

Rethinking social protection in Bangladesh: What role can active labour market policies play?



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Bangladesh's social protection system has a long history of experimentation and has played a meaningful role in reducing poverty since the early 1990s. Bangladesh allocates around 15 percent of its national budget—about 2 percent of GDP—to social security, spread across nearly 95 programmes. In recent years, revisions and reviews of key programmes have helped consolidate the social security system and improve coherence. Yet the system largely evolved in a fragmented and relief-oriented manner, responding to immediate vulnerabilities rather than anticipating longer-term structural changes in the economy—leaving important gaps unaddressed.

These gaps have become increasingly evident due to the social protection system's limited responsiveness to emerging labour market and socio-economic dynamics. The existing social protection architecture remains weakly aligned with labour

TRAINING	PUBLIC WORKS	EMPLOYMENT SUBSIDIES & PUBLIC WORK	SELF-EMPLOYMENT & MICRO ENTERPRISE CREATION	LABOUR MARKET SERVICES
Improve employability and acquire new skills to improve future job paths	Compensate shortcomings in private sector job creation to alleviate poverty and promote community development	Provide incentive for hiring new staff and maintaining jobs by reducing labor costs	Provide both financial and logistics support for self-employment or micro entrepreneurship	Connect job seeker with employers through career advice, job search assistance and other measures promoting reintegration into the labor market
Vietnam- Vocational Training + Industry Linkages India - Skill India / PMKVY	South Africa- Expanded Public Works Programme (EPWP)	Chile- Bono al Trabajo de la Mujer (BTM)	Rwanda - Kora Wigire Entrepreneurship Program	Colombia - Jóvenes en Acción
Bangladesh- Technical and Vocational Education and Training (TVET)	Bangladesh- Employment Generation Program for the Poorest (EGPP)	Bangladesh- COVID-19 loan package	Kenya - Youth Employment & Opportunities Programme (KYEOP) Ethiopia - Productive Safety Net Programme	Germany - Dual apprenticeship system

SOURCE: ILO, SKILL INDIA MISSION, BONO AL TRABAJO DE LA MUJER (BTM)



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market dynamics and ill-equipped to address emerging challenges such as rising unemployment, pervasive informality, and persistent skill mismatches. Labour-market-focused interventions remain marginal within the broader system: only

BDT 4,171 crore—just 3.57 percent of total social protection spending—is allocated to 19 labour market programmes. This imbalance limits the system's ability to support productive employment and smooth transitions in an increasingly

competitive and changing labour market. Against this backdrop of mounting labour market pressures, active labour market policies (ALMPs) have gained renewed relevance. ALMPs are targeted interventions aimed at improving employability, strengthening job matching, and facilitating entry into productive work.

The International Labour Organisation classifies ALMPs into five broad categories: skills training, public works, employment subsidies, self-employment support, and labour market services (Table 1). Their importance is underscored by recent labour

market trends. The Labour Force Survey 2024 shows that national unemployment has risen to 3.66 percent, while graduate unemployment stands at an alarming 13.5 percent—more than double its level eight years ago. Youth unemployment has increased to 8.07 percent, and the number of young people not in education, employment, or training (NEET) has grown to 8.56 million, signalling a gradual erosion of Bangladesh's demographic dividend.

In response to growing labour market pressures, a range of active labour market interventions are already being implemented through government agencies. Public works programmes—most notably the Employment Generation Programme for the Poorest—provide short-term employment during

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