SPP budget, reaches only 0.5 percent of total SPP beneficiaries.

Figure 1.7: Distribution of Beneficiaries by Major Programmes

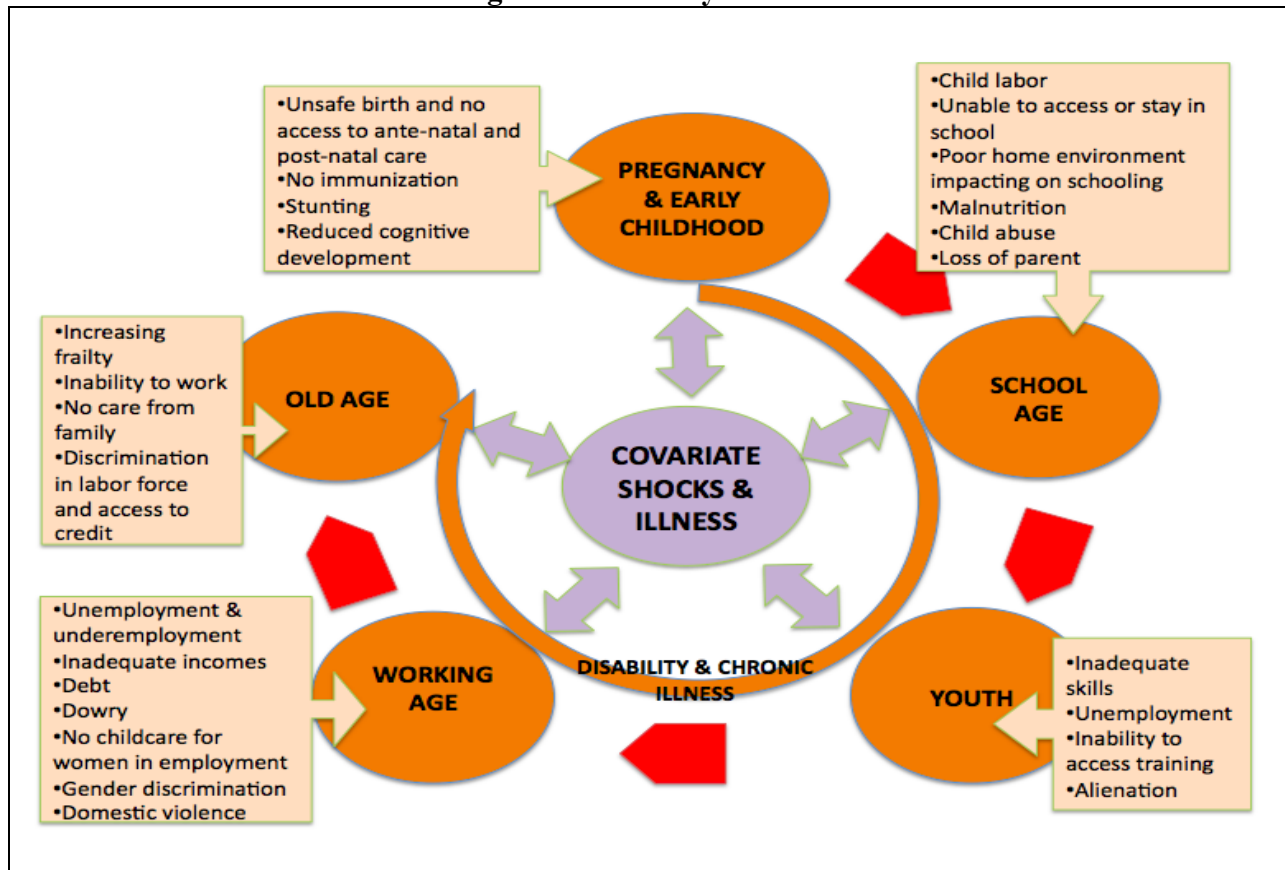


Source: Ministry of Finance

A more strategic and analytically elegant way of looking at the structure of the current programmes is to classify them in the context of a life cycle framework. The poor and vulnerable population faces shocks and challenges at different stages of the life cycle (Figure 1.8). Some of

the underlying risks if not addressed on time could have life-lasting negative impacts. For example the special health care need faced by a mother during pregnancy and delivery or child care needs during infancy (age 0-2) if not managed well could easily jeopardize the infant’s well being for the entire life span. Similarly, the vulnerabilities faced by a poor old person (age 65 plus) are much more challenging than those faced by a poor person during the working age cycle. A social protection system that recognizes these differences in risks at different stages of the life cycle and seeks to address them will likely provide a more effective support system than one that does not specifically responds to the needs of the life cycle related risks.

Figure 1.8: Life Cycle Risks



It is, therefore, not surprising that the social protection systems of most countries gradually evolve to address the risks and challenges across the lifecycle. In essence, countries shape their social protection systems to provide support to various demographic groups, although most countries also have a small safety net for those who fall through the gaps or need additional support. To a large extent, the lifecycle approach underpins the Social Protection Floor that has been endorsed by the United Nations and its member countries, including Bangladesh.

The analysis of Chapter 2 shows that many existing social programmes of Bangladesh fit in the life cycle framework even though this was not used explicitly as a strategic consideration. But

the analysis also shows there are major concerns. Much of the social protection budget is spent on government pensions and general purpose food distribution schemes. Programmes to mitigate pregnancy and early childhood risks and disability are remarkably limited in both beneficiary coverage as well as financing. The average benefit of the old-age allowance programme (excluding government pension) is very low and lots of poor old-age people are excluded. The disability benefits and vulnerable women’s programmes similarly suffer from low coverage and low average benefits.

1.5 Effects of Social Protection Programmes on Poverty

The 2.2 percent of GDP spent by Bangladesh on social protection represents a substantial amount of resources in an environment of a tight budget situation. It is therefore imperative that the allocated financing achieves good results. At the national level the impact of the SPP spending can be assessed by a number of indicators. Three important indicators include the reduction of hunger, the impact on poverty and the impact in lowering the depth of poverty (the poverty gap).

One major achievement of Bangladesh, especially since the famine of 1974, is the sharp reduction in the incidence of hunger based poverty in Bangladesh. The 2012 Report on the progress with the Millennium Development Goals (MDG) shows that the percent of hungry people in total population has fallen from 34.6 percent in 1990 to 16.8 percent in 2012. In terms of absolute numbers, the total number of people suffering from hunger has fallen from 37 million to 25 million over the same period. This is no mean achievement and a combination of good agricultural progress, especially in the area of foodgrain production, along with a strong food security focus of the social protection strategy since 1975 has contributed to this.

The impact of SPPs on poverty reduction is shown in Table 1.1. It is important to note that the simulation results are done in the context of the HIES 2010 data and use the 30 SP programmes reported in the HIES 2010. These 30 schemes are a subset of the 95 SP programmes and in particular exclude the Government Pension.

Table 1.1: Poverty Impact of SPP Spending

Simulations	Poverty rate (HCI)	Depth of Poverty	Poverty Gap
HIES 2010 Outcome	31.5	6.5	21
Outcome without SSP	33.0	7.4	22.5
Outcome with SSP benefits concentrated on the extreme poor	32.0	5.8	18.2
Outcome with SSP benefits targeted to the poor	29.0	6.0	20.7

Source: HIES 2010 and Simulations

The first row reports the results from the HIES 2010. This is used as the baseline to measure the impact of SSP spending. The second row reports the simulated poverty impact in the absence of any SSP transfers. In the absence of SSP spending the poverty rate would have been about 33 percent, which is 1.5 percentage points higher. The depth of poverty would also have been higher. While this result is comforting in that the SPP spending has helped lower poverty and its depth, it does not indicate how efficiently the money was being spent. To get a measure of that, the results of two additional simulations are reported in Table 1.1.

Row three of Table 1.1 simulates the poverty impact if it were possible that all SPP spending reported in 2010 was targeted perfectly to the extreme poor. In this case, the poverty impact in terms of reduction of the head count index based on the upper poverty line would have been negligible but there would have been a significant reduction in the incidence of extreme poverty (based on the lower poverty line) and in the depth of poverty. This result suggests that even with perfect targeting, while the per capita resource transfer to the extreme poor would have lifted many from extreme poverty, the transfer amount would not have been adequate to lift them over the upper poverty line.

In Row 4 the simulation shows the result of perfect targeting to the poor group based on the upper poverty line. The impact on poverty reduction would have been significantly better; the incidence of poverty would have been reduced to 29 percent, which is 2.5 percentage point lower than in the base case (HIES 2010).

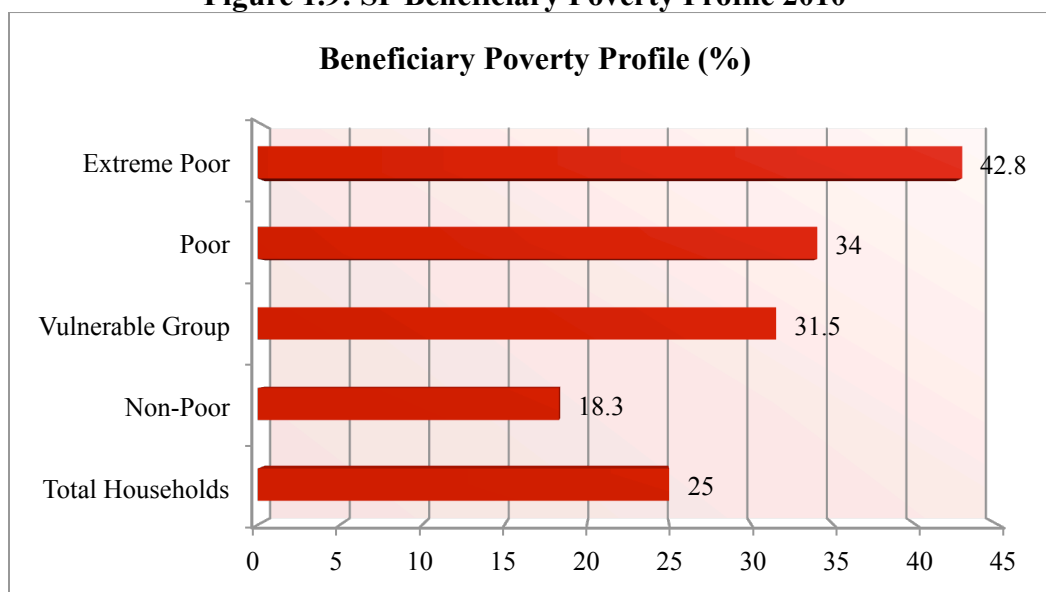
These simulations are indicative of the inefficiencies of the present system of distribution of the benefits of the SPP in regards to the poor. While it is recognized that a perfect targeting is not a practicable proposition, especially in the context of a developing country like Bangladesh, the performance gap in term of poverty reduction impact is significant enough to suggest that a more efficient system that seeks to address the various programmatic and administrative issues will help achieve better results. The simulation results are based on actual HIES 2010 SP programmes. With improved programme design and better implementation, the poverty impact of SPPs will be even better.

Some additional insights can be gained by looking at the poverty profile of the present SPP beneficiaries using the HIES 2010 results. This is illustrated in Figure 1.9. In 2010 of the 24.5 percent households who reported benefitting from at least one of the 30 SSPs covered in the HIES, some 34 percent were extreme poor and 43 percent were extreme poor. Some 32 percent belonged to the vulnerable group and 18 percent were non-poor. On the whole, the distribution of beneficiaries appears progressive.

From the social protection strategy point of view, a more pertinent question is how much of the poor and vulnerable population is covered by the social protection net. This is a critical question since the main objective of an efficient social protection system is to reduce poverty and help the poor and vulnerable to cope with risks. As Figure 1.9 shows that some 57 percent of the extreme

poor and 66 percent of the poor households do not have access to any social protection programme. If the target is broadened to include the vulnerable population, the exclusion share of households increases to 69 percent. When this result is combined with the low average benefit provided by most large programmes, the challenge for the social protection agenda moving forward is substantial.

Figure 1.9: SP Beneficiary Poverty Profile 2010



Source: Simulations Based on HIES 2010

Another important policy question is the coverage of the SPPs by location aspects. Evidence shows that by and large the present SPP system is focused mostly on the rural poor. Thus, the 2010 HIES shows that the percent of rural households covered by different social protection programmes was 30.12 as compared with only 9.42 percent for urban households. The rural-urban gap remains for all Divisions. However, one positive aspect of the spatial dimension is that the coverage of SPPs is higher for the poorer divisions of Rangpur, Barisal and Khulna as compared with Dhaka, Chittagong and Sylhet Divisions.

1.6 Issues and Challenges for the National Social Protection Strategy

The above brief review of the present social protection system (SPS) suggests a number of important issues and challenges that will need to be addressed in designing the proposed NSPS. These are summarized in bullet form:

- The SPS is an important element of the Government's strategy to fight hunger and poverty. Evidence suggests that this has been very helpful for fighting hunger and has also helped lower poverty. Even so, there is tremendous scope to strengthen the SPS and improve its effectiveness.

- The multitude of programmes (95), most of which are very small both in terms of resources they provide and the number of beneficiaries they cover, and the number of agencies involved in administering these schemes (30) suggest that this fragmented system is not an efficient way to proceed forward. Consolidation of the programmes to a manageable few and implementing them in a coordinated way based on a strong management information system (MIS) would yield significant efficiency gains by lowering administrative costs and reducing leakages.
- A more strategic review of programmes by life cycle shows that although some 65 percent of the SPS programmes are seeking to address life-cycle related risks, there are serious gaps. Thus, programmes for addressing pregnancy and early childhood and old age risks have low coverage and low-levels of funding (excluding the Government service pensions). Similarly, programmes for addressing the disability challenges are very small.
- Bangladesh is going to face new challenges such as an ageing population, a breakdown in traditional care practices (especially among some of the poorest), increasing migration from rural areas and growing urbanization. The social protection system needs to be able to adapt to address these new challenges.
- There is a dominance of food-security related and rural employment programmes in terms of beneficiary participation as well as funding. With rapid GDP growth over the past 10 years along with good agricultural performance the incidence of hunger and food poverty is being reduced substantially. There is also evidence that labor market in agriculture is tightening as reflected in growing agricultural real wages. In view of this changing economic landscape, nature of poverty and the risk profile is also changing. This requires a careful review of the adequacy of the present SPS to meet the social protection requirements of the Bangladesh population in the 21st Century.
- Much of the SPPs are focused on addressing the risks faced by the rural poor. With the evolving economic transformation in Bangladesh where both the GDP and employment share of the rural economy is declining and the urban economy is growing with an increasing concentration of poor and vulnerable population in the urban slums, the SPS needs to strategically anticipate these changing economic and social dynamics and develop programmes that become more inclusive system and address the risks faced by the poor and the vulnerable irrespective of location of residence.
- Presently, the employment market is dominated by informal employment. Bangladesh is aspiring to become a middle income country by 2021. Already, the per capita income level has crossed US\$ 1000 mark. As the economy grows and the share of modern manufacturing and organized services in both GDP and employment grows, the needs of the SPS will change dramatically. The SPS agenda for the middle income economy will be vastly different from the present agenda that is dominated by concerns of food security and rural employment. The approach to SPS will need to broaden to bring in social insurance and employment regulations issues. This debate is already happening in the

context of the Readymade Garments (RMG) sector. The NSPS will need to anticipate this longer-term agenda and start preparatory work for designing a well-functioning social insurance and a socially-responsive employment regulatory framework.

- In the context of a very tight budgetary envelope, the Government has done well to gradually enhance the budget allocated to SPPs. While this is a laudable effort, the very low coverage of the poor and vulnerable suggests that even with efficiency improvements in the use of funds the current level of funding may not be adequate for the social protection needs of a middle income country. Identifying the financing needs of a well-designed SPS and possible financing options is an important challenge for NSPS moving forward.
- The simulations indicated that there was significant room for improving the effectiveness of present SPS in terms of poverty impact. In addition to consolidation and simplification of programmes noted earlier, a careful approach to programme design and beneficiary selection that aims to increase the participation of the poor and vulnerable and exclude the non-poor will be an important challenge for the new NSPS.
- A major shortcoming of the present SPS is the absence of a monitoring and evaluation (M&E) system. There is no formal mechanism for reviewing the performance of the SPS either at the national level or by individual programs. Special studies of the impact of a few programs supported by donors have shown the value of doing regular M&E. The lack of a results-based M&E system is a part of the reason for the emergence of such large numbers of programmes. A results-based M&E can play an important role in helping the government strengthen and improve its SPS based on performance against specified quantitative targets and baseline.

1.7 The Way Forward

Clearly, the agenda for reforming the SPS is substantial. It is therefore opportune that the Government is rethinking the strategy for SPS in the context of a comprehensive NSPS. The agenda for the new NSPS should be guided by the lessons of experience with SPS in Bangladesh as well as knowledge from a review of good practice international experience.

The discussion in this chapter shows the importance of ensuring that the individual schemes are designed in a way that they are consistent with the objective of reducing the adverse effects of risks faced by the poor and near poor. Accordingly, Chapter 2 provides a detailed review of the poverty profile of Bangladesh and the various risks and uncertainties faced by the poor population in the context of the life cycle framework. It then maps the present schemes against this profile to get a comprehensive view of the adequacy of the present SPS. It also looks at the changing demographic profile of Bangladesh to throw additional light on how the distribution of the risks faced by the population will likely change over the medium to long term and draw the implications for NSPS.

While the NSPS will need to be grounded in the socio-political environment of Bangladesh, it can benefit substantially from looking at good practice examples of international experiences. Other countries are likely to have faced similar challenges and identifying these good practices and relating these options to the Bangladesh context can be very helpful. As such, Chapter 3 provides a review of good practice international experience with SPS drawing on examples from both developing and advanced economies.

Chapter 4 builds on the analysis of chapters 1-3 to develop a strategy for social protection for Bangladesh. The strategy looks at the immediate challenges and also identifies the agenda for the longer-term. The short-term agenda is focused on reforming Bangladesh's SPS by ensuring more efficient and effective use of resources, greater consolidation of schemes, strengthened delivery systems and progress towards a more inclusive social protection that effectively tackles life cycle risks, prioritizing initially the most vulnerable members of the society. The long-term agenda anticipates the changing socio-economic dynamics of Bangladesh as it moves to a middle income economy. It seeks to help build an inclusive social protection system for all Bangladeshis that are effective in helping Government's efforts in tackling and preventing poverty and rising inequality, while contributing to broader human development, employment and economic growth.

A sound strategy must be financeable. In the expanded social protection system, both public resources and private funding will be needed. Chapter 5 looks at the financing implications of the strategy articulated in Chapter 4 and identifies the financing role of the government and the private sector.

A good strategy must not only be financeable but also must be well implemented. Chapter 5 looks at the various implementation issues associated with the NSPS. It provides a broad review of existing implementation arrangements and identifies the specific gaps and concerns. It provides an analysis of the guiding principles that must underlie the implementation arrangements for the proper implementation of the proposed strategy.

A results-based M&E can be very helpful in helping implement the NSPS properly. By providing vital data on how well the programmes are being implemented and whether the programmes are achieving the expected results, the M&E can help refine and reform the various schemes of the NSPS. Chapter 7, which is the last chapter of the NSPS, therefore provides an outline of the elements of a good results-based M&E system at the national level and for individual programs.

CHAPTER 2

Poverty Profile, Risks and Adequacy of Existing Social Protection Interventions

2.1 Introduction

Social protection systems are established, not only to tackle poverty, but to provide families with protection against the challenges, shocks and crises that make them susceptible to falling into or go deeper into poverty. Families are vulnerable to a range of crises. Some crises can hit at any time, such as ill health or covariate shocks like natural disasters or economic recessions. Others are risks faced by individuals across the lifecycle, from birth to old age.

The social protection systems of most countries gradually evolve to address the risks and challenges across the lifecycle. In essence, countries shape their social protection systems to provide support to various demographic groups, although most countries also have a small safety net to address covariate risks or need additional support.

This Chapter looks in detail at the poverty profile and risks a in a life cycle framework. It then analyzes the present structure of social protection programmes and reviews its adequacy in the context of changing socio-economic environment and demography¹.

2.2 Understanding Poverty Profile from Life Cycle Perspective

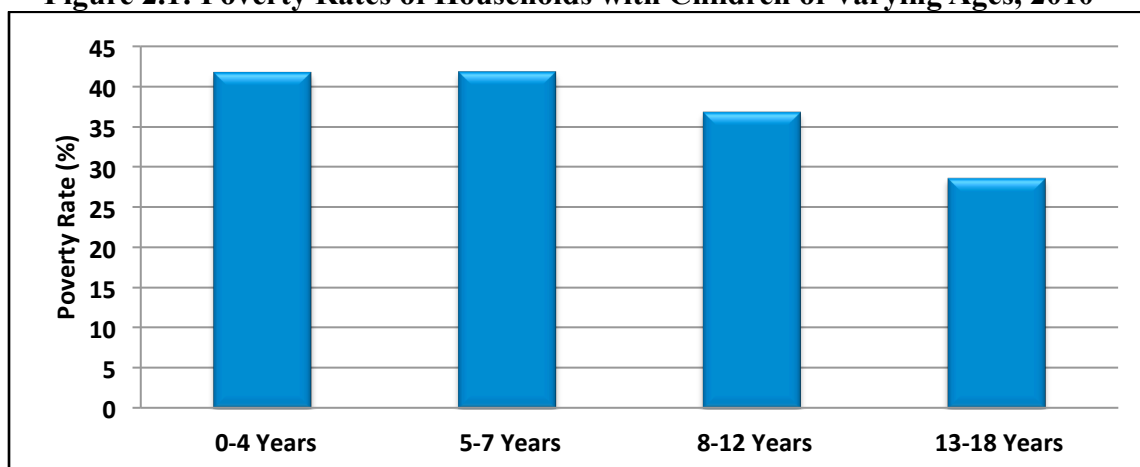
The poverty profile of Bangladesh in the life cycle framework is discussed below.

2.2.1. Pregnancy and Early Childhood

Figure 2.1 indicates, poverty rates in 2010 in households with children aged 0-4 years are – at 41.7 percent – much higher than national poverty rates, indicating the challenges and additional expenses caused by having young children, in particular if mothers are unable to work. Indeed, some women – including many in the garment industry – have to give up work once they have children. When the near poor are included, around 57 percent of households with children aged 0-4 years could be regarded as poor or vulnerable to poverty.

¹ This Chapter is based on research reported in background papers 1, 2, 3, 5 and 8. The list of background papers is contained in Annex 1. The background papers contain more detailed analysis than is reported here and a list of all research used to support the analysis of this chapter.

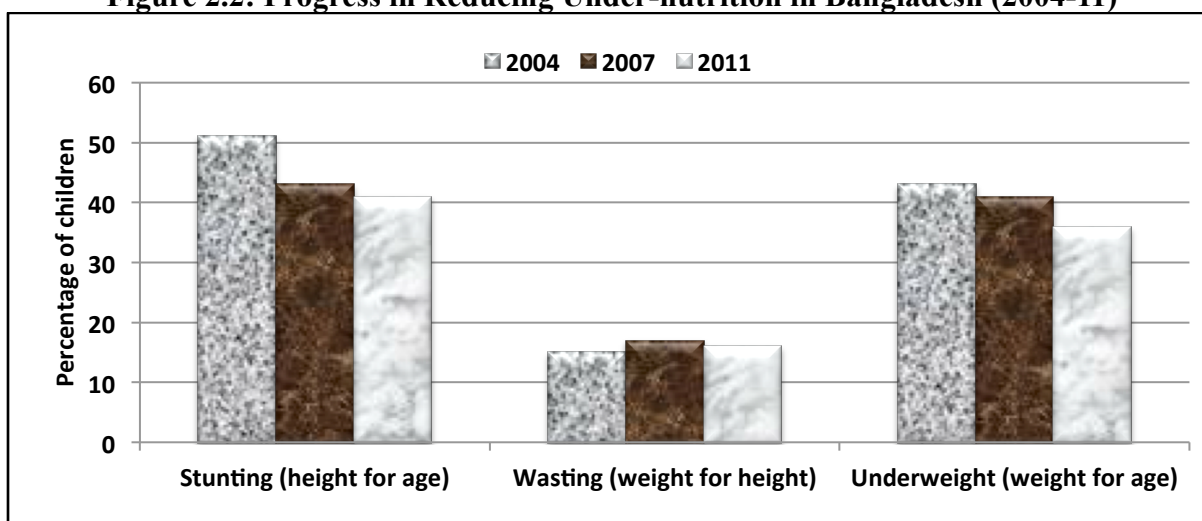
Figure 2.1: Poverty Rates of Households with Children of Varying Ages, 2010



Source: HIES 2010

One major risk faced by children at early stages of childhood is stunting and underweight owing to under-nutrition. Under-nutrition impacts on their cognitive development, affecting them throughout their whole lives. Figure 2.2 shows the progress on stunting and underweight children between 2004 and 2011. Stunting rates, estimated at 68 percent in 1990, fell to 41 percent in 2011. Despite this progress, it is evident that the challenge remains significant, especially in rural areas where stunting levels – at 43 percent – are significantly higher than in urban areas (at 36 percent).

Figure 2.2: Progress in Reducing Under-nutrition in Bangladesh (2004-11)



Source: NIPORT (2013)

The causes of stunting are complex but there is a strong correlation between poverty reduction and improved nutrition, suggesting that higher incomes help reduce under-nutrition. The highest rates of stunting prevail among poor families. Low incomes are likely to impact negatively on nutrition because they restrict dietary options and increase the proportion of rice in the diet. As incomes rise and poverty falls, Bangladesh will likely continue to make progress in improving

nutrition of young children. Yet, since under-nutrition is caused by multiple factors, the Government will ensure that public policy actions are taken to address the other constraints.

2.2.2. School Age

As children grow, a major challenge they face is attending school. In recent years, school enrolment has increased. For example, school enrolment among poor children aged 6-10 years increased from 72 percent in 2005 to 78 percent in 2010, while among those aged 11-15 it increased from 54 percent to 70 percent. Enrolment among girls is higher than for boys in both age groups. The increase in enrolment is an encouraging trend but it is evident that much still needs to be done, in particular in upper primary and secondary schools.

While there is a range of reasons for children staying out of school, poverty is likely a significant cause. Although poverty rate is lower for higher age children (Figure 2.1) this is probably due to an increase in child labour among older children. Around 17.5 percent of children aged 5-17 years are child labourers, with 24 percent of boys and 10 percent of girls. Among older children, the proportion will be much higher. The majority of child labourers are from poorer households. The main reduction in child labourers since the mid-1990s has been among girls, which reflects the impact of the introduction of the Female Secondary Stipend programme and suggests that poverty does drive child labour and child marriages. It is also likely that some adolescent girls come under pressure to care for younger siblings and, as a result, leave school. The absence of childcare facilities means that if women want to return to work after giving birth they will have to find others to care for their children.

2.2.3. Young People

The main challenge faced by young people is a lack of skills. Many do not gain sufficient secondary education and there is not enough vocational training available to compensate. More specifically, there is neither easy access to equivalent non-formal education programme to complete basic education nor skills development programmes to transition into. Indeed, businesses complain that insufficient skilled labour is a major impediment to growth, while also discouraging garment companies from locating outside Dhaka. However, providing vocational education alone is not the solution. In the long-term, it is probably more important to ensure that children gain an adequate secondary education to prepare them for the labour market.

The reality for most young people from poor families is that they end up among the ranks of the rural underemployed. If young people do not gain the skills they need, there is a danger that Bangladesh will not fully realize the demographic dividend resulting from a growing labour force and low dependency ratios.

2.2.4. The Working Age Population

The challenge of underemployment faced by young people is reflected in the rest of the working age population. As indicated by the 2010 Labour Force Survey, while open unemployment rate is

4.1 percent, some 9 percent of the employed are working less than 20 hours per week. Bangladesh's great competitive advantage is its large pool of labour, yet this is currently underutilized. The challenges faced by the working age population are diverse. Many suffer from severe social and economic disadvantages that are extremely difficult to overcome. These include a lack of access to land or residence in areas – such as the western region or the Chars - where resources and/or markets are limited. Low levels of education and literacy compound their disadvantages. Many – indeed a third of the labour force – have no option but to engage in low-paid daily wage labour, mainly in the agricultural sector, with many living in absolute poverty. Without assistance from social protection, these families will be unable to break out of the intergenerational cycle of poverty.

Working women face additional disadvantages due to gender discrimination. Female labour force participation is low – at 36 percent – compared to 83 percent for men. This may reflect traditional attitudes to women and their weak bargaining power within households. Wages for female workers are also low, and they can earn up to 60 percent less than men for the same work. The ability of young mothers to enter and remain in the labour force is constrained by childcare responsibilities, which may help explain the high levels of poverty among families with young children. Although women are finding significant employment in garment factories, many have to leave once they give birth.

An inadequate social protection system means that families with children also have to provide care and support to those elderly people and people with disabilities who are in need of assistance. In effect, this is an informal tax on working families that limits their ability to invest in productive activities while reducing the support they can give to their own children. It is particularly challenging for poor families. In other developing countries, old age pensions and disability benefits paid at reasonable levels are able to reduce demands on families with children, with significant benefits for working families.

Family wellbeing can deteriorate significantly if breadwinners suffer shocks, in particular illness. Health shocks are the most common challenge faced by households. Studies have suggested that 90 percent of households identified poor health as the main cause of economic difficulties. Illness implies both a loss of earnings and a need to pay for treatment.

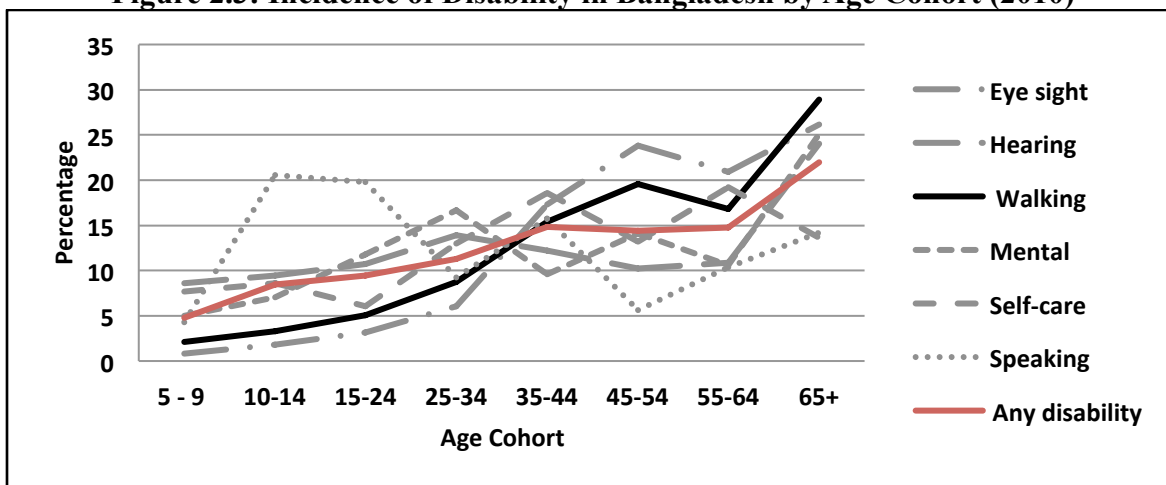
2.2.5. Disability

Disability can occur at any stage of life. Around 8.9 percent of the population – 8 percent of males and 9.3 percent of females – has some form of disability, although those who could be regarded as severely disabled comprise 1.5 percent². As Figure 2.3 indicates, disability prevalence varies over the lifecycle, with a significant increase from around age 50. By far the highest rates of disability are among older people. Prevalence is also higher among women than

² According to the World Disability Report 2011 by the World Bank and WHO reported that approximately 15% of the world's population has a disability, with this rate being closer to 20% in the poorest areas of developing countries. The report also indicates that many disability surveys underestimate prevalence.

among men. A significant proportion of households – 31 percent – have a disabled member, while 6.3 percent have someone with a severe disability.

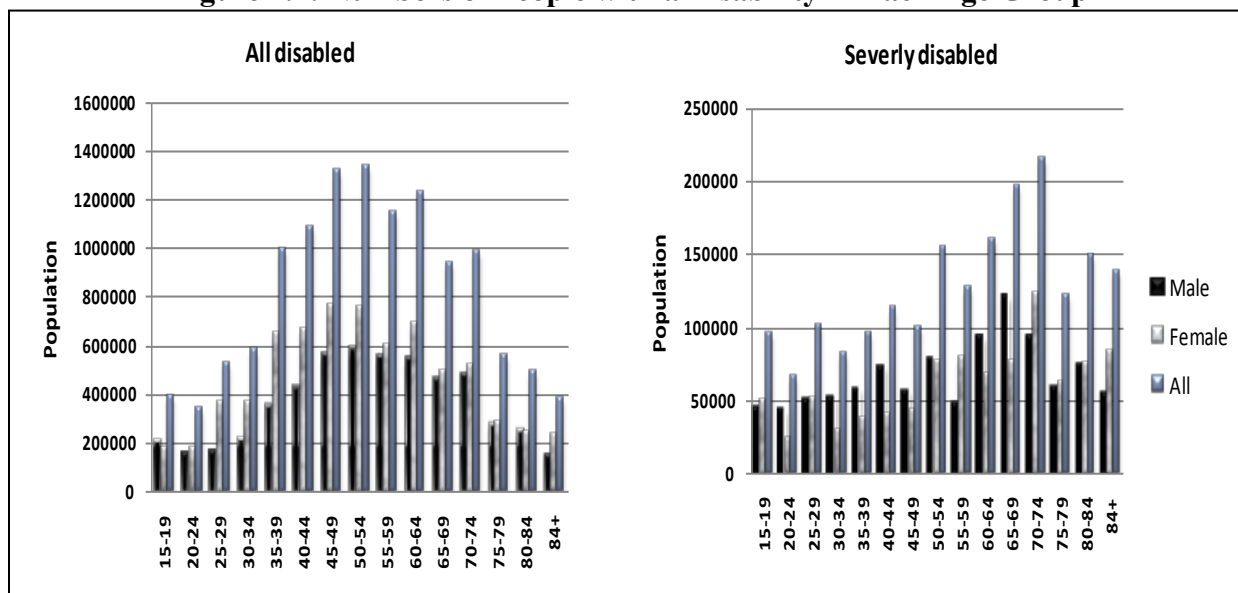
Figure 2.3: Incidence of Disability in Bangladesh by Age Cohort (2010)



Source: HIES 2010

However, the numbers of people with disabilities in each age group shows a different pattern, as seen in Figure 2.4. The highest numbers of *disabled* people are among those aged between 40 and 65 years, at an age when they would hope to engage actively in the labour market. Indeed the number of people with disabilities increases by 300 percent between ages 20-25 years and 50-54 years, with women significantly more affected. However, the number of *severely disabled* people is highest among the elderly aged between 60 and 75 years.

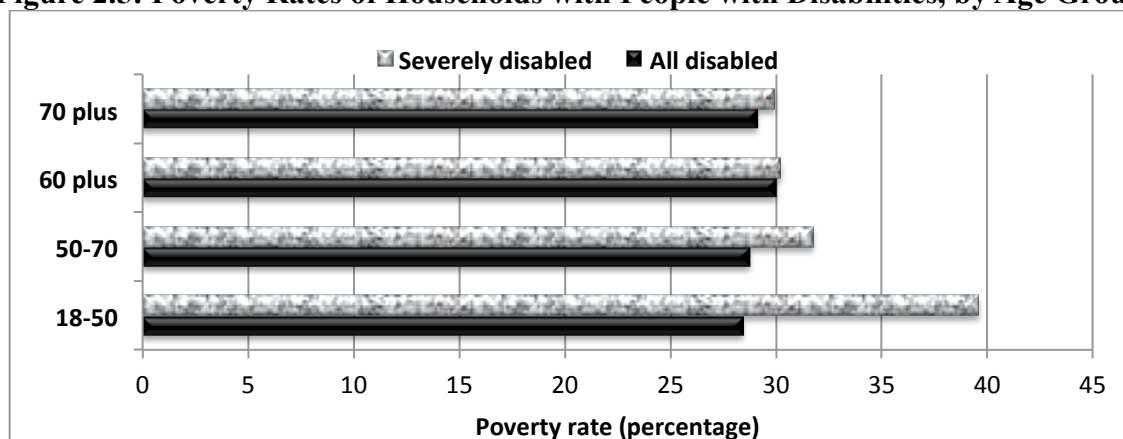
Figure 2.4: Numbers of People with a Disability in Each Age Group



Source: HIES 2010

The poverty rate of households with *disabled* members is similar to the national poverty rate, at 31.5 percent, but the poverty rate of households with a *severely disabled* member is higher – at 34.7 percent – suggesting that disability can place a greater burden on households. Furthermore, poverty rates vary between different age groups from among the severely disabled (Figure 2.5). It is evident that if a working age adult is disabled, it has a significant impact on the household. Indeed, the poverty rate for this group reaches almost 40 percent.

Figure 2.5: Poverty Rates of Households with People with Disabilities, by Age Group



Source: HIES 2010

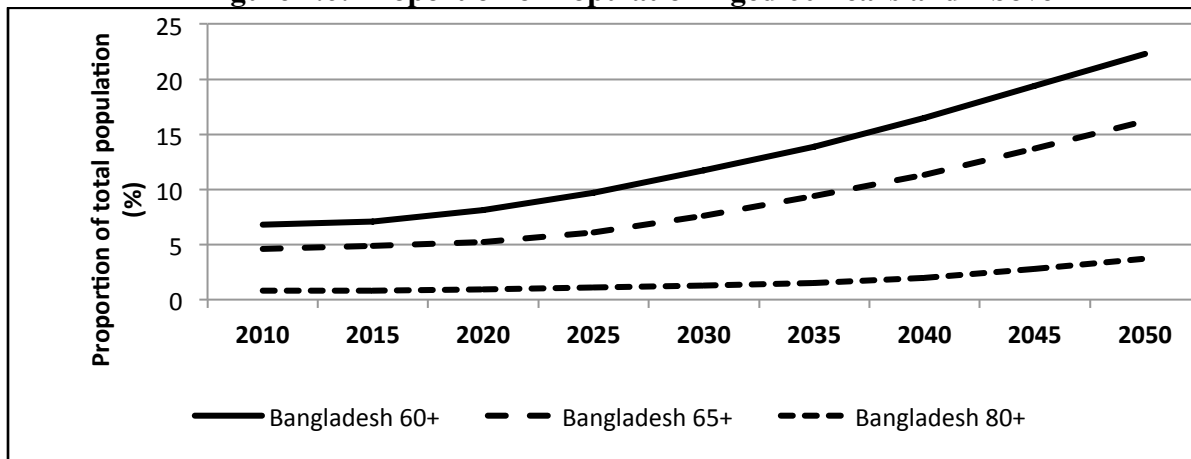
Becoming disabled during working age has significant repercussions for families. Research suggests that 87 percent of those becoming disabled left employment within one year. As people lose employment, their incomes are slashed. Furthermore, 90 percent of care takers – mainly their wives – had to spend more time caring for their husbands, thereby reducing their own ability to gain an income. Around 26 percent had to forgo 15 hours work a week to care for their husbands and 28 percent gave up 26 hours. The income loss can be considerable and they also face significant additional health costs.

2.2.6. Old Age

Demographic changes underway in Bangladesh mean that the population is gradually ageing. Currently, around 7 percent of the population is over 60 years and, as Figure 2.6 indicates, this will increase significantly in the coming decades, reaching almost 12 percent by 2030 and 23 percent by 2050.

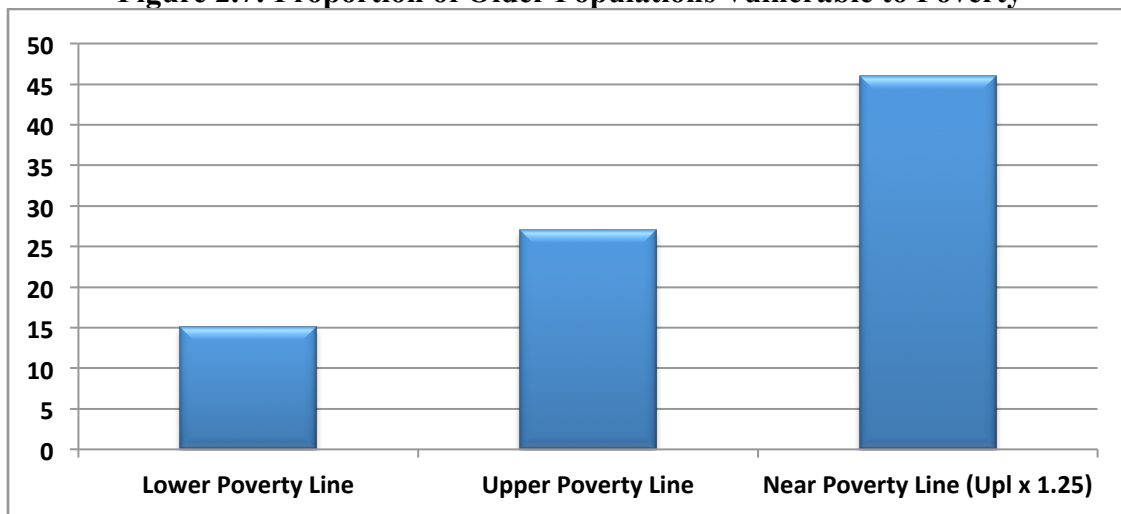
Figure 2.7 and 2.8 capture the poverty profiles of the older people in Bangladesh. According to HIES 2010 some 28.2 percent of people aged over 60 are found below the poverty line. However, when the vulnerable population is considered (1.25 x UPL), there is a substantial increase in the proportion of older people considered poor and vulnerable (Figure 2.7). This highlights that many older people are bunched close to the poverty line, and therefore are vulnerable to falling into poverty in the event of a shock to their own livelihood, or to that of a member of their network.

Figure 2.6: Proportion of Population Aged 60 Years and Above



Source: Population Division, Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2012 Revision

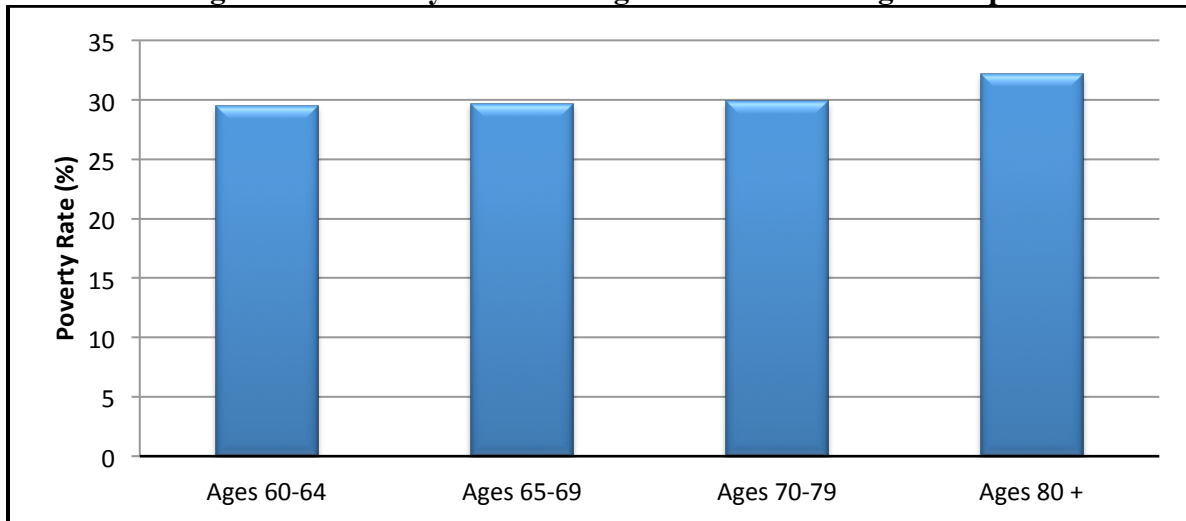
Figure 2.7: Proportion of Older Populations Vulnerable to Poverty



Source: HIES 2010

Figure 2.8 suggests that poverty rates increase with aging. In the absence of an effective old age pension system – many older people in Bangladesh continue to work, but often with insecure and vulnerable livelihoods. Older people can face discrimination in the labour market. Indeed, older people are often denied access to micro-credit. One Survey found that only 19 percent of older people were able to access credit, compared to an average adult participation rate among Bangladesh’s poor of 45 percent. As the elderly become increasingly frail and disabled, work becomes less of an option, while costs – in particular for health care – can rise, which may explain why poverty rates increase as older people age, in particular for those above 80 years. They become more dependent on their children for support, which, if not forthcoming, can place them in a very disadvantageous position. Given the changing age structure of the population and increasing proportions of the population that will be living with older people this could undermine future achievements in poverty reduction.

Figure 2.8: Poverty Rates among Different Older Age Groups



Source: HIES 2010

2.3 Understanding Poverty Profile of Specific Groups

Some additional insights on the needs of social protection can obtain from a review of the poverty profile of special groups based on location or specific social-economic characteristics emerging from religion, ethnicity, illness and profession.

2.3.1. Urban Poor

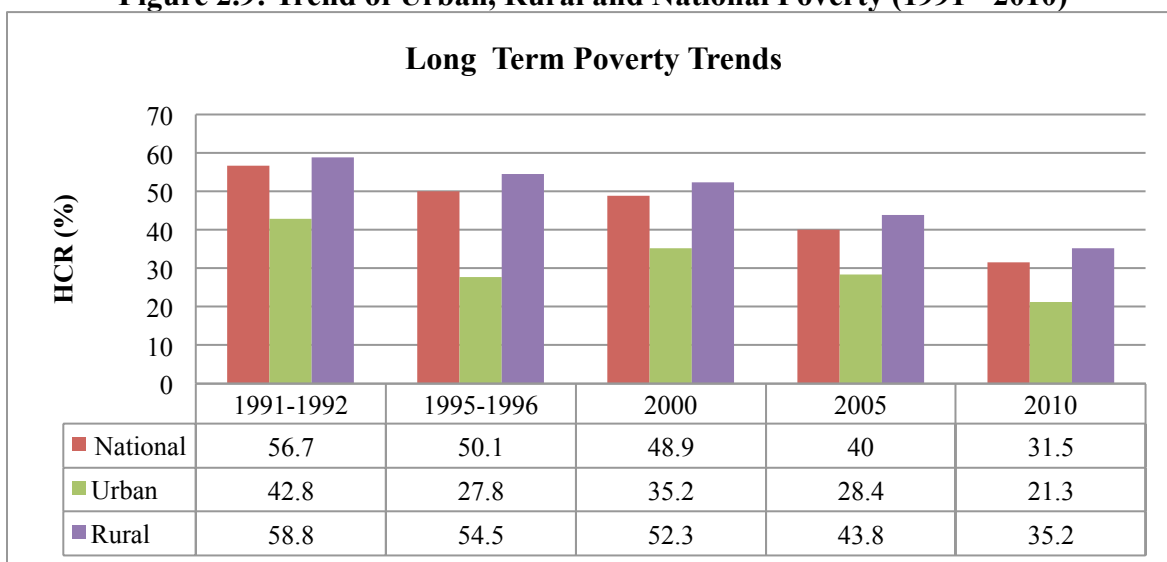
The rapid rise in urban population is now a global phenomenon. The UN estimates that 57 percent of the population of least developed countries (LDCs) will be living in urban areas by 2025. Amongst these countries, Bangladesh experiences one of the highest rates of urbanization with the urban population doubling from around 21 million in 1990 to 43 million in 2010. Rapid urbanization has, therefore, serious implications for urban poverty trends and patterns.

In Bangladesh, over the last twenty years, the rural poverty headcount declined continuously, albeit with different rates, but the trends in urban poverty incidence has not been uniform (Figure 2.9). It registered a sharp decline from 1991-92 to 1995-96 but then increased in 2000. Since then, urban poverty has continued to decline. Overall, between 1991-92- 2010, urban poverty rate fell from 42.7 percent to 21.3 percent. Yet, the fluctuating poverty rates are symptomatic of their vulnerability to shocks.

The urban poor mainly live in slums and low income settlement areas scattered across city/town located on government and privately owned land. Research shows that the condition of life of the urban poor is normally worse than those of rural poor. Urban poverty is often associated with such factors as being wage labourers; low-paid informal sector workers; having lack of access to housing, basic utility services, education and health services; being subject to violence; experiencing food insecurity and malnutrition; being voiceless and powerless; having weak

social network; and so on. Apart from adequate livelihoods and living environment, physical and psycho-social security is also important for the urban poor in order to protect their social assets.

Figure 2.9: Trend of Urban, Rural and National Poverty (1991 - 2010)



Source: Source: HES1991-92 and HIES, various years, BBS

2.3.2. Socially Excluded People

Social exclusion as a multi-dimensional and dynamic process of being shut out, fully or partially, from the economic, social and cultural systems that determine the social integration of a person in society. There are various forms of social exclusion which include exclusion from participation in decision-making and political processes, exclusion from the access to employment and material resources, and exclusion from integration into common cultural processes. All these exclusions, when combined, create acute forms of exclusion that find a spatial manifestation in particular neighbourhoods and this involves discrimination against individuals and groups based on one or many different social attributes or elements of social identity. Such discrimination can occur as the result of formal or informal activities of the state as well as institutions and organizations in the private sector (including families, villages, and community associations).

As a condition or an outcome, social exclusion is a state where excluded individuals or groups are unable to participate fully in their society. Factors include the following: (a) Social identity, such as race, ethnicity, caste, religion, gender and age; (b) Social location, such as remote areas, stigmatized areas, war or conflict areas; (c) Social status, including the health situation (disability, illness of HIV/AIDS and other stigmatizing diseases), migrant status (including refugees), occupation and level of education.

The socially excluded population includes the *indigenous people, dalits (lower caste), and people with HIV AIDS, disable people, etc.* A common form of exclusion for these groups is

exclusion from wider social (support) networks, which can be essential in areas where state services are lacking. The impact of this exclusion is felt both in terms of economic disadvantage and loss of moral support. Other common manifestations of exclusion are: unequal access to employment opportunities, unequal access to formal services such as health and water and sanitation, and landlessness, which are often cited as particularly damaging form of discriminations.

Indigenous People: Relative to the total population, Bangladesh has a fairly small indigenous population. According to the Population Census 2011, more than 1.5 million indigenous people live in several districts of Bangladesh, which is 1.1 percent of the population in Bangladesh. About a third lives in three districts – Khagrachori, Bandarban and Rangamati – of Chittagong Hill Tracts. The indigenous people in Bangladesh belong to mainly three religions: Buddhists (43.7 percent), Hindus (24.1 percent) Christians (13.2 percent) and others 19 percent.

Research suggests that the Chittagong Hill Tracts (CHT) is one of the most disadvantaged and vulnerable regions in the country in terms of almost all major development indicators, such as income; employment; poverty; health; water, environment and sanitation; education; women employment; access to infrastructure and national building institutions; peace; inter community confidence etc. Only 7.8 percent of all CHT people completed primary education and 2.4 percent completed secondary education. 'Food Poverty' is widespread in CHT. Most indigenous peoples in CHT are not secured in relation to availability of food during most time in a year; Ashar (June-July) and Sravan (July-Aug) being the worse months. The prevalence of absolute poor and hardcore poor among indigenous peoples are 65 percent and 44 percent respectively. Households living below lower and upper poverty lines are 78 percent and 89 percent respectively among indigenous people. Households below lower poverty line range between 100 percent for Lushai and 71 percent for Chakma, and households below upper poverty line range between 100 percent for Lushai and 84 percent for Chakma.

Dalits: In the context of traditional Hindu society, Dalit status has often been historically associated with occupations regarded as impure. People involved in professions like sweeper/janitors, people who work at the morgue, butchers, sex workers, etc. traditionally formed the bulk of the dalit class. Dalits in Bangladesh are referred to professions which are considered impure such as sweeping, sewerage, cleaning, tea garden labouring, burying of dead bodies, processing of mustard oil, gardening, shoe and leather work, drum beating, washing, etc. Social boycott and forced labour are often imposed on Dalits as a means to control and exploit their labor. There is no census based data; however some estimates suggest that there are almost 4.5 - 5.5 million dalits in Bangladesh.

Research suggests that economic disparity is not the only problem faced by these marginalized groups. The types of challenges they face include: (1) untouchability and hatred, (2) social exclusion, (3) lack of dignity, (4) estrangement from livelihood, (5) forced eviction from land, (6) insecurity within family and society, (7) ignorance and lack of information, (8)

environmental disaster, (9) lack of access to legal aid services, (10) lack of access to government services.

HIV Aids Affected People: Bangladesh is the nascent stage of its HIV/AIDS epidemic. The numbers of detected HIV-infections and AIDS-deaths are growing steadily in Bangladesh. In 2011, 445 new HIV infections were detected adding up to a total of 2533 detected cases in the country over time. Furthermore, 251 patients developed AIDS and 84 died during 2011, raising the cumulative numbers to 1101 and 325 respectively. The true number of PLHIV in Bangladesh is difficult to assess as representative testing of the general population is almost impossible to perform at such low prevalence. The latest official data from August 2012 estimates the total number of adults and children living with HIV in Bangladesh to 7,700 (4,900-16,000). Prevalence estimates suggest that HIV/AIDS remains at less than 1 % amongst most at-risk populations.

Bangladesh has had some success according to the different indicators: the HIV prevalence remains low, under 0.1% in the general population, but the number of reported infections continues to increase. Regarding condom use at high-risk sex, there is a significant improvement from 6.3% in 1990 to 44%- 67% in 2010.

Poverty is an overwhelming issue; a large proportion of the people living with HIV are migrants who have returned home; many people living with HIV are unemployed who had jobs before but don't have jobs now, many have gone back to their rural homes due to low level of education, skill and unemployment. If people living with HIV are food insecure, then they alarmingly lose the desired good outcomes of quality HIV treatment and care. Food insecurity among people living with HIV worsens viral suppression and lowers CD4 count, thereby, exacerbating HIV related morbidity and mortality.

HIV affected people generally tend to be socially excluded because the illness is considered as a social stigma. In addition, infected/affected women and children are deprived from property after the death of their husband/father. They are also often denied justice against violence, which increases their vulnerability. AIDS orphans are victimized for HIV status of their parents. The major hindrances that hamper people living with HIV in filing complaints include fear of disclosure and discrimination, sexual and gender based violence, financial constraint, and lack of access to free legal services.

Widowed and Distressed Women: According to available data from the Bangladesh Bureau of Statistics, widowed, divorced and abandoned women constitute about 11.3 percent of total married women in the country. In the eyes of society, a widow is often treated as a burden and is therefore neglected; a widow is seen to have lost their honour in the family and society, particularly in the poor community. The widowed women do not have freedom of choice, which is one of the basic requirements of empowerment. Particularly in the rural areas most of the rural

women of Bangladesh are basically housewives and their husbands are the only earning members of their families.

A widow in a poor family often does not have any economic support and honour. Becoming widowed has not only adverse economic consequences but it has also adverse social and psychological impacts. Among the destitute women those who are divorced or old and have minor children are most exposed to uncertainties. In the rural areas of Bangladesh, in the poverty stricken households, old people, especially old women, are treated as a burden on the family and some are even forced to move out to the streets for begging. Generally, poverty is thought to be the main reason behind this. Family support is often absent because children cannot earn enough to maintain themselves.

2.4 Coping with Risks: Idiosyncratic and Covariate Risks and Shocks

Households in Bangladesh face multiple *idiosyncratic shocks* that are household specific, such as health shocks (illness/injury), loss of employment and loss of assets. They also face a number of *covariate* or community level shocks such as natural disaster, epidemics, domestic political crisis and global recession. More than half of all Bangladeshi households were affected by shocks during 1997-2006/07 periods. The most frequently reported shocks for all households are illness shocks (22 percent), wedding and dowry related expenses (16-23 percent), and floods (13 percent). A recent study reports other shocks in descending order of frequency that include climate and environmental shocks (15 percent), economic shocks (14.2 percent), and asset shocks (7.5 percent)..

The biggest covariate shock emerges from the frequency of natural disasters that occurs almost on a yearly/bi-yearly cycle. The geographical setting of Bangladesh makes the country vulnerable to natural disasters. The mountains and hills bordering almost three-fourths of the country, along with the funnel shaped Bay of Bengal in the south, have made the country a meeting place of life-giving monsoon rains, but also subject it to the catastrophic ravages of natural disasters.

The consequences of shocks for households and their ability to cope with shocks depend on the nature of the shock, frequency and intensity of shock and households' initial characteristics. With regard to nature of the shock evidence shows that shocks that affect individuals or households have different consequences compared to shocks that occur at the community level, i.e., covariate shocks. Shocks have stronger adverse effects on households with lower endowments in terms of education, ownership of land and ownership of asset.

When shocks hit households they develop strategies to cope with shocks and their consequences. Use of savings is the most important mechanism to cope with shock; about 34 percent households report use of this mechanism. A higher proportion of non-poor households use savings, low interest loans, deplete assets/sell product at lower price and reduce consumption of non-essential products to cope with shocks. In contrast, a higher proportion of poor households

use reduction in essential consumption, help from friends, and high interest loans to cope shocks. Use of high interest loans by a higher proportion of poor households indicates their desperate situation. In contrast, use of low interest loans by a higher proportion of non-poor households indicate mismatch in the credit market.

2.4.1. Seasonal Poverty

Seasonal variation in income, consumption, and poverty has been a recurrent phenomenon in the rural areas of Bangladesh generated by production cycles of three major rice crops. Rapid increases in production of Boro rice, expansion of non-crop agriculture and rural non-farm activities and seasonal migration have helped smooth income and consumption in many areas of the country. Yet, there are still some areas, notably in Rangpur Division, where pronounced seasonal fluctuation still persists (known as the Monga problem).

This seasonal phenomenon, which lasts about 3 months, from September to November, precedes the *Aman* harvest. Seasonal hunger arising from agricultural seasonality is often intensified by crop failure, poor harvest, and extreme weather conditions. In addition to agricultural seasonality, the underlying differences in agro-climate and ecological endowments, as well as local economic diversity found in the Rangpur region also influence the seasonality of income and consumption. The intensity of the Monga problem has been declining over time as Rangpur Division makes economic progress along with the rest of Bangladesh.

2.4.2. Food Price Shocks

Annual fluctuations in food prices especially price of the main foodgrain rice, is generated by harvest failure and a common phenomenon in the country. It reaches crisis proportion if domestic harvest failure coincides with supply shortage in the world market. In the recent past there was sharp increase in world food price during the first quarter of 2008 and during the period from mid-2010 to early 2012. Between 2005 and 2008 rice prices increased by 25 percent, wheat prices by 70 percent and maize prices by 80 percent. Sudden food price hike as observed in the first quarter of 2008 has important implication for livelihoods and welfare in Bangladesh because Bangladesh is a net importer of food and food absorbs a large proportion of household expenditure. For example, rice accounts for 40 percent (23 percent) of total consumption of households at the bottom (top) quintiles.

The food price shock in 2008 made about 12.3 million people food insecure and about 34.7 million people under-nourished in Bangladesh. Although substantial progress has been made in reducing the incidence of hunger, HIES 2010 reveals that about 24 million people (16 percent of the population) is severely food deficient, i.e., they cannot afford an average daily intake of 1805 calories.

Different households are affected differently over different periods. In the short term the poor who spend most of their income on food are more severely affected. In the medium term when

wages are adjusted to increased food prices households along the wealth distribution are equally affected. In the long term when prices have spill-over effects on other sectors households in the higher income group are affected more than the poor as the former group consumes a larger proportion of service output.

2.4.3. Economic Recession

Textbook case of economic recession as part of a business cycle is rare in Bangladesh because of its economic characteristics. However, as Bangladesh becomes more industrialized and gets more integrated with the global economy, the impact of a global downturn on Bangladesh economy could be serious that would likely hurt the poor. In this regard, Bangladesh can learn from the experience of East Asian economies, which faced a number of crises, including the East Asian financial and economic crisis of 1997-98 and the Global Financial Crisis of 2008-09. Typically, unemployment tends to rise and real wages fall during these recessionary episodes.

2.5 Mapping of Existing Social Protection Interventions against Life Cycle Risks

As discussed in Chapter 1, following independence, Bangladesh initially established a social Safety Net System based on food transfers for the extremely poor, usually provided as humanitarian assistance. However, since the late 1990s, this system has begun to evolve with the growth of a range of schemes that address lifecycle risks. However, since these programmes did not emerge on the basis of strategic concern to address life-cycle risks, none of the schemes are particularly large in international comparison, having low coverage levels, low transfer values, or both. There are also a range of schemes under Disaster Relief that are intended to address covariate shocks.

2.5.1. Current Social Protection Provision for Lifecycle Categories

Table 2.1 provides details on the main social protection schemes in Bangladesh, against the lifecycle stage and risk. The sections below describe in more detail current provision of lifecycle schemes at different stages of the lifecycle, including their strengths and weaknesses. It also highlights gaps in provision at different stages of the lifecycle.

2.5.2. Early Childhood

Coverage of very young children by social protection schemes in Bangladesh is minimal, despite the challenges they face, in particular with regard to under-nutrition. The Ministry of Women and Children's Affairs (MoWCA) offers a small child grant- known as the Maternal Allowance Programme for Poor Lactating Mothers- that reach 100,000 families. Therefore the gap in provision for young children is massive. In effect, almost the entire category – around 15 million

Table 2.1: The Main Social Protection Schemes in Bangladesh, Mapped Against Lifecycle

Programme Name	Budgetary Allocation	Coverage	Budget of Lifecycle Stage	% of Total SP Budget	Total Beneficiaries	% of Total SP Beneficiaries
	BDT in millions	No. of person (in 00,000s)				
Total SP Budget in FY13 BDT in millions	230970					
Total Beneficiaries (in 00,000s)		776				
Lifecycle Stage: Pregnancy & Early Childhood			5357	2.32%	5.67	0.73%
Maternal, Child, Reproductive and Adolescent Health (MCRAH)	1390	0.67				
Revitalization of Community Healthcare Initiative	3967	5				
Lifecycle Stage: School Age			20290	8.78%	140.4	18.09%
Primary Education Stipend	9250	78.17				
School Feeding Programs and School Feeding Programs in Poverty Prone Areas	4565	24.4				
Stipend and Access Increase for Secondary and Higher Secondary Level students	6475	37.83				
Lifecycle Stage: Working Age			54398	23.55%	103.7	13.36%
Allowances for the Widow, Deserted and Destitute Women	3312	9.2				
Economic Empowerment of the Poor (EEP)	1104	40.1				
Food Assistance for Chittagong Hill Tracts	2423	3.57				
Employment Generation Programme for the Ultra Poor	12000	0.42				
Vulnerable Group Development	8589	22.6				
Food for Work	14927	16.7				
Social Development Foundation	2887	-				
Rural Employment and Road Maintenance Program	2575	1.33				
One Household One Farm	5380	9.67				
Ashrayan-2 Project	1201	0.11				
Lifecycle Stage: Old Age			70118	30.36%	30.52	3.93%
Construction of residence for landless and poor freedom fighters	2280	0.29				
Honorarium for Insolvent Freedom Fighters	3600	1.5				
Pension for Retired Government Employees and their Families	55328	3.98				
Old Age Allowance	8910	24.75				
Disability			1030	0.45%	2.86	0.37%
Allowance for the Financially Insolvent Disabled	1030	2.86				
General Purpose			16119	6.98%	10.41	1.34%
Fund for climate change	4000	9				
National Service	3108	0.41				
Block Allocation for Disaster Management	1000	-				
Block Allocations for Various Programs	8011	1				
Food Transfers			44787	19.39%	398.63	51.37%
Vulnerable Group Feeding	12008	85				
Test Relief (TR) Food	12602	13				
Gratuitous Relief (GR) Food	2596	80				
Open Market Sales (OMS)	17580	220.63				
Others			18800	8.14%	83.61	10.77%

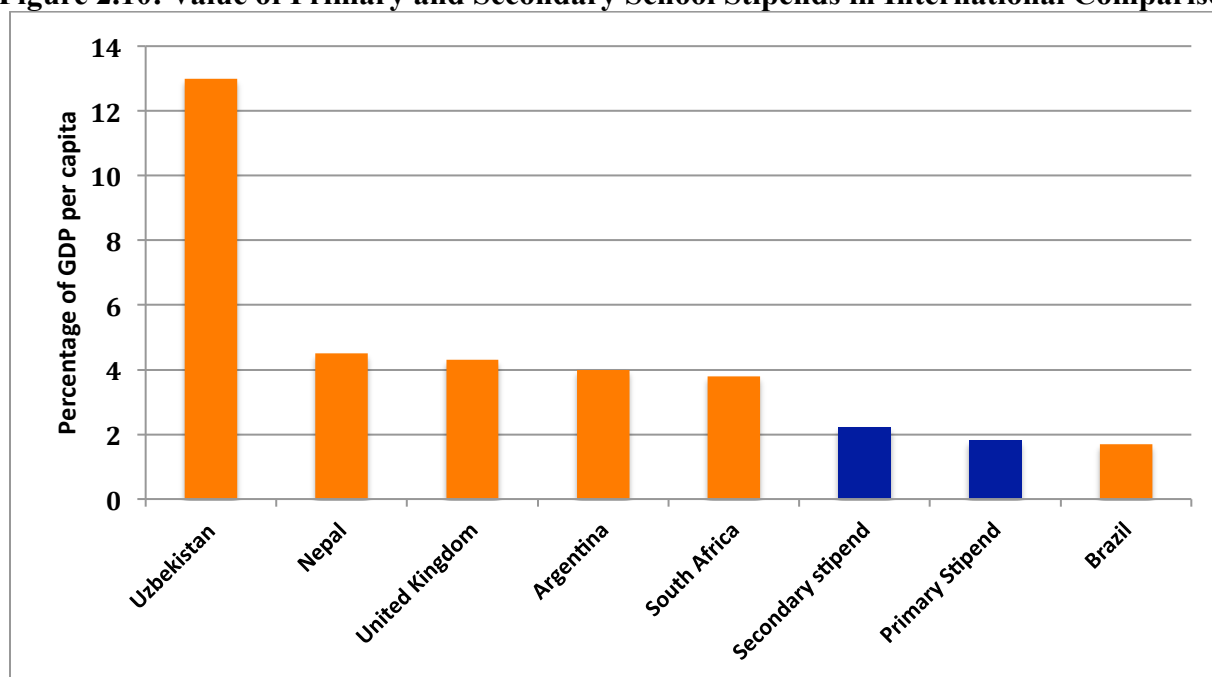
Source: Ministry of Finance

children – does not receive direct social protection support. Addressing this huge gap is arguably amongst the most serious challenge for the NSPS.

2.5.3. School Age Children

The highest coverage of social protection schemes is during *school age*, mainly via the Primary and Secondary Student Stipends. Around 12.7 million children receive stipends, with the majority at primary school. Coverage is around 24% of primary school age children and 17% of secondary school age children. There is a small transfer provided by the Ministry of Social Welfare for children with disabilities, but it only reaches 18,600 children in total, a tiny proportion of the total number of children in need. The transfer level of the stipends is low. One child receives Tk.100 per month from the Primary School stipend but, if there are more than two recipients in a family, the overall transfer reduces to Tk.125 in total, so the value per child is much lower than Tk.100. The Secondary School stipend provides between Tk.120 and Tk.150 per child, depending on age, and the value per child also reduces if there is more than one recipient in the family. Figure 2.10 compares the value of these transfers in Bangladesh with child transfers in other developing countries, as a percentage of GDP per capita. It indicates that both transfers (blue bars) are below the value of most countries, apart from Brazil. However, if the real value of the Primary and Secondary Stipends per child were used – based on the value of the transfer in families with more than one child – then the value would be very low by international standards, well below that of even Brazil where families can receive multiple benefits.

Figure 2.10: Value of Primary and Secondary School Stipends in International Comparison



Source: Annex1. Background Paper No. 8.

While coverage is relatively high for the stipends, support for children with disabilities is minimal. It is not possible to know how many children have a disability. However, South Africa provides a grant for children with disabilities – known as a Care Dependency Grant – reaching 0.6% of all children aged 0-18 years who need full time attention or specialized care. If the same proportion were used to estimate the number of potential children with disabilities in need in Bangladesh, the total number would be around 350,000. Therefore, current coverage of children with disabilities can be estimated at around only 5%.

However, the main challenge with social protection schemes for school age children is the size of the transfers: they are too small to have a meaningful impact. A more reasonable transfer size – based on international experience – would be the equivalent of around 4% of GDP per capita, which is estimated at around Tk.240 per month, with no reduction in families with more than one child.

2.5.4. Working Age (including young people)

As indicated in Table 2.1, there are 10 specific social protection schemes for people of working age. The major programmes in this category could be divided into two main types: workfare schemes; and programmes for women.

There are as many as 8 workfare schemes of which the two largest programmes are the Food for Work Programme (FWP) and the Employment Generation Programme for the Poor (EGPP). The aim of these programmes is to help create employment in rural areas during agricultural slack period to create jobs for those who might need them, especially women. The work typically involves support for building rural infrastructure. These programmes use up considerable resources, taka 45 billion in FY13 (14 percent of total spending on social protection) and several concerns have emerged about the effectiveness of the use of these resources. The Government is aware of these concerns and taking steps to address them. For example, the Ministry of Disaster Management has started the process of improving the efficiency of the various food-based programmes under its management including conversion to cash, transfer of funds through the financial system and developing an MIS.

The other set of schemes for working age people are directed towards women. The largest is the Widows' Allowance, which reaches just over a million women; although around 23% is over 62 years of age. It provides them with Tk.300 per month, which, as an annual transfer, is equivalent to around 5.5% of GDP per capita. This is much lower than Nepal's similar Single Women's Allowance, which provides 11% of GDP per capita.

The Vulnerable Group Development (VGD) schemes provide transfers of 30 kg of grain per month, which has a value to families that is equivalent to Tk.900 per month.³ Women also

³The benefit is calculated by assuming that the 30 kgs of grains delivered would cost beneficiaries Tk.30 per kilo to purchase in the market. The actual cost to the Government could be lower.

receive support to establish small enterprises. Some 2.2 million women benefit from this programme.

An important social protection intervention for working age women – although not a direct cash transfer – is childcare for young mothers, to enable them to continue at work. However, provision of childcare in Bangladesh is very limited. A very small number of factories provide childcare facilities for employees while the Ministry of Women and Children’s Affairs also provides some centres, mainly in Dhaka.

2.5.5. Programmes for Working Age Adults with Disabilities

While there are programmes to address the needs of working age adults with disabilities, they are relatively small. The main disability grant reaches only 200,000 people while there is also a small scheme for disabled freedom fighters. Given that there are 1.1 million people with severe disabilities of working age, this would suggest coverage of no more than 20%. The disability grant provides Tk.300 per month, which is the equivalent of 5.5% of GDP per capita. As a comparison, Nepal’s disability benefit for people with severe disabilities is the equivalent of 22% of GDP per capita while South Africa’s Disability benefit provides the equivalent of 28% of GDP per capita. Therefore, the value of Bangladesh’s Disability Grant could be regarded as low by international standards.

2.5.6. Missing Programmes for Working Age Group

Two missing areas of social protection for working age group are the absence of unemployment insurance programme and the injured workers insurance. The importance of the later has emerged in a big way following a series of devastating fire and building collapse events in the ready-made garments industry. As Bangladesh continues to develop the manufacturing and organized services based income and employment opportunities, the importance of these two social protection interventions will grow. The strategy for reforming the present social protection system will need to pay attention to these aspects of protection for the working age population.

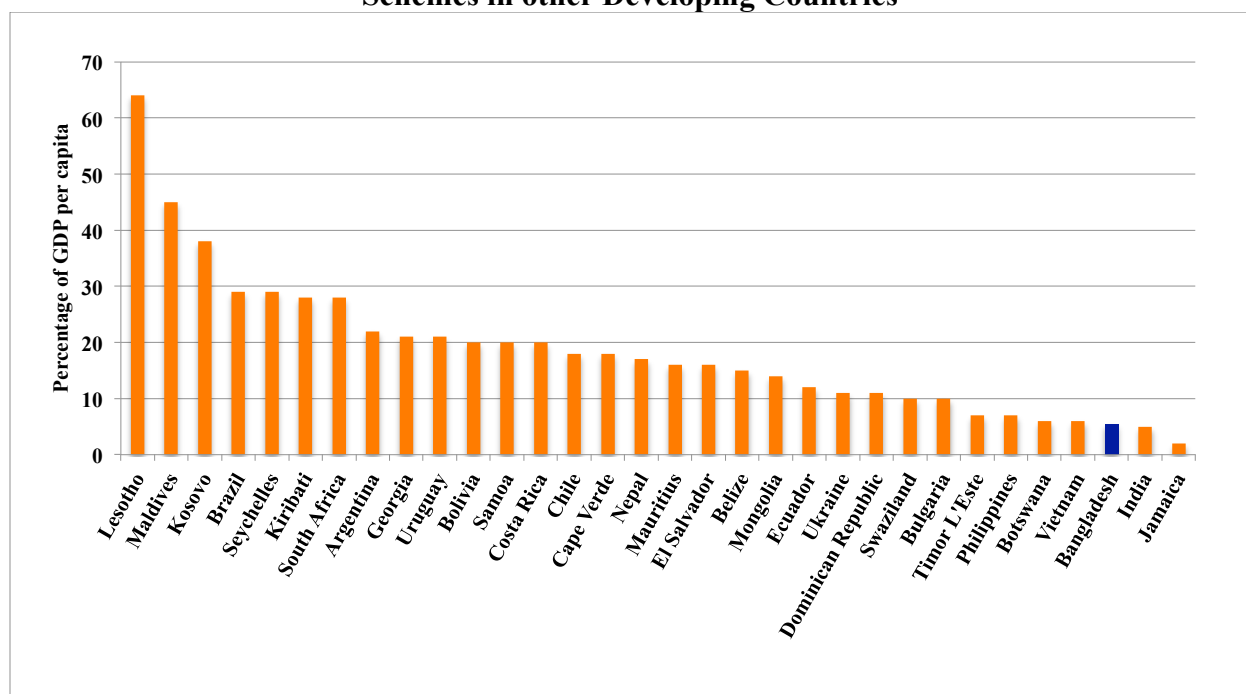
2.5.7. Programmes for the Old Age

The highest level of social protection spending in Bangladesh is on programmes that address the risks associated with old age. In terms of budgets, the Government Pension is the largest social protection scheme in Bangladesh, although it pays generally high benefits to only 398,000 people. Most of the benefits of the government pension likely accrue to the non-poor household. The Old Age Allowance has grown in recent years and now reaches 2.5 million people. In addition, the allowance for Insolvent Freedom Fighters is almost certainly mainly for older people while many of the recipients of the Widows’ Allowance are elderly. In theory, therefore, coverage of old age pensions may be between 35% and 40% of men over 65 years and women over 63 years. However, analysis of the 2010 HIES indicates that 33% of beneficiaries of the Old

Age Allowance are below the age of eligibility. As a result, the real level of pension coverage will probably be under 30%.

The Old Age Allowance is the main pension scheme but its transfer of Tk.300 is low and limits the scheme’s ability to provide income security. Figure 2.11 compares the transfer value – as a percentage of GDP per capita – with other similar tax-financed schemes from developing countries. It indicates that Bangladesh’s Old Age Allowance has one of the lowest transfer values in the world and is well below the value of Nepal’s Senior Citizens’ Allowance.

Figure 2.11: Comparison of the Value of Bangladesh’s Old Age Allowance, with Similar Schemes in other Developing Countries



Source: Pension Watch Database

2.6 Programmes to Mitigate Covariate Risks

The 1974 Famine resulted in the growth of a range of food security programmes aimed at preventing famine and hunger owing to natural disasters and other economy-wide shocks such as global food price crisis, global economic downturn. These programmes seek also to address poverty risks arising from seasonal unemployment.

2.6.1. Disaster Risk Mitigation Programmes

These are implemented by the Ministry of Food and Disaster Management. The total number of programmes and allocated budget are shown in Table 2.2. The main purpose of the disaster risk mitigation and reduction programme is to lower the sufferings of disaster victims by providing

Table 2.2: Coverage and Fund Allocation for Different Programmes Related to Disaster

Name of the Program	Coverage (in Lac people/month)		Fund Allocated (In crore BDT)	
	FY10-11 (R)	FY11-12	FY10-11 (R)	FY11-12
Disaster Risk Mitigation and Reduction	2.12	1.61	17.12	13.00
Vulnerable Group Feeding	122.22	104.44	1473.64	1607.15
Gratuitous Relief	80.00	80.00	263.76	273.56
Fund for Climate Change	17.00	17.00	700.00	700.00
Rehabilitation of AILA Affected Rural Infrastructure	-	0.06	-	24.00

Source: Ministry of Finance, National Budget FY10-11 (R) and FY11-12

them with a loan to set up small business. Loan is generally small amounting between BDT 5000 to BDT 25000 for 1 to 3 years with a nominal service charge. The number of beneficiary is more than 1 million.

In response to the devastating floods in 1998, the Government used two direct transfer relief programs to mitigate the sufferings of the seriously-affected households. During the initial period, immediate relief was provided to such households under the Gratuitous Relief (GR) programme. After the flood water receded, the Vulnerable Group Feeding (VGF) programme was started in late-October, and was targeted to the poor. Evaluation of these programmes show mixed results in terms of low beneficiary, inclusion of significant non-beneficiaries, and low value of average benefits. Nevertheless, the two programmes have helped to avert any major food crisis.

Apart from these two programmes there are two general purpose funds for disaster management and climate change.

Programmes for Addressing the Seasonal Unemployment Problem: A range of programmes have emerged to mitigate the risks of hunger resulting from seasonal unemployment and or food price shocks. These include short term programmes such as Food for Work (FFW) and Cash for Work (CFW) that provide quick and emergency support to households to mitigate impact of seasonal disasters and long term programmes that include Employment Generation Programme for the Poor (EGPP), Vulnerable Group Development (VGD), Vulnerable Group Feeding (VGF), Rural Maintenance Programme (RMP). A joint assessment of both public and NGO programmes reveals positive effect of these programmes on seasonal poverty reduction. Nevertheless, there is a need to reassess the effectiveness of these programmes for a number of reasons.

Evidence shows that Monga households adopt a range of coping measures including migration, employment diversification and access to credit. The problem, however, is these coping mechanisms are not universally available. For example only 40 percent of the extreme poor in the Monga areas had access to credit. Furthermore evidence also suggests that only 45 percent

had access to any kind of safety net programmes run by the Government or the NGOs. These suggest that the most sustainable way to address seasonal hunger and poverty is to promote the overall development of Rangpur Division through investments in infrastructure and non-farm employment opportunities. Better access of the poor to micro-credits and to an improved social protection system can be very important as well.

Government Response to Food Price Shocks: The Government initially scaled up food distribution through its existing safety net programmes such as Food for Work (FFW). A new cash based workfare programme, the EGPP, was introduced in 2009. Open Market Sales (OMS) for urban areas was also expanded. Despite numerous administrative problems, these programmes have helped cushion against the impact of food price shocks. In this context, the timeliness of public response to a shock and targeting the poorest section of the community who most need help are two important considerations.

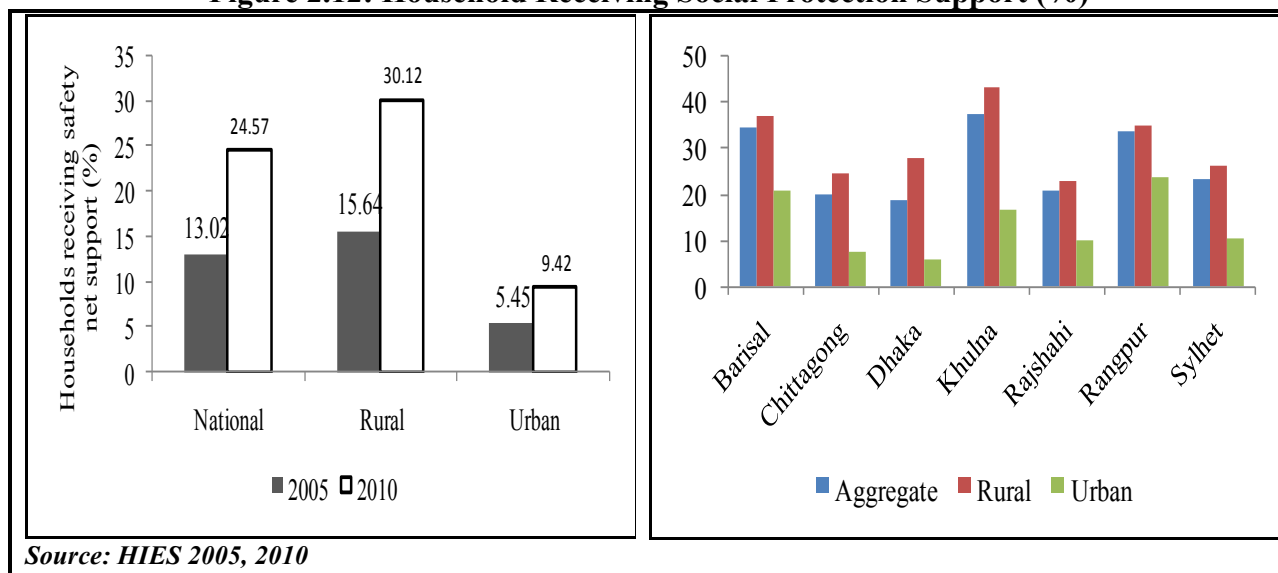
Addressing Risks from Global Economic Recession: Government has a wide range of fiscal and monetary policy instruments to counter recessionary pressures on the economy. However, the Government recognizes that some specific social protection measures may be needed to provide social protection to the working age groups. The modernization of the social protection program by expanding its scope to cover unemployment insurance is one very important reform for Bangladesh. More generally, in addition to public policies for job creation and credit extension, the institution of a more focussed and inclusive social protection system can be the best possible response to mitigate risks emerging from economic recession.

2.7 Current Provision of Social Protection for the Urban Poor

There are noticeable rural/urban differences in SP coverage with substantially lower coverage in urban area. This is partly due to the fact that currently more poor people in Bangladesh live in rural areas than in urban centers but, more importantly, most of the existing programs such as disaster relief and income-generation activities have an in-built rural focus. Figure 2.12 shows the estimated distribution of social protection benefits between rural and urban households.

The number of households covered by social protection programmes almost doubled in rural areas over the periods 2005 to 2010. The rate of increase of the coverage of households in urban areas was lower. More importantly, in 2010 some 30.1 percent of rural households benefited from a social protection programme as compared with only 9.4 percent for urban areas. These differences carry over at the Regional level. However, one positive feature of the spatial distribution of the social protection programmes is that the poorer Divisions (Barisal., Khulna, Rajshahi) tend to benefit more from social protection than the richer Divisions (Dhaka, Chittagong and Sylhet).

Figure 2.12: Household Receiving Social Protection Support (%)



The rural/urban difference in the distribution of social protection scheme is also evident in data collected from the Department of Social Services regarding the rural/urban breakdown of the number of beneficiaries of two key safety net programs. One program is 'Old Age Allowance' and another is 'Widowed and Distressed Women Allowance' which are unconditional cash transfers. It is evident from Table 2.3 that these two programmes have a clear bias to rural areas. Though nearly one-third of the total population live in urban areas and the incidence of urban poverty is still very high (17 percent) only a small percentage of urban residents are covered by these programmes.

Table 2.3: Rural/Urban Breakdown of the Number of Beneficiaries

Type of Program	National	Rural	Urban
Old Age Allowance	24,75,000	23,27,247	1,47,753
	100%	94.03%	5.97%
Widowed and Distressed Women Allowance	9,20,000	9,04,502	15,498
	100%	98.32%	1.68%

Source: Department of Social Services (DSS)

However, there are a few programmes with an urban bias. One such programme is the Open Market Sales (OMS), which was introduced in the early 1980s to provide subsidized foodgrain to urban poor. A second programme is the Ghore Phera (Back to Home) Programme. Since 1999 this programme has encouraged people living in hardship in urban areas to return to their village by offering them loans. The loan covers cost for income generating activities in the rural area. It also often covers the cost of transportation and settling down money. This programme aims at

alleviating urban poverty, reducing unsustainable rural-urban migration and improving the city environment by sending people back to their villages with sufficient incentives. A third programme is the Rehabilitation and Creation of Alternative Employment for People Engaged in Begging. An amount of Tk. 7 crore was allocated under this program in the budget for FY11-12 under this programme. But the programme has not been implemented effectively till date.

A yet another special programme for the urban poor is “The Urban Community Development (UCD)”. This has been serving marginalized people in urban areas since early 1950s. The UCD has gained wide appreciation because of the multi-purpose nature of support offered in urban areas like family planning, skill training, adult education and micro-credit program for self-employment (Table 2.4). A total of 80 UCD units throughout the country have been in service since 2002.

Table 2.4: Number of Beneficiary Households under Different Programmes of UCD

Year	Number of beneficiary households under micro-credit program	Number of beneficiary households under Training programs	Number of beneficiary households under awareness-raising and other social activities
2009	4962	15604	19507
2010	1419	20590	25904
2011	991	11060	27552
2012	965	12134	24974

Source: Department of Social Services (DSS)

Although UCD became popular because of its intervention components, as Table 2.4 shows that the beneficiary coverage of the programme under the micro credit program has declined substantially in 2012 compared to 2009. Similarly, the number of training recipient households has also declined in between 2009 and 2012.

In addition to the UCD Programme, Department of the Social Services (DSS) has also launched new schemes with a view to mobilize disadvantaged urban people to solve their immediate problems through group efforts and to facilitative income generating activities through training, credit etc. Disadvantaged urban people especially those who are living in the slums, or informal accommodation are the main target group of this programme. The coverage and amount of allocated fund of these programmes are given in Table 2.5.

Table 2.6 shows the coverage of rural and urban population by all types of social security programmes including this funded by private sector. The overall conclusion is that rural population is significantly ahead of urban population in terms of receiving social protection benefits even in this broader coverage. Some 85% of all social protection benefits go to the rural poor while urban poor receive only 15%. The urban poor benefit most from Open Market Sales of rice, which works as food subsidy.

Table 2.5: Coverage and Fund Allocation for Different Programmes for Urban Poor People

Name of the Programme	Coverage (in Lac people/month)		Fund Allocated (In crore BDT)	
	FY10-11 (R)	FY11-12	FY10-11 (R)	FY11-12
Urban Public Environment Health Programme	-	-	15.00	112.51
Allowance for Urban Poor Lactating Mothers	0.68	0.78	28.50	32.60
Fundamental Education for the Urban Working Children	1.36	0.61	51.00	23.00

Source: Ministry of Finance, National Budget FY10-11 (R) and FY11-12

Table 2.6: Distribution of All Social Protection Benefits by Location

Description of Programme	Area of Residence		
	Rural	Urban	Total
All social protection	85.1	14.9	100
All social insurance (SI)	79.1	20.9	100
Old age allowance: SI	84.1	15.9	100
Allowance for widow, deserted and destitute: SI	90.1	9.9	100
Private insurance: SI	73.1	26.9	100
Pension, Gratuity and Provident Fund: SI	59.4	40.6	100
All labour market programmes (LM)	100	0	100
Cash/food for work: LM	N.A.'	N.A.'	N.A.'
100 Days employment: LM	100	0	100
All social assistance (SA)	87.0	13.0	100
GR/TR:SA	93.9	6.1	100
VGD/VGF:SA	100	0	100
Stipend: SA	93.8	6.2	100
Agriculture rehabilitation: SA	88.2	11.8	100
Private assistance: SA	83	17	100
Other assistance: SA	100	0	100
Open market sale OMS:SA	0	100	100

Source: Calculated from on HIES (2010)

Note: Private assistance includes the in-kind transfer of money or commodity either for religion purpose or risk mitigation purpose.

2.8 Current Social Protection Provision for Excluded Population

2.8.1. Programmes for Chittagong Hill Tract Population

Along with access to other programmes, there are a few programmes that are explicitly targeted towards the ethnic minority of the country. The three major programmes are:

- Allowance for Beneficiaries in the Chittagong Hill Tract Areas
- Food Assistance in the Chittagong Hill Tract Area

- Non – Bengali Rehabilitation

The Chittagong Hill tract programme pays an average benefit of 1,644 taka per household. But detail data on Allowance programme is not available. The Non-Bengali Rehabilitation Programme covers near about 0.11 million people and has a budget of 170 million taka in FY11-12. On the other hand Chittagong Food Assistance Programme covers about 0.71 million people allocating a 2259.00 million taka budget in FY11-12.

2.8.2. Programmes for Dalits

Dalit households have similar eligibility to social protection programmes as non-Dalit households. In addition, there is a special programme for the Dalits is the "Construction of Sweeper Colony at Districts". In FY11-12, the budget allocated for Sweeper Colony was 100 million BDT.

2.8.3. Programmes for HIV Affected People

Households with HIV affected members have similar eligibility to social protection programmes as other households. The Government is also making an effort to make its health strategy more sensitive and responsive to the needs of HIV/AIDS affected people. This effort will continue in the context of the NSPS.

2.8.4. Targeted Programmes for Women in Poverty

The Government is particularly sensitive to the disadvantageous position of women in the society. So, in addition to a range of regulatory and affirmative action policies aimed at offsetting the sources of disadvantage in the context of the broader Social Development Framework, a number of special social protection programmes have been adopted to support the women living in poverty. These programmes and allocated resources are shown in Table 2.7.

The most important programme is the Allowance for Widow and Deserted Destitute introduced in 1998. During inception of the Widow Allowance Programme the total allocation was 125 million, number of beneficiaries was 0.1 million and monthly allowance was 100 taka. Over time gradual expansion of the programme occurred and in FY2012 the total allocation increased to 3312 million taka, the number of beneficiaries increased up to 0.92 million and the monthly allowance reached up to 300 taka (Table 2.7).

Notwithstanding the increased coverage, there are eligibility criteria that have to be met. The following groups are not considered eligible for this programme: Government pension beneficiary, VGD Card holders, those who get regular grant or allowance from the government, and those who get regular grant or allowance from the non-government agencies.

Table 2.7: Coverage and Fund Allocation of Different Women Targeted Programmes

Name of the Programme	Coverage (in Lac people/month)		Fund Allocated (In crore BDT)	
	FY2011 (R)	FY2012	FY2011 (R)	FY2012
Allowance for Widow, Deserted and Destitute	9.20	9.20	331.20	331.20
Maternal Health Voucher Scheme	1.79	2.44	66.20	90.00
Maternal Allowance Programme for Poor Lactating Mothers	0.80	0.92	36.96	42.50

Source: Ministry of Finance, National Budget FY2011 (R) and FY2012

The Maternal Health Voucher Scheme (MHVS) was undertaken to address the MDG target of reducing maternal mortality. The scheme provides subsidies to the target group to enable them to buy specific services. The overall goal of the MHVS is to reduce maternal mortality rate and neonatal mortality rate by increasing: (i) awareness and demand for maternal health services among poor pregnant women, and (ii) institutional delivery. The MHVS was initially introduced in 21 upazilas in 21 districts, and subsequently extended to 53 upazilas. The funding for the programme was provided by the Government and the Development Partners.

The MHVS aims to cover 174, 000 pregnant women per year. The MHVS beneficiaries must be poor and vulnerable pregnant women, those belonging to functionally landless households, those with low and irregular income of Taka 2500 per household per month, and those who lack productive assets. The MHVS components include: (i) three ANC visits, (ii) safe delivery, (iii) one PNC visit within 6 weeks of delivery, (iv) services for obstetric complications, (v) subsidy of Taka 500 for transport cost for institutional services, (vi) up to Taka 500 for referral to district hospital, and (vii) cash of Taka 2,000 to the mother if delivery occurred by the skilled health personnel. Specified services are provided by designated providers and facilities from the public and the private sectors and the NGOs.

The main idea behind 'Maternity Allowance Programme for the Poor Lactating Women' is that a healthy mother is a must for a healthy child. An allocation of Tk.430.6 million (Tk.100 million more than the previous year) has been provided for poor lactating mothers in addition to Tk. 300 million allocated for low-income, working lactating mothers in urban areas.

2.9. Summing Up

Bangladesh has experimented with a range of safety net programmes many of which are grounded in the life cycle framework. The NSPS builds on the many successes while seeking to address the remaining constraints and challenges.

CHAPTER 3

International Evidence on Social Protection

3.1 Introduction

In recent decades, there has been a growing realisation across developing countries that a national social protection system is an essential complement to a market economy. To a large extent, Bangladesh is ahead of the game. Since independence, it has built a national social protection system and has been willing investing over 2% of GDP annually, a significant sum compared to most other low income countries. Yet, while Bangladesh has made a significant commitment to social protection, the Government recognises that the system needs to be modernised, so that it is prepared for the transition to a middle-income country. Therefore, in developing the NSPS, both international and national evidence on social protection have been examined so that lessons can be learnt and applied to the Bangladesh context. This chapter provides a brief overview of some of the key lessons of international experience⁴.

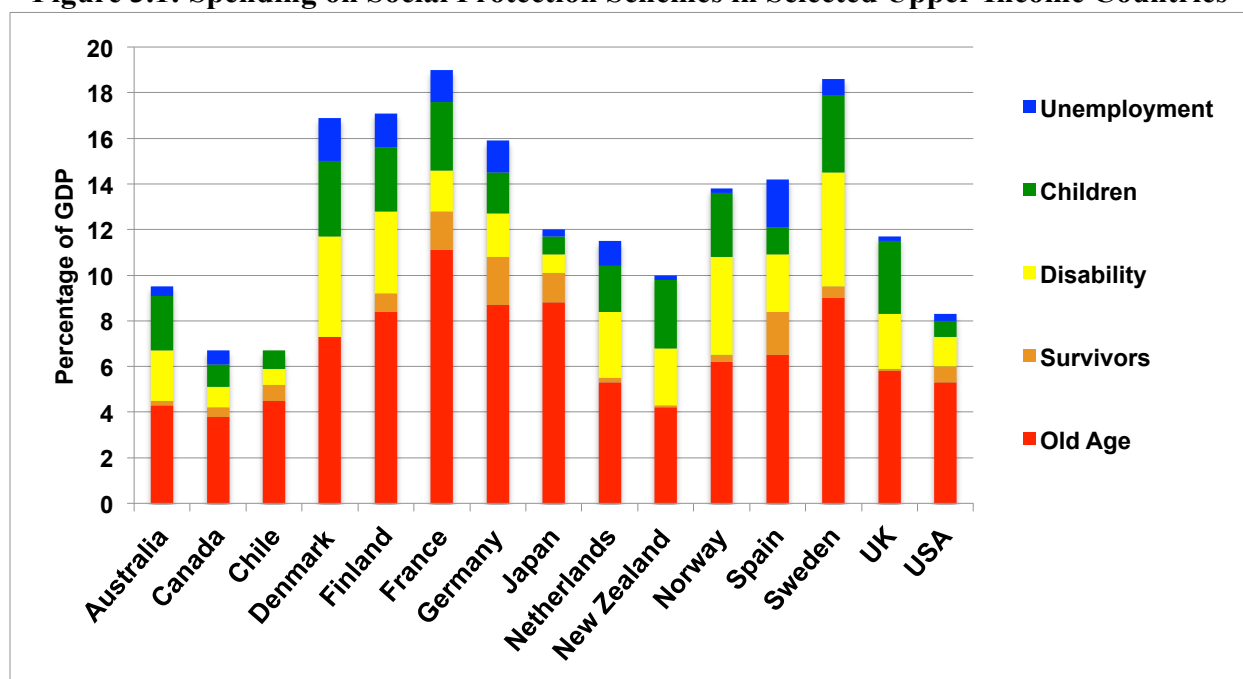
3.2 The Shape of Social Protection Systems in Upper and Middle-Income Countries

In the early stages of the development of national social protection systems, it is common for countries to target schemes at the poorest households, similar to the poor relief model followed in early 19th Century Europe. However, as social protection systems mature, they are shaped by the need to address the causes of poverty and are designed to address the risks and challenges associated with different stages of the lifecycle. So, in upper-income countries, the vast majority of social protection investment is directed at the elderly, people with disabilities, children, widows and the unemployed, with only a tiny proportion set aside as general poor relief. Figure 3.1 indicates the level of spending on various lifecycle schemes in a range of upper-income countries.

A similar process of transitioning towards lifecycle social protection systems is underway in many developing countries. Commonly, countries prioritise initially their old age pension systems then gradually establish schemes for people with disabilities, children and, at times, widows or single women. Indeed, old age pensions are by far the most common and largest tax-financed social protection schemes in developing countries. Some developing countries that initially focused on establishing poor relief schemes in the 1980s and 1990s – such as Mexico and Ecuador – are now transitioning to a lifecycle system, initially establishing old age pensions that reach the majority of older people.

⁴This Chapter is based on background research reported in paper number 9 contained in Annex 1. The paper provides more detailed analysis and full list of research used for the analysis of this chapter.

Figure 3.1: Spending on Social Protection Schemes in Selected Upper-Income Countries



Source: OECD Social Expenditure Database

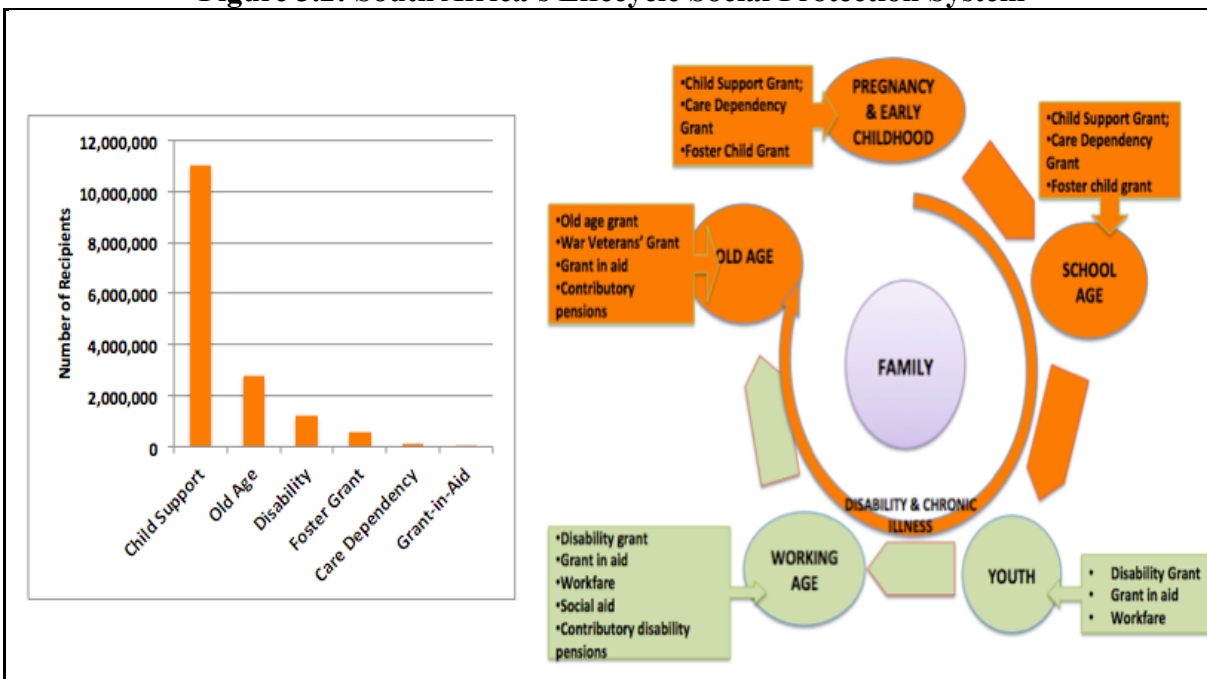
Increasing numbers of countries are establishing disability benefits and child grants. Some of the largest Disability Benefit schemes can be found in South Africa, Brazil and Vietnam, each of which has over a million recipients. However, child benefits are also becoming common: South Africa provides 58% of children aged up to 18 years with a grant; Argentina offers them to 85% of children while Brazil reaches 63%. Even Nepal – which already has a universal pension – has recently begun a programme of child grants for those aged 0-4 years.

South Africa is one of the best examples of a developing country that is relatively well advanced in its evolution towards a lifecycle social protection system. Figure 3.2 demonstrates South Africa’s main social protection schemes, mapped against the lifecycle. Its system is similar to that of a developed country, although schemes for the unemployed are underdeveloped. Figure 3.2 also indicates the coverage of the schemes, with the largest scheme – the Child Support Grant – reaching over 11 million children. However, the highest expenditure is still on the Old Age Pension, at around 1.2% of GDP.

A lifecycle approach has been recognised as an effective means of building national social protection systems by the World Bank in its Social Protection and Labour Strategy. A lifecycle approach also underpins the approach of the Social Protection Floor, which has been promoted by the United Nations and endorsed by many countries including Bangladesh. The Social Protection Floor sets out four basic social security guarantees for the elderly, people with disabilities, children and the unemployed. The logic behind the Social Protection Floor is that, if these vulnerable categories of the population are covered, then a social security floor will be

established that will provide protection to the vast majority of poor families as well as those who are vulnerable to falling into poverty.

Figure 3.2: South Africa’s Lifecycle Social Protection System



Source: Based on data from South Africa Social Security Administration, 2011-2012

3.3 Contributory and Tax-Financed Schemes

As countries build their social protection systems, they need to decide the relative balance between tax-financed and social insurance schemes. Each type of financing mechanism has its advantages and disadvantages but almost all upper-income countries use a mixture of both, although the balance between the two varies. Nonetheless, the essential principles followed are: tax-financing should be used to provide a minimum level of benefits for citizens, with a particular focus on the poor, those in the informal and subsistence sectors and those without employment, such as domestic workers; however, social insurance schemes should enable those who have sufficient income to invest in an additional level of protection against lifecycle risks.

Both tax-financed and social insurance schemes tackle similar risks. However, it is common for social insurance schemes to focus on the provision of old age and disability benefits, although they can be used to provide insurance against other risks such as illness, unemployment and maternity.

The main challenge in extending social insurance schemes in developing countries is that only a small proportion of the population is in formal sector employment. Social insurance mechanisms function best when payments into schemes are mandatory. Yet, this can realistically only be achieved with formal sector employees. So, while a number of countries have tried to extend

social insurance mechanisms into the informal sector, only a small proportion of those in the sector tend to take up the offer. For example, over the past 30 years, Sri Lanka has made strenuous efforts to establish contributory pension schemes for informal sector workers. Yet, despite very low contributions, only a small proportion of eligible workers have entered the schemes and maintained their membership. Furthermore, the pensions produced are of low value and none of the schemes are actuarially sound: they will have to be bailed out by government in the near future.

As countries develop, the coverage of social insurance schemes often increases. For example, the majority of Brazil's old age pensions are financed from contributions into its *Previdencia Social*, while Thailand provides contributory pensions to between 20% and 30% of older people. However, across most developing countries, it is recognised that tax-financed schemes necessarily need to be responsible for covering the majority of the population, while efforts should be made to extend social insurance mechanisms to provide people with an additional level of protection. Indeed, the United Nations' Social Protection Floor concept recognises the important role that social insurance schemes can play as a complement to tax-financed schemes.

3.4 Selection of Recipients

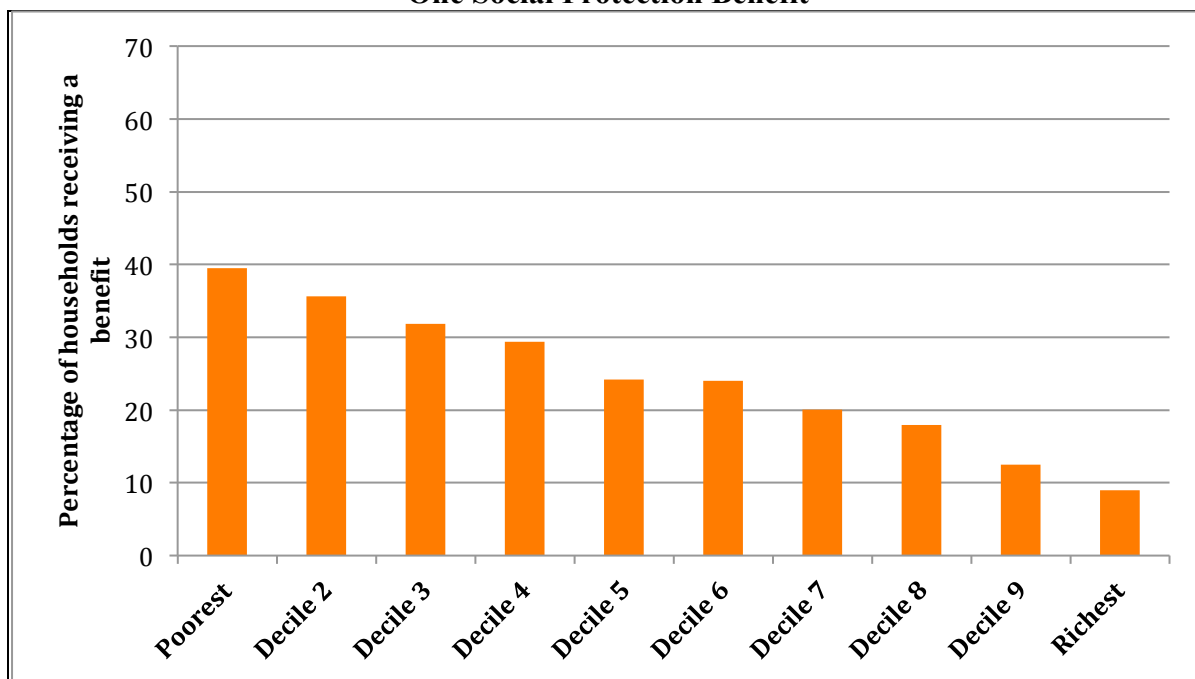
As countries move towards building lifecycle social protection systems, the question remains on how best to include poor and vulnerable families into tax-financed schemes. The issue of how to select or "target" the poor presents a challenge to policy-makers across all countries. Bangladesh faces the same challenge and it is evident that it has not been possible to accurately identify the target population in many schemes. So, while the present social protection schemes are all directed at the poorest, Figure 3.3 indicates where actual recipients are located across the wealth deciles. It is evident that, while the poor are more likely to benefit than the better-off, many of the poor do not benefit at all. Indeed, despite a relatively high level of spending only 35% of the poor in 2010 received any form of social protection benefit.

Bangladesh is not alone in facing this challenge. Many middle-income countries – with much stronger administrative systems than in Bangladesh – find it very difficult to accurately select the poor. Brazil provides its *BolsaFamilia* cash transfer scheme to just over 20% of the population, but 59% of the poor are excluded; Mexico's *Oportunidades* programme also reaches around 20% of the population but it excludes 70% of the poor; and Georgia's Targeted Social Assistance excludes almost 70% of the poorest decile of the population.

At one extreme, schemes that provide universal access are likely to include the vast majority of the poor. Many countries provide universal – or almost universal – access to pensions, and, as a result, very few poor older people miss out. While such schemes are common in upper income countries, there are a growing number of examples in developing countries, including Bolivia, Brazil, Georgia, Lesotho, Mauritius, Mexico, Namibia, Nepal, Thailand, and Uzbekistan, among others. South Africa reaches 70% of its population with its old age pension and, as a result of this

high coverage, only 13% of the poor miss out. The expansion of child grants to higher proportions of children – as noted earlier – is also leading to a growing inclusion of poor children in schemes, such as in South Africa, Argentina and Bolivia.

Figure 3.3: Proportion of Households in Each Decile in Bangladesh that Receive at Least One Social Protection Benefit



Source: HIES 2010

However, as countries build lifecycle social protection systems, they do not follow only one form of selection mechanism. Indeed, it is common for countries to have a mix: some schemes have high or universal coverage while others attempt to select only the poor.

Establishing universal schemes is relatively easy since selection is simple – often just based on identifying age – but it is much more challenging to identify the poor. Countries have experimented with many different means of identifying the poor – including community-based targeting, unverified means tests and proxy means tests– but all have relatively high levels of inaccuracy, even when well-implemented. It is likely that the main factor explaining the relative success of countries in identifying the poor in an objective manner is the degree of professionalization of staff. Well-paid, motivated and trained professional staff is more likely to ensure a fair and well-managed selection process than staff that have been forced to take on responsibility for running social protection schemes, in addition to their other responsibilities. So, while many Latin American countries have schemes that have employed specialist staff and are regarded as making fair and objective decisions (even if the accuracy is limited), countries like Kenya and Ghana – which have obliged busy child protection and social welfare officers to assume responsibility for cash transfers –have poorly functioning selection processes.

3.5 Social Protection and the Labour Market

A key principle of well-designed social protection is that it should facilitate rather than undermine the engagement of recipients – in particular those of working age – in the labour market. In fact, there is good evidence from developing countries that the receipt of a social protection transfer can help people enter the labour market. In Brazil, the *BolsaFamilia* scheme has increased the labour participation rates of households by 2.6 percentage points and female participation by 4.3 percentage points; similarly, in South Africa, households receiving the Child Support Grant are 15% more likely to be in employment. One reason for the increase in employment rates is that recipients are more likely to look for work. So, for example, households receiving South Africa's Child Support Grant are 18% more likely to be searching for jobs than non-recipients. In both Mexico and South Africa, it was found that recipients were more likely to look for work because they were better able to afford bus fares and presentable clothes.

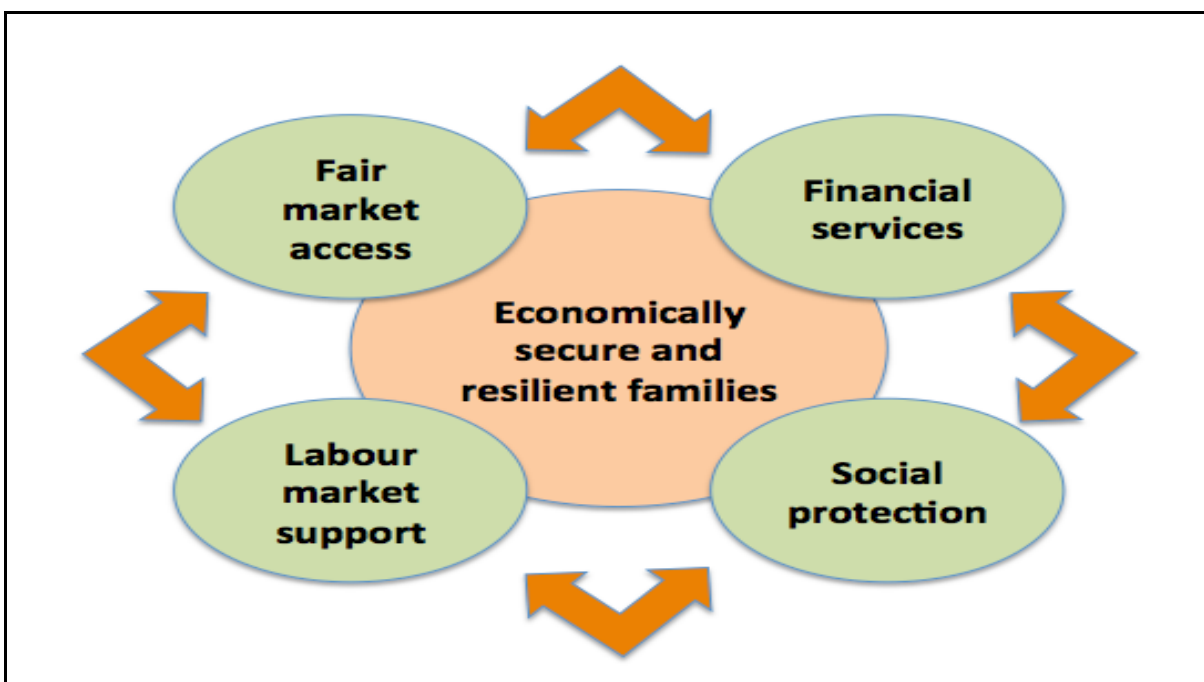
Well-designed social protection schemes also enable families to invest in their own income generating activities. In Mexico's *Oportunidades* programme, 14% of transfers were invested in productive assets, including animals and land; in Nicaragua, recipients increased their investments in agricultural equipment; in Brazil, the *BolsaFamilia* scheme has increased the probability of beneficiaries investing in small businesses, although often these are secondary activities for the family. Indeed, even schemes directed at old people, people with disabilities and other particularly vulnerable people have led to investment in small enterprises in countries such as South Africa, Nepal, Lesotho, Zambia, Malawi, Mozambique and Uganda.

There are various reasons explaining why participation in social protection schemes enables people to engage more actively in the labour market. One is that people are provided with investment capital, which is enhanced by greater access to credit since banks and microfinance institutions are more willing to lend to social protection recipients. However, the guarantee of a regular transfer also changes the worldview of recipients. It provides them with a minimum income platform that infuses their lives with predictability. No longer do they need to worry about whether they will be able to feed their children the next day or week. Instead, the guaranteed receipt of a social transfer offers people security and the knowledge that they can provide their children with the basic essentials of life for the foreseeable future, as well as keep them in school. As a result, families can plan ahead and invest in income generating activities or look for employment. Indeed, there is evidence of families receiving social transfers showing enhanced entrepreneurial behaviour by being more willing to invest in riskier but higher return activities.

Nonetheless, while providing social protection can increase the productivity of families, it is not sufficient on its own. Figure 3.4 indicates the importance of support being provided across three other key areas if the engagement of families in the labour market is to be maximised: **access to finance** so that people can access loans and other financial services – such as savings accounts and insurance – to be able to smooth their consumption and deal better with shocks;

improvements to market value chains so that producers – in particular the poor – can gain fair prices for the goods and services they sell; and, *labour market interventions* that build the skills and capacity of the labour force. Interestingly, one of the main interventions reducing child poverty in upper income countries – and which combines both labour market and social protection approaches – is the subsidised or free provision of childcare services for mothers of young children. By enabling mothers to remain in the labour market, family incomes can be increased significantly, in particular among single headed families.

Figure 3.4: Four Spheres of Support to the Labour Force to Reduce Poverty and Build Resilience



However, experience indicates that care should be taken in “graduating” families off social protection schemes prematurely. Evidence from Bangladesh indicates that, even in BRAC’s TUP scheme where vulnerable women are given significant support to start new enterprises, the average increase in earnings from the participants’ income generating activities was only Tk.1,755 per year, which translates to a mere 4.5% of the per capita poverty line. This increase in income is clearly insufficient to enable participants to escape even extreme poverty. Furthermore, there are also signs that the sustainability of gains is not assured for all participants. Among those entering the TUP in 2002, 52% experienced a decrease in assets between 2005 and 2008. This is probably because participants still experienced shocks and, without access to the security of a social protection transfer, their only option would have been to draw down on their assets. So, one of the main lessons learnt is that working families should only have their social protection benefits withdrawn when they have reached an income threshold for a particular scheme, one that is high enough to provide families with security in the case of shocks.

Furthermore, if a family is hit by a shock, a safety net should be in place that can be accessed rapidly, so that families do not have to sell their productive assets or withdraw children from school. A major deficiency with many poor relief schemes in developing countries – such as CCTs – is that they do not provide this instant access to families experiencing crises. It is common for re-selection to take place no more frequently than every three years – due to the expense of targeting – and, in some cases, such as in Mexico’s *Oportunidades* scheme recertification may only happen after ten years. As a result, their ability to act as a safety net is significantly compromised.

South Africa has adopted a different approach. It has a high income-based eligibility threshold for its Child Support Grant, which means that more than 70% of the population is eligible for the scheme. The Child Support Grant provides an important platform for families to engage with the labour market and, even if they are able to increase their incomes, it is highly unlikely that they will pass the eligibility threshold and lose the grant. Furthermore, if a crisis hits, the family is already in receipt of the grant, which means that it provides an immediate buffer. If better-off families experience a shock and fall under the poverty threshold, they are able to access the scheme at any time, as selection is done on an on-demand basis. In other words, people can visit offices of the South African Social Security Agency to apply for the scheme at any time. They do not have to wait for infrequent nationwide selection and registration campaigns, as occurs in countries such as Mexico, Colombia, Pakistan and the Philippines.

3.6 Strengthening the Administration and Management of Social Protection Schemes

In recent years, more and more developing countries have placed greater emphasis on strengthening the administration and management of social protection schemes. This increases the efficiency and effectiveness of schemes while also reducing fiduciary risk. Improvements have generally focused on three main areas: professionalising staff and institutions; improving management information systems; and, the delivery of transfers to recipients.

3.6.1. Professionalising Staff and Institutions

As indicated earlier, one of the key factors determining the success of schemes is the professionalism of institutions and staff. Too often, large social transfer schemes are established and administered by staff already engaged in other work, in particular at local levels. This has a number of consequences: staff is often untrained and may not perform tasks well; they are given tasks that were not part of their job description and which they may resent; their workloads increase, which is not good for morale; and, their main responsibilities are squeezed so that they can no longer perform them adequately. Such an approach can undermine schemes and put them at risk. Kenya and Ghana are examples of countries that have overburdened existing staff, resulting in much weaker performance of their schemes.

Other countries follow a different approach by building specialised institutions and putting in place professional staff to administer social protection schemes. In South Africa, the Ministry of Social Development is responsible for the social protection system, but the actual delivery of schemes is the responsibility of a semi-autonomous Social Security Agency (SASSA) reporting to the Ministry of Social Development. Professional staff is placed at all levels of SASSA, including in the local offices that are responsible for managing engagement with applicants and beneficiaries. Across Latin America, many schemes are managed by dedicated professional staff while, even in Uganda, a simple old age pension scheme is being implemented by specialized national and district teams.

The existence of dedicated Ministries and staff introduces many advantages to schemes. They are likely to be managed more efficiently while staff is less likely to be corrupted or manipulate the selection of recipients for their personal benefits. Professionalization means that advanced administrative systems – which require more specialised and highly trained staff – can be introduced. As the next section explains, this also increases the efficiencies of schemes.

3.6.2. Using New Technologies for Managing Information and Monitoring Schemes

In recent years, there has been a growing focus on countries taking advantage of new technologies to improve the management of schemes, in particular through the introduction of advanced management information systems (MIS). While there are countries – such as Nepal – that continue to use very simple paper-based management information systems for national schemes, they are becoming increasingly rare. There is significant scope for introducing new technologies into the administration of social protection schemes, which can significantly enhance management and improve monitoring at all levels.

There is a range of middle-income countries that have used advanced management information technologies for a number of years. For example, South Africa has an advanced system that enables data to be entered at local levels and immediately transmitted to its Social Security Agency. South Africa has a range of schemes but the MISs of each can communicate with each other, as well as with the tax record system. Therefore, the performance of schemes can be monitored and fraud can be minimised. However, a number of low income countries are introducing advanced MISs and taking advantage of mobile phone networks to transmit information from local communities and districts to national offices. Kenya has recently developed a Single Registry that uses common software across the MISs of each of its social protection schemes and provides monitoring data to a central social protection Secretariat located in its Ministry of Labour, Social Security and Social Services. The MISs are web-based and data can be accessed and entered at local level, although stringent security protocols are in place to ensure data protection.

3.6.3. Building Financially Inclusive Systems for Delivering Transfers to Recipients

A further innovation in developing countries in recent years has been the use of new technologies to deliver transfers to recipients while moving towards making them more financially inclusive. If transfers are delivered by hand, there is more room for abuse by officials and payment agents – who may extort cash from recipients – and the costs of delivery are relatively high. In fact, across developing countries, leakage has been estimated at between 4% and 25% of the cost of the transfer. If cash transfers are delivered electronically, for instance via banks or mobile phone operators, then security of delivery is enhanced and local government officials are unable to manipulate the payment process to their advantage. So, estimates of leakage in schemes using electronic transfers are as low as between 1% and 5%. However, a further option is for governments to make payments into bank accounts so that recipients become customers of financial service providers and can access other banking services, such as loans and insurance.

In recent years, some countries have made significant progress in moving towards more financially inclusive payment systems. Between 2009 and 2011, Brazil increased its payments to mainstream bank accounts from 2% to 15% of beneficiaries of the *BolsaFamilia* programme, between 2006 and 2011 Mexico's *Oportunidades* scheme increased from 25% to 34%, while, in South Africa, between 2007 and 2011, the expansion was from 28% to 59%. Furthermore, 99% of payments in Brazil and all payments in South Africa are made to bank accounts. Progress in this area is not limited to middle-income countries. In Northern Kenya – a particularly inhospitable region – the Hunger Safety Net Programme is about to open mainstream bank accounts for all beneficiaries, with the potential for beneficiaries to access payments from local bank agents based in shops and other small businesses.

The use of mainstream bank accounts to deliver cash can also reduce costs. In Brazil, the move from limited purpose to mainstream accounts has reduced costs from US\$0.88 to US\$0.60 per payment, while in South Africa the reduction has been much more significant, from US\$4.46 to US\$2.03. However, procurement of payment service providers varies between countries: in Brazil it is done through a state bank (the *CaixaEconomica Federal*) while in South Africa and Kenya open tendering processes for the private sector have been used. Furthermore, the overall responsibility for payments does not lie with the agencies responsible for social protection: in Brazil, the payment process is overseen by the Central Bank and in Mexico and South Africa by the Ministries of Finance. However, there is close collaboration with the social protection Ministries and agencies, as they need to provide the payment service providers with up to date lists of beneficiaries, as well as having overall responsibility for the programmes.

3.7 Conclusion

International experience indicates that social protection can play a major role in tackling poverty and enhancing economic growth. There are many good lessons to be learnt from other countries

regarding how to increase the efficiency and effectiveness of Bangladesh's current investment in social protection. Three particularly important lessons are: the adoption of a life cycle based approach to social protection; a proper balance between government-funded and contributory financing schemes; and administrative improvements involving proper planning, coordination, sound staffing, proper system for beneficiary identification and use of technology for MIS and payments. The NSPS strategy in the next few chapters draws on the lessons from both national and international experience and applies them to proposed reforms in Bangladesh.

CHAPTER 4

Strategic Approach and Proposals for Social Protection

4.1 Introduction

As indicated in earlier chapters, the national social protection system (SPS) faces a range of challenges. While a significant proportion of government expenditure is invested in social protection, its impact is below potential. The Government is committed to increasing the efficiency and effectiveness of the social protection expenditure so that the poorest and most vulnerable citizens of Bangladesh receive a minimum income guarantee, while those in danger of falling into poverty are protected.

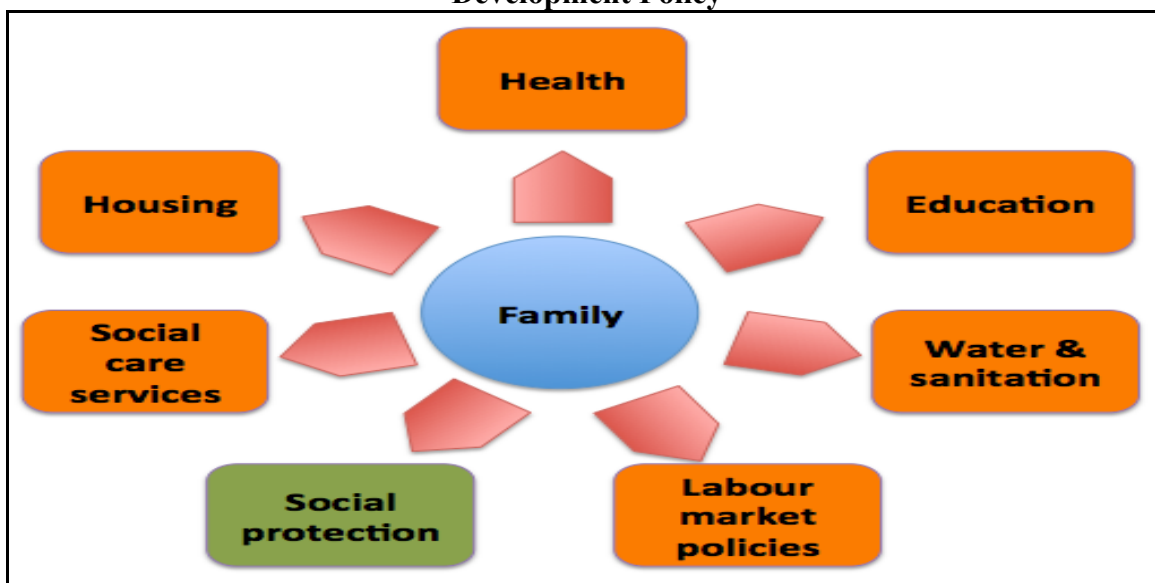
It will take many years to reform the current SPS so that it is fit for the middle income country that Bangladesh aspires to become; it cannot be completed over the next five years. However, this chapter sets out the way forward so that, after five years of implementation of the NSPS, significant progress would have been made towards the longer-term vision.

The Strategy proposed here builds on the positive changes that have already commenced across the ongoing SPS. As was noted in Chapters 1 and 2, since the 1990s, the SPS has been evolving towards a Lifecycle Approach, similar to that found in many middle and upper income countries. However, it was also observed in Chapter 2 that there are key gaps, such as among old age and very young children. Furthermore, no programme yet provides adequate coverage and transfer levels.

The NSPS will strengthen and consolidate this transformation towards a lifecycle system by consolidating progress in a small number of priority schemes. The aim is to make the entire system more inclusive by incorporating a higher proportion of poor and vulnerable people within it. This will be achieved by gradually increasing coverage of priority schemes and ensuring that selection processes prioritise the inclusion of poor families and those who are vulnerable to falling into poverty.

As emphasized in Chapter 1, while Social Protection is a core public service it needs to complement investments in other services (Figure 4.1). Therefore, along with spending on social protection, the Government will continue to invest in other public services – such as health, education, social care, and water and sanitation – to enhance their quality and provide greater access for all citizens of Bangladesh. The commitment by the Government to introduce health insurance as a means of enabling the access of all families to health services is an example of a health sector programme that closely complements the initiatives in social protection.

Figure 4.1: The Family at the Centre of Support from Broader Government Social Development Policy



The Government will also ensure that reforms to the social protection system facilitate the engagement of families in the labour market since providing families with work is the best means to reduce poverty. Traditionally, such initiatives have been referred to as “graduation”; however, in this chapter they will be referred to as complementary labour market initiatives. As Chapter 3 indicated, “graduating” families from social protection schemes when they are still poor can undermine the sustainability of investments in labour market activities.

This Chapter will set out the Government’s plans to consolidate and move forward Bangladesh’s current evolution to a lifecycle system of social protection, following the good- practice examples of international experience reviewed in Chapter 3. It will outline initiatives for addressing the needs of the citizens of Bangladesh as they move through the life course, from birth to old age. Most of the proposals outlined build on and strengthen current schemes and support the direction that the country has been taking over the past two decades. The Chapter will also set out plans to address other growing challenges and risks, such as urbanization and disasters, although the strategy focus only on initiatives that fall within the scope of the social protection sector.

It is important to note at the outset the inter-linkages of programmes and beneficiaries within the life cycle. For example, support to children comes not only through direct transfers but is complemented by other initiatives that indirectly support children, such as old age and disability benefits and schemes to help their parents more effectively engage in the labour market. So, it is essential, for instance, that an effective old age pension system is in place not only to benefit older people but to protect their grandchildren: in the absence of a pension, the children’s parents may well have to support the children’s grandparents as they become increasingly frail, reducing the support that they can give to their own children.

The analysis of poverty and vulnerability in Bangladesh – as summarised in Chapter 1 and further elaborated in Chapter 2 - has indicated that a high proportion of the population is in need of social protection. The combined total of poor and those highly vulnerable to poverty amounted to around 50 percent of the population (75 million people) in 2010. However, providing a comprehensive social protection floor for 75 million people is beyond the capacity of the country at present and hard choices will have to be made on which categories of this population to prioritise. Accordingly, the priority challenges that will need to be addressed over the next five years are:

- Expanding coverage of core schemes for the most vulnerable members of society, focusing on children, the elderly and people with disabilities.
- Ensuring that the most vulnerable women are provided with income security and greater opportunities to engage in the labour market, in particular as they enter into motherhood.
- Initiating a social insurance system that enables people to invest in their own social security, providing protection against the risks of old age, disability, unemployment and maternity.
- Expanding coverage of social protection schemes to include the poor and vulnerable residents of urban areas and to the socially excluded people.
- Ensuring that the social protection system supports an effective disaster response system.
- Strengthening the delivery systems for priority transfers by establishing advanced management information systems and trained professional staff.

This Chapter sets out the proposed plans for reforming the national SPS. It begins by outlining the long-term vision for social protection in Bangladesh as well as the goal for the next five years. It then sets out the schemes the Government will implement to address the needs of citizens across the lifecycle, based on the needs and current gaps identified in Chapters 1 and 3. The chapter will then outline social protection initiatives to address the challenges of specific vulnerable and excluded categories of the population, urbanization and disasters. Other core initiatives related to the reform of governance and strengthening of systems will be outlined in Chapter 6.

4.2 Vision and Goal

The NSPS is the first step in a long-term process of reform to the national SPS. The aspiration is to build a system that is appropriate for a progressive middle-income country and which supports the realisation of the right to social security that is set out in the national Constitution, as well as in a range of international conventions agreed by Bangladesh. However, it is envisaged that this may take two decades to achieve. Therefore, it is necessary to clarify the long-term vision for the SPS, as well as the more detailed objectives for the next five years.

In the long-term the objective is to move towards building a social protection system that is available to all Bangladeshis, providing everyone with a guaranteed minimum income but also a

comprehensive safety net for those who suffer shocks and crises that may push them into poverty. Therefore, the long-term vision for social protection is to:

- ***Build an inclusive SPS for all Bangladeshis that effectively tackles and prevents poverty and rising inequality and contributes to broader human development, employment and economic growth.***

The current NSPS is designed with this long-term vision in mind. Therefore, over the next five years the Government would take appropriate steps towards achieving this vision, while being cognizant of the reality that substantial change will take time. The Government will focus on building the foundations of a progressive and inclusive system.

Over the next five years, the goal for the NSPS is to:

- ***Reform the national SPS by ensuring more efficient and effective use of resources, strengthened delivery systems and progress towards a more inclusive form of social protection that effectively tackles lifecycle risks, prioritising the poorest and most vulnerable members of society.***

4.3 Consolidating a Lifecycle System of Social Protection

At the core of the NSPS's proposals are initiatives to strengthen the national social protection system so that it focuses more on the causes of poverty, in particular by consolidating the development of a lifecycle social protection system. Such a system is adopted by all countries as their social protection systems evolve and mature and Bangladesh has been moving in this direction for the past two decades. Governments, in effect, are able to direct resources towards the most vulnerable categories of the population, while also supporting the working age population, who are the drivers of national economic growth.

This Section sets out the Government's proposals for strengthening its social protection support to a) children; b) the working age population, in particular vulnerable mothers; c) the elderly and d) people with disabilities. These categories of the population are the categories prioritized by most mature social protection systems.

4.3.1. Social Protection Support for Children

Children are the future of Bangladesh and it is imperative that they receive support in their early years and while they move through school. Investment in children will not only improve their wellbeing when young but will provide the nation with a much more effective labour force, as they move into adulthood. Many of the challenges that the current working age population face are the result of insufficient investment in them when young.

Of course, support for children needs to be provided by a range of public services, in particular education and health. The Government will continue to strengthen its investments in these

sectors but will also strengthen a number of core social protection schemes that will directly be targeted at children. The schemes that will be focused on this section are: a) a transfer for young children; b) an expansion of the school stipends; c) ensuring child maintenance payments for abandoned children; d) maternity benefits for working women; and e) a number of complementary schemes that will bring direct benefits to children. The Government's proposals for strengthening disability benefits for children are set out in Section 4.3.4.

A Child Benefit for Young Children

The period of pregnancy and the first 1,000 days of a child's life are critical for his or her future development. If they do not receive adequate nutrition during this time, they will be set back for the rest of their lives. They will be physically stunted with their cognitive development undermined. No country that wishes to develop can avoid ensuring that its youngest children receive a good start in life and that all possible measures are put in place to provide for their adequate nutrition.

Although Bangladesh has made good progress in reducing levels of child under-nutrition over the past 20 years, it is still unacceptably high with 39 percent of young children stunted as of 2013. Tackling under-nutrition requires a complex multi-sectoral approach but it is evident that low income is a key cause of under-nutrition. Poor families are unable to provide mothers and young children with an adequate diet, having to depend on low cost foods of dubious nutritional value. There is good evidence from around the world that the provision of a child benefit can significantly improve nutritional outcomes in young children.

Therefore, the Government has decided to prioritise support to young children up to the age of four years, through a large extension of current support by establishing a groundbreaking scheme known as the ***Child Benefit***. This will build on the success of the current Maternal Allowance Programme for the Lactating Mother and provide a transfer to around half of all children aged 0-4 years, who belong to the poor and vulnerable group. The programme will commence with a monthly transfer of Tk.800 to each child that will be paid to the mother or female care-giver (although a male care-giver will be eligible if no female is available)⁵. Each mother will receive the transfer for up to two children to ensure that no incentives for higher fertility are established.

It is expected that the proportion of young children in the population will drop dramatically over the next 20 years: currently around 10 percent of the population is aged 0-4 years and the proportion will fall to around 7 percent by 2030. As a result, in coming years, the Government expects to be able to increase both the benefit's age of eligibility. Therefore, in 2020, as part of the review of the NSPS, the Government will assess progress with the Child Benefit and propose revisions to the age of eligibility and level of transfer.

⁵ The value of child benefit is the same as the old age allowance that is based on international comparison.

While income transfer will be of critical help, the Government recognises that a wide range of other interventions to support pregnant women, young children and their mothers are needed in order to eradicate under-nutrition. This will include an expansion of support through the health system, a more effective programme of health promotion – including to girls in secondary school – and improvements in water and sanitation. In the health sector, the Government will continue to explore the potential for strengthening initiatives to provide therapeutic feeding to the children experiencing severe under-nutrition.

The MoWCA will prepare a detailed implementation plan for this new Child Benefit programme and submit to Cabinet for approval by December 2014. The Government will implement the scheme starting July 2015, prioritising initially those areas of the country where levels of child under-nutrition are highest.

Strengthening the School Stipend Schemes

Presently, the highest coverage of social protection schemes for children is during *school age*, mainly via the Primary and Secondary Student Stipends. Around 12.7 million children receive stipends, with the majority at primary school. Coverage is around 24 percent of primary school age children and 17 percent of secondary school age children. However, the transfer level of the stipends is low– and their purchasing power has fallen in recent years – and, as a result, are unlikely to address the poverty constraints experienced by many families. The real value of stipends also falls if more than one child receives them in a family.

The Government will make two significant changes to the stipend schemes. Coverage will be extended to the 50 percent poorest children in primary and secondary schools respectively, with no distinction by gender. Furthermore, the transfer value will be increased to Tk.240 per month, which is more in line with international experience (when measured as a percentage of GDP per capita) and there will be no reduction in the value of the benefit for families with more than one child. The value of the benefit will be indexed to inflation. However, a maximum of three children per family will be able to receive the stipends at any one time.

The Ministry of Primary and Mass Education and the Ministry Education will prepare detailed implementation plans for the respective primary and secondary stipends schemes and submit them to the Cabinet for approval by December 2014. The revised programme will be implemented from July 2015.

Ensuring Child Maintenance Payments for Abandoned Children

There are an increasing number of children being brought up by one parent, with the other parent not accepting responsibility for their child. Such single parent families are more vulnerable to poverty due to the care responsibilities of the parents, which limit their ability to find work. Yet, both parents should be responsible for the upbringing of their children even if they are unable to

co-reside. It is not consistent with our national values that one parent can abandon their responsibilities since this has a major impact on the wellbeing of their children.

During 2014, MoWCA will, therefore, undertake a review of current parental support practices and propose mechanisms for ensuring that parents who abandon their children are legally obliged to pay maintenance for those children. By June 2015, the Government will prepare legislation that sets out the legal and financial responsibilities of all parents to their children, proposes mechanisms for enabling care-givers of children to obtain maintenance payments from those parents who have abandoned their children, and indicate mechanisms by which the state will ensure that the care-givers are provided with adequate support in making their claims. The policy will be implemented from July 2016.

If all face up to their financial responsibilities this will be a major step forward in tackling child poverty. Furthermore, once care-givers are able to access fair financial redress from their children's other parent, this should provide them with a sound basis to more actively engage in the labour market and further increase the income available for the care of their children.

Complementary Schemes for Children

The Government will continue to strengthen a range of ongoing initiatives that will provide important complementary benefits for children. These include:

- Continue the implementation of the National Nutrition Services Operational Plan managed by the Ministry of Health and Family Welfare.
- Orphans require special care and additional funding. The Government will continue to provide support to orphans through the ongoing programmes to ensure that they receive adequate benefits and support.
- The Ministry of Primary and Mass Education also runs a school meals programme on a pilot basis. Evaluation results show this programme has considerable nutrition benefits for the children. This programme will continue.

4.3.2. Programmes for Working Age (including young people)

The Government believes that the best way to address poverty among working age families is to provide them with access to work, including their own income generating activities. Therefore, most initiatives to support the working age population are education and labour market activities rather than social protection.

The size of the 15-24 age group is increasing in Bangladesh. There is a growing concern about the welfare of this youth population in Bangladesh. Many of this population are school drop-outs while a significant part has completed high school but are unemployed or under-employed. The most important policy challenge for young women and men is to enable them to complete their formal education and learn the skills that will make them effective participants in the labour

market. This is a long-term challenge for the education and training policy of the Government and considerable effort is underway to address this. The Government will also collaborate with donors and NGOs to pilot focused training programmes to equip the youth with skills that would help them to access the labour market.

Efforts should also ensure that parents of children are able to access the labour market and they should continue to be provided with vocational training and support to develop their own enterprises. As pointed out in Chapter 3, support for working age families should encompass more than only social protection and labour market support. It is also important to ensure that families are able to more effectively access financial services, in particular the vast array of micro-finance options available in Bangladesh. In addition, the Government will encourage initiatives to improve markets, specifically Markets for the Poor (M4P) – such as Katalyst – and schemes to improve the enabling environment for business. Without such initiatives, job opportunities will remain limited.

There is significant scope for collaboration between government and NGOs in supporting the working age population. For example, Bangladesh has a range of asset transfer schemes - often known as “graduation” schemes – that should continue to be delivered. However, it is evident that the success and sustainability of these schemes will be strengthened if “graduates” from the schemes are able to continue to access regular and predictable transfers from government, as long as they qualify according to income criteria.

This Section will set out the priorities for Government social protection support to working age families. Given limited resources, over the next five years it is not possible to encompass all of those in need (although most poor and vulnerable households will receive transfers from other lifecycle schemes). Therefore, the Government will initially prioritise vulnerable women while taking initiatives to streamline and increase the effectiveness of workfare schemes and establishing an unemployment insurance scheme.

Support for Vulnerable Women of Working Age

Single women – especially those with children – are among the most vulnerable category of the population. Therefore, the Government proposes to focus on providing support to vulnerable women – in particular single parents – to provide them with a minimum income guarantee while also enhancing their ability to engage in the labour market. The Government also plans to ensure that both parents assume responsibilities for caring for children.

There is already a set of schemes for vulnerable women of working age. The largest is the Allowance for Widowed, Deserted and Destitute Women, providing recipients with Tk.300 per month. The Vulnerable Group Development (VGD) scheme provides women with transfers of 30 kg of grain per month, although some women now receive the transfer in the form of cash. The VGD transfer is complemented by support to enable women to establish micro-enterprises.

The Government will consolidate the Allowance for Widowed, Deserted and Destitute Women and the VGD scheme into a new *Vulnerable Women's Benefit* (VWB). Coverage will reach around 3.2 million women, providing a cash transfer of Tk.800 per month (indexed to inflation)⁶. Women will be selected on the basis of their poverty and vulnerability and other selection criteria that will be developed as part of broader selection mechanisms, which is discussed in Chapter 6.

The Government will continue with the additional enterprise support provided to women as part of the VGD scheme. The Government will provide 500,000 women per year with additional capacity development and enterprise support for a period of two years, along the lines currently provided by the VGD scheme.

The MoWCA will prepare a detailed implementation plan for the proposed VWB programme and submit to the Cabinet for approval by December 2014. The programme will be implemented from July 2015.

Maternal Healthcare

A child's health is intimately linked with the mother at the pregnancy stage. The Government will build on the positive experiences of the Maternal Health Voucher Scheme (MHVS) and expand coverage to all women who need this service, undertaking it in a phased manner. To this end, the Ministry of Health and Family Welfare (MoHFW) will prepare a detailed implementation plan along with a specific timeline and detailed programme cost by December 2014, for Cabinet approval. The programme will continue to be managed by the MoHFW. In particular, the MoHFW will coordinate supply-side interventions to ensure that the demand for the service financed through MHVS does not go unmet.

Maternity Insurance

Many countries help women in employment by providing them with a maternity benefit to enable them to take leave from work following the birth of a child. There are three financing mechanisms for the provision of maternity payments: government assumes responsibility; the employer assumes responsibility; or, the employee assumes responsibility – jointly with the employer – by accessing maternity insurance.

The Government will integrate a mechanism for providing all new mothers with maternity insurance within a new National Social Insurance Scheme (NSIS), which is described further in Section 4.3.3. The parameters of this mechanism will be established during the design of the NSIS but the Government will aim to provide all members with maternity payments of six months. As part of good practice, all members – male and female – will be obligated to pay the maternity insurance contribution since, if the burden for payment is placed on only women, this

⁶ The value of the benefit is aligned to the old age allowance.

would increase the costs of female labour and discourage employers from contracting women. Payments will be shared by employees and employers. It is expected that the scheme will be functional by July 2016.

Childcare for Female Employees in the Formal Sector

The structure of Bangladesh's labour force is changing and increasing numbers of women are entering the formal sector workforce, in particular as factory workers. Yet, on giving birth, many are obliged to leave their jobs as there is no one to look after their children during the working day. It is evident that many private sector employers are financially able to provide this service. Indeed, it is a service from which they will benefit since it will enable them to retain skilled labourers.

The Government will, therefore, develop legislation by December 2015 that will make it compulsory for private sector employers with more than 50 employees to provide childcare services for both female and male employees by December 2018. They will be able to do this as individual enterprises or combine with other enterprises to offer a joint service to their employees. Within MoWCA the Government will create a team that will take this initiative forward, working with enterprises to develop these services. MoWCA will also be responsible for ensuring compliance with the law. The law will establish penalties for non-compliance.

The Government will extend the scheme to the public service, ensuring that all government employees can enjoy the same level of benefits as working parents in the private sector. It is proposed that all government offices – both central and local – to have established childcare facilities by December 2018.

If this initiative is successful, significant improvements in child wellbeing is likely to happen, in particular in urban areas. The Government will review the programme in 2019 and decide whether it can be extended to smaller enterprises.

Consolidation of Workfare Schemes

As noted in Chapter 2 a range of workfare programmes prevail to address open and season unemployment in rural areas. It was also noted that several reforms are underway to improve efficiency and reduce leakages, in particular based on the assistance from the World Bank under the Employment Generation Programme for the Poor (EGPP). These reforms will be consolidated further by phasing away the various workfare programmes and incorporating them within an expanded EGPP scheme. It is expected that the consolidation of the various fragmented employment schemes will yield considerable efficiency gains by reducing administrative costs and reducing leakages. As the lead agency dealing with workfare programmes, the reform will be done by the Ministry of Disaster Management and Relief in coordination with the Ministry of Local Government and Rural Development. It is expected that this will be completed by July 2018.

Unemployment Insurance

A flexible labour market is a necessary component of a successful economy as it enables labour to move from business sectors that are failing to those that are emerging or growing. However, a flexible labour market is only possible if an effective system is in place to support those who may lose their jobs. Therefore, the Government – as part of the NSIS (see Section 4.3.3) – will develop a system of unemployment insurance for workers in the organized private sector. This insurance will be fully financed by employers and employees. Once consolidated, the scope will also be broadened to include insurance coverage for accidents and sickness while efforts to extend it to the informal sector will move forward.

4.3.3. Establishing a Comprehensive Pension System for the Elderly

The share of elderly population is growing in Bangladesh. In 2010, 6.8% of the population was aged over 60 years and Bangladesh will reach the 10% threshold – when countries are considered as ageing – in around 2026. By 2050, the over-60s age group will comprise a massive 23% of the population. Furthermore, the over-50s age group will comprise 32% of the electorate by 2030 and 46% by 2050.

It is evident that traditional systems of support for older people are breaking down. Furthermore, many of the elderly citizens are taking on additional responsibilities, such as caring for the children of migrants. It was noted in Chapter 2 that the presence of an elderly person in a household is a good predictor of poverty. Elderly women are at greater risk of poverty than men, with a poverty rate that is 15% higher. Furthermore, while many working families make every effort to support their elderly relatives, this means that they have to divert resources from their children. This is a particular challenge for poor families.

One means of judging a society is the quality of care that it provides to its elderly citizens. Bangladesh recognises in its Constitution the right of the elderly to social security and, for the nation of Bangladesh, it is imperative that all citizens have the guarantee of avoiding destitution during their final years. The Government would like to emphasize that the dignity of the elderly citizens is an absolute priority for the nation.

In recognition of this, an Old Age Allowance programme was introduced in 1998 that currently provides Tk.300 per month to poor women aged over-63 years and poor men aged over-65 years. There are around 2.5 million recipients of this scheme although around a third of the recipients are under the age of eligibility, which means many deserving elderly citizens miss out. The Government also provides allowances for former Freedom Fighters while many recipients of the Widows' Allowance are elderly. In addition, the Government provides old age pensions to around 400,000 retired government servants.

Despite these existing schemes, it is evident that the majority of elderly people – when assessed against the age of eligibility of the Old Age Allowance – have no access to any form of income

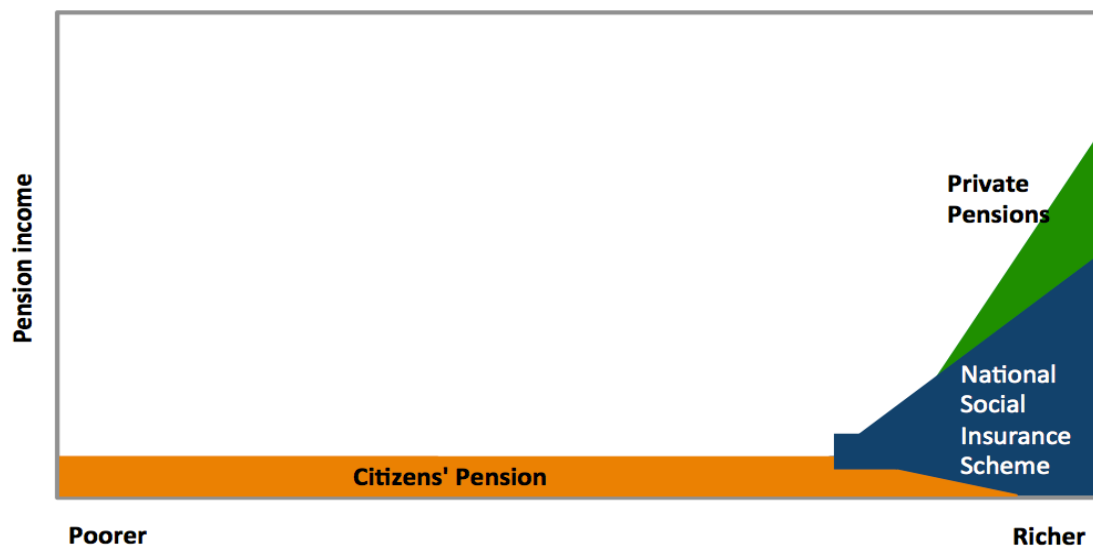
security, perhaps 70% of the total. Furthermore, it is recognised that Tk.300 per month is too small a transfer to provide the level of income security that the elderly citizens require. Indeed, as Chapter 3 indicated, it is one of the lowest old age pensions in the world, when measured as percentage of GDP per capita.

It is, therefore, proposed to develop a comprehensive pension system that provides a state-guaranteed minimum income for older citizens belonging to the poor and vulnerable group, while building a contributory pension system for those working age families who want to provide for themselves a higher level of pension income in old age. A contributory pension system will also build significant funds that can be used for investment in enterprises and to support national development.

A three-tiered pension system is proposed:

- **Tier 1:** a tax-financed benefit that provides older people that belong to the poor and vulnerable group with a minimum income guarantee.
- **Tier 2:** a mandatory contributory pension scheme for the formal sector workers.
- **Tier 3:** voluntary pension schemes – managed by the private sector (often employment-based schemes) – into which people can opt if they desire an additional income in old age.

Figure 4.2: The Proposed Three-Tiered Pension System



The proposed pension model for the medium term is set out in Figure 4.2. It will provide universal coverage via the three types of pension. Recognising that the vast majority of older people are either poor or vulnerable to poverty – and many, as they become increasingly frail, are unable to work – the Government will establish a Foundation Tier, based on an expansion of the current Old Age Allowance. The second tier will be a new social insurance pension that will be overseen and regulated by the state. The Government will also promote the growth of private and employment-based pensions as the third voluntary tier. As Figure 4.2 indicates, the first two tiers

will be linked through a form of pension-testing whereby the tax-financed pension is gradually withdrawn from those receiving the mandatory social insurance pension. The specific proposals for each tier of the pension system are set out below.

Tier 1: The Citizens' Pension

The current Old Age Allowance will be renamed as the ***Citizens' Pension***, since it is an entitlement available to those elderly Bangladeshis who are poor or vulnerable to poverty. The main characteristics of the Citizens' Pension will be:

- It will be accessible to all elderly citizens (age 60 plus)⁷ of Bangladesh who meet the income criteria (income below 1.25 times the upper poverty line).
- The initial transfer value of the Citizens' Pension will be Tk.800 per month. While this is a significant increase on the current value of the Old Age Allowance, relative to the value of similar pension schemes in other developing countries it is modest. It is, however, set at a sustainable value for national finances. The transfer value will be indexed to inflation.
- At age 90 years, the value of the pension will be increased to Tk.3,000 per month. While this will benefit few people and will be minimal cost, it should increase incentives across society for people to care for the elderly, to ensure that they reach age 90 and receive the significantly higher benefit. This may, in fact, reduce health costs, thereby bringing savings to the national exchequer.

Income eligibility will be assessed on the basis of a Proxy Means Test, to be determined prior to the inception of the Citizens' Pension. As an individual benefit, older people must be assessed on the basis of their personal incomes and not that of their household. It is recognised that a number of eligible older people may not have accurate birth dates on their identity cards. The Government will, therefore, establish an appeal mechanism for those who believe that they have been unfairly excluded from the Citizens' Pension on the grounds of income or inaccurate documentation. The Government will also establish penalties for those who falsify their age to make an illegitimate claim for the pension.

The Citizens' Pension will substantially increase the effectiveness of current social protection spending. It is also expected that the additional benefits been observed in other countries with similar schemes, such as significant increases in the health and dignity of older people, will happen in Bangladesh. Furthermore, one could expect to see positive impacts on other members of their extended families – in particular children – since older people are likely to share their pensions with others while working families will be able to direct a higher proportion of their resources to their own children.

⁷ The 60 plus age is used based on the definition adopted by the Cabinet in December 2013 for defining the elderly population.

The Ministry of Social Development⁸ will prepare a detailed implementation plan for the Citizens' Pension and submit to the Cabinet for approval by December 2014. The new pension programme will start in July 2015 and be introduced over a period of three years, prioritising initially those areas of the country with the highest proportions of elderly people living in poverty.

Tier 2: The National Social Insurance Scheme (NSIS)

As a means of preparing the country for a growing elderly population, the Government will take immediate steps to design a mandatory National Social Insurance Scheme (NSIS), based on the principle of employers and employees jointly paying contributions into a national social insurance fund. It will provide pensions as well as addressing other contingencies (such as disability, sickness, unemployment and maternity, as discussed in other sections). Initially, the NSIS will be aimed at those in the formal sector from whom contributions can be collected relatively easily on a mandatory basis but will gradually be extended to the informal sector. To prepare specific proposals for the NSIS, the Government will create a NSIS Commission – under the joint leadership of the Ministry of Finance and Ministry of Social Development – to undertake a comprehensive review of options. The NSIS Commission will commence its work in July 2014 and report to the Cabinet by June 2015. Cabinet will agree the specific design of the NSIS, based on the recommendations of the NSIS Commission and consultations with private business enterprises. The NSIS legislation will be sent to the Parliament in December 2016. Implementation will commence in July 2017.

The basic principles for the design of the NSIS will be:

- The pension should be actuarially sound and financed entirely from contributions, with no subsidies from government.
- It will be managed by a semi-autonomous organisation (the NSIS Authority) that will be overseen by the proposed Ministry of Social Development.
- The age of eligibility for the NSIS will be set during design to ensure the fiscal sustainability of the scheme.
- The Government will maintain current pension commitments to civil servants.
- A minimum pension will be established for those who have contributed for at least 15 years, irrespective of the level of their contributions. This will ensure that the first pensions can be delivered by 2032, a few years after over-60s reach 10% of the population.
- Investment decisions for the funds of the NSIS will be independent of government. The NSIS Authority will be tasked – through legislation – with maximising the profits of

⁸ As explained in Chapter 6, a coordinating ministry for social protection will be established by converting the Ministry of Social Welfare to the Ministry for Social Development.

investments, minimising risk, and ensuring that 60 percent of investments are within Bangladesh.

The NSIS is a core component of the Government's long-term vision for social protection in Bangladesh and will play a major role in enabling Bangladesh deal with the challenge of ageing. It is expected that the NSIS will gradually extend its coverage so that, over time, universal pension coverage will be achieved in combination with Citizens' Pension.

Tier 3: Private Voluntary Pensions

The Government will encourage the growth of private pensions for those who want additional protection in old age and are willing to finance this themselves. This process will start by the commissioning of a study of current private pensions in Bangladesh with a view to making recommendations on how to encourage the growth of private pension schemes and ensuring the security of investments by members of such schemes. The study will examine the viability of establishing a Pension Regulatory Authority that will be responsible for supervising private pensions, thereby ensuring their integrity, fairness and financial sustainability. The study will commence by January 2015, under the auspices of the Ministry of Social Development.

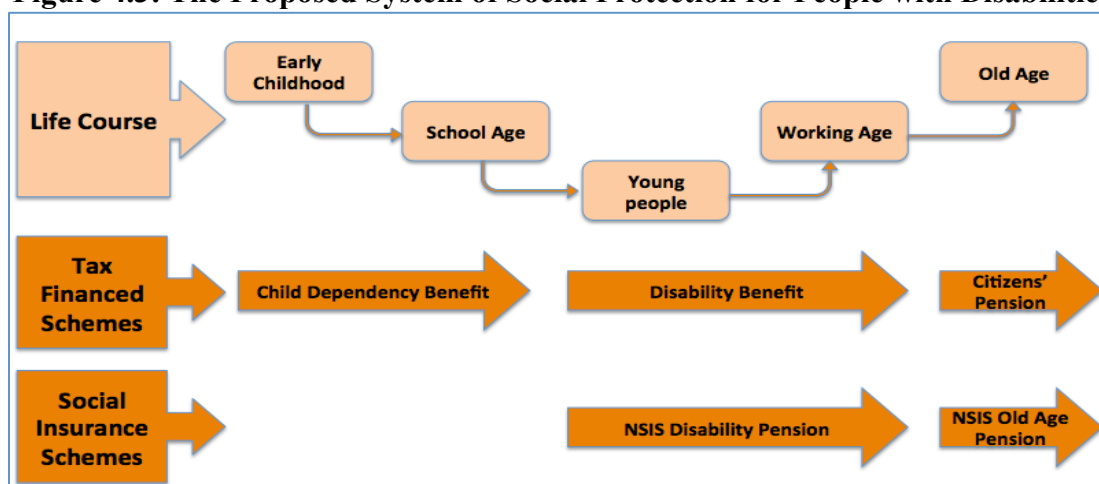
4.3.4. Strengthening the System of Social Security for People with Disabilities

The right to social security for people with disabilities is enshrined in the Bangladesh Constitution. Furthermore, on 30th November 2007, Bangladesh ratified the Convention on the Rights of Persons with Disabilities, which also guarantees the right to social protection. The Government is, therefore, committed to establishing a system of social security support for persons with disabilities that is appropriate to a middle-income country. While this will take time to realise fully, during the five years of this NSPS, the Government will take some major steps forward, building on the strengths of the current system of disability support.

Over the next five years, the Government will consolidate the current support to people with disabilities, aligning it to the life course. The system that will be established is set out in Figure 4.3. It will involve three core schemes:

- A ***Child Disability Benefit*** for all children with a disability, up to 18 years of age;
- A ***Disability Benefit*** for all adults with severe disabilities, aged 19-59 years;
- At 60 years, people with severe disabilities will transition to the ***Citizens' Pension***.

Figure 4.3: The Proposed System of Social Protection for People with Disabilities



These schemes will be complemented by a disability pension that will be available to members of the NSIS. The two core budget-financed components of the scheme – in addition to the Citizens’ Pension – are described below.

Child Disability Benefit

The children of Bangladesh are the future of the country and children with disabilities are the most vulnerable children. The Government will ensure that every child certified as having a severe disability will be provided with a regular transfer, known as the Child Disability Benefit. This will extend the current Child Disability Grant that is managed by the Ministry of Social Welfare. All children are deserving of this benefit, as long as they fulfill the disability criteria and the income of their care-givers is within the income threshold for the scheme, which will be set to incorporate those within the poorest 50% of the population.

Given the priority attached to children with disabilities, the Government will provide a transfer that will be the equivalent of the Citizens’ Pension. Therefore, it will commence initially at Tk.800 per child. It is estimated that there will be around 350,000 children eligible for the scheme. The transfer will be paid to the female care-giver of the child, unless there is only a male care-giver. Children with disabilities will not be excluded from other child-focused benefits.

The Government will develop a mechanism to identify severe disability among children. It will also develop a mechanism for identifying families with incomes below the income threshold, as described in Chapter 6.

The introduction of the Child Disability Benefit will enable the Government to identify all poor and near poor disabled children in the country. Over time, this will make it possible to track their progress in attending school and provide them with additional support such as assistive devices, support with transport, and support with the additional costs they face in attending school. Mechanisms will also be established to remove children with disabilities from the street, making

the Child Disability Benefit conditional on children not being exploited for begging. A system of penalties will be introduced for those who employ children as beggars. Local offices of the new National Social Security Agency (see Chapter 6) will be responsible for monitoring the progress of recipients of the Child Disability Benefit.

Working Age Disability Benefit

The current disability grant managed by the Ministry of Social Welfare will be reformed into a scheme that provides a regular transfer to all poor and vulnerable citizens of Bangladesh with a severe disability. The current disability grant reaches 290,000 people. It is estimated, however, that there are 1.15 million people of working age with a severe disability. Under the income eligibility criteria, some 50 percent of this population will be eligible. So a significant expansion of the current scheme is envisaged, while it will be directed at those with a severe disability only. The scheme will be accessible by all those poor and vulnerable population with a severe disability aged 19-59 years and, at 60 years, they will transition to the Citizens' Pension.

The Government will design robust measures for identifying severe disability and will establish an appeals mechanism for those who feel that they have been unfairly excluded. As the scheme is revised, all current recipients of the disability grant will be screened to ensure that they comply with the new criteria. A means test will also be developed. However, as the Disability Benefit is an individual benefit, only the income of the person with a disability will be assessed, rather than the income of the household.

The value of the Disability Benefit transfer will be aligned with that of the Citizens' Pension and, therefore, will commence at Tk.800 per month. In the longer term, the level of the transfer will be reviewed to assess whether a higher transfer is viable. The introduction of the reformed Disability Benefit will mark a significant change in the lives of the disabled citizens who are poor. They will be better able to enter the labour market and access credit so that they can invest in small businesses. The Government will complement the Disability Benefit by providing additional support to recipients by ensuring access to vocational education and small business schemes and eliminating discrimination in the labour market.

The Ministry of Social Development will prepare a detailed implementation plan for the Child and Adult Disability Benefits and submit to the Cabinet for approval by December 2014. Government will start implementation in July 2015.

4.3.5. Critical Importance of Affordable Health Care

While the implementation of all complementary strategies in nutrition, healthcare, education, training, water supply and sanitation as a part of the overall SDF are essential to ensure the success of the life-cycle based social protection programmes, the importance of instituting an affordable health care system cannot be over-emphasized. Health-related shocks can be devastating for the poor and vulnerable population and the small amount of income transfers

through the above schemes may not be fully adequate to mitigate all the health risks faced by the poor and the near poor. In recognition of this, the Government of Bangladesh has recently adopted a major health-financing strategy that outlines the Government's approach to providing equitable healthcare opportunities to its citizens⁹. The Government is committed to implementing this health financing strategy, which will be a major complement to the NSPS.

4.4 Social Protection for the Socially Excluded Groups

Chapter 2 identified a range of socially excluded population that face various social discrimination based on religion, ethnicity, profession or illness. The Government is highly sensitive to ensuring the elimination of all kinds of socio-economic discrimination against these groups through legislative and other affirmative actions. This is a major agenda item for the Government's broader Social Development Framework. The Government will also ensure that these groups have similar access as the rest of the population to all social protection programmes and to all publicly provided basic services in education, health, nutrition, population planning, water supply and sanitation. The Government believes that these two strands of public policy are the best way to support the development of these groups.

The Government is aware that special efforts will be needed to reach many of the members of this group. This will involve sensitizing staff of social protection agencies as well as relying on local government and NGOs for identifying potential beneficiaries. An effective grievance redressing mechanism will also be helpful to bring members of these excluded populations into the social protection network.

4.5 Strengthening the Social Protection System for the Urban Poor

Bangladesh is urbanising rapidly. This brings many positives and supports national development, yet evidence shows that many urban residents experience poverty while others remain vulnerable to shocks that can threaten their wellbeing. Urbanisation is throwing up a range of challenges, which the Government is committed to tackling for the benefit of our citizens. This will require support from across government, including from the social protection sector.

To date, the national social protection system has been aligned mainly to the needs of the rural population: while 30 percent of rural residents benefit from social protection, the system reaches only 9 percent of the urban population. While continued efforts to increase the coverage of the rural poor and vulnerable population will continue, the Government is also mindful of the need to bring more of the poor and vulnerable population living in urban areas under the umbrella of social protection. Across the world, countries deal with urban poverty by providing equal access to social protection benefits across the entire population. Schemes like old age pensions, disability benefits and child benefits are provided to both urban and rural areas in equal measure.

⁹ "Expanding Social Protection for Health: Towards Universal Coverage", Ministry of Health and Family Welfare, Government of Bangladesh, September 2012

A similar strategy will be pursued in Bangladesh. As the priority social protection schemes for the elderly, children, vulnerable women and people with disabilities are expanded, it will be ensured that urban residents have equal access.

The Government also understands that new proposals in NSPS such as the childcare proposals and the NSIS will initially benefit urban residents most owing to the location of the formal economic activities. Therefore, special efforts will be made to expand these benefits to the rural population. This is a longer term effort and the Government will review experiences of countries like Brazil and Mexico to determine how the scope of social insurance schemes can be expanded for the rural population.

Through this strategy of equal access, the Government will inject a significant sum of cash into the hands of poor and vulnerable urban residents. This, in turn, will provide an important economic stimulus in urban areas, which will further reduce poverty and create a more dynamic business environment.

However, social protection cannot resolve all the problems of the urban population. Therefore, the Government will further develop policies in areas such as town planning, housing, health, education, water and sanitation, and transport to ensure that comprehensive support is given to the most vulnerable families, complementing our social protection initiatives.

4.6 Consolidation of Food Transfer Programmes

The Government has put strong emphasis on ensuring food security for its citizens so that nobody dies from hunger. This has been reflected in a strong emphasis on food production as well as through the food transfer programmes under the SPPs. It is therefore not surprising that the food transfer programmes in total have received the largest amount of funding (excluding the government service pension programme) and also account for the most number of beneficiaries. In this regard, this component of the SPP has been the mainstay of the current SPP system and in a life cycle framework can be regarded as addressing covariate risks emerging from shocks such as Global Food Price Crisis, climate change and natural disasters. The Government, however, is aware that in view of the changing nature of the economy and demography the importance of this component of the SPP programme is declining. There has been a substantial reduction in food poverty. Also, it is evident from international experience that cash transfers have significant advantages over food transfers in supporting food security through conventional social protection schemes.

The various food security programmes can be listed under four groups: those that provide food as a benefit transfer (i.e. VGD); those that provide food as compensation for work (i.e. Food for Work); those that provide food as a disaster relief (i.e. VGF); and those that are aimed at stabilizing food prices (i.e. Open Market Sales). The Government will convert all food-based transfer programmes that are a part of the NSPS into cash transfers (although there will be obvious exceptions such as school feeding and therapeutic feeding for children suffering from

extreme nutrition). Regarding workfare based food programmes, as was mentioned in Section 4.3.2 above, the Government will consolidate all workfare programme (cash or food-based) into one programme under EGPP.

The transfer of food during disaster will continue as a disaster management response as necessary under the management of the Ministry of Disaster Management and Relief. The only Food Programme that will continue under the NSPS as a food security programme is the Open Market Sales (OMS) managed by the Ministry of Food. The scope of the OMS will be expanded as necessary to tackle hunger and food affordability issues as appropriate. The OMS will remain self-targeted as presently.

The reform of the food transfer programmes will be implemented in an orderly manner by the Ministry of Food in consultation with the Ministry of Disaster Management and Relief. Food distribution through OMS and as disaster relief will be coordinated with the Government's Food Stock Policy as appropriate. It is expected that this reform will be completed by July 2018.

4.7 Strengthening Resilience in the Face of Covariate Shocks

Bangladesh is a country that is susceptible to large-scale crises, such as floods or droughts. Furthermore, there is the risk of being affected by global crises, such as the food and fuel crisis and global recession of a few years ago. It is essential that the social protection system is used to build the resilience of Bangladeshi families and provide support in the face of shocks.

Once the Government implements the proposals in this Chapter, a high proportion of the citizens will be much more resilient than at present. By expanding the coverage and value of transfers of priority schemes, the poor and vulnerable population will be in a significantly stronger position, with an important buffer against shocks.

Once the Government has established strong management information systems and electronic cash delivery channels (which are outlined in Chapter 6), it will also be able to use the priority social protection schemes to deliver emergency payments if a crisis hits. The Government will be able to increase – on a temporary basis – the value of transfers to recipients, providing them with important additional support. The Government expects this support to reach beyond recipient households given the practices of informal sharing and support between kin. The Government will establish mechanisms to identify geographic areas most hit by crises, so that it knows when and where to increase payments. The Ministry of Social Development and the Ministry of Disaster Management and Relief will work together and produce proposals for these mechanisms by mid-2015.

The proposed review of the current disaster relief schemes will produce proposals that will also enable the Government to establish short-term humanitarian assistance schemes, either in the form of food or cash, as well as other inputs such as clothing, temporary housing and medicines.

Additionally, the Government's programmes to address climate change and disaster prevention will be further strengthened as a part of its broader development effort. Agricultural research, embankment and reforestry programmes, disaster preparedness etc are already making important inroads in lowering the vulnerability of the population to climate change and natural disasters. Longer-term programmes such as the planned Delta Region Development can be of further benefit in this regard.

While the Government cannot promise to provide effective cover to everyone in the case of a major crisis, it is confident that, by the end of the five-year period of the NSPS, the majority of the citizens – in particular the most vulnerable – will be in a much stronger position than at present. Bangladesh will be well on the way to providing an effective and comprehensive social protection and disaster relief system by 2030, with improvements happening year on year.

4.8 Consolidation of Special Programmes and Small Schemes

As noted in Chapter 2, there are a few high priority special programmes and a large number of small schemes under the present SPS. The special programmes relate to the Government's commitment to support the freedom fighters and their families. These programmes for freedom fighters will be maintained and consolidated under one scheme called the **Freedom Fighter's Benefit Programme**.

In recent years, there has been a rapid expansion in the number of small schemes. Much of this has been led by development partners, usually well intentioned as new approaches have been piloted and specific challenges addressed. However, with the formulation of core programmes of the NSPS, it is important to assess whether these schemes are adding value in terms of innovative ideas with prospects for scaling up. Under the leadership of the Planning Commission, each sponsoring Ministry of these small schemes will be responsible for determining the value of these schemes and, by mid-2015, will present a business case if they believe that the programme should continue. The Planning Commission will, on the basis of the business cases, make proposals to Cabinet on which schemes should continue. Decisions will be finalized by early 2016.

4.9 Conclusion

The reforms that are proposed in this Chapter will be transformative for the citizens of Bangladesh. By implementing this NSPS the Government will take significant steps forward in progressively realising the right to social security that is established in the Bangladesh Constitution. The NSPS seeks to provide the elderly and disabled citizens of Bangladesh with a guaranteed minimum income while the young children will be given an important boost so that they can be helped to realise their full potential. The most vulnerable families – in particular those headed by women – will be given guarantees of a minimum income and additional support to engage with the labour market.

The NSPS requires substantial reforms over the next 2-3 years, including a redesign of several programmes and merging or elimination of many small programmes. After the reforms, Bangladesh will have a modern social protection system based on addressing risks and challenges associated with different stages of the lifecycle. These publicly-funded programmes will have a much more expanded coverage and higher average benefit. Combined with a range of privately financed social insurance and employment based support programmes, the SPS will be a much more effective response to the social protection needs of Bangladesh in the 21st century than presently. In implementing the reforms, the Government will ensure proper transition arrangements so that no existing beneficiary is denied an ongoing benefit except on the ground of ineligibility on income grounds.

CHAPTER 5

Financing the National Social Protection Strategy

5.1 Overview

A strategy is feasible only if it is financeable. Chapter 1 showed that Bangladesh has put top priority to social protection and this is manifested in a rising share of social protection both as a share of GDP and as a share of total budget. Presently, the level of public spending on all social protection programs amounts to about 2.2 percent of GDP. In the Sixth Five Year Plan the Government's target was to raise this spending to 3 percent of GDP by the end of the Plan in FY15. Although the realism of budgetary resources has constrained the Government's ability to increase the spending level for social protection in the first three years of the Sixth Plan period, this higher level of spending target is a reflection of the Government's commitment to social protection.

But budget constraint is real and therefore the NSPS will need to make realistic assumptions about the possible levels of financing that will be available in the near term. For the longer term the budget envelope will depend upon the Government's progress with implementing its Medium-Term Revenue Mobilization Plan as articulated in the Sixth Five Year Plan. The evidence so far shows that the progress is encouraging, although there is still a long way to go. The NSPS programmes for the longer-term are built around an economic environment of transition to a middle income status. So, in addition to tax-financing, several programmes are built around cost-sharing arrangements with private sector participation. Consequently, apart from reliance on a growing public resource envelope, the NSPS will also benefit from contributory private funding.

Finally, Government funding priorities are a function of results on the ground as well as political economy considerations. International experience shows that with good results from social protection spending and growing coverage, the political environment tends to get more supportive. Governments then seek to protect these spending as a part of their core obligations. Social protection in Bangladesh has already emerged as a major political priority across all governments. With improved outcomes in terms of positive impact on poverty reduction and higher coverage along with transition to a middle income status, it is very likely that a higher share of resources will be allocated to social protection programmes.

Against the backdrop of the above, this Chapter looks at the financing aspects of the strategy proposed in Chapter 4. It considers specifically the estimated cost of each of the suggested programmes financed through the Budget and compares this cost with available resources. It looks at the medium to long-term potential budget envelope and reviews the feasibility of financing the proposed strategy along the time line that is specified. The Chapter does not cost

the privately financed programmes as the background research for them needs to be done first by the task forces suggested in Chapter 4.

5.2 Costing of Proposed Programmes: Budget Financed Programmes

As explained in Chapter 4, the reforms seek to consolidate the multitude of often duplicative programmes into a few core programmes based on the life cycle. The strategy proposes four major reforms:

- A consolidation of all current life-cycle type programmes into 5 core budget-financed social protection programmes that address poverty and risk concerns at different stages of the life cycle. Alongside, the strategy also proposes new legislation to modernize the employment practices in the private sector with appropriate cost sharing within a comprehensive social protection framework.
- A consolidation of existing tax-financed programmes dealing with natural disasters and food price stabilization into two core programmes with a view to eliminating duplication and improving efficiency, thereby ensuring a better management of covariate risks. One deals with all workfare type support (EGPP) and the other deals with food security (OMS).
- Preserving a few of high-priority special programmes: the programmes for freedom fighters; programme for maternal healthcare (MHVS); programme for the orphans; and the programme for primary school midday meal.
- A consolidation and phasing away of the multitude of tiny experimental programmes into a few that are innovative and hold promise for scaling up, based on a proper review.

The reform strategy is summarized in Table 5.1. The mapping of existing programmes to the new strategy is also shown. As was noted in earlier chapters, two major problems of the current SP system are the low coverage and low average benefit of most programmes, but especially the programmes associated with the child, the school going children, the poor and vulnerable women and the elderly. The programmes for the working age group on the whole appear well funded but there are serious concerns with the multiplicity and nature of programmes associated with this life cycle stage.

Accordingly, the reforms seek to consolidate the multitude of often duplicative programmes into a few core programmes based on the life cycle, enhance beneficiary coverage so that the programmes are by design inclusive of all poor and vulnerable population, and increase the average programme benefits to make a meaningful impact on the recipients. The costing of the reformed life-cycle based programmes that are budget-financed is based on these features of the NSPS strategy.

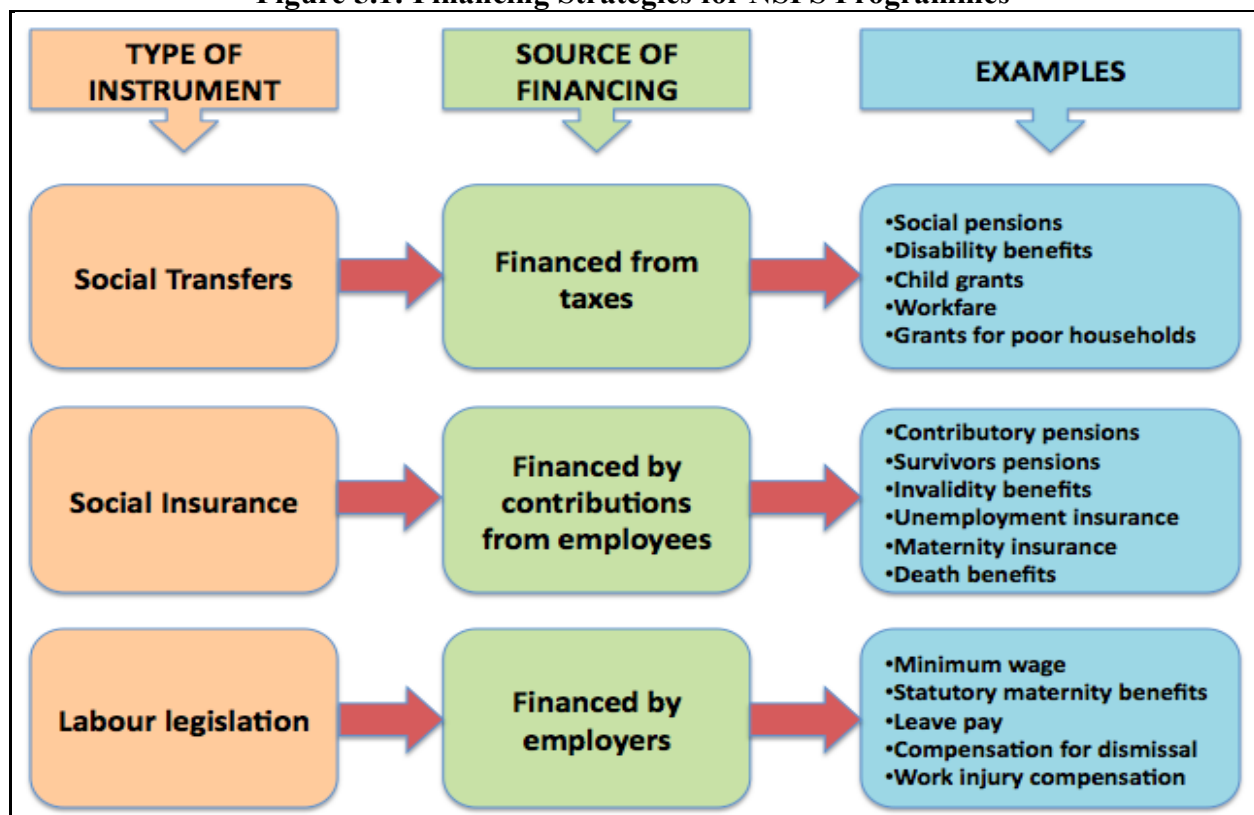
Table 5.1: Core Tax-Financed Life Cycle and Covariate Risk Mitigation Programmes

Consolidated Life Cycle based Core SPPs	Mapping into Current SPP
1. Children's Programme age <1-4) --Child Benefit (taka 800/mo; max. 2) --Strengthen immunization, child healthcare, nutrition, water and sanitation and outreach programmes	--Maternal, child and reproductive health --Community healthcare initiative
2. Programme for School Age Children --primary and secondary school stipend (taka 240/month; age 5-18) --Primary school feeding --Orphans Programme --Child Maintenance Payment for Abandoned Children	--Primary school stipend --Secondary school stipend -- Primary school Feeding --Orphans Programme
3a. Programmes for Working Age (19-59) --Strengthen education and training --Develop legislation for unemployment, accident, sickness and maternity insurance --Consolidate all workfare programmes under EGPP	--Economic Empowerment of the Poor --Food assistance for Chittagong Hill Tracts --Employment generation programme for the ultra poor --Food for work --Social development foundation --Rural employment and road maintenance programme --One household one farm --Ashrayan project 2
3.b. Programmes for Women (Age 19-59) --Consolidate into one VWB programme on a cash basis (taka 800/month). -- Provision of Childcare across all Formal Employment --MHVS -- Maternity insurance for new mothers in employment	--Vulnerable Group Development --Allowances for widow, deserted and destitute women --Maternal Health Voucher Schemes (MHVS)
4. Comprehensive Pension System for the Elderly --Citizen's Pension (taka 800/ month; age 60 plus) --Government Service Pension (unchanged) --Introduce Legislation for National Social Insurance Scheme (contributory/privately funded). -- Explore Option for Private Voluntary Pensions --Freedom Fighters Programme	--Old age allowance --Construction of residence for landless and poor freedom fighters -- Honorarium for insolvent freedom fighters --Civil Service Pension
5. Programmes for the Disabled --Child Disability Benefit (taka 800 per month; age <1-18) --Disability Benefit (taka 800/month; age 19-59)	--Allowance for financially insolvent disabled
Consolidate Covariate Risk Mitigation SPPs	
6. Strengthen Programmes for Managing Covariate Risks --Phase away all food-transfer programmes except OMS. Strengthen OMS to serve food security needs. --Disaster related food transfer should continue as a disaster relief programme --Strengthen Disaster Management	--Vulnerable Group Feeding --Test Relief Food --Gratuitous Relief --Open Market Sales (OMS)

Source: Ministry of Finance and Chapter 4.

Before moving further into the costing aspect of the budget-financed NSPS programmes, it is important to underscore that the full financing of the NSPS programme is based on cost sharing arrangements between the government and the private sector. The budget-financed component is only one part of the NSPS financing; the other part is private sector based on social insurance and employment based regulations. This important point is illustrated graphically in Figure 5.1.

Figure 5.1: Financing Strategies for NSPS Programmes



5.2.1. Comprehensive Pension System for Elderly

This reform has four components:

- A Citizen's Pension that will be given to all poor and vulnerable citizens (50 percent of the age group) who are age 60 or above. The monthly pension is taka 800 fixed in prices of FY15-16 when the pension will become effective. The pension will be inflation indexed. The monthly rate will be increased to taka 3000 for the few people who exceed 90 years.
- Continue with the Government Service Pension with no change at this time.
- Introduce legislation to establish a National Social Insurance Scheme (NSIS) that makes it obligatory for all private enterprises in the formal sector to offer a contributory pensions programme for all employees.
- Review options to facilitate development of Private Voluntary Pension (PVP), which is open to all citizens irrespective of occupation or formality of employment.

The first component, the Citizen's Pension, will be fully budget-funded. The second component, the Civil Service Pension, will also be funded by the Budget. The last two components, the NSIS and the PVP, will be funded through private resources.

Based on the present demographic pattern, the total size of the 60 plus age group is projected at about 11.4 million in FY15-16, which is the proposed first year of implementation of this and all other reformed programmes. Some 0.6 million individuals are recipients of Government service pension, leaving an eligible age-group population of 10.8 million. With a defined benefit of taka 800/month, 50 percent eligibility based on income criteria (poor and vulnerable) and assumed 60% implementation in the first year, total cost in the base year (FY15-16) amounts to taka 31 billion¹⁰. Regarding the 90 plus age group, the target population is estimated at 16,000 people in FY15-16. With 50 percent eligibility on income grounds, the estimated cost of this component for FY15-16 is taka 0.3 billion. The total cost for the citizen's pension therefore is estimated at 40.7 billion for FY15-16 (Table 5.2). The future cost in current taka is projected on the basis of the projected ageing pattern of the population of Bangladesh, 100% implementation by FY17-18 and inflation (6.0 percent per year as assumed by Bangladesh Bank for its Monetary Programming exercise). The projected costs up to FY 29-30 are shown in Table 5.3.

Costing of Government Service Pension: No change is proposed here. The costing is projected on the basis of FY12-13 actual cost that is kept a constant share of Government service salary bill and increased by the rate of inflation. For FY 15-16, this amounts to taka 75.5 billion (Table 5.2). The projected cost up to FY29-30 is shown in Table 5.3.

5.2.2. Programmes for the Disabled

The support strategy for the disabled consists of:

- A disability benefit of Taka 800 per month for an estimated 350,000 children suffering from disability and who also belong to the poor and vulnerable families.
- A disability benefit of Taka 800 per month for an estimated 1.15 million working age population suffering from disability.

The costing applies the same income eligibility criteria for the disabled adult as for other programmes, which means 50 percent of the disabled adult population in this category is eligible. The programme implementation is also spread over three years. The cost for FY15-16, which is the first year of implementation of the programme, amounts to about 6 billion (Table 5.2). For the future, the ratio of disabled children to total children is held constant. Similarly, the ratio of disabled working population to total working population is kept constant. Costing at current

¹⁰ As noted in chapter 4 dealing with strategy, all expanded life cycle programmes will be implemented over a 3 year period from the date of its start. For projections purposes, the implementation path is assumed as 60 % (year 1); 80% (year 2); and 100% year 3.

prices is obtained by applying the relevant inflation factor. The projected cost of the programme up to FY29-30 is shown in Table 5.3.

5.2.3. Programmes for the Children

The strategy advocates two core programmes for children, in addition to disability benefit:

- A child grant of Taka 800 per month for all children of poor and vulnerable family up to age 4.
- A school stipend of Taka 240 per month for all primary and secondary school going children belonging to the poor and vulnerable households.

In FY15-16 there will be some 15 million children under the age of 4. With 50 percent eligibility and 60 percent implementation, the total programme cost in FY15-16 amounts to Taka 43 billion (Table 5.2). For the future, the costing is projected by using the projected demographic pattern, 100% implementation by FY17-18 and the inflation factor. The projected cost up to FY 29-30 is contained in Table 5.3.

Regarding the primary and secondary school stipend programme, there will be about 36 million school age children in FY15-16. Based on the income eligibility criteria of 50 percent of the age group and 60% implementation, the total cost of the programme amounts to Taka 37 billion for FY15-16. The future costing is projected on the basis of projected demographic pattern, 100 percent implementation by FY17-18 and the inflation factor. The cost amount up to FY29-30 is shown in Table 5.3.

5.2.4. Programmes for Women

Under the strategy, women will be entitled to the Citizen's Pension and the Disability Benefits as relevant. Additionally, in recognition of the special difficulties faced by vulnerable working age women (widows, destitute, single mother, single women belonging to the poor and near poor group) the strategy advocates a consolidate income transfer under the reformed Vulnerable Women's Benefit (VWB) that provides Taka 800 per month to this group. The total number of this group is estimated at 3.2 million. With 60 percent implementation in FY15-16, this yields a total cost in the first year of the reformed programme of Taka 18 billion. For the future, the cost is based on assuming that the share of VWB beneficiary will remain constant as a share of total female population, full implementation by FY17-18 and applying the inflation factor. The projected costs up to FY29-30 are shown in Table 5.3.

In addition to the VWB programme dedicated to working women, the strategy provides for policy measures to facilitate the entry of women in the labour market through provision of childcare facilities in all government offices and in formal private sector and maternity insurance for women in employment. The strategy also provides for measures to ensure that a father who abandons his child with the mother is liable to pay child support as provided under the law.

5.3 Financing Requirements and Availability

5.3.1. Reformed Social Protection Costing: Total Cost of Core Life-Cycle Based Programmes

The total cost of these core budget-funded life cycle based programmes under the proposed strategy is summarized in Table 5.2 below. The total cost of this programme is estimated at Taka 212 billion in FY15-16, which is the first year of implementation of the new strategy. This amounts to about 1.4 percent of GDP.

Several points are worth noting. First, the government pension is the most expensive programme. It is not a poverty -focused social protection programme. If this cost is excluded, total cost of

Table 5.2: Base Year (FY15-16) Costing of Core Tax-Financed Life Cycle Based Programmes

Core Life Cycle Programmes	FY15-16 Cost (taka billion)	Cost with full implementation (FY17-18) (Taka billion)	Beneficiaries in FY17-18 (millions)
1. Pension for the Elderly			
--Citizen's Pension	31	63	5.5
--Government Pension	76	85	0.6
2. Programmes for the Disabled	6	11	1.0
3. Child Benefit	43	81	7.5
4. Programme for School Age Children	38	70	17.9
5. Programmes for Women			
- Vulnerable women's benefit	18	35	3.2
Total	212.0	345.0	35.7
Nominal GDP	15177	18955	
Total as Percent of GDP	1.4	1.8	

Source: NSPS Projections

the core life cycle programmes will amount to only 0.9 percent of GDP in FY15-16. With full implementation in FY17-18, the cost of the core life-cycle programmes (excluding Government pension) will grow to 1.3 percent of GDP. Second, the programme costs are much better aligned to beneficiary participation. Some 60 percent of the benefits of the core life-cycle programmes (excluding government pension) goes to the children of poor and vulnerable families. This social investment will likely have a substantial positive development impact for Bangladesh. This is a tremendous strength of the NSPS.

5.3.2. Reformed Social Protection Costing: Covariate Risk Mitigation, Special and Small Programmes

The reform strategy proposed in Chapter 4 and summarized in Table 5.1 above suggests that the multiple workfare programmes would be consolidated into one workfare programme and all food security programmes would be consolidated under the OMS. The total cost of these programmes is projected to remain unchanged in real terms. Regarding the special programmes for the freedom fighters, there are two main programmes: construction of residences for landless and poor freedom fighters and honorarium for insolvent freedom fighters, costing taka 6.9 billion in FY13 (Table 2.1). It is assumed that the cost of these programmes will remain unchanged in real terms. The total cost of three other special programmes (MVHS, the orphans' scheme and the school meal) amounted to taka 6.3 billion in FY12-13. For projections purposes, the costs of these programmes are kept constant in real terms.

For the small programmes, it is also assumed that the cost of these programmes will remain unchanged in real terms. Although many programmes will likely be phased away, some innovative programmes will remain and a few new innovative schemes might come as a pilot. This fund will therefore function as research and development resources for strengthening the NSSP.

Using these assumptions, the total cost of the SP Reform Programme in FY15-16 and beyond until FY29-30 is shown in Table 5.3. The total cost amounts to taka 358 billion in FY15-16, growing to taka 509 billion at full implementation in FY17-18. With unchanged programme benefits in real terms, the cost as a percent of GDP falls noticeably under a base case sustained GDP growth rate of 6 percent per year.

One important aspect of the path of cost projections is worth noting. The demographic pattern is a major determinant of the cost of the SPPs. Initially, the children's programmes dominate the costing path. Eventually, the citizen's programme becomes a major determinant of cost. This reflects the ageing of the Bangladeshi population based on enhanced life expectancy as well as a slowdown of the growth of young population owing to declining birth rate. This transition will continue throughout the 21st century. Advanced countries underwent a similar transition. The financing of SPPs have to be mindful of this demographic transition.

5.3.3. Financing Availability and Financing Balance

One fundamental policy question is whether the programme suggested by the NSPS is affordable in terms of available budgetary resources. Table 5.3 shows the financing availability situation. The financing assumption is based on keeping the spending on SPP constant as a share of GDP at the current level (2.2 percent of GDP). This is a conservative assumption for two reasons: First, the Government had planned to increase the share of SPP spending from 2.2 percent of GDP to 3.0 percent by the end of the Sixth Plan (FY14-15). Second, the updated medium-term macroeconomic framework of the Sixth Plan shows that the consolidation of the ongoing tax

reform progress will allow the government's resource base to grow by 3 percent of GDP in FY15-16 over the Sixth Plan base year of FY09-10. The Base Case financing availability assumes that GDP will continue to grow at an average rate of 6 percent per year, as presently.

Table 5.3: NSPS Costing of Programmes (taka billion)

Programme	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY29-30
A. Core Life Cycle								
Citizen's Pension	31	46	63	69	76	84	99	220
Government Pension	75	80	85	90	95	101	107	171
Disability Benefit	6	8	11	12	12	13	14	23
Child Allowance	43	61	81	86	89	93	99	142
Child School Stipend	38	53	70	73	76	81	85	127
Allowance for Vulnerable Women	18	26	35	38	40	43	46	79
Total Core Life Cycle	211	274	345	368	388	415	445	762
B. Special Programmes	8	8	8	9	9	10	11	17
C. Covariate Risks Mitigation Programmes	97	103	109	116	123	130	138	220
C. Small Programmes	42	44	47	50	53	56	59	113
Total Cost (A+B+C)	358	429	509	543	573	611	653	1112
GDP (Base Case)	15014	16870	18955	21297	23930	26888	30211	68304
Core Life Cycle (% of GDP)	1.4	1.6	1.8	1.7	1.6	1.5	1.5	1.1
Covariate and Others (% of GDP)	0.9	1.0	0.9	0.8	0.8	0.7	0.7	0.5
Total Cost (% of Base Case GDP)	2.3	2.6	2.7	2.5	2.4	2.2	2.2	1.5
D. Financing Gap (Base Case GDP)								
Available Financing (% of GDP)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Available Financing	330	371	417	469	526	592	665	1502
Financing Balance	(-) 28	(-) 58	(-) 92	(-) 74	(-47)	-(19)	12	390

Source: NSPS Projection

Financing Balance Base Case: In the Base Case, the available resources are broadly consistent with required resources. There is a small gap in the first few years after the introduction of the reform programme in FY15-16. These gaps are modest, growing only to 0.5 percent of GDP in FY17-18 and then starts falling, turning into a surplus in FY 21-22. With unchanged benefits, this surplus grows substantially thereafter.

These results are comforting for a number of reasons.

- First, the SP reform programme is financeable even under conservative financing availability assumptions. The small gap in the first few years could be covered by allocating the modest additional amount required from a growing budget. Even when expenditure

reaches a peak of 2.7 percent of GDP in FY17-18, it is still below the 3.0 of GDP level financing assumed in the Sixth Plan. Importantly, much of the additional benefit goes to the children of poor and vulnerable family, which is a high priority for the Government.

- Second, the projections over the longer-term show that the suggested NSPS is fully consistent with the changing demographics of an aging population and a declining young age cohort.
- Third, the strategy provides for sufficient financing for non-core programmes to allow resource transfers across programmes depending on the M&E results of individual programme effectiveness.
- Finally, with unchanged benefits, a substantial surplus builds up after FY22. The surplus would be larger under a high case GDP growth scenario of 7-8 percent per year. These suggest that the Government would be able to re-examine the benefit levels for possible increases across both life cycle and other programmes to meet the social protection requirements of the poor. The Government could also scale up new innovative programmes for the extreme poor or for selected target group (i.e. youths).

5.4 Poverty Impact of the Proposed SPP Restructuring

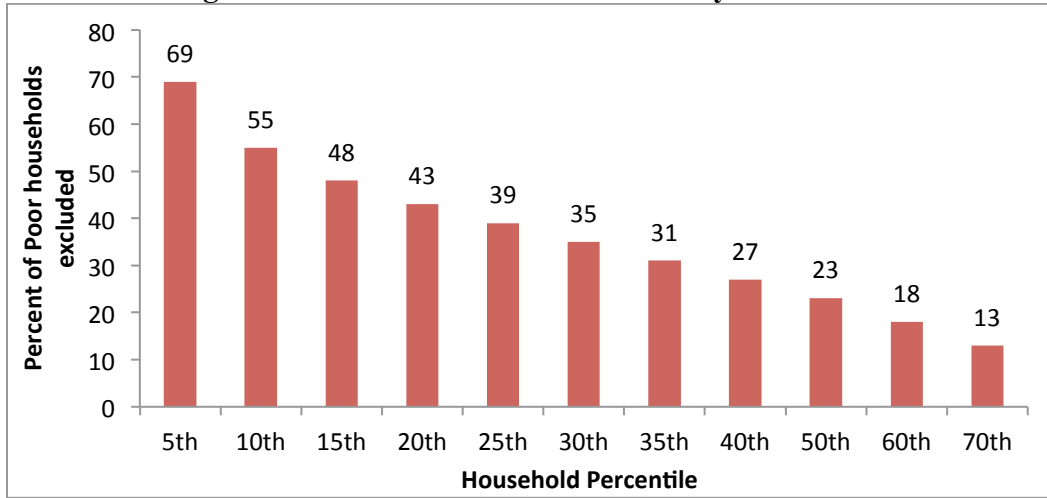
The suggested restructuring of present SPPs will only be meaningful if the introduction of these new programmes helps achieve better results in terms of impact on reduction of poverty and poverty gap. Actual results can only be determined after these programmes are in place and household surveys show their results. Ex-ante, on an experimental basis, it is possible to get some insight from running simulation exercises based on the latest available HIES data. The results should be viewed with caution in that they are indicative and not supposed to be 100 percent accurate as simulations are rarely able to fully replicate real life outcomes.

In doing the simulations, it is important to clarify the underlying assumptions. The first point to note is the incorporation of exclusion errors resulting from the use of the PMT targeting methodology. The NSPS defines the target beneficiaries as the poor and vulnerable population who roughly amount to 50% of the households. The inverse relationship between exclusion errors and beneficiary coverage using HIES 2010 data and the PMT methodology is shown in Figure 5.2. The result shows that exclusion error is likely to be around 23 percent with 50 percent coverage. This exclusion error from the PMT is built in the simulation exercise.

Secondly, all benefits of the Government service pension are assumed to accrue to the non-poor, as is likely the case. So, the five redefined programmes used for the simulation are: the Citizen's Pension; the Child Benefit; the School Stipend Programmes; the Disability Benefit; and the Vulnerable Women's Benefit Programme. These are a smaller number of programmes than covered under HIES 2010; in particular the benefits of workfare and OMS are not included.

Thirdly, all programme benefits are converted to 2010 prices to ensure comparability with the 2010 programme benefits reported in the HIES.

Figure 5.2: Exclusion Error under Proxy Means Test



Source: NSPS Estimation using HIES 2010 data

Using these assumptions, the simulation results are reported in Table 5.4. The results suggest that the restructured programmes are likely to result in significantly better poverty outcomes when compared with the present programmes. The better results happen because a substantially larger number of poor households are benefitting from a better defined and higher average benefit yielding SPS. While these are indicative numbers and should not be tested for precision, they suggest that the proposed reform programme is robust and will likely yield substantial benefits to the poor. The poverty reduction benefits would be larger when the impact of other programmes (especially OMS and workfare) is included. Importantly, efforts to reduce exclusion and inclusion errors by better targeting through LGIs, community participation and NGOs will further improve the poverty reduction impact of the SPPs.

Table 5.4: Poverty Impact of the Redefined Life Cycle Programmes

Simulation Type	Head Count Poverty (%)	Depth of Poverty (%)
No SPPs	33.0	7.4
Using 2010 SPPs reported in HIES	31.5	6.5
Using NSPS life-cycle programmes	28.3	4.8

Source: NSPS Simulations using 2010 HIES data

CHAPTER 6

Implementation Arrangements for the National Social Protection Strategy

6.1 Overview

Proper implementation arrangements are critical for ensuring the effectiveness of any SPS. Even the best designed and adequately funded SPS may fail to deliver the targeted results owing to inappropriate implementation arrangements. This is a particular challenge for a developing country like Bangladesh that faces major capacity problems and various governance issues. The implementation arrangements themselves are influenced by the specified SPS strategy. Therefore a strategy that avoids excessive number of programmes and is relatively easy to administer based on an automated transaction system will likely be more effective than a system that does not have these features. The automation aspect underscores the importance of a well-developed Management Information System (MIS) for the successful implementation of the SPS. In this 21st century of digital technology, the importance of an automated system cannot be over-emphasized. An automated system that maintains and regularly updates the list of SPS beneficiaries by programme categories and transfers payments online can vastly simplify SPS implementation, lower transaction costs, and minimize corruption.

Against the backdrop of the above, this Chapter looks at the planning and administrative implications of the proposed NSPS strategy and its financing as outlined in Chapters 4 and 5. The reform of programme implementation must be based on a review of present arrangements and related problems. The Chapter identifies the present gaps and challenges and outlines a reform agenda for strengthening SPS implementation.

6.2 The Present SPP Implementation Arrangements

The implementation arrangements for the present SPP is illustrated in Table 6.1. Several aspects of the present implementation arrangements are striking.

- First, a total of 95 programmes are administered by some 35 Ministries and other public entities.
- Second, most of Ministries/ entities manage very small programmes, often less than 1% of the total SPP Budget.
- Third, some six Ministries administer 70 percent of the total funding.
- Fourth, the largest single programme in terms of funding, the Government service pensions programme, is handled by one single Ministry (the Ministry of Finance).

Table 6.1: SPP Budget Allocation by Implementing Ministries/Entities

Responsible Ministry/Entity	Programmes (No.)	Budgetary Allocation (BDT in millions)			As % of Total SPP Budget		
		2011	2012	2013	2011	2012	2013
Ministry of Social Welfare	13	14304.1	14719.9	14603	6.8%	6.7%	6.4%
Ministry of Primary and Mass Education	5	10474.4	10230	10228.3	5.0%	4.7%	4.5%
Ministry of Health and Family Welfare	5	4912	6367	7990	2.4%	2.9%	3.5%
Local Government, Rural Dev, Cooperative Division	11	16933.9	16664.4	21309.6	8.1%	7.6%	9.4%
Ministry of Women and Children Affairs	8	23247.7	22631.4	23111.2	11.1%	10.3%	10.2%
Ministry of Chittagong Hill Tracts	1	2240	2340	2370	1.1%	1.1%	1.0%
Ministry of Education	2	0	6403	5950	0.0%	2.9%	2.6%
Ministries of Food and Disaster Management and Relief	10	62212.4	55173.2	59483.6	29.8%	25.1%	26.1%
Ministry of Liberation War Affairs	4	4700.7	4667.3	6846.5	2.2%	2.1%	3.0%
Ministry of Cultural Affairs	1	15	20	25	0.0%	0.0%	0.0%
Ministry of Finance	1	40031.3	50414.5	45194.8	19.2%	22.9%	19.9%
Ministry of Agriculture	6	2615.8	5453.1	5910.3	1.3%	2.5%	2.6%
PKSF	1	1165.2	1885.7	1754.1	0.6%	0.9%	0.8%
Social Development Foundation	1	2140	1500	2115.4	1.0%	0.7%	0.9%
NGO Foundation	1	65	0	0	0.0%	0.0%	0.0%
Swarnivar	1	13.5	11.6	11.6	0.0%	0.0%	0.0%
Ministry of Environment and Forestry	2	7060.6	7080	4152.7	3.4%	3.2%	1.8%
Ministry of Water Resources	2	1650	2036.8	3419.7	0.8%	0.9%	1.5%
Small Farmers Development Foundation	1	100	100	100	0.0%	0.0%	0.0%
Ministry of Fisheries and Livestock	5	875.9	1374.2	1055.1	0.4%	0.6%	0.5%
Others	14	14177.7	10680.2	11874.6	6.8%	4.9%	5.2%
Totals (35ministries/entities)	95	208935.2	219752.3	227505.5	100.0%	100.00	100.00%

Source: Ministry of Finance

When looking at total funding, the Ministries of Food and Disaster Management and Relief handle the largest share of the SPP Budget (26 percent in FY2013)¹¹, followed by the Ministry of Finance (20 percent), the Ministry of Women and Children's Affairs (10 percent), the Ministry of Local Government (9 percent), the Ministry of Social welfare (6.4 percent) and the Ministry of Primary and Mass Education (5 percent). The management responsibility of the 11 largest programmes in terms of budget is shown in Table 6.2.

¹¹ Before bifurcation in August 2012 the Food and Disaster Management Ministries constituted one Ministry.

Table 6.2: Ministries Responsible for the Large Social Protection Programmes

Ministry	Programme
Finance	Civil Service Pensions
Social Welfare	Old Age Allowance
	Widows' Allowance
	Disability Allowance
	Insolvent Freedom Fighters
Women and Children's Affairs	VGD
Primary and Mass Education	Primary Stipend
Education	Secondary Stipend
Disaster Management and Relief	Employment Generation
	Food for Work
Food	Open Market Sales

Source: Ministry of Finance

There is no formal coordination mechanism. The Ministry of Finance provides the annual financing through the national Budget based on certain strategic political, economic and social considerations, but these do not appear to be based on any evaluation of performance or effectiveness of individual programmes. The lack of planning is evident from the proliferation of programmes, often trying to achieve similar objectives, and the multiplicity of implementation agencies. Individual programmes appear to have been added based on a perceived need emerging from an economic crisis or availability of donor funding.

The administrative systems of social protection programmes in Bangladesh are relatively weak. As programmes are spread across a range of Ministries, there is no Ministry that has a clear specialisation in the delivery of social protection programmes. In reality, much of the administration is done by the local governments using paper-based MIS. There are no central beneficiary databases for programmes, and no advanced management information systems linking local areas with the centre. As a result, the Government is unable to effectively manage and monitor the performance of its social protection programmes.

The weaknesses of MISs also mean that payment systems have to be managed locally. Although many cash payments are made through banks, funding is first sent to local government, which is responsible for passing the transfers to the banks. The advantages of undertaking national tendering of payments and economies of scale are, therefore, lost. There is good evidence of losses of food in food transfer programmes due to weak administration and monitoring. There are, for example, claims of up to 30 percent of food being lost on the Food for Work programme. On the VGD programme, the leakage of food is around 13 percent.

Inadequate investment in management and administration – in particular from the centre – evidently means that other aspects of programme operations are ineffective. There are no adequate grievance systems, for example. There is also no indication that Ministries are able to

effectively monitor schemes and hold local government to account, for example through monitoring visits or spot-checks. Ministries recognise that their staff – and local government staff – needs significant capacity development to be able to manage schemes effectively.

6.3 Strengthening the Delivery of the National Social Protection System

The Government understands that improvements in the administrative arrangements for the NSPS will be critical to its success. Administrative problems and weak governance in the implementation of SPPs are inter-linked. Establishing good institutional arrangements for administering a well-designed SPP will also help lower corruption. The proposals set out in Chapter 4 are unlikely to be successful unless Bangladesh is able to reform and strengthen the mechanisms it uses to deliver the national social protection system. There are number of areas that need to be reformed. The key priorities are to address:

- A vastly simplified institutional arrangement that allows proper planning, implementation and M&E of the proposed NSPS.
- The professionalization of staff so that there are trained public servants who are experts in the delivery of social protection schemes at both national and local levels.
- Effectiveness in identifying recipients for social protection schemes.
- Up-grading the MISs so that they are able to underpin the effective and efficient delivery of transfers and promote cross-governmental coordination and monitoring of performance.
- Strengthening payment mechanisms to minimize corruption and to use the social protection system to promote financial inclusion, in particular among poor and vulnerable families.
- Establishing an effect grievance and complaints system so that all citizens have recourse to appeal decisions on selection and can notify the competent authorities about instances of misconduct and failures in the delivery of the promised benefit.

Several countries have gone through reforms of its social protection delivery system. Bangladesh can learn from the experience of these countries. One positive example is from South Africa. It has a fairly well-designed SPP and good institutional arrangements. Several features of the South African model stand out.

- One coordinating Ministry, the Department of Social Development (DSD), is responsible for planning all SPPs, developing related policies and undertaking the M&E of the SPPs.
- All program implementation is assigned to one centralized agency, known as the South African Social Security Agency (SASSA).
- The SSA reports to the Minister of DSD, thereby allowing coordination between programming and implementation.
- The DSD maintains a central, computerized data base of all beneficiaries and SASSA payments are all cash based and done through the banking channels.

- There is an Appeals Tribunal that seeks to address grievances of SSP beneficiaries.
- The SASSA prepares a set of consolidated financial accounts at the end of each fiscal year.

6.3.1. Administrative Reorganization of the Delivery of Social Protection Programmes

The proliferation of programmes, the large number of implementing agencies, the lack of coordination among agencies, and the absence of an M&E system all suggest the need for a substantial reorganization of the SPS administration. Therefore, one of the most critical reforms to the social protection system will be the creation of a Ministry for Social Development (MSD) and a National Social Security Agency (NSSA), building on the current Ministry of Social Welfare. This will imply a significant transformation in how Bangladesh delivers its social protection schemes at both local and national levels. These reforms will be intimately linked to initiatives to build professional staff dedicated to social security and the modernisation of the MISs across all social protection schemes. Along with a much better coordinated implementation of social protection programmes, institutional arrangements will also be strengthened to improve the planning of SP programmes and institute a results-based M&E. The SP planning functions will be assigned to the General Economics Division (GED) of the Ministry of Planning. The M&E arrangements are discussed in Chapter 7.

Ministry of Social Development (MSD)

In terms of the suggested reforms of SPPs, most of the core programmes will belong to the Ministry of Social Welfare. As such, the Ministry of Social Welfare will be converted into a significantly strengthened **Ministry of Social Development**. The new Ministry of Social Development (MSD) will serve as the coordinating Ministry for implementing the NSPS. In this regard, the MSD will have two major roles: implementation of core social protection programmes and coordination of the implementation of all social protection programmes.

The MSD will have responsibility for the delivery of the following schemes:

- The Citizens' Pension.
- The Disability Benefit.
- The Child Benefit (including the orphans programme).
- The Vulnerable Women's Benefits Programme.
- The Freedom Fighter's Benefit Programme

The school stipend programmes will remain with the two Education Ministries although, once the Ministry of Social Development is fully established, the government will decide whether to transfer delivery responsibilities of these two programmes to the MSD. In the interest of avoiding an institutional overload and disruption to the delivery of existing programmes, several other schemes will also remain under existing Ministries. Thus, the Government Pension Programme will remain under the Ministry of Finance. The MHVS will be implemented by the

Ministry of Health and Family Welfare; the school meals programme will be implemented by the Ministry of Primary and Mass Education; the management of the consolidated EGPP will stay with the Ministry of Disaster Management and Relief; and the OMS will be implemented by the Ministry of Food. These arrangements provide a good balance to the introduction of a new delivery system based on a dedicated professional institution, the National Social Security Agency (NSSA), with continuation of several existing arrangements. The effectiveness of the delivery system will be reviewed in 2020 and changes will be made as appropriate.

National Social Security Agency (NSSA)

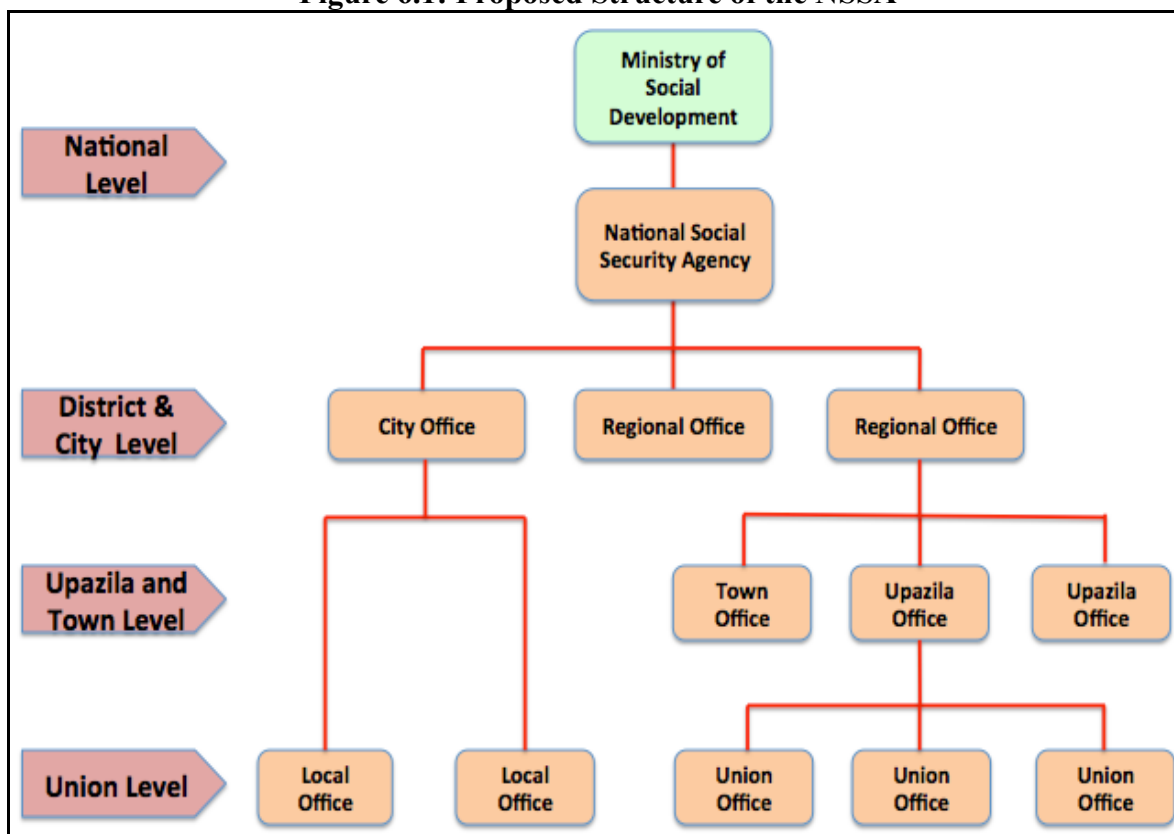
Under the auspices of the MSD, a National Social Security Agency (NSSA) will be created that will be responsible for the delivery of all social protection schemes that are under the MSD. The agency will incorporate the Department of Social Welfare and become a semi-autonomous institution. The MSD will prepare a detailed plan for the establishment of the NSSA and submit to the cabinet for approval by December 2014. It is expected that the Agency will start functioning by July 2015 and become fully operational by July 2018.

The aim of the NSSA will be to ***ensure the effective and efficient delivery of priority social protection transfers to eligible recipients***. To achieve this objective, its main roles and responsibilities will be to:

- Establish structures at national and local levels that enable the effective delivery of social protection transfers to recipients;
- Develop service quality standards for the delivery of all social protection schemes and ensure that they are maintained;
- Build trained high-performing staff that are specialised in the delivery of social protection schemes, at both central and local levels;
- Ensure the selection of recipients according to the guidelines of each scheme;
- Ensure that list of eligible recipients are up to date and provide regular and accurate payment lists to the payment service providers;
- Manage a high quality MIS; that will be linked to other social protection scheme MISs.
- Establish and oversee procedures and systems for payment service providers and ensure that they perform to high standards;
- Provide high quality monitoring of the implementation of all social protection schemes and the performance of all units within the NSSA;
- Regularly inform the Ministry of Social Development about performance in the management and delivery of social protection schemes;
- Ensure high quality financial management and ensure procedures are established and followed to minimise fiduciary risk.

While the MSD proposal will set out the exact structure of the NSSA, it is expected that it will operate with a hierarchy of four levels, as set out in Figure 6.1. Although these levels are similar to levels of local government, the NSSA offices will be independent of local government. The NSSA structure does not exactly correspond to local government levels and offices will be established to ensure efficiency of administration rather than directly being located within local government boundaries.

Figure 6.1: Proposed Structure of the NSSA



The different levels within the NSSA will have distinct spheres of responsibility:

District and City Level: Regional and City offices will be established in the 61 Zila Parishads, 3 Hill Parishads and 8 City Corporations. These offices will oversee implementation of the social protection schemes within their regions, reporting to the national office. They will directly oversee and monitor implementation at the Upazila and town level.

Upazila and Town Level: Within each NSSA Region, offices will be established at Upazila and Town level although, within City corporations, there will be no structure at this level. The Upazila offices will oversee and monitor the implementation of social protection schemes at Union level. Depending on the size of Towns, local offices may be established that will be overseen by Town NSSA offices. Grievance procedures within

each Region will be managed at this level as will the capacity development of staff (although, within City Corporations, these functions will be managed at City level).

- **Union Level:** At the local Union level, NSSA offices will be established that are directly responsible for implementing social protection schemes. They will act as Single Windows for local residents – as they will bring together a wide range of schemes – and will select and register recipients, monitor payments, deal with queries from the local population, undertake case management and be responsible for inputting primary data to the MIS. These local offices will report to the Upazila, Town and City Offices.

The NSSA will start initially by drawing on the expertise available in the current Department of Social Services (DSS) in the Ministry of Social Welfare and in other Ministries dealing with the administration of social protection programmes. Over time, the capacity will be strengthened with recruitment of new skills. A one-month training scheme will be developed for staff, in partnership with a national university, to commence in the latter half of 2015. Resources will also be set aside for the continual professional development of staff. The highest standards of behaviour will be expected of staff and penalties will be established for infractions, with zero tolerance of corruption.

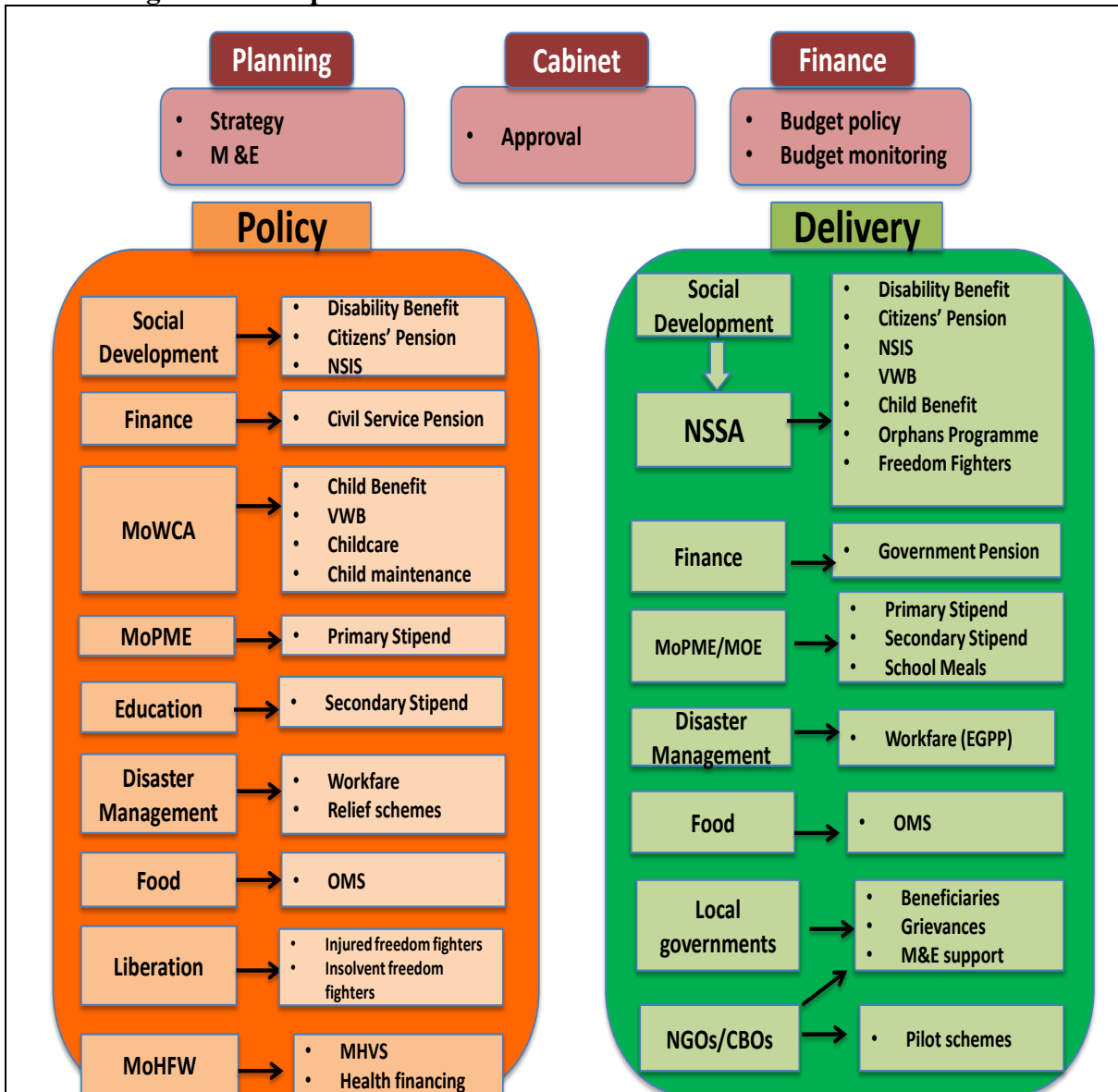
While a significant number of new staff will have to be recruited for the NSSA, the overall cost of employing and training these staff will amount to a small proportion of the government's investment in transfers. The increased efficiency and effectiveness in the selection of recipients and delivery of schemes should, in the medium term, lead to significant savings.

Establishing the NSSA will be a significant endeavour. Therefore, it will be set up over a period of three to five years and the new structures will initially be piloted in a small number of regions before being gradually rolled out nationally. The NSSA should be fully functioning nationwide by July 2018.

6.3.2. Overall Structure of Leadership and Roles for Social Protection Across Government

Once the MSD and NSSA are fully functional by July 2018, the overall structure of the leadership and roles across various government ministries and the cabinet will change substantially. This is illustrated in Figure 6.2. The main features explained above are summarised below:

Figure 6.2: Proposed Governance Structure of NSPS Administration



Source: NSPS Proposal

- Establishment of a coordinating Ministry (the Ministry of Social Development) to coordinate the implementation of all NSPS programmes and implement core Life Cycle based NSPS programmes through the newly established NSSA.
- Line Ministries will develop programmes and related policies in respective areas of responsibility dealing with social protection.
- Programmes outside the Life Cycle based core programmes will be implemented by concerned ministries.
- The Ministry of Finance will manage NSPS financing and related policies and implement the Government service pension.

- The Ministry of Planning will develop the NSPS, monitor and evaluate its implementation and oversee coordination and consistency of social protection policies with the NSPS and the National Five Year Plans.
- Cabinet will approve the NSPS and enable all related legislation dealing with policies, programmes and institutions.

The Local Government Institutions (LGIs) will help identify beneficiaries, provide support in resolving grievances and disputes relating to the implementation of NSPS, and assist in the implementation of M&E efforts. To the extent necessary, LGIs will also assist ministries in the delivery of programmes that are not managed by the NSSA. In addition to formal governance mechanism laid out above, the Government will partner with NGOs for piloting innovative schemes, identifying beneficiaries, and resolving disputes (see Section 6.8 below).

Interim Administrative Arrangements: The Government understands that these administrative changes are far-reaching. In some areas related actions can be taken quickly taking advantage of the existing administrative infrastructure. For example the conversion of the Ministry of Social Welfare into the Ministry of Social Development can happen quickly. Similarly, the strategy, planning and M&E functions can be assigned to GED of the Planning Commission immediately. However, the Government is mindful that full implementation of the reforms will take time. It also recognizes that in the interim there must not be any disruption in the administration of ongoing benefits. Therefore, until such time as the MSD and NSSA are fully functional, the line Ministries will continue to administer the programmes in their own domain. The idea of consolidating programme implementation under a few institutions is not new. This has already been achieved with success in the administration of the programme for liberation war participants. The policy for the programme is developed by the Ministry of Liberation War Affairs but benefits are administered by the Ministry of Social Welfare.

6.4 Establishing a Single Registry Management Information System

The effective management of social protection schemes requires that high quality management information systems (MISs) are in place. Given the high level of investment by the nation in social protection schemes, the weakness of current Management Information Systems puts these investments at risk, and undermines the ability to manage and monitor the programmes. Furthermore, government as a whole does not have the ability to bring together national level data so that we can ensure that our investment is reaching the right people and having the greatest impact.

A number of developing countries have shown that it is possible to establish effective MIS using advanced technologies. Furthermore, countries like South Africa and Kenya have demonstrated that the MISs of different schemes can communicate with each other and deliver comprehensive national level performance data to government, drawing information from all major national

schemes. In effect, a form of national Single Registry can be established, based on a network of independent but interlinked scheme-specific MISs.

The Government will, therefore, establish a national Single Registry that is based on building scheme-specific MISs that communicate with each other and deliver comprehensive information across government. The Single Registry would be based on a national identity system of all Bangladeshi citizens. The MSD will take the lead in establishing the Single Registry. However, the NSSA and other concerned Ministries will be directly responsible for overseeing the MISs for all schemes that are their responsibility.

By September 2014, the MSD will commission a review of MISs across all of Bangladesh's social protection schemes. The review will be tasked with making recommendations on how best to establish a Single Registry and the costs of implementation. The Government will initially test the MIS within the NSSA, focusing on the initial pilot regions where the first NSSA offices will be established. Over time, the MIS will be extended as the NSSA expands nationwide and, depending on the results of reviews on the food security and workfare schemes, will gradually incorporate them within the MIS. The Government expects a fully functioning national Single Registry to be in place by 2018.

The key features of the MIS are likely to include:

- The use of similar software for the MIS database across all schemes.
- Investment in high quality computer hardware.
- The use of telecommunication networks for the transmission of data.
- The ability for data entry to take place at local level and for the MIS to be accessed at all levels of government, according to agreed protocols.
- Professionally competent staff to manage the MISs.
- The highest level of security to ensure that personal data on citizens is protected.

6.5. Strengthening Government to Person (G2P) Payment Systems that Promote Financial Inclusivity

A further key reform to be introduced is an initiative to transform the Government to Person (G2P) payment systems so that they promote financial inclusivity and prevent leakages. Across developing countries there are a growing number of experiences of G2P payments being used to promote the inclusion of recipients into the financial system, so that they can access a wide range of financial services including, for example, savings accounts, loans and insurance. Indeed, the Government has already improved the cash delivery systems in some of the social protection schemes so that transfers are delivered through financial institutions.

Therefore, to take forward this initiative, the Ministry of Finance will undertake a comprehensive review of current G2P payment mechanisms, as well as international experience. The review will

make recommendations on how to transform the current payment systems to ensure that they promote and permit greater financial inclusion of recipients. The study will run in parallel with the MIS study, beginning in September 2014. The recommendations of the review will be assessed by government and by July 2015 a plan will be developed by the Ministry of Finance – in collaboration with key delivery Ministries – to transform the G2P payment system so that it maximises financial inclusion.

6.6. Strengthening Processes for Selecting Recipients of Social Protection Schemes

It is evident that there are weaknesses in the current processes for selecting recipients for social protection schemes. There are challenges in a number of areas:

- In schemes directed at poor families and individuals, a high proportion of the poorest are excluded, while others who should not be eligible are included.
- Around 33% of recipients of the Old Age Allowance appear to be below the age of eligibility.
- Procedures for identifying disability need strengthening and consistent application nationwide.

Given the increases in expenditure proposed for core social protection schemes, it is imperative to ensure that transfers go to the right people. Yet, identifying the right people is a common challenge faced by developing countries, in particular when using poverty-based selection processes. Recently, the Bangladesh Bureau of Statistics (BBS) has taken an endeavour to establish a Bangladesh Poverty Database (BPD) using the Proxy Means Test (PMT) Approach. In view of the limitations of a PMT approach, a combination of PMT, support from local government, and support from NGOs will be employed to identify the poor and vulnerable population. The Government is also aware that many developing countries have established effective mechanisms for identifying age and that Bangladesh can learn from their experiences. Assessing disability is problematic in many countries – both developed and developing – but the Government is willing to invest sufficient resources to ensure that the most deserving are able to access the disability benefits.

The Government will, therefore, commission a study to review the current selection processes, aligned to the eligibility criteria to be used for each scheme. This will cover not only the Citizens' Pension, Disability Benefits and Child Benefit, but it will also examine schemes such as the education stipends, VWB and workfare programmes. The review will make recommendations for introducing high quality selection processes. It is proposed to commence the review by December 2014 and it will make its recommendations by June 2015. The Government will then gradually introduce new processes across schemes From July 2015 onwards. The study will be led by the Ministry of Social Development although a cross-governmental advisory board will be established to support the study.

The Government understands that it is impossible to always make the correct decisions on recipients. Therefore, the Government will commission a study – again led by the Ministry of Social Development– that will propose a nationwide complaints and grievance mechanism. The study will run in parallel with the study on selection processes and its recommendations will be implemented from July 2015 onwards.

6.7 Engagement with Development Partners on Social Protection

Development partners are engaged in social protection in a number of ways. Over the past decade, some significant investments in social protection have been from bilateral development partners, mainly through non-government channels. DFID continues as a significant funding source for BRAC and the Chars Livelihoods Programme (CLP) – with AusAID support – while the European Commission has funded programmes such as the Food and Livelihood Security Programme (FLSP) and Food and Security for the Ultra-Poor Programme (FSUP), and the UNDP has supported the Rural Employment Opportunities for Public Assets (REOPA). These schemes are essentially income generating, asset transfer or micro-enterprise type programmes.

The World Bank is the other development partner with a significant interest in social protection. Its main interests are in strengthening employment opportunities for the poor, improving targeting through the introduction of a national single targeting mechanism that uses the PMT methodology, and the introduction of a new conditional cash transfer (CCT) scheme. The World Bank is working actively with the Ministry of Disaster Management and Relief on workfare programme based on the EGPP, with the Bangladesh Bureau of Statistics (BBS) on targeting, and with the Ministry of Local Government and Rural Development on CCTs.

In the past three years the development partners begun to engage in a policy dialogue with the Government on the need for a comprehensive social protection system. This has resulted in support to an influential conference on social protection and technical assistance to facilitate the development of the NSPS. The formulation of the NSPS provides a framework for broader engagement between the Government and development partners in the area of social protection. The Government welcomes this interest of the development partners to engage on social protection and will use NSPS to ensure that their support to individual programmes is consistent with this. The Government will explore possible technical assistance to help the implementation of the NSPS including the establishment of the NSSA and the implementation of M&E framework discussed in Chapter 7.

6.8. Engagement with NGOs

Bangladesh has established numerous world-class NGOs in delivering a range of social services, including in the area of social protection. The Government takes a great pride in partnering with the NGO community. This partnership has yielded positive results in poverty reduction and human development. The Government will continue, and where necessary, deepen this

partnership in the area of delivering social protection services based on the NSPS. Specific areas where NGOs can be helpful concern piloting of innovative ideas for possible scaling up, identification of potential beneficiaries, especially those that are hard to reach because they live in remote areas or belong to the marginalized or vulnerable social group of the population, and helping redress grievances and disputes relating to the implementation of the NSPS.

CHAPTER 7

Towards A Results-Based Monitoring and Evaluation System for the Social Protection Programmes

7.1 Overview

Once the NSPS has been designed and implemented, an ongoing process of monitoring and evaluation (M&E) will be needed to improve delivery processes, document results, inform policymakers about the effectiveness of alternative approaches, and mobilise political support for sustainability and expansion of the programmes that comprise the strategy.

Monitoring is the process of identifying and tracking performance indicators and reviewing implementation over the life of the programme, and can be defined as a continuing process of collecting and reviewing data on performance indicators in order to inform managers (and other stakeholders) about the progress and achievement of objectives of the programme. Evaluation goes one step further, by linking causes to outcomes, assessing impacts after components of the strategy (or distinct programmes within them) have been completed: evaluation of the NSPS will involve the objective and systematic assessment of the design, implementation and results of the strategy.

7.2 The Present M&E Arrangements

There is no formal M&E system for SP programmes at the present time. There is no mechanism to systematically evaluate how well the resources allocated to the SPPs are achieving results in terms of reducing poverty at the national level. This is also absent at the individual programme level. Independent impact assessment of a few programmes done at the behest of donors show mixed results of these programmes. More recently, some donors are working with concerned implementing agencies to establish a formal M&E strategy as a part of programme design and implementation.¹²

There is an important need to formalise a system of M&E at both the national level and at the individual programme level in order to help the government understand how well the programmes are working and identify the gaps that need to be addressed through a better design, better information and better implementation. The institution of a results-based M&E is a critical recommendation of the NSPS and must be implemented to ensure the achievement of the desired results from a reform of the present social protection system.

¹² The World Bank supported Employment Guarantee Programme for the Poor.

7.3 Towards a Strategy for Results Based M&E

Systems for the monitoring and evaluation (M&E) of social protection systems should serve three major types of objectives:

- Strategic objectives — is the NSPS achieving its goals?
- Operational objectives — how can managers improve implementation?
- Learning objectives — what can be learned from the NSPS?

M&E of the NSPS will therefore be required at three distinct levels

1. Monitoring of individual programmes
2. Monitoring of the SP strategy process
3. Evaluation of impact of the SP system

Within the framework of a results-based approach, a number of indicators are identified at each of these levels, targets that need to be established for each one, and the M&E process that should be undertaken to track the achievement of results against each target. Examples and potential tools for this are discussed in the three sections that follow, which correspond to the three levels outlined above.

7.3.1. Monitoring of Individual Programmes within the Strategy

Monitoring of individual programmes within the NSPS will aim to collect and aggregate information on performance indicators such as:

- Number of clients served
- Number of benefits paid
- Average benefit per recipient
- Actual benefit value as percentage of household or per capita income
- Cost to transfer a unit of value (e.g. taka100)

They will also track immediate effects of the programme, under different general headings such as economic and social effects, but also - in some cases - under more specific headings such as for example educational effects (for programmes with an educational objective) or nutritional effects (for components with a health or nutritional objective). Examples of the kind of indicators that might be used for results-based monitoring under each heading are suggested below.

Economic effects

- Increased household investment
- Changes in labour participation – domestic and wage work

- Improvement in economic opportunity
- Financial inclusion, such as the opening of bank accounts

Social effects

- Increase in self-esteem, confidence and voice among beneficiaries
- Empowerment of women and a greater say in decision making
- Transformation in traditional social gender norms and attitude
- Reduction in gender gap in educational investment of children

Educational effects

- Increased enrolment and retention
- Improved class attendance
- Increased grade promotion and secondary school transition

Nutritional effects

- Increased levels of breastfeeding (1-12 months)
- Increased dietary diversity (6–23 months)
- Improved diet (6–23 months) - including breastfeeding and meal frequency
- Increased dietary diversity (women of reproductive age)

Much of the information required for monitoring individual programmes will come from the respective management information and reporting systems (MIS) of each programme. It is important that these are well integrated so that information can be shared, aggregated and compared between them. This is not to imply that there necessarily has to be a single MIS, which is often not feasible given the institutional complexity and administrative separation of different programmes. Nor is it implied that there needs to be a unified database of beneficiaries, which again is often not practical, and may run the risk of excluding some beneficiaries from all programmes. Rather it requires the use of common indicators across programmes, which allows for comparison and aggregation of data, and a common identifier for each beneficiary across all databases, ideally linked to a national identity system.

Another important M&E tool in monitoring individual programmes will be the use of independent and impartial spot-checks to verify the integrity of the data being generated through the individual programme MISs.

7.3.2. Monitoring of the SP Strategy Process

The second area that will require monitoring is the implementation of the overall NSPS itself. M&E in this area will try to answer questions such as:

- Does the strategy reach the intended beneficiaries?
- Does the strategy generate the desired outcomes?
- What is the impact on the rest of the population?
- Are there better ways to design the components of the strategy?
- Can the strategy be managed more efficiently?
- Are the allocated resources being spent efficiently?
- Is financial performance as per the strategy design?

This will require indicators that allow the monitoring of financial, operational and institutional aspects of the strategy.

Financial aspects

- Social protection expenditures as a percentage of GDP
- Social protection expenditures as a percentage of total public expenditures
- Administrative costs as a percentage of total programme costs

Operational aspects

- Number of beneficiaries served
- Number of benefits paid
- Average benefit per recipient
- Number of beneficiaries as a percentage of the population
- Number of beneficiaries served per social worker

Institutional aspects

- Number of staff working in the sector
- Number of social service centers
- Number of social workers trained
- Overall improvement in targeting, disbursement, delivery and risk management systems
- Greater engagement of beneficiaries in programme design
- Improved supply side responses
- Improved capacity of Government to sustain and continue with NSPS

7.3.3. Evaluation of Impact of the SP System

Finally, perhaps the most important area under the NSPS for the introduction of results-based approaches, is that of evaluating the overall impact of the social protection system. Again, this

would look at operational issues such as the effectiveness and efficiency of the NSPS in achieving its objectives, and at longer-term impacts in different areas such as economic, social, educational and nutritional. Possible indicators are suggested under these different headings below.

Efficiency

- Percentage reduction of the poverty rate
- Percentage reduction of the poverty gap
- Reduction of inequality, based on Gini or other measurement
- Costs per unit reduction of the poverty gap
- Reduction in number of poor and at risk people excluded from social protection, and unit cost of reduction per person

Economic impacts

- Increase in household consumption
- Increase in saving and reduction in debt
- Increase in productive or economic investment by household
- Increase in household per capita income

Social impacts

- Transition in social gender attitudes
- Improved livelihood choices and opportunities
- Improved attitudes to the education of girls
- Increased economic contribution by better educated girls

Educational impacts

- Reduced gender, societal and regional gaps in school enrolment, retention, attendance and completion
- Improved learning outcomes and academic performance
- Higher rates of progression to secondary school and tertiary education
- Increased years of schooling
- Reduction in grade repetition

Nutritional impacts

- Improved health and nutrition indicators (vaccination, morbidity, dietary diversity, calorie intake)
- Reduced stunting

- Reduction in maternal and infant mortality rate.

The main tool for evaluation of the impacts of the NSPS will be periodic quantitative surveys. To some extent, these will be able to rely on existing surveys, such as the Household Income and Expenditure Survey (HIES), run by a strengthened BBS (see section 4 below). But it is suggested that the HIES should be supplemented by an annual panel survey, to enable a more in-depth understanding of vulnerability and poverty dynamics while also providing government with a means of monitoring the impacts of its social protection policy on an annual basis.

In addition, a wider range of evaluation tools should be used in parallel, to derive impacts from individual programmes and for the NSPS overall. Many different options are available, and will be required in different circumstances: there is no single "best" solution. The options include:

Quantitative approaches

- Experimental design involves the random assignment of individuals or households either as beneficiaries, or as a control group which does not receive the benefit. Such evaluations (sometimes referred to as randomised control trials) represent the scientific "gold standard" for impact evaluation. But they are complex and expensive to run, and can be ethically questionable: they are inappropriate for programmes that are offered on a more universal basis (since depriving those in the control group would be unacceptable).
- Quasi-experimental design involves the use of a control group to match as closely as possible the characteristics of the beneficiaries receiving the intervention – either through propensity score matching or using a multivariate regression approach. This method often involves the use of large-scale sample surveys, and sophisticated statistical analysis, and again can be expensive.
- Ex- post comparison of project beneficiaries with a control group. With this method, multivariate analysis (to statistically control for differences in groups) may be used as one way of estimating the counterfactual situation. The cost is often less than half that of the experimental and quasi-experimental designs, but at the expense of some loss in scientific rigour.

Hybrid approaches

- Rapid assessment or review (conducted ex post). This method can encompass a range of tools to assess impact, such as participatory methods, interviews, focus groups, case studies, mini survey, direct observation and available secondary data. It generally uses quick low-cost ways to collect information. Since a main aim of rapid assessment is cost-effectiveness, evaluations with this design usually cost much less than conventional evaluations.

Qualitative approaches

- Participant Observation involves field researchers spending an extended amount of time in residence with a programme community, employing qualitative techniques and small-scale surveys. The technique often includes stakeholder analysis, participatory appraisal and beneficiary assessment.
- Case Studies and Life Histories involve detailed or broad studies of a specific intervention involving open-ended questioning and the recording of personal stories.
- Participatory Learning and Action involves a facilitator assisting the active involvement of those who have a stake in the programme.

It is generally recognised that some combination of qualitative and quantitative methods of data collection is important in any evaluation in particular when the programme is operating in a complex social environment. There are four key reasons for using the mixed method approach:

- it allows the evaluator a wide range of methods and tools to draw from;
- it increases the validity of conclusions through “triangulation” by providing multiple independent findings that can be compared;
- it allows for a deeper and richer analysis and understanding of the program context; and
- it provides opportunities for reducing the cost and time of data collection.

Thus, within the M&E of NSPS, equal attention should be given to qualitative analysis during impact evaluation to improve the richness of quantitative analysis and delve into dimensions not feasible through quantitative methods, such as changes in social dynamics, decision making, gender norms, community relations; processes of interaction with programme institutions; implications of economic, social and cultural attributes on participation and outcomes; people’s understanding, views, and opinions. A mixed method approach would provide greater triangulation of findings, assist in changing perspectives, attitude and norms, provide explanation to observed variability, and help in robust analysis of lessons and experiences generated. These are all crucial for facilitating the adoption and acceptance of policy decisions.

7.4 Lessons of International Experience

In implementing the M&E arrangements for NSPS, Bangladesh can learn from relevant international experience. Each country has its own very specific set of requirements for implementing a functional results-based M&E system. There is no model from elsewhere in the world that would be directly applicable to Bangladesh. But a number of generic lessons can be derived from international experiences, which are discussed below.

An effective MIS provides a very sound basis for monitoring programme performance. For Bangladesh, it is suggested that the Ministry of Social Development (MSD) would lead a process

of developing an advanced social protection MIS across the main social protection schemes. This could use innovative technologies to enable information to be entered at District level and transferred to Line Ministries through a web-based application. Common software would be introduced to all Ministries, although ideally this would be adapted to respond to the specific demands of each component of NSPS (e.g. different targeting mechanisms, use of incentives and conditions, etc). This would strengthen the ability of each Line Ministry to monitor individual programme performance, while facilitating the harmonisation of cross-cutting operations such as targeting, registration, payments, case management, grievances, etc.

The databases in each Line Ministry could feed into a central database in the Ministry of Social Development enabling it to oversee the performance of each programme and ensure good value for money. The databases could also be connected to the household database currently being developed by BBS and to the national identity system. In the long-term, it should also be possible for the MIS to communicate with other databases such as the income tax system (as happens in South Africa). This integration of different systems, using a common national identifier, is not the same as setting up a Unified Database, as for example is being attempted in Indonesia. The danger of the latter approach is that beneficiaries who are not included on the single central database, for whatever reason, are automatically excluded from all social protection schemes.

Another important lesson from international experience is to design, implement and operate an effective grievance system, allowing beneficiaries and non-beneficiaries alike to register complaints about the NSPS, and to receive satisfactory resolution to any problems. There are a number of international examples that manifest different approaches to this. The Hunger Safety Net Programme in Kenya operated local ‘Rights Committees’ that monitored norms for delivering cash transfers as set out in a ‘Citizen’s Service Charter’. The Vision 2020 Umurenge Programme (VUP) in Rwanda piloted an ‘Appeals and Complaints Process’, underpinned by a ‘Beneficiary Charter of Rights and Responsibilities’, which specified similar participant rights to those in Kenya’s HSNP. Mozambique is currently strengthening its systems for implementation of social protection programmes, which will include designing community case management and grievance procedures. In India, the employment guarantee scheme (MGNREGA) has been underpinned by social audit mechanisms that have helped to streamline the implementation processes, made people aware of their rights, improved accountability for programme delivery, and strengthened the social contract between the state and the rural poor. Bangladesh itself has experimented with some of its own solutions, such as the *Gram Daridra Bimochan* Committees under BRAC’s CFPR, and the “hotline” complaints procedures under CLP, which have been effective in reducing corrupt practices.

For measuring long term impact, it is suggested to rely on standard household survey data, captured periodically for example through the HIES, perhaps with a dedicated module on social protection added on, as the basis for analysis of the impact of the social protection system as a whole. This is what happens in Brazil, for example, and in South Africa, where the analysis of

the household survey data is contracted out to an independent think-tank. One common option would be the establishment of an annual panel survey linked to the HIES. In Bangladesh, the HIES is currently undertaken every five years and the next one is due in 2015, after which it will move to a three-year cycle. It reaches a sample of over 12,000 households, with results valid to Divisional level. A panel survey could be undertaken in intervening years, and could cover a smaller sample of, say, 4,000 households on an annual basis, with these households comprising part of the broader HIES sample in 2015 and 2018.

The panel survey could provide a rich source of high quality data for analysis of poverty, vulnerability and social protection. In particular, it will enable government – and other researchers – to build a better understanding of the dynamics of income and poverty among households, which will be critical for improving social protection policy development that is currently based on a rather static conception of poverty. The panel survey could also provide government with the ability to monitor progress in expanding and reforming the social protection system, since, on an annual basis, it will be possible to identify those receiving a social protection benefit and how much they receive. Government will be able to monitor progress in coverage and targeting of social protection benefits and gain a better understanding of their impacts. The Panel Survey could, therefore, also serve as one means of evaluating the success of the implementation of the NSPS.

In terms of international experience on indicators, a recent systematic review of three major categories of programmes – unconditional cash transfers, conditional cash transfers, and employment guarantee schemes – found that ten impact indicators are most commonly reported in evaluations.¹³ Percentages in parentheses indicate the proportion of 222 evaluations reviewed by Hagen-Zanker et al. that assessed each impact indicator:

1. Poverty (39%): poverty headcount index, poverty gap index, and/or poverty severity index;
2. Health (31%): outputs (access to healthcare services) and/or outcomes (e.g. body mass index);
3. Education (31%): outputs (e.g. number of children attending school) and/or outcomes (educational performance);
4. Employment (25%): amount of paid work created by employment guarantee schemes;
5. Expenditure (19%): household spending, or consumption as a proxy for spending;
6. Assets (13%): physical, financial and/or social capital that contributes to household wealth;
7. Income (12%): household or individual earnings, sometimes including in-kind income;
8. Inequality (10%): rural or national inequality, typically measured by the Gini coefficient;

¹³ Hagen-Zanker, J., McCord, A. and Holmes, R. (2011) *Systematic Review of the Impact of Employment Guarantee Schemes and Cash Transfers on the Poor*. London: ODI

9. Food security (6%): indicators include calorie consumption and the number of meals per day;
10. Food expenditure (3%) total spending on food, or as a proportion of total household spending.

In addition to these indicators, which are all amenable to collection through quantitative survey, there is a growing recognition in the international literature that mixed methods approaches (i.e. including qualitative techniques) should be used alongside quantitative knowledge. This is for a variety of reasons:

- Although quantitative methods can measure observed changes, they cannot explain them.
- Some important indicators (such as women's empowerment, intra-household dynamics, the dignity of recipients or social relations) cannot be captured through quantitative analysis
- The trajectories of individual households are highly complex and very varied: this complexity cannot be captured through sample surveys.

For this reason, it is recognised that a mixed methods (or so-called “Q-squared”) approach can get the best of both worlds. Following Carvalho and White¹⁴, these methods can be combined in different ways, including: (1) integrating quantitative and qualitative methodologies in data collection; (2) validating or triangulating information gained through one method by information gained through the other during data analysis; (3) merging findings from both approaches into a synthesised set of policy recommendations. Appropriate qualitative techniques might include in-depth interviews (household case studies, key informant interviews), focus group discussions (with programme participants and non-participants), participatory methods (community wealth ranking, causal linkage diagramming, timelines), qualitative comparative analysis and social network analysis.

7.5 Implementation Arrangements

The Government emphasized that an effective results based M&E system is essential to monitor the implementation of the SFYP and associated sectoral strategies, which would include the NSPS. Current responsibility for M&E falls to the Implementation, Monitoring and Evaluation Division (IMED), as the apex body which tracks public sector development programmes. However, the SFYP recognises that "while the IMED plays a useful function in tracking financial and physical implementation of projects, there is a major gap in terms of results-based M&E".

¹⁴ Carvalho, S. and White, H. (1997) *Combining the Quantitative and Qualitative Approaches to Poverty Measurement and Analysis: The Practice and Potential*, World Bank Technical Paper, 366. Washington DC: World Bank

The SFYP proposes to remedy this through the introduction of a system of results-based monitoring, which "moves beyond the traditional input-output focused M&E and when used effectively helps policy makers analyze outcomes and impacts". The NSPS would provide a platform for implementing results-based monitoring at sector strategy level, using a subset of the indicators suggested in Section 7.3 and drawing on the lessons of international experience analyzed in Section 7.4.

7.5.1. Assigning Institutional Responsibility for M&E

The monitoring arrangement for individual programmes will lie with the proposed newly created Ministry of Social Development. The monitoring framework will depend upon the type of programme and will use a subset of indicators indicated in Section 7.3 as relevant to the programme.

Evaluation is another matter. It is best to keep evaluation independent from the influence of the implementing ministry (i.e. the Ministry of Social Development). The SFYP assigns overall responsibility for instituting a results-based M&E to the Planning Commission. The SFYP argues that "strong results-based M&E will require collaboration with the line ministries, research institutions, and civil society. GED will be assigned this responsibility". Given this arrangement, it would be logical to assign the NSPS evaluation responsibility to GED and IMED. GED will be responsible for preparing the M&E framework at individual programme level as well as at the national level. It will also be responsible for overall coordination of the M&E framework and dissemination of the evaluation results. Evaluation at the individual programme level will be the responsibility of IMED whereas evaluation of the entire NSPS will be the responsibility of the GED. The GED will also be responsible for overall coordination of the M&E framework and dissemination of the evaluation results

The SFYP also recognises that "availability of reliable data and its timeliness is crucial for policy making and impact evaluation which calls for increasing efficiency of the statistical system". This would be fully consistent with the suggestions made in section 7.3 above that M&E of the NSPS should rely in large part on regular surveys undertaken by BBS (such as the HIES), augmented by panel surveys and qualitative approaches. Indeed the SFYP proposes that "the capacity of the Bangladesh Bureau of Statistics (BBS) will be strengthened to enable it conduct surveys, special surveys and censuses to produce quality data. The publication of HIES, LFS, SMI, Agriculture census etc. should match with monitoring and evaluation cycle of the Planning Commission". The NSPS advocates that urgent steps be taken to strengthen the capabilities of the BBS to generate all required data bases to do proper results-based M&E of the Sixth Plan and the NSPS.

7.5.2. Proper Use of M&E Results

Emphasis on M&E is placed in order to ensure that best results are obtained from the resources spent on social protection. It is therefore important that there are well-specified mechanisms for

disseminating the findings of the M&E. All information needs to be readily available to stakeholders, in this case the beneficiaries, ministries and NGOs involved. The beneficiaries should be aware of the programme outcomes and the eligibility criteria for each programme.

This could be best achieved by putting all monitoring data and evaluation results on the website of the Ministry of Social Development as well as the website of the Planning Commission.

All evaluation reports would be shared with the cabinet and responsible Parliamentary Standing Committee. The Ministry of Social Development will be responsible for reporting to the cabinet and the Parliamentary Standing Committee the types of actions taken to respond to the findings of the evaluation reports.

7.5.3. The Way Forward

Establishing an effective M&E system is more an art than science. The method and approach will need to be adapted to the implementation capabilities of Bangladesh at the present time. This is a dynamic process that will evolve and mature as Bangladesh gains more experience and improves its administrative capacity. As a first step, a task force will be established in September 2014 under the supervision of GED comprising of government officials and national experts to develop an implementable M&E framework based on the analysis of Sections 7.3 and 7.4. The task force will submit its recommendations by April 2015 and implementation will be started in July 2015. It is expected that the development partners who have supported the NSPS process to date would continue to support the process of introducing a results-based M&E system for the NSPS once it is adopted.

ANNEX 1

List of Background Papers

1. Poverty, Vulnerability and Inequality in Bangladesh
2. Building a Social Protection System to Address Urban Poverty in Bangladesh
3. Social Protection Strategies to Address Social and Gender-based Exclusion, including Disability, High-risk Groups and Minority groups.
4. Social Protection Financing and Affordability
5. Social Protection Strategies to Address Idiosyncratic and Covariate Risks and Shocks, including Seasonal Poverty, Economic Recession and Natural Disasters
6. Taking Stock and Moving Forward: Enhancing Labour Strategies for Bangladesh's Vulnerable Groups.
7. State of Governance within Social Protection Sector in Bangladesh
8. Building a Social Protection System to Address the Demographic Challenges Faced by Bangladesh.
9. International Best Practice in Social Protection: Implications for Bangladesh.
10. A Review of Bangladesh Social Protection System.