

Building a Social Protection System to Address Urban Poverty in Bangladesh

Introduction

Urban poverty is often associated with factors such as low living conditions, low wage labour, malnutrition etc. Urban poverty increased in the late 1990s: from 27.8 percent in 1995 to 35.2 percent in 2000. One reason for this could be rapid rural-urban migration. The conditions of life of the urban poor in Bangladesh have been depicted as worse than those of rural poor. 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 (World Bank, 2011).

Objective: To present the poverty dynamics in urban areas, the challenges of reaching the urban poor and the scope of including the urban poor in social protection programs.

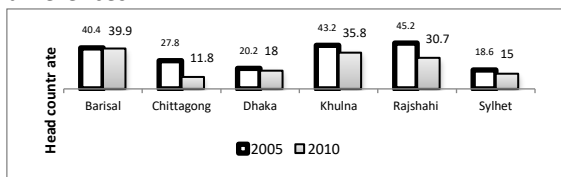
Methodology:

Poverty analysis done using various years Household Income and Expenditure Survey (HIES) data. HIES data is complemented by various studies and reports.

Research Findings

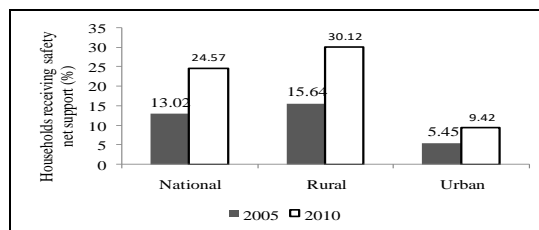
Urbanisation and Urban Poverty in Bangladesh

- The urban population in Bangladesh has been growing at an average annual growth rate of 3.5 % since 1990 mainly due to rural -urban migration. Between 1990 and 2000, the addition to urban population ranges from two to three million, while since 2000, around 3.5 million additional people were added in urban areas.
- In 2000, the average household size in urban area was 5.13, which became 4.41 in 2010. The reduction of household size has a positive influence on per capita income and per capita expenditure
- In 2010, 16.7 percent of household heads had no economic activity; this was only 0.1 percent in 2005. Changes in occupation of the household head in urban areas within 2005-2010 may be partly due to sample differences.



- Urban poverty is relatively higher in Barisal, Khulna and Rajshahi while it is lower for divisions like Dhaka, Chittagong and Sylhet as seen above. While each division has improved significantly in the period between 2005 and 2010, poverty in urban Barisal has not improved that much- it stands at 39.9 percent in 2010 opposed to 40.4 percent in 2005

Social Protection by urban and rural area



Number of households covered by different safety net programmes doubled in rural areas from 2005 to 2010. But, in the same time, the rate of increase of the coverage of households in urban areas has not fared at the same pace.

The Main Types of Social Protection Programmes in Bangladesh

Cash transfers: Old Age Allowance, Widowed and Distressed Women Allowance, Disabled Allowance.

Conditional cash transfers: Primary Education Stipend Programme (PESP), Stipends for Female Secondary Students,

Public works or training-based cash or in-kind transfer: Rural Maintenance Programme; Food-for-Work, Vulnerable Group Development (VGD), Employment Generation Programme (EGP).

Emergency or Seasonal Relief: Vulnerable Group Feeding (VGF), Gratuitous Relief (GR), Test Relief (TR), Open Market Sale (OMS)

Among many SSNs, some have urban bias like OMS, Urban Community Development Programme and Gher fera Programme.

- 85.1 percent of all social protection benefits go to the rural poor while urban poor receive only 14.9 percent of it. Two schemes, pension and gratuity & provident fund, do not qualify as social protection programmes according to the strict definition of social protection. If these are excluded, then share of benefits for the urban poor will go down even more.

Is Social Protection Effective in Reducing Poverty Gap?

Framework for urban vulnerability

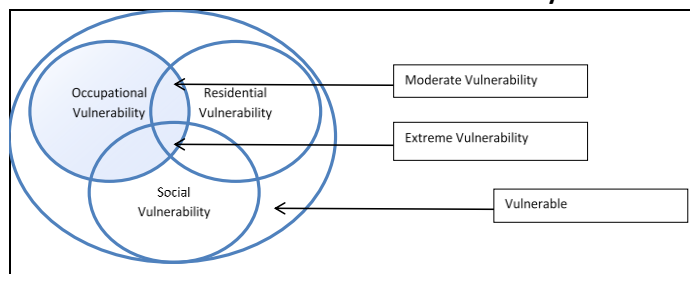


Figure above provides a framework to demonstrate urban vulnerability. It shows that occupational vulnerability, residential vulnerability and social vulnerability may overlap each other. According to this framework, when a person is faced with any one of the vulnerabilities then he is vulnerable. On the other hand, a person who is affected by all three vulnerabilities is called extremely vulnerable.

Occupational Vulnerability Even though urban areas provide more opportunities of employment than rural areas, most of these employments are short-term and has no job security. Providing training to increase human capital may ensure better employment opportunity to the urban poor most of who are low skilled workers

Residential Vulnerability Insecurity of tenure prohibits slum dwellers of setting up any micro enterprise in the slum area. This in turn affects occupational vulnerability. Bangladesh government should consider the reality and decide on legalizing a number of slums in urban areas.

Social Vulnerability Urban poor face a host of threats based on gender, age, health and education. These threats together create social vulnerability of the poor. Some policy discussions often involving ways to improve the well-being of young children and their families have placed increased attention on the importance of childcare and early education programmes

Suggested intervention and delivery mechanism of reducing urban poverty

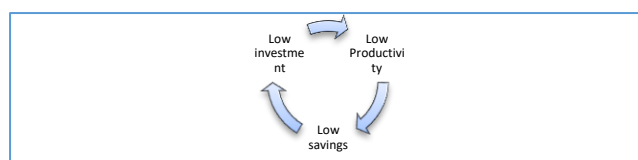
Area	Aim	Target intervention	Delivery mechanism
Health	<ul style="list-style-type: none"> To improve the overall health security by health insurance 	<ul style="list-style-type: none"> Community based health care delivery, and health insurance policy Disability pension scheme Disability support card 	<ul style="list-style-type: none"> Community based organizations Direct cash transfer to the disable people Cost reduction health card
Education	<ul style="list-style-type: none"> To continue and to ensure the education of the children of urban poor. 	<ul style="list-style-type: none"> School going children based conditional on regular attendance to school Inflation adjusted benefit delivery 	<ul style="list-style-type: none"> Direct cash transfer to the households having school going children conditional on regular attendance Transfer of money to the account of the student
Employment	<ol style="list-style-type: none"> To ensure the minimum income to maintain regular expenses To ensure employment of at least one adult people per household To secure the retirement benefits of low paid urban poor 	<ul style="list-style-type: none"> Urban employment scheme Training to the unskilled labour Pension schemes for the urban poor Insurance for labourers exposed to occupational hazards 	<ul style="list-style-type: none"> Income transfer through the participation in urban employment scheme Skill development training Direct cash transfer for a certain period (training allowance)
Resident	<ol style="list-style-type: none"> To ensure better residential facility in slums and squatter settlement 	<ul style="list-style-type: none"> Access to credit facility through micro finance or formal financial system at low interest rate 	<ul style="list-style-type: none"> Direct material support Supplying the utilities as public good for specific areas

It is indeed true that social protection policies must address all facets of vulnerabilities as the above figure shows. However, our immediate attention must be turned towards areas which are not adequately addressed but crucial for breaking the cycle of poverty.

Development of an Urban Social Protection Policy

A review of urban social protection programme reveals that urban youth is the most neglected sector in Bangladesh in terms of social protection. It is a general tendency to think youth must be capable to take care of themselves. As a result, social protection programmes targeting the youth are limited to providing some training to develop skills. The reason why this paper is stressing to target urban youth is because targeting urban youth is more productive than targeting any other class.

Cycle of poverty



As low productivity is synonymous with low income, poor urban youth fail to do any savings. Low savings in turn, lead to low investment. Without investment, urban poor fail to develop their productivity and graduate out of poverty.

Conclusion

Various programmes have been initiated and implemented to combat and reduce rural poverty. The disaggregation of the coverage of the programme and number of beneficiaries by rural and urban areas logically revealed that urban poverty is always out of focused and not much attention has been given to the alleviation of urban poverty. The concern of urban poverty is pronounced as urbanization in Bangladesh is growing. In order to reduce urban poverty in the near future, we need to develop inclusive urban development policy, reduce the biasness in rural poverty alleviation, scaling-up existing social protection programmes in the urban areas and designing some specific separate programmes (such as, child care centre) to address the urban poor.