Bangladesh needs a new vision for social protection

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SOCIAL protection is an important fiscal policy instrument that not only helps smoothen consumption and reduce poverty and inequality, but also spurs growth via raising the aggregate demand. Since independence, Bangladesh's social protection, a key policy instrument in the country, has had a history of innovation evolved around crises (e.g. market failures, floods and droughts, and needs of special geographical areas). The country now spends about three percent of the GDP on social protection programmes covering around 35 percent of its citizens.

Before 2015, the goal was to extend relief to the poor. The year 2015 was thought to be a gamechanger for the social protection system in Bangladesh, with the preparation and approval of the National Social Security Strategy (NSSS) – with an overarching goal to move from a poor relief system to a system addressing life cycle risks. The NSSS laid down bold programmatic and institutional reforms, focusing on programme consolidation, increased beneficiary coverage along with spending, digitalised social and beneficiary registries, and a results-based monitoring system. A roadmap was also prepared to implement the reforms. However, progress with the NSSS reforms has been slow.

Seven years after the NSSS was approved, our social protection system is still composed of 100-plus programmes, most of which are small, with exclusion errors of about 70 percent, implying the inability of the system to reach the deserving beneficiaries – referring to 50-60 percent of the citizens who are vulnerable but not covered, and large gaps between the supply side (budget allocations) and the demand side (needs by life-cycle-based groups). It reveals a huge coverage gap of 49 percent and resource gap of 29 percent, remaining static as it fails to align with demographic changes and urbanisation of poverty. It also suggests that young children who account for almost one in every eight poor persons receive only 1.6 percent of social protection expenditures, and 18 percent of the urban poor receive 11 percent of social protection expenditures. The overall outcome is low value for money (i.e. estimated cost effectiveness of only 0.6) for investment of around three percent of GDP.

Approaches to social protection during Covid-19 also have implications for Bangladesh's social protection system. During Covid, the global system not only witnessed unprecedented horizontal and vertical expansions, but also recorded the emergence of new instruments to tackle new vulnerabilities that could not be addressed with traditional programmes. New risks emerging out of the Covid crisis relate mostly to women, children, marginalised groups, and informal workers. In particular, temporary basic income (TBI) for women has emerged as an innovative social protection programme, which especially targets vulnerable women (mostly from the informal sector) and calls for universal early learning and care for children.

Given that Bangladesh aims to attain upper middle-income status in 2030, the future vision of its social protection system should be inclusive, leaving no one out. FILE PHOTO: ANISUR RAHMAN

TBI for women is a policy instrument – an unconditional cash transfer to identify women beneficiaries for a specific time period that recognises the disproportionate effect of a crisis on a group that faces persistent and cumulative vulnerabilities across several dimensions. This is especially important because of the strong positive correlation between the availability of child care services and women's labour force participation. Research has found that the boost in female labour supply from universal child care was experienced most strongly among lower-income households – since high-income households are able to purchase their own child care services privately, in the absence of a more accessible public system. Global studies also report another important feature – that child care doesn't cost, it pays – implying that there is no additional fiscal pressure on governments.

Bangladesh is at a crossroads with choices to make between moving full steam ahead with time-bound implementation of reforms or maintaining the status quo of half-hearted attempts to reforms. Against these backdrops, future agendas for the social protection system in Bangladesh must be explored. Given that the country aims to attain upper middle-income status in 2030, the future vision of its social protection system should be inclusive, leaving no one out. Bangladesh must take steps to immediately implement the unfinished reforms laid out in the NSSS. However, given the new risks that have emerged out of the Covid crisis (e.g. disproportionate impacts on women, children, marginalised groups, and informal workers), the full implementation of the NSSS may not ensure 100 percent inclusivity.

How should the system be strengthened? It should focus on: (i) A dynamic, digitised data system powered by social and beneficiary registries; (ii) Improved selection of deserving beneficiaries based on geographical, demographic, and community-based targeting; (iii) Expanding coverage of G2P payments focusing on financial literacy training, financial inclusion and digital equity; (iv) Gender mainstreaming encompassing gender-sensitive, responsive and transformative approaches; and (v) Management information system and results-based monitoring and evaluation system using social and beneficiary registries.

The hallmarks of the approach are that (i) It asks for a balanced approach with four pillars; (ii) It paves the way for programmes or instrument diversification through social assistance, social insurance and labour market regulations; (iii) It addresses informality and initiates the process of formalisation; (iv) It provides scope to develop care services; (v) It opens up room for private sector participation; and (vi) It ensures fiscal sustainability by allowing public-private partnership in programme development, financing and delivery.

Given the slow progress and the need for new instruments to address new vulnerabilities emerging out of the pandemic, Bangladesh needs to revisit the NSSS to set a new vision or approach to social protection. The new approach should be such that no one is left out. Accordingly, a new framework has been advocated based on four pillars of social protection: social assistance, social insurance, labour market policies, and social care.

The key to any reform is political will. We hope that there will be strong political support for future social protection in Bangladesh – one which will have an all-inclusive system at the heart of it.

The bill for climate change impacts should be shared

RMG NOTES

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THE impacts of climate change are upon us. Recently, devastating floods in neighbouring Pakistan have killed more than 1,000 people, leaving many more homeless.

This tragedy followed the deadly floods that hit north-eastern India and Bangladesh earlier in May. More than nine million people in both countries were affected, and around 300 were killed. Millions of people across the affected areas were left in urgent need of food and medicine.

Climate change is also impacting business and industry. This was brought into sharp focus in my own industry, garment production, with the Pakistan floods. Recent news reports show these floods severely damaged the country's cotton crop. Local dispatches indicate that around 40-45 percent of the cotton crop is submerged (at the time of writing this article) in the major cotton production areas of Punjab, Sindh, and Balochistan.

This could potentially lead to a sizeable reduction in cotton output, placing further supply pressures on the global market and raising prices. This will, in theory, affect Bangladeshi garment makers if the global price of cotton increases. Meanwhile, a drought in the US has also reduced the cotton crop there this year, impacting global cotton prices and hitting garment makers in Bangladesh and other southeast Asian countries.

In the wake of the Pakistan floods, the country's minister for planning and development, Ahsan Iqbal, said Pakistan was a victim of climate change caused by the "irresponsible development of the developed world."

"Our carbon footprint is the lowest in the world," Iqbal said. "The international community has a responsibility to help us, upgrade our infrastructure, to make our infrastructure more climate resilient, so that we don't have such losses every three, four, five years."

This got me thinking about the nature of climate change, what causes it, where it has the biggest impacts and who is left to foot the bill. It's hard to avoid the feeling right now that countries such as Bangladesh, India, and Pakistan are getting a raw deal where these issues are concerned.

If one looks at typical carbon footprints by country, as a general rule, the highest emissions come from the most developed countries and from oil producers. Among high emitters are the US (around 15 tonnes of CO_2 emissions per capita), Canada (14.9 tonnes), Japan and Germany (both around nine tonnes), and the UK (5.6 tonnes).

For context, figures for Bangladesh and Pakistan are 0.47 and 0.87 metric tonnes per capita, respectively. Many

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other garment production hubs, which in several cases are lesser developed countries (LDCs), have relatively low CO_2 emissions.

There is an irony here, however. While the likes of Bangladesh might be relatively low in emitting CO_2, there is no doubt we are disproportionately impacted by climate change. Earlier this year, a study by the World Economic Forum found lower- and middle-income countries are most likely to face GDP losses due to climate change, with South Asia most at risk.

The study said Bangladesh, India, Pakistan and Sri Lanka's exposure to wildfires, floods, major storms and also water shortages mean South Asia has 10-18 percent of GDP at risk, roughly triple that of North America and 10 times more than the least-affected region, Europe.

I believe Bangladesh should stand on its own two feet as an economy wherever possible and ensure that we are not constantly asking for handouts from the global community. At the same time, it seems unfair that poor countries such as ours should have to foot the bill for a problem which is not necessarily of our making. To this end, I think Pakistan's planning and development minister is correct when he says that his country is a victim of climate change caused by the "irresponsible development of the developed world." His frustration is perfectly understandable.

I have no doubt that many Western countries are now attempting to reduce their CO_2 emissions and associated climate impacts via net-zero strategies. Some are having considerable success with this and emissions are falling.

But, as we have already seen in recent years, the damage is – to some extent – already done and countries such as ours are witnessing the climate impacts of rapid industrial development in the West (and, of course, China in the past two decades).

As far as my own industry goes, if fashion brands want to continue sourcing cheap clothing from Bangladesh (which I sincerely hope they do), they may wish to consider supporting us with infrastructure and related challenges in the coming years as climate change impacts become more real. I have no doubt extreme weather will impact all our lives, as well as industries such as garment production.

If we want to maintain consistent production, we may need support with industrial upgrading, investment and other measures to ensure our industry is climate-change-proof.

Likewise, there will be years when raw materials' prices go through the roof (as they have done this year) and, again, climate change could well be a reason why. Will fashion brands be prepared to pay higher prices for products to support the extra cost of these inputs for suppliers? Again, I hope they will conclude that this is the fair and right thing to do.

Climate change is a problem which was (largely) made in the West, but we are feeling its impacts in countries like ours more than ever. We can't bear the financial burden of these impacts on our own. Sharing them with global value chains seems the fairest and most sensible way forward.