

SOCIAL PROTECTION FOR POVERTY REDUCTION IN BANGLADESH

By

Mohammad Rafiqul Karim

THESIS

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY IN ECONOMIC DEVELOPMENT

2012

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Approval as of December, 2012

ABSTRACT

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Mohammad Rafiqul Karim

Effective social protection programs are considered as a tool for risks mitigation as well as for poverty reduction and it has been adopted as one of the major pillars of Poverty Reduction Strategy Paper (PRSP) by the government of Bangladesh (GoB). In line with this GoB has been implementing a wide range of social protection programs, popularly known as Social Safety Net Programs (SSNPs). This study focused on some selected SSNPs implemented by the GoB and it was found that the programs are positively effective in reducing poverty. HIES preliminary report 2010 showed that with the increase of 11.55 percent SSNP coverage 8.5 percent poverty was reduced. It was evident from the data that SSNPs contributed to 0.15 percent in transferring people above the poverty line. However, the total poverty was reduced by 9 percentage point from 2000 to 2005. Hence there are some other factors too which also have a positive impact in reducing poverty. SSNPs have some notable effect on reducing inequality too. Based on SSNP share of total income, the contribution to inequality reveals that SSNP is proved to be highly equalizing component. However, as most of the SSNPs are focused on rural area it has a very small impact on urban inequality. Besides poverty and inequality reduction there are some other long term impacts of safety net programs. Most of the beneficiaries of the programs have increased their income and level of consumption and thus living standards compared to that of non beneficiaries. In contrast to the positive impacts there are some challenges for the effective implementation of

social safety net programs. The low coverage, less coordination, lack of resources for extending the programs, large numbers of poor people, lack of appropriate targeting criteria, leakages in benefit delivery are some of the important challenges which are to be addressed for desired benefits from the program.

**DEDICATED
TO
THE DEPARTED SOULS OF
MY BELOVED PARENTS**

ACKNOWLEDGEMENTS

It is the Almighty Allah who gave me the opportunity to study Master of Public Policy in Economic Development at KDI School of Public Policy of Management and to complete this Thesis. So at the very outset I thank the Almighty Allah, All the praise goes to Him.

I sincerely acknowledge the scholastic guidance, valuable suggestions, constant and untiring help of my Thesis Supervisor and major Professor of the POS committee Professor Younguck Kang. I also like to thank Professor Joon- Kyung Kim, member of the POS committee for his valuable suggestions and guidance. Both of them helped me in completing the thesis in a very convincing manner.

I must mention here that during my stay in KDI School and at the time of data analysis and writing thesis I deprived my beloved wife Farzana, my beloved daughter Rayeka and my beloved son Rafsan from love and affection in many ways. My wife always and in various ways helped me a lot to complete this thesis. She deserves special thanks. I am deeply indebted and grateful to them for their sacrifice, love and support.

Finally I express my special thanks and gratitude to Sharif and Zaman who inspired me all the way in my KDI life and also during writing thesis. Last but not the least I express my thanks to all of them whose names are not spelled out here but helped me in many ways for the successful completion of my MPP degree.

Mohammad Rafiqul Karim

Dhaka, November 2012.

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LIST OF ABBREVIATIONS	
ADB	Asian Development Bank
BBS	Bangladesh Bureau of Statistics
BIDS	Bangladesh Institute of Development studies
BRDB	Bangladesh Rural Development Board
CPD	Centre for Policy Dialogue
CPI	Consumer Price Index
FFE	Food For Education
FFW	Food For Work
FSSAP	Female Secondary School Assistant Project
GDP	Gross Domestic Product
GR	Gratuitous Relief
GoB	Government of Bangladesh
HIES	Household Income and Expenditure Survey
ILO	International Labor Organization
KDI	Korea Development Institute
MDGs	Millennium Development Goals
MPRA	Munich Personal RePEc Archive
NGO	Non Government Organization
PESP	Primary Education Stipend Project
PKSF	Palli Karma Shohayok Foundation
PRSP	Poverty Reduction Strategy Paper
RMP	Rural Maintenance Program
SSNP	Social Safety Net Programs
SP	Social Protection
TR	Test Relief
OECD	Organization for Economic Cooperation and Development
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations International Cultural and Education Fund
VGD	Vulnerable Group Development
VGF	Vulnerable Group Feeding
UNRISD	UN Research Institute for Social Development

Introduction

Bangladesh has attained remarkable progress in respect of both economic and social development in the last decade compared to other developing countries of the same per capita income and living standard. In the last two decades the average GDP growth rate of Bangladesh was 5.3 percent and for the last six years it is 6.2 percent. In this line it has achieved some commendable progress in social development too. It has already achieved two targets of MDGs namely net enrolment in primary school and equality of gender in primary and secondary education¹. Besides, Bangladesh is moving ahead with the targets of eliminating extreme poverty and hunger². And in the last decade poverty was reduced at a rate of about 2 percentage point per annum (BBS 2011). In 2005 the poverty rate was reduced to 40 percent from 48.9 percent in 2000 and it was further reduced to 31.5 percent in 2010.

Despite this commendable progress in both economic and social indicators poverty still remains a challenge for the country's development. Bangladesh is still a poor country with 31.5 percent of its population amounting to 44 million poor people. Like the poor households in every part of the world poor peoples in Bangladesh are vulnerable to external and internal shocks such as natural disasters, seasonal hardships etc. (Khaleque *et al.* 2010). The vulnerability of them becomes worse during natural disasters. Almost every year Bangladesh faces havoc like cyclone, flood, droughts etc.. Again the rising trend of food price in the country pushes the poor into deeper poverty. For example, global rice price rises

¹ Bangladesh economic review 2011.

² *ibid*

in 2007-08 counteracted the poverty reduction by an estimated 3 percentage points between 2005 and 2008 (World Bank 2008). Other contributing factors to this line are low human capital accumulation, highly informal labor market, diseases and sickness (Azam and Imai 2009). Due to these multi factors of poverty, reducing poverty in Bangladesh remains a challenge over the time.

To reduce the poverty many social protection programs has been taken across the countries. However, historically social safety net programs have emerged as one of the major weapons to protect and uplift households from the grip of poverty (Kaheleque *et al.* 2010). Realizing this fact and recognizing the challenges of poverty for development the Government of Bangladesh (GoB) has accentuated social protection as a pillar of Poverty Reduction Strategy Paper (PRSP)³ (World Bank 2006). Social safety net is the most important element of social protection strategy in Bangladesh. GoB implements a good number of safety net programs for different group of people. However, only 13 percent of the poor households are getting benefit of the programs. About 13 ministries or government organizations are engaged in planning and implementing the programs. Involvement of so many organizations causes overlapping. Moreover, there is some leakage in transferring the cash or in-kind due to involvement of so many intermediaries.

The extent of welfare of the vulnerable and poor households largely depends on the effectiveness and adequate coverage of the safety net programs (Kaheleque *et al.* 2010). The safety net programs need to be more targeted to extend the coverage for which expenditure on the programs need to be increased. The average expenditure on social protection in

³. PRSP is a national strategy paper adopted by the Government of Bangladesh for Economic Growth, Poverty Reduction and Social Development where all policy strategies are aimed to reduce poverty and this is the first attempt at a more systematic approach for social protection.

Bangladesh is below 1 percent of GDP compared to average 2 percent in South Asia and 12.5 percent in OECD countries.

About 44 million people of Bangladesh are still below the poverty line. This large number of poor people cannot effectively participate in the labor market and in the process of economic growth due to ill health, less human capital accumulation etc. which is a direct consequence of poverty. Natural disasters and less opportunity for employment make the poverty situation more critical. Thus poverty reduction remains a big challenge for the government in achieving development goals.

Social protection measures are used to mitigate risks of poverty in all most all developing countries around the globe. GoB also adopted Social protection strategies as a poverty reduction policy and to increase social cohesion. Bangladesh government is operating various safety net programs for the social protection with the objectives to minimize different socio-economic risks and poverty reduction. However, those programs have a very low coverage. Nevertheless, despite low coverage some beneficiaries get the benefit from multiple programs while some other needy poor do not get benefit from any of the programs due to administrative weakness and lack of coordination among the implementing agencies. There is also some sort of leakage in benefit transfer which is an administrative challenge in implementing programs for the government.

1.2. Objective of the Study

Social protection programs have been using worldwide to help the poor households to mitigate the different natural and manmade shocks and to come out of poverty. Effective social protection programs are considered as a tool for risks mitigation as well as for poverty reduction and it has been stressed in many studies that for better output social protection

policies must be integrated with poverty reduction measures. Recognizing the fact GoB has adopted social protection program as a major pillar of the PRSP. In line with this GoB is implementing a wide range of social protection programs, popularly known as ‘Social Safety Net Programs (SSNP)’. There are many studies on the different aspects of SSNPs. Nevertheless, a few studies have a little focus on the evaluation of SSNPs in Bangladesh (World Bank 2006). In this backdrop of study gap this study aims to analyze the current safety net programs implemented by the GoB.

The purpose of this study is to know about the existing social protection programs in Bangladesh. However it will not go into the detailed on each of the programs in operation, rather it will study some selected safety net programs. The study aims to focus on the coverage, financing and administering of those safety net programs to know how much those programs affect in poverty reduction and improving the living standard and how those programs impact the welfare of the poor households in different risks situations.

To attain the objectives this study will try to answer some specific research questions:

- 1) How far current social protection programs cover the poor section of the population? Do they meet the need?
- 2) How the current safety net programs are playing role in social protection?
- 3) How effective the safety net programs for social protection, especially for poverty reduction?
- 4) What are the challenges of effective safety net programs?

1.3. Methodology of the Study

This study is designed to assess the current SSNPs in social protection of the poor section of population in Bangladesh. In this regard the coverage, financing and administration of the some selected SSNPs will be studied. In order to derive the result or answers for the

research questions, this study aims to use the Household Income and Expenditure Survey (HIES)⁴ data as the basis of analysis. Social protection strategies may involve both informal and formal arrangements. In this study formal arrangement i.e. government financed programs will be analyzed. For the study the data will be used from the Households Income and Expenditure Survey 2005 and 2010. Other available secondary sources of research and evidences will also be analyzed for further clarification of results. Social protection strategies of some Asian countries will also be studied to have some lessons from those country experiences. Moreover, personal experience and observation will also be used to have some more insights into the issue.

1.4 Scope and Limitation of the Study

Social protection is generally categorized as social insurance, social assistance and labor market policy. Social insurance programs mitigate the risks and include old-age or disability pension, unemployment benefit, health insurance etc. Social assistance program help to mitigate the risk as well as to prevent risks through income generation and human capital accumulation. Social assistance programs include both cash and in-kind transfer, subsidies etc. labor market policies focus on the employment generation both in formal and informal sector.

This study deals with the social protection policies and programs in Bangladesh. Social protection in Bangladesh is alternatively used as social safety net. GoB operates various safety net programs for risk mitigation; improve the human capital and generating employment. Social protection strategies are identified as one of the pillars of poverty

⁴ HIES is conducted in every five years by the Bangladesh of Bureau of Statistics (BBS).

reduction in PRSP document, which include: (i) ensuring macroeconomic stability to ensure pro-poor growth; (ii) improving governance for sustaining growth and poverty reduction; (iii) investing in human development to improve human capabilities; and (iv) implementing social protection programs to reduce vulnerabilities and improve income-generating opportunities (World Bank 2006). In that sense safety net programs of GoB cover three broad categories of social protection measures: social insurance, social assistance and labor market intervention. Government now operates 30 different programs for social protection under the social safety net schemes. However, in this study all safety net programs will not be assessed. Only some selected safety net programs based on the dimension and coverage will be studied.

This study is done for the partial fulfillment of degree of Master of Public Policy in Economic Development under the KDI School of Public Policy and Management, Seoul, Korea. There was limitation of time and resources. Due to that obvious constraints field level data collection was not feasible. Data and information from the secondary sources were used for the analysis of the safety net programs. Though some data has been taken from HIES 2010 preliminary report, most of the data are based on the HIES 2005 report. So an updated picture may not be available in this study.

This study will be organized in five chapters. After this introductory chapter the second chapter will discuss concepts of social protection and practices of different social protection measures in some Asian countries. Trend of economic growth and poverty reduction along with social protection policies and programs will be discussed in chapter three. Chapter four will discuss the effect of current safety net programs and how situation can be improved. The fifth and final chapter will see the findings through the lens of most common social protection policies and will come out with some recommendations and conclusion.

Social Protection Concept and Practices

2.1. Social Protection

Social protection (SP) is defined in different ways by different stakeholders. Thus there are many definitions of SP in the literatures. Some of those definitions will be focused here for the understanding of different views regarding SP.

International Labor Organization (ILO) defines SP as “programs aimed at protecting workers and their households from contingencies threatening basic living standards. Broadly, these can be grouped under three main headings: social insurance, social assistance and labor market regulation. Social insurance consists of programs providing protection against life-course contingencies such as maternity and old age, or work-related contingencies such as unemployment or sickness. Social assistance provides support for those in poverty. Normally insurance is financed from contributions by workers and their employers, where as social assistance is tax financed. Finally labor and employment standard ensures basic standard at work, and extend rights to organization and voice” (Barrientos 2010, 13-14)⁵.

For the Asian Development Bank (ADB), “SP consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people’s exposure to risks, enhancing their capacity to protect themselves against hazards and interruption/loss of income. It defines five main areas of social protection: labor

⁵ Author of the social policy and development paper no-42 of UN Research Institute for Social Development

market policies and programs, social insurance, social assistance and welfare service programs, micro-and area-based schemes, and child protection” (UNICEF 2009, 5-6)⁶.

Social Protection is defined by the United Nations (UN) as “a set of public and private policies and programs undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing” (United Nations, 2000: 4)⁷.

For global operation the World Bank (WB) has a strategy for social protection and it also has several social protection strategy papers for regional operation. The WB defines social protection as “as public interventions oriented to human capital and social risk management to (i) help individuals, households, and communities better manage risk; and (ii) provide support to the incapacitated poor” (UNICEF 2009, 5-6). To include the programs that focus on managing risks before shocks occur the social risk management framework, published in 2001 by the WB, expanded the perception of SP further than safety net programs. WB defined risk management as “A collection of public measures intended to assist individuals, households and communities in managing risks in order to reduce vulnerability, improve consumption smoothing and enhance equity while contributing to economic development” (USAID 2007).

UNICEF defines SP as a “set of transfers and services that help individuals and households confront risk and adversity (including emergencies), and ensure a minimum standard of dignity and wellbeing throughout the lifecycle”. UNICEF agrees that the concept

⁶ Also can refer to Asian Development Bank, <http://www.adb.org/Documents/Books/Social-Protection/default.asp>

⁷ Cited in Brooks World Poverty Institute, University of Manchester. BWPI Working Paper 30, March 2008.

of SP needs to be made child sensitive and focus on achieving equality of gender, and dropping child poverty (UNICEF 2009, 5-6).

Though different institutions defined SP in different ways, there are some common features such as to protect the individuals from the shocks, reduce poverty and vulnerability, provide basic health care, develop the capabilities and improving the basic living standard. However, there are some distinguishing features of SP in developed and developing countries. In developing countries the main focus of the SP is to provide support to the poor and the poorest and to those who are vulnerable to risks from natural, social and economic hazards in the aim of reducing poverty. In developing countries SP is a key development policy component with three main functions: (i) to help the poor or those who are in danger of falling into poverty to protect basic levels of consumption, (ii) to facilitate human capital accumulation which alone can protect constant and intergenerational poverty, and (iii) to strengthen the organizations of those in poverty so that they can conquer their quandary⁸. On the other hand in advance countries SP focus on safeguarding income and protecting living standard for all. There “SP is constituted by a set of integrated institutions and programs including social insurance, social assistance, and employment protection and promotion” (BWPI 2008). In implanting the programs for SP in developing countries there exists more providers including government and non government organizations compared to developed countries.

In this paper SP is understood as the policy framework by the government of Bangladesh undertaken for reducing the poverty, assist the poor to cope with vulnerability of

⁸ Cited in UNRISD. Social Policy and Development Programme Paper Number 42, January 2010

economic, social and natural hazards; generating employment; developing human capital and improving living standards.

2.2. Social Protection Practices

Considering the macroeconomic condition and the needs of the society different countries take different approaches for social protection. Of course the needs of the society changes over time and with change of income. So there is no 'one size fits all' policy for social protection of different countries. Bangladesh is a developing Asian country which share many ideas and practices of other Asian countries regarding culture, heritage, economy etc. Hence effort is made here to focus on social protection strategies of some selected Asian countries in the aim of learning lessons to use in the policy recommendation. Countries here selected based on geographic location, economic progress etc. On that basis social protection programs and practices of Republic of Korea, Vietnam, Indonesia, Philippines and India are discussed here.

2.2.1. Social Protection in Republic Korea

Korean Social Protection system is consisting of Social Security and Social Assistance. Both social security and social assistance will be discussed in the following paragraphs.

First, Social Security system in Korea includes the four main social insurance programs present in western welfare states, viz. *a.* Industrial Accident Compensation Insurance (1964), *b.* Medical Insurance (1977), *c.* National Pension Insurance (1988) and *d.* Employment Insurance (1995) (Jung and Shin 2002).

- a. Industrial accident compensation insurance program was introduced in the industries with more than 500 employees in 1964 (Jung and Shin 2002). This program was expanded phase by phase and included all work places in the country from July 2000. Fund for this program comes from the contributions of employers and government only pay for the management costs. To this end, the program is a state-administrated insurance for industrial accidents (ibid).

- b. National Health Insurance Program was introduced as the national medical insurance in 1977 for the workers of the industries with 500 or more employees (Jung and Shin 2002). After several reforms it was integrated with the National health insurance in 2000 (Chung 2010). Enrollment in National Health Insurance is mandatory for all Koreans, except for the poor who are eligible for the Medical Aid Program, which provides the same benefits as the National health insurance but subsidizes contribution and copayment (ibid). The number of people covered by the National Health Insurance as of 2008 was 48,159,718 people; the remaining 1,841,339 people were covered by the Medical Aid Program (ibid). The payment for this program is shared by the citizens. They have to pay about half of the total expenditure (Jung and Shin 2002).

- c. The Pension scheme was introduced for public and military officials in 1960s (Jung and Shin 2002). However, in 1988 it was made compulsory for private enterprises with ten or more employees. This compulsory coverage was extended as National Pension Program (NPP) to cover the self-employed living in rural areas from 1995 and in urban areas from 1999 (Jung and Shin 2002). All residents from 18 to 59 years of age, regardless of their income, are covered under the scheme (Chung 2010). NPP has different contributions and benefit systems for different groups. For the employed, 9 percent of individual's

average monthly income is equally shared by employed and employers (ibid). Five percent of the standard monthly income is shared by the government for urban self employed and for the fisherman and farmers. Government provides subsidies for half of the contribution for fishermen and farmers when their monthly average income is less than 790,000 (KRW), when the income is higher than 790,000 (KRW), the fixed amount of 35,550 (KRW) is subsidized for their pension contribution' (ibid).

- d. The Employment Insurance System (EIS) was made compulsory for all enterprises irrespective of their size since 1988. Thus EIS covers all enterprise employees. Jung and Shin (2002) reported that the insurance costs for unemployment benefits are financed by equal contributions from both covered employees and employers. Any unemployed get 50 percent of his immediate past earnings as unemployment benefit. The unemployed get this benefit for three months to seven months, based on the age and working periods. The EIS does not consider the size of the family and socio-economic conditions. As a consequence, the EIS benefits sometimes remain insufficient for lessen hardship of the unemployed persons.

Second, Social Assistance Programs in Korea are intended to increasing living standards to a minimum acceptable level and it can be defined as formal safety nets. Social assistance program in Korea has two components: *a.* livelihood protection and *b.* medical aid.

- a. Government provides a living allowance to those whose monthly income is below the minimum living cost as decided by the concern government agencies and this allowance is provided under livelihood protection scheme (Jung and Shin (2002)). The eligibility conditions for this scheme are so stringent that there are still many households who do not

get any benefit of the scheme but they really deserve the allowance (ibid). It was reported that in August 2001 only 3.2 percent of the population were covered by this scheme (ibid). Nevertheless government has a special attention for the lower-income elderly people. People of ages between 65-70 and over 80 respectively get 40000 won and 50000 won monthly as reported in 1998(ibid).

- b. The medical aid scheme was introduced in 1977 with two categories. Under the first category poor people get both in-patient and out-patient medical treatment for free of cost(Jung and Shin 2002). The cost is borne by the government. Under the second category low-income groups get out-patient medical care for free of cost, but for the in-patient care government provide 30 percent of the cost and for the rest 70 percent government provides long-term government loans of no interest (ibid). The coverage of the Medical Assistance reached 3.8 percent of the population (ibid).

The Public Assistance Program is the most explicit poverty reduction measure in Korea and which was introduced in 1961, reformed in 1965 and 2001. This program is based on a strict, means-tested and family-support principle. People who had the family members to rely on were not considered for the program benefits. By implementation of the rules and regulations government made this division in the welfare structure. Again Inheritance taxes of children living with elderly parents were reduced and the companies were instructed to be considerate with candidates with elderly parents (Yi, 2005: 51)⁹. Furthermore those caring for elderly parents were exempt from military service (ibid).

Korea succeeded to set up all the required institutional structures for social protection. Practically all the working groups and families are covered by the framework of four social

⁹ ibid

insurance programs. Though the social assistance program assistance is provided to those in risks of income loss, it has poverty reduction component too.

2.2.2. Social Protection in Vietnam

Social Protection in Vietnam is sometimes synonymous to ‘social security’ and ‘social safety net’. Draft Social Protection Strategy 2011-2020 for Vietnam conceptualize SP with three main pillars; (1) social insurance and social health insurance, (2) social assistance, and (3) labor market (Long 2010). Managing probable social and economic risks is the aim of all the programs. For example, risks of unemployment is managed by the labor market policies ; likewise while there is social and health risks, it is mitigated by the social insurance and social health insurance policies; on the other hand while people are unable to overcome any socio-economic risks, social assistance policies help themselves to overcome (ibid).

1. Social Insurance and Social Health Insurance composed of two components. Firstly, Social insurance scheme was first introduced in 1960s only for employees in the state sector and the contribution would come from the employers and the government subsidies (Long 2010). However, after social security law passed in 2007, it covers sickness, maternity, occupational accidents, occupational diseases, and retirement and longevity (ibid). This scheme is working under the financing mechanism of pay-as-you-go(PAYG). Under this mechanism benefits are predetermined by given formulas on the basis of years of contribution. The benefits of the insurance were adjusted with the consumer price index (CPI) (ibid). In 2008 the beneficiaries of the scheme was 19 percent of the active labor force (ibid).

Secondly, Social health insurance system has two sub-schemes: (i) compulsory and (ii) voluntary. In 1992 compulsory health insurance was introduced for all formal employees and for pensioners, early retirees, and national devotees (Long 2010). It was a need based

program always took in the definite target groups on need basis and currently it includes three different programs based on: employment, health care poor and free health insurance for the children below age of six years. In 2008 the coverage of the program was about 47 percent of the populations (ibid). On the other hand the voluntary insurance scheme was mainly focused on the students. It covered only 11 percent of the total population By the end of 2008. In financing compulsory health insurance program 2 percent is contributed by employers and 1 percent by employees. The program for the poor and children is financed by the central government.

2. For social assistance there are three countrywide funds: a. Social Guarantee for regular relief, b. Contingency Fund for pre-harvest starvation and disaster relief, and c. Social Guarantee Fund for veterans and war invalids.

a. Social Guarantee for Regular Relief (SGFRR) fund implements a clear-cut benefit scheme for elderly alone, orphans, disabled civilians, and homeless people. The mentioned target groups receive regular monthly benefits. Extreme poor with no other family members to assist them also get benefits of the scheme. The coverage of the scheme was about 51 percent for eligible elderly population in 1999 (Dzung and Vinh 2002). In the same year the 26 percent of the total 156,000 orphan and 26 percent of the 5 million disable people received the social assistance (ibid). People who do not have a home or vagrant beggars are supported by the social assistance program. In 1999 out of 32,800 homeless people 2010 people received the benefits of the program.

b. Two areas of social assistance is covered by the Contingency Fund for Pre-harvest Starvation and Disaster Relief: firstly it gives assistance during natural disasters; and secondly, during pre harvest hunger period it gives supplementary assistance in

the form of food aid or cash to the extreme poor (Dzung and Vinh 2002). Waiver of school fees is sometimes given from fund of this supplementary assistance (ibid).

- c. Social Guarantee Fund for veterans and war invalids provides benefits to war-afflicted persons or their existing family members. This program covered about 1.4 million war-afflicted persons (ibid). War-afflicted persons or their existing family members also provided with 20 percent contributions for health insurance (ibid).

3. Job creation through active labor market policy is one of the good instruments for social protection strategies. As such, creating job opportunities is a top priority of Vietnamese government. The basic objective of National Program on Employment (NPE) is poverty alleviation. Short-term training and employment services are also provided by the NPE which contribute to 2 percent poverty reduction per year (ibid).

Social protection system in Vietnam is well established covering social insurance, social assistance and employment generation. All the programs have very positive effect on poverty reduction and improving living standards. With help of rapid economic growth integrated with social protection strategies Vietnam achieved considerable progress in poverty reduction.

2.2.3. Social Protection in Indonesia

Social protection in Indonesia is based on the gracious values of *Pancasila*, which includes the principles of solidarity and mutual-help (*gotong royong*) among the family relations (Tambunan and Purwoko 2002). Thus the cultural and family values and the social outlook create a good social protection system in Indonesia. The existing social protection

system can be categorized in to two: (i) social protection in the formal sector and (ii) social protection in the informal sector.

(i) Social Protection in the formal sector in Indonesia has almost all the components of social protection system in other countries. For instance, benefits are provided upon old age, death, permanent disability, work accidents and occupational diseases. Three programs were introduced in 1970s to give income protection to (i) workers of private and state enterprises (ii) public servants, and (iii) military employees (Tambunan and Purwoko 2002). For the general public also there is social insurance program Indonesia. In 1992 government reformed the social protection system and established a new system called JAMSOSTEK which included the private sector employees and the health care benefits (ibid). JAMSOSTEK made all employers with ten or more employees to register their employees in the scheme. Benefits for old age, death, work accidents or occupational illnesses and also coverage for health-care is provided under this scheme Under this scheme health care benefits were also included employees and their families for outpatient medical care and hospitalization for some limited facilities.

Table 1: Social Safety Net Programs in Indonesia

Program	Activity
Food Security	Distributing cheap rice to targeted group (OPK)
Social Funds	Providing assistance to small-scale industry
Health and Education	Providing scholarships to the poorest students and school grants for schools in the poorest communities Providing subsidies to maintain prices of essential drugs.
Work-fare Program	Expanding existing programs and redesigning it for job creation

Source: Adapted from Tambunan and Purwoko (2002).

Social assistance in the formal sector provides benefits to the sufferer of natural havocs, insurgency and social turbulence. It also gives benefits to the disables like war

invalids, orphans, the aged, indigents, and drug addicts. The assistance is provided from the state budget and given in cash or in kind. But there is no insurance scheme for unemployed in Indonesia. The important component of social assistance is social safety net called JPS. A summary of social safety net in Indonesia is given in the table 1.

(ii) Presidential Decree Program for Least Developed Villages is social protection scheme for informal sector. This scheme is which is well-known for income generating activities in backward areas. National Planning Agency implements this program. About US\$200 million is spent annually for the target groups under this program (Tambunan and Purwoko 2002). There are some other programs too. To name a few Assistance for the poor and Collective Economic Activity Group (KUBE) can be mentioned. Under KUBE program financial support and guidance is provided to 10 selected people from the very poor villages and make them engaged into income generating activities. The profits from the activities are shared amongst the neediest in the village (ILO, 1999d)¹⁰. There is another important program call *padat karya* (public works) provides income support to whom really need it. The people in the informal sector also get assistance during natural disasters in form of relief and rehabilitations.

2.2.4. Social Protection in Philippines

Like the other Asian countries, social protection in Philippines is based on the family bondage. In Philippines, between 75 percent and over 90 percent of the old age people over 60 take income support from their children and from extended family members (Gough, 2000)¹¹. Family values and group orientation helps Filipinos to a great extent in managing

¹⁰ Cited in Tambunan, Tulus T.H. and Purwoko, Bambang. 2002

¹¹ Cited in Eduardo T. Gonzalez and Rosario G. Manasan 2002

poverty and insecurity. However, state is considered as the key social assistance provider. In Philippines the social assistance is not enough to mitigate the risk of poverty. Even so social protection in Philippines can be categorized in to two: (i) Social protection in the formal sector, and (ii) social protection in the informal sector.

(i) Only the employees of the formal sector are covered by the formal sector social protection scheme . Under this program benefits like health care assistance, retirement and social disability pensions, maternity and funeral benefits are provided. This program covers about 65 percent of the 25 million labor force from both private and public sectors (Gonzalez and Manasan 2002). In case of public sector employees this assistance is managed by SSS and in case of private sector employees the assistance is managed by GSIS (ibid).

SSS presently administered two programs: *social security* and *employees' compensation* (ibid). *Social security* includes maternity, disability, retirement, death and funeral services (ibid). On the other hand *Employee's compensation* (EC), introduced in 1975, includes temporary total disability or sickness and permanent total disability, medical services appliances and supplies (ibid). Under this program the target group gets benefits from the first day of injury or sickness. For work related illness, death or accident the EC program gives double compensation. GSIS manage the social assistance scheme of private sector employees which includes mandatory and optional life insurance and benefits related to retirement, separation and injury.

Both SSS and GSIS provide health care assistance. However, since the enactment of National health Insurance Act in 1995 the health care assistance is being administering by the Philippines health insurance corporation. Premium is contributed half by employers and half by employees (Gonzalez and Manasan 2002). In Philippines there is no unemployment

benefit and a comprehensive the social safety net. The focus of the government is rather on the economic growth.

(ii) Social Protection in the informal sector covers 51 percent of total employed labor forces are in the informal sector. Of whom 57 percent works in agriculture, 33 percent in service sector and 6 percent in industry sector (Gonzalez and Manasan 2002). Work forces in the informal sector have very narrow access to social protection. However, some social assistance is there for the informal sector which is in general designed to help the poor to cope with the different social and economic risks. Rice price subsidy program, Public workfare and employment program, Health insurance for the indigent, Comprehensive and Integrated Delivery of Social Services (CIDSS) are some important social assistance program in the informal sector.

Under the Public Workfare and Employment Program there are two sub categories: food for work program and rural work program. Food for work program is meant to mitigate unemployment especially for the unemployed sugar workers. It operates for land development and infrastructure building. Rural work program is also implanted for creating some job in the rural areas in case of natural disasters.

Health Insurance for the poor covers almost 40 percent of population (Gonzalez and Manasan 2002). This program is for the marginalized people and it is under the National Health Insurance Program. The main objective of the CIDSS is to empower the poor and underprivileged families, groups and communities so that their least basic requirements are meet up.

2.2.5. Social Protection in India

India has a comprehensive and extensive system of social security that was introduced at independence and has since seen a long evolution (UNICEF 2009). A limited form of social insurance was there since 1971 with family pension scheme; however, it was ceased by the introduction of employee pension scheme in 1995. Government also launched National Social Assistance Program (NSAP), the first comprehensive, pro-poor Government-managed scheme in 1995. There are a number of social assistance programs. UNICEF (2009) reported that those programs include providing subsidized rice to the poor, labor market, micro credit for generating employment in rural areas, food for work program, mother and child protection, housing for the poor and social assistance transfers. Those programs will be discussed here under social insurance, social assistance and cash for work programs.

I. Social insurance exists in India for formal sector employees, however it covers only 10 percent of the population. Social security system in India consists of seven components, Viz. the Employees' Provident Fund schemes, the civil service schemes, the public enterprises scheme, corporate sector superannuation plans, voluntary tax advantaged schemes, social assistance schemes, and micro-pension schemes (UNICEF 2009). Social insurance takes up about 60 per cent of overall social protection expenditures (ibid).

Employees' Pension Scheme was introduced in 1995. The scheme includes benefits like superannuation on attaining age 58; retirement; permanent total disablement; death during service; death after retirement/ superannuation; children pension; orphan pension etc. Financing of the scheme is done remitting 8.33 per cent of the employees Provident Fund contribution and 1.16 per cent of basic wages contributed by the Central Government.

Employees' State Insurance Scheme (ESIS) is applicable to non-seasonal mechanized factories with 10 or more workers and non-seasonal and manually run factories with 20 or more workers (UNICEF 2009). Employees who work in the covered unit and whose monthly wages is below Rs 7,500 come under multi-dimensional social security benefits. Only 11.5 per cent (37 million) of India's paid workforce is covered under pensions. Other schemes include benefits for sickness and maternity, work injury, and unemployment; Government/civil service social insurance schemes; and the Life Insurance Corporation (LIC) of India Pension Scheme (ibid).

II. There are three programs under the National Social Assistance program: (i) national old-age pension scheme (NOAPS), (ii) national maternity benefit scheme and (iii) national family benefit scheme (ibid).

NOAPS provides an unconditional cash payment to destitute elderly (65 or older and means- tested) who do not have any regular means of subsistence. The benefit is Rs 450 in two installments. The beneficiaries have to have an account in the post office or in bank and the pensions are directly credited their respective account. It is operated nationwide and one fourth of the elderly receives NOAPS benefits.

National Maternity Benefit Scheme provides lump sum cash assistance to poor pregnant women of minimum 19 years of age on the basis of some selection criteria. This scheme is restricted to up to the first two live births. Beneficiaries of the scheme should belong to a household living below the poverty line. The ceiling on the benefit for the purpose of claiming central assistance should be Rs 500 (approx. US\$ 12). It is operated countrywide and in 2000 there was 1.2 million beneficiaries (ibid).

National Family Benefit Scheme gives assistance to a family in case of death of the primary earner¹². Under this scheme the beneficiaries are selected if the cause of the death of the primary earner is natural or accidental and he/she was aged 18 to 62. The amount of the benefit is a lump sum grant of Rs 10,000. A total of 9.3 million people received the benefits under this scheme in 2006-2007.

III. Under the cash for work programs two schemes is operated. Firstly, Jawahar Rojgar Yojana (JRY) is a poverty alleviation scheme introduced by amalgamating National Rural Employment Program (NREP) and Rural Employee Guarantee Program (REGP). The objective of the program is to reduce poverty by providing cash and in-kind. This program operates mainly in rural areas. JRY offers a justifiable minimum wage, usually higher than the existing market wage rates, for unskilled labor. Here preference is given to disadvantaged groups like scheduled castes/tribes, freed bonded laborers etc. and in particular 30 percent quota is allocated for women.

Secondly, National Rural Employment Guarantee Scheme (NREGS) provide livelihood security to every household in rural areas. Under this program at least 100 days of guaranteed wage employment is provided in a financial year. For this program households are selected whose adult members volunteer to do unskilled physical work.

2.3. Common Practices Across the Countries

It is evident from the discussion that, the social protection in most of the Asian countries is based on values of family bondage. However, there are tangible government initiatives too. In Korea, the social protection is comprehensive. Both social insurance and

¹² Primary Earner is defined as the member of the family whose earnings contribute substantially to the total household income

social assistance programs is operated by the government to provide a comprehensive social protection system which include pension, health care, and employment opportunities to ensure a minimum standard of living.

Like in Korea, Vietnam social protection system is also well established covering social insurance, social assistance and employment generation. All the programs have very positive effect on poverty reduction and improving living standards. With help of rapid economic growth integrated with social protection strategies Vietnam achieved considerable progress in poverty reduction.

Social protection system of Indonesia is not well established like social protection system of Korea and Vietnam. However, employees in the formal sector are covered with various benefits of social insurance. In the informal sector social assistance is provided to the mean tested poor and those who are at risks of natural disaster.

In Philippines and India, the practices of social protection are not that much different from other countries discussed here. The common thing is that all the countries operate social insurance, social assistance as social protection. However, countries with high poverty rate operate employment generation programs to mitigate the economic risks and to reduce poverty.

Poverty and Social Protection in Bangladesh

In this chapter the trend of economic growth and poverty reduction in Bangladesh will be discussed which will be followed by a situation analysis of poverty profile and vulnerability of different risk groups. Finally focus will be made on the social protection measures in Bangladesh which will include social protection policy and programs, their administration and implementations.

3.1. Growth and Poverty

In the last two decades Bangladesh achieved a bit faster economic growth in the stable macroeconomic framework. GDP growth increased at the annual average rate of 4.8 percent in the 1990s compared to 3.7 percent in the 1980s. In 2000s the GDP growth rate rose to 5.9 percent. Most importantly the population growth rate reduced to 1.32 percent in 2000s from 2.16 percent in 1980s. This important demographic transition significantly changed the increase of per capita income. For case in point, Per capita income rose to 3 percent in 1990s from 1.57 percent in 1980s. Further it rose to 8 percent in 2000s. It shows that in the decade of 1990s per capita income became double of 19980s and in 2000s it was almost tripled compared to the decade of 1990s (Table 2).

Table 2: Annual average Economic growth rate of Bangladesh

Sector	Five-year Average						Decadal Average		
	1980/81- 1984/85	1985/86- 1989/90	1990/91- 1994/95	1995/96- 1999/00	2000/01- 2004/05	2005/06- 2008/09	1980/81- 1989/90	1990/91- 1999/00	2000/01- 2008/09
GDP	3.72	3.74	4.40	5.21	5.46	6.27	3.73	4.81	5.86
Population	2.13	2.19	1.98	1.60	1.34	1.30	2.16	1.79	1.32
Per Capita Income	1.59	1.55	2.41	3.61	5.51	10.60	1.57	3.01	8.05

Source: Adapted from Osmani (2006) and computed from Bangladesh Bank Annual Report (2008-09, Appendix-II and 2005-06, Appendix-II)

Bangladesh also achieved some commendable progress in some social development indicators. Child mortality was halved during the 1990s. In 1990 it was 94 per 1000 births, which was further reduced to 43 per thousand births in 2007. Life expectancy at birth was 45 in 1972 which grew to 66.6 in 2007. Azam and Imai (2009) reported that net enrollment in primary school went up significantly as did participation of women economic activities. It is also evident that gender parity has been achieved in primary and secondary education (e.g. 978 female students per 1000 male students) (ibid).

Even though progress in economic growth and social development of some specific areas was remarkable, income inequality has been widened in this period. It is true that widening income inequality was there in the previous decade too. However, in the last decade it was sharpened both in urban and rural areas. Osmani (2006) mentioned that in urban areas the *Gini* coefficient of expenditure on consumption had gone up from 0.30 in 1983-84 to just 0.32 in 1991-92, but then it grew sharply to 0.38 by 2000. He also mentioned that the rural *Gini* coefficient continued approximately constant at around 0.25 during the 1980s. However, it grew steeply to 0.30 by 2000. The decade of 2000s also experienced an increasing trend in inequality.

Despite the widening income inequality Bangladesh has achieved a considerable progress in poverty reduction in the recent years. In the decade of 1990s poverty has reduced at a rate of one percentage point per annum while from 2000-2005 the poverty has reduced at a rate of about two percentage points per annum (BBS, 2007)¹³. Table 3 shows the declining trend in poverty reduction in terms of cost of basic needs (CBN). The trend shows that in both in rural and urban areas poverty reduced at a similar pace.

¹³ cited in Chronic Poverty Research Centre, Policy Brief no-13, July 2008.

Table 3: Poverty Trends in Bangladesh (CBN)

Year	Upper Poverty Line (%)			Lower poverty Line (%)		
	Rural	Urban	National	Rural	Urban	National
1991-92	59.0	42.6	56.8	23.6	23.6	41.3
1995-96	54.5	27.8	50.1	13.7	13.7	35.1
2000	25.3	35.1	48.9	19.9	19.9	34.3
2005	43.8	28.4	40.0	28.6	14.6	25.1
2010	35.2	21.3	31.5	21.1	7.7	17.6

Source: HIES report of various years¹⁴ and HIES 2005 & 2010 report.

Though it is evident that the overall poverty was reduced based on CBN, still there is a gap between urban and rural poverty reduction. While poverty is calculated based on daily calorie intake (DCI), trend shows that rural poverty has reduced more compared to urban poverty. Based on DCI Table 3 shows that during 2000-2005 in the rural area 0.5 percent of people came out of poverty however more 2.1 million people felt below the poverty line. On the other hand at the same time period in urban areas 0.6 percent people came out of poverty however, 2.3 million people felt below the poverty line. The trend also shows that during 1991-92 to 2005 the rural hardcore poverty reduced in terms of percentage and number of people. On the contrary despite the fact that urban hardcore poverty reduced in percentage point, the number of people below the hardcore poverty line has increased notably.

¹⁴ cited in Shaikh S. Ahmed (2007). Social Safety Nets in Bangladesh.

Table 4: Poverty Trends in Bangladesh (DCI).

Year	National		Rural		Urban	
	No of People (million)	Percent	No of People (million)	Percent	No of People (million)	Percent
1991-92	30.4	28.0	26.6	28.3	3.8	26.3
1995-96	29.1	25.1	23.9	24.6	5.2	27.3
2000	24.9	20.0	18.8	18.7	6.0	25.0
2005	27.0	19.5	18.7	17.9	8.3	24.4

Source: HIES 2005¹⁵

In spite of the progress in poverty reduction 31.5 percent of the total population (about 44 million in number) is still living below the poverty line. And again every year new people are being added with the existing people below the poverty line. It is because Bangladesh has a very high growth rate. Though it has been reduced from 2.0 in 1990s to 1.32 in 2000-2009, still the growth rate is high for a overpopulated country like Bangladesh; yet again, the life expectancy in Bangladesh has increased from 54 in 1990 to 66 in 2008 (UNICEF, 2010). This demographic transition led to more addition of people below the poverty line.

Moreover, it is observed from the Table 4 that 19.5 percent or 27 million of the population has been suffering from indignity of extreme poverty or food poverty. Extreme food poverty is measured on the basis of DCI. Still people below the DCI poverty line struggle for meeting their hunger. It is observed that many of those people suffer of low consumption or skipping one or two meal in a day, under nutrition, lack of basic health services, lack of education etc. Nevertheless, situation becomes worse with seasonal shocks from natural disasters like floods, cyclones or storm surges, flash floods, droughts, tornadoes, and landslides etc.

¹⁵ Quoted in CPD(2008): Macroeconomic implications of Social Safety Nets in the context of Bangladesh, Occasional Paper Series 75

In addition to this, poverty profile of the poor people of Bangladesh is somewhat inhuman. They usually live in small hut made of thatched roof. In some cases parents and their children sleep in one room sacrificing their privacy. In most of the cases they do not have access to electricity. Even they do not have any safe drinking water facilities like tube well and no sanitary latrine. They used to cook outside the house in open air. In a word they live in very unhygienic environment which further become worse during rainy seasons. This sort of unhygienic living conditions lead them to health risks and reduces their potentiality for work. In addition to that the average land ownership of Bangladeshi people is 0.24 acre (Rahman, ud). Nevertheless the inequality in land distribution is very high. Consequently most of the poor people are landless or they just have a house on their own land. No land for cultivation or other productive use. Poverty is higher in landless and marginal land owners. Even so it was found that about 22 percent of the population in the largest landowning category is at the risk of poverty (World Bank, 2002).

As discussed above, a substantial number (44 million) of people are poor. Some are vulnerable to poverty. Vulnerability refer to people who are now poor may fall into deeper poverty and those who somehow escaped up the poverty line may go below the poverty line. The risk groups are many. It includes different life cycles like infant and children, working age group and elderly. There are general risk groups too which includes labor market risks, disaster risks health risks etc. The risks are also different as discussed below.

Firstly, the children are at the risk of malnutrition and human capital accumulation. World Bank (2006) reported that almost half of the children below six years of age are underweight and stunted in Bangladesh. Again approximately 20 percent of the children are

severely underweight¹⁶. Nevertheless, in recent years Bangladesh has made good progress in reducing malnutrition. But still a large number of children are vulnerable to the risk of malnutrition. Again, due to poverty parents cannot send their children to the school rather they send them for work. Even so in recent years the enrollment in primary school has significantly increased, the dropout rate is still higher. The dropped out children join the labor force causing less human accumulation. Based on national child labor survey, World Bank (2006) reported 20 percent of the children between 5-17 years of age are working. Almost 4/5th of working children are from poor families who cannot invest for their children's education. This leads to perpetuate intergenerational poverty.

Secondly, working age people are also at risk because of less employment opportunity. This is very much related with low human capital accumulation and less job opportunity in the formal sector. According to Bangladesh labor force survey (2000)¹⁷ only 19 percent of the working age population is employed in both public and private formal sector, while 80 percent of population is employed in informal sector. Most of the workers in the informal sector are poor because most of them are casual earner. They get the job depending on the season and demand which is not permanent or all the year round. Again they could not get job in the formal sector because of less human capital accumulation in them. They are always at the risk of losing job or joblessness.

In addition to that as the growth rate in Bangladesh is decreasing and life expectancy is increasing the number of elderly people (above 60 years of age) is increasing. This demographic transition is worsening the poverty situation as they are not at working age and

¹⁶ Underweight and stunting and severe underweight and stunting, are defined as height for age and weight for age that are above 2 and 3 standard deviations away from their respective means.

¹⁷ Quoted in World Bank (2006).

at the risk of different old age health risk. As per HIES report in 2000 proportion of elderly people rose from 5.4 percent in 1991 to 6.4 percent of the total population. Among the elderly people 43 percent are from the poor families (HIES 2000). Especially those elderly from the poor families are the risk of further poverty due to lack of adequate safety nets.

Finally, under the general risk group household with a minimum solvency are also at risk due to natural disasters. Bangladesh is a disaster prone country. Every year it faces natural disaster like floods, cyclones and draughts. The household with minimum solvency cannot afford to cope with the havoc of disasters, let alone poor households. Due to the disasters crops, cattle and houses destroys. Again they suffer from many diseases, which force the households to the poverty. People with disability are also prone to poverty. Due to the different physical and mental disability they could not get access to education and job market. The number of disable people is about 10 percent of the total population (World Bank,2006) meaning about 16 million people of Bangladesh are disable. Most of disable people are at poverty risks. Widows and divorced women and landless women are also fall in the risk groups. Moreover some others are vulnerable to fall in to poverty or fall into deeper poverty because of less opportunity for generating income and less access to social protection measures.

3.2. Social Protection in Bangladesh

Social protection and social safety net is alternatively used in Bangladesh. Social protection strategies are based on the government policy to (a) trim down income insecurity and vulnerability; (b) maintain a minimum standard of living; and (c) reallocate income from the rich to the poor (GoB 2005). Thus as per the government policy social protection policies are aimed to risk management and poverty reduction. As discussed earlier the poor and who

marginally escaped the poverty line are vulnerable to various social and economic risks. So those are especially focused and targeted for the benefit of the social protection programs.

Along with the risk mitigation government also intends to reduce poverty. The prime objective of the Bangladesh Government's economic policy is to reduce poverty so as to gradually promote the huge majority of the people above the poverty line (GoB 2005). The policy also aims to improve the quality of life for the common citizen (ibid). With this objective social protection policies are committed to support the vulnerable group of the society to protect them from the intergenerational poverty. Thus social protection strategies help to reduce income poverty as well as human poverty like diseases, lack of education, malnutrition etc. With this view to reduce the poverty government has adopted PRSP of which social safety net is a major pillar for social protection.

Moreover, Bangladesh has a strong family bondage which is the first institution for the social protection. This noble social value of family bondage is the basis for social protection in Bangladesh. Like many other Asian countries children and the elderly people depend on the working and earning members of family. Parents protect their children from the unexpected shocks and invest for their education. When grown up children also feel that it is their duty and obligation to look after their parents. Again wealthy relatives also help their distressed relatives to cope with different economic shocks. This mutual helping attitude is the tradition and culture of Bangladesh and also it is the religious teaching of Islam¹⁸. Nevertheless, the number of poor people in Bangladesh is about 44 million and in most of the cases many family members do not remain in a position to help each other in lean period. So there is a need for help and assistance from the government and the government of

¹⁸ About 90 percent of population in Bangladesh follows Islam as their religion

Bangladesh is obligated for extending social protection by the Constitutional law of the country. It is affirmed in the Article 15 of the Bangladesh constitution that “It shall be a fundamental responsibility of the State to attain, through planned economic growth, a constant increase of productive forces and a steady improvement in the material and cultural standard of living of the people, with a view to securing to its citizens- (a) the provision of the basic necessities of life, including food, clothing, shelter, education and medical care; (b) the right to work, that is the right to guaranteed employment at a reasonable wage having regard to the quantity and quality of work; (c) the right to reasonable rest, recreation and leisure; and the right to social security, that is to say to public assistance in cases of undeserved want arising from unemployment, illness or disablement, or suffered by widows or orphans or in old age, or in other such cases.” And thus social protection is one of the fundamental principles of state policy. Based on this philosophy government of Bangladesh operates a wide range of safety net programs for protection and prevention of social and economic risks and promotion of human capital, asset base and economic growth.

3.2.1. Social Protection Programs

The social protection system in Bangladesh is comprises of (a) social insurance and (b) social assistance. Though the social insurance is not well developed, only extended to the government employees, the social assistance program is extensive. Under the social safety net program government provide a number of social assistance both in cash and in kind.

(a) Social Insurance

Bangladesh inherited a public pension system for the public sector employees from the British legacy. And again a national policy to systematically guide government actions in this area was introduced in 2006 (UNICEF 2009). However, Social insurance in Bangladesh is not well established, it can be discussed into formal and informal sector social assistance.

Under the formal sector social assistance only the public sector employees get the benefit of government pension scheme after their retirement from the service. This pension is contributory. Average payments of pension benefit is estimated to be around Tk49,000 per annum (around Tk4,000 per month). This amount is calculated based on the last basic pay drawn, retirement age or service tenure and the predetermined pension rate (ADB 2006). Meaning that there is a gap between the upper and lower level employees in payment of the pension benefits. Specially, the low income public servants get a very subsistence amount to live on. Even then the beneficiaries of the public sector pension program remain in a relatively better position than other poor people of the same age in the society. Notwithstanding with the formal public sector, employees pension system has not yet been introduced for the private sector employees. The employees of the formal private sector do not get the benefit of pension after their retirement. They only get a lump-sum amount as gratuity.

It is noted from the evidences form literature that a huge number of people are engaged in the informal sector and most of them works in agriculture and as day labor. To be very frank roughly all of them are out of the coverage of the public sector pension scheme. Again the recent demographic transition shows that number of old age people are increasing steadily and those old age people are vulnerable to different economic risks due to poverty. Considering the fact government has introduced a target based old age allowance. This old age pension (old age allowance) is non contributory and means tested and it is provided to people of age more than 65. Though the coverage of the program does not cover all people of age more than 65 the number of beneficiaries is increasing every by year.

Both in the formal and informal sector Bangladesh do not have any health insurance policy. However government subsidizes the health services which is accessible by all citizens for a very nominal fee. But the reality is that number of government hospitals and clinics or

other health service provider is not adequate. Again the ratio of doctor and Government employees receive a very small amount as medical allowance which is not realistic. So in case of sickness they have to spend from their own savings and in most of the cases it brings a lot of debt burden to their families.

(b) Social Assistance

A wide range of social assistance program is implemented by the government of Bangladesh under the coverage of social safety net scheme. The programs under social safety net scheme can broadly be categorized as cash and in-kind transfers. An overview of the main safety net programs are given below.

1. Cash transfer programs can be classified into two: conditional and unconditional. Under the conditional cash transfer programs the benefits are given to some specific group of people depending on certain eligibility criteria upon fulfilling some must meet conditions. On the other hand under the unconditional cash transfer programs the benefits are given to some specific target group while they meet the eligibility criteria. Table 5 shows an overview of the cash transfer programs operated by the government of Bangladesh.

Table 5: Cash transfer programs of Bangladesh

Unconditional Cash Transfer Programs			
Program	Objective	Targeting criteria	Benefit, coverage and delivery mechanism
Old age allowance	Livelihood support to the elderly poor	1. At least 65 years of age 2. Income equal to Tk. 2000 3. Must not have worked in the formal sector 3. 50% of the beneficiaries are women and the other 50% are men	Tk. 220 per month 1,700,00/ Bank
Widowed and distressed women allowance	Minimizing the problems faced by distressed women	1. Women either widowed, deserted or destitute 2. The number of beneficiaries identified on the basis of the category of union	Tk. 220 per month/ 825,000/ Bank
Retarded or Disabled allowance	To provide subsistence allowance to fully retarded persons	1. People who are mentally or physically challenged or handicapped	Tk. 220 per month 200,000/ Bank
Honorarium for the insolvent	Livelihood support to the poor freedom fighters through cash transfers	1. Freedom fighter's identity verifiable in cross section of references	Tk. 600 per month 100,000/ Bank

freedom fighters		<ol style="list-style-type: none"> 2. Freedom fighters with income less than Tk. 6000 per year 3. Disabled or partially disabled or unemployed or none in the family to depend upon 4. Landless and not beneficiary of other programs 	
Conditional Cash Transfer Programs			
Program	Objective	Targeting criteria	Benefit, coverage and delivery mechanism
Primary Education Stipend Project (PESP)	<ol style="list-style-type: none"> 1. Increasing number of primary school enrolments from poor family 2. Increasing school attendance and reducing dropouts 3. Increasing primary school completion rate 4. Reducing child labor and poverty 	<ol style="list-style-type: none"> 1. Children from female headed households where head of the household is widowed, deserted and destitute 2. Children from households where head of the households are day labors 3. Family of low income professionals (like: fishing, pottery, blacksmith, weaving, and cobbling) 4. Landless or households that own not more than .5 acres of land 	<ol style="list-style-type: none"> 1. Tk. 100 (one student family)/ Tk.125 (more than one student family) 2. Benefit conditional on meeting attendance and examination criteria 3. 5,500,000 students/ Bank 4. Transferred to beneficiary's guardians bank
Female Secondary School Assistance Program (FSSAP)	<ol style="list-style-type: none"> 1. Increasing the number of students in secondary schools 2. Increasing their prospect as employees or of self employment 3. Reducing under-age marriage 	All unmarried girl students studying in recognized institutions at secondary level.	<ol style="list-style-type: none"> 1. Stipend: Tk.300 (G6), 360 (G7), 420 (G8), 720 (G9 &10) 2. Free tuition, book allowance and examination fees 3. Benefit conditional on meeting attendance, examination and marriage criteria 4. 3,000,000 students 5. Cash is transferred to beneficiary's bank
100 Day Employment Generation Program (EGP)	<ol style="list-style-type: none"> 1. Employment generation for the poor mainly in the lean seasons by infrastructure development and maintenance. 2. Developing and maintaining rural infrastructure 	<ol style="list-style-type: none"> 1. Functionally landless and lack of productive assets 2. Generally women headed households where the women are widowed, deserted and destitute 3. Day labor or temporary worker <p>Income less than Tk.300 per month</p>	Tk. 100 per day as wage per person per 100 days in a year
Rural Employment Opportunities for Public Assets (REOPA) (Rural Maintenance Program (RMP))	<ol style="list-style-type: none"> 1. Women Empowerment 2. Maintaining Rural Infrastructure 3. Operating in 387 union parishads. 	<ol style="list-style-type: none"> 1. Households less than 0.3 acres of land 2. Female headed households where head of the household aged between 18-35 years 3. Widowed or separated at least one year with priority to those with more dependents 4. Households with no other income and not participating in other targeted programs 	Tk. 80/ 24,000 women/ Bank

Source: Ahmed (2007) and UNDP (2009)

2. Like the cash transfer programs the food transfer programs can also be divided in to two broad categories, viz. unconditional and conditional. Table 6 shows the broad overview of the food transfer programs operated by Government of Bangladesh.

Table 6: Food Transfer Programs of Bangladesh

Program	Objective	Targeting criteria	Benefit, coverage and delivery mechanism
Unconditional Food Transfer Program			
Vulnerable Group Feeding (VGF)	To provide food and other emergency assistance to disaster victims	1. Disaster and calamity victims	10KGs rice for 8 months/ 5,000,000 persons/ Food (Usually wheat)
Gratuitous Relief (GR)	To provide food and other short term emergency assistance to disaster victims	1. Disaster and calamity victims	10KGs rice variable period/ 6,400,000/ Union Parishad
Vulnerable Group Development (VGD)	1. Developing life skills for women through training, motivating savings and providing scope for availing credit 2. Build social awareness on disaster management and nutrition through training in groups	1. Households with not more than 15 acres of land 2. Households with income less than Tk. 300 dependent upon seasonal wage employment 3. Women of reproductive (18-49) age 4. Day labor or temporary worker 5. Households with little or no productive assets	30KG wheat and training/ 200,000 MT Wheat Union parishad and NGO
Community Nutrition Program	To assists women and children for their nutrition needs in 168 upazillas	1. Poor women and children in community center	
Conditional Food Transfer Program			
Food For Works (FFW) (and Cash for Work) (Rural infrastructure development program)	1. Employment generation for the poor in slack season 2. Developing and maintaining rural infrastructure	1. People who are functionally landless 2. People who lack productive resources 3. Women headed household where women are widowed, deserted, and destitute 4. Day labor or temporary Workers 5. People with income less than Tk. 300 per month	Quantity of Work Done/ 2,247,000 man month/ Food (Usually wheat)
Test Relief (TR) (Rural Infrastructure Maintenance Program (RIMP))	1. Employment generation for the poverty stricken people in rainy season 2. Developing and maintaining rural infrastructure	1. Generally a location is targeted where poverty is relatively severe	5-6KGs of wheat per day for a month during rainy season/ 1,700,000/ Union parishod

Source: Ahmed (2007)

The existing social safety net programs of Bangladesh can also be categorized based on risk groups. Different safety net programs are provided for different risk groups. An overview of the safety net program for different risk groups is shown in Table 7.

Table 7: Safety net for different risk groups in Bangladesh

Risk Groups	Safety Net Programs
Infants and children	<ol style="list-style-type: none"> 1. Primary Education Stipend Project (PESP) 2. Female Secondary School Assistance Program (FSSAP)
Working age population	<ol style="list-style-type: none"> 1. Vulnerable Group Development (VGD) (Components: FSVGD, IGVGD, UPVGD) 2. Rural Maintenance Program (RMP) 3. Test Relief (TR) (Rural Infrastructure Maintenance Program (RIMP)) 4. Food For Works (FFW) (Rural infrastructure development program) 5. 100 Day Employment Generation Program (EGP)
Elderly People	<ol style="list-style-type: none"> 1. Old age allowance
Other risk groups	<ol style="list-style-type: none"> 1. Vulnerable Group Feeding (VGF) 2. Gratuitous Relief (GR) 3. Widowed and distressed women allowance 4. Retarded or Disabled allowance 5. Honorarium for insolvent freedom fighters 6. Community nutrition program 7. Maternity allowance for poor lactating mothers

3.2.2. Administration of the Safety Net Programs

Administration of the implementation of safety net programs will be analyzed under three sub categories, viz. coverage, financing and administration, for the convenience of easy understanding.

Firstly, regarding coverage, Bangladesh is operating a good number of safety net programs for social protection across the country. However the existing programs cover only a portion of the poor people. Approximately 10 percent of the poor and 5 percent of the ultra

poor are covered by any SSNP meanwhile 50 percent of eligible old age households are not covered by the old age pension scheme (MFDM and WFP, 2005)¹⁹. Table 7 shows that 13 percent households are getting benefits from any one of the social safety net programs. When the coverage is calculated for the bottom 10 percent of the population, it shows that a total of 23 percent are under the coverage of any of the social safety net programs while for targeted programs the coverage is 16 percent and for non targeted program it is 2 percent. Ahmed (2007) reported that there is a rural-urban imbalance in the coverage of the programs. He reported that in the rural area 26 percent households, in the urban area 19 percent households and the metropolitan area 9 percent households get benefits from at least any one of the safety net programs.

Table 8: Social safety net coverage: HIES 2005

Area	Total (%)	Rural (%)	Urban(%)
National	13.06	15.64	5.45
Barisal	13.34	14.79	5.00
Chittagong	11.05	12.89	5.72
Dhaka	14.33	19.98	4.94
Khulna	9.51	11.03	4.23
Rajshahi	12.35	13.02	7.71
Sylhet	22.42	24.31	11.25

Source: Adapted from Khaleque *et al.* (2010)

World Bank (2008) reported that participation in safety net programs decreases with the increase of income or consumption. About 22 percent of households in the lowest consumption quintile benefit from the targeted programs, which declines progressively for higher quintiles and it is only 4 percent for the top quintile (ibid). Despite the fact that the coverage of the program is pro-poor by and large, a considerable number of non-poor

¹⁹ Cited in Khaleque, Barua and Kahiliy (2010).

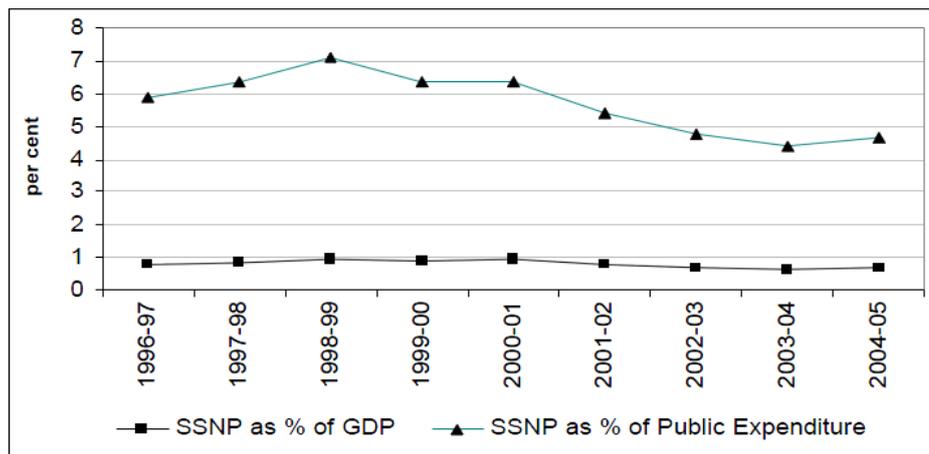
households also receive benefits (Sharif 2009). For a case in point, 48 percent of the beneficiaries of old age pensions are from the top three quintiles whereas 39 percent beneficiaries of TR, VGF and VGD are from the same quintiles (ibid). Further to that, 41 percent of the beneficiaries of all targeted programs are in the top three quintiles at the same time 45 percent beneficiaries of all non-targeted programs are among the top three quintiles (ibid). The stated fact regarding coverage of the programs suggests that the targeted safety net programs did not achieve efficiency to a great extent over the untargeted safety net programs.

Considering the coverage of the overall safety net programs, HIES 2005 report states that national coverage is 13.06 percent with 15.64 percent in rural areas and 5.54 percent in urban areas (Khaleque *et al.* 2010). On the other hand HIES 2010 Preliminary report shows that national coverage of the safety net programs is 24.57 percent. And as per the report it is 30.12 percent in rural areas and 9.42 percent in urban areas. There are also regional differences in the coverage of the safety net programs. The differences are shown in Table 8.

Secondly, regarding financing, Bangladesh has a very minimum expenditure for the safety net programs. Although the safety net program coverage is low in Bangladesh the extent of safety net shows a gradual increase over the time. Despite the fact expenditure on the safety net programs is decreasing. On an average the expenditure for SSNPs was 0.8 percent of the GDP and 5.7 percent of the total public expenditure during 1996-97 to 2004-05 (CPD 2008)²⁰. However, World Bank simulations show that it would cost about 35 percent of public expenditure or about five percent of the GDP to eradicate poverty just through spending in social assistance programs (World Bank 2006). Figure 1 shows the spending on SSNPs as proportion of GDP and public expenditure.

²⁰ Calculation was made on the basis of World Bank assessment of Bangladesh safety nets.

Figure 1: SSNP of Bangladesh as % of GDP and Public Expenditure

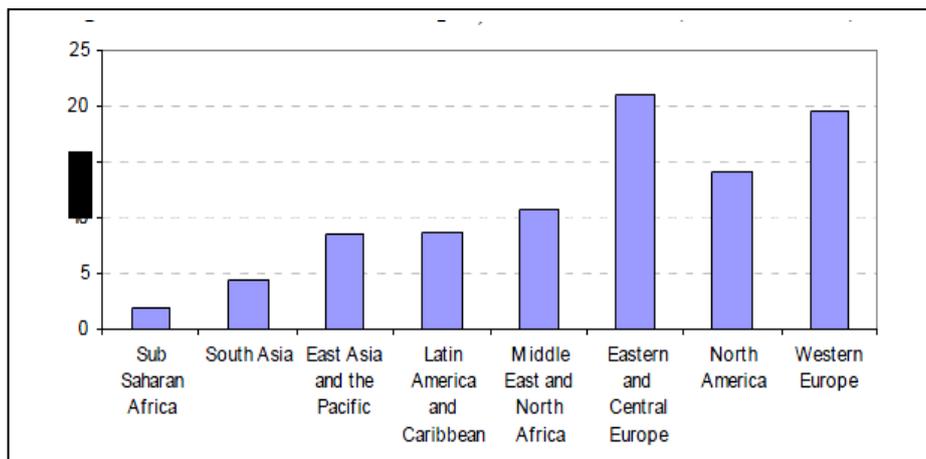


Source: World Bank (2006)²¹

Compared to other region of the world, South Asian countries has a low level of expenditure, though it is difficult to compare among regions due to substantial difference in nature and intervention of the programs (World Bank 2006). Only Sub Saharan Africa has the lower expenditure on social protection than in South Asia. Figure 2 illustrate the situation. Again on the basis of World Bank calculation among the South Asian countries, except Afghanistan, Bangladesh has the lowest expenditure on social protection . In terms of per capita, government expenditure on social protection in Bangladesh is less than US\$5 which is far lower than the regional South Asian average of US\$19 per person (UNICEF 2009). Moreover, the expenditure as percent of GDP in all South Asian Countries is far below the OECD average of 12.5 percent.

²¹ Cited in CPD (2008)

Figure 2: International Expenditure on SP (as a % of GDP)



Source: World Bank (2006)

Notwithstanding with the less than 1 percent of GDP expenditure on social protection government expenditure has been rising in recent years. Social safety net expenditure was 1.21 percent of GDP during 2006-07 and it was about 1.60 percent of GDP for the 2007-08 fiscal year. There were only a few programs until the mid-1990s, and these were designed only for income support, but from the second half of the 1990s new program types have been initiated almost every year (Ahmed 2007). This increasing trend clearly shows that the coverage and benefit of the social protection program is increasing. However as 31.5 percent of the population are poor and only 13 percent of them are under the coverage of the safety net programs, expenditure on social protection need to be increased for improving the living condition of the poor households.

The third and final category of safety net program implementation is the administration of programs. Different government departments, agencies and NGOs are involved in operating safety net programs. These multi providers sometimes cause overlapping of program benefits to some beneficiaries while some other excluded from the

program. Bangladesh operates a wide range of social safety net programs. For instance there are 30 purposely designed social safety net programs directly implemented by the Government. At least a number of 13 ministries are engaged for planning and implementing these programs (Ahmed 2007). Sometimes it causes overlapping due to the number of organization involved and lack of coordination among them. For a case in point, the Ministry of Women and Children Affairs offers the Maternity Allowance for the Poor Lactating Mothers and the Ministry of Health offers Maternal Health Vouchers (ibid). Specially, during the disaster management various government and non government organization operate different social protection programs with any coordination.

Despite the low coverage a considerable number of households get benefits from multiple programs (World Bank 2006). Based on Ahmed (2004) the World Bank reports that about a 25 percent households were receiving benefits from more than one government safety net programs. The World Bank further reports based on HIES (2005) that more than 11 percent of the households were taking benefits from at least two of the three programs analyzed in the survey-VGD, FFE and FFW. This clearly indicate that there is notable overlapping while only 13 percent of the poor are getting benefits of the government safety net programs. The overlapping is happened due to improper targeting criteria and lack of coordination among the implementing organizations, lack of transparency and political influence in selecting the beneficiaries.

In addition to that selection of beneficiary for the program is not well targeted and not based on universal criteria. Generally beneficiaries for the programs are selected based on the specific guideline set by the implementing ministry. The guideline sets the targeting criteria at the household level, the type of beneficiaries (including caps on male and female beneficiaries), the total number of beneficiaries per union, and the sum of transfer per

beneficiary (Ahmed 2005)²². However, beneficiary surveys show that selected individuals rarely fulfill all the criteria for a specific program (ibid). The targeting system is difficult because measuring income of the poor is difficult. And in some cases the selection of beneficiary is biased of politics. Local representatives make the list of beneficiaries of their own choice and show moral hazards by including some non poor beneficiaries and excluding the really needy poor whom should be included in the beneficiary list for the differences in political ideology.

In addition to the situation of weak administration, there exists some leakage in the implementation of the program. The leakages further strengthen due to the involvement of a large number of intermediaries, particularly in the food-based safety net programs (Sharif 2009). The leakage results in to reduced amount of program benefits. An estimate shows that the leakage of transfers at the beneficiary level ranges between 2 to 13.6 percent (Ahmed et al, 2003)²³. The main reason as identified for the leakage is long chain of delivery channel and large number of intermediaries are involved in the process (World Bank 2008).

In a nut shell the administration of social safety net programs can be termed as weak. The coverage is still far below the expected level. But there are some overlapping in beneficiary selection while some eligible target group are kept outside the benefits. The expenditure on the safety net programs and very minimum and do not meet the requirement. It is very much insignificant compare to that of some other countries of same macro-economic condition. Despite fact there is leakage in transpiring the benefits and the transfer mechanism is not transparent and free of political biasness.

²² Cited in Iffath A. Sharif (2009)

²³ Cited in Iffath A. Sharif (2009)

Impact of Social Protection Programs in Poverty Reduction

Chapter 4

This section will examine the impacts of social protection programs especially of the social safety net programs (SSNPs). Effort is made here to evaluate the programs in reducing poverty of the beneficiaries and how those programs are helping them to improve their living conditions. It will further see how far the safety net programs are useful in human capital formation and risk reductions. It will also focus on some of the potential challenges of effective implementation of the safety net programs and how the existing safety net programs could be reinvigorated for better output.

4.1. Poverty Reduction

SSNPs in Bangladesh are designed as a tool for poverty reduction of the poor and vulnerable group of people in the society. In this line evidences show that in total SSNPs have positive impacts on poverty reduction and social development. Studies show a mixed picture regarding the effects of SSNPs on their target beneficiaries. While some conclude that SSNPs had have a positive role in reducing poverty in Bangladesh, others observe that they only assists in increasing consumption and smoothing income, rather than any structural transformation (World Bank, 2006).

Based on the HIES 2005 report CPD (2008) showed that SSNPs have a positive impact in bringing people out of the poverty line. According to them SSNPs contributed 0.15 percent people transferring above the poverty line. However, the total poverty was reduced 9

percentage point from 2000 to 2005. Meaning that there are some other factors too which has a more positive impact on poverty reduction. Of course the GDP growth rate has a very positive impact for poverty reduction. World Bank (2002) estimated that if the average GDP growth rate is 4.5 percent then in 2010 people under upper poverty line would be 37 percent. It further estimated that if the average GDP growth rate is 6.0 percent then people under upper poverty line would be 32 percent in 2010 and 25 percent in 2015. For 7.5 percent average GDP growth rate the people under upper poverty line would be 27 percent in 2010 and 20 percent in 2015. HIES preliminary report 2010 showed that increase of coverage of beneficiaries has a direct consequence on poverty reduction. It is evident from Table 9 that with the 11.55 percent increase of safety net coverage 8.5 percent poverty was reduced.

Table 9: Safety net Coverage and Poverty (%)

Year	Safety net coverage	Poverty
2010	24.57	31.5
2005	13.02	40.0

Source: HIES 2010 Preliminary Report

Social safety net has some effect on reducing inequality too. Khan and Sen (2001), Osmani *et al.* (2003) and Khan (2006) concluded that social safety net is one of the rare equalizing sources of income²⁴. Bhattacharya and Khan (2008) also advocated that social safety net can be an important policy tool to address inequality (CPD 2008). CPDP (2008) showed the contribution of social safety net to inequality which is shown in Table 10.

²⁴ Cited in Centre for policy dialogue Paper No 75: Macroeconomic implications of social safety net in the context of Bangladesh, Nov. 2008

Table 10: SSNPs contribution to reduce the inequality

Region (1)	Overall Gini (2)	Pseudo Gini (3)	Share of Total Income (%) (4)	Contribution to Inequality (%) (5)	% Change (6)
National	0.491	-0.351	0.11	-0.08	-0.002
Rural	0.462	-0.320	0.16	-0.11	-0.002
Urban	0.512	-0.332	0.05	-0.03	-0.002

Source : CPD (2002), based on HIES 2005

It is evident from the Table 1 that inequality is worse in the rural area compared to urban area. Based on SSNP share of total income, the contribution to inequality as shown in column 5 reveals that SSNP is proved to be highly equalizing component. However, as most of the SSNPs are focused on rural area, though one third of the hardcore poor live in urban area (CPD 2008), SSNPs have a very small impact on urban area. Again the SSNP comprises a very negligible share on overall income. So focus should be made on increasing the SSNP financing and allocation can be revisited to address urban inequality too.

Besides poverty and inequality reduction there are some other long term impacts of safety net programs. Most of the beneficiaries have increased their income and level of consumption compared to non beneficiaries (World Bank 2006). They also reported that programs like VGD/VGF, RMP, old age allowance and widow allowance has a positive impact on improving living standards of the beneficiaries. They further noted that VGD/VGF help to reduce poverty while home ownership among RMP beneficiaries increased from 3 to 33 percent and 90 percent of them improved their housing conditions. Though old age and widow allowance do not have much effect on household level they have positive impact on individual level (Khaleque *et al.* 2008). Both old age allowance and widow allowance beneficiaries showed evidence of investing on some productive assets like cattle or poultry

rearing etc. This kind of investment is providing some sort of security against old age and some other social risks to them.

There is evidence that expenditure on SSNPs has an encouraging positive impact. Both FSSAP and PESP project has very good impact on human capital formation. PESP helps to increase net primary school enrollment, increasing school attendance, and reducing drop-out rates (BIDS, 2003)²⁵. The enrolment rate increased by 34 percent, attendance rate increased by 10 percentage point and dropout rate reduced by 9 percent compared to non PESP school (Ahmed and del Ninno 2002)²⁶. FSSAP is contributing to increase girl student attendance in the secondary school. Share of girls in secondary enrolment is now 55 percent while in 1993, when FSSAP was initiated, it was 33 percent (World Bank 2006) and dropout rate became lower than that of boys (Ahmed 2004a)²⁷.

Human capital accumulation by education has found to be a key component in reducing poverty. Households headed by illiterate persons experience higher poverty and vulnerability compared to households headed by literate persons. Households headed by person having more than higher secondary level education are significantly better poised to cope with risk and uncertainty. So investment in human capital along with other means of social protection and promotion could be instrumental for poverty reduction in Bangladesh. Again agricultural households are more vulnerable than nonagricultural households, which underscores the need for more protection of the agricultural community.

²⁵ Cited in World Bank (2006).

²⁶ *ibid*

²⁷ *ibid*

4.2. Challenges of Social Protection

Ensuring social protection against multi-dimensional deprivation such as old age, ill health, unemployment, widowhood etc. of the poor people is really a big challenge for Bangladesh. Furthermore number of poor people itself is a big challenge for effective implementation of social safety net programs. Frequent shocks from natural disasters make the existing challenges more critical.

Bangladesh is now facing a big demographic transition. The rate of crude birth rate is showing a decreasing trend over the last decade in one hand and the average life expectancy is increasing on the other. In 1972 the life expectancy was 45 years whereas it is 66 years in 2008. This trend of demographic transition is contributing to increase the number of aged people. The old age people usually cannot earn and again they suffer from different kind of old age sickness. All these make the situation difficult to cover all poor old age people. In addition to that poor people cannot effort their treatment cost when they get sick. However, the treatment in the public hospital is free but the treatment facility is not adequate and not satisfactory. So they have to go for private treatment which incurs them a huge cost which is sometime difficult for them to meet and thus sometimes they generally meet the medical expenditure by personal loan. In some cases most of the poor who sell their labor for livelihood forced to sell their labor in advance at cheap rate due to illness. This sort of unique case of selling labor pushes them to a critical situation of livelihood.

Challenge of unemployment in social protection is really severe. Because, the formal employment sector is very small in Bangladesh compared to informal sector. And again the informal sector is increasing. Due to large informal sector most of the poor people are

seasonal worker. So they face seasonal deprivation. Especially in the northern part of the country during *monga*²⁸ (lean season). Still most of the people in Bangladesh are engaged in agriculture, meaning that they do not have full time employment. So, creating employment for all working group people is a real challenge to address. Again it is really difficult to provide traditional safety net coverage to huge unemployed people. Even with the limited resources government has taken a 100 day employment program which gives opportunity to create employment to one member from each family who is willing to do manual/physical work in the rural villages. But the challenge is that it is really difficult to cover each and every needy family due to shortage of budget allocation.

Number of poor people is another challenge for the coverage of social safety net. About 44 million people of Bangladesh are still living below the poverty line. However, almost 13 percent of them are now within the coverage of the safety net. Due to financial limitation it is not easy for the government to bring all of them under the umbrella of the safety net programs. Despite the fact government is increasing the budget allocation for safety net every year the expenditure on safety net is still about 1 percent of GDP and 4-5 percent of total public expenditure. This amount of government expenditure on safety net does not meet the needs. Nevertheless it is a challenge for the government to increase the expenditure on safety net. In addition to that the vulnerability of the poor people is various. They are at the risk of multi dimensional economic shocks as well as shocks of natural disasters. Bangladesh faces huge natural havoc every year from cyclones, tornados, floods

²⁸ *Monga* is seasonal shortage of employment and incomes. It leads to lack of access to food mainly among landless rural poor families. *Monga* is generally used to illustrate the impact at household level regarding the decrease in day-labor opportunities after the rice crop is sown and before the harvest, seasonal higher prices of basic food commodities, and the after-effects of monsoon flooding. It occurs almost every year in the month of September, October and November specially in the northern part of the country.

and droughts etc. The havocs really create a big challenge for the government to mitigate the disaster risks as well as regular risks from social deprivations.

An appropriate measure for targeting criteria for the safety net programs is absent. Different programs have different targeting mechanism and criteria. In addition to that a functional mechanism for coordination is absent among the program implementing agencies. As a result despite low coverage a considerable number of families get access to more than one program (World Bank 2006). On the other hand and large number of implementing agencies in delivering the benefits increase the administrative costs. This sort of administrative weakness is another challenge in the safety net program implantation.

There is leakage in transferring the benefits to beneficiaries. Due to the leakage the expected amount of benefits does not reach to the hand of the target groups. And thus leakage in the delivery system reduces the efficiency of the program. Thus it remains as a big challenge. The challenge is mainly for long delivery chain and for large number of intermediaries. Lack of integrity of the service providers further enhances the challenge.

4.3. Reinvigorating the Safety Net Programs

Most of the government policies and programs of social protection in Bangladesh are aimed at enhancing capacity for risk management. There are very few steps to provide preventive measures against the risks. But for a comprehensive social protection and coherent social development it is necessary to include insurance mechanism before the shocks from the risks occur (World Bank 2008). To do so creating human capital and engaging the potential workforce in employment is needed. However, with large informal

sector it is a challenge for government and that is why it is urgent to look for innovative mechanisms to expand the safety nets.

For innovative ideas to reform Bangladesh's own development programs it can look in to Vietnam example. World Bank (2008) reported that "with the equal GNP per capita as Bangladesh, Vietnam achieved a remarkable progress. In 1990s the average GDP growth rate in Vietnam was 8.4 percent. In which 4.5 percent growth was in agricultural sector, 13 percent was in industrial sector and 8 percent was in services sector. Between 1993 and 1998, Vietnam reduced poverty by 21 percentage point. They made all these possible in large part by land reform, liberalization of agricultural input and output markets, opening up the informal sector, and reasonable investments in human resource development. In addition to improvement in consumption-based poverty reduction, Vietnam also made significant progress in education and health. Vietnam experience in economic and social development suggests that Bangladesh could also gain substantial poverty reduction and economic growth through following reform measures taken by the Vietnam government in addition to the social assistance programs."

For an effective social assistance program targeting criteria should be more precise and restrictive to clearly identify who are real vulnerable and needy. It also should be ensured that the benefits are reaching exact to the targeted people. This reformed targeting mechanism will be helpful to address the under coverage. Furthermore Bangladesh has local government institutions, e.g. Union Parishad (UP), at rural level. Those UP are run by elected representative who intimately know their respective locality and tend to be more innovative (Ahmed 2007). These local representatives can better identify poor local people, assess their needs to help them overcome their poverty, and closely monitor the execution of programs

(ibid). So, involving the local government institutions in social protection design and implementation can be more innovative and more target oriented which can ultimately increase the efficacy of the programs.

Most of the programs are implemented by the central government and eight ministries which operate specific social protection programs mandated by the budget, but without any inter-ministerial coordination (Ahmed 2007). Furthermore, though Bangladesh has local government institutions at even village level, local government institutions are not properly involved the process of social protection programs. However, involvement of the local government institutions should be ensured for better management of the safety net programs.

A better information system is urgency for monitoring and evaluation as well as better administration of implementing the safety net programs. There should be a single source of information for all the safety net programs as well as other necessary demographic information. In this regard a comprehensive digital data base is necessary. All citizen of the country with their detailed asset base information as well as other related information should be included in the data base. There should also be a mechanism to regularly update the data base. Once the data base is completed than it will be easy to plan, design, target the program beneficiaries and also implement and monitor the programs.

World Bank (2008) pointed out that developing linkages between SSNPs, human development of children, and income generation activities would get better long-term impact of SSNPs. Safety net program like IGVDG exemplify the benefits while it is linked with longer run income generating opportunities. Conditional cash transfers like PESP as it is linked to education enhance the incentives among poor families to keep their children in

school. PESP like programs can also be useful in backward areas where rate of school enrollment and graduation is low.

In Bangladesh the basic principle of social protection is based on the family and social cohesion. However, government has to play the central role as mandated by the constitution. Beside government other actors like religious organizations, NGOs, micro-finance institutions, civil society, communities, private sector, business communities which can also play role in social protection. Particularly, micro-finance institutions can contribute to reduce the poverty and vulnerability. Government also provides micro-credit through PKSF and BRDB. Micro-credit helps to build asset base among the recipient. A study by Matin and Hulme (2003)²⁹ reported that poverty incidence is lower among the safety net beneficiaries who receives micro-credit compared to who does not receive.

The allocation of safety net program should focus more on development issues. Particularly, development of human resources and promotion of growth. This growth strategy should be pro poor. Special concentration should be given on the generation of employment through labor extensive and export oriented industrialization. Even though growth is not the only sufficient way to help the poor and vulnerable group of people to come out of poverty its importance cannot be underemphasized. Government policy for the social protection, therefore, focuses on the growth as well as to protect and prevent the vulnerability. In this regard there is a need to revisit the existing social protection policies and programs to ensure wider coverage and better impact on escaping from the poverty.

²⁹ Cited in World Bank (2006). *Social Safety Nets in Bangladesh: An Assessment*

Conclusion and Recommendations

Like any other developing countries social protection in Bangladesh is aimed at risk management and poverty reduction with two main components: social insurance and social assistance. However, there is no recipe for poverty reduction or protecting the vulnerability of the poor. Nevertheless the ingredients are there. Study found that different countries use this ingredients or policy variables to cope with the situation depending on their own country context. Similarly Bangladesh has been using the social safety net programs as means of social protection for managing risks and reducing poverty. But safety net is not the only means for reducing poverty. Other policy variables are also needed for addressing the issue. Accordingly government of Bangladesh has adopted safety nets as strategy for reducing poverty.

Many innovative safety net programs has been implementing by the government. Accordingly both cash and in-kind as well as conditional and unconditional transfer programs are in operation. Most of the programs were found to have positive impact in reducing poverty and mitigating risks as well. It has positive effect on reducing inequality too. In addition to that most of beneficiaries of the programs has improved their income and consumption level and improved their living standard compared to non recipient of the program benefits.

In contrast to the positive impacts there are some challenges for the effective implementation of social safety net programs. The low coverage, less coordination, lack of resources for extending the programs, large numbers of poor people, lack of appropriate

targeting criteria are some of the important challenges. To address those challenges some measures are recommended here:

1. **Existing safety net programs should focus on the emerging challenges.** The social protection policy should emphasize on addressing various social and economic gaps, inequality of programs coverage among urban rural area and should link the program with human capital development.
2. **There should be a balance in allocation of safety net budget between relief and development programs.** As Bangladesh is a disaster prone country and almost every year it faces disastrous shocks relief is a need to cope with the risks. However, it is also important to make a strategy so that people can come out of poverty with the help of program benefits. In this regard innovative development programs could be introduced and more allocation for those programs needs to be ensured. Special focus should be on human capital development to prevent the inter-generational poverty. UNICEF proposes a comprehensive social protection framework which includes Protective strategies (eg. Relief from deprivation), preventive strategies (eg. Help avert deprivation), promotional strategies (eg. Enhance income and capabilities) and transformative strategies (eg. Change in social policies and attitudes).
3. **A data base of the poor and the existing safety net programs and the beneficiaries should be developed.** An updated digital and dynamic data base make the things easy and effective in planning, implanting, tracking the progress, monitoring and evaluation. It will also help to set the priority areas. Data base should be openly accessible by the beneficiaries and by the public. Financial information, amount of benefit, due date, delivery status etc. and other related information will be open in an interactive site. It will

ensure transparency, accountability and will reduce leakage. Public will be able to make informal audit which will ultimately increase the performance of the programs.

4. **Coverage of safety net programs should be increase.** As it was found that most of programs have positive impact on poverty reduction and livelihood improvement, however only 13 percent of eligible beneficiaries are covered, expansion of coverage will ensure the wider impact on poverty reduction and social development.

5. **A national social fund can be established to expand the coverage.** To ensure the wider coverage new fund should be mobilized. New ways to mobilize fund could be explored. In this regard unconditional grants from the donors can be sought for. Further to this fund can also be mobilized locally by introducing Social Business³⁰ concept and also by encouraging the corporate sector to spend a certain portion of their profit for the social protection. In this regard example of South Korea can be followed. They levy 1000 won per passenger leaving Incheon airport for raising fund for increasing their aid volume.

6. **Delivery of the program benefits should be more cost effective.** A mechanism to stop the leakage should be developed. As it is reported that leakage is more in food based transfer in compared to cash based transfer, benefits can be monetized. Monetizing of benefits will reduce the administrative cost and also cost of transportation and preservation of food items for a longer time.

³⁰ Social Business is a concept, introduced by Professor Muhammad Yunus, meaning a new kind of capitalism that earn profit by business but the shareholders do not take the dividend rather the profit is further reinvested for creating more employment opportunity.

7. **Allocation for the urban poor should be increased.** Study found that trend of urbanization is increasing and also the urban poor. However, most of safety net programs are focused to rural poor. Poverty in the urban areas is responsible for many social disorder and healthy city management. So, allocation for social protection for urban poor should be ensured.
8. **Monitoring and evaluation should adequate and meticulous.** Because proper monitoring and evaluation can ensure the better program implementation and effectiveness. On the basis of proper program evaluation existing program can be redesigned for better performance.
9. **Focus on regional poverty and vulnerability is needed.** There is difference in poverty situation among different divisions of the country. Therefore programs with focus on relative poverty of the regions are necessary and it will help to ensure more benefit for the poorer regions.
10. **Empower and strengthen the capacity of the family and community.** Effort should be made for formation of social capital that contributes in enhancing the quality and quantity of the society's social interactions. It encourages the community to work together to achieve their needs and promotes the participation of the vulnerable and marginalized group. It can be helpful for scaling up community driven model of social protection.

11. Coordination and harmonization of social protection initiatives by different government and non-government organization should be established. This coordination and harmonization will help to build an integrated approach for inter-sectoral social protection strategy.

12. Program administration and implementation should be reformed for improvement. This improvement should focus on coordination among executing ministries and division/departments and other organization as well, improving the delivery mechanism by reducing delivery channels and involving the local elected representatives.

13. Thorough evaluation is needed to redesign the programs for better outcome. There is ample scope for the future researchers to shed light on evaluating the long term impacts of existing programs.

Social safety net programs in Bangladesh are evidently an important policy option for the risk mitigation, vulnerability and social protection. Safety nets provide immediate relief during disaster and emergencies and again long term programs such as VGD/VGF, FSSAP, PESP help to address the intergenerational poverty and vulnerability. Successful implementation of such programs need budget allocation and program innovation to meet the emerging challenges. The objective of the social protection programs should not be continuing handouts rather it should be extending helping hands for the self dependency of the poor and vulnerable. Expenditure on the social protection should be seen as a long term investment for human capital formation as well as building risk coping frameworks.

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