

Preparing for the worst

Why building shock-responsiveness into social protection systems is essential for resilience



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Introduction

“No one is exempt from a pandemic. What started as a public health crisis is now becoming an economic crisis.”

Covid-19 demonstrates that no one is exempt from a pandemic. What started as a public health crisis is now becoming an economic crisis: the negative effects of a global recession will be pervasive, leading to job losses in formal and informal sectors. Social protection is critical to support vulnerable populations during crises, and globally social protection systems are being rapidly and retroactively scaled-up or scaled-out to mitigate against the economic shock of the Covid-19 pandemic. This paper draws upon Ecorys’ experience of working with the Government of Bangladesh (GoB) on social protection and explores the extent to which this system was able to flex, adapt and respond to Covid-19. We analyse how individual programmes adapted across lifecycle categories; and how well the overarching system adapted to enable these responses. We make recommendations for strengthening the social protection system in Bangladesh, which may also be applicable to other countries.

Ecorys manage an EU-funded technical assistance project to help GoB implement strategic social security reforms. This is alongside €130 million sector budget support. Ecorys are also supporting the adaptation of social protection in Bangladesh in response to Covid-19. In cooperation with the EU Delegation, we are designing a programmatic response for approval by GoB which will include management information systems and payment mechanisms to channel support to affected workers from the Ready-Made Garment (RMG) and Export-oriented sectors who are vulnerable to falling into poverty or extreme poverty.

How has Covid-19 affected Bangladesh?

“When there is no food in the stomach, terms such as ‘social distancing’ don’t make any sense”
- Mohammad in Dhanmondi, quoted in Dhaka Tribune

The impact of Covid-19 could significantly increase the number of extreme poor in Bangladesh. In 2016, 85% of the population were living on less than \$5.50 per day. For these people, the concept of social distancing or ‘staying at home’ is nullified – they need to work to live.

The health risks of Covid-19 spreading in Bangladesh are severe, influenced by a population of over 160 million, the 6th highest population density globally and significant strains on the healthcare system. The country went into nationwide lockdown during April and May 2020. Reported cases of Covid-19 are still comparatively low but are increasing, rising from 50,000 cases to 145,483 cases in June; unreported figures could be far higher.

The economic impact is far reaching: by March 2020, the garments industry (accounting for 84% of all exports) had **lost over \$3 billion** due to cancelled and suspended orders. Reduced earnings and large-scale job losses slow down domestic markets, affecting the wider population’s ability to cushion the blow. Coping mechanisms for survival include sale of assets and taking out loans, leading to further loss of livelihoods, further weakening domestic markets, and negatively affecting the economy’s ability to recover.

This is where social protection offers a safety net for the poor and vulnerable. The need for this has become evident during the Covid-19 crisis, as large sections of the population are becoming newly poor and vulnerable, whilst those who may have been on their way out of poverty fall back

Adapting Social Protection to Deal with Shocks

“Social protection systems should be strong enough to comprehensively address people’s needs, even if these needs shift due to changing circumstances”

Social protection systems should be strong enough to comprehensively address people’s needs, even if these needs shift due to changing circumstances or ‘shocks’. Shocks can be idiosyncratic (relating to the household – e.g. the death of the main income earner) or covariate (relating to the community, region or entire country – e.g. Covid-19). As Figure 1 illustrates, existing social protection programmes need to be resilient to shocks – continuing to function and support existing beneficiaries during crises. Practitioners increasingly advise for social protection systems to be adaptive to shocks – shifting or expanding in response to changing contexts and needs.

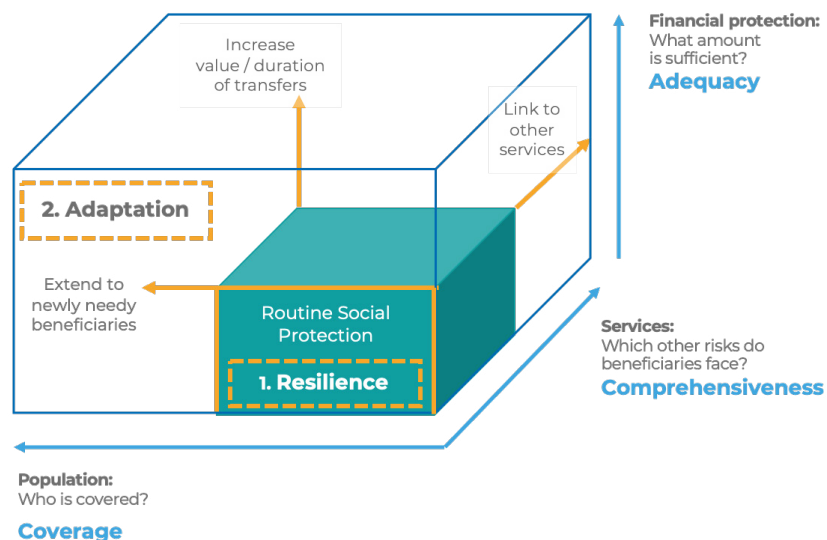


Figure 1: A framework for shock-responsive social protection. Adapted from UNICEF (2019) and Barca (2020).

Adaptation can happen along several dimensions:

Coverage: Expanding existing programmes to include beneficiaries who are not normally eligible, but who have been affected by the shock (e.g. relaxing conditionalities)

Adequacy: Increasing the value of the transfer for existing beneficiaries (e.g. increasing the amount received as child benefit)

Comprehensiveness: Ensuring all types of risks/needs are covered (e.g. linking cash transfer recipients with government health services).

The Bangladesh [National Social Security Strategy \(NSSS\)](#) and its [Action Plan](#) provide the policy framework for the social protection system, but make limited reference to risks, resilience and shocks. The only significant shock-responsive elements included are disaster mitigation programmes that provide food relief, and loans for small businesses.

Bangladesh regularly experiences climactic shocks (natural disasters) and health shocks (such as the dengue epidemic in 2019), which were relatively localised and time-bound. The Covid-19 crisis is unique: the 'shocks' go beyond immediate health impacts to indirect and potentially long-lasting economic impacts (created or exacerbated by lockdowns), to which the social security system will need to adapt.

Bangladesh's Social Protection Response to Covid-19

GoB took steps towards adapting social protection schemes to improve adequacy, coverage and comprehensiveness in response to Covid-19. The Bangladeshi social protection system comprises 124 distinct programmes (although the NSSS advises moving towards the [lifecycle model for social protection](#)).

Ecorys are providing ad-hoc advice to our Government of Bangladesh counterparts to help shape the Covid-19 response.

The below diagram maps a few Covid-19 responses against lifecycle categories (i.e. early childhood, school age, working age, old age and disability). However, of the 19 stimulus packages included in the new GoB budget (i.e. from July 2020), most do not easily fit the lifecycle approach to social protection. The Social Safety Net budget (used by Finance Division) does not yet align to the NSSS' categorisation of programmes, which results in this disparity between budgeting and policy, and differing programme objectives that are not always focussed solely on social protection.

Existing social protection programmes cover most lifecycle categories but are sporadic and do not comprehensively cover the entire

Figure 2:
Mapping
social protection
responses to
Covid-19 against
lifecycle
categories.

| | |
|-----------------|---|
| Early Childhood | <ul style="list-style-type: none"> > Suspended conditionalities for child benefit pilot > Limited coverage existed pre-COVID |
| School Age | <ul style="list-style-type: none"> > Primary stipends paid digitally (10% through G2P) > Secondary stipends paid through G2P (approx. 4m) > School stipends were paid even though school is suspended |
| Working Age | <ul style="list-style-type: none"> > New programme for 5 million day labourers > RMG/export sector workers income support (design stage, with Ecorys support) > Complementary measures through loan stimulus packages |
| Old Age | <ul style="list-style-type: none"> > Expansion of old age allowance to become universal in 100 poorest upazilas |
| Disability | <ul style="list-style-type: none"> > Expansion of disability allowance to become universal in 100 poorest upazilas |

population (particularly for early childhood, elderly and disabled). In response to Covid-19, programmes were designed to meet the needs of specific vulnerable groups (e.g. addressing the **disparity between urban and rural poor** through the day labourers programme), but a comprehensive coverage analysis was not completed. Key features of the social protection response to the Covid-19 crisis include:

Resilience: Existing programmes continued to function and some programmes (e.g. Income Support for the Poorest Programme) waived conditionalities.

Adequacy (vertical expansion; increasing the value or duration of benefits for existing beneficiaries): Some programmes increased value for existing beneficiaries (mainly for food relief (e.g. distribution at lower prices than normal), rather than cash transfers).

Coverage (horizontal expansion; expanding an existing programme to reach additional new beneficiaries): Although coverage was increased for targeted needy groups (e.g. for the elderly population), these were potentially insufficient when compared to the numbers of vulnerable, poor and 'newly poor' population.

Piggybacking (using existing social protection infrastructure to build a new programme): The programme to support affected RMG/export sector workers currently in development will piggyback off and strengthen existing social protection infrastructure, using the G2P system for payments, and piloting further innovations that could be used to strengthen the G2P system.

Comprehensiveness (all types of risks are covered): The stimulus package included economic support for businesses (including loans, tax relief, low interest credit, etc.), which complement social protection to help protect livelihoods.

Ecorys' ongoing project analysed programming (based on the GoB budget for 2020/21), to help understand how the post Covid-19 social security landscape addresses vulnerabilities across the lifecycle.

Recommendations for a More Shock-Responsive Social Protection System

The social protection response to Covid-19 has demonstrated the need for robust end-to-end systems, which deliver cash and non-cash benefits to targeted beneficiaries and can be scaled-up as needed. End-to-end systems are only as strong as the weakest link, and whilst Bangladesh has made substantive progress in social security reforms, specific weaknesses remain (including on targeting, enrolment and payments to beneficiaries), resulting in a less coordinated and therefore less effective response to Covid-19. However, adaptive social protection was **gaining more recognition with GoB** prior to Covid-19, suggesting a willingness to improve shock responsiveness going forward. Recommendations for how the second NSSS Action Plan (2021-2026) could include shock-responsive social protection as a core feature include:

Improving Coordination

Ecorys are supporting the European Union in their engagement with government and development partners. This includes advising on the set-up of the coordination groups.

Effective sectoral coordination is critical during a crisis to ensure that all vulnerable individuals are protected, that adequate resources can be mobilised to support the response, and that there is no wastage of limited resources through disjointed or doubling-up of efforts. In Bangladesh, the NSSS provides for several Government-led committees to coordinate and oversee the social protection system, which were not all equally functional. This and the rapid onset of Covid-19 meant that the structure as set out in the NSSS could not be followed. Instead, health-focused coordination committees were established at central and local government levels, but without a comprehensive framework for the social protection response. This made it less easy for GoB to ensure adequate, comprehensive, nationwide social protection coverage

During crises, more regular and inclusive donor coordination is needed to present an effective response that integrates with that of Government. The Development Partners Coordination Group now meets every 2 weeks, rather than bi-annually, providing opportunities for improved and more timely coordination. However, a coordinated, collective response that is based on a nationally-owned plan is still absent. The non-inclusion of GoB risks developing a response in parallel to government priorities. Subsequent bilateral engagement between development partners and GoB counterparts further reduces efficiency and creates opportunities for inconsistency on approaches.

Optimising fiscal space and financing mechanisms

GoB responded rapidly to the Covid-19 response, leveraging existing financing mechanisms and rapidly creating fiscal space to channel funds to those most in need. The first Covid-19 cases were reported in Bangladesh on [9th March 2020](#); from 25th March, GoB began introducing a stimulus package, initially comprising 19 instruments worth a total of 103,117 crore taka. Whilst this response does not meet all social protection needs, it does demonstrate GoB's ability to create and allocate fiscal space in a short timeframe – based on the General Financial Rules of government – and to repurpose funding towards interventions that support the most vulnerable, and that stimulate the economy.

Aggregating and simplifying databases for identifying and registering beneficiaries

Bangladesh is making progress developing national registration systems; however, an adaptive social registry was not available for identification and/or registration of beneficiaries during the Covid-19 crisis. Government does not yet have an adequate means of a) identifying whom in the population is already receiving social security (at a macro level), or b) validating and enrolling new-poor individuals into the system. It is very difficult to reach those not registered in the social protection system: this “missing middle” could be included by backfilling employee or other databases (as the programme of support to affected RMG/export sector workers plans to do) or by developing a system for on-demand registration.

Ecorys and the European Union are supporting GoB in the design and development of a single registry, and the improvement of the existing G2P payments system.

The development of a Single Registry (an integrated registry of all existing social protection beneficiaries, or a social registry of the general population) will greatly improve GoB's ability to respond to crises: it can be used as a starting point to identify and expand coverage of programmes to newly poor individuals. Prior to Covid-19, GoB was engaged in discussions around the development of a “Single Registry”, and Cabinet Division will host the first Single Registry Working Group with support from Ecorys in early July.

Ensuring responsiveness of Government to Person (G2P) payments

Payment architecture should be designed to be able to cope with rapid scale-up of existing programmes and the introduction of new programmes at need. A highly praised government to person (G2P) payment system for cash transfers was [launched in Bangladesh in 2018](#). However, G2P was not scaled-up in response to Covid-19: separate mechanisms were deployed instead, representing a lost opportunity.

The NSSS recommends the development of strong electronic cash

delivery systems to process emergency payments during crises. Operationalising a robust digital payment system that enables quick, accurate and accountable cash transfers is crucial: using G2P or other digital systems ensures that payments made to beneficiaries reduce human resource requirements and the risk of person-to-person virus transmission. The G2P system is in its infancy – currently covering 10 cash transfer programmes (an estimated 5-10% of social protection beneficiaries) – and should be scaled up to better support adaptive social protection responses.

Clear communications and avenues to address grievances

“Ultimately, programmes should be ‘demand-driven’, based on the rights and needs of beneficiaries”

Government communications on the social protection response to Covid-19 were initially strong, although there is a lack of clarity on specific programme eligibility and there are limited mechanisms for grievance redressal. It is critical for needy individuals to receive clear communications on programme scope, eligibility criteria and enrolment, and how to lodge a complaint (e.g. if they believe they have been unfairly excluded from a programme). Ultimately, programmes should be ‘demand-driven’, based on the rights and needs of beneficiaries: clear communication channels can support here. During Covid-19, where much of the population is newly vulnerable, there is a strong need to ensure adequate programme coverage and reduce exclusion errors (i.e. ensure that all needy beneficiaries receive assistance).

Cabinet Division has been leading since 2015 on establishing a robust centralised Grievance Redressal System (GRS), and this should be further strengthened, as feedback illustrates the GRS is not widely understood. At the sub-national level, the district and upazila administrations maintain multiple systems for grievance submission; further analysis would be required to ascertain the responsiveness of these to Covid-19.

Conclusion

Since the initial outbreak of Covid-19, it is important to look back at responses so far and consider ways to improve the state-led social protection sector in preparation for future crises. Covid-19 was a substantive shock to the global economy and the most important reaction was ‘just to respond’ and roll-out support to newly-vulnerable populations. The importance of a strategic vision for a social protection response, based on the scale-up of existing and robust systems, cannot be understated. Covid-19 has shown that the success of social protection responses during crises depends on the functioning of the system and fiscal space before the crisis; the best preparation governments can take is to ensure that governance structures are functioning effectively, capable to adapt to any

unforeseen changes, and have the ability to rapidly leverage finance.

Recommendations

“Covid-19 has shown that the success of social protection responses during crises depends on the functioning of the system and fiscal space before the crisis”

Within the limited scope of the current analysis, several medium-term recommendations are apparent for practitioners and policy makers in the social protection space in Bangladesh, and more widely, to enable better preparedness and more effective responses to future crises:

Embed adaptiveness in the National Social Security Strategy

Adaptive social protection programmes should be managed through the core government systems (G2P, CMC, etc.) and the number of ad hoc systems should be kept to a minimum. To ensure this going forward, work needs to be done to strengthen the government systems where gaps remain, so that they become the default choice during a crisis.

Support Governments to take leadership in the sector

The social protection response should be nationally-owned and led, including coordination of development partner support on the basis of a strong sectoral plan. In Bangladesh, this could be led by the second NSSS Action Plan.

Institute effective central-level coordination mechanisms

Work by Ecorys' EU-funded programme in Bangladesh recommends that the NSSS should increase focus on coverage across the lifecycle, streamlining coordination away from other less effective committees (e.g. clusters on food security, social insurance, labour/livelihoods, etc.). Committees should also meet regularly (as scheduled) and be better-operationalised to be effective and produce outputs, thus demonstrating their usefulness and adaptability during a crisis such as Covid-19.

Strengthen G2P payment processes

Extensive work has been done on piloting G2P in Bangladesh, with much positive reception. However, further system strengthening is required to scale this up nationally, and to rapidly transfer payments remotely (and deal with bounce-backs) in the case of a crisis.

Development of a Single Registry

There are several reasons why a social or integrated-beneficiary registry (or a combination of these) is crucial, but in the case of

Covid-19 and any future shocks, the ability to rapidly identify and target beneficiaries across population groups would have dramatically improved the response, ensuring that government knows where vulnerable citizens are, who might need support and how best to deliver that support. It would also enable effective monitoring of the response and any grievances

Ensure base programmes exist to cover population across lifecycle

This would offer the opportunity to rapidly scale these programmes if required, through horizontal expansion, in order to reach large segments of the population during a crisis. During Covid-19, GoB has largely looked to design new programmes, involving the development and testing of new operational guidelines and technical specifications that take time and effort to produce and to obtain approval through Government systems.

Ensure that PFM systems are flexible enough to reallocate funds when needed

This should take account of both the demand side (number of population forced into a state of need) and supply side (how much money is immediately available), and should be targeted on the most needy. Funds should be able to be accounted for down to the beneficiary level.