

Reforming the Social Security System

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THE commitment of the Government of Bangladesh to eliminate extreme poverty and to reduce incidence of poverty by 10 percent by 2021 is a laudable goal. Economic growth rate of over 6 percent during the last decade, along with social policies, may have contributed to the reduction of poverty by about 18 percentage-points between 2000 (i.e. 49 percent) and 2010 (i.e. 31.5 percent) and extreme poverty by about 17 percentage-points between 2000 (i.e. 34.3 percent) and 2010 (i.e. 17.6 percent). The experience of the last decade may have encouraged the government to set up the goal to eliminate extreme poverty. Although, economic growth will continue to play an important role to help eradicate poverty, other supporting instruments would be needed. One such instrument is an effective and efficient social security system. This month the government has taken a commendable step by approving a document outlining the strategies to reform the social security system.

On average, Bangladesh has been spending 2.2 percent of the GDP for Social Security Programmes (SSP), i.e. FY12 to FY14. Analysis with Household Income and Expenditure Survey (HIES) 2010 data suggests that the impacts of SSPs on poverty reduction are less than satisfactory. For instance, if there were no SSPs, the head count poverty rate would have been 33 percent instead of 31.5 percent. If the programmes were targeted effectively to the poor, the head count rate would drop to 29 percent – a 2.5 percentage point reduction in poverty rate. Analogously, if the programmes were targeted effectively to the extreme poor, the poverty rate would drop to 13.5 percent from 17.6 percent (please see National Social Security Strategy). The above analyses suggest that Bangladesh may be missing



out large as far as poverty reduction is concerned using social security instrument. More specifically, with effective application of social security programmes more than 3.5 million poor people and almost 6 million extreme or hard core poor people could have been graduated to their respective next stages in 2010.

Reasons for missing out are predominantly inefficiency and incoherence in the social security system. Moreover according to the latest available data, performances have been deteriorating. According to the World Bank (Bangladesh Poverty Assessment: Assessing a

Decade of Progress in Reducing Poverty, 2000-2010, Bangladesh Development Series Paper No. 31, The World Bank Dhaka Office, June 2013), system's capacity to target beneficiaries efficiently has worsened in 2010 compared to 2005 with 64 percent of the poor did not have access to any social safety nets in 2010 and leakages of SSN funds increased from 44 percent in 2005 to 60 percent in 2010. According to the Ministry of Finance, between 2005 and 2010, Bangladesh spent about \$9 billion for SSPs. Assuming 50 percent leakages (i.e. average of two point estimates of 44 percent

in 2005 and 60 percent in 2010), it can be argued that \$4.5 billion of social security programmes has been wasted between 2005 to 2010. This is a large estimate. What could have been achieved with \$4.5 billion? To put it into context – 4/5 mega infrastructure projects for which Bangladesh has sought assistance.

Against the backdrop of the current state of Social Security System, the Bangladesh government has approved the national social security strategy to redress some of the above mentioned problems. More specifically, the strategy proposed short, medium and long term solutions. The strategy focuses on following key issues such as ensuring more efficient and effective use of resources; strengthening the delivery systems; and adopting a more inclusive form of Social Security that effectively tackles lifecycle risks, prioritising the poorest and most vulnerable members of society.

Although, reforms usually face resistance, some initiatives already adopted by the government suggest strong commitment to push forward the reform agenda. These include preparing a beneficiary data base and enhancing transfer amounts.

(i) The Bangladesh Bureau of Statistics (BBS) with technical support from the World Bank has been working to establish a comprehensive and error free beneficiary data base using the proxy means test (PMT) approach. Initial analysis by BBS and World Bank found that the introduction of PMT would reduce incidence of miss-targeting by about half from around 60 percent to 30 percent. If we include implementation level error it may even be higher than 30 percent to about 35-40 percent. However, the errors are still high and hence innovative approaches involving local communities may be attempted to further lessen the incidence of miss-targeting.

(ii) The government has announced the enhancement of transfer amounts, which is a

welcome step. However, this needs further attention. Current average transfer amount (estimated at around BDT 480) has been found inadequate for a meaningful impact on the livelihood of a poor person. It is thus recommended that the transfer amount should be increased to between BDT 800 and BDT 1,600 from the current level. This change can be implemented mainly by consolidating a large number of SSPs (i.e. more than 95) into six/seven core programmes, focusing on life-course approach without needing substantial additional funds from the government exchequer.

The other two areas for immediate attention includes: (a) expanding coverage to the residents of urban areas. Since poverty was a rural phenomenon, the SSPs have been targeted to the rural poor. Current reality is that due to migration, the incidence of poverty has increasingly been urbanised. However, due to programme design, the poor in urban locations are virtually excluded from SSPs. Therefore, from equity perspective, SSPs must be expanded to urban residents; and (b) strengthening Government to Person (G2P) payment systems that promote financial inclusivity and prevent leakages. The current delivery system is prone to leakages and corrupt practices. Along with establishing a beneficiary database, the government should strengthen the payment system through the introduction of the G2P system, taking advantage of mobile banking facilities to further reduce the incidence of leakages.

We believe an efficient social security system would be critical to realise the goal of reaching middle income status with minimum level of extreme poverty.

The writers are professors of Economics, and Development Studies at Dhaka University. They were involved in the preparation of the National Social Security Strategy along with a group of eminent national and international experts.

Is Myanmar the new gunslinger in town?

SHAHNOOR WAHID

THE 'body language' of our neighbour resembles that of a trigger happy gunslinger who comes to town with a bad attitude. For quite some time now, Myanmar has been flouting diplomatic norms as well as showing disdain for common civility that a country maintains with its neighbour. Before looking back at their many acts of misdemeanour in the past, we can reflect on what has been happening at the Bangladesh-Myanmar border since June 17.

On that day, without provocation of any sort, some Border Guard Police (BGP) personnel of Myanmar swooped down on a regular patrol team of Border Guard Bangladesh (BGB) on the Naf River and opened fire. The shooting left some members of the BGB team injured and in the scuffle that followed, BGP personnel forcefully took away one BGB member named Razzak to their camp. But, instead of handing over Razzak to the Bangladesh authorities, after lodging a complaint if there was any, Myanmar authorities kept him in confinement in their camp. The shocking part of the story is that they even released a photograph in the social media showing Razzak in handcuffs, with dried blood on his face. Such attacks on and subsequent treatment of the members of the border force of a neighbouring country undoubtedly cancels out all forms of diplomatic decency. Dhaka has very rightly termed the incident "unfriendly towards a neighbouring country and a clear departure from diplomatic norms". But it leaves us wondering what the Myanmar army would have done, had our men picked up one of their men and kept him in confinement in such deprecating manner.

We understand Dhaka is taking diplomatic measures to bring back the BGB man, but the Myanmar government has not come out clearly with an explanation as to why he is kept in confinement and what they intend to do with him. Though Myanmar has sent messages on June 22 that Razzak would be released soon, Bangladesh considers the attitude unacceptable, and not befitting a "good and friendly neighbour." We may recall that last Thursday, the foreign ministry of Bangladesh had summoned the Myanmar Ambassador in Dhaka, and demanded the immediate return of the BGB man.

It is learnt from the media that Bangladesh Ambassador to Myanmar Sufiur Rahman has been doing his part by meeting high-ups in Myanmar and handing over a protest note.

The sudden and rash move by the Myanmar



border police has given rise to much speculation. People at all levels are talking about possible ire of the Yaba smugglers of Myanmar behind the attack on the BGB patrol team. BGB's tough stance against smuggling of Yaba from Myanmar was making it difficult for them to do their illegal business across the borders. The shocking revelation came out in a report in this daily that "there are at least 37 Yaba factories on the Myanmar border, and BGP personnel not only know about those, but also facilitate illegal smuggling of Yaba to Bangladesh. And a section of BGP men have close ties with smuggling syndicates."

A look back
The relation between the two neighbours has never been as smooth as it was expected to be in the last 40 years. Myanmar's complex internal power structure and its use of the various forces in uniform with total impunity made it difficult for many countries to maintain a normal relation with it. Bangladesh has always been at the receiving end of roguish behaviour of this neighbour but it never retaliated with similar kind of waywardness. Bangladesh always believed in and pursued diplo-

matic guidelines to solve certain nagging issues that contributed to souring bilateral relations. Among them are: the influx of Rohingya refugees, Myanmar's refusal to accept them as their citizens, demarcation of land and maritime boundary and illegal drug trafficking. The two countries came close to war in 1991 when Myanmar's army units came inside our territory and launched a surprise attack without any provocation. They destroyed the border outpost at Rejupara under Cox's Bazar and killed some members of the then BDR (Bangladesh Rifles). And yet, without opting for military action, Bangladesh solved the debacle through possible diplomatic channels.

A huge wave of Rohingya refugees (nearly 2,50,000) entered Bangladesh in 1991-92, having been victims of torture and persecution by the Myanmar army. It created a complex humanitarian and security issue for Bangladesh. Here again, Bangladesh appealed to the international community to resolve the issue through diplomatic channels but Myanmar remained adamant in not responding to international suggestions. Since then, Rohingyas have been entering Bangladesh in groups as persecution continues inside

Myanmar. Bangladesh avoided another major skirmish in 2008 when in a total unilateral move, Myanmar hired South Korea's Daewoo International Corporation to explore the Bay of Bengal, 90 km south-west of Bangladesh. As maritime boundary demarcation had not taken effect till then, the move to drill for oil there and to flex military muscles to scare Bangladesh off were most unbecoming on the part of a neighbour. In 2014 Myanmar BGP had opened fire on our patrol team and killed a BGB soldier. This time also there was no provocation from our part. The tension was defused through diplomacy.

We are sure the present crisis will be solved in a day or two but what remains to be seen is Myanmar's total commitment to all bilateral and international rules of business when it comes to maintaining peace at the borders and solving other long-standing issues with Bangladesh. Bangladesh's good intentions and practice of abiding by the diplomatic niceties should be reciprocated by Myanmar if it believes in peaceful coexistence.

The writer is Special Supplements Editor, The Daily Star.

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QUOTABLE Quote

ALBERT CAMUS
(1913-1960)

It is better to burn than to disappear.

CROSSWORD BY THOMAS JOSEPH

ACROSS
1 State game
6 Cookie creator
11 Sound-based
12 Like a gymnast
13 Position
14 Admit
15 Hobbit helper
16 Mineo of movies
18 Apr. 15 adviser
19 Game caller
20 CIA's forerunner
21 Dress edge
22 Agitate
24 Give over
25 "The Tempest" savage
27 Death notice
29 Negligent
32 Cal. pages
33 Farrow of film
34 Vast expanse
35 Wing
36 Colony member
37 -- Vegas
38 Minimum amount
40 Some trumpeters
42 Bert's buddy

DOWN
1 Surgical tools
2 Shopper's place
3 Area between lanes
4 Salon offering
5 King Cole was a merry one
6 Pool need
7 Ripen
8 Counter for a cook
9 Waived one's rites
10 Update, in a way
17 Ache battler
23 Scoundrel
24 Turning part
26 "I have no clue"
27 Eggy dish
28 Lively dance
30 Spooky gathering
31 Got fresh with
33 Pirate address
39 "Ice Age" sloth
41 Take the title

CROSSWORD

1	2	3	4	5	6	7	8	9	10
11									
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Yesterday's answer

B	U	S	T	S	H	I	T	I	T
I	N	G	O	T	A	B	O	D	E
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P	L	E	A	T	S				
D	I	E	P	L	A	S	H		
I	M	P	A	L	A	B	R	I	O
P	E	P	P	E	R	P	O	T	T
S	T	E	T	M	A	G	P	I	E
O	A	R	H	E	Y	E	N	D	
T	O	P	A	Z	A	L	P	H	A
A	L	O	N	E	S	T	E	A	L
R	E	P	E	L	H	O	R	D	E

BEETLE BAILEY by Mort Walker

BABY BLUES by Rick Kirkman & Jerry Scott

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