



# Maintains

Research supporting social services to adapt to shocks

## Towards shock-responsive social protection systems: lessons from the COVID-19 response in Bangladesh

POLICY BRIEF | February 2021

### Introduction

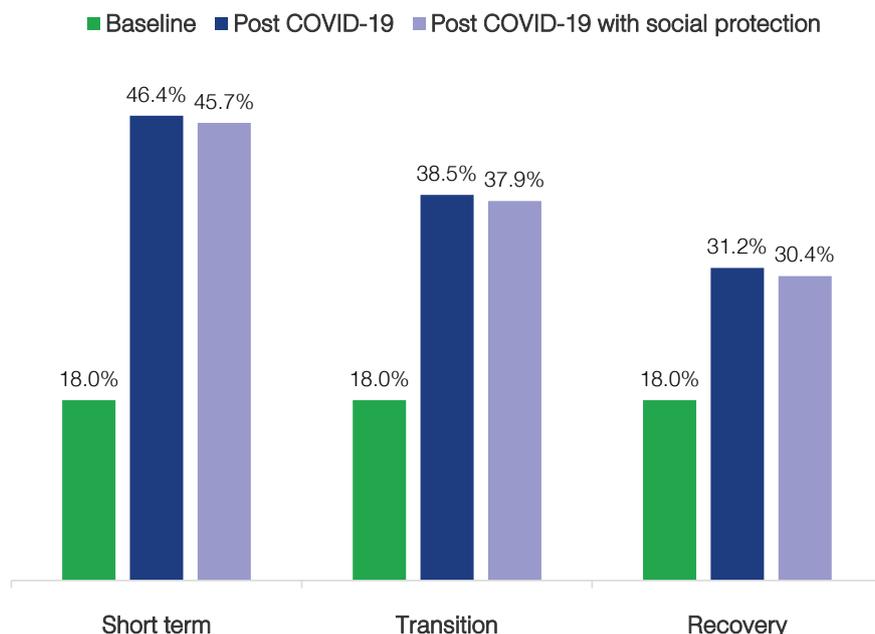
The Maintains programme is studying how Bangladesh, Ethiopia, Kenya, Pakistan, Sierra Leone, and Uganda have adapted and expanded their social protection systems in order to support households and mitigate the economic impact of COVID-19. This study aims to identify policy actions to better prepare national social protection systems to respond to future crises. Based on a [conceptual framework](#), the study analyses data from literature reviews, key informant interviews, and microsimulations. This brief presents findings from the [Bangladesh case study](#), including [microsimulations](#) that simulate the impact of the crisis and the subsequent social protection responses using secondary household survey data.

As at 1 December 2020, the cumulative number of confirmed COVID-19 cases in Bangladesh was 3,249 per million population, making it the fourth worst affected country in South Asia. The World Bank estimates that GDP growth will slow down to 2% in the fiscal year 2019/20 compared to the estimated 8.2% in the preceding year, following the contraction in the domestic economy and the double-digit decline in exports. Microsimulations indicate the staggering poverty impacts of this slowdown, with a post-crisis poverty headcount rising to 31%–46% compared to the pre-crisis levels of 20.5%.

**Figure 1: Headcount poverty at upper national poverty line (percentage of population)**

**Figure 1 shows that the four programmes combined are likely to only have a marginal impact on reducing poverty.**

Moreover, despite the bigger size of the programme, the PM's cash programme is not comparably more effective than the others in reducing poverty. The Figure shows the estimated impact of the COVID-19 crisis on headcount poverty under three scenarios: The 'short-term' scenario is based on the expected impact of containment measures; the 'transition' scenario assumes that over time some of the negative effects of the pandemic will fade; the 'recovery' scenario assumes the impacts of the pandemic have almost faded away.



Source: Authors using 2016/17 HIES data - for more information please see the simulation report.

Note: for the purposes of the simulation, social protection refers to the OAA, the WA, the DA, and the PM's cash relief scheme

## How did the social protection system respond to the pandemic?

The Government of Bangladesh (GoB) adopted a range of measures to protect households from the economic repercussions of the pandemic. Prior to the pandemic, Bangladesh had a range of [Social Safety Net Programmes \(SSNPs\)](#) in place that covered both individual lifecycle risks and covariate risks emerging from disasters, seasonal unemployment, and food price inflation. In response to the crisis, the government first activated Gratuitous Relief (GR),

an SSNP explicitly designed to provide on-demand, humanitarian assistance in the form of food, cash transfers, and baby food. Between March and June 2020, nearly 75 million beneficiaries were reached via GR. The GoB then introduced the more structured and targeted programmes outlined below to continue to support households beyond this emergency measure, and these are the core focus of this study.

**Table 1: Adapting the social protection system in response to COVID-19**

Programme	Targeted coverage	Eligibility criteria	Benefit size
<b>Special Open Market Sales (OMS)</b> <i>Ministry of Food</i>	2 million households	Those who lost livelihoods due to COVID-19 and not receiving other SSNPs	20 kilos of rice for three months at a specially subsidised price of BDT 10 (£0.09) per kilo
<b>Horizontal expansion of Old Age Allowance (OAA)</b> <i>Department of Social Services (DSS) under the Ministry of Social Welfare</i>	500,000 individuals	Expansion of the routine SSNP to cover all eligible individuals in the 112 poorest sub-districts	BDT 500 (£4) per month for one year
<b>Horizontal expansion of Allowances for Widows, Deserted and Destitute Women (WA)</b> <i>DSS under the Ministry of Social Welfare</i>	350,000 individuals		BDT 500 (£4) per month for one year
<b>Horizontal expansion of Disability Allowance (DA)</b> <i>DSS under the Ministry of Social Welfare</i>	255,000 individuals		BDT 750 (£6) per month for one year
<b>Prime Minister's (PM's) cash support scheme</b> <i>Prime Minister's Office Finance Division Ministry of Disaster Management Relief (MoDMR) ICT Division</i>	5 million households	Informal workers made jobless by COVID-19 and not receiving other SSNPs	BDT 2,500 (£21), one-off payment
<b>Cash assistance for laid-off workers in export-oriented industries</b> <i>Ministry of Labour and Employment (MoLE)</i>	1 million workers (tentative)	Workers on the Feb 2020 payroll of eligible Ready Made Garment (RMG), leather goods, and footwear industries still unemployed	BDT 3,000 (£25) per month up to a maximum of three months

Note: The case study did not examine the GR. This is because the design and implementation of that response is less systematised, relying on the discretion of the district and Upazila administrators to channel allocations as needed to ensure that the vulnerable in their jurisdiction do not go hungry during a crisis.

## How well designed were these responses in mitigating the impact of the pandemic?

Shock-responsive social protection requires: (a) **expanding coverage** to those made vulnerable by the crisis; (b) **adequacy** of benefit levels that will address the new needs; and (c) **comprehensiveness** of benefits linked to longer-term rehabilitation and recovery. Given resource constraints to meet the scale and range of needs, no single response can meet all three criteria simultaneously while guaranteeing **inclusion**, resulting in difficult trade-offs. This study finds that this is especially true in the case of Bangladesh, given longstanding fiscal constraints to social protection provisioning in the country:

- **Coverage:** The microsimulations suggest that between 21 million and 46 million additional people might fall into poverty in 2020 because of COVID-19. Regardless of the benchmarks used, the size of the response falls short of the estimated need. For instance, the proposed caseload of the

PM's cash support scheme at 5 million households covers only 35% of the households that meet the programme's targeting criteria in the Household Income and Expenditure Survey (HIES) 2016/17 data.

- **Adequacy:** If 75% of the minimum expenditure basket of goods were to be considered as a benchmark for adequacy of support, the horizontal expansion provides only 16–25% of this amount. While the PM's cash support scheme provides 83% and 50% of this benchmark in rural and urban areas respectively, its one-off nature makes it inadequate given the protracted nature of this crisis. At these benefit levels, microsimulations find that the combined impact on poverty of the PM's cash support scheme and the horizontal expansion of OAA, WA, and DA is likely to be marginal. (See Figure 1)
- **Comprehensiveness:** Responses were limited to subsistence support, making them missed opportunities to provide comprehensive support in terms of livelihood opportunities to enable longer-term rehabilitation and recovery.
- **Inclusion:** While some programmes targeted women implicitly (e.g. cash assistance to laid-off workers in the RMG sector, where a considerable share of workers is women) or explicitly (the horizontal expansion of WA), the major responses to date (i.e. the GR, Special OMS, and the PM's cash support scheme) did not factor in gender considerations. With just one-quarter of beneficiaries being women, the PM's cash support scheme reiterates the need to guard against exclusionary entry criteria. Ownership of mobile phones and mobile financial services accounts were instrumental in accessing the PM's cash support scheme, yet cultural norms have meant a narrowing but persistent mobile gender gap in Bangladesh. Recent estimates suggest that only 61% of women own mobile phones as compared to 85% of men.

### How effective were the responses in practice?

Bangladesh entered the COVID-19 crisis with a nascent but progressively reforming social protection system. The preparedness of existing administrative/delivery systems was mixed, limiting what the GoB could leverage in terms of delivering speedy assistance. Consequently, despite strong policy commitment, the **timeliness** of assistance – and in turn the effective coverage – was inevitably impacted. The Special OMS was operationalised between April and June 2020; the PM's cash support scheme had covered two-thirds of the beneficiaries as at August 2020. The DSS allowances and the MoLE-led cash assistance were still preparing beneficiary lists in November 2020. Key enablers and constraints to timely and effective implementation included the following:

- In the absence of operational **information systems** with data on potential beneficiaries, programmes needed to undertake a whole range of activities to identify them. This included outreach, registration, verification, and enrolment activities – typically led by local governments and sub-district level bureaucrats – as well as designing the backend information systems to digitise and process the data.
- Given that digitisation of information systems is still ongoing, there were limited opportunities to make the **verification process** more efficient. While the PM's cash support scheme was able to capitalise on existing databases (i.e. the National ID, the mobile telecom databases, and other programme databases) to validate and verify eligibility, incomplete and inaccurate data led to considerable rejections. For instance, 48% of rejections were attributed to the lack of a National ID associated with the applicant's mobile number.
- With limited time and constrained implementation capacity at the ward and Upazila levels, combined with the lack of clarity around eligibility criteria, the quality of **eligibility assessment** was sub-optimal, likely resulting in both exclusion and leakage. For instance, 34% (or 1.4 million) of the applications assessed as eligible at the sub-district level were rejected upon centralised verification.
- Overall, targeting of COVID-19 social protection responses reiterated long-established weaknesses in the **governance and accountability structures** underlying social protection delivery in Bangladesh. Patronage politics in the targeting process undermined timeliness, with implications for inclusive coverage. For Special OMS, this meant shifting from a more inclusive and flexible on-demand approach to a targeted approach. In the case of the PM's cash support scheme, this implied duplication of verification efforts at the central level, the staggering of payments to ensure proper centralised verification, and additional registration activities to replace rejections, ultimately resulting in support not reaching households when it was most needed.
- The **payment ecosystem** was significantly better prepared to absorb the surge in social assistance payments, given the growing enabling environment for mobile payments in Bangladesh. While the PM's cash support scheme initially struggled due to lower penetration of mobile financial services than anticipated, the programme quickly adapted the payment channels to include bank accounts. Failed payments have been modest to date (0.5% of total transfers) but bottlenecks in accessing cash remain an important area for further inquiry.

## Preparedness actions toward a shock-responsive social protection system

The GoB has shown strong commitment to using social protection to respond to crises. While there were considerable successes, there are a range of actions required to ensure that systems are well placed to respond next time (for full details, see the main report). These include the following:

- The crisis highlighted that despite there being more than 100 SSNPs prior to the crisis, a considerable share of the population in Bangladesh lacks social protection. It will be important for the GoB, in line with the ambition of the National Social Security Strategy (NSSS), to progressively **expand coverage while continuing to consolidate the number of programmes** to achieve better policy coherence, particularly between long-term lifecycle SSNPs and ad hoc disaster response programmes for both rural and urban populations..
- The GoB should identify a clear **roadmap for the implementation of the National Household Database (NHD), the country's social registry**, as the pandemic led to a proliferation of new databases with delays in the implementation of the NHD. This roadmap should identify approaches to update the data, the nature of its interoperability with other databases, clear use cases for the data, crucially, and a plan to secure buy-in for its use in targeting SSNPs across ministries and administrative levels.
- Regardless of what information systems are used to ensure better centralised oversight, decentralised capacity will continue to play an important role in outreach, enrolment, and grievance redressal.

As such, political economy issues cannot be addressed by techno-solutionism. True solutions will require the creation of opportunities for meaningful engagement with citizens regarding their participation in SSNPs. Individual SSNPs could consider involving relevant civil society organisations more systematically in **ensuring better social accountability**.

- The barriers faced by women in accessing mobile phones and financial services cannot be overlooked, especially as these tools become the default across SSNPs. While much of the ongoing reforms are technical and institutional, it will be equally important to anticipate and address how these intersect with conservative social norms that govern women's choices and behaviours. Exception-handling mechanisms will need to be incorporated into business processes to ensure that digital does not become the default. **Working with women's community-based organisations** to encourage and facilitate the adoption of digital tools by women could be another mitigating strategy.

Many of these reforms are already being pursued through the National Social Security Strategy; accelerating these system-strengthening efforts will be key to ensuring that SSNPs are resilient and responsive to future crises.

## About Maintains

Maintains is a five-year (2018–2023) operational research programme building a strong evidence base on how health, education, nutrition, and social protection systems can respond more quickly, reliably, and effectively to changing needs during and after shocks, whilst also maintaining existing services. Maintains is working in six focal countries—Bangladesh, Ethiopia, Kenya, Pakistan, Sierra Leone, and Uganda—undertaking research to build evidence and providing technical assistance to support practical implementation. Lessons from this work will be used to inform policy and practice at both national and global levels.

To find out more about the Maintains global study on social protection, please contact: [Alexandra.doyle@opml.co.uk](mailto:Alexandra.doyle@opml.co.uk)

Maintains is funded with UK aid from the UK government; however, the views expressed in this material do not necessarily reflect the UK government's official policies.

### For more information on Maintains:

-  [Maintains Webpage](#)
-  [MaintainsProg](#)
-  [@Maintains](#)
-  [maintains@opml.co.uk](mailto:maintains@opml.co.uk)