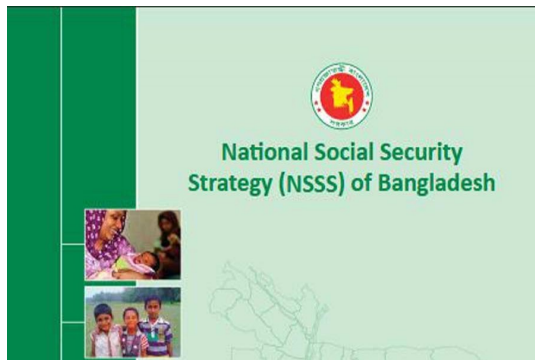




The life cycle strategy of NSSS must be properly implemented

Atiur Rahman | Friday, 6 August 2021



We are going through an unprecedented period of crisis worldwide which has currently started to affect Bangladesh severely as well. The crisis in Bangladesh is so intense that we must consider greater social protection measures alongside recovery options. The recovery process must be inclusive as well as eco-friendly because the crisis here is two-fold: the COVID-19 pandemic and climate change. There is no alternative to sustainable and inclusive recovery embracing short, medium and long-term measures. In this context, we need to look at the National Social Security

Strategy (NSSS) 2015 once again. The life cycle strategy under the NSSS is aimed towards creating an inclusive social security system that would effectively tackle poverty and inequality, and take forward human development, employment creation, and economic growth.

The life cycle strategy was designed to prioritise the poorest and the most vulnerable of the society and include them in the broader social security programme. Unfortunately, the centrepiece of the NSSS was a national database that is yet to be developed. Such a database would allow policymakers to identify the people who are in dire need of social protection, both in the rural and urban areas. We are by now more than two years into this pandemic. This must have been a long enough time to identify the most vulnerable segments of our population through participatory method in addition to using digital technology to make a double check. However, we are still struggling for a quality data base while more new extreme poor are joining the fray. Despite this deficiency, there has been significant revision and experimentation on the NSSS, and the amount of mistargeting in providing social protection has been minimised. The mainstream and social media have played a crucial role in diligently questioning any mistake or mistargeting. And, I must say the government has been responding quite promptly to such criticisms. Although errors have not gone down to zero, the use of digital technology in the system has opened ways for quick amendments. A database could be built using the Household Income and Expenditure Survey and Labour Force Survey reports with the assistance of local government authorities and NGOs that work at the field level. Again, I must thank the government for launching the 333-hunger hotline and as well as welcome massive social and political mobilisations by the government, ruling political party, private sector, and NGOs for providing both cash and food support in addition to the conventional social protection measures. Since there is uncertainty regarding the end of this pandemic despite accelerated pace of vaccination that has been witnessed, of late, the multiple drives for more social protection must continue to synergise our national efforts to help the

disadvantaged survive. And here comes the question of money. How to finance this additional demand for social protection. My simple answer to it will be more public finance. Let central bank give more loans to the government to expand its fiscal space for higher level of social protection and as well as more employment generating works programmes both in the urban and rural areas. Given our foreign debt to GDP ratio we can easily expand our public borrowing level at this critical hour of recovery. The developed countries must also transfer most part of their newly created SDRs by IMF to regional and international development institutions so that they can provide more emergency support to the low income countries to support innovative social protection and income-augmenting measures including skilling and re-skilling of the work force. New smaller entrepreneurs can also be created in the process.

Given this context, let's have a look at the recently passed national budget to find out how the government has been strategising social protection measures on the ground. It may be noted here that around 17 per cent of the budget for the 2021-2022 fiscal year has been allocated for social protection, but one-fourth of this allocation contributes to government employees' pension funds. And if you add the interest rates accrued against the national savings certificates to it, the actual share may even go higher. Despite these constraints, around one million new beneficiaries have been added to the budget. Identifying the beneficiaries accurately and providing service promptly remain challenging, especially during this pandemic. We need, therefore, a participatory approach with a combined effort from the government, local administration, NGOs, and civil societies. Last year, 100 per cent of the poor and elderly in 122 Upazilas received old-age benefits, and this year the target is to penetrate 150 similar Upazilas, where the expected number of beneficiaries is around 8 lakhs. Around 4 lakh widows and 2 lakh people with disabilities are also listed to get benefits this year. This prioritisation of the social protection beneficiaries for the most deprived and persons with various challenges certainly deserves appreciation.

Undoubtedly, the allocation for social protection is on a rise, but with practicality in mind, it was expected that some new programmes would be taken to cover the informal sector, especially in the urban region. With the goal of economic recovery, financing new programmes and allocations would not be challenging as despite insufficient tax revenue, I argued earlier, deficit financing could have been expanded when necessary. This is not likely to have a significant effect on inflation as the domestic demand is still low and the likelihood of the economy getting overheated is remote. Moreover, the central bank has enough weapons in hand to tackle more than normal rise of inflation if it so happens. In line with this, the new packages of social protection announced recently by the Prime Minister are a positive step towards recovery if digital technologies are used efficiently. There is room for associating mobile financial services (MFS) with cash transfer programmes to assist the beneficiaries swiftly and transparently.

We must keep in mind that cash transfers are not the only means of social protection. Following Keynesian prescription, public works programmes can be expanded through fiscal policy. Smaller programmes like cleanliness or drainage activities could benefit people who have lost their employment amidst the pandemic. Complementing expansionary monetary policy there should be further expansion in the fiscal policy to meet the challenges of the ongoing pandemic including sudden job and income losses.

During the pandemic, the rural economy has been kept active by the agriculture sector and foreign remittances. A study by the CPD shows that employment in rural regions has increased by 18 per cent. A huge portion of about USD 25 billion foreign remittances was directed at the villages, which helped in bolstering resilience in the rural areas. It should be noted that foreign remittances in foreign currencies get converted in Taka and help keep the money market liquid. Rural shock absorption capacity has been strengthened by the rural non-farming sector which covers around 60 per cent of the rural economy. The newly announced stimulus package of BDT 3,200 crore has given a very small portion to PKSF to support the people who have returned to their villages after losing their jobs in the cities and abroad. This allocation needs to be expanded as quite a sizeable number of migrants have

returned to Bangladesh. They have acquired new skills. A little support from the government with some seed capital with a longer grace period will turn them into vibrant small entrepreneurs.

The new urban poor need to be assisted as well. Although most of the urban poor are registered in their villages, there should be provisions to provide services to them in the cities. New social protection programmes for the urban poor need not be limited to public works programmes. Day-care centres for children in slum areas, for instance, could work as an innovative social protection measure as well. Many of the part-time home-maids find it extremely difficult to manage their childcare challenges and show up for work in different flats. Such a facility will be a great help to them.

There is no doubt that national poverty has increased recently because of the pandemic. These are, I suppose temporary poor. They will get out of this predicament once the economy fully reopens. And for that matter extensive vaccination and universal masking are the best options for the early recovery. We have seen different but huge numbers of the new poor through studies by various private research institutions. But to assist the new poor, there is no alternative to a national level survey. This task needs to be taken up by the BBS and BIDS. Poverty in the haor, char and coastal areas needs to be addressed with a special policy as well. The level of poverty in these climate vulnerable areas is almost double that of the national average. So, these areas need more than average social protection support. In certain areas, we also need to look beyond government support. Corporations and businesses that benefitted from the stimulus packages should stand by the poor through CSR. Some of the corporations are already visible in their CSR support. Others need to wake up. NGOs can work here as intermediaries as well. An Alliance of several NGOs have started community mobilisation against the pandemic with CSR support from about nine banks. Bangladesh Bank has been motivating the banks to jump into such socially responsible activities. All of them deserve appreciation. They can certainly do more.

As the spread of COVID-19 has intensified, the middle-class has lost its footing while paying for medical treatment. There was scope to assist them through vouchers that would allow them to share healthcare costs with the government. To keep the economic recovery on track, there is no alternative to rethinking the social protection strategy with a long-term vision. Within a few decades, Bangladesh's demographic dividend is projected to decline. Keeping such challenges in mind, universal pension schemes need to be initiated and new social protection programmes should be designed. Disasters are great educators. This is the best time to innovate more social protection programmes utilising 'whole of society' approach. Given our record of resilience, we can certainly 'dream more and become more'.

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