Social Protection for Inclusive Growth: The Case of Bangladesh

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Outline of the presentation

• Introduction
• Reduction in poverty in Bangladesh
• Factors influencing reduction in poverty
• Concerns in poverty reduction in Bangladesh
• Social protection in combating poverty and vulnerability in Bangladesh
• Issues and challenges
Reduction in poverty in Bangladesh

Source: Bangladesh Bureau of Statistics, Various HIES
### Annual average percentage point reduction in headcount poverty

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</thead>
<tbody>
<tr>
<td>Rural</td>
<td>-1.20</td>
<td>-0.58</td>
<td>-1.70</td>
<td>-1.72</td>
<td>-1.30</td>
</tr>
<tr>
<td>Urban</td>
<td>-3.10</td>
<td>1.16</td>
<td>-1.36</td>
<td>-1.42</td>
<td>-1.18</td>
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<tr>
<td>National</td>
<td>-1.56</td>
<td>-0.42</td>
<td>-1.78</td>
<td>-1.70</td>
<td>-1.37</td>
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</tbody>
</table>
Factors influencing reduction in poverty

Real GDP growth rate (%)

Source: World Development Indicators, World Bank
Trend in the Growth of Value-added in Agriculture, Industry and Services Sectors
Positive impacts of remittance and export growth
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 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.
Infrastructural development

• 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.
Concerns in poverty reduction in Bangladesh

• 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 a 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).
Gini index of per capita income

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2005</th>
<th>2010</th>
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</thead>
<tbody>
<tr>
<td>National</td>
<td>0.451</td>
<td>0.467</td>
<td>0.458</td>
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<tr>
<td>Urban</td>
<td>0.497</td>
<td>0.497</td>
<td>0.452</td>
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<tr>
<td>Rural</td>
<td>0.393</td>
<td>0.428</td>
<td>0.431</td>
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</tbody>
</table>

Source: Bangladesh Bureau of Statistics Different HIES
Regional Distribution of Poverty

[Bar chart showing regional poverty rates in Bangladesh over 2000, 2005, and 2010 for Rajshahi, Barisal, Dhaka, Chittagong, Khulna, and Sylhet.]


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Intra-household Allocation of Resources

- 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 CBN approach and a method of comparing food-intake of individuals with their requirements.
- 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.
Social protection in combating poverty and vulnerability in Bangladesh

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

<table>
<thead>
<tr>
<th>Type</th>
<th>Program Examples</th>
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</thead>
<tbody>
<tr>
<td>Cash transfers</td>
<td>Old Age Allowance</td>
</tr>
<tr>
<td></td>
<td>Widowed and Distressed Women Allowance</td>
</tr>
<tr>
<td></td>
<td>Disabled Allowance</td>
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<tr>
<td>Conditional cash transfers</td>
<td>Primary Education Stipend Program</td>
</tr>
<tr>
<td></td>
<td>(formerly Food-for-Education)</td>
</tr>
<tr>
<td></td>
<td>Stipends for Female Secondary Students</td>
</tr>
<tr>
<td>Public works or training based cash or in</td>
<td>Rural Maintenance Program</td>
</tr>
<tr>
<td>kind transfer</td>
<td>Food-for-Work</td>
</tr>
<tr>
<td></td>
<td>Vulnerable Group Development (VGD)</td>
</tr>
<tr>
<td></td>
<td>Employment Generation Programme (EGP)</td>
</tr>
<tr>
<td>Emergency or Seasonal Relief</td>
<td>Vulnerable Group Feeding (VGF)</td>
</tr>
<tr>
<td></td>
<td>Gratuitous Relief (GR)</td>
</tr>
<tr>
<td></td>
<td>Test Relief (TR)</td>
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<tr>
<td></td>
<td>Open Market Sale (OMS)</td>
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</table>
Allocation for SSNPs as % of total national budget and GDP
Issues and challenges

• 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 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.
Issues and challenges..

- 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, SSNPs 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.
Issues and challenges..

- Separate safety net programmes are needed to alleviate poverty arising from area specific problems like river erosion, salinity and arsenic pollution.

- In the existing safety net programmes, the gender dimension of poverty has been addressed inadequately.

- Targeting has been off the mark in some of the programmes. In some cases, leakages have been more of a problem than targeting.
Areas for the development of effective SSNPs

• Increase in allocation.

• A coherent and integrated national social protection policy based on a comprehensive mapping of existing and emerging vulnerabilities needs to be developed.

• Coverage of existing programmes which have proven track records can be expanded.

• The labour laws of the country that already have provisions for several types of social insurance related to employment need to be reviewed.
Areas for the development of effective SSNPs

• Rigorous evaluation of current SNPs to identify weaknesses and improve their effectiveness.

• 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.

• 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.

• Introducing health and nutrition related assistance programmes towards reducing maternal mortality and improving child nutrition.