

# Final Report

## IMPROVING THE TARGETING EFFECTIVENESS OF SOCIAL SAFETY NETS IN BANGLADESH

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## *Abbreviations*

BARD	Bangladesh Academy for Rural Development
BBS	Bangladesh Bureau of Statistics
BIDS	Bangladesh Institute of Development Studies
BRAC	Bangladesh Rural Advancement Committee
CIRDAP	Centre on Integrated Rural Development in the Asia and the Pacific
CPD	Centre for Policy Dialogue
DAE	Department of Agriculture Extension
DCI	Data Collection Instrument/Direct Calorie Intake
DRR	Department of Relief and Rehabilitation
DRRO	District Relief and Rehabilitation Office
DSS	Department of Social Services
DWA	Department of Women Affairs
FAO	Food and Agriculture Organization
FE	Field Enumerators
FFW	Food for Work
FGD	Focus Group Discussion
FY	Fiscal Year
GDP	Gross Domestic Product
GoB	Government of Bangladesh
HH	Household
HIES	Household Income and Expenditure Survey
ICDDR,B	International Centre for Diarrheal Diseases Research, Bangladesh
KII	Key Informant Interview
LG	Local Government
LGED	Local Government Engineering Department
LPL	Lower Poverty Line
MFI	Microfinance Institute
MoE	Ministry of Education
MoFDM	Ministry of Food and Disaster Management
MOLGD&C	Ministry of Local Government, Rural Development and Cooperatives
MoPME	Ministry of Primary and Mass Education
MoSW	Ministry of Social Welfare
MoWCA	Ministry of Women and Children affairs
MSUK	Manob Sakti Unnayan Kendro
NFPCSP	National Food Policy Capacity Strengthening Programme
NGO	Non Government Organization
PIO	Project Implementation Officer
PKSF	Palli Karma Sahayak Foundation
PPRC	Power and Participation Research Centre

## *Abbreviations*

PRA	Participatory Rural Appraisal
PMT	Proxy Means Tests
PSU	Primary Sampling Unit
RDA	Rural Development Academy
SAAO	Sub-Assistant Agriculture Officer
SFYP	Sixth Five Year Plan
SRS	Simple Random Sampling
SSNP	Social Safety Net Programme
Tk./TK	Taka
TQM	Total Quality Management
UN	United Nations
UNDP	United Nations Development Programme
UP	Union Parisad
UPL	Upper Poverty Line
VGD	Vulnerable Group Development
VGf	Vulnerable Group Feeding
WFP	World Food Programme

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# EXECUTIVE SUMMARY

## Introduction and Background

As per Household Income and Expenditure Survey 2010, the head count poverty rate of Bangladesh is 31.5 per cent which was 40.4 per cent in 2005. As per Constitutional aspiration of ‘right to social security’ for the ‘underserved’, large number of poor and vulnerable people require protective measures to be taken by the government which is termed as social safety net. Social safety net programmes have been a mainstay of the poverty alleviation strategy of Bangladesh since its independence in 1971.

Government’s spending on social safety net programmes in the fiscal year (FY) 2012-13 is 227,505.5 million Taka which is 11.87 per cent of the total budget and 2.18 per cent of the GDP. In the fiscal year 2012-13, a 98 Social Safety Net Programmes (SSNPs) were being implemented in Bangladesh under social protection and social empowerment sector.

One of the key challenges of implementing social safety net programmes is targeting of beneficiaries along with coverage issues, leakages, and disparity in regional distribution. The Sixth Five Year Plan of the Government of Bangladesh (2011-2015) has focused about improper targeting of the public SSNPs and envisioned addressing this problem with the aim of using resources effectively for poverty alleviation. The key objective of this research is to identify the targeting errors in the SSNPs and then suggesting effective measures for proper targeting.

## Methodology

For assessment of targeting performance (outreach to the poorest) and identification of targeting errors (inclusion and exclusion errors), the study followed the following strategy:

- (a) HIES 2010 data analysis:** Analysis was done aggregating all the beneficiary households of all the 30 programmes (the term is “public safety net beneficiaries<sup>1</sup>”) together and then for each of the 9 programmes having more than 100 sample beneficiary households in the HIES 2010.
- (b) Review of recent relevant studies:** The study reviewed recent relevant studies and used their findings wherever applicable.
- (c) Consultation with experts:** For the purpose of drawing inferences on the remaining programmes the study consulted experts who are researching on safety net targeting or working in the relevant sectors.
- (d) Primary data collection:** A survey was conducted for primary data from the beneficiary and eligible (but currently) non-beneficiary households containing a total of 3,594 households.

## Findings from HIES 2010 Data

One in every four households received benefit from at least one public social safety net programme as per HIES 2010. The HIES 2010 includes only existing 30 major safety net programmes. About 60 per cent of the public spending on SSNPs goes to these 30 programmes. This spending becomes 81 per cent if the public spending on pension is deducted from the total budget amount for SSNP.

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<sup>1</sup> The 30 SSNPs listed in the HIES 2010 are run by GoB. So these programmes are termed as ‘public safety net programmes’ and the beneficiaries are termed as ‘public safety net beneficiaries’.

On average, the beneficiary households received less than 100 taka per month according to HIES 2010 data. If SSNP benefit is deducted from the income of the beneficiary households, poverty rate increases by only 2 percentage points. Considering all the 12,240 surveyed households, the poverty rate increases by only 0.50 percentage points for the upper poverty line (UPL) and 0.60 percentage points for the lower poverty line (LPL).

Aggregating all the 30 programmes together, 48.9 per cent of the beneficiaries are from bottom 4 deciles; on the contrary 18.8 per cent are from the top 3 deciles considering consumption expenditure deciles. For urban and rural areas these rates are (35.8% and 26.0%) and (45.0% and 15.8%). Considering consumption expenditure deciles, 50.2 per cent of the beneficiaries are of bottom 4 deciles; on the contrary 18.9 per cent are from the top 3 deciles. For urban and rural areas these rates are (39.8% and 32.2%) and (53.1% and 15.4%).

Only 8 of the listed 30 SSNP in the HIES 2010 had more than 100 beneficiaries. The targeting performances by income and expenditure deciles are assessed for those 8 SSNPs only. Fifty eight per cent of the Old Age Allowance beneficiaries are from bottom 4 deciles, on the contrary 14.2 per cent are from the top 3 deciles. For the remaining programmes the performances by bottom 4 and top 3 income deciles respectively are: Allowance for the widowed, deserted and destitute women (59.2% and 9.3%), General relief (52.0% and 12.1%), Agricultural rehabilitation (38.1% and 27.4%), VGF (54.3% and 9.0%), Gratuitous Relief (51.9% and 12.1%), Stipend for primary students (48.2% and 19.4%), and Secondary and higher secondary students (33.1% and 36.6%). Similarly, the performances by consumption expenditure deciles are: Old age allowance (58.0% and 12.2%), Allowance for the widowed, deserted and destitute women (68.4% and 10.5%), General relief (47.6% and 17.4%), Agricultural rehabilitation (35.6% and 29.5%), VGF (59.9% and 7.4%), Gratuitous Relief (60.1% and 11.4%), Stipend for primary students (49.8% and 18.5%), and Secondary and higher secondary students (27.4% and 30.7%).

Of all the surveyed 12,240 households, 9.9 per cent are poor-beneficiary households and 56.6 per cent are non-poor-non-beneficiary households. But 14.5 per cent are non-poor-beneficiary households and 19.0 per cent are poor-non-beneficiary households. On average, 14.5 per cent of non-eligible households are receiving SSNP benefit and 19.0 per cent eligible households are not receiving any SSNP benefit. Considering the definition of inclusion and exclusion error, this implies 14.5 per cent inclusion and 19.0 per cent exclusion error (based on the UPL).

Considering the UPL, the inclusion error is highest in Khulna division with 19.3 per cent followed by Barisal division with 16.9 per cent and Rangpur division with 16.6 per cent. The lowest inclusion error was found in Chittagong district with 12.4 per cent. The inclusion error considering the LPL line follows the same pattern except it is lowest in Rajshahi division with 14.8 per cent. The exclusion error in terms of the UPL is highest in Rajshahi division with 22.4 per cent followed by Rangpur division with 21.7 per cent and Dhaka division with 20.9 per cent. Lowest exclusion error considering the UPL was found in Chittagong district with 15.2 per cent. The exclusion error from the view point of the LPL is highest in Rangpur division with 12.8 per cent followed by Barisal division with 12.4 per cent and Sylhet division with 11.9 per cent. Lowest exclusion error considering the LPL was found in Khulna district with 6.8 per cent.

### **Findings from the Primary Data Analysis**

The survey included households from all 7 divisions in Bangladesh. A total of 14 districts (22 per cent) and within those districts 14 upazilas were selected for the survey. From each of the upazilas 2 unions and from each union 1 village was selected. Among the 14 upazilas, 8 upazila had paurashava. From each of the paurashava, 1 mahalla was selected. This household survey included 3,594 HHs of which 60.7 per cent are poor (using simple poverty scorecard) and 46.8 per cent are beneficiaries of at least one SSNP which is much higher than 31.5 per cent and 24.5 per cent according to the HIES 2010 report. Since the selection of survey area was based on geographical area and poverty status, the poverty rate and benefit received is higher than mentioned in the HIES 2010. A total of 15,977 individuals were found in those surveyed HHs which implies an average household size of 4.4 which is identical to the preliminary results of Population and Housing Census 2011.

Among the 15,977 individuals surveyed, 2,182 were found to be beneficiaries of 14 different types of safety net programmes (of the 30 listed SSNPs in the HIES 2010). The average number of SSNP beneficiaries per benefited household is 1.3. Also, 19.9 per cent individuals are found eligible but do not receive any SSNP benefit. From the field survey data there are 1,681 SSNP benefit receiving households among all the households and within those 1,681 SSN benefit receiving households there are 2,182 individuals who receive any kind of SSN benefit. Among the survey respondents 88.6 per cent believe the poor are receiving the SSNP benefit but most of the FGD respondents think the ‘poorest of the poor’ are not receiving the SSNP benefit.

Considering the poverty status of the individual beneficiaries’ inclusion error is calculated. From the field data it is found that the inclusion error is highest in stipend for secondary and higher secondary students with 58.8 per cent inclusion error followed by allowance for financially insolvent disabled with 42.9 per cent and Old age allowance with 30.5 per cent. One possible reason for high inclusion error (considering poverty) in stipend for secondary and higher secondary students is proportion of students from non-poor households is higher in the secondary and higher secondary schools. From the field data it is found that the inclusion error is lowest in 100 days ES/EG programme for Hardcore poor with 7.4 per cent inclusion error followed by Gratuitous Relief (non-cash) with 13.0 per cent and Vulnerable Group Development (VGD) with 14.6 per cent. One possible reason for low inclusion error (considering poverty) of 100 days ES/EG programme for Hardcore poor is, this is a programme where the benefit is made only in return to physical work.

An 8.3 per cent of the beneficiaries reported about giving bribe to receive SSNP benefits. The practice of bribery is high among the regular programmes [i.e., Allowance for financially insolvent disabled (25.7%), Allowances for the Widowed/Deserted/Destitute Women (23.8%) old age allowance (20.6%)]. The amount of bribe to receive SSNP benefit varies from 100 taka to 3,000 taka. The average amount of bribe paid by the reporting beneficiaries is 1,074.1 taka. It has also been estimated that the average amount of bribe that is paid for one SSNP benefit of any kind is 89.1 taka.

Of all the surveyed 3,594 households, 32.6 per cent are poor-beneficiary households and 26.8 per cent are non-poor-non-beneficiary households. But 14.2 per cent are non-poor-beneficiary households and 26.4 per cent are poor-non-beneficiary households. On average, 14.2 per cent of non-eligible households are receiving SSNP benefit and 26.4 per cent eligible households are not receiving any SSNP benefit. Considering the definition of inclusion error and exclusion error, this implies 14.2 per cent inclusion error and 26.4 per cent exclusion error (which is noted to be a slightly higher exclusion error to that presented earlier using HIES data).

### **Conclusion and Recommendations**

The coverage as well as budgetary allocation in the social safety net sector has been increasing over the last fiscal years. The area of social safety net programme is widened every year and some new programmes are also introduced. One in every four households is a safety net recipient household. The declining trend of poverty also is in conformity with Government's spending on SSNP. However, there is no concrete evidence that government's allocation on social safety net is being received by the poor and hence poverty is declining.

Analyzing Government's own data (HIES 2010) the study concludes that if SSNP benefit is deducted from the beneficiary households' income, poverty rate increases by only 2.0 percentage points. Large number of the beneficiary households of the major SSNPs in Bangladesh is non-poor households. However, they are not even captured by the elites since most of the beneficiaries are from the lower income deciles. The well-off poor are obtaining benefits due to improper prioritization.

Whatever data permit, political economy at the grassroots level is a factor that affects targeting of safety net programmes. Such errors occur through political and personal nepotism, bribery and improper prioritizations. For the people's representatives safety net programmes have become a means to capture popularity among their voters. Ethical and political commitment and a strong supervision mechanism can reduce such errors.

The lists of targeting criteria for the existing SSNPs are huge. They are also obsolete and sometimes impractical. Such criteria should be revisited.

The poverty headcount rates and other poverty estimates are available through sample surveys. However, the poor are not identified. A national data-base on the extreme poor is crucial for targeting of safety net programmes. Such an updated data-base with clear definition of poor can reduce targeting errors in safety net programmes. Initially a piloting can be done considering the latest poverty map to see the results.

Of late geographic targeting has become an issue of concern for safety net coverage, although the problem still exists. However, ideal geographic targeting does not necessarily address the micro or individual level targeting errors. Universalization may reduce targeting errors for some programmes but resource constraints do not permit the government for universalization of all safety nets.

Although poverty is declining in the rural areas at a relatively fast rate, the coverage of safety net also grew rapidly in the rural areas over the last five years. There should be some paces among these rates. Whereas the rural elites are obtaining benefits of certain safety nets, the urban poor are excluded although they are much more eligible.

Committees for supervision of safety nets are non-functional and often ceremonial and none of them can play effective role in proper implementation of the safety net programmes. Ultimately the responsibilities go solely to the officials of the concern department and the elected representatives. Therefore, the supervision of the safety net programmes is very weak which creates both targeting errors as well as leakages.

Within objective to derive political advantage in future, especially in the union parishad elections, UP chairman and members frequently enlist non-eligible beneficiaries. A strong will on the part of the local government and developing an accurate data base for all households can enable the relevant authorities to eliminate non-eligible beneficiaries.

Different ministries and agencies of the government are involved in the SSNP targeting and implementation process with no proper coordination. An effective safety net system run by a single authority with specific instructions can minimize targeting errors.

For effective targeting as well as building a better social safety net system in Bangladesh, the study put forwards the following recommendations:

- Social safety nets and their scope should be defined clearly
- An extreme poor database should be prepared for easy and error-free selection of beneficiaries. The process could start with a piloting using the poverty map.
- Geographic targeting of SSNPs should follow the poverty map and it should be revised regularly.
- Targeting criteria of the existing SSNPs should be revised using practical and easily measurable indicators.
- Implementation of SSNPs should be supervised strictly to reduce political and personal nepotism, bribery and improper prioritizations
- Coordination among Departments implementing SSNPs should be strengthened
- Regular survey/research on coverage, targeting and impact of SSNPs should carry out
- Awareness in mass media on safety net programmes and their eligibility is essential
- Tangible vision and clear instructions on effective targeting of social safety net should be in the forthcoming National Social Protection strategy.