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Social Safety Nets in Bangladesh

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Spending on social programmes to alleviate poverty and address the overall economic needs of the vulnerable segments of the population has been an integral part of the Bangladesh Government's strategy to tackle poverty. The social programmes/social protection programmes include components of social insurance, labour market policies and social assistance. Social Safety Net Programmes (SSNPs) in Bangladesh – which fall under the aegis of social assistance programmes – are a set of public measures to protect those who are vulnerable to various social and economic hardships arising from significant declines in income and welfare due to loss of cultivable land, crop failure, unemployment, sickness, maternity and old age or death of income-earning members. Up until the 1990s, spending on social safety nets had constituted less than one per cent of GDP. Spending has been increasing in recent years due to a consistent GDP growth of about five per cent a year. Annual expenditure on safety net programmes amounts to around US $1.64 billion, which is approximately 1.6 per cent of the GDP as of 2011.[2]

Allocation of Safety Nets

While safety-net spending in Bangladesh has been traditionally concentrated in the areas of food rations and post-disaster relief, the focus has shifted towards the social and development agendas of the nation over time. The Government has also altered the way resources are being transferred – it has increasingly adopted the policy of using cash transfers while gradually reducing food transfer programmes. For instance, the Food for Education (FFE) programme has been discontinued and replaced by the Cash for Education scheme. Similarly the Food for Work (FFW) scheme is gradually being phased out in favour of the Cash for

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2 UNDP-PPRC (2011)

Work programme. One of the rationales for using cash transfers is that the leakages/wastages are less than those from food transfer programmes. [3] A BIDS (2003) study found that cash transfer programmes such as secondary stipend programmes perform better than food programmes with transfer losses of 10-12 per cent. Furthermore, the cost of delivering cash is cheaper than the cost of delivering food to the beneficiaries. It has been estimated that the cost of delivering Taka 1.00 worth of food on average is Taka 0.20, while the cost of delivering Taka 1.00 in cash is virtually nil. Although the bulk of the safety net programmes are implemented through government channels, there are other actors who play important roles such as non-governmental organisations, community and voluntary organisations. Around 97 per cent of the annual allocations are channelled through 30 major programmes, although there is a significant overlap between safety net programmes and sectoral development programmes. [4]

Evaluation of Social Safety Nets

Although social programmes in Bangladesh have a wide coverage and have targeted the most vulnerable and neglected over time, the targeting of SSNPs has not been as efficient. The Sixth Five Year Plan (SFYP) estimated that spending on SSNPs had to increase to three per cent of the GDP, but even with this proposed increase, Bangladesh would appear to be spending less than other countries in the region. The World Bank (2006) has showed that, on average, South Asian economies spent four per cent of GDP on SSNPs, while the spending in East Asia and Pacific was eight per cent. Exact comparisons between regions are difficult, since the package of interventions used in each region tends to vary, but they provide an interesting perspective nonetheless. The efficiency of the major targeted programmes in Bangladesh is quite modest by international standards. When aggregated, the targeted programmes such as Vulnerable Group Development (VGD), Vulnerable Group Feeding (VGF), Old Age Pensions, Food/Cash for Work, Test Relief and others reach around 59 per cent of beneficiaries in the lowest two quintiles (21 to 40 per cent). These numbers are quite low when compared to similar targeted programmes in the lowest two quintiles of Chile, Honduras and Armenia.

Quintile	**Bait-ul-Mal (Pakistan)**	**PRAF (Honduras)**	**PROGRESA (Mexico)**	**SUF (Chile)**	**Family Poverty Benefit (Armenia)**	**All Targeted Programmes in Bangladesh ***
1	29	43	40	67	52	34
2	46	80	62	89	73	59
3	67	94	81	97	86	79
4	83	98	93	100	94	94
5	100	100	100	100	100	100

Source: World Bank

[3] The World Bank (2006), "Social Safety Nets in Bangladesh: An Assessment"
[4] UNDP-PPRC (2011)

The Household and Income Expenditure Survey (HIES) of 2010 indicated that overall 25 per cent of households have safety net coverage in Bangladesh (Table 1). However, it is not clear whether the percentage covered is with respect to the whole population or just the population under the poverty line. Proportional coverage has been found to be higher for poverty-pockets such as Monga (famine-prone northern districts), ecologically vulnerable locations such as the char (river islands created by floods and erosion), etc. An estimated 9.6 per cent of chronic deficit households nationwide had VGD coverage in 2009 – a very low number. However, when districts in the Monga belt were surveyed – in this case, the Kurigram district – 45 per cent of similar households had VGD coverage; a more adequate coverage was noticed.

The coverage of selected programmes by division reveals that nationwide about 25 per cent of households receive social assistance, with Khulna having the most recipients – 37 per cent of households in Khulna have access to some form of social safety net. Khulna has the third highest incidence of poverty (32.1 per cent) while Rangpur and Barisal have the highest and second highest incidences of poverty – 46.2 and 39.4 per cent respectively,[5] much higher than the national index of 31.5 per cent. Commensurate with the poverty levels in Rangpur and Barisal, a greater proportion of households should be beneficiaries of social programmes in these two divisions. Among the households receiving the SSNPs, the Stipend for Primary Students (MOPMED) programme covers the most households, at 19 per cent, with Barisal having the greatest number of beneficiaries. The programme is a conditional cash transfer and reflects the Government's preferred aim of promoting human development using such a method of transfer.

The Agriculture Rehabilitation programme (MOA) has the second largest number of beneficiaries, with Dhaka having the most impact. This suggests that the Dhaka division attracts the most agricultural support.

Table 1: Average Benefit per Household from SSNPs, 2010

(Taka)

Type of programme	**Total**	**Barisal**	**Chittagong**	**Dhaka**	**Khulna**	**Rajshahi**	**Rangpur**	**Sylhet**
Total	483	562	624	467	438	429	492	380
Old age allowance (MOSW)	520	583	414	604	523	577	352	350
Allowances for the widow, deserted & destitute	474	392	550	439	418	431	635	547
Gratuitous relief (cash)	499	275	473	1073	1300	254	509	67
General relief activities	344	494	185	645	384	210	280	64

[5] HIES (2010)

Cash for work (MOFDM)	2077	5250	4200	757	1524	0	2209	0
Housing support	10650	25020	0	0	2000	0	0	522
Agriculture rehabilitation (MOA)	472	105	800	581	444	406	259	376
Vulnerable Group Development	771	426	0	208	2150	0	0	672
Vulnerable Group Feeding	455	558	340	346	500	397	1900	636
Test Relief (TR) food	530	619	0	0	150	1671	262	378
Gratuitous relief	568	632	1272	298	293	424	599	318
Food for work	158	0	0	56	280	56	0	0
Employment generation for hard-core poor or 100 days	771	0	0	318	0	2035	243	0
Stipend for primary students (MOPMED)	157	161	259	130	118	115	193	199
School feeding programme (MOPMED)	20	20	0	0	20	0	0	0
Stipend for drop out students	219	0	225	461	25	93	116	100
Stipend for secondary & higher secondary female student	169	89	304	211	103	144	212	125
Rural employment opportunity for protection of public	1569	0	56	3000	0	0	0	0
Char Livelihood	943	1400	100	340	20	3600	580	0
Rural Employment and Rural Maintenance Pro.	1218	0	300	420	840	0	2050	0

Source: Household Income and Expenditure Survey (HIES), 2010

The table shows the average benefit received per household from selected SSNPs in 2010. The total average benefit received per household was 483 Taka with recipients in Chittagong division having the highest average of Taka 624. Chittagong has received the highest benefit per household despite having the lowest poverty rates among all the divisions – 26 per cent. This could indicate that if poverty and programme-participation are correlated, then Chittagong division is receiving a disproportionate share of transfers. Overall, households participating in Housing Support receive the highest benefits with the Cash for Work (MOFDM) programme a distant second. Barisal division enjoys the highest average benefits in both these leading programmes, indicating that both coverage (percentage of households receiving SSNPs) and allocation (benefits accrued) are adequate for Barisal in this case. However, Barisal deserves special attention because of the high prevalence of urban and rural poverty. The incidence of natural disasters in this division calls for specially designed policies to mitigate the adverse impacts. The increase in rice prices in 2007 and 2008, for instance, benefitted a group of large farmers but had an unfavourable impact on the poorest households.[6] As such, the severity of hardships in Barisal warrants an even greater coverage and allocation of the social programmes.

Beneficiary Perceptions

Evaluations on the effectiveness of the major programmes have been conducted, in which the amount that is wasted from the transfer programmes and actual benefits received were identified. In this case, the recipient households' perception of a particular social programme is the most important indicator of the overall efficiency of the said programme. This would be the fundamental way to appraise the success of the given programme/s. In a study conducted during the period 2007-2010, comparisons of the stated benefit rate and the actual amount received showed no disparities in the major selected programmes. However, there were delays due to fund transfers, but the recipients did not perceive such delays as significant. The programmes of Old Age Allowances and Allowances for Widows use formal banking channels to make payments, but it was found that beneficiaries were not familiar with the concept of going to the bank and collecting payments made to them – the practice of self-collection from formal financial institutions is not yet widespread in certain areas. Overall the programmes were positively received with many assessing the impact as "strong" and the others as "moderate". The most important impact was perceived to be the reduction of extreme poverty and as such, most programmes had a direct income impact. Income was the primary indicator for judging whether welfare had improved. Increase in assets, increased employment opportunities and improved school attendance were the other measures. This emphasis on improving incomes among the recipient households reflects the traditional assessment of one's well-being. The survey revealed that average nominal incomes rose by 32 per cent over three years of the programme duration. Savings increased dramatically as well – an increase of 170 per cent – with around 61 per cent of households saving, in contrast to only 25 per cent saving before the programmes. There was an improvement in self-assessment of poverty – the proportion of households who considered themselves to be chronically poor declined from 30 per cent to nine per cent. [7]

Targeting and Leakages

Programmes that have based their transfers on household/geographical characteristics have led to some complications. Unintended beneficiaries have been recipients of transfer

[6] SFYP
[7] UNDP-PPRC (2011)

programmes – for instance, data suggested that 27 per cent of VGD recipients were not poor. Another study showed that almost 47 per cent of beneficiaries under the Primary Stipend for education programme are actually non-poor and are incorrectly included in the programme. This inaccurate targeting represents a glaring waste of resources and certain segments also get excluded. This calls for a more effective means-testing procedure before social transfers are made. Many safety net programmes use targeting criteria similar to the one used by the VGD scheme such as whether the household owns land, whether it is a female-headed household and whether members are employed in casual labour. When community members or village leaders select participants based on these criteria, some households may be incorrectly classified and as such are unable to access the programmes. Geographical targeting also leads to similar exclusions. Since food aid under VGD relies on food insecurity maps for transfers, it means that all poor households within relatively less poverty-stricken sub-districts are denied assistance. Therefore, individual households with very high food insecurity are left out of the programme.

There is mixed evidence of leakage from food and cash transfer programmes. Studies reported varying estimates of transfer losses, with magnitudes of 10-50 per cent for food-based programmes and 5-25 per cent for cash-based ones. VGD and other food transfers programmes rely on the public food distribution system, with food being loaded and unloaded at various points before they are delivered to the beneficiaries – there is ample scope for pilferage and other forms of outflows. Various leakage issues have been identified in safety net coverage: informal entry fee for allowance-based programmes, lower-value asset transfer than what was stipulated and undefined and unanticipated deductions from cash grants.

Overlapping Operations

Social programmes, more specifically safety net programmes, are directed through numerous agencies, non-governmental organisations as well as international bilateral and multilateral agencies. A World Bank report points out that 57 per cent of the government budget for fiscal year 2007-08 was allocated towards poverty reduction and that all the ministries have a role in this regard. Consequently, there is frequent overlap between programmes, inadequate coordination across ministries and difficulties in reaching consensus on which programmes to focus on. Small infrastructure development programmes such as road maintenance and providing workfare programmes also involve agencies such as Local Government Ministry and the Water Resources Ministry, whose main operations are elsewhere. The incidence of natural disasters leads to the involvement of the Ministry of Food and Disaster Management – it implements its own safety net programmes during this time. It is the same ministry that also implements its FFW programme. As such, the programmes that are implemented are fairly alike and target similar households; this duplication in efforts is somewhat time-consuming.

Conclusion

The allocations towards safety nets have been boosted for the fiscal year 2012-13. More specifically the allocation and coverage of the major programmes –VGD, VGF and food for works programme – have been increased. The number of beneficiaries of these programmes as of 2011 is about 30 million – about one-fifth of Bangladesh's population.[8] The current Government has prioritised the agendas of reducing poverty and also inequality in its overall development strategy. As such, it is imperative that there is adequate investment in infrastructure, sufficient employment generation during lean seasons and increased coverage of social safety net programmes. More priority has to be given to activities targeting the extreme poor, widowed and vulnerable women in poverty and the other disadvantaged groups. Social safety net transfers will also have to address issues of alleged bribery and political affiliation for being included in certain programmes – this posits further problems for programme inclusion.

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[8] Ministry of Finance Government of the People's Republic of Bangladesh