

Social Protection in Bangladesh

Proposed World Bank
Response

Need for a new approach to Social Protection in Bangladesh

Bangladesh's rapid economic growth and social change has created new social protection challenges while old ones remain.

New challenges are driven by rapid urbanization and breakdown of family system.

Much of the existing safety net is rural focused and there is an urgent need to address the needs of the urban poor and excluded groups such as the disabled and street children.

Current Safety Net groups are reasonable well targeted though there are both inclusion and exclusion errors

Targeting Effectiveness Measured as Ratio of Recipients to group size by Income Group (2005-06)

	Lowest 10%	Lowest Quintile	2nd Quintile	3rd Quintile	4th Quintile	Top Quintile	Total
VGD	1.61	1.59	1.46	0.96	0.73	0.27	100
Test Relief	1.80	1.89	1.10	0.91	0.74	0.36	100
VGF	1.80	1.89	1.10	0.91	0.74	0.36	100
Other Targeted	1.96	1.81	1.24	1.04	0.66	0.26	100
Total Targeted	1.79	1.73	1.29	0.98	0.72	0.29	100

Selection Criteria Viewed by Recipients in Bangladesh 2005-06

Reason of inclusion in targeted programs in percent 2005-06

	Poor/ Landless	Divorced/ Widows	Disabled/ Other	Others	Total
Non-Targeted	50.4	12.7	15.7	21.2	100.0
Targeted	82.3	6.3	2.8	8.6	100.0
Total	70.2	8.7	7.7	13.4	100.0

Estimates of Leakage from the VGD, VGF and FFE

Program	2000 HIES-based survey estimates (metric tons)	95% Confidence Interval for estimate	Program Off-take for FY 1999-2000 (metric tons)	Survey estimate as % of total program allocation (confidence intervals)
VGD	99,978	[72,894, 127,061]	216,675	[34%–59%]
VGF	70,760	[44,251, 97,267]	149,138	[30%–65%]
FFE	49,951	[27,192, 72,710]	285,973	[10%–25%]

Comparative Losses from Different Programs

Leakage	VGD	PESP	RMP
A. Losses due to delivery of amount less than stipulated and other unauthorized expenses (per taka)	0.17	0.23	0.02
B. Losses due to beneficiaries not meeting...			
B(i)...at least one targeting criteria	0.00	0.11	0.00
B(ii)...at least three targeting criteria	0.61	0.98	0.00
Total Losses....			
...A+B(i)	0.17	0.34	0.02
...A+B(ii)	0.78	1.22	0.02

What the Data Shows

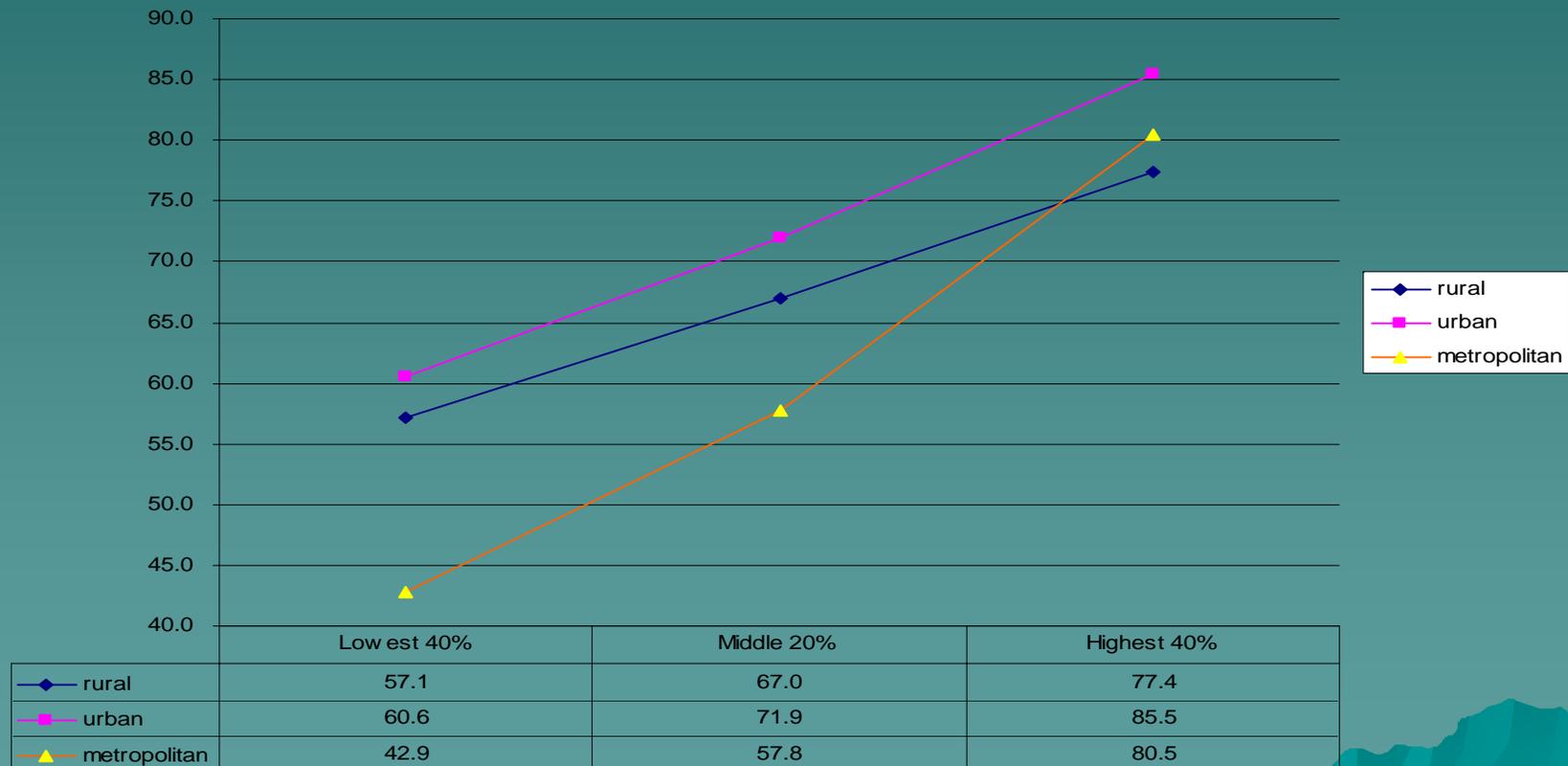
- ◆ Bangladesh targeting criteria is good at targeting the poorest
- ◆ Bangladesh programs are perceived by the beneficiaries as helpful specially the poorest

What the Data Does Not Show

- ◆ Programs are very rural focused but the country is getting rapidly urbanized with increasing proportion of the poor living in urban areas
- ◆ Programs have significant administrative leakages
- ◆ Too many programs run by too many Government departments and thus a large administrative overhead which can be reduced and used to provide benefits
- ◆ Too many layers of decision making in selection of beneficiaries

Illustration of New Urban Poverty and Vulnerability Challenge

Bangladesh 2005 - Percent enrolled by quintile and region



Conditional Cash Transfers

- ◆ Where possible, useful to link free transfers to behavioral change from recipients: for example, transfers could be conditional upon children in the family attending the school, or getting vaccinated etc. Known as “conditional cash transfers”, highly successful in Mexico, Brazil, Turkey, Kenya and being started in several countries. Bangladesh scholarships are partially CCTs.
- ◆ This “condition” also makes it the right of the household to receive the cash transfer not a gift from an all knowing state.
- ◆ The condition also helps develop human capital providing a way out of poverty for the future generations.

Challenges for the Project

- ◆ Rationalize programs by using the one player that gets involved in all programs i.e. union parishads.
- ◆ Build on Bangladesh's massive micro-finance network to provide social protection for those just above the poorest – e.g. Grameen Bank already provides pensions and insurance (life and health to over 6.5 million members). Almost 18 million households can be reached.
- ◆ Start addressing the needs of the urban poor through programs like CCTs.
- ◆ Help those left out – such as the disabled or street children – become productive members of society.

Addressing the Urban Poverty Challenge

- ◆ In an ironic reversal of history, enrollment rates in metro areas for the poorest quintiles are worse than rural areas – this represents both past successes in rural areas and new challenges in urban areas.

New approaches to urban safety nets and safety ladders are needed

World Bank is currently preparing two projects

- ◆ First Project – National Social Protection Project which supports: (1) rationalization of rural safety nets in cooperation with union parishads; (2) start addressing urban poverty through conditional cash transfers in four cities around Dhaka – Narayanganj, Tongi, Gazipur and Savar; (3) support MFIs through PKSF to provide insurance and pension products.; and (4) provide early childhood development (ECD) for the urban poor.
- ◆ The Focal point for this is Ministry of Local Government, Rural Development and Cooperatives. Implementation will be through municipalities and UPs.

Second project focuses on inclusion of the People with Disabilities and Child Protection

- ◆ The second project has three components: (1) restructuring the Disability Foundation to be an independent body like PKSF and SDF and using it to finance services for the disabled as well to promote; (2) services for child protection; and (3) capacity building for Ministry of Social Welfare.

National Social Protection Project

Objective: Expand access to social assistance programs and insurance products for selected beneficiaries in rural and urban areas through decentralized mechanism.

- ◆ Comp. 1: Strengthening Social Safety Nets through Local Governments – urban and rural;
- ◆ Comp. 2: Expanding early childhood development (ECD) for poor children;
- ◆ Comp. 3: Increasing access to insurance and pension products for informal sector workers through microfinance institutions;
- ◆ Comp. 4: Strengthening the institutional capacity of MoLG to manage, monitor and evaluate safety net programs

Comp. 1: Strengthening Rural and Urban Safety Nets

- ◆ Targeting mechanism combines community/ward identification, PMT selection, and community/UP validation (to minimize errors of inclusion and exclusion)
- ◆ Target three groups of extremely poor people:
 - (i) HH with children 6-13: Cond. Cash Transf.;
 - (ii) Female headed HH and HH with no healthy men: Cash Transfer
 - (iii) Other extremely poor HH: Cash for Work
- ◆ Issues: education access in urban slums, management capacity of UPs, etc.

Comp. 2: ECD urban

Through municipal governments, provide a network of ECD services for children 0-5 in urban slums (before pre-primary).

- ◆ Community based system of Early Learning Centers, daycare, home-based services, parenting, etc.
- ◆ Priority access for children from Safety Net families (comp. 1)
- ◆ Pilot in Narayanganj/Tongi, involvement of BRAC University, Plan.

Comp. 3: Microinsurance

Support existing MFIs, through PKSF, to develop financially sustainable insurance products for their members;

- (i) Develop regulations for insurance schemes;
- (ii) Improve capacity of MFIs to manage insurance;
- (iii) Strengthen data collection and risk management;
- (iv) Adapt record keeping and information systems.