Social Protection for Inclusive Growth: 
The Case of Bangladesh

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I. INTRODUCTION

Poverty is the single most important socio-economic policy challenge for Bangladesh. Bangladesh has been struggling for a long time to reduce the incidence of poverty and to improve the living standards of its millions of impoverished citizens. In recent decades, Bangladesh has made significant progress in reducing poverty. Bangladesh has established a credible record of sustained growth within a stable macroeconomic framework. At a low level of development, it has been able to achieve a major decline in population growth rate and of graduating to the medium human development group of countries by UNDP’s ranking. Significant improvements have been achieved in the areas of child and maternal mortality, life expectancy, net primary enrolment rate, women’s economic participation, gender parity in primary and secondary education, etc. Rural infrastructural developments eroded much of the remoteness for the majority of villages. Healthy inflow of remittances, expansion in micro-credit operations, and remarkable success in RMG exports significantly contributed to achieve the above. Despite the progress, poverty rates remain still high in Bangladesh. There are pockets of extreme poverty with inequality as a rising concern. Also, imbalance in growth and poverty reductions at the regional level is highly visible with some parts of the country are seriously lagging behind. There is still a long way to go for gender parity and women developments. Social protection programmes are critical means through which the government of Bangladesh can address extreme poverty and vulnerability. Against these backdrops, this paper provides a critical analysis of the social protection programmes in Bangladesh through a lens of inclusive growth.

II. REDUCTION IN POVERTY IN BANGLADESH

There has been significant reduction in poverty since 1990 in Bangladesh. Figure 1 shows that national headcount poverty declined from 58.8 percent in 1991-92 to 31.5 percent in 2010. Rural headcount poverty experienced a gradual decline over the same period and it declined from 61.2 percent in 1991-92 to 35.2 percent in 2010. Urban headcount poverty declined during 1991-92 and 1995-96 but encountered a rise during 1995-96 and 2000 and then declined afterwards. Overall, urban headcount poverty declined from 44.9 percent in 1991-92 to 21.3 percent in 2010.
Using the information in Figure 1, the annual percentage point reductions in headcount poverty are calculated. The calculated figures are reported in Table 1. During 1991-92 and 2010 national headcount poverty has declined by 1.37 percentage point per annum. The corresponding figures for rural and urban areas are 1.3 and 1.18. The largest annual percentage point reduction in national headcount poverty took place during 2000 and 2005. In the case of rural and urban poverty, the largest annual percentage point reduction occurred during 2005 and 2010. It is also important to note that other measures of poverty, such as poverty gap and squared poverty gap show long-term trends similar to those for headcount rates.

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<tbody>
<tr>
<td><strong>Rural</strong></td>
<td>-1.20</td>
<td>-0.58</td>
<td>-1.70</td>
<td>-1.72</td>
<td>-1.30</td>
</tr>
<tr>
<td><strong>Urban</strong></td>
<td>-3.10</td>
<td>1.16</td>
<td>-1.36</td>
<td>-1.42</td>
<td>-1.18</td>
</tr>
<tr>
<td><strong>National</strong></td>
<td>-1.56</td>
<td>-0.42</td>
<td>-1.78</td>
<td>-1.70</td>
<td>-1.37</td>
</tr>
</tbody>
</table>

Source: Calculated from Figure 1

A notable feature of poverty reduction between 1991-92 and 2010 is that extreme poverty rate declined from 41 to 17.6 percent over this period. During 2005 and 2010 there was a sizeable decline in the incidence of extreme poverty. The percentage of population under the lower poverty line, the threshold for extreme poverty, fell by 29.6 percent (or 7.4 percentage points) from 25 percent of the population in 2005 to 17.6 percent in 2010. A fall of 47 percent (or 7 percentage points) occurred in urban areas and that of 26 percent (7.5 percentage points) in rural areas. The percentage decline in extreme poverty rate was thus more than that in the poverty rate, consistent with the growth in per capita consumption for the bottom two deciles being higher than that for the third and fourth deciles.
III. FACTORS INFLUENCING REDUCTION IN POVERTY

Poverty reduction in Bangladesh can be attributed to a combination of number of factors that add up to a story of significant social and economic transformation. The economic transformation is closely related to rapid GDP growth and the urbanization process in recent times – manifested in rising returns to human and physical assets, rising labor productivity and wages, the shift from low return agricultural labor to non-farm employment and growth in export industries. There has also been a consistent increasing flow of remittances. The growth of micro-finance is also argued to have some contributions. Equally important are some of the forces that have emerged from social transformations occurring over time. A fall in the number of dependents in a household, linked to past reductions in fertility, has been an important contributor in raising per capita incomes. Also increases in labor force participation and educational attainment, particularly among women, have contributed as well.

3.1. Economic Growth

Since the early 1990s Bangladesh has been experiencing an increasing trend in economic growth with some year-to-year fluctuations (Figure 2). In 1991, the real GDP growth rate was only 3.3 percent, which increased to 5.8 percent in 2010. The trend line suggests that during 1990s the growth rate hovered around 5 percent, and during 2000s the growth rate fluctuated around 6 percent. The highest real GDP rate was observed in 2006 (6.6 percent).

Table 2 suggests that the annual average growth rate in real GDP increased from 4.38 percent during 1991-1995 to 6.14 percent during 2006-2010 indicating a major upward shift.
The growth in real GDP during 1990s and early 2000s has been much fuelled by a persistent growth in the value-addition in the services sectors and, with some fluctuations, in the growth of value-addition in the industrial sectors. The growth in the value-addition in the agricultural sector has been rather erratic during the period under consideration (Figure 3). However, during 2000s, growth in agricultural value-addition has been, in general, on rising nod. It also appears that the growth rate of agriculture had mostly been lower than those of industry and services as well of the overall GDP. In contrast, the growth rate of industrial value-added had always been higher than the GDP growth rate while that of services had been higher than the growth rate of GDP in most of the years during 2000s.

**Figure 3: Trend in the Growth of Value-added in Agriculture, Industry and Services Sectors**

Source: World Development Indicators, World Bank

### 3.2. Contribution of Remittances

Bangladesh has benefitted tremendously from the large inflow of remittances. Evidence from Bangladesh and other South Asian countries show that income from remittances has been a major positive factor for the reduction of poverty. The Government has been striving hard to deepen overseas employment opportunities in different countries in the World. The major exporting countries of Bangladesh workforce have been Saudi Arabia, Malaysia and
Abu Dhabi in terms of remittances and number of employments. The concerned ministry and the Bureau of Manpower, Employment and Training (BMET) have concentrated on the incentive structure required for cost-effective work force export as well as for remittances of foreign currency through formal channel. Table 3 shows number of exported work force and the amount of remittances received during the past ten years.

**Table 3: Trend in Number of Employment Abroad and Amount Remittances**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of migrants</th>
<th>Remittance in million US$</th>
<th>Remittance in million taka</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-2000</td>
<td>222686</td>
<td>1949.32</td>
<td>98070.30</td>
</tr>
<tr>
<td>2000-2001</td>
<td>188965</td>
<td>1882.10</td>
<td>101700.10</td>
</tr>
<tr>
<td>2001-2002</td>
<td>225256</td>
<td>2501.13</td>
<td>143770.30</td>
</tr>
<tr>
<td>2002-2003</td>
<td>254190</td>
<td>3061.97</td>
<td>177288.20</td>
</tr>
<tr>
<td>2003-2004</td>
<td>272958</td>
<td>3371.97</td>
<td>198698.00</td>
</tr>
<tr>
<td>2004-2005</td>
<td>252702</td>
<td>3848.29</td>
<td>236469.70</td>
</tr>
<tr>
<td>2005-2006</td>
<td>381516</td>
<td>4802.41</td>
<td>322756.80</td>
</tr>
<tr>
<td>2006-2007</td>
<td>832609</td>
<td>5998.47</td>
<td>412985.29</td>
</tr>
<tr>
<td>2007-2008</td>
<td>875055</td>
<td>7914.78</td>
<td>542951.40</td>
</tr>
<tr>
<td>2008-2009</td>
<td>465351</td>
<td>9689.26</td>
<td>666758.50</td>
</tr>
<tr>
<td>2009-2010</td>
<td>383150</td>
<td>10987.40</td>
<td>760109.59</td>
</tr>
</tbody>
</table>

Source: Bangladesh Bank

Raihan et al (2009) show that remittance plays a very important role in Bangladesh with regard to macroeconomic stability, aggregate demand and household well being, which is indicated by consumption level and poverty incidence. Using the CGE model, the study explores the role of remittance in reducing poverty in Bangladesh and suggests that 1.7 percentage points out of 9 percentage points reduction in head-count poverty during 2000-2005 in Bangladesh could be attributed to the growth of remittances. Raihan (2010) also shows that remittance plays a very important role in Bangladesh with regard to household well being measured by consumption level and their poverty incidence. Using household survey data, the study suggests that the even among the poor households those who receive remittances experience higher level of consumption than the non-recipient households.

**3.3. Growth in RMG Exports**

The readymade garment (RMG) exports from Bangladesh, almost unknown in the late 1970s, climbed to its current position of prominence within a short span of time by exploiting the quota system under the Multifibre Arrangement (MFA) regime, and the GSP facilities provided by the EU. The industry now accounts for about three-quarters of the country’s total merchandise export receipts, provides direct employment to about 3 million people – 80 per cent of whom are women, and accounts for 30 per cent of manufacturing investment share. Razzaque and Raihan (2008) observe that the spectacular growth of the
export-oriented industry has prompted important structural transformations that have witnessed rising significance of international trade vis-à-vis dwindling importance of foreign aid, a completely changed export structure to be overwhelmingly dominated by manufacturing goods from the previous dependence on primary commodities, and the feminisation of the workforce in wage employment of the export industry. Being an unskilled-labor intensive sector that provides employment mostly to women, the RMG sector is also thought to have had a strong influence on poverty alleviation in Bangladesh. Figure 4 shows that from a small base of only 709 million dollars in 1980-81, RMG exports have grown to 10526 million dollars in 2005-06, accounting for 75 percent of export earnings in 2005-06.

Figure 4: Growth of Bangladesh RMG Exports (million US$)

Source: EPB (various years)

Khondker and Raihan (2009), using the CGE model, show that 2.5 percentage points out of 9 percentage points reduction in head-count poverty during 2000-2005 in Bangladesh could be attributed to the growth of RMG exports.

3.4. Micro-finance

Micro finance revolution that started some three decades ago has brought changes in financial landscape in rural financial markets. Poor that did not have access to credit can access credit. Micro finance institutions address the problem of formal market failure due to adverse selection and moral hazard. On the other hand, it offers institutional framework that can make rural financial market more effective. The major elements of micro finance are: (i) self-selected group; (ii) compulsory savings; (iii) participation of poor members in investment decisions, and (iv) joint liability of the group members for loan default.

Micro finance has expanded tremendously both horizontally and vertically. With wider branch network, MFIs have been able to expand financial services to the millions of poor
members and borrowers. Financial products are diversified – from traditional small business to livestock development and manufacturing. From the portfolio mix of the lenders, one is able to derive information on demand side. Livestock has a higher demand. This is less risky. Small business remains prominent sector. Demand for loans for financing these sectors has grown over time. Increase in the supply of loans is a testimony of such higher demand.

The study by Khandker (2003) shows that that micro-finance benefits the poorest and has sustained impact in reducing poverty among program participants. It also has positive spillover impact, reducing poverty at the village level. But the effect is more pronounced in reducing extreme rather than moderate poverty.

### 3.5. Infrastructural Development

It is generally acknowledged that an efficient supply of infrastructure is conducive to economic development. Infrastructure is argued to be one of the critical factors for economic growth in the low income countries like Bangladesh. Infrastructure services are crucial to poverty reduction and the achievement of the Millennium Development Goals (MDGs) in Bangladesh. Access to better infrastructural services can improve health and education outcomes. For example, improved water and sanitation services reduce child mortality from waterborne diseases. They also support better education and health outcomes, for example by allowing more time for children to seek education and by improving access to health services. Reliable basic infrastructure services help small farmers market their crops, encourage the development of non-farm income opportunities for the poor, thus acting as a critical input into moving out of poverty.

Raihan (2011), based on district-level data of a number of physical and social infrastructural indicators, constructs district-wise Infrastructure Development Index (IDI) and ranks the districts on the basis of IDIs. The study also applies cross-section regression model and the results suggest that the district-wise variation in head-count poverty is well explained by the variation in the IDI and the district with higher IDIs are associated with lower head-count poverty.

### IV. CONCERNS IN POVERTY REDUCTION IN BANGLADESH

#### 4.1. Extreme Poverty and Vulnerability

Despite all these achievements poverty still remains at a very high level and the number of people living below poverty line has not declined by great margin over the last two decades. In 1991-92, the number of poor people was about 60 million which was about 47 million in 2010 – a decline by only 13 million over 20 years. The most startling consequence of widespread poverty is that a quarter of the country’s population – 36 million people –
cannot afford an adequate diet, according to the 2010 estimates of food poverty or extreme poverty (BBS, 2010). Chronically underfed and highly vulnerable, they remain largely without assets (other than their own labour power) to cushion lean-season hunger or the crushing blows of illness, flooding, and other calamities (Quisumbing, 2007).

While these static point-in-time poverty estimates are useful for a snapshot of the poverty situation, they are not much useful to explain the gross movement of households in and out of poverty. Empirical evidence suggests that the gross movements in and out of poverty are much larger than the net aggregate poverty outcomes indicated by static estimates. To have a proper grip on policy perspectives, it is necessary to understand the underlying dynamism that propels households in and out of poverty. There are a number of studies (e.g. Rahman, 1996, 2002; Sen 1996, 2003) that incorporate the notion of risks and vulnerability in understanding the dynamics of poverty particularly in rural areas of Bangladesh. The panel study of 62 villages by the Bangladesh Institute of Development Studies (BIDS) and the Power and Participation Research Centre (PPRC) was one of the earliest of this nature. It has been found that the poor are not just a simple homogenous population that can be neatly categorised into one or two groups. There are considerable variations and mobility among the poor. Apart from the limited asset base and adverse socio-political environment, the poor and the vulnerable are subject to periodic shocks such as natural disasters, illness and insecurity which often result in fluctuating economic fortunes. There are also factors that help them move out of poverty. Using a two period panel (1987/1988 and 2000) consisting of 379 households from 21 villages, Sen (2003) has made similar attempts to explore the dynamics of poverty in rural areas. He adopts the rural livelihood framework coined by Ellis (2000) to analyse (the lack of) mobility of households in and out of poverty and identifies four groups: i) the ‘always poor’ who remained poor in both periods and constitutes 31 percent of the sampled households; ii) the ‘never poor’ who stayed out of poverty in both the periods with the share of 25 percent; iii) the ‘ascending households’, who escaped from poverty and represents 26 percent of the households; and iv) the ‘descending households’ who descended from the non-poor into poverty with the a share of 18 percent. The difference of eight percent between the share of the ‘ascending’ and the ‘descending’ households is the net change in poverty during this period. The study again confirms that mobility among the poor and vulnerable is far greater than what we observe of net aggregate poverty changes at national level.

4.2. Income Distribution and Inequality

There is considerable concern in Bangladesh about the growing income inequality. Results show that the distribution of income is much more unequal than the distribution of consumption. Income inequality as measured by the gini coefficient for the distribution of income has risen substantially during the 1980s and the 1990s. More recent data shows a further increase in the income gini coefficient from 0.451 in 2000 to 0.458 in 2010 due to an
increase in rural income inequality (Table 4). Thus, the rural income gini coefficient increased from 0.393 in 2000 to 0.431 in 2010. The urban income gini coefficient remained unchanged at 0.497 during 2000 and 2005 but declined to 0.452 in 2010.

<table>
<thead>
<tr>
<th>Table 4: Gini index of per capita income</th>
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<tr>
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<tr>
<td>2000</td>
</tr>
<tr>
<td>-----------------------------------------</td>
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<tr>
<td>National</td>
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<tr>
<td>Urban</td>
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<tr>
<td>Rural</td>
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</table>

Source: Bangladesh Bureau of Statistics Different HIES

Some further evidence of what has been happening to income inequality can be gleaned from Table 5. The results suggest that from mid 1980s to the end of 1990s the annual average growth rates in the income share of the lowest 20 percent households were negative, whereas the corresponding growth rates for the top 20 percent household were positive (except during 1989-92). However, during 2000 and 2005 the annual average growth rate in the share of the lowest 20 percent households has been positive whereas that of the highest 20 percent has been close to zero. During 2005-2010, the share of the highest 20 percent declined and those of lowest 20 percent increased.

<table>
<thead>
<tr>
<th>Table 5: Annual average growth rate of share in income of different quintiles of households</th>
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<tr>
<td>Highest 20%</td>
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<td>Second 20%</td>
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<tr>
<td>Third 20%</td>
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<tr>
<td>Fourth 20%</td>
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<tr>
<td>Lowest 20%</td>
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</table>

Source: World Development Indicators.

Measures of expenditure inequality, which is a more reliable measure of inequality in view of the weakness of income data in HIES, shows a similar picture of rising inequality in the 1990s. Expenditure inequality rose considerably during 1990s, particularly in urban areas. The HES data suggest that inequality in the distribution of private per capita expenditures, as measured by the gini coefficient, increased from 0.259 in 1991-92 to 0.306 in 2000 (Table 6).

<table>
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<th>Table 6: Gini index of per capita expenditure</th>
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<tr>
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</tr>
<tr>
<td>National</td>
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<td>Urban</td>
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<td>Rural</td>
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Source: Bangladesh Bureau of Statistics Different HIES

Unlike in the 1990s, the expenditure inequality for the country showed no change between 2000 and 2005. The urban expenditure gini fell somewhat while the rural expenditure gini increased slightly, offsetting the impact on the national expenditure gini. Overall, since
1995-96, the changes in national and urban/rural expenditure ginis for are too small to be statistically significant, which indicates that changes in the distribution of expenditure (relative to the mean of the distribution) has remained stable for the last decade in Bangladesh.

Nevertheless, the growing income inequality is of major concern to the Government. There is a need to address the income inequality problem through a range of measures including creating better access to high productivity, high income jobs; improving farm productivity and incomes; sharpening the focus on equity aspects of public spending on education, health, family planning; nutrition and water supply; reducing the regional disparity of growth; and improving the access of the poor to means of production (fertilizer, seeds, water, electricity and rural roads); and by improving the access of the poor to institutional finance.

4.3. Regional Distribution of Poverty

There are sharp variations in the rate of poverty reduction across regions. The largest decline in poverty during 2005 and 2010 occurred for Rajshahi, Barisal and Khulna divisions, while Dhaka saw little change (Figure 5). All divisions with high consumption growth also saw substantial reductions in poverty and there was no apparent association between growth and distributional changes.

For all its progress, however, Bangladesh remains a poor country – with an estimated 47 million people in poverty in 2010 and disparities in incomes and human capabilities across income and occupational groups, gender, and regions. Underlying the national poverty story are significant differences between regions. Dhaka, Chittagong and Sylhet divisions in the eastern part of the country experienced rapid poverty reduction between 2000 and 2005. In the West, the gains were much smaller for Rajshahi and nonexistent for Barisal and Khulna. This pattern was substantially reversed over 2005-2010. Khulna, Rajshahi and Barisal divisions all registered impressive reduction in rural poverty that allowed them to catch up considerably with their Eastern divisions. In contrast reduction in rural poverty reduction was much more modest in Chittagong and Sylhet while it remained stagnant in Dhaka. These results are partly explained by in-migration from the Western Divisions to the Eastern Divisions, especially to Dhaka, but also reflect gains from policy attention to agriculture and rural development as well as improved road transport linkages between the Western Divisions and the growth centers in Dhaka and Chittagong. However, the gap in urban poverty between Eastern and Western divisions remain large. Sustaining and improving the pace of poverty reduction and addressing the constraints faced by economically lagging regions and cushioning therefore remain enduring challenges.

In addition to the structural causes of poverty, recurring community-wide shocks have a significant accumulated impact. Some of these are seasonal, while others are more unpredictable, like the major floods and tropical cyclone that occurred in 2007. There is some evidence to suggest that severe and repeated community-wide shocks contribute to poverty traps in certain areas of the country. The coastal belt of Barisal is a case in point. It is no coincidence that Barisal has the highest incidence of both rural and urban poverty. The high incidence of natural disasters suffered by this Division calls for special efforts to design growth, employment and poverty strategies that seek to offset to the best possible way the adverse implications of these disasters. Economy wide, the rural and urban poor are also highly vulnerable to increases in food prices. The steep rise in food prices, especially of rice prices during 2007 and 2008, while benefiting a relatively small group of (larger) farmers, has had an especially severe impact on the poorest households. The frequency and severity of such large shocks calls for safety nets programs to play a critical role. By (at least partly) mitigating the impact of the shocks, a well-functioning safety net system would ensure that the considerable gains Bangladesh has achieved through rapid economic and social transformation are not eroded.

4.4. Intra-household Allocation of Resources

Razzaque and Raihan (2011) suggest that poverty measures based on either consumption expenditure or income of the households pose a serious problem associated with their failure to distinguish between the statistical units for which indicators or variables are observed (such as households) and the units on which inference is drawn about poverty
(such as, individual members of households). Although all surveys take into cognizance of the asymmetric distribution of the child-adult ratio across households by using an equivalent scale to overcome the problem of overestimating (underestimating) poverty in households with more (fewer) children, they implicitly assume away any bias in the distribution of household income or expenditure among its members. Therefore, if per capita household consumption expenditure (or income), adjusted for adult-equivalence, is found to exceed a predetermined per capita poverty line income, it is assumed that all members of the household are free from poverty. This has been the usual practice in estimating poverty at the national level despite concerns about unfair and unequal distribution of consumption bundle among members and particularly about discrimination against women.

Intra-household distribution is a complicated matter. Conventional economic analysis has attempted to explain household spending based on bargaining models, in which different members of a household are thought to have conflicting opinions on how household resources should be spent although empirically it is difficult to find conclusive support for these models. Notwithstanding the problem of conceptualization at the theoretical level, a number of such patterns as women placing higher priority on child welfare, female earning being more important than their male counterparts with respect to expenditure on food, etc., seem to have been agreed by most economists. It is also recognized that intra-household distribution particularly with regard to gender can vary from one society to another. Against this context, Razzaque and Raihan (2011) raise concerns whether the reality is being reflected in the official statistics of poverty in Bangladesh. Families shown to have per capita income above the poverty line (or, non-poor families) might have some members underfed and undernourished thereby hiding some of their poorer members from the national estimates.

Razzaque and Raihan (2011), based on a comprehensive household survey on intra-household allocation of resources in 2005, provide the estimates of poverty incidence, using both the conventional ‘cost of basic needs’ (CBN) approach and a method of comparing food-intake of individuals with their requirements (i.e. energy or calorie required to maintain individuals’ day-to-day lifestyles, including economic activities). The CBN method infers about the status of a household by comparing its income with a predetermined poverty line income, while in the other approach each individual’s calorie requirement acts as the poverty line. The basic idea in the latter approach is that studying the distribution of food may reveal the nature of intra-household distribution and its impact on poverty and welfare at the individual household member level. The findings reveal that for about 70 per cent of the CBN poor calorie-intakes are lower than their requirements, while more than 54 per cent of the CBN non-poor individuals are also ‘calorie-poor’. This shows the inappropriateness of the conventional approach in providing a realistic assessment of poverty incidence. The incidence of ‘calorie-poverty’ is also found to be high amongst the
commonly perceived relatively better-off households such as large landholding rural and high education urban households.

V. SOCIAL PROTECTION IN COMBATING POVERTY AND VULNERABILITY IN BANGLADESH

The diverse underlying causes of poverty in Bangladesh include vulnerability, social exclusion, and lack of assets; although the main symptom is often hunger. The extreme vulnerable poor can potentially lift themselves out of poverty with appropriate short to medium-term support. The extreme dependent poor, who are old, disabled or chronically sick, will depend on long-term social protection to survive. The children of the extreme poor, who are stunted or malnourished, are vulnerable to harassment, and have limited, or no access to education. A sharp rise in inequality would not only undermine the impact of growth, but may also threaten social cohesion and breed instability and discontent. Both poor and non-poor families are vulnerable to shocks (e.g. natural disasters, health problems) that can return them quickly into extreme poverty.

There are four major concerns that the current rate of progress in reducing extreme poverty may not be maintained: (1) slowdown in the global economy together with domestic factors; (2) growing population density is likely to force more of the poorest people to live in the most vulnerable areas; (3) climate change will exacerbate the vulnerability of poor people to environmental shocks, with the predicted increase in extreme climate events; and (4) demographic and social changes may further increase vulnerability and social exclusion.

Risks and vulnerability are mainstream problems in the lives of the average Bangladeshi and are recognized as such by governments, individuals and communities. Safety Net Programmes to address risk and vulnerability have been an integral part of the anti-poverty strategy of this and previous governments. However, with informal safety nets eroding, newer risks emerging from rapid processes of urbanization and global economic integration, and, stronger assertion of mitigation demands from a democratizing polity, a holistic re-thinking on the direction, scope and design of safety net policies in particular and social protection policy in general has become necessary. Social protection includes safety nets, various forms of social insurance, labour market policies as well as processes of self-help existing or emerging within society. Risk reduction and social protection are important not only in themselves but also because an unaddressed risk atmosphere carry negative psychological consequences for the livelihood initiatives of the poor and for community efforts at social cohesion.

Effective policy initiative on a holistic approach to social protection will require a sharper profiling of risks, old and new. These include disasters, anticipated risks such as *monga* and seasonal poverty, public health risks associated with the urbanization process, social ills
such as dowry, erosion of family-based safety nets and emergence of new vulnerable groups such as the elderly and the disabled, and, the uneven globalization process which may give rise to new categories of poor whether in terms of worker displacement, livelihood losses or victims of environmental disasters.

Social Safety Net Programmes (SSNPs) in Bangladesh address basic needs of the people namely food, shelter, education and health. The prime programs covered under SSNPs are: Food for Works (FFW), Vulnerable Group Development (VGD), Vulnerable Group Feeding (VGF), old-age allowances, allowances for retarded people, allowances for widow and distressed women, grants for orphanages. There are also micro-credit programmes, allowances for freedom fighters and so on. Distressed people particularly women, children and disabled persons have been given priority under Social Safety Net. The SSNPs have been broadly categorized into two: Social Protection and Social Empowerment. They are implemented through both non-development budget and development budget. Social protection encompasses: cash transfer allowances; cash transfer (special), food security, new funds for programs. Social empowerment includes: stipends, housing and rehabilitation, micro-credit, miscellaneous funds, development programs.

The economy of Bangladesh has been growing at a reasonable growth rate, but safety nets are necessary for those who are still below the poverty line. The challenge lies in expanding coverage of the extreme poor and reducing leakages. To expand coverage to those who need the most, Bangladesh has to increase the efficiency while reducing the cost of its safety net programmes. For instance, food based safety net programs have evolved to replace the public food distribution system and many were funded by food aid donors.

The Government of Bangladesh maintains a variety of social safety net programmes designed to address mainly transient food insecurity stemming from shocks. Some of the most prominent Government of Bangladesh safety net programmes include Vulnerable Group Feeding (VGF), Open Market Sales (OMS), Cash for Work (CFW), Food for Work (FFW) Vulnerable Group Development (VGD), Gratuitous Relief (GR) and recently the 100 days employment guarantee scheme. World Food Programme (WFP) works with UNICEF and FAO to implement the nutrition intervention activities through a coordinated UN approach. Table 7 presents the names and examples of major types of SSNPs in Bangladesh.

<table>
<thead>
<tr>
<th>Type</th>
<th>Program Examples</th>
</tr>
</thead>
</table>
| Cash transfers              | Old Age Allowance  
Widowed and Distressed Women Allowance  
Disabled Allowance |
| Conditional cash transfers  | Primary Education Stipend Program  
(formerly Food-for-Education)  
Stipends for Female Secondary Students |
### Type Program Examples

<table>
<thead>
<tr>
<th>Type</th>
<th>Program Examples</th>
</tr>
</thead>
</table>
| Public works or training based cash or in kind transfer | Rural Maintenance Program  
Food-for-Work  
Vulnerable Group Development (VGD)  
Employment Generation Programme (EGP) |
| Emergency or Seasonal Relief        | Vulnerable Group Feeding (VGF)  
Gratuitous Relief (GR)  
Test Relief (TR)  
Open Market Sale (OMS) |

However, while the budgetary allocations for the SSNPs have shown an increasing trend, the percentage shares of SSNPs in the national budget and GDP have been declining since 2010-11 (Figure 6).

![Figure 6: Allocation for SSNPs as % of total national budget and GDP](image)

**Source:** Budget in Brief, Finance Division, Ministry of Finance, Government of Bangladesh

### VI. ISSUES AND CHALLENGES

It appears that in Bangladesh, targeting criteria of the SSNPs is good at targeting the poorest. Also the SSNPs are perceived by the beneficiaries as helpful especially the poorest. However, there are a number of weaknesses in Bangladesh SSNPs (PRSP, 2005; SFYP, 2011). There is no integrated national policy for social protection and safety net programmes based on a comprehensive and updated risk and vulnerability mapping. Often, the extent, nature and mechanisms of many safety net programmes change with a change of government. There is also lack of integration and coordination among various safety net programmes and providers. A number of ministries are involved in implementing and monitoring safety net programmes. Many are funded with donor money. Budgetary provisions are ad-hoc and given as block allocations.
Though SSNPs have played a role in mitigating poverty, their coverage remains limited given the magnitude of extreme poverty that exists in the country. Furthermore, SNPs cover mainly the rural poor, whereas the nature of urban poverty is more severe than rural poverty in certain respects.

Current social safety-nets also lack coverage of specific socially excluded and marginalised groups. Some outcast groups in Bangladesh like cobblers, sweepers and fishermen are living in extreme poverty for years together. Tea plantation workers are another group found to live for years in extreme poverty. In Bangladesh, farmers, particularly the small farmers, are exposed to large-scale vulnerability due to various natural uncertainties, price fluctuation and low price of output. This may be exacerbated by the globalization process. If prices suddenly fall due to large-scale imports, there are no means to protect these farmers. There is also a lack of understanding of the poverty implications arising from globalization-induced shocks and their gender dimensions for the garment sector.

The nature of extreme poverty varies with variations in geography and agro-ecology. Separate safety net programmes are needed to alleviate poverty arising from area specific problems like river erosion, salinity and arsenic pollution. Geographic targeting taking these characteristics into account is still lacking.

The “widowed and distressed women’s’” allowance/Inadequacy of the amount of allowance/grain/wages/loans provided under the safety net programmes is one of the main weaknesses of these programmes. Almost all beneficiaries of the Old Age Pension Scheme reported that during old age, health care is a basic need and for this a more substantial amount of money is required every month.

For all the safety net programmes, the poor have been identified mainly on the basis of land ownership and income criteria. It is possible to identify the poor with respect to various socio-economic characteristics such as land ownership, income, housing condition, food security and consumption expenditure. The use of these characteristics should be applied, based upon the particular focus of the safety net programme subject to the provision that they should not be too complex to understand and apply.

In the existing safety net programmes, the gender dimension of poverty has been addressed inadequately. All the safety net programmes undertaken for women addressed their income poverty whereas social and psychological poverty is pervasive among women in Bangladesh. Human poverty, particularly health poverty, is more acute in case of women but there is no safety net programme addressing the health insecurity of poor women. Access to education and skill training is highly restricted to poor women but no women-focused safety net programme was undertaken to provide education to girl children of poor families.
Gender specific risks and insecurity in the labour market are also by-passed by the existing safety net programmes. Poor women-workers face specific risks and insecurity. Risk of violence is also rampant for them in the workplace. Safety net programmes addressing these risks and insecurities are inadequate both in number and magnitude. Only recently, the GOB has undertaken a safety net programme to provide protection to the victims of acid throwing. But the size of this programme is as yet quite small. Victims are also in great need of counselling and health services as well as marketing services to sell what they produce through self-employment. Therefore, together with providing small credit, health and counselling services an outlet for marketing their products should also be provided to help their proper rehabilitation.

Despite the successes of SSNP in Bangladesh, there have been causes of concern on several counts. There have been various administrative problems obstructing the smooth running of the programmes. Targeting has been off the mark in some of the programmes. In some cases, leakages have been more of a problem than targeting. Also in-kind transfers such as food may have depressed prices somewhat, and this could be a disincentive to small producers.

PRSP (2005) identified a number of areas for the development of effective SSNPs. An increase in the allocation for social assistance programmes is warranted. Safety net programmes have an important role to play in Bangladesh. The challenge is to base programme choice on an effective and updated risk and vulnerability mapping and ensure that chosen programmes serve both to limit total cost and reduce opportunity cost. First, a coherent and integrated national social protection policy based on a comprehensive mapping of existing and emerging vulnerabilities needs to be developed. This policy will have to decide upon what to include and what to exclude for public action. Particularly, the variety of social assistance and the social insurance programmes that may be undertaken over phases needs to be clarified. Second, coverage of existing programmes which have proven track records can be expanded. For example, the Rural Maintenance Programme (RMP) needs to be continued. The old age pension scheme may also be expanded in phases. Third, the labour laws of the country that already have provisions for several types of social insurance related to employment need to be reviewed by a body composed of government representatives, employers, employee unions and other stakeholders. These laws should be further strengthened and implemented. A strong regulatory role by the Government may be needed. Fourth, rigorous evaluation of current SNPs to identify weaknesses and improve their effectiveness will have to be undertaken. Fifth, programmes need to be developed which address emerging vulnerabilities such as urban poverty, livelihood loss due to economic integration and policy reforms, and disadvantaged groups not covered by existing SNPs. Sixth, holistic strategy needs to be developed to provide long-term solutions to entrenched problems such as seasonal poverty in northern districts and other affected
areas. **Seventh**, introducing health and nutrition related assistance programmes towards reducing maternal mortality and improving child nutrition. An active exploration of a viable school meal programme will be a priority. **Eighth**, facilitating the growth of insurance programmes targeted to the poor and vulnerable groups as viable alternatives for their social protection needs. In addressing all of the above, gender concerns will have to be accommodated as a matter of priority.

**VII. CONCLUSION**

Consideration could be given to (i) establishing a clearing and designing house for keeping track and coordinating optimal utilization of scarce resources by avoiding duplication and dovetailing programmes so that the needs of the special groups may be catered to; (ii) minimizing the number and improving the accountability of intermediaries who are involved in administering safety net programmes; (iii) establishing a standing arrangement for monitoring and overseeing the development and implementation of policies and programmes for safety net programmes; (iv) coordinating the views and activities of the government and non-government organizations in SSN areas; (v) outsourcing responsibility for implementing safety net programmes at the local level; (vi) introducing periodic evaluation of programmes to throw light on what is working and what is not; and (vii) allowing for reform and consolidation of programmes where needed. Apart from these, one important aspect of safety net programmes demanding improvement in Bangladesh is the “regional disparity” issue. Uneven distribution of wealth and variation in poverty incidence between regions has to be incorporated in targeting the poor. Employment creation in Monga areas in a more permanent basis should be emphasized.
REFERENCES


