

SOCIAL PROTECTION IN BANGLADESH

A Common Narrative





Social Protection in Bangladesh – A Common Narrative

This document presents a Common Narrative on Social Protection, bringing together main Development Partners that support the Government of Bangladesh's efforts to reform its Social Protection system in line with the National Social Security Strategy. It is based on joint analysis and interpretation of the current poverty and vulnerability situation in Bangladesh, with recommendations and declared intents for the future. It can be used as a basis for discussions among Development Partners and the Government at different levels and across sectors.

The purpose of developing this Common Narrative on Social Protection is to assist the Government of Bangladesh, Development Partners, workers' and employers' organizations, civil society and

other stakeholders in setting clear policy and programme goals and monitoring progress towards a shared vision and agreed targets.

Social Protection refers to a set of policies, programmes and services that, over the lifecycle, protect against risks, shocks and stresses, and at the same time aim at reducing poverty, deprivation, vulnerability and marginalization. It creates opportunities for poor and vulnerable groups to escape poverty by strengthening resilience to shocks, enhancing the capacity to manage economic risks, promoting investments in human and productive capital, and removing barriers of exclusion, consistent with the fulfilment of social and economic rights.



Where we stand

We, the Development Partners, are fully committed to Social Protection as a powerful tool that addresses the triple challenges of poverty, vulnerability and inequality. Social Protection supports those who face hardship and prevents vulnerable people from sliding into poverty; it assists recovery from disasters and shocks; it promotes pathways out of poverty by cushioning risks. It builds human capital, confidence and empowerment; it creates cohesion in the social fabric; it invests in nation building.

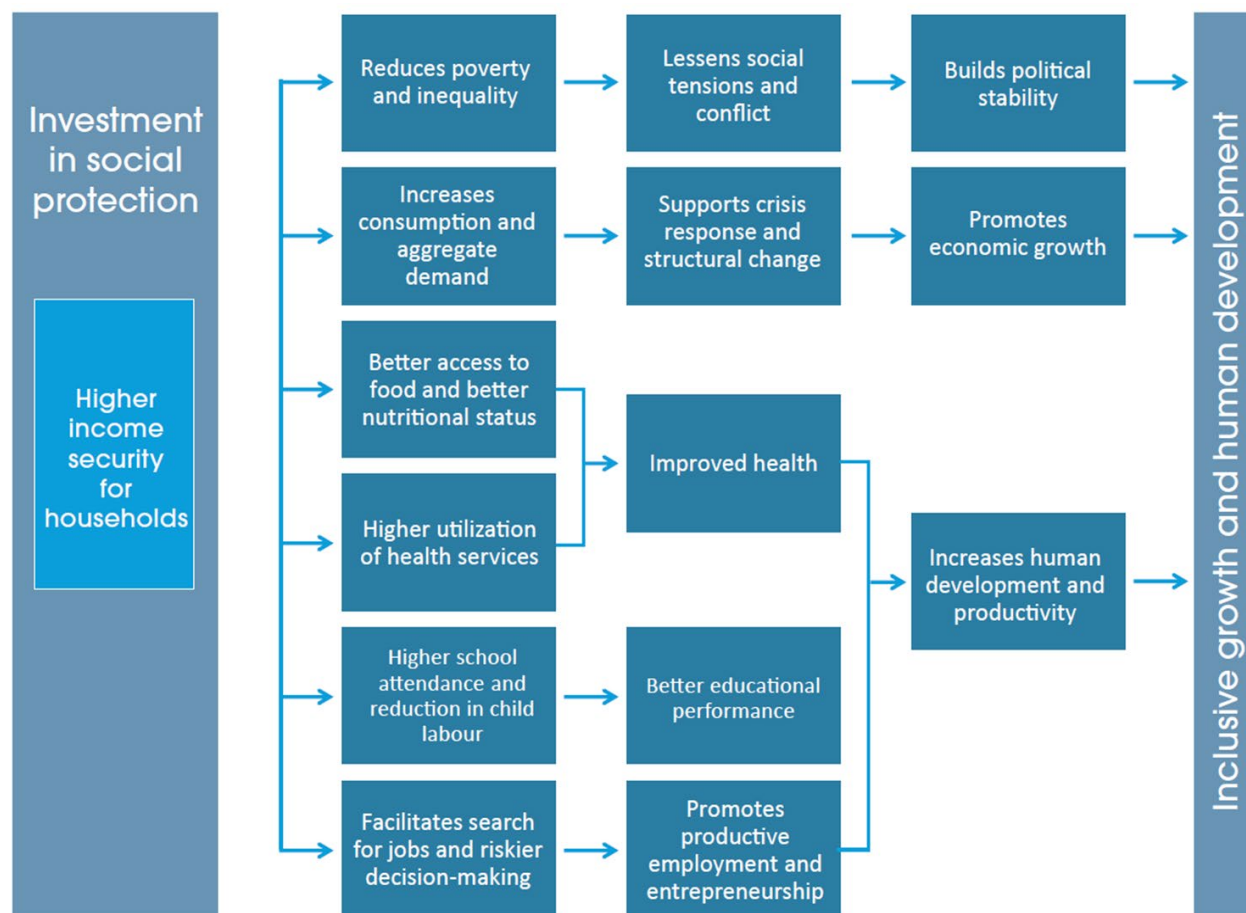
Globally, there is a strong recognition of the critical role the state has to play in providing Social Protection to those in need. Only the state has the capacity, the required outreach and the mandate to provide comprehensive Social Protection to the most vulnerable. Predictable provision of Social Protection to vulnerable people in the face of hardship is part of a social contract between citizens and the state.

We look at Social Protection as a good investment in the interest of all citizens, which means that

it is not only a fiscal burden for the state. It is equally an investment in people that pays off. The alternative of leaving poor and vulnerable people behind is costlier for the national economy. Social Protection does not imply that disadvantaged people merely draw benefits. A well-functioning system empowers them to also contribute to economic growth and participate as equal citizens. Further, multiplier effects of Social Protection give immediate return in stimulating the local economy by creating demand.

Virtually all countries today have Social Protection systems in place. Still, despite overwhelming evidence of broad welfare outcomes of Social Protection for both households and nations, more than half of the world's population are yet to be covered by any benefit and less than one third has access to adequate Social Protection. The multifarious positive impacts of investment in Social Protection on sustainable development with inclusive growth and human development are summarised in Figure 1.

Figure 1: Impacts of Social Protection on Sustainable Development



Source: *Developmental impacts of expanding social protection*, ILO 2016, reproduced in *Fiscal space for social protection*, ILO and UNWOMEN 2019



Declining Poverty Rates and Remaining Vulnerabilities

Bangladesh has made impressive gains in reducing poverty over the past three decades; income poverty rate declined to 24.3 percent in 2016 from 56.7 percent in 1991, as per Household Income and Expenditure Survey. Similarly, the incidence of extreme poverty, measured against the lower national poverty line, was reduced from 34.3 percent in 2000 to 12.9 percent in 2016. 19 million people have moved out of multidimensional poverty between 2014 and 2019. This massive fall in poverty rates is mainly attributed to strong economic growth with increased real wages. However, state sponsored Social Protection has been proven as important for addressing the needs of vulnerable groups, including new vulnerabilities resulting from the country's ongoing economic transformation.

To achieve significant poverty reduction, it is important that periods of rapid growth last over longer periods of time. Analyses of growth find that longer growth spells are robustly associated with a higher degree of equality in income distribution. Bangladesh has enjoyed reasonable growth during the past 25 years, but between

2010 and 2016 GDP growth accelerated while the pace of poverty reduction slowed. During the same period, inequality increased. The richest 10 percent of households in Bangladesh earned an income equal to 2.5 times the income of the 40 percent poorest households in 2010. The gap had widened in 2016, with the 10 percent richest earning almost three times the aggregate income of the poorest 40 percent. High rates of economic growth in recent years have not been translated into levels of income giving security to the majority of the population.

With concerns about rising inequality and other impediments such as demographic transition, climate related shocks and labour market challenges to achieve Government objectives to inclusively distribute the gains from growth, there is a strong case for enhanced and expanded social protection as a redistributive policy to address the needs of vulnerable people and to attain inclusive growth.

Progress has been uneven across the country's east-west divide, with poverty rates now on the increase in north-west Rangpur division and



stagnating in Rajshahi and Khulna divisions in the west. More than 20 million people are still living in extreme poverty in Bangladesh and there remain stubborn pockets of poverty. Addressing them requires equality of opportunity through inclusive growth, but also better equity of outcome through redistributive measures via the Social Protection system. For those still left in poverty despite the growth achieved, a well-designed Social Protection system grounded in principles of universality of pledge of help when needed, sustainability, social solidarity and social dialogue can provide a first line of defence for protection and the promotion needed to move out of poverty traps.

New poverty dimensions are emerging with rapid urbanization in Bangladesh. The incidence of rural poverty (26.4 percent) is much higher than urban poverty (18.9 percent). 14.9 percent live in extreme poverty in rural areas versus only 7.6 percent in towns and cities. However, poverty reduction is currently happening at a much faster pace in rural areas. In case of extreme poverty, the trend has actually stagnated in urban areas since 2010 . Considering unremitting rapid urbanization, tackling urban poverty will be key for achieving Bangladesh's poverty reduction agenda.

The outbreak of the COVID-19 pandemic also shows how fragile the escape from poverty can be. The large majority of those who have been able to move out of poverty are hovering just above the poverty line. Most families in Bangladesh did not have the resilience to cope with a shock as large as COVID-19. 24.6 percent of the population were assessed to live in multidimensional poverty in 2019, with another 18.2 percent vulnerable. i Since then, it has been estimated that 20 to 25 percent of the population may have become 'new poor' in the wake of COVID-19 shutdowns. Adding them to the 'old poor', around half of Bangladesh's population are now in a state of acute or threatening food insecurity. The poverty rate is higher in households with children, around 30 percent before the pandemic, and reduced income from the COVID-19 crisis with ensuing food insecurity could have a devastating impact on child nutrition, which will ultimately affect children's cognitive development.

Despite resumption of economic activities, incomes in June-July 2020 on average remained 42% below pre-COVID-19 levels in both rural areas and urban slums, with the drop of earnings most pronounced

for informal sector occupations . The pandemic is a sombre reminder that crossing an income threshold at a point in time does not mean that the household is resilient and will remain above the threshold in future. Poverty reduction study needs to consider also household capacity for resilience to withstand setbacks.

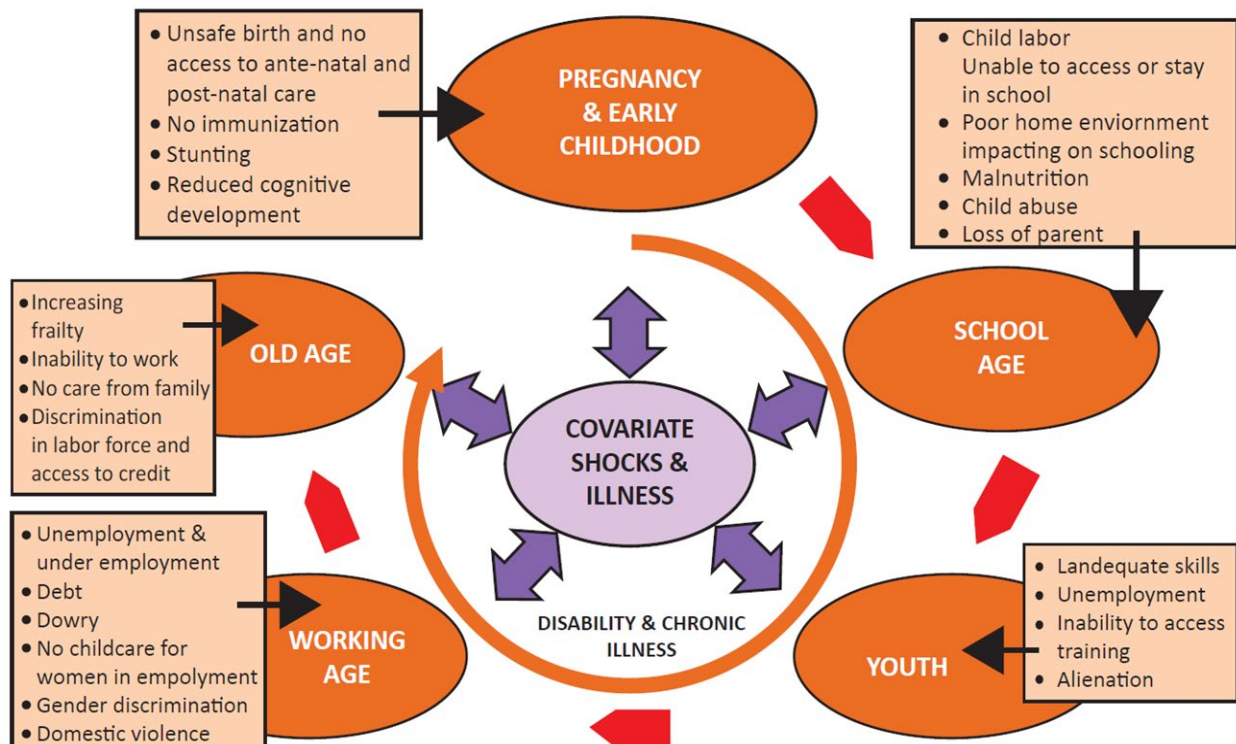
The National Social Security Strategy

An unplanned growth of the Social Protection portfolio in Bangladesh has caused fragmented implementation, with both duplication and under-coverage resulting from incorrect targeting, leakages and lack of inter-ministerial coordination. With the system on the whole performing below its potential in terms of impact on poverty and vulnerability, the Government recognised that the existing social safety net configuration presented significant opportunities for consolidation and rationalization around key vulnerabilities, with an obligation to enhance outcomes and ensure that programme choices are better aligned to

ground realities and beneficiary needs. Effective Social Protection was also seen as a key policy plank of transition to a development strategy that embraces more forward-looking aspirations prioritising inclusive growth.

In response to the observed underperformance of the social protection system, the Government of Bangladesh, with the support of development partners, engaged in developing the country's first National Social Security Strategy (NSSS), adopted by the Cabinet in 2015. The goal for the NSSS is to “reform the national Social Security System by ensuring more efficient and effective use of resources, strengthened delivery systems and progress towards a more inclusive form of Social Security that effectively tackles lifecycle risks, prioritizing the poorest and most vulnerable members of society”.

The core of the strategy is programme consolidation along life cycle risks, with programmes for children, working age people – including specific focus on youth and vulnerable women – the elderly, and persons with disabilities. The proposed life cycle approach also addresses current gaps in coverage of early childhood needs. It is of critical importance to prevent that risks and



vulnerabilities are built up to affect the next stages in life. Infant malnutrition has lasting impacts on human capital and productive capacities of individuals throughout their lives, and the life cycle agenda begins with warding off that a temporary early childhood shock gets permanent consequences in later life.

The initial objective of the NSSS is to target the elimination of extreme poverty. However, the strategy has the vision of Bangladesh moving towards a rights-based approach in line with provisions of the country's Constitution. The NSSS thus puts emphasis on reaching out to a range of socially excluded population groups that face various kinds of social discrimination. The Government needs to 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. Benefits of growth do not reach all and Social Protection helps to make development more inclusive. Therefore, the strategy adopts a targeted universal approach to avoid leakages and under-coverage.

The 2019 mid-term review of the implementation of NSSS reforms found sluggish progress on various reforms. Of the 86 performance indicators evaluated under programmatic reforms, only 26 were found to be on track, while as many as 48 indicators were either moderately or severely off track. As regards institutional reforms, the review assessed a total of 50 indicators. Only 14 were found to be on track, while 33 (two-thirds) were found to be either seriously or moderately off track. Solid institutional arrangements, including for monitoring and reporting, and accountability mechanisms for NSSS implementation are missing.

Where we want to go; general principles

In our engagement with the Government, guiding principles of Social Protection that we embrace are summarised in Figure 3. Human rights need to be promoted, with non-discrimination in dealing with beneficiaries ensured. Universal access to services and benefits for those in need is key, with a continuum of Social Protection available at different stages in individuals' lives. Design and implementation of Social Protection programmes should address gender-related constraints. Social Protection needs to be risk-informed, aiming to improve resilience to the threats of climate change and a changing environment.

We believe in a resilience based approach to Social Protection that puts the spotlight on people's strengths and capacity to manage risks and how to promote their abilities, rather than focusing their vulnerabilities and deficits. Seen through a resilience lens, people are not perceived as helpless victims of adversity, but as agents with potential ability to reduce risks, adjust to changing circumstances, cope with shocks and bounce back after disasters.

In our aspiration to assist the Government of Bangladesh in reforming and scaling up Social Protection policies and programmes, we are further guided by the following principles:

Our assistance will be **country-driven**, with a starting point in what Bangladesh needs and wants to do in providing Social Protection to people in need, preventing poverty and mitigating vulnerabilities. It will be **systems-driven**, focusing on the use and strengthening of the existing Social Protection system and its services. It will be evidence-based and **analysis-driven** with technical and system-strengthening support based on analysis undertaken on Social Protection problems and their possible solutions. It will be **partnerships-driven**, seeking explicit agreement with the Government with relevant institutional and accountability mechanisms in place to sustain the reform process and agreement in between development partners about the goals of our work and the rationale for collaboration. It will be **people-driven**, supporting solutions that ensure that people's needs are met.

Further, our support of Social Protection will be **human rights based**, grounded in international covenants and striving at universal provision to all those who need, with participation of all relevant



Figure 3: Social protection principles

stakeholders, non-discrimination of users and a specific lens on gender equality. It will be sustainability oriented, embracing nationally owned financially **sustainable solutions** to meet the needs of the most poor and vulnerable.

As noted in the mid-term progress review on implementation of the NSSS, the involvement of development partners will be an essential ingredient for the success of the strategy. Development partners have extended support not only in financial terms, but also in providing technical assistance including conceptualising the evolving nature of the social support needs, actuarial analysis to determine the fiscal space required for sustainable Social Protection Floors, introducing innovations to programme design and delivery, undertaking evaluations and reflecting on the lessons learnt for scaling up and replication.

For accelerated progress of institutional and programmatic reforms as envisioned in the NSSS, interventions supported by development partners need to be better aligned. Many of us are already assisting Government Ministries concerned in

In a longer-term perspective, social cash transfers are partially self-funding

It is well known that Social Protection has positive impacts on economic growth through multiplier effects of recipients' increased local consumption and improved labour market outcomes. The potential multiplier impact of cash transfers varies – globally a range from 1.1 to above 2.5 has been identified – depending on the structure of the local economy, recipients' consumption patterns and the supply of goods and services in the local economy. Stronger multiplier effects occur in case of transfers to households that are liquidity constrained, as they have higher propensities to consume. Measures from which the poor benefit are therefore more effective.

During recent international crises there has been an intensive economic debate on whether austerity measures or economic stimulus is more effective. Experience from attempted policy responses clearly indicates that stimulus works best, and that the positive effects of social spending are larger in periods of severe downturns, as social transfers have a stabilising effect that counteracts aggregate demand from dropping further. The bottom line of these arguments is that it can be safely assumed that every Taka spent on cash transfer benefits for vulnerable families is returned to the brim as the money works its way through the local economy.

In addition, when government expenditure on Social Protection boosts human capital, the eventual resulting increase in net government revenue can offset the policy's upfront costs.



reforming Social Protection programmes in line with NSSS recommendations. Development partners have diverse strategic priorities with accountability to home constituencies that define our work in specialised areas. We recognize that assistance given has to be well coordinated in between ourselves and that our respective areas of support and involvement should be identified in collaboration with the Government and under its leadership.

Development partners will employ a common approach in support of Social Protection in areas outlined in the following sections of this narrative covering policy, institutional and programme reforms, with cross-cutting joint advocacy and capacity development. Our common approach will be developed around policy engagement through the Cabinet Division and the General Economics Division of the Planning Commission and through enhanced coordination among development partners with harmonised workplans, inclusive agendas and evidence based programming.

Capacity to Lead/Coordinate the Social Protection Sector

Development partners will continue to provide financial and technical assistance for implementation of the NSSS, with recognition that the Government is, and will remain, the main source of finance. The engagement of development partners will focus on strengthening the Government's capacities to execute the reform measures required, including bridging the gaps identified in the mid-term progress

review of NSSS implementation.

This will include measures to energize the Central Management Committee in the Cabinet Division to implement the programme and institutional reforms envisaged in the NSSS, speeding up reforms that are off track. The Government's capacity to implement is weaker than the political commitment to reform. Development partners call attention to the importance of effective governance, monitoring and accountability mechanisms for NSSS reform implementation, with all government bodies concerned held accountable based on performance review. At the same time, an approach is needed that blends capacity strengthening into the planning activity, as co-dependent processes that reinforce each other. This way, plans can be internally generated by each ministry in a gradual guided process, and thereby be internalized and becoming more likely to be implemented.

Capacity development of Ministry of Social Welfare (MoSW) to prepare them to take over the leadership responsibility for life cycle programmes from 2026 as planned in the NSSS is also of the essence. MoSW is willing to take over the leadership and has begun a process of increasing their human resource capacity at both national and sub-national level. However, there is until now no firm commitment from the range of Government bodies concerned to facilitate such handing over of the leadership position from the Cabinet Division to MoSW.

A second focus will be on strengthened management of specific programmes to efficiently and effectively provide Social Protection benefits to particular beneficiary groups. One way to achieve this could be to place technical teams in key implementing ministries to develop their capacity based on agreed implementation strategies and augment reforms with adequate resources made available. Developing and strengthening national delivery platforms that serve not only one programme but facilitate delivery of several reduces individual programmes' recurring costs and avoids redundant investments. Examples of such platforms are social registries used for selection of beneficiaries (as the National Household Database), payment

platforms (as the Social Protection Budget Management Unit), the national fiduciary system IBAS++ and multi-programme grievance redress mechanisms. Additionally, it is important that programmes have clear rules and operational manuals, accountability mechanisms and strong management information systems in place, and base their planning on evaluations and evidence.

Close coordination among development partners is required to ensure synergies, maximize utilization of resources and avoid duplication. Development partners providing technical cooperation on introducing/expanding specific schemes need to proceed with a common narrative with the line ministries responsible for Social Protection.

All responsibility for reform of Social Protection programmes has to be accompanied by influence over the fund allocation process. Implementing the National Social Security Strategy requires ensuring that the fund allocation process is consistent with overall vision and plan, with the trade-offs it requires between programmes. This calls for reforms in the budgeting process, including the adoption of a list of programmes considered as the core Social Protection interventions; regular monitoring and evaluation of these interventions to decide which should be expanded, reformed or consolidated; and elaboration of the national budget based on the evidence generated and priorities adopted. In this respect, a continuous dialogue with Ministry of Finance is imperative. This is of particular importance when our assistance takes the form of budget support.

Universal Entitlement Life Cycle Approach

Being appreciative of Government interest expressed to consider categorical universal coverage of old age allowance, widow allowance, disability allowance and allowance for children under five, we encourage the Government to

move towards universal entitlements for its key Social Protection programmes. Usage of Social Protection Floors in line with international standards and best practices, including categorical universal coverage of key programmes, is the guiding principle of our policy dialogue with the Government. Moving towards universalisation can be a gradual process, beginning with a smaller number of programmes and then evolving with increased Government capacity to generate revenue.

We understand that limitations in fiscal space with a need for optimal allocation of scarce resources could shape the choice between universalism and targeting. On the other hand, literature on political economy shows that resource envelopes are not fixed and that coverage of Social Protection can, and should, grow through increased resources and more effective social spending. The established practice of rationing the supply of Social Protection is less costly, but hinders achieving the NSSS vision of building “an inclusive social security system for all deserving Bangladeshis”, and results in vast under-coverage of poor and vulnerable households. The cost of under-coverage must also be factored in. Given that Social Protection is a high priority investment for the Government, allocating resources required for a gradual universal entitlement life cycle approach that offers modest but reasonable support to those in need and does not undermine incentives to work can be consistent with sustainable budgeting.

Moreover, Bangladesh, as the lowest taxed economy in South Asia, may require a new social contract in which citizens are willing to pay higher taxes in exchange for good quality public services. This will require trust in the Government to be strengthened, which will only happen if the Government invests in universal public services, including Social Protection.

However, even in case of universal Social Protection frameworks, disadvantaged groups in the population, especially those facing discrimination and social exclusion, experience challenges to access programme services. A combination of universal and targeted policies can, therefore, be necessary to meet needs of vulnerable groups that cannot be compromised.

We believe that poverty targeting needs to be continued as an affirmative action to ensure that excluded and marginalized groups are not left behind and the furthest reached first, in line with the SDG principles. Members of such marginalised groups also need to be empowered to step forward and claim their entitlements in Social Protection programmes, and to get grievance redress for complaints about poor service delivery and appeals of being bypassed as recipients.

Of the existing Social Protection programmes, around two-thirds represent the lifecycle framework suggested in the NSSS. There are gaps that have to be filled by either taking up new programmes or revising the existing ones and addressing inclusion and exclusion errors prevailing in databases. Glaring gaps are the low coverage of programmes addressing early childhood needs and the absence of Social Protection for informal economy workers. Development partners will assist the Government in scaling up core lifecycle programmes. We also encourage moving towards a system of complementary services/benefits and dynamic inclusion in which households can combine programmes according to their needs at any given time, traversing in and out of programmes throughout the different stages of the life cycle.

Ensuring All-inclusiveness

Providing adequate Social Protection benefits for socially excluded vulnerable groups, such as persons with disability, is a critical development agenda to which the Government and development partners need to pay special attention. At the same time, emphasis should be placed on empowering these people to become self-reliant by enabling them to invest in themselves with the Social Protection services and benefits they receive throughout the life course. We believe that all social assistance to socially excluded groups in working age, who have the potential to work, should be combined



with measures to engage with the labour market, through assisting job search, accessible technical and vocational education, support of business start-up and other means to foster employability and productivity.

The NSSS specifies, as an area where NGOs can be helpful, identification of marginalized beneficiaries that are hard to reach. Examples of socially excluded groups facing discrimination and inequalities are ethnic and religious minorities, persons with disability, Dalits, tea garden workers, sexual minority groups, street children, etc. Facilitating structured engagement between NGOs and the Government to ensure that priorities of the most marginalized groups are embraced could be a theme of piloting with development partners having a role to play.

Innovations

While the mainstream lifecycle programmes can drive important reforms with a greater chance of sustainability by virtue of their sheer size, smaller projects/pilots can be vehicles to test new approaches and innovations. Development partners have in the past championed innovative approaches in project design and delivery, such as the graduation model, and will continue to do so, in partnership with the Government and national NGOs, disabled persons' organizations, civil society and research organizations.

In order to avoid proliferation of small schemes that resist consolidation and lead to more fragmentation, it is crucial to assess how to hand over successful piloting to the Government for scaling up or incorporating new practices into mainstream programmes and how to support the process of transition from a small pilot scheme to national programme financed from the revenue budget. To the extent possible, innovations should be approached as piloting within existing government programmes, in order to limit the extent of fragmentation. Investigational pilot projects will be rigorously evaluated before deciding on their potential scale-up.

Gender Considerations

As women and girls represent half of the population, closing gender gaps in all developmental indicators is essential for poverty reduction, economic growth and social development. Women must not only benefit from Social Protection but become capable as contributors to poverty reduction. It entails changing social norms and practices towards gender equality and women's human rights.

On the other hand, women need human development support to perform as equal human beings. Social Protection programmes in Bangladesh targeting women and girls can reduce their vulnerability, improve nutrition, enhance education outcomes, protect livelihoods and facilitate women's economic and social empowerment. Progressive expansion of Social Protection ensuring that women's basic needs are covered throughout the life-cycle is essential. Gender integrated Social Protection programmes can also help changing adverse social norms and practices, if they address gender-related constraints and barriers to women's economic advancement. Development partners will promote the notion that Social Protection programmes, if gender responsive, can provide support throughout the life cycle and facilitate women's social and economic empowerment. In doing this, development partners will assist implementation of the Gender Policy adopted for the NSSS.

Social Protection for the Urban Poor

The continuing Social Protection focus on rural areas stems from the fact that social safety nets in Bangladesh were originally designed for a static rural population and need a measure of

modification to be brought into urban areas. As a result, many migrants to urban areas are denied access to Social Protection benefits, despite remaining high levels of poverty in slum communities. A large number of people have been pushed into poverty as a result of the COVID-19 pandemic, notably in urban areas. The COVID-19 crisis has made manifest the need for on-demand mechanisms allowing people access to Social Protection when they need it, wherever they live.

Development partners support that schemes like old age pensions, disability benefits and child benefits should be provided to both urban and rural areas in equal measure, in line with the NSSS vision. Such benefits need to be made portable for an increasingly mobile poor population. On the other hand, poverty attributes are not the same in rural and urban settings, which requires different kinds of interventions and different types of assistance and services in urban areas. For example, expansion/introduction of social insurance to informal economy workers could be more appropriate and easier to initiate in urban areas. Development partners support introduction of contributory social insurance schemes directly covering the urban poor and indirectly covering rural poor who primarily depend on the urban population included in such schemes.

Acknowledging the multi-dimensional aspects of poverty, the NSSS recognizes that Social Protection alone cannot resolve all problems of the urban poor. In addition to social assistance, social insurance and economic inclusion programmes that facilitate participation in the labour market, support needs to be given to vulnerable families and marginalised groups to get access to core services such as health care, education, transportation, sanitation and potable water.

Nutrition Sensitive Social Protection

Addressing malnutrition is pivotal for improvement of the socio-economic situation in Bangladesh. Whilst Bangladesh has been successful in reducing



the incidence, depth and severity of income poverty, various measures of malnutrition show that pervasiveness of under-nutrition is more common and more difficult to tackle. Prevalence of stunting among children under age five is 30.8 percent and occurrence of wasting is 8.4 percent. This means there are 4.5 million children with chronic undernutrition and 1.2 million children suffering from acute malnutrition. 22 percent of all children are also underweight, which is a composite measure of stunting and wasting. 31.5 percent of the total population in Bangladesh suffer from moderate or severe food insecurity, which indicates that malnutrition is common also in the adult population.

Social Protection has an obvious role to play in achieving SDG 2 to “end hunger, achieve food security and improved nutrition”. Combining an agenda of child-sensitive Social Protection and malnutrition responsive Social Protection,

development partners are committed to provide financial and technical assistance to the Government of Bangladesh. There is a large body of evidence, also from Bangladesh, showing that households receiving social allowances spend more on both quantity and quality of food items, thereby improving their food security and nutrition status. This is the case especially when the social transfer is combined with behaviour change communication.

However, for Social Protection to be effective in achieving food security and improved nutrition status outcomes, a wide range of scaled up complementary measures are needed. Cross-sectoral linkages of Social Protection often result in substantially higher returns, and this is truly the case for achieving nutrition outcomes. In promotion of nutrition sensitive Social Protection, development partners will seek to harmonize Social Protection support and assistance to other related sectors.

The “Missing Middle”

Two-thirds of the Bangladesh’s population are of working age, and close to 60 percent can be classified as economically active adults . 90 percent of the country’s labour force work in the informal economy and these low-income workers in informal employment face a significant risk of being left behind. This missing middle group neither qualifies for support under potential cash transfers for poor households or can afford any contributory social insurance available for workers in the formal economy.

Whilst the NSSS in the main covers non-contributory social assistance, with special emphasis to integrate the poorest and most vulnerable members of society, the strategy also, with Bangladesh’s transition to Middle Income Country status in mind, expresses a need to pay attention to contributory social insurance. Development partners will engage with the



Government in finding ways and means to advance contributory social insurance through a National Social Insurance Scheme, providing pensions and addressing exigencies such as disability, sickness, workplace accidents/injury, unemployment and maternity protection.

The Government is through the NSSS already committed to this, but a path is yet to be agreed on how to progress, especially in view of the challenges faced in including informal economy workers. Although based on the principle of employers and employees jointly paying contributions, social insurance for informal sector workers will need innovative solutions. Development partners will assist the Government in conducting feasibility analysis of such schemes, developing a roadmap for introducing social insurance schemes starting from formal sectors, expanding to the informal economy, and provide technical support in piloting such schemes.

Development partners will also assist the Government in research and technical assistance based on demonstrated practices from the region how flexible mechanisms of voluntary contributions for social insurance can be arranged in the informal economy.

Shock-responsive Social Protection

Households struggling with shocks often resort to injurious coping strategies, such as skipping meals, taking high-interest loans, distress sale of productive assets, foregoing medical care and taking children out of school. Social Protection can prevent temporary shocks from having lasting consequences by offering a cushion to mitigate risks and protection from falling below critical thresholds of well-being.

However, for Social Protection disaster response to be effective, some basic elements need to be in place before the shock occurs: i) pre-established mechanisms of vertical and horizontal scaling up of key programmes, ii) pre-defined financing methods, iii) linkages to relevant information systems for sound decision making and iv) pre-set institutional arrangements. Beginning to consider a safety net after the shock has struck is most likely too late. With lessons learned from the COVID-19 pandemic, and from cyclones and floods that regularly hit Bangladesh, development partners will assist the Government to have adequate preparedness for horizontal and vertical expansion of key Social Protection programmes as a response to covariate shocks.



Since there is the prospect of increased frequency and intensity of weather-induced disasters, development partners will also encourage Adaptive Social Protection, i.e. the interaction of Social Protection, Disaster Risk Reduction and Climate Change Adaptation in design, combination and coordination of programmes. Globally, and not the least in Bangladesh, the balance is shifting towards more covariate shocks – unprecedented extreme events that are difficult to anticipate – leading to increased vulnerability of entire communities. Climate change makes more people vulnerable as a result of increased exposure and sensitivity, pushing at-risk populations beyond their capacity to cope with and adapt to changes they have traditionally been able to handle.

Social Protection traditionally deals with individuals and households affected by or vulnerable to shocks.



Disaster Risk Reduction focuses on community-based action and institutional capacity to be prepared for disasters. Climate Change Adaptation looks at changes required to maintain sustainable livelihood systems that are threatened wholesale by new circumstances. Coherent combination of these three practice areas can ensure a sum greater than its parts.

The COVID-19 crisis has laid bare evident gaps in the current Social Protection system in Bangladesh. Addressing these gaps in the future will require a coordinated response. Being responsive to a major crisis such as COVID-19 compels emergency mitigation of the impacts of economic disruption whilst simultaneously creating new livelihood opportunities. Globally, objectives of Social Protection

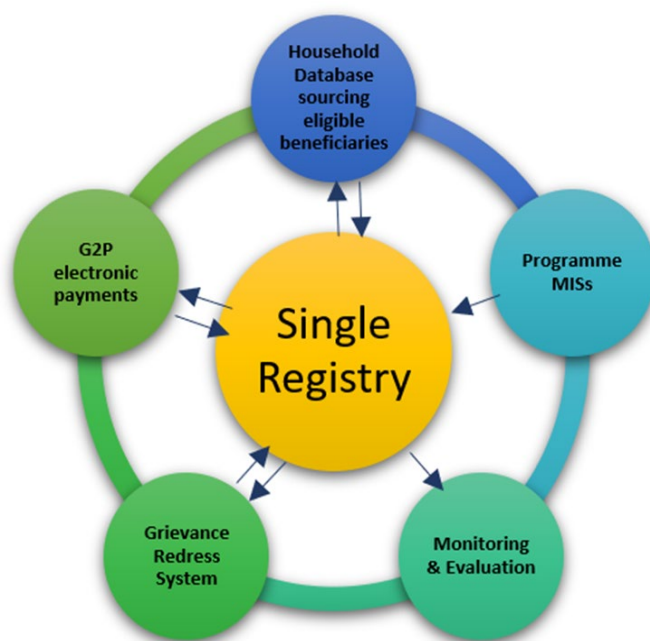


Figure 4: Single registry

programmes in response to COVID-19 have been to continue the regular support of chronically poor and vulnerable people; extend support to the near-poor who are at risk of falling into poverty due to loss of livelihoods; minimize loss of human capital by helping maintain healthcare, education and nutrition interventions and giving support to victims of gender-based violence; and retaining and rebuilding employment opportunities.

Bangladesh has been able to do very little of this, focusing on increased coverage for a one-off cash transfer, food subsidies through Open Market Sales, stimulus for employers to continue wages of the workers in the formal/export oriented sectors and a number of economic stimulus packages. Surveys indicate inadequacy of support, in terms of both coverage (less than 40 percent of the rural poor receiving benefits) and per household support amount. Whilst the COVID-19 crisis is a human tragedy of gigantic proportions, it should also be seen as an opportunity for Bangladesh to build a more robust Social Protection system by accelerating the reform process envisioned in the NSSS, ensuring sufficient support for those in need to redress the shock-wave effects of the crisis and promote recovery.

Trauma is an effect of shocks and crises that is not explicitly addressed by the Social Protection system, with few exceptions such as treatment of women who have suffered acid throwing violence. As part of an integrated shock-responsive Social Protection system, development partners can support attention to mental health and wellbeing after disasters and during times of crisis.

Monitoring and Single Registry

The M&E systems proposed in the NSSS should be made robust enough to provide information needed to gauge programme performance and compliance. Development partners will pay particular attention to developing the Government's capacity to monitor the Social Protection system effectively. This could



include building linkages between the MISs of individual programmes through a Single Registry software platform that combines MIS data from individual programmes into an integrated database which supports all Social Protection programmes. It could also be done through each implementing ministry copying MIS data to a central repository, while still maintaining its own database. Interoperability would enable different databases to communicate with each other. Whichever option is chosen, coordination among relevant actors is key and requires an intentional effort.

Linkages of a single registry with other Social Protection functions are expressed in Figure 4. Single registry data can, coupled with unique personal ID, be linked with Government-to-Person (G2P) electronic payments for automated cash transfers through payment service providers. Grievance redress system information can be embedded in the system to follow the process of resolving complaints and enable analytical insights into the pattern of beneficiary grievances. Running single registry data against Bangladesh's National Household Database can verify authentic eligibility and detect fraud. Consolidated and disaggregated data from a single registry serves

monitoring and reporting needs, and single registry identification of beneficiaries can facilitate sampling for in-depth evaluations of programmes.

However, the advantages of a single registry can be materialised only in case MISs of a whole range of programmes are digitised from local up to ministry level, a unique identifier (as the NID) is adopted to match databases across programmes, a well governed interoperability infrastructure is established and a common data structure is adopted. This requires a substantial investment in equipment, manpower and ICT skills training. The capacity of various line ministries to introduce digitised programme MIS and then ensure a regular flow of updated data entries needs to be confirmed through feasibility study prior to investing in a national single registry.

It is also crucial that privacy codes are established and being respected. To ensure that data and vulnerable group protection standards are upheld, a digital dignity concept would provide a framework to deter unauthorised access to and unintended use of data, while offering value-for-money and benefits of inclusiveness in transfer modalities and targeting approaches. Data protection standards need to be referred to in cooperation agreements with the Government.

Government-to-Person Digital Payments

Digital payment technologies improve Government ability to deliver cash assistance to a large number



of households. They improve the speed of transfers, which is of particular importance in the COVID-19 crisis with a large portion of the population in urgent need of assistance. We have learned from the COVID-19 experience that countries with advanced digital G2P payment ecosystems were able to push transfers out to a large numbers of recipients with lightning speed. Some had the added advantage of digital ID systems uniquely identifying recipients, which allowed them to determine eligibility and deposit directly to the account linked to the beneficiary ID.

Development partners will assist the ongoing interventions to expand direct electronic Government-to-Person systems for social cash transfers, in partnership with the private sector. Electronic G2P payments should be standard in all cash transfer programmes with financial support from development partners. While supporting electronic transfers, we will pay attention to the risk of worsened gender inequality since women have less access to internet and mobile phones, to the risk of digital financial services being susceptible to cyberattacks and digital fraud, and to the risk of privacy infringement by companies and a surveillance state.

Strategically important key activities agreed by Development Partners as common ground for coordinated action

Improving Government Capacity

1. Establishment of a strong governance structure, including strong leadership and effective coordination, for the implementation of National Social Security Strategy

- 2.** Improving Social Protection coordination through targeted capacity building of partner Government ministries/departments; strengthening institutional arrangements and administrative capacities at sector and programme levels
- 3.** Strengthening Government planning, costing, budgeting and financial management capacities
- 4.** Providing analytical support to the Government in areas such as costing and fiscal space, accommodative macro-economic framework, expenditure analysis and assessment of different policy options for an expansion of fiscal space

Improving the Social Protection System

- 1.** Improving effectiveness of the Social Protection system by ensuring full coverage of the poor and vulnerable through improved targeting, affirmative action to ensure that marginalized groups are not left behind and expanded programme outreach
- 2.** Exploring cost-adjusted universal social protection for mother-child benefits, school meals, disability allowance, widow allowance and old age allowance, made functional by 2025
- 3.** Improve coverage of social protection interventions that address broader human capital and productivity needs (such as those related to early childhood and better jobs, etc.), linked with utilising the window of opportunity to reap the benefit from the current demographic dividend
- 4.** Ensuring that all social protection programmes actively include gender considerations
- 5.** Building shock response into the Social Protection system; working closely with Government agencies to incorporate measures and flexibilities to make Social Protection programmes adaptive to climate change and disaster shocks
- 6.** Advocacy for substantially increased national budget for Social Protection to support households that are at risk of falling into poverty and the new poor as a result of loss of livelihoods during the COVID-19 crisis and other shocks
- 7.** Broadening urban social protection coverage, with programmes tailored to account for features of urban poverty
- 8.** Facilitating inter-agency coordination to advocate nutrition-sensitive Social Protection, working closely with Government agencies in implementing actions as per the National Nutrition Action Plan-2
- 9.** Fostering GO-NGO collaboration to enhance Government programming, reduce targeting errors and scale up innovations (e.g. the ultra-poor graduation model)
- 10.** Assisting the Government to prepare an Action Plan 2021-2025 for implementation of the NSSS
- 11.** Advocacy guiding the formulation of the 8th Five-Year Plan on Social Protection issues, in line with the views shared by development partners in this narrative

Improving Social Protection Programmes

- 1.** Improving existing core categorical programmes, e.g. old age allowance, disability allowance, child benefit programme – gradually moving towards universal coverage
- 2.** Improving programme efficiency by strengthening integrated service delivery, through the use of common platforms (such as National Household Database and G2P payment system)



- 3.** Supporting Government agencies in designing and scaling up programmes targeting women and children (such as mother and child benefit programme and women benefit programmes, national school feeding, scaling up rice fortification in various safety net programmes) in both rural and urban contexts
- 4.** Supporting the Government in designing and implementing a harmonized approach of a continuum of care and social protection for children by linking cash transfers with basic social services (birth registration, nutrition, maternal and child health and early childhood development) and creating expanded access to the services to ensure that no one is left behind
- 5.** Scaling up Government-to-Person (G2P) digital payment system for all social protection cash transfer by 2022, as per commitment of the Ministry of Finance
- 6.** Consensus building and agreement on introducing national social insurance cover with unemployment, injury and disability, maternity and health benefits by 2025
- 7.** Implementation plan of national social insurance schemes with focus on piloting of an Employment Injury Scheme and Unemployment Scheme; development of institutional mechanisms to implement the social insurance schemes

Monitoring and Evaluation

- 1.** Development and activation of a Single Registry MIS system as an integrated and interoperable database of beneficiaries of various Social Protection programmes and operationalising a Grievance Redress Mechanism within the system

2. Improving evidence based programming by development of an evidence base for policy reform and a fully functional M&E system to track performance of the Social Protection system
3. Advocacy for the importance of age, gender and disability disaggregated MIS data to guide future programming

Reference material

Universal Declaration of Human Rights

ILO Convention 102: Social Security (Minimum Standards) Convention, 1952. Link: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C102
ILO Recommendation 202 concerning the "Gradual Extension of Social Protection Floors"

International Covenant on Economic, Social and Cultural Rights. Link: <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

2030 Agenda for Sustainable Development

Bangladesh National Social Security Strategy, 2015. Link: <http://socialprotection.gov.bd/wp-content/uploads/2018/09/National-Social-Security-Strategy-English.pdf>

Midterm Progress Review on Implementation of the National Social Security Strategy. Cabinet Division and General Economics Division, Planning Commission 2019

NSSS Gender Policy. Link: <http://socialprotection.gov.bd/wp-content/uploads/2019/04/NSSS-Gender-Policy-English.pdf>

Bangladesh Social Protection Public Expenditure Review, World Bank 2020

Rethinking Social Protection Responses to the Covid-19 Crisis: Issues and Policy Priorities for Bangladesh, General Economics Division, Planning Commission 2020

Study on framework for introduction of National Social Insurance Scheme in Bangladesh, DFAT and UNDP 2019



End Notes

1. Source: Global Multidimensional Poverty Index 2020, UNDP and OPHI
2. Calculated from data in Household Income and Expenditure Survey 2010 and 2016
3. Source: Household Income and Expenditure Survey 2016
4. Source: PPRC-BIGD Rapid Response Research, Phase II findings
5. Source: Midterm Progress Review on Implementation of the National Social Security Strategy
6. Data from Household Income and Expenditure Survey 2016 indicate 71 percent exclusion errors and 47 percent inclusion errors in Bangladesh's Social Protection system.
7. Source: "The state of food security and nutrition in the world 2020". FAO, IFAD, UNICEF, WFP and WHO, 2020
8. Source: Study on framework for introduction of National Social Insurance Scheme in Bangladesh
9. Sources: Productive Role of Safety Nets, World Bank 2012; and Social Protection and Growth: Research Synthesis, DFAT 2014

