



Social Protection and Targeted Cash Transfer: Bangladesh Case

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Presentation Outline

- Key Macro Metrics of Bangladesh;
- Progress with Human Development;
- Legislation and Policies Specific to Social Security in Bangladesh;
- Trend in Poverty Reduction;
- Depth of Poverty and Consumption Gap;
- Current Social Security Programs in Bangladesh;
- Social Protection and Cash Transfer;
- Impact of Social Security Programs on Poverty Reduction;
- Social Protection in Bangladesh: Challenges;
- Reform Strategy in NSSF.

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Key Macro Metrics of Bangladesh

	FY2000	FY2016/Latest	FY2000 – FY2016/Latest
Nominal GDP (US\$ bn)	47.1	220.6	↑ 368%
GNI Per Capita Income (US\$)	377	1466	↑ 289%
Real GDP growth(%)	last 10 years Average	-	6.4
International Reserves (US\$ bn)	1.6	30.2	↑ 1788%
Remittances (US\$ bn)	1.9	15.3	↑ 705%
Export (US\$ bn)	6.47	31.2	↑ 383%
% of Population Below Lower Poverty Line	34.3	12.6	↓ 21.7
Budget Deficit (% of GDP)	Last 12 years Average	-	3.9
Social Protection (% of GDP)	1.4	2.3	↑ 0.9
Social Protection (% of total budget)	9.6	13.3	↑ 3.7

*The fiscal year (FY) starts from July 01 of the first year and runs up to June 30 of the second year. For instance, FY2016 runs from July 1, 2015 to June 30, 2016

Sources: Finance Division, BBS and BB

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Progress with Human Development

Year	Health Indicators				Education Indicators		Gross enrolment ratio, tertiary	Adult Literacy Rate (15+) (%)
	Mortality Rate, Infant (per 1000 Live Birth)	Life Expectancy (years)	Mortality rate, under-5 (per 1,000 Live Birth)	Maternal Mortality Rate (Per 100,000 Birth National Estimates)	Net Primary Enrolment (%)	Net Secondary Enrolment (%)		
1974-76	146	48	219		77	16	3	22
1981	131	55	194		67	16	3	29
1991	96	56	138	550				37
2001	61	66	84	384		46	6	48
2011	37	70	47	228	95	46	13	53
2013-15	31	71	38	176	98	50		62.1

- Bangladesh has made impressive progress with human development, especially in regards to life expectancy and primary education.
- Yet, there is a long way to go in terms of education quality, tertiary education and skills

Source: Finance Division, BBS

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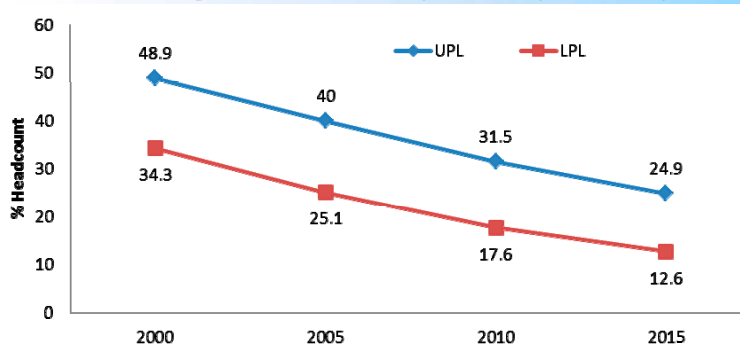
Legislation and Policies Specific to Social Security in Bangladesh

- Constitution of Bangladesh: Provision of social security for citizens is embedded in the Article 15 (d) of our national Constitution;
“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”
- 7th Five Year Plan of Bangladesh (2016-2020)
- ‘National Social Security Strategy (NSSS)’, 2015

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Trend in Poverty Reduction, 2000-2015

Figure: Proress with Poverty Reduction (% Headcount)

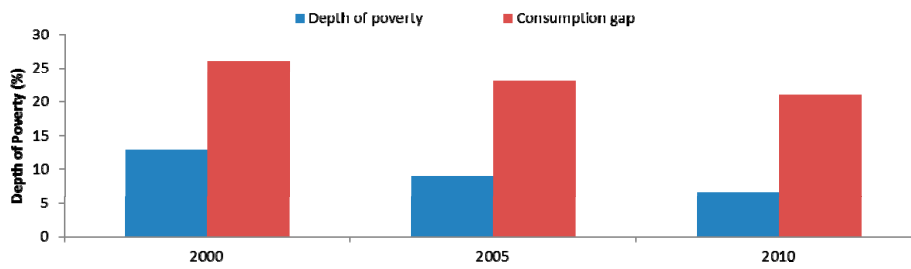


- There has been a rapid decline in the rate of poverty measured in terms of the percent of population falling below the upper poverty line (UPL);
- Poverty incidence declined from 48.9% in 2000 to 40% in 2005 and 24.9 % in 2015. Commensurately, the percent of the extreme poor, defined as population below the lower poverty line (LPL), fell from 34.3% in 2000 to 12.6% in 2015;
- The poverty progress is particularly impressive that has contributed to a euphoria that Bangladesh may be well set to eradicating poverty in the next 15-20 years.

Source: BBS

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Depth of Poverty and Consumption Gap (%)

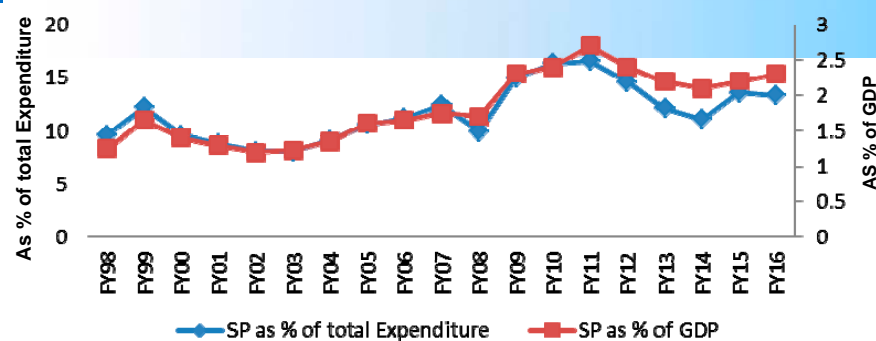


- Progress has also been made in reducing the depth of poverty;
- There has been a continuous narrowing of this consumption gap (measured by the ratio of the depth of poverty and the total headcount poverty rate) between 2000 and 2010;
- In 2000, the poor on average consumed 26 percent lower than the basic needs consumption basket defined by the poverty line. However, this gap narrowed to 23 percent in 2005 and 21 percent in 2010;
- A rough estimate for 2015 is 19 percent.

Source: NSSS, 2015 and BBS

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Current Social Security Programs in Bangladesh



- Bangladesh has a long history of formal Social Safety Net Programs, which, in part, has shaped the nature of the current Social Security system;
- Government's commitment to Social Security, budgetary allocations have grown in absolute terms as well as a share of GDP;
- The allocation for Social Security Programs (SSPs) increased from 1.3 percent of GDP in FY1998 to 2.3 percent in FY2016. Since FY2011, it has stabilized over 2 percent of GDP and accounting for 13 percent of total government spending;
- Expenditure on SP fluctuated between 2.2 to 2.5 percent of GDP and 12 to 16 percent of total budget during last 5 years.

Source: Finance Division

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Current Social Security Programs in Bangladesh (Cont..)

- Total Social Protection in FY 2016-17: TK. 452.3 Billion;
- 2.31 per cent of GDP and 13.28 percent of total expenditure;
- A total of 143 programmes are currently being implemented;
- 36 ministries/divisions are involved in programme implementation;
- 54 programmes are financed from revenue (non-development) budget with an allocation of TK. 338.49 billion which is 17.22 percent of total revenue budget;
- 89 programmes are financed from development budget with an allocation of TK. 113.81 Billion which is 9.7 Percent of total development budget.



Current Social Security Programs in Bangladesh (Cont..)

The prime programmes cover under Social Protection in Bangladesh are:

- Old Age Allowances (pension), Honourarium of Freedom Fighters, OMS, VGD, TR, School Feeding Programme, Primary School Stipend Programmes, EGPP, Micro-credit etc.;
- Bangladesh's SP system is complex and skewed towards a few large programs, the fifteen largest of which account for 75 percent of the total SP budget;
- Largest health sector programmes are Maternal, Neo-natal, Child and Adolescent Health Care Programmes;
- Largest education sector programmes: Primary School Stipend Programme and School Feeding Programme;
- Largest Employment generating SP programme is EGPP implemented by Ministry of Disaster Management;
- Largest cash transfer programme is Old Age Allowances.

SP: Cash Transfer (FY2016-17)

Groups	Rates (TK./Month)	Targets (No. of Beneficiaries in Million)
Old Age Allowances (Pension)	500	3.15
Physically Challenged Allowances (Disability Allowances)	600	0.75
Allowances for the Widow and Destitute women	500	1.15
Allowances for urban low-income Lactating mothers	500	0.18
Maternity Allowances	500	0.50
Allowances for freedom fighters	10,000	0.18
Maternal Health Voucher Scheme	3000	0.15

Cash transfers and their impacts: Bangladesh Case

- Reduce poverty;
- Improve nutrition;
- Improve access to healthcare;
- Investment in human capital;
- Reduce inequality;
- Empowerment.

Source: Finance Division

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Impact of Social Security Programs on Poverty Reduction

Distribution (Percent) of Households Receiving Benefits from SSNPs, 2010

Year	National	Rural	Urban
2010	24.57	30.12	9.42
2005	13.06	15.64	5.45

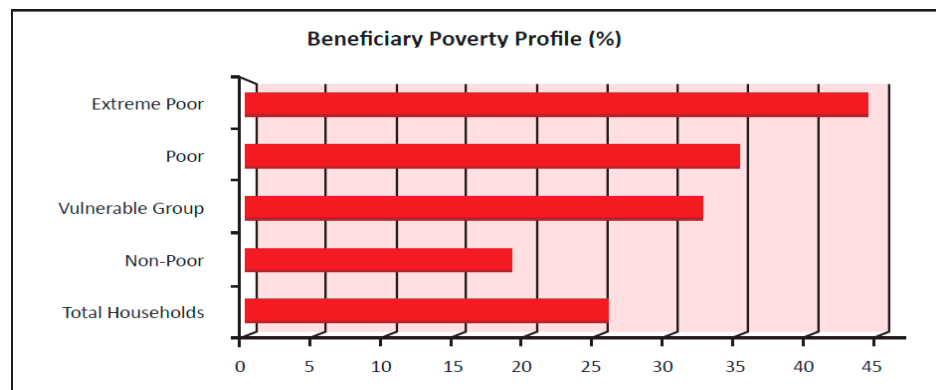
- In 2010, 24.57 percent of the households at the national level received benefits during the last 12 months from at least one type of programme. In contrast, 13.06 percent of the households received benefit from SSNPs in 2005;
- In the rural area, 30.12 percent of the households received benefits from SSNPs as against 15.64 percent of the households in 2005;
- Similar increase in urban area which indicates that the SSNPs have been widened substantially both in coverage and amount distributed during the period 2005 to 2010.

Source: HIES 2010, BBS

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Impact of Social Security Programs on Poverty Reduction (Cont...)

Social Security Beneficiary Poverty Profile 2010



- In 2010 of the 24.5 percent households who reported benefiting from at least one of the 30 SSPs covered in the HIES;
- Some 34 percent were poor and 43 percent were extreme poor. Some 32 percent belonged to the vulnerable group and 18 percent were non-poor;
- On the whole, the distribution of beneficiaries appears progressive.

Source: NSSS, 2015

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Impact of Social Security Programs on Poverty Reduction (Cont.....)

Simulations	Poverty rate (HCI)	Poverty Gap	Depth of Poverty (Poverty Gap/Poverty rate)
HIES 2010 Outcome	17.6	3.1	17.6
Outcome without SSP	19.1	4.1	21.5
Outcome with SSP benefits concentrated on the extreme poor	13.5	2.2	16.3

- Simulation results are done in the context of the HIES 2010 data and use the 30 SS programs reported in the HIES 2010. These 30 schemes are a subset of the 95 SS programs;
- The first row reports the results from the HIES 2010. This is used as the baseline to measure the impact of SSP spending, while second row reports the simulated poverty impact in the absence of any SSP transfers;
- In the absence of SSP spending the poverty rate would have been about 19.1 percent, which is 1.5 percentage points higher. The depth of poverty would also have been higher;
- The third row simulates the poverty impact if it were possible that all SSP spending reported in 2010 was targeted perfectly to the extreme poor. In this case, the poverty impact in terms of reduction of the head count index based on the lower poverty line would have been a significant reduction in the incidence of extreme poverty.

Source: NSSS, 2015

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Social Protection in Bangladesh: Challenges

- No single coordinating authority;
- No single registry MIS;
- Too many organizations implementing SPs;
- Hand to hand payment;
- Inefficient targeting system;
- Political interference in selection process.

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Reform Strategy in NSSS

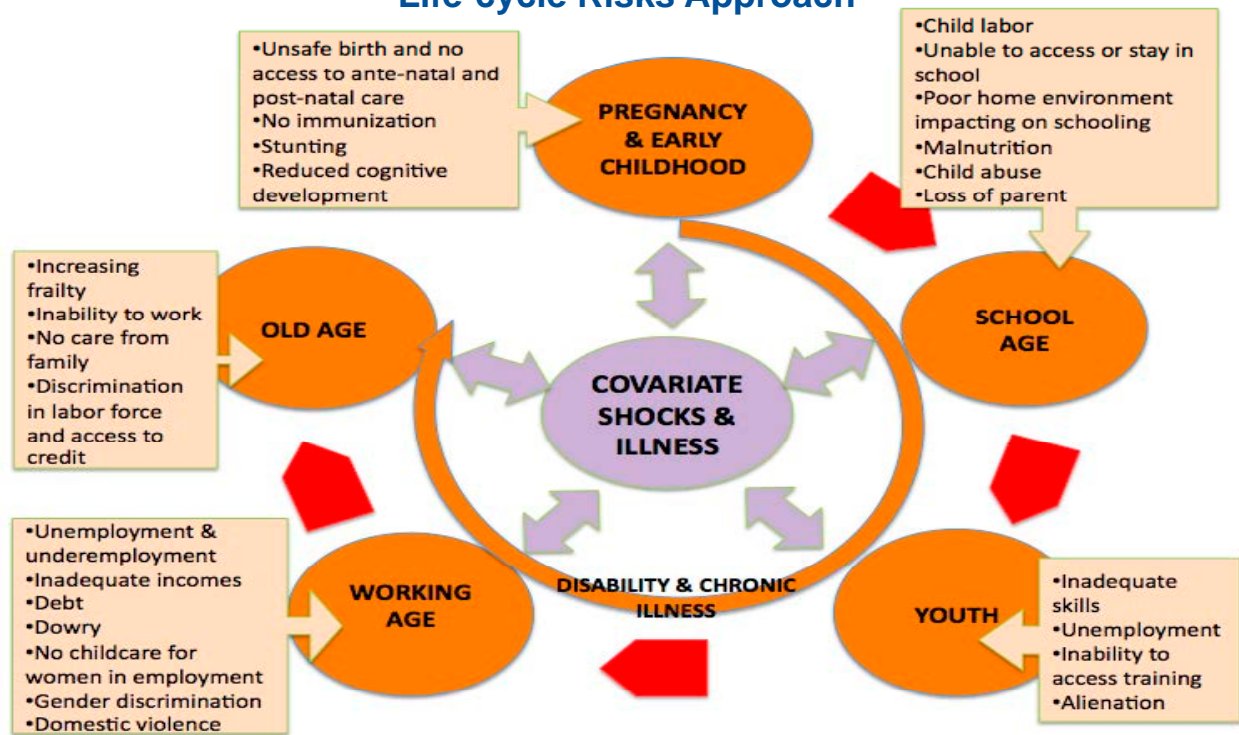
The proposed reforms build on the past rich experience of Bangladesh and seek to streamline and strengthen the existing safety net programs with a view to better addressing the life cycle risks faced by the poor and vulnerable, and achieving better results from money spent.

- Life-cycle Risks Approach programme (next slide in detail);
- Streamlining- Clustering Implementation;
- Establishing a single registry management information system;
- Strengthening Government to Person(G2P) payment systems that promote financial inclusivity.

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Reform Strategy in NSSS (cont...)

Life-cycle Risks Approach



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Reform Strategy in NSSS (cont...)

Management Arrangement

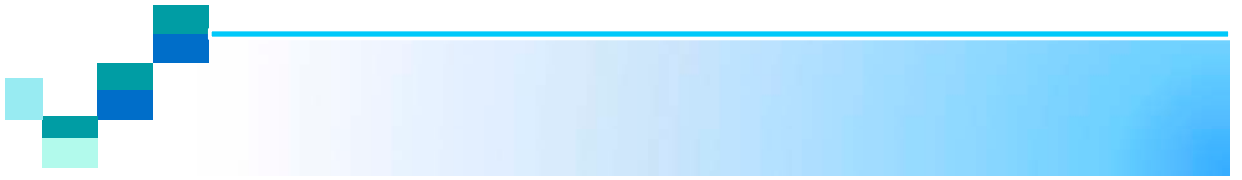
Phase 1 (2015-2025): Through Central Monitoring Committee on SSPs

- Coordinating implementation of SS reforms;
- Ensuring inter-ministerial coordination;
- Trouble-shooting and crisis mitigation;
- Review performance of implementing SS programmes;
- Approve new programme design.

Phase 2: 2026 onwards

Ministry of Social Welfare

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Thank You