

Paper 1: Poverty, Vulnerability and Inequality in Bangladesh

Dr. Bazlul H Khondker

This paper aims to undertake an assessment of poverty profiles by different attributes such as areas of residence, divisions, gender and age groups, and by different poverty lines. Poverty analysis here is mainly based on the available Household Income and Expenditure Survey (HIES) 2010 data. An alternative poverty analysis (slightly different from per capita equivalence scale that counts children as that of adult) is attempted here by invoking different equivalence scale for children and using various poverty lines (e.g. UPL x 1.2; UPL x 1.5 and UPL x 2). The author considers the current definition of poverty line is set too low. Around 84 percent of the population in 2010 was living under the equivalent of US\$2 per day, which many would regard as a more reasonable measure of poverty (World Bank 2012). Poverty is significantly higher in rural location compared to the urban location by all measures of poverty (36% compared to 22%). However, using 'Direct Calorie Intake' indicates that urban poverty rates are 10 percentage points higher than rural poverty rates (The World Bank, 2012). Regarding gender dimension, male-headed households (32%) tend to be poorer than that of female-headed households (26%). Poverty is still highest in Barisal division (39 percent) followed by Rajshahi (33.3 percent) and Khulna (32 percent). According to World Bank (2008), variations in poverty incidence across divisions are mainly due to level of connectivity of divisions with main growth poles of the country. Contrary to the general notion, reduction of poverty rate is faster for people with no education compared to educated people over the last decade. Improvement with regard to nutrition is slow. Inequality is steady and very high with the Gini coefficient at 0.46 when income is measured (BBS 2010). The paper also summarizes the risks and shocks (e.g. natural disasters and illness) faced by families in Bangladesh across the lifecycle such as pregnancy, early childhood, school age, young people, working age, and old age. A separate focus is drawn to the people with disability. In conclusion, the author recognises Bangladesh's success in social protection, however, he draws a need for fundamental rethink of the way social protection in Bangladesh is conceptualised and delivered.

Paper 2: Building a Social Protection System to Address Urban Poverty in Bangladesh

Dr. Mohammed Abu Eusuf

With a high rate of urbanization, urban population became double in 2000 compared to that of 1990. According to HIES (2010), the number of nuclear households has been increasing sharply in urban areas. Though, over the last twenty years, the rural poverty headcount declined, the trends in urban poverty incidence have not been uniform. Rapid urbanization and forced migration by shocks have serious implications for urban poverty trends and patterns. The absolute number of urban poor is increasing at faster rates than that of rural poor. At the same time, the conditions of life of the urban poor have been depicted as worse than those of rural poor. Like overall poverty situation, urban poverty is relatively higher in Barisal, Khulna and Rajshahi. The low poverty gap and low squared poverty gap in urban areas suggest that urban poor have comparatively low deficit in income to meet the poverty line and the deficit is less severe. From a programmatic view, there are noticeable rural/urban differences in safety net coverage with lower coverage in urban area. HIES data shows that the number of households covered by different safety net programs has doubled in rural areas from 2005 to 2010. But, in the same time period, the rate of increase of the coverage of households in urban areas has not occurred at the same pace. The SSNPs existing in urban areas are Open Market Sale (OMS), Ghore Phera (Back to Home), Urban Community Development (UCD),

programmes for rehabilitation of beggars, Old Age Allowance, and Widowed and Distressed Women Allowance.

Analyzing the scope and recommending the strategies to include urban poor in social protection, this paper shares international successful experiences of social protection programmes addressed to the urban poor, particularly in Mozambique (Programa de Subsídio Social Básico-PSSB), Kenya (Nairobi Urban Social Protection Program-NUSPP), and India (National Urban Social Assistance Programme-NUSAP). NUSAP in India consists of security of tenure, slum-upgradation and non-eviction policy, universalisation of water and sanitation, community engagement and financial inclusion of urban poor. Taking the international experiences into account, some policies are suggested for the urban poor in Bangladesh which include in-cash or in-kind transfer, increased amount of transfer, upgraded transfer process, utilising micro-credit, utilising National ID Card. The proposed framework for strategic interventions and delivery mechanism considers three facets of vulnerability of the urban poor: residential vulnerability, occupational vulnerability and social vulnerability. Within this vulnerability framework, children are more vulnerable in urban areas, receiving less care and being forced into child labour. At the end, the author delineates a list of interventions and delivery mechanisms for urban poor covering the broad areas of health, education, employment and residence. It is also recommended to develop an inclusive urban development policy, reduce the bias towards rural poverty alleviation, scaling-up existing social protection programs in the urban areas and designing some specific separate programs (such as child care centre) to address needs of the urban poor.

Paper 3: Social Protection Strategies to Address Social and Gender-Based Exclusion, Including Disability, High-risk Groups and Minority Groups in Bangladesh

Selim Raihan

Social exclusion is a state where excluded individuals or groups are unable to participate fully in their society. In the first instance, this paper aims at providing an overview of the patterns of poverty and profile of social exclusion in Bangladesh. The profile of different excluded communities and the reasons behind being excluded are described drawing a focus on indigenous people, dalits, people with disability, HIV affected people, elderly people, environmentally challenged groups, and widowed and distressed women. The issues of child poverty and urban poverty are discussed separately as well. The author noticed that there are three major programmes for ethnic minority groups: (a) Allowance for Beneficiaries in the CTG Hill Tract Areas, (b) Food Assistance in the CTG Hill Tract Area, (c) Non – Bengali Rehabilitation. The only program for the Dalits is the "Construction of Sweeper colony at Districts". There are four programmes found available for the disabled and four programmes for the elderly including one of the largest programmes – Old Age Allowance. Through the Ministry of Disaster Management and Relief, five programmes are being implemented for environmentally challenged groups. Three different programmes are implemented for widowed and distressed women. Three programmes for urban poor and five programmes for children are found available. However, there is no programme available addressing HIV affected people who face social exclusion and vulnerability. The author shares lessons of international best practices from Mexico (child and women welfare, and urban poverty), Brazil (child welfare), South Africa (child support grant, old age pension and disability grants), and India (Midday Meal Programme - child welfare, tenure security programmes for urban poor). The author recommends developing programmes for dalits, HIV affected people, and other excluded communities.

Paper 4: Social Protection Financing and Affordability

Ahsan H. Mansur and Bazlul H. Khondker

The paper begins with a discussion on the salient features of the current fiscal structure in Bangladesh. It is found that facing dwindling external financing, the government is relying heavily on domestic sources, especially from banking sources. It is however a matter of concern that Bangladesh has been suffering from very weak tax administration and a narrow tax base. Erosion of the tax base because of VAT rate reductions, tax exemptions, tax fraud, tax avoidance, and ineffective tax administration contribute to lowering the VAT Productivity ratio and Corporate Income Tax (CIT) Productivity indicating an inefficient VAT system. The tax performance however has improved since FY10, which positively impacted on expanded social protection and other social spending (in health and education). Social protection expenditure in Bangladesh accounted for 2.1 to 2.7% of GDP in recent years. Duplication and targeting errors are found to be the major problems in social protection management. The authors propose five major programmes based on lifecycle approach instead of the numerous SP programs: (a) Health and nutrition support for the poor and near poor mothers and infants, (b) Child development programmes, (c) Enhancing Access of Vulnerable Women to the Labor Market. (d) All Persons with Severe Disabilities, and (e) Old Age Pension System.

Extending SP coverage for the 5 core programs to both poor and near poor, the total number of targeted beneficiaries would increase to almost 39.4 million, entailing an increase of almost 92.2%. In terms of budgetary resources, the additional cost with unchanged benefits would increase by Tk. 52.9 billion. The costing exercise for core lifecycle programmes does not include funding for food security, workfare and disaster management programmes. However about 42.5% of the current SP budget is spent on these programs. To finance the social protection programmes, revenue generation will be the main driver of fiscal space. If tax efforts are successful, sizable additional fiscal space will be created over the medium term. Increasing the coverage to include the near poor without changing the benefit level would require 2.36% of GDP in FY14, compared with 1.85% of GDP allocated in the FY14 budget. To ensure equity, the authors propose that at the first phase consideration should be given to broaden the coverage to include all poor and near poor persons/families and preventing an erosion of the benefit level in real terms. Once the targeted full coverage with constant real benefit levels is achieved, in the second phase the growing fiscal space could be used to increase the benefit levels under the 5 major lifecycle programs over time. Even under the alternate (low growth) scenario, the targeted full coverage with unchanged benefits would be attainable after one year in FY15. As an impact, with unchanged real benefits, the poverty level will decline to 27.2% and the poverty gap will decline to 5.1%. The results will certainly be much better if we allow for doubling of benefits in real terms. All analyses find that Bangladesh has the financial potential to implement a comprehensive lifecycle based SP program with significantly higher real benefits and covering a much larger beneficiary/target group encompassing all poor and near poor citizens of Bangladesh and all geographical regions (rural, urban and CHT).

Paper 5: Social Protection Strategies to Address Idiosyncratic and Covariate Risks and Shocks, including Seasonal Poverty, Economic Recession and Natural Disasters

M. Ismail Hossain

The paper analyses the impacts of various risks and shocks – seasonal poverty, natural disasters and economic recession– on the livelihood and economic well being of the poor in Bangladesh. It also evaluates the adequacy of social safety net programs in meeting the immediate and medium-term needs of the affected communities. Risks and shocks are classified into idiosyncratic (e.g. household specific - health shocks) and covariate shocks (e.g. entire community - floods, cyclones, epidemics and droughts). The most frequently reported shocks for all households are found to be illness shocks (expenses related to treatment and/or foregone income), wedding and dowry related expenses, and floods (Quisumbing, 2007). These different types of shocks have different impacts and might require different responses for mitigation. The author reports the impacts of a wide range of idiosyncratic and covariate shocks. To characterise different types of coping mechanisms in dealing with shocks, the World Bank classifies them into formal mechanisms (market based, publicly provided, and insurance based) and informal arrangements between individuals and communities. More than one third (36.51 percent) of the households has not been able to cope with one or more shocks. Higher proportion of poor (40%) reported they could not cope with shock compared with 34 percent non-poor households. A higher proportion of poor households use reduction in essential consumption, help from friends, and high interest loans to cope with shocks. The issue of concern is that assistance from government/NGOs plays a negligible role in helping households overcome shocks. Though the social protection programmes have positive impact on poverty reduction, the impact has been small. The weaknesses of the current social protection system are identified as inadequate coverage, insufficient amount, leakages, exclusion errors, disparities between regions and governance issues. Future social protection programmes will need to address these issues to enhance effectiveness of the programmes. To cope with the shocks, the author recommends for student stipend programmes, health insurance, and micro-credit programmes (with a provision of compulsory savings). Separate analyses are conducted on seasonal poverty, food price shocks, and economic recession – referring the impacts of each type of these shocks, government response, and proposed future endeavour. According to the author, existing measures need to be supplemented by new social protection measures as well as other policies which are consistent with the social protection policy framework and other strategies of the government.

Paper 6: Taking Stock and Moving Forward: Enhancing Labour Strategies for Bangladesh's Vulnerable Groups

Karishma Huda

The notion of graduation is conceptualised in this paper as an escalator where poor people board, arrive at their destination, disembark, and new people get on. Vulnerabilities are analysed from geographical, economic (unemployment, work-related injury), and social (occupational structure, inequality, gender) dimension. A separate focus is put on age and disability as manifestations of vulnerability. In order to build their assets and stocks of capital, families require certain fundamental elements including access to markets, access to financial services, effective labour strategies, and social protection.

The author assesses long and short-term strategies to enhance labour opportunities for the vulnerable groups. The long-term transition is considered as a move from agriculture to industry,

enhancing more favourable environments for services and manufacturing. The author draws attention to several barriers and challenges to moving forward. Firstly, electricity, corruption and access to finance posed three major hurdles to investing in Bangladesh (World Bank, 2013). Secondly, the lack of education and skills of young age population will pose serious threats to the economy. The paper gives special attention to the need for increasing women's participation in the labour force.

Public works programmes are considered as a 'short-term' strategic response. The author suggests rethinking public works schemes, because wages from public works programmes are generally insufficient.

Social protection is suggested as a critical labour strategy. There are four critical avenues through which social protection strategies enhance productive capacity and growth outcomes: (a) development of human capital, (b) improved risk management, (c) combating gender vulnerability, (d) improving negotiating power of workers. The author lists several labour and social protection strategies considering types of vulnerable groups, e.g. elderly, disabled, women and youth.

Paper 7: State of Governance within Social Protection Sector in Bangladesh

Md. Rafi Hossain and Ashikur Rahman

From a political economy lens, the paper aims to isolate macro-institutional arrangements that are likely to improve the quality of governance within the social protection sector. An analysis of the political context of Bangladesh identifies that political parties in government try to use patronage to establish loyalties and allegiances within state institutions to ensure that they can distribute resources to their support base. Thus governance of social protection sector can be understood from the lens of patron-client framework. The expansion of social protection programmes in the 1990s coexisted with increase in leakage and corruption. The paper proceeds with a discussion on the historical evolution of social protection sector and then discusses the institutional arrangements within which social protection programmes in Bangladesh operate. Initially social protection focused on guaranteeing minimum support to meet basic needs. Along with government's widening focus for social protection, the 1990s also saw a lot of donor financed activities in the domain of social services, including social transfers. The current decade observes a multidimensional development including geographical targeting and employment generation. The existing social safety net programmes provide benefits in the form of food, cash transfers, or a combination of the two, and are administered through the Government administrative bodies and elected local government officials. The current safety net portfolio includes 95 schemes, which are fragmented across various sectors, geographical areas and ministries, as well as having overlapping objectives and beneficiaries. The authors cluster SSNPs against administering ministry or division. Bangladesh spends a substantial portion of its GDP in social protection schemes (2.22 % of GDP for FY 13). The major part of SSNPs are managed and administered through Ministry of Food and Disaster Management, Ministry of Women and Children Affairs, LGRD&C Ministry, and Ministry of Social Welfare. The paper pinpoints some key governance weaknesses in the present institutional arrangements, such as lack of capacity of the implementing agency, targeting errors, inadequate M&E mechanism, and overlapping or duplication of programmes. Finally, the paper discusses key governance reforms required for successful implementation of SSNPs. Policy reforms include improving supply-side governance, creating a coordinating agency, creating meta-programmes, monitoring regional bias and administrative loopholes, reforming targeting criteria, strengthening M&E mechanism, good

MIS, passing responsibility to local government level. The paper proposes specific responsibilities of different implementing agencies.

Paper 8: Building a Social Protection System to Address the Demographic Challenges Faced by Bangladesh

Stephen Kidd and Bazlul Khondker

As Bangladesh undergoes a demographic transition, its social protection system also needs to continue to evolve. Bangladesh's transformation towards an ageing society has already begun. The population pyramid for 2010 indicates that the majority of the population is still young – 31% are under the age of 15 years – but it is evident that lower fertility is beginning to have an impact on the proportion of young children. An effective pensions system may promote a further reduction in fertility. Disability is more prevalent among people as age increases. The paper explores the demographic changes in Bangladesh at various stages of the lifecycle and their implications for the design of the country's social protection system. The authors describe how Bangladesh's social protection system has, over the past 30 years, begun to evolve towards a lifecycle approach. The shift in demographic characteristics is explored in connection to each stage in the lifecycle (*e.g.* early childhood, school age, young age, working age, and old age), with a focus on those challenges that can be addressed by social protection schemes. Furthermore, Bangladesh's main social protection schemes are mapped against lifecycle stage and risk. It is identified that the coverage of very young children by social protection schemes in Bangladesh is minimal in particular with regard to undernutrition. The government has a variety of social protection schemes covering other age groups. The authors propose options for addressing demographic and lifecycle challenges in Bangladesh. The proposed priorities include creation of a comprehensive pension system, establishment of comprehensive support for the disabled, strengthening child benefit system, a shift from workfare to child benefits, continuation of a grant for widows of working age, etc. Under the comprehensive old age pension system, the paper proposes options for a tax-financed tier 1 pension for the poor, and for the introduction of a social insurance contributory pension. The proposed comprehensive system of support for people with disabilities includes child dependency benefit and disability benefit for adults. The paper concludes that an inclusive lifecycle social protection system could be established at a lower cost than the current system and has much larger impact on poverty, providing coverage to a high proportion of those who are vulnerable to poverty.

Paper 9: International Best Practice in Social Protection: implications for Bangladesh

Stephen Kidd, Nicholas Freeland, and Bazlul Khondker

The paper discusses some of the key debates on social protection currently underway in Bangladesh, examining the historical and international evidence. It starts off explaining the political economy of social protection. Evidence on the political economy of social protection is presented from Nordic countries. As illustrated, there appears to be a good correlation between higher taxes and lower poverty in developed countries. In contrast, countries committed to lower levels of taxation tend to have higher levels of poverty. Under the political economy analysis, the authors analyse tax-financed old age pensions in developing countries, family allowances in the former Soviet Union, and opposition to the means testing of the UK's Universal Child Benefit. The debate regarding universal versus poverty targeting is delineated in this paper. The authors prefer to use the term "selection

process” in lieu of using the term “targeting”. When universal accessibility and selection on the basis of poverty are compared, coverage with inclusion of the poor is the more important consideration. It is evident that the higher the coverage, the lower the exclusion of the poor from a scheme. Experiences of selection processes are shared from Brazil, Ecuador, Pakistan, Rwanda, Kenya, Ethiopia, and Mexico. Selection processes to identify the poor are much more complex than universal access. Though proxy means test is being proposed as selection methodology in Bangladesh, yet it is not particularly accurate in identifying eligible poor households. Administrative cost of the selection process is also more expensive than for universal coverage. There is no evidence of schemes providing universal access creating perverse incentives, which on the other hand can occur as a result of a selection process. An overview is drawn by the authors on the pros and cons of universal and poverty-based selection. International experiences of using lifecycle approach are framed as directing resources to tackle the main lifecycle risks. Countries with the most comprehensive Inclusive Lifecycle Approach provide universal access to many social protection schemes, combining a mix of tax-financed and contributory schemes. Reference of using an Inclusive Lifecycle Approach is drawn from South Africa, Brazil and Nepal. While it may be argued that inclusive lifecycle schemes are of much higher cost than current schemes in Bangladesh, they will also be much more effective in reaching the poor and impacting on poverty and inequality. Finally, the authors hold a policy objective of “graduating” recipients out of social security schemes as questionable. Rather than mere commitment to graduation, Bangladesh needs to significantly enhance the ability of families to engage in the labour market, while also investing in their children’s health and education.

Paper 10: A Review of Bangladesh Social Protection System

Dr. Ahsan H. Mansur and Dr. Bazlul H. Khondker

The paper aims to describe and assess Bangladesh’s current social protection system. The term social protection is defined as “publicly funded initiatives that provide regular and predictable cash or in-kind transfers to individuals, households and communities to reduce poverty and vulnerability and foster resilience and empowerment.” It begins by describing its evolution and provides an overview of the current system, followed by an assessment of its impact and cost-effectiveness. The major social protection schemes in Bangladesh have evolved over time to mitigate specific conditions/risks and are also serving to address lifecycle risks. There are 95 programs under the social protection system in Bangladesh currently financed through the budget. There are serious overlaps among various safety net programs and many of these programs are too small to have any significant impact on the target groups. A noticeable gap in Bangladesh’s social protection system is the lack of any major scheme directly addressing the needs of pregnant women and young children. There is a range of programs addressing the needs of young people and those of working age. While there are programs to address the needs of people with disabilities, they are relatively small. The highest spending in Bangladesh is on programmes that address risks associated with old age, currently reaching 2.5 million people. The Civil Service Pension is the costliest social protection scheme in Bangladesh, although it pays generally high benefits to few people. Despite relatively large expenditure on social protection, the impacts on poverty appear to be relatively small. Analysis of the 2010 household survey indicates that the current broad social protection system reduces the national poverty rate by only 1.5 percentage points and the national poverty gap by 10 percent. The targeting performance of Bangladesh’s social protection schemes is not strong. There are multiple reasons for inaccurate targeting, including geographical quotas, the use of schemes for patronage

purposes, and the realities of poverty dynamics. The administrative systems of social protection schemes in Bangladesh are relatively weak. There are no central beneficiary databases for schemes, and no advanced management information systems (MIS) linking local administration with the centre. Bangladesh's social protection schemes are run by a large number of Ministries. The Ministry of Disaster Management manages the largest social protection budget. These fragmented programmes need to be consolidated and harmonised to get the best outcomes. The paper also recognises the active and effective engagement of development partners in social protection. It notes that, over the past decade, significant investments in social protection have been made by bilateral development partners, mainly through non-government channels.