Catering to the Vulnerable: Need for Overhauling of Social Security in Bangladesh

ASIA’S PATH FORWARD

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INTRODUCTION

Women and marginalized communities are proving to be the most vulnerable to both the COVID-19 pandemic and the economic costs of the ongoing lockdown as the pandemic spreads across Bangladesh. Since these communities are dependent on informal employment, and because most of them are in poor and crowded living conditions which make social distancing and access to sanitation exceedingly strenuous, they are distinctly vulnerable to the virus. The government has allocated 3.78 billion USD of the proposed fiscal year 2020-21 budget to social security. This accounts for a real change of 2.5% than the budget of the previous fiscal year. Under the circumstances, this low social security budget will struggle to cover the increased number of vulnerable groups.¹

However, a striking observation has been made which posits that this allocation also includes unrelated expenditures such as pensions and stipends, excluding which the real value reveals a fall from a 9% to a 7.6% share of the budget compared to FY 2019-20.² Those newly marginalized due to the pandemic are the least prepared.

Deteriorating circumstances for marginalized groups

Conditions had worsened even before the onset of the pandemic. The rate of poverty reduction has slowed down; in 2000–2010, the rate of decline was about 1.8%, which dropped to 1.2 % in 2010–2016 (HIES, 2016). Furthermore, a pre-COVID-19 estimate by the World Bank suggests that the vulnerable population at risk of falling into poverty had increased to 55% of the total population. The existing social protection and social safety nets are ineffective. Those selected as beneficiaries for the schemes, in many cases, are chosen politically, leaving the deserving unserved, with many cases of leakage and mishandling. Moreover, the aggregate figures shown in the budgets are misleading. For example, the total earmarked in the FY19–20 budget is 8.75 billion USD, of which pension for retired government employees accounts for 2.71 billion USD, a significant share for a group of 630,000 people.³

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¹ Unnayan Onneshan 2020
² The Business Standard. The social protection budget continues to elude. Accessed on June 21, 2020
Towards a fairer, equitable system

With a view to pull the population, including women and marginalized groups, out of the crisis, an explicit set of measures must be taken. Providing adequate social security through various allowances and benefits to the marginalized groups is a crucial prerequisite for supporting the pandemic-affected population. The social safety net in the budget for the fiscal year 2020-2021 included 1.6 million more poor people under state protection. The number of beneficiaries will rise by 20% this time, intended to provide more poor people with allowances. Around eight million impoverished people currently receive various allowances. The number is likely to increase to 9.6 million in the next fiscal year. If the new poor and vulnerable are taken into consideration, the number of beneficiaries from safety net programs is trivial.

From the old age allowance to universal pension system for the elderly population

The current economic crisis has resulted in economic suffering for the elderly since they are mostly unable to work, and those able to work are facing diminishing income. During such trying times, the government has declared that around 500,000 poor senior citizens in 100 upazilas (sub-districts) who are most vulnerable to poverty are to be brought under the old age allowance as per the existing policy and an additional 0.035 billion USD will be allotted to the program. (FE 2020). These would leave many behind and the amount is not adequate to lead a life above the poverty line. The government should have opted to grant all people aged above 60 years a universal pension scheme, with a minimum amount to keep out of poverty.4

From vulnerability to resilience for the differently-abled

Persons with disabilities are inherently vulnerable to the disruptive economic effects of the pandemic. An allowance for insolvent persons with disabilities has been declared, to be increased to 1.8 million people following the latest disability identification survey which will add 255,000 new beneficiaries. An

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additional allocation of 0.27 billion USD will be provided for this purpose.\textsuperscript{5} It is necessary to engage disability-focused organizations in preparedness and response plans (focusing on the needs of different types of disabilities) including the implementation process in order to fulfill the objectives of the National Preparedness and Response Plan for COVID-19. A quota for cash or food support for people with disabilities should be imposed as it will ensure rights and entitlements for them amongst those competing to have access into public or private resources. Door-step delivery should be ensured for free or at affordable rates.\textsuperscript{6}

\textbf{From negligence to bringing women at the forefront}

While the new coronavirus infection spares no one, its socioeconomic impact has exposed the long-standing discrimination that women face at home and in the economy. The poor are hit hardest, including migrant and domestic workers. Nearly 60\% of women in Bangladesh work in the informal economy, with low wages and less in savings or safety nets. The majority of domestic workers are also women. To stop community transmission of COVID-19, Bangladeshi families who had domestic workers have also let them go. For many domestic workers, this translates to no income and no food.\textsuperscript{7}

Around 350,000 widows and women deserted by their husbands in 100 upazilas (sub-districts) will be brought under the coverage of the existing allowance program for women and an additional 0.25 billion USD are to be provided to the program by the government.\textsuperscript{8} These would leave many, including the migrant women and domestic workers, outside coverage. The amount would hardly allow them to reverse their slide into poverty, let alone lead a decent standard of living.


From income erosion to income support

An estimate suggests that nearly 20 million people might lose their jobs due to the pandemic. A one percent decrease in GDP growth results in a 0.93% increase in the unemployment rate. Hence, the unemployment rate may rise more than three percent because of the fall in GDP.\(^9\)

An income support allowance should be provided to support the population that earns less than the amount required to maintain a basic living. The allowance would be for the 15–59 age group, living below the extreme poverty line. An unemployment benefit can be paid to a person over 22 years old and under the retirement age who is actively seeking employment and work 16 hours or less every week. Housing benefits can be provided for rented accommodation to persons with no income or very low income.\(^{10}\) The unemployment benefits would help the unemployed to maintain their consumption level.\(^{11}\)

From conventional to digital education

COVID-19 has adversely impacted the education of an estimated fifty million students from the primary to university level and it will also increase the rich-poor disparity in the education system. Since 44\% of Bangladeshi households have no television and an even a greater proportion have no access to the internet, a huge number of children from poor families would lose access to continuing education.

The allocation to education and technology in the FY20-21 budget is 10.09 billion USD which is 15.1\% of the total budget. Allocation shows a decrease in percentage as share of operating and development budget (15.2\% in 2019-20).\(^{12}\) UNESCO recommends 6\% of total GDP be allocated to education which is not visible in the current trend.\(^{13}\) If the lockdown is prolonged to battle the pandemic, education sector will face a continuous challenge in overcoming the constraints.

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9 Unnayan Onneshan, 2020


12 Unnayan Onneshan 2020

From fragile to bolstered the health sector

The pandemic has put 92.2 million people at high economic risk and 82.6 million people at high health risk. Budgetary allocations to the health sector have superficially increased in the new financial year, to 5.1% from 4.9%. As before, the allocated money for health sector is not utilized properly since most of the money goes for payroll and infrastructure. The health sector comprises only 0.9% of GDP in spite of recommendations by international organizations, such as the WHO, that 4% of GDP should go to healthcare.  

The government has announced the allocation of 0.01 billion USD for government physicians, nurses, and other health workers who are risking their lives to treat Covid-19 patients. In Bangladesh, a health allowance would be more effective than health insurance for people living below the poverty line. The government-produced 2016 Household Income and Expenditure Survey (HIES) reported that the average monthly healthcare expenses of this group amount to nine USD. If that amount can be provided for 37.3 million people who live below the upper poverty line, it will diminish vulnerability and eventually reduce poverty at a faster pace. A total of 4.03 billion USD will be needed for the health allowance, which is 5.7% of the estimated budget.

From survival to sustainability in the informal sector

Employment in the informal sector is around 85% and about 15% of the total population has a per capita average daily income of less than 5.88 USD. Government has announced that an allocation of 0.09 billion USD is to be transferred directly to accounts of informal sector workers thrown out of livelihood by the countrywide shutdown. Provision of basic income grants for six months can be distributed

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17 Unnayan Onneshan, 2020

through banking channels with the help of national identity cards. As a result, liquidity in the hands of individuals increases consumption expenditure, leading to a surge in the total demand in the economy.

Sustainable economic recovery depends on establishing a permanent life-cycle-based household-centered, fully-fledged program in the medium term. A fully-fledged social security program suitable to the life cycle of the public — children, mothers, youth and elderly — is the need of the hour. Bangladesh is capable of financing such a fully-fledged program. The agenda of the Sustainable Development Goals (SDGs) is ‘Leave no one behind.’ In order to fulfill this agenda, women and marginalized groups must be included.

References


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- This Asia’s Path Forward paper addresses **Economic Challenges for Women and Marginalized Groups**. Visit [CIPE.org](http://CIPE.org) for further Asia’s Path Forward papers on the six essential themes for an economic recovery roadmap:
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Dr. Rashed Al Mahmud Titumir is a Professor of Economics at the Department of Development Studies of the University of Dhaka. He has worked in diverse constituencies, namely, academia, governments, think-tanks, international organizations and media. He is engaged in research for pioneering approaches to developmental public policies and innovative solutions on the ground. He has led numerous projects for diverse organizations including governments, development partners and international organizations at home and abroad. Prof. Titumir holds Ph.D. in Economics from the University of London, M.Sc. in Development and Financial Economics from the University of London, Certificate in Trade Policy and Commercial Diplomacy from the Universities of Carleton and Ottawa, BSS (Hons.) from the University of Dhaka, and HSC and SSC from Jhenidah Cadet College. As a senior staff member and a senior advisor, Dr. Titumir has working experience with international organizations, civil society and NGOs in multicultural, multinational and diverse environments at home and abroad. He has provided advisory services to governments on multilateral negotiations such as WTO, UNFCCC, UNCBD. He has been contributing as a member of committees of experts of different UN bodies. Professor Titumir is on boards of different organizations and is the founding Chairperson of the Unnayan Onneshan, a multidisciplinary independent think-tank. He served on the Syndicate, the decision-making body of a university, and was Joint Secretary General of Bangladesh Federation of University Teachers’ Association. He also has taught at the Royal Holloway, University of London and the Bangladesh Open University. He also acts as an Independent Director in publicly traded private companies and Member of Board in different social welfare organizations. He has written books and articles on implications of structural adjustment, poverty reduction strategies, world trading system, regional economic cooperation, climate change, and in the areas of state formation, macroeconomic and sectoral policies, agriculture, biodiversity, education and health. Prof. Titumir is currently researching on ideas of state and policymaking in developing countries, focusing on five areas, namely expansion of productive capacity, fiscal and monetary policies, social policies, natural resource management, and agrarian transition.