# Re-strategising Social Protection in Bangladesh:

Challenges, Opportunities, and Policy Directions

Presentation at the 2025 Social Protection Conference, Dhaka, 2 September
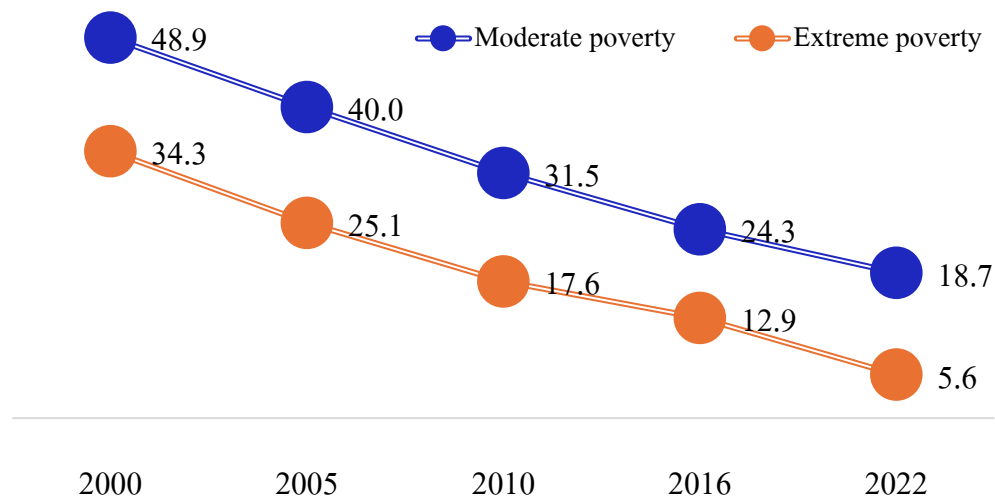
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RAPID
Empowering Development

# Bangladesh has made progress in poverty reduction and advancements across various socio-economic indicators

## Poverty Incidences by national, urban and rural

- Bangladesh's moderate poverty rate **dropped from 40% in 2000 to 18.7% in 2022**, with **extreme poverty declining from 34.3% to 5.6%.**

- The average annual poverty reduction rate was 4.3% over the 12 years (2010–2022), whereas **extreme poverty decreased at a faster pace (9.1%)**
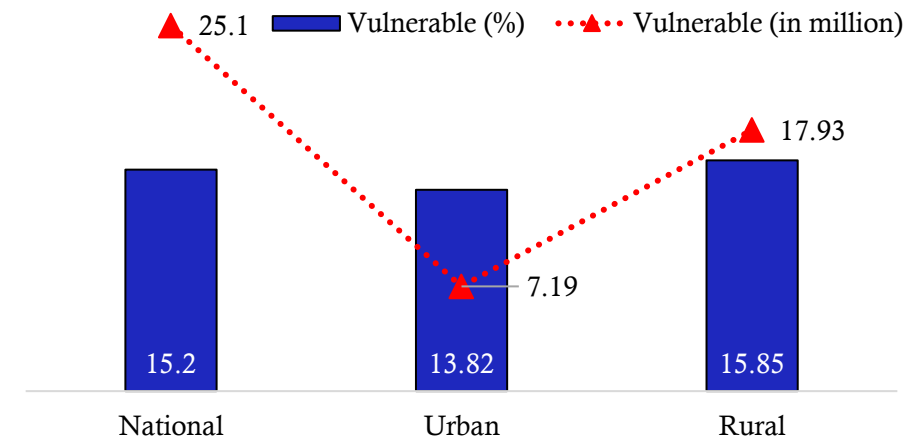
### Moderate and extreme poverty rate

- Moderate poverty
- Extreme poverty

| Year | Moderate poverty | Extreme poverty |
|------|------------------|-----------------|
| 2000 | 48.9 | 34.3 |
| 2005 | 40.0 | 25.1 |
| 2010 | 31.5 | 17.6 |
| 2016 | 24.3 | 12.9 |
| 2022 | 18.7 | 5.6 |

## Vulnerability Incidences by national, urban and rural

- In 2022, the vulnerability rate was estimated to **15.2% a decline from 18.6% in 2020.**

- Consistent with poverty analysis, the **vulnerability ratio is higher in rural areas (15.9%) compared to urban areas (13.8%).**

### Vulnerability incidences (% and million)

- ▲ 25.1   Vulnerable (%)   ▲ Vulnerable (in million)

| | National | Urban | Rural |
|---|----------|-------|-------|
| Vulnerable (%) | 15.2 | 13.82 | 15.85 |
| Vulnerable (in million) | 25.1 | 7.19 | 17.93 |

Source: Task Force Committee (2025)

# Regional poverty at the divisional level

➢ Rangpur had the **highest poverty rate at 47.2 per cent in 2016, which, by 2022, dropped significantly to 24.8 per cent, marking a 22.4 percentage-point reduction**—the largest improvement among all regions.

➢ Mymensingh, another northern division, also recorded remarkable progress, **with poverty declining from 32.8 per cent to 24.2 per cent.**

**Poverty headcount ratio in 2022**
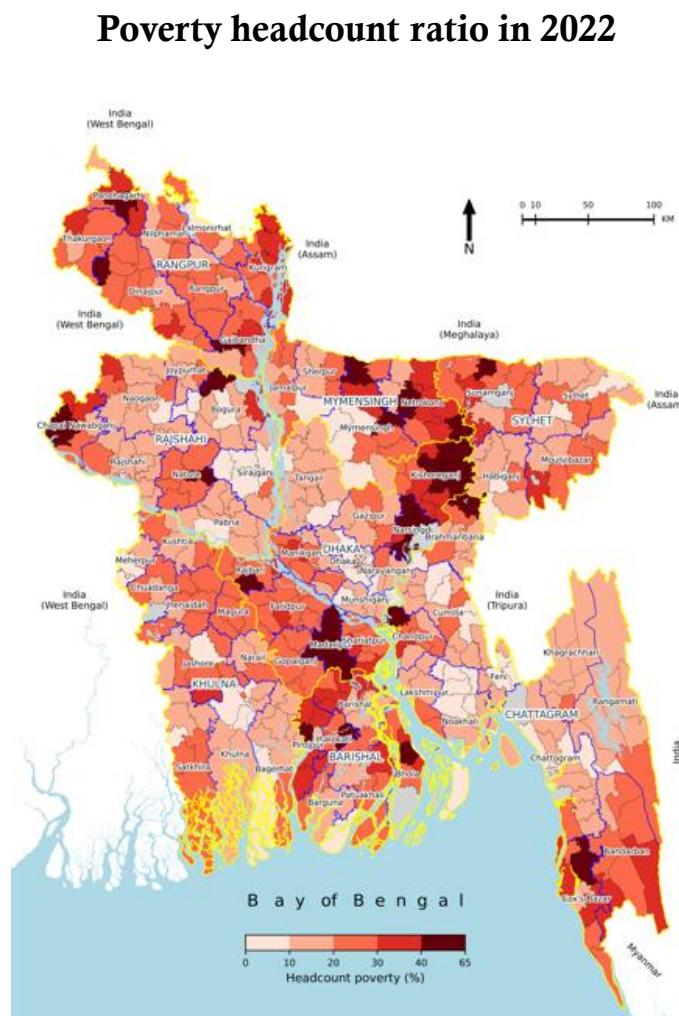


**Change in poverty ratio between 2016 and 2022 by division (percentage points)**



Source: Task Force Committee (2025)
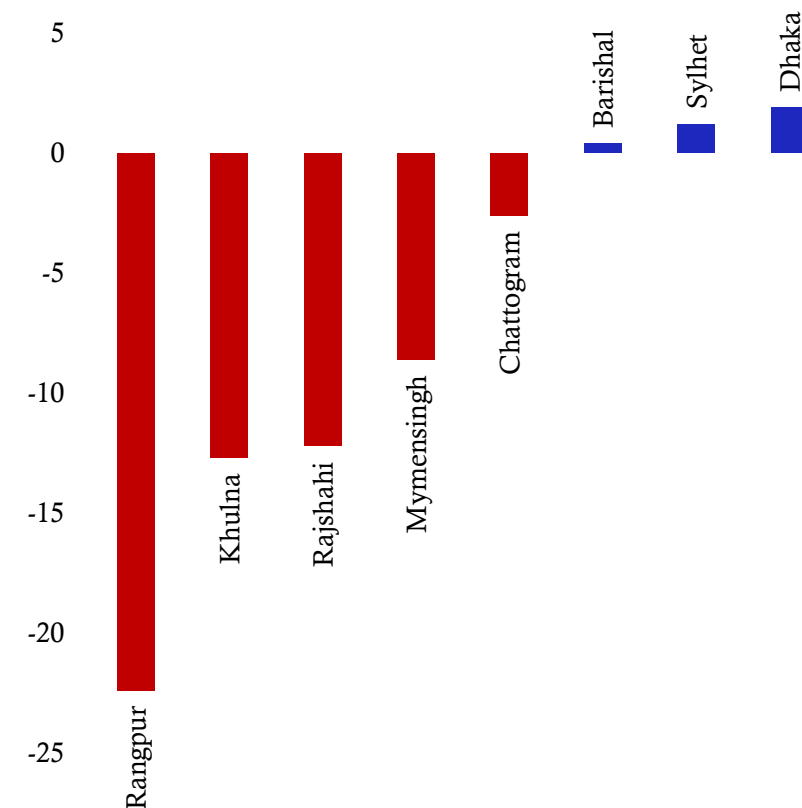
# Rising inequality has emerged as a growing concern, demanding urgent attention.

## Income Inequality

- The Gini index rose from 0.45 in 2000 to 0.50 in 2022.

- Income inequality is more pronounced in urban areas (0.54) than in rural areas (0.45).

## Consumption Inequality

- The consumption Gini has remained largely stagnant, holding steady at 0.33 from 2000 to 2022, with a slight dip to 0.32 in 2010.

- In 2022, urban income inequality reached 0.36, while rural inequality stood at 0.29.

**In 2022, richest 5% of the population hold 30% of income, while the poorest 5% hold a mere 0.4%.**

**Income share held by poorest 5% and richest 5% households**



Poorest 5% (left axis) ——— Richest 5% (right axis)
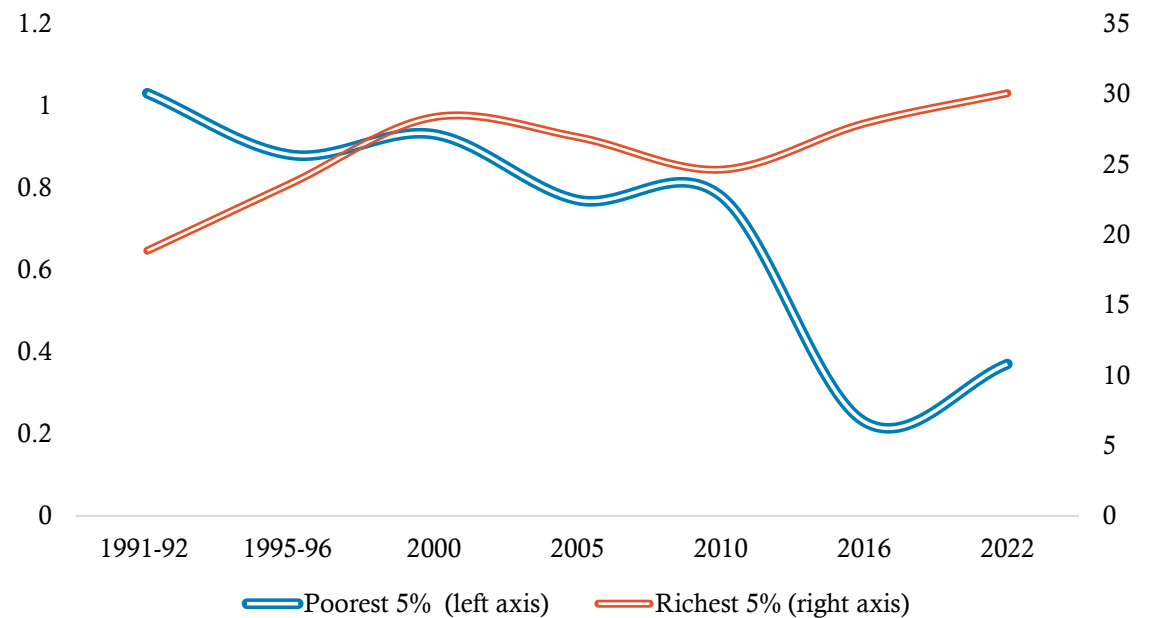
# The Current State of the Social Protection System and Key Challenges
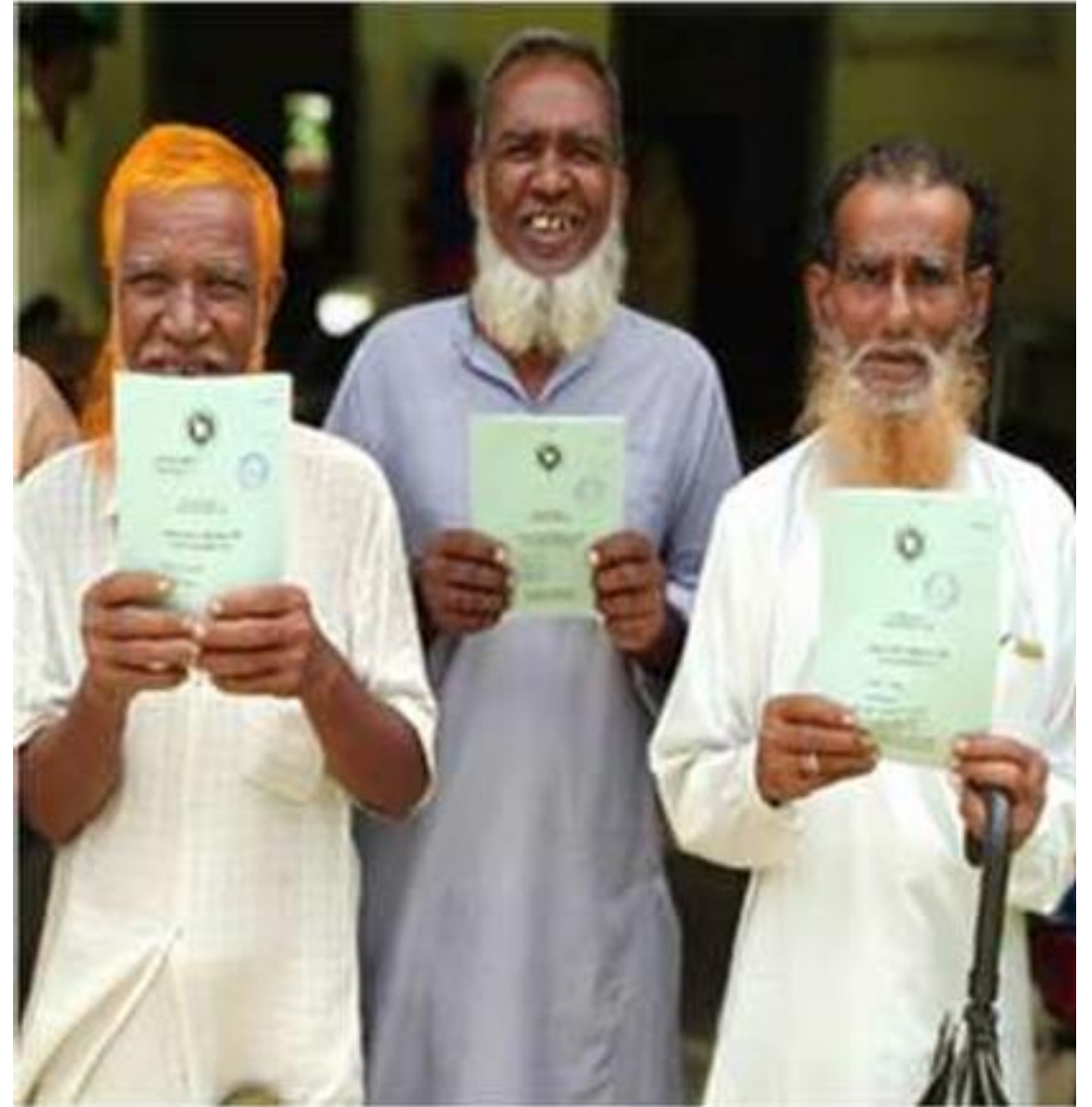
The approach to social protection made a fundamental shift moving from an-adhoc to lifecycle-based system.
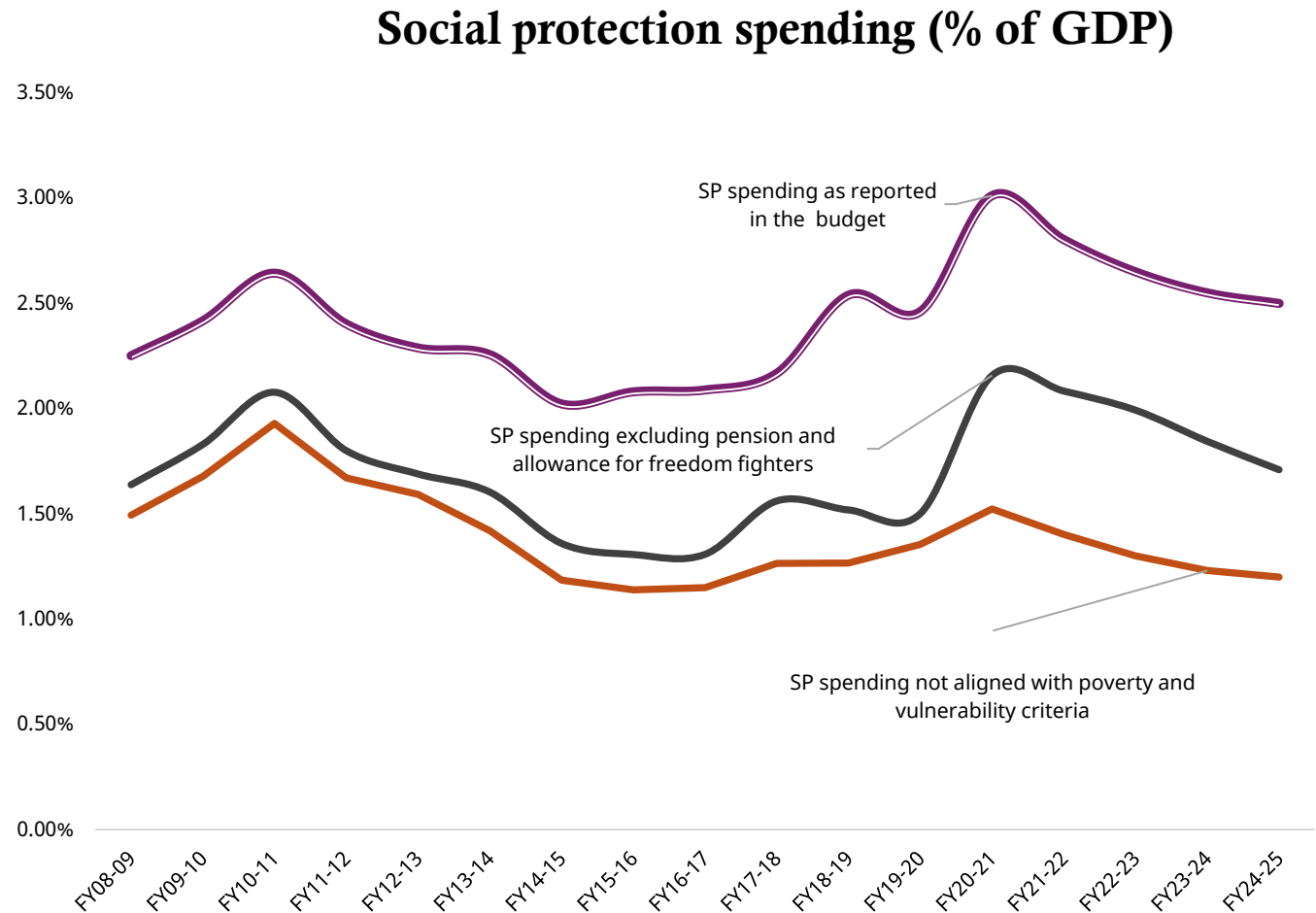
Nevertheless, despite nearing the end of the decade-long reform period envisioned in the NSSS, the state of the social protection system remains fraught with challenges that the reform programme aimed to address.

Inadequate resource allocation, structural inefficiencies, and weak institutional capacities are critical constraints.

# Social protection spending in FY25 is 2.5% of GDP and 17% of the budget but drops to 1.2% of GDP and 7% of the budget when excluding irrelevant programmes.

➤ Social protection spending in Bangladesh is overstated by including **pensions, subsidies, interest payments, and infrastructure programs** that fall outside the NSSS objective.

➤ If **Pension and allowance for freedom fighters** are excluded, social protection is only 12% of budget and 1.7% of GDP.

**Social protection spending (% of GDP)**



SP spending as reported in the budget

SP spending excluding pension and allowance for freedom fighters

SP spending not aligned with poverty and vulnerability criteria

# The World Social Protection Report 2024–26, published by the ILO, estimates that Bangladesh spends just 0.9% of its GDP on social protection.

## Cross-country comparison of social protection spending
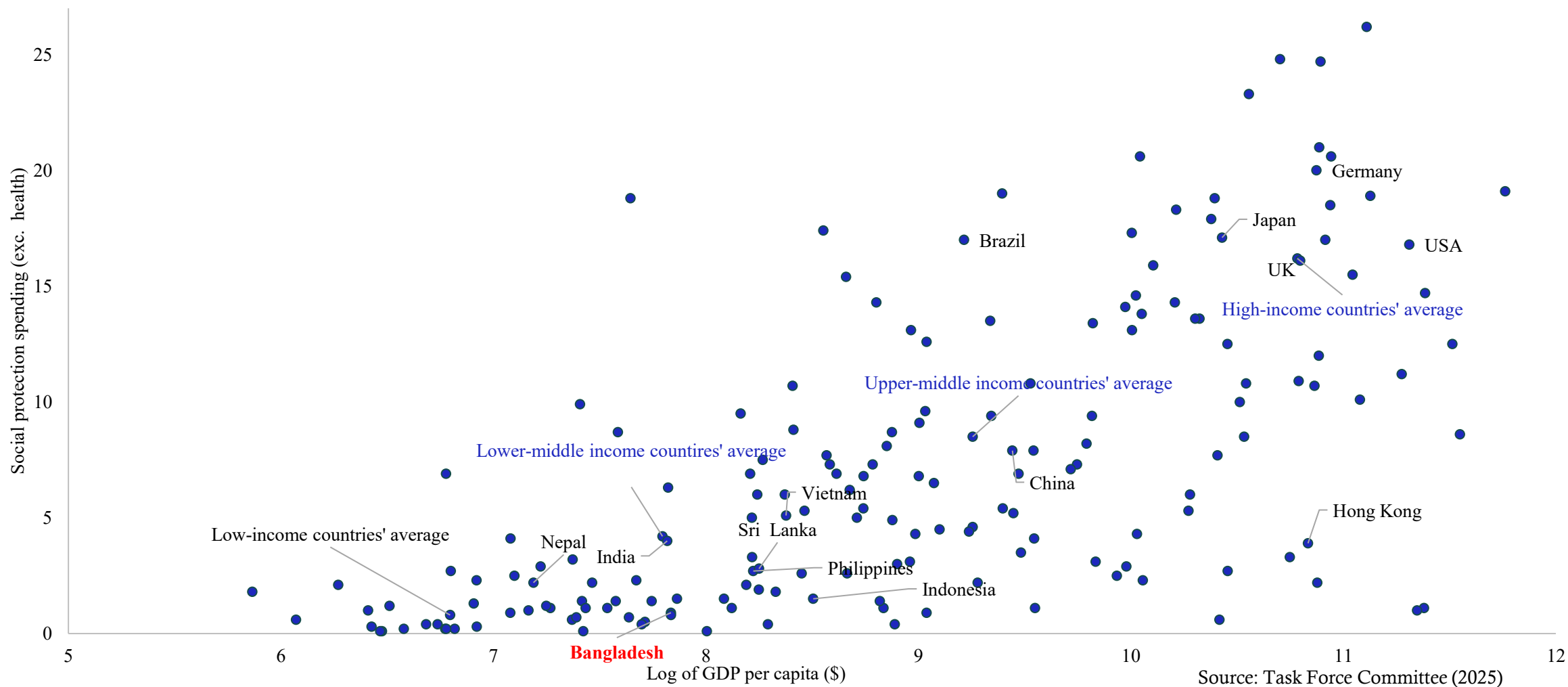
# Despite the NSSS directive to harmonise/consolidate smaller programmes, the social protection system remains highly fragmented

➢ The number of programmes decreased from 138 in FY15 to 115 in FY24 but rose to 140 in FY25, before getting reduced to 95 in FY26.

➢ Budgetary allocations (FY25) are heavily skewed,
  • the largest one and five schemes accounting for 27% and 55.2% of total social protection spending;
  • the largest 10 comprising 68.2 per cent, and the largest 20 taking up 82 per cent;
  • the smallest 50 programmes is only 1.3 per cent.

➢ Major initiatives receive only marginal shares of the budget
  ➢ Old Age Allowance (OAA) —3.2%,
  ➢ Widow Allowance (WA) —1.4%,
  ➢ Allowance for the persons with disability —2.4%,
  ➢ Mother and Child Benefit Programme (MCBP) —1.2%.

  However, these programmes together aim to support 10.4 million beneficiaries in 2024-25

Allocation share of social protection programmes (in %)
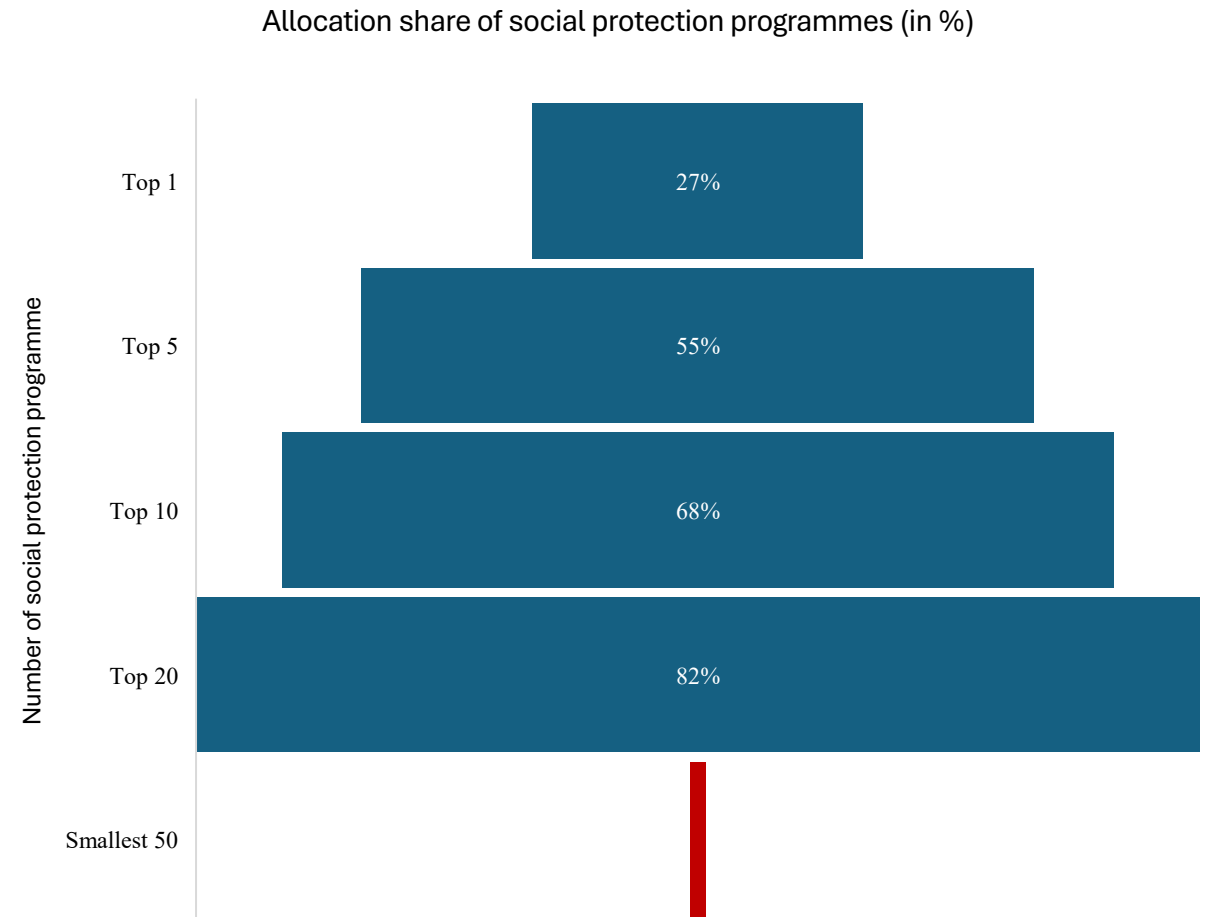
# Social protection benefits in Bangladesh are low and are rarely adjusted for inflation, resulting in a steady erosion of their real value over time

Between FY10 and FY24, the real values of the OAA and WA fell from a normalised BDT 100 to BDT 77.6 and BDT 71.2, respectively.
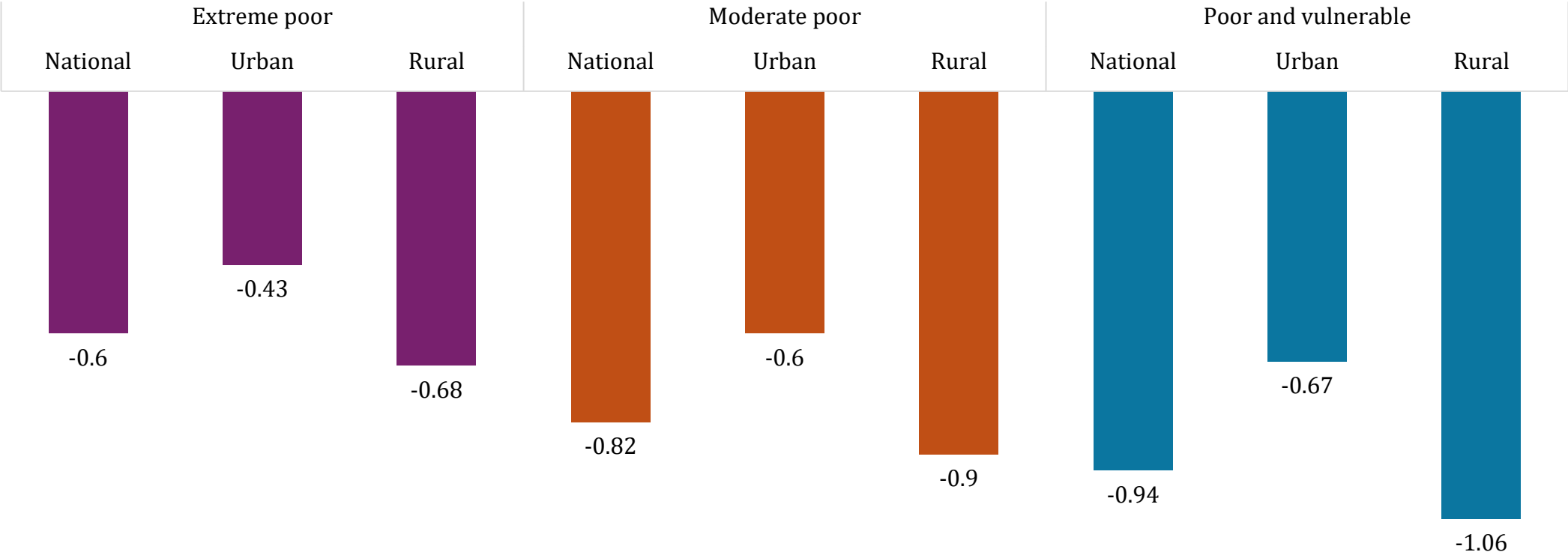
Irregular inflation adjustments failed to keep pace with rising costs, leaving these benefits too low to have a meaningful impact

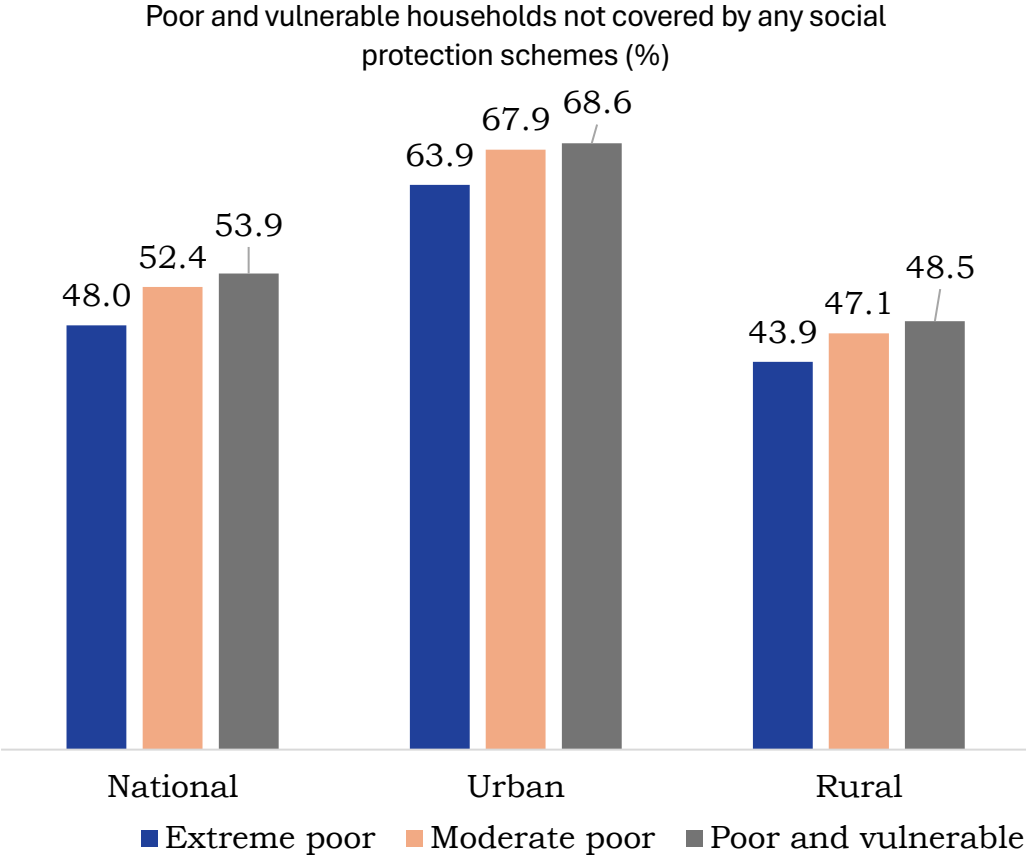**Benefits of major social protection programmes in Bangladesh**

| Program | Programme benefit | Nature of the transfer | Allowance as % of corresponding per capita GNI |
|---|---|---|---|
| Old-age allowance | Tk. 600 per month | Regular, monthly | 2.35% |
| Allowance for widow, husband deserted and destitute women | Tk. 550 per month | Regular, monthly | 2.16% |
| Allowances for persons with disability | Tk. 850 per month | Regular, monthly | 3.33% |
| Stipends for PwDs | Tk. 900-1300 per month | Regular, monthly | 3.5%-5.1% |
| Primary school stipends | Tk. 100-200 per student per month | Regular, monthly | 0.4%-0.8% |
| Mother and child benefit program (MCBP) | Tk. 800 per month | Regular, monthly | 3.14% |
| Employment Generation Program for the Poor (EGPP) | TK 200 for 7 hours work per day (for 80 days in a year) | Short period (lean period) | 5.23% |
| Vulnerable Group Feeding (VGF) | 10-30 Kg of food grain per month (for 2-5 months) | Short period (lean period) | 0.3%-2% |
| Vulnerable women benefit (VWB) | 30 Kg of food grain per month (for 2 years) | Regular, monthly for 2 years | 4.70% |

# Given the very low benefit amount and low coverage of poor and vulnerable households, the impact of social protection on poverty is quite low.

**Impact of social protection programmes on poverty and vulnerability (percentage points), 2022**



| Extreme poor | | | Moderate poor | | | Poor and vulnerable | | |
|---|---|---|---|---|---|---|---|---|
| National | Urban | Rural | National | Urban | Rural | National | Urban | Rural |
| -0.6 | -0.43 | -0.68 | -0.82 | -0.6 | -0.9 | -0.94 | -0.67 | -1.06 |

# Low coverage of poor and vulnerable households: A striking 62.8% of households receiving social protection benefits are neither poor nor vulnerable. Only 6.6% of beneficiaries are from extreme poor HHs.

**Households with any social protection coverage, by poverty status (%), 2022**

| Region | Extreme poor | Moderate poor | Vulnerable | Non-poor and non-vulnerable |
|--------|--------------|---------------|------------|------------------------------|
| Rural | 7.1 | 13.9 | 17.3 | 61.8 |
| Urban | 4.9 | 12 | 16.2 | 66.9 |
| National | 6.6 | 13.5 | 17.1 | 62.8 |

Poor and vulnerable households not covered by any social protection schemes (%)

| Region | Extreme poor | Moderate poor | Poor and vulnerable |
|--------|--------------|---------------|---------------------|
| National | 48.0 | 52.4 | 53.9 |
| Urban | 63.9 | 67.9 | 68.6 |
| Rural | 43.9 | 47.1 | 48.5 |

# The limited social protection coverage in urban areas has not kept pace with the rapid demographic shift from rural to urban regions, leaving significant gaps in addressing the rising vulnerabilities of urban areas.

➤ **By the mid-to late-2030s**, the majority of Bangladesh's population will reside in urban areas, marking a critical juncture in the country's demographic transformation.

➤ Despite this shift, **only about 20 per cent of social protection beneficiaries are from urban areas**, highlighting a disproportionate focus on rural interventions

**Limited coverage of urban poor and vulnerable population groups**



Horizontal stacked bar chart showing Rural (dark blue) and Urban (light blue) shares for social protection programs, x-axis from 0% to 100%:

- All social protection programs
- Stipend for students with disabilities
- Secondary and higher secondary education stipend program
- Primary school stipend
- Skills for Employment Investment Program
- Pension for retired government employees
- Allowance for freedom fighters
- Mother and child benefit program
- Allowance for PwDs
- Allowance for the widow and husband and deserted women
- Oldage allowance

■ Rural ■ Urban

# Other key challenges

**Absence of Poverty-Focused Interventions in Social Protection**

**Lack of Social Insurance-Based Schemes**

**Fiscal Constraints in Expanding Social Protection**

**Inadequate Climate Adaptation in Social Protection**

**Limited Integration of NGOs in Social Protection Implementation**

# High targeting errors have become a defining feature of Bangladesh's social protection system, hindering the effective delivery of transfers to eligible beneficiaries.

**Targeting errors based on poverty and vulnerability criteria (%)**
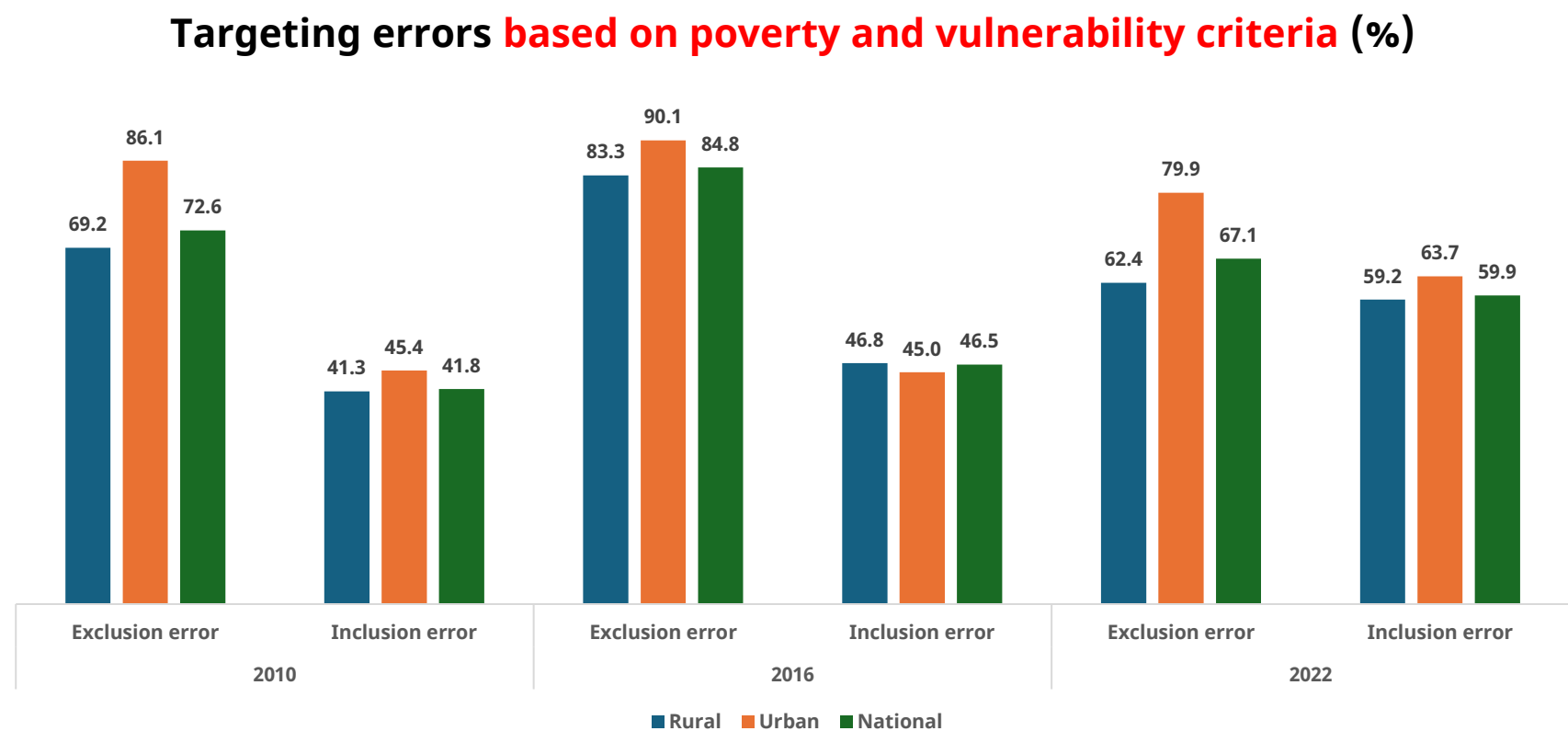


Although the HIES databases are nationally representative, it poses significant challenges in evaluating targeting errors for social protection programmes due to the small sample sizes for specific schemes.

**Exclusion errors based on poverty and vulnerability criteria, by district (%)**
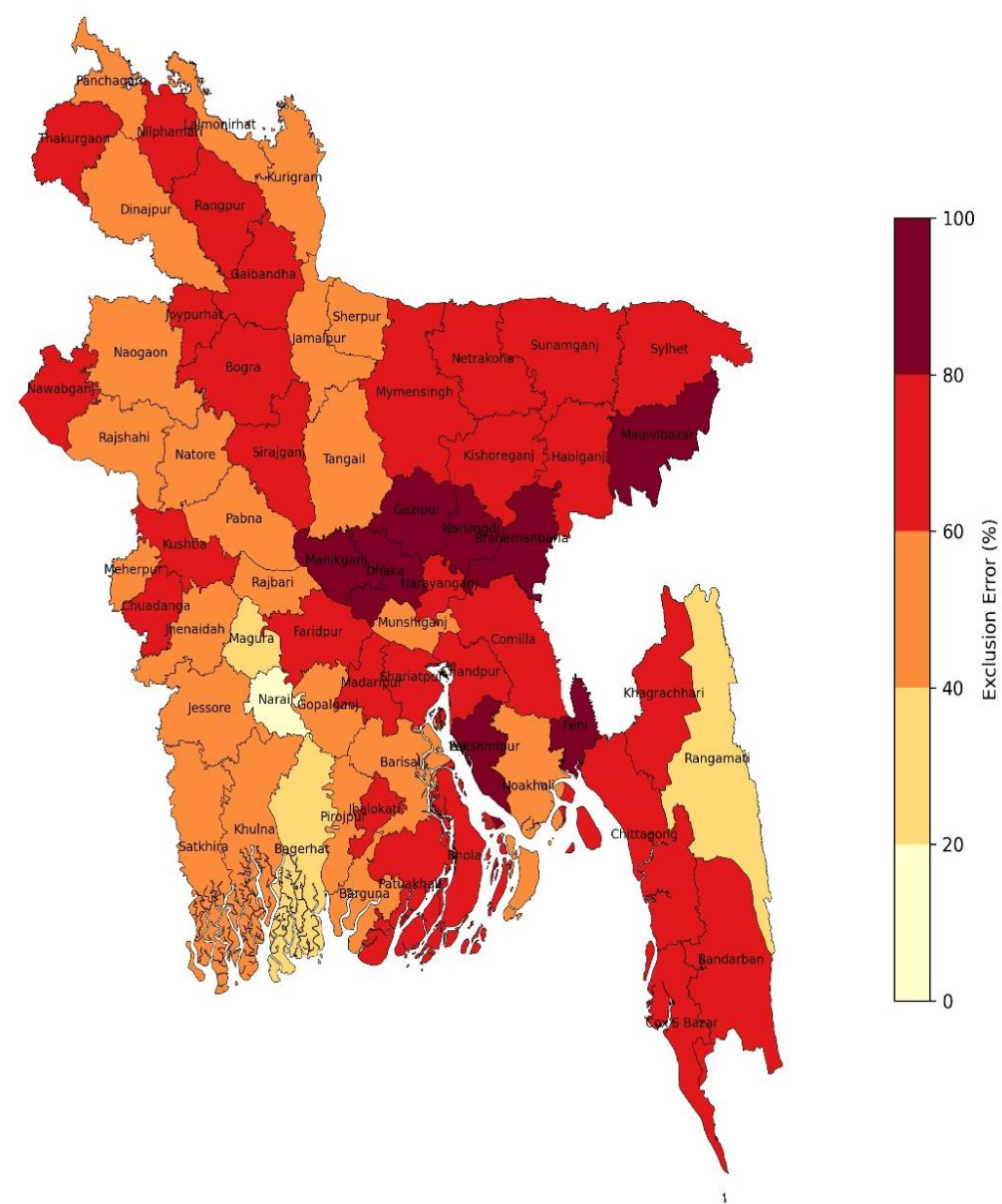


**Inclusion errors based on poverty and vulnerability criteria, by district (%)**
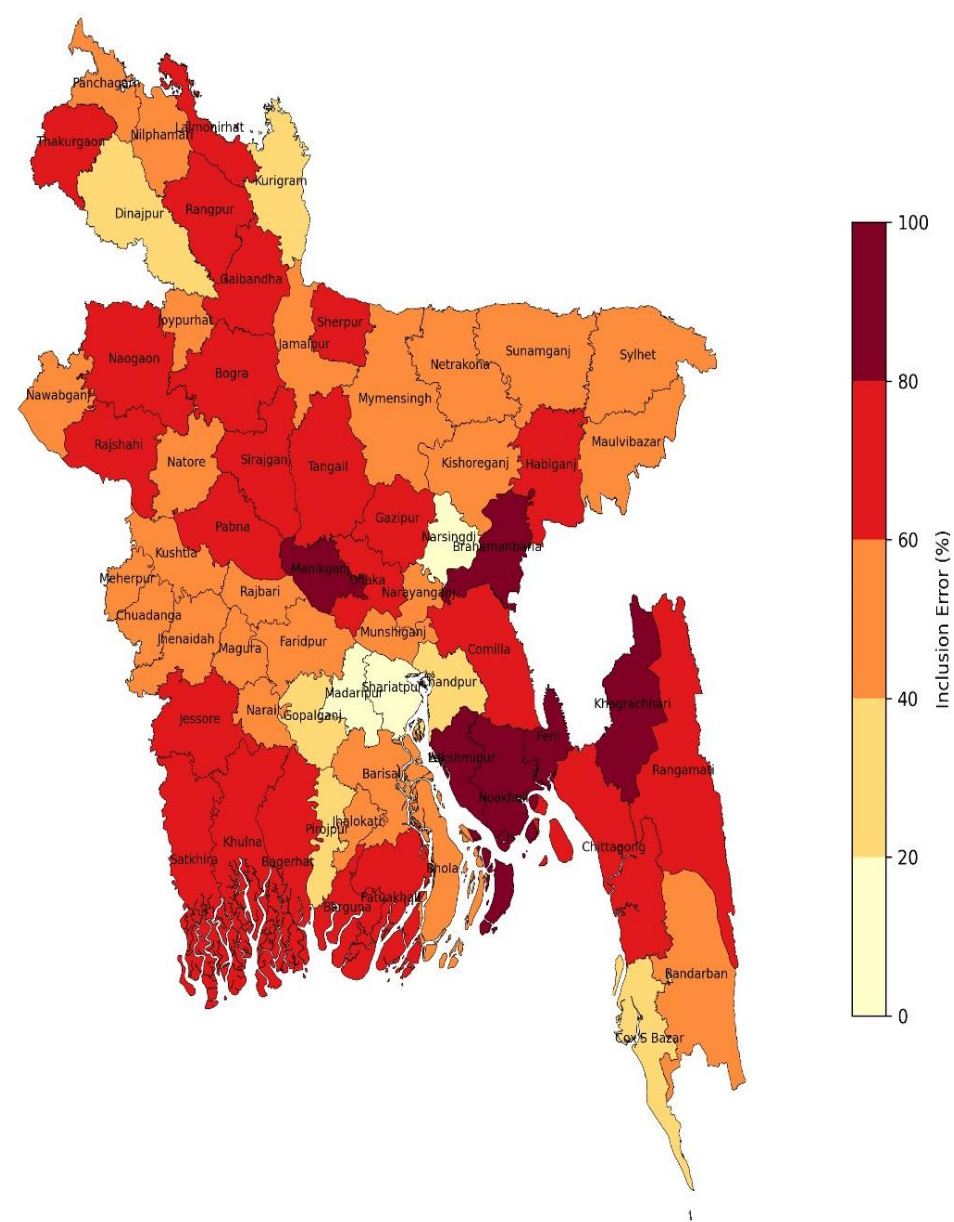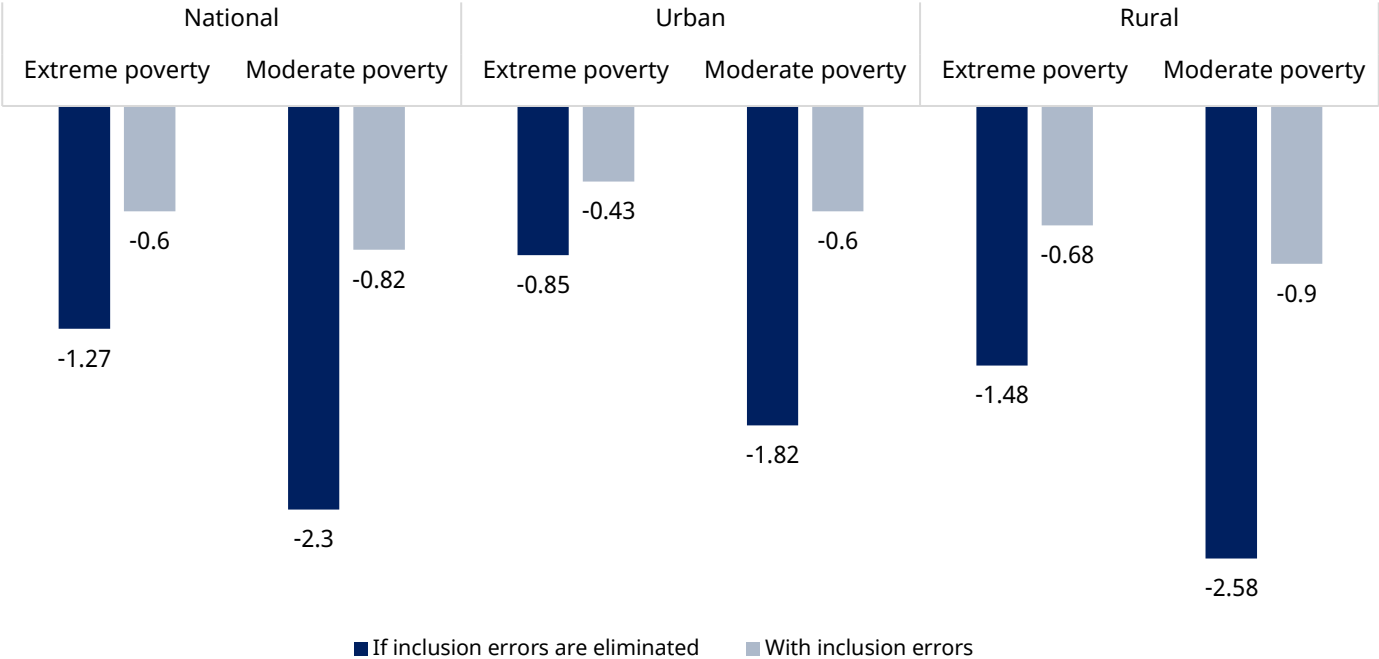
# Programme-specific exclusion and inclusion error (in %) in some selected schemes

| Programme and eligibility criteria | Exclusion error | Inclusion error |
|---|---|---|
| Old age allowance: Minimum age (male 65 years, female 62 years) and annual personal income below Tk. 10,000 | 25.03 | 16.28 |
| Widow allowance: Widow/deserted by husband/destitute, annual individual income less than Tk. 15,000 | 84.80 | 26.47 |
| Disability allowance: Severe disability and annual income of beneficiary (less than Tk. 36,000) | 75.49 | 56.07 |
| VGF: Poor and Landless | 97.69 | 80.65 |
| Mother and child benefit programme (MCBP): Age (20-35) and income criteria (up to Tk 8,000 for rural areas; and up to Tk 12,000 for urban areas) | 98.88 | 64.18 |

# If inclusion errors were eliminated, poverty impact of social protection programmes would be much higher.

Poverty impact of social protection if inclusion errors could have been eliminated, 2022



| | National | | Urban | | Rural | |
|---|---|---|---|---|---|---|
| | Extreme poverty | Moderate poverty | Extreme poverty | Moderate poverty | Extreme poverty | Moderate poverty |

National — Extreme poverty: -0.6, -1.27
National — Moderate poverty: -0.82, -2.3
Urban — Extreme poverty: -0.43, -0.85
Urban — Moderate poverty: -0.6, -1.82
Rural — Extreme poverty: -0.68, -1.48
Rural — Moderate poverty: -0.9, -2.58

■ If inclusion errors are eliminated   ■ With inclusion errors

# Demand- and supply-side barriers to accessing social protection

| Supply side | | Demand side |
|---|---|---|
| **National Level** | **Local Level** | **Local Level** |
| Insufficiency of SSP funds | Political loyalty, nepotism, and other personal connections | Lack of awareness among the poor and marginalised |
| Improper documentation of age in the National ID cards | Selecting beneficiaries for securing social and economic gains at the local level | Social stigma towards the recipients of SSPs |
| Overlooking local variations in the demand of SSPs | Very few number of participatory ward meetings | Social exclusion of marginalized people |
| Lack of database providing HH income and asset information | Malpractices (e.g. bribery) in getting benefits | Lack of self-motivation among some marginalised people |
| | | Incentive of non-eligible people to get SSPs' benefit |



Figure 1.10: Interconnectedness between the insufficiency of funds and other forms of barriers
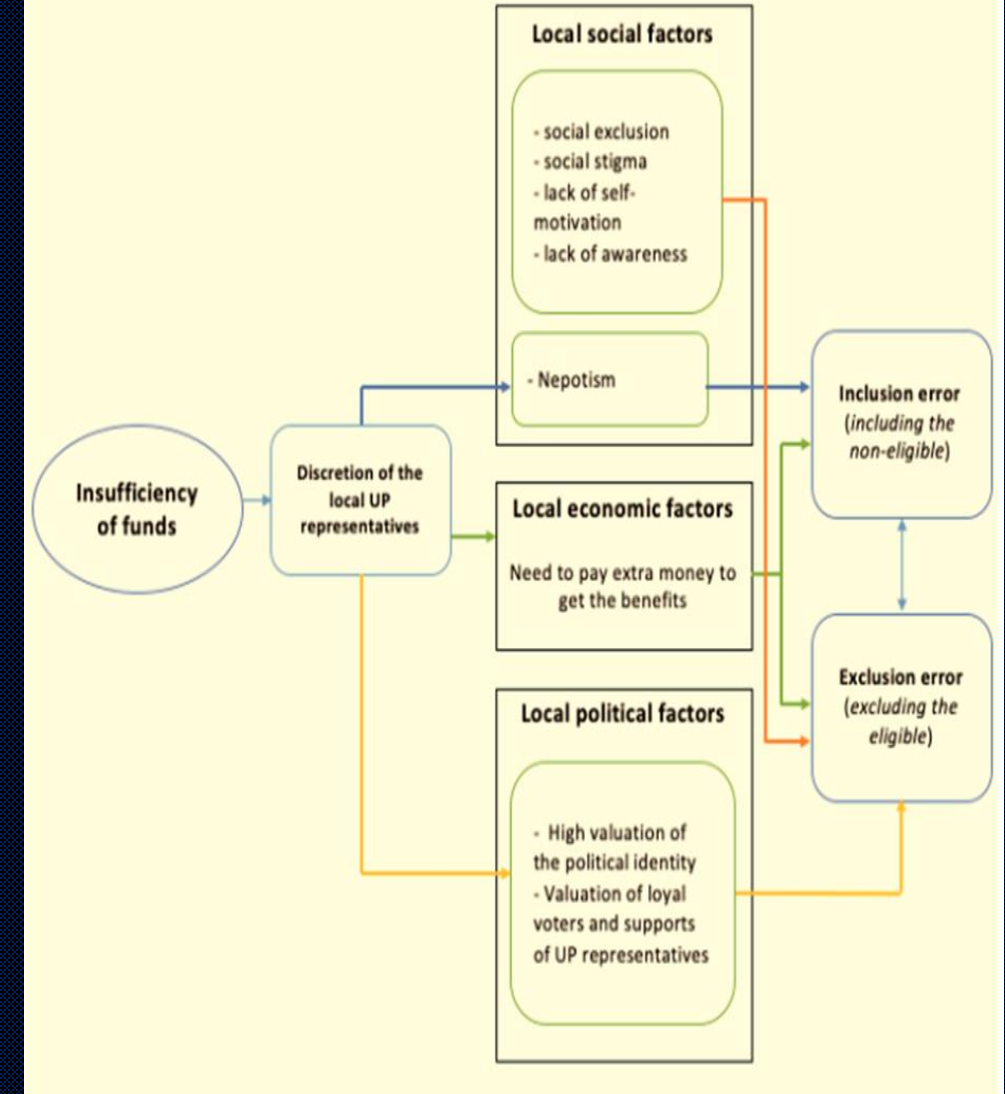
# "Speed money" is a critical determinant of inclusion errors.

- Households which reported paying speed money, are significantly more likely to be included in social protection schemes despite being ineligible.

- Informal payments also appear to reduce the likelihood of exclusion error.

**Table 6** Logistic regression results

| | Dependent variable: Inclusion error | | | Dependent variable: Exclusion error | | |
|---|---|---|---|---|---|---|
| | (1) National | (2) Rural | (3) Urban | (4) National | (5) Rural | (6) Urban |
| Speed money | 2.20*** (0.25) | 2.16*** (0.27) | 3.03*** (1.04) | 0.06*** (0.028) | 0.06*** (0.0314) | 0.06*** (0.053) |
| Prior information on SSP | 25.42*** | 20.92*** | 46.98*** | 0.30*** | 0.30*** | 0.31*** |
| | (2.47) | (2.33) | (8.59) | (0.02) | (0.03) | (0.04) |
| Household income | 1.15*** | 1.23*** | 0.99 | 0.68*** | 0.72*** | 0.56*** |
| | (0.04) | (0.06) | (0.08) | (0.02) | (0.03) | (0.04) |
| Age of HH | 1.02*** (0.003) | 1.02*** (0.003) | 1.01** (0.005) | 0.97*** (0.003) | 0.98*** (0.002) | 0.98*** (0.004) |
| Sex of HH | 1.51*** (0.16) | 1.69*** (0.21) | 1.04 (0.20) | 0.39*** (0.045) | 0.39*** (0.05) | 0.39*** (0.08) |
| Dependency ratio | 0.56*** | 0.56*** | 0.49** | 3.33*** | 3.43*** | 3.39*** |
| | (0.09) | (0.09 | (0.15) | (0.46) | (0.56) | (0.91) |
| Household asset | 1.03*** (0.008) | 1.02*** (0.009) | 1.04*** (0.01) | 0.98*** (0.006) | 0.98** (0.007) | 0.99 (0.01) |
| Household size | 0.81*** (0.02) | 0.79*** (0.02) | 0.88*** (0.04) | 1.36*** (0.02) | 1.33*** (0.03) | 1.43*** (0.05) |
| Education of HH | 0.93** | 0.97 | 0.92 | 0.66*** | 0.69*** | 0.62*** |
| | (0.03) | (0.03) | (0.049) | (0.02) | (0.03) | (0.03) |
| Shock | 1.18** (0.09) | 1.16* (0.10) | 1.20 (0.19) | 0.99 (0.07) | 0.93 (0.08) | 1.22 (0.18) |
| Employment sector | 1.04 | 1.01 | 1.35* | 1.07 | 0.93 | 1.75*** |
| | (0.08) | (0.08) | (0.23) | (0.07) | (0.07) | (0.28) |
| Observations | 14329 | 7168 | 7161 | 14329 | 7168 | 7161 |
| Wald chi(2) | 1609.95 | 1022.47 | 670.26 | 1056.80 | 655.12 | 417.37 |
| (p-value) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| Pseudo R2 | 0.32 | 0.29 | 0.38 | 0.16 | 0.15 | 0.19 |

Note: The coefficients represent odds ratio; Standard errors in parentheses
* $p < .1$, ** $p < .05$, *** $p < .01$

# Major policy recommendations

Streamline social protection budget reporting and align it with core objectives for transparency and Impact.

- Inclusion of unrelated schemes exaggerates the social protection budget and misrepresents actual and political commitment.

- Spending is exaggerated by incorporating pensions, subsidies, and infrastructure, distorting social protection allocations.

- A vague definition risks categorising nearly all public spending as social protection, undermining its core intent.

**In FY26, 49% of social protection spending remains allocated to pensions and subsidies.**
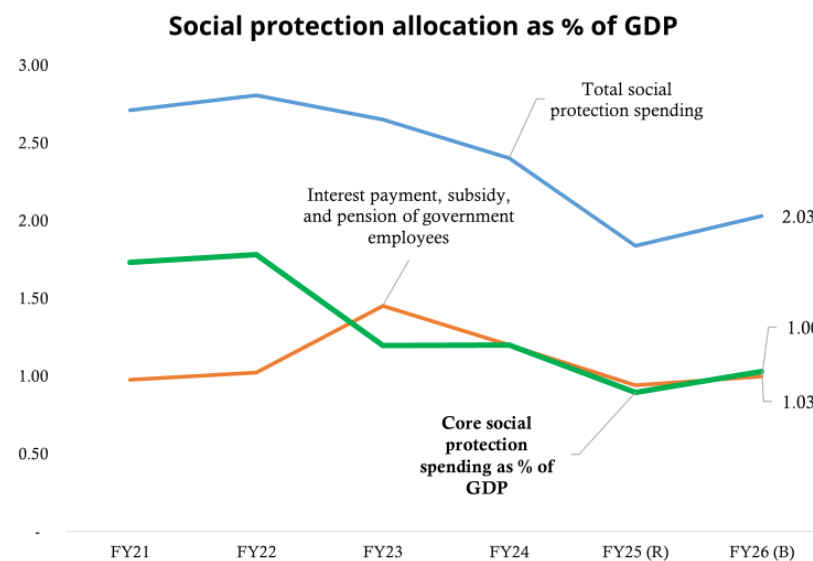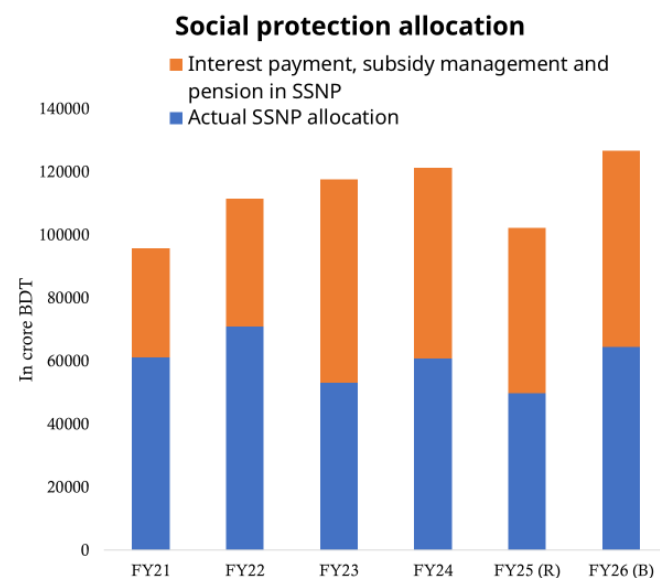


Note: Interest payment on the national savings certificates has been excluded from the SPPs in FY26
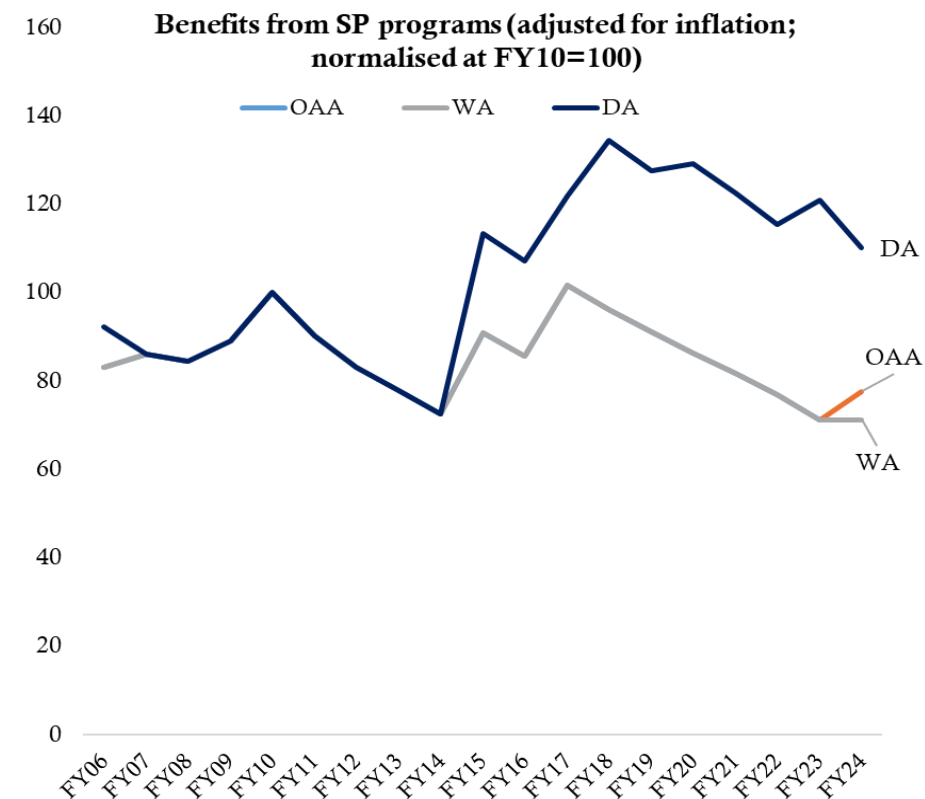
# Major policy recommendations

Increased allocation of social protection spending is critical.

Bangladesh's social protection spending is markedly lower that the **South Asian regional average of 3.8%,** as well as the averages of 4.2 per cent and 8.5 per cent for lower-middle-income and upper-middle-income countries, respectively.

# Implement inflation-adjusted transfer value for all social protection programmes on a regular interval. There has been a steady erosion of their real value over time.

### Benefits of major social protection programmes in Bangladesh

| Program | Programme benefit | Nature of the transfer | Allowance as % of corresponding per capita GNI |
| --- | --- | --- | --- |
| Old-age allowance | Tk. 600 per month | Regular, monthly | 2.35% |
| Allowance for widow, husband deserted and destitute women | Tk. 550 per month | Regular, monthly | 2.16% |
| Allowances for persons with disability | Tk. 850 per month | Regular, monthly | 3.33% |
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| Vulnerable women benefit (VWB) | 30 Kg of food grain per month (for 2 years) | Regular, monthly for 2 years | 4.70% |



Benefits from SP programs (adjusted for inflation; normalised at FY10=100)

Minimising targeting errors through a multifaceted approach should be considered to ensure effective delivery of transfers to eligible beneficiaries

Refining targeting criteria and tools

Strengthening community-based targeting mechanisms
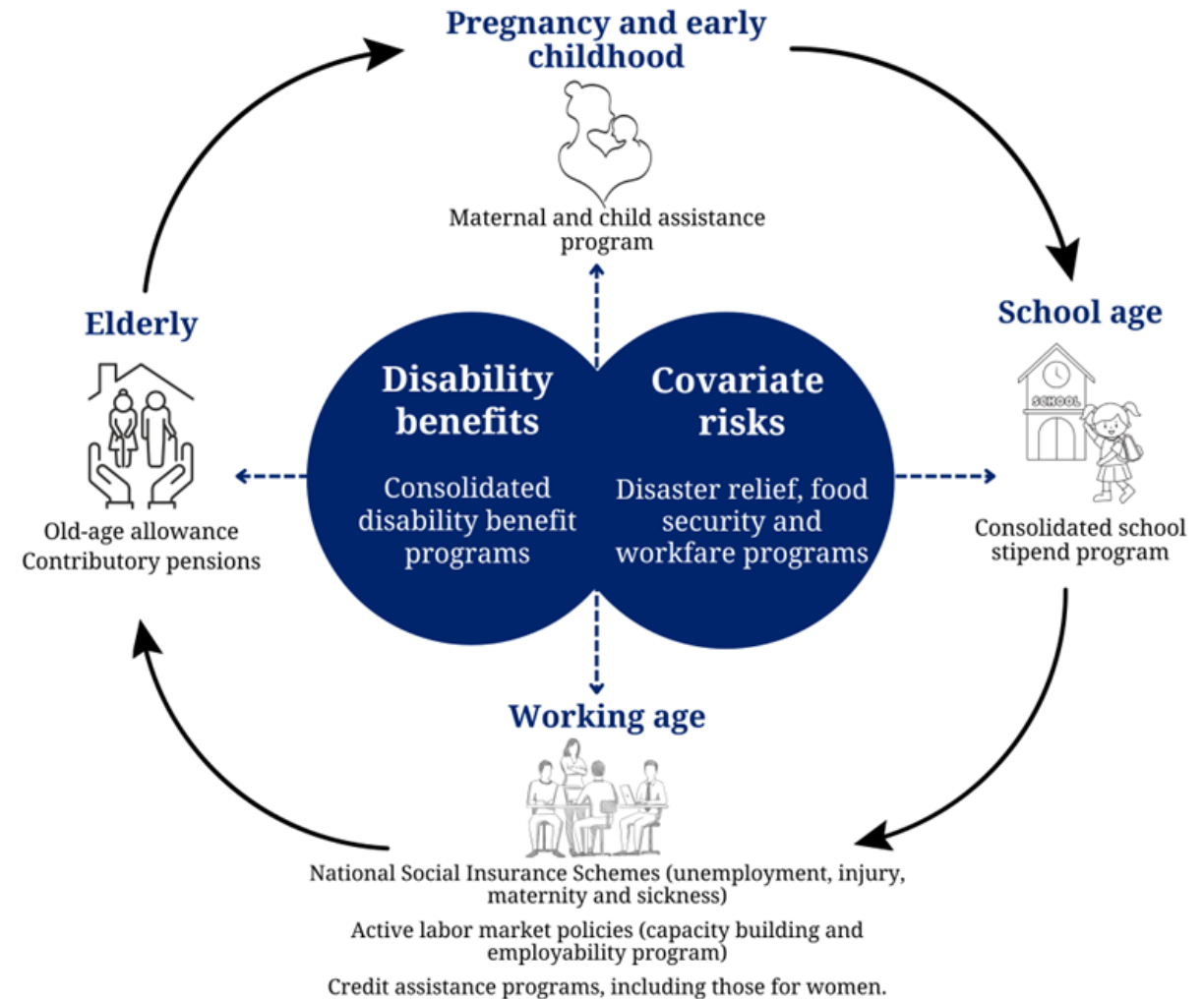
Improving data systems for targeting

## Introducing poverty-targeted programmes can effectively address poverty and vulnerability by focusing resources on the most marginalised.

- **Lack of Poverty-Focused Interventions:** Existing social protection schemes cannot effectively target poverty and vulnerability.
    - **BRAC UPG Model:** Combines stipends, asset transfers, skills training, and mentoring, offering a cost-effective path out of poverty.
    - **Universal Cash Transfer:** Covering 70% of households with BDT 2,500 per month would cost 2.8% of GDP annually.
    - **UBI Prospects:** A partial UBI targeting the bottom 40% would cost 3.5% of GDP, with a poverty-line threshold model reducing the cost to 1.35% of GDP.

**Consolidate and harmonise programmes across the lifecycle and covariate risks. Too many programmes with too little resources!**

Consolidate and harmonise to reduce the number of programmes to a manageable 15–20

**Pregnancy and early childhood**

Maternal and child assistance program

**Elderly**

Old-age allowance
Contributory pensions

**Disability benefits**

Consolidated disability benefit programs

**Covariate risks**

Disaster relief, food security and workfare programs

**School age**

Consolidated school stipend program

**Working age**

National Social Insurance Schemes (unemployment, injury, maternity and sickness)

Active labor market policies (capacity building and employability program)

Credit assistance programs, including those for women.

# The development of the National Social Insurance Scheme should constitute a policy priority

Addressing Lifecycle Risks: The lack of contributory social protection in Bangladesh leaves workers vulnerable to risks like unemployment, workplace injuries, and sickness.

Phased Expansion of Social Insurance: Institutionalising and scaling up the Employment Injury Scheme (EIS) nationwide, and introducing maternity and unemployment insurance should be prioritized, starting with the formal sector and gradually extending to informal workers

Institutional Capacity and Awareness: Effective implementation will require building institutional capacity, strengthening technical expertise, and raising awareness among employers, workers, and the public to ensure broad participation in contributory schemes.

# Expanding life-cycle-based social protection schemes in urban areas should be an urgent policy consideration.

- By the mid-to late-2030s, the majority of Bangladesh's population will reside in urban areas.

- Only about 20% of social protection beneficiaries are from urban areas

- Programmes like Open Market Sale (OMS), which provide subsidised essential goods, are vital for protecting vulnerable urban households from food insecurity and economic shocks

- Programmes such as old-age and widow allowances, disability benefits, school stipends, and Mother and Child Benefit support should be scaled up for urban populations

**Limited coverage of urban poor and vulnerable population groups**
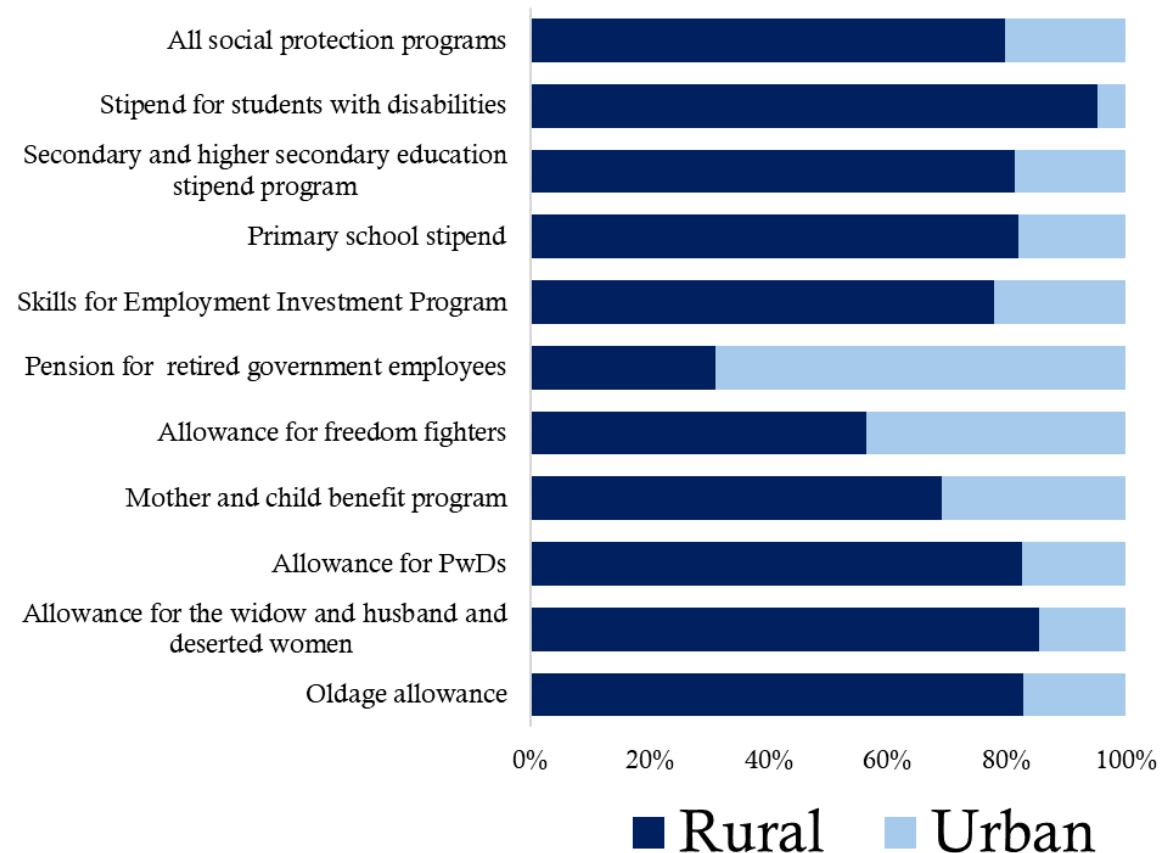
# Strengthen adaptive social protection measures to enhance the resilience of vulnerable population groups.

- Expanding the coverage of programmes specifically targeting climate-affected populations.

- Embedding disaster risk reduction training and early warning systems within existing social protection frameworks.

- Establishing dedicated adaptive social protection funds and piloting innovative insurance mechanisms to address climate risks.

- Strengthening coordination with local governance and community-based organisations for effective implementation.

| Programme Name | Implementing Agency | Allocation in FY24-25 (BDT Crore) |
|---|---|---|
| Enhancing Adaptive Capacities of Coastal Communities, especially Women, to Cope with Climate Change-Induced Salinity | MoSW | 61.20 |
| Vulnerable Group Feeding Programme | MoDMR | 1,184.02 |
| Relief Operation-General | MoDMR | 2,390.62 |
| Food for Work (FFW) | MoDMR | 1,024.01 |
| Char Development and Settlement Project (Social Security Part) | MoWR | 33.01 |
| Employment Generation Programme for the Poorest (EGPP) | MoDMR | 1,504.50 |
| Employment Generation Programme for the Poorest Plus (EGPP+) | MoDMR | 264.47 |
| Relief Activities | MoDMR | 80.12 |
| Relief Operation – Rehabilitation | MoDMR | 70.1 |
| Relief Operation - Rehabilitation (House Grant) | MoDMR | 28 |
| Construction of Flood Shelter in the Flood Affected and River Prone Area | MoDMR | 400 |
| The Disaster Risk Management Enhancement Project | MoDMR | 111.53 |
| Bangladesh Environmental Sustainability and Transformation (BEST) Project | MoEFCC | 793.11 |
| Special Grant for the Development of Char, Haor and Backward Areas | Finance Division | 50 |
| Fund for Disaster Affected Marginal Farmers and Poultry Farm Owners | Ministry of Food | 50 |
| Fund for Mitigating Impacts of Economic and Natural Disaster | Ministry of Food | 8,000.00 |
| Expansion of Irrigation in Greater Rangpur District | Ministry of Food | 60.51 |
| Establishment of Multipurpose Disaster Shelter Centre | LGD | 475.15 |
| Water Supply Project in Coastal Area Through Rainwater Harvesting System | LGD | 216.53 |
| Climate Resilient Sustainable Water Supply, Sanitation and Hygiene Project in Bangladesh | LGD | 38.33 |
| Flood Reconstruction Emergency Assistance Project for Water Supply and Sanitation | LGD | 70.91 |
| Disaster Risk Management Enhancement Project (Social Security Part) | LGD | 46.26 |
| Resilient Infrastructure for Adaptation and Vulnerability Reduction Project (RIVER) | LGD | 393.78 |
| Coastal Towns Climate Resilience Project | LGD | 450 |
| Risk Management Fund on Climate Change | MoEFCC | 100 |
| Sustainable Forest and Livelihoods (SUFAL) Project | MoEFCC | 95.95 |
| Total | | 17992.11 |
| Social Protection Budget | | 136026 |
| Percentage of Social Protection Budget | | 13.23% |
| National Budget | | 797000 |
| Percentage of National Budget | | 2.26% |
| GDP | | 5597414 |
| Percentage of GDP | | 0.32% |

# Prepare for the next decade of social protection requires urgent evaluation of past lessons, capacity building, and an inclusive framework for emerging challenges.

**Preparing for the Next Social Protection Strategy:** With the NSSS concluding in 2026, immediate evaluation of achievements and gaps is crucial to shape a more inclusive and sustainable framework addressing poverty, inequality, urbanization, and climate change.

**Strengthening the Ministry of Social Welfare (MoSW):** MoSW should lead lifecycle-based programmes, requiring urgent capacity building through staffing, technical training, infrastructure investment, and a dedicated budget in the upcoming Fiscal Year.

**Enhancing Coordination and Monitoring:** Effective inter-ministerial collaboration and robust monitoring systems are essential to ensure smooth implementation and address capacity gaps across relevant ministries..

# Strengthening data systems is critical for making informed policies in social protection.

**Developing a comprehensive MIS**

A unified registry should integrate social protection data, ensuring efficiency, inclusiveness, and fair resource distribution. Public access, with privacy safeguards, enhances transparency, accountability, and gap identification.

**Enhancing data systems and addressing gaps**

New programmes like unemployment insurance need data on employment duration, salaries, and work histories, while closing disability data gaps is crucial for inclusive, targeted interventions and accessibility.

**Building capacity for data management**

Strengthening technical expertise, coordination, and accountability is essential. Sustainable implementation requires domestic ownership, adequate funding, trained personnel, and integration into national frameworks.

# Thank you!