

Safety net benefits often elude the needy: study

STAR BUSINESS REPORT

THE benefits of social safety net programmes often do not reach the right people as the schemes are beset by leakages, mistargeting and a lack of coordination, a new study found.

More than 64 percent respondents from Vulnerable Group Development (VGD), a safety net scheme, said the beneficiaries were selected following due process, but the rest were not picked in a proper way.

About 88 percent under Vulnerable Group Feeding (VGF) programme said they were happy with the selection process, while 10.38 percent were discontent.

About 58 percent beneficiaries under the Employment Generation Programme for the Poorest (EGPP) said due procedures were followed, while 32.05 percent said they were not happy with the selection process.

The findings were shared at a meeting on the present condition of the social safety net projects at The Daily Star Centre in the capital. Governance Coalition and Oxfam organised the meeting.

Governance Coalition and People's Alliance, two non-government development organisations, jointly carried out the social audit between January 2013 and January 2015 in 14 unions from seven upazilas in seven districts.

A total of 1,008 beneficiaries from the VGD, 1,002 from the VGF and 504 from the EGPP took part in the social audit.

VGD provides monthly ration support to ultra poor women for two years; VGF offers food support to both poor men and women during natural calamities and festivals; and EGPP provides cash support to both men and women for 100 days during lean period.

The three account for half of the budgetary support going to the social safety net projects.

The government has allocated Tk 25,371 crore for the social safety net projects in the current fiscal year, which is 11.4 percent of the total budget and 2.13 percent of the country's gross domestic product (GDP).



Discussions participants in a meeting on the present condition of social safety net projects at The Daily Star Centre.

Twenty-one ministries are implementing 99 social safety net projects at the moment. The study report said there are a lack of coordination and overlapping in the schemes.

Mohsin Ali, convener of Governance Coalition, said people who need the support the most do not get it, while one person gets multiple assistances although a single individual is not supposed to get help from more than one programme.

"There are weaknesses in policies and management. There is no coordination among the implementing ministries which causes wastages and overlapping," he said.

He urged the government to provide enough time to union councils to prepare a list of beneficiaries. "Sometimes, they are asked to submit the list within a day."

Between 83 percent and 87 percent of the respondents said they were selected by the authorised local committees, while the rest were not picked by the committees.

About 87 percent VGF beneficiaries, 85.33 percent VGD beneficiaries and 63.45 percent EGPP beneficiaries said the recipient selection process was not influenced by powerful people.

However, 35.94 percent EGPP beneficiaries said the selection process was swayed by influential people, especially local politicians who tend to favour people loyal to their parties.

However, the incidence of bribery is very low in all three programmes, with only 10 percent respondents in the EGPP saying they had to bribe for getting the assistance.

Under the EGPP, all the respondents said

they received the support they were promised. The study said this happened because the cash support was sent to the bank accounts of the beneficiaries.

But 36.16 percent VGD beneficiaries and 62.48 percent VGF beneficiaries said they did not get what they were supposed to.

More than 42 percent VGD beneficiaries and 54 percent EGPP beneficiaries expressed satisfaction about the support, while 84 percent VGF beneficiaries expressed discontent.

More than 55 percent VGD beneficiaries and 94 percent EGPP beneficiaries said the projects have brought positive changes in their lives, while 63 percent in the VGF said the assistance did not bring any positive change.

Qazi Kholiqzaman Ahmad, chairman of Palli Karma-Sahayak Foundation, which

provides low-cost funds to organisations for their microcredit programmes, sees the lack of coordination as a major problem for causing mistargeting.

"Had we had effective coordination and proper targeting, we would have been able to help lift more people out of poverty, even with the current amount of funds," he said.

MM Akash, a professor of economics at Dhaka University, said governance and outside influence are issues in the programmes where there is cash transaction.

He urged the government to ensure proper selection of beneficiaries which will help cut wastage and leakage.

Nazneen Ahmed, senior research fellow of Bangladesh Institute of Development Studies, said the private sector has to be involved with the safety net projects. "Businesses can also be a part of the effort to reduce poverty," she added.

Shamsul Alam, a member of the General Economics Department at the Planning Commission, said the government is more or less aware of the problems with the safety net projects. He said, although the allocation for the safety net projects doubled since 2005, more than 64 percent of the poor are still out of the system.

Alam said the government has drafted the National Social Security Strategy (NSSS) in a way that will minimise leakages and bribery.

He said the NSSS might be approved by next month and would trim the number of ministries implementing the projects as the existing system entails costs.

"All of the country's poor people will come under the system within five years of its approval," Alam said, adding that the NSSS will offer allowance to the children of poor families and pension support to the elderly people aged above 60.

About 3.85 crore people -- or almost one in four -- still live below the poverty line. Of them, 1.57 crore are extreme poor, the number being 10.64 percent of the total population, according to the General Economics Department.



REUTERS

A vendor sells eggs at a food market, which operates once a week on Saturday, in the Russian southern city of Stavropol yesterday. Russia's annual inflation accelerated to 16.7 percent in February, and monthly inflation rose to 2.2 percent month-on-month, the Federal Statistics Service said on Thursday. Inflation in Russia has been rising steeply as a result of a slide in the rouble, which has pushed up import prices, and restrictions on many Western food imports in retaliation for sanctions imposed on Russia over the Ukraine crisis.

Amazon sets up shop in China on Alibaba platform

AFP, Shanghai

US online retail giant Amazon has set up shop on the business-to-consumer platform of Alibaba as it seeks a greater presence in the massive Chinese market.

The Seattle-based firm is offering food, women's footwear, toys and kitchenware through its store on Tmall.com which was "quietly" launched on Thursday. Chinese media reported. Amazon's storefront carries the message: "It's Day 1."

Amazon and Alibaba are considered competitors in some areas but unlike the US firm the Chinese company has no product stocks of its own, simply providing a trading platform.

"We welcome Amazon to the Alibaba ecosystem and their presence will further broaden the selection of products and elevate the shopping experience for Chinese consumers on Tmall," an Alibaba spokeswoman said in a statement provided to AFP Friday.

Tmall is estimated to hold more than

half the market in China for business-to-consumer transactions.

Amazon is not new to China. It opened an official store on Tmall for its Kindle e-book reader last year.

The firm made its first foray into China in August 2004 through the acquisition of Joyo.com, an online retailer of books, music and videos. The website was re-branded as Amazon.cn in 2011.

"China's e-commerce industry is fast-growing and nobody wants to miss it," Yang Xiao of e-commerce services provider HC International told AFP. "Amazon wants to add an additional distribution channel in China."

He said the move could be aimed more at China's JD.com, which has a similar business model to Amazon and also competes with Alibaba.

"It's simple game logic -- an enemy's enemy is a friend," Yang said. "Amazon is more likely targeting JD.com and it's a win-win situation for Tmall." Amazon is initially selling nearly 500 items, with more expected to be made available later.

Google boss, Huffington see tech boost jobs

AFP, London

New technologies are capitalising on the jobs market and in the workplace, said Arianna Huffington and Google executive chairman Eric Schmidt at a London conference.

The conference looked at how technological advancements are changing the shape and even existence of traditional workplaces.

"While there have been a lot of concerns about machines and technology replacing humans, when it comes to jobs, we are seeing technology is allowing an enormous amount of new jobs to emerge," Huffington, editor-in-chief of The Huffington Post online newspaper, told AFP.

For the 'unbanked', mobile money still has some way to go

REUTERS, Barcelona

GLOBALLY, an estimated 2.5 billion people don't have a bank account, but many own a cellphone, fuelling a race to turn these phones into bank books for the 'unbanked' to store cash, manage their accounts, make purchases and send and receive money part of so-called 'financial inclusion'.

In a report this week, the GSMA, the association of mobile phone companies, said mobile money 'has been growing at a dizzying rate.' The Boston Consulting Group said last month mobile money transfers in sub-Saharan Africa alone could generate fees of up to \$1.5 billion by 2019.

However, consultants and others working at banks, government agencies and even the phone companies note that, while many people have mobile money accounts - usually with the phone companies - few are actively used. While money flows through these networks, nearly two thirds of the volume comes from users merely topping up prepaid mobile accounts in transactions averaging less than a dollar.

"If you take out air-time, you have a true view of mobile money, and it's not a good story, more than a decade on," says South Africa-based Johan de Lange, who works with banks and phone companies.

And, when people do make remittances, those receiving the money tend to cash it in, taking the money out of the system and limiting the potential for mobile money to become a medium of exchange - a mobile wallet for buying things or to provide banking services over mobile networks.

A GSMA spokesperson said air-time top-ups were decreasing as a proportion of overall transactions, and domestic money transfers via mobile were cheaper or safer than other options, and so were "a key piece of the financial inclusion story."

Use of mobile money, indeed, is spreading and there are success stories, but these are few relative to the number of projects, and consultants and others question just how successful they are.

In Afghanistan, for example,



REUTERS

People look at their mobiles in front of the 2016 Mobile World Congress edition banner in Barcelona on Thursday.

much has been made of a service to send police salaries direct to their cellphones via a code they present to an agent or bank for cash. This has reduced corruption, where police pay was often halved as it made its way through the bureaucratic chain.

But the service last year reached less than 1 percent of the police force, and cost the Law and Order Trust Fund For Afghanistan more than \$10 per transaction - much of which goes to Roshan, the phone company which runs the service with Vodafone. The fund said last year it was exploring cheaper options.

The poster child for telco-driven mobile money services is M-Pesa, set up by Vodafone and run by Kenya's Safaricom Ltd. Mobile money accounts for more than a fifth of its 145 billion shillings (\$1.59 billion) annual revenue.

Daniel Maison, a consultant in Kenya, uses M-Pesa to buy petrol, pay restaurant bills or shop at the supermarket. "It's a part of our lives. We wonder what we did without it. I don't need to physically have cash. The beauty is you can even have a savings account on your mobile phone," he told Reuters.

But some note the M-Pesa service owed much of its take-off to the electoral violence in 2007-08 that displaced many Kenyans and made

it hard for others to travel. Sending money by phone was the next best thing. Consultants also say the company's figures hide the fact that mobile money transactions involve sending notifications via short service message (SMS), a cost the operator effectively subsidises.

"If everyone had to pay for these messages, I wonder how many (telco) 'rock stars' there would be," said Malcolm Vernon, a London-based mobile money consultant who works in Africa, Asia and Europe.

This is not to say that mobile money has no future in emerging markets.

After six years, Wing in Cambodia made a modest profit last year with fewer than 50,000 active accounts, many of them held by farmers and shopkeepers paying their suppliers remotely.

Anthony Perkins, CEO of Wing, once part of Australia and New Zealand Banking Group, says the secret is to think more like a bank than a phone company, such as nurturing a network of agents who can receive and dispense cash. Some of these 'human ATMs' can earn eight times the average national income.

"Running an agent network is really no different than running a branch network," Perkins said.