

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Major development partners supporting social protection in Bangladesh are the United Kingdom's Foreign, Commonwealth and Development Office (FCDO), the United Nations Development Programme (UNDP), the World Bank, and the Government of Australia's Department of Foreign Affairs and Trade. With its COVID-19 Active Response and Expenditure Support (CARES) Program in 2020, the Asian Development Bank (ADB) also closely coordinated with other development partners in helping the Government of Bangladesh meet its social protection needs. Most financing from development partners supports the National Social Security Strategy (NSSS) of 2015.<sup>1</sup> While external support for social protection covers all such schemes in the country, common support areas relate to the development and implementation of direct payments to beneficiaries through digital services, known as the government to people (G2P) payment system; institutional strengthening for planning and efficient delivery of social protection schemes, and the use of management information systems. Development partners also added support to their existing programs or through new programs to ease the impact of the coronavirus disease (COVID-19) pandemic on poor and vulnerable groups.

2. FCDO is the principal donor for the Social Security Policy Support (SSPS) program, followed by the Government of Australia's Department of Foreign Affairs and Trade, while UNDP supports its implementation. The SSPS program underpins the efforts of the government's Cabinet Division and General Economics Division to reform the current social protection system in line with the NSSS. FCDO—in collaboration with the World Bank, UNDP, the World Food Programme, and the Manusher Jonno Foundation as implementing partners—also assists the government since 2014 through the Strengthening Government Social Protection for the Poor (SGSP) program. Under it, UNDP helped formulate the NSSS 2015. A key component of the SGSP is the Strengthening Public Financial Management for Social Protection Project, which supports the Finance Division of the Ministry of Finance (MOF) and six other line ministries<sup>2</sup> in building capacity for implementing social protection schemes. This involves designing and piloting a social protection budget management unit with links to activities by line ministries, and piloting the G2P system in selected *upazilas* (administrative units in subdistricts).

3. The World Bank's portfolio for supporting social protection in Bangladesh totals more than \$2.3 billion. In addition to support for institutional strengthening and G2P systems, the World Bank finances part of the costs of major safety net schemes, such as cash transfer programs,<sup>3</sup> and of developing the national household database. To help mitigate the impact of the COVID-19 pandemic, the World Bank, under the Second Programmatic Jobs Development Policy Credit, contributed to giving capital credit to cover salaries and allowance for up to 3 months, and a one-time unconditional cash transfer targeting about 3 million informal sector workers, predominantly in urban areas. A \$200 million pipeline aims to further support low-income urban households involved in the informal sector and those affected by the COVID-19 pandemic.

4. External support for financial inclusion is generally part of broader social protection support programs. For example, the SSPS program promotes saving habits of social security

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<sup>1</sup> Government of Bangladesh, Planning Commission, General Economics Division. 2015. *National Social Security Strategy (NSSS) of Bangladesh*. Dhaka.

<sup>2</sup> Ministry of Social Welfare, Ministry of Women and Children Affairs, Ministry of Health and Family Welfare, Ministry of Education, Ministry of Primary and Mass Education, and Ministry of Disaster Management and Relief.

<sup>3</sup> Employment Generation Program for the Poorest, Food for Work, Test Relief, Vulnerable Group Feeding, and Gratuitous Relief.

beneficiaries and financial inclusion. FCDO and UNDP help set up a socioeconomic fund and grant facility and a loan facility to support social protection and mobility under the National Urban Poverty Reduction Program. ADB's CARES program includes support for improving digital financial services and banking channels that can promote financial inclusion.

5. A \$35 million facility funded by FCDO—Business Finance for the Poor in Bangladesh (BFP-B)—supported the development of the National Financial Inclusion Strategy, and it also helps improve small businesses' access to and use of formal financial services. Another ongoing project—Strengthening Women's Ability for Productive New Opportunities—supported by UNDP, the Government of Sweden, and the Sustainable Development Goals Fund facilitates formal savings among extreme poor and vulnerable rural women and supports access to markets by linking community initiatives to private sector and financial institutions. The major development partners contributing to strengthening social resilience are summarized in the table below.

**Table: Major Development Partners**

Development Partner	Project Name	Duration	Amount (\$ million)	PBL Reform Areas
ADB	Strengthening Social Resilience Program	2021–2022	250.00	-
ADB, AIIB	COVID-19 Active Response and Expenditure Support Program	2020–2021	ADB: 500.00 AIIB: 250.00	Reform area 1; Reform area 2
FCDO, DFAT, UNDP	Social Security Policy Support (SSPS) Programme	2014–2025	UNDP: 0.95 FCDO: 3.33 DFAT: 2.29	Reform area 1; Reform area 2
FCDO, UNDP	National Urban Poverty Reduction Programme (NUPRP)	2016–2022	FCDO: 59.90 UNDP: 1.64	Reform area 1; Reform area 2; Reform area 3
FCDO, UNDP, World Bank, WFP, MJF	Strengthening Government Social Protection for the Poor (SGSP)	2014–	N/A	Reform area 1
FCDO	Strengthening Public Financial Management for Social Protection (SPFMSP) Project	2014–	N/A	Reform area 1
World Bank	Rapid Recovery and Acceleration of Informal Sector Employment	(Pipeline)	200.00	Reform area 1
World Bank	Cash Transfer Modernization Project	2018–2023	300.00	Reform area 1
World Bank	Safety Net Systems for the Poorest	2013–2022	811.00	Reform area 1
World Bank	Income Support Program for the Poorest	2014–2022	300.00	Reform area 1; Reform area 3
World Bank	Nuton Jibon Livelihood Improvement Project	2015–2021	200.00	Reform area 1; Reform area 3
World Bank	Emergency Multi-Sector Rohingya Crisis Response Project	2020–	265.00	Reform area 1; Reform area 3
World Bank	Bangladesh Second Programmatic Jobs Development Policy Credit	Jun–Dec 2020	250.00	Reform area 1; Reform area 2
FCDO	Business Finance for the Poor in Bangladesh (BFP-B)	2015–	35.00	Reform area 2
UNDP, Sweden, SDG-F	Strengthening Women's Ability for Productive New Opportunities (SWAPNO)	2014–2021	UNDP: 5.62 Sweden: 3.59 SDG-F: 2.15	Reform area 1; Reform area 2

ADB = Asian Development Bank; AIIB = Asian Infrastructure Investment Bank; DFAT = Department of Foreign Affairs and Trade (Government of Australia); FCDO = Foreign, Commonwealth and Development Office (Government of the

United Kingdom); MJF = Manusher Jonno Foundation; N/A = not available PBL = policy-based lending; SDG-F = Sustainable Development Goals Fund; UNDP = United Nations Development Programme; WFP = World Food Programme.

Source: Asian Development Bank.

## **B. Institutional Arrangements and Processes for Development Coordination**

6. Bangladesh has a system of local consultative groups for various sectors and subsectors, but the group for social protection does not appear to be active. While development partners tend to use a sector-wide approach in the education and health sectors, this is less likely for social protection initiatives. It might have to do with the absence of a single line ministry responsible for social protection, since social protection is by nature a cross-sector and cross-ministerial matter. A central monitoring committee in the Cabinet Division functions as the cross-ministerial coordination unit responsible for overseeing social security programs and inter-sector links. Further, the centralized grievance redress mechanism established under the Cabinet Division provides communication channels for grievance issues.

## **C. Achievements and Issues**

7. Bangladesh's social protection system evolved in an ad hoc manner with individual safety net programs to meet specific needs. This led to the creation of more than 100 programs involving multiple implementation ministries and agencies, which in turn caused duplications and inefficiencies in service delivery. Moreover, urbanization has widened the gap between social needs and available protection because the system does not effectively meet the diversified social needs of Bangladesh's urban populations, especially of the urban poor.

8. The government formulated the National Social Security Strategy (NSSS) in 2015 to improve the inclusiveness of social protection and to efficiently respond to different social needs by streamlining programs and strengthening the overall system (footnote 1). The NSSS identified the following critical constraints in social protection programs: (i) inadequate coverage and benefits, (ii) fragmentation with too many small programs, and (iii) narrow scope of social protection. In addition, the NSSS acknowledges that stronger social resilience increasingly hinges on the financial inclusion of disadvantaged people through advanced financial and digital technologies. It also suggests a conceptual change in the social protection system from the current fragmented structure to a life cycle approach that effectively manages the risks of poverty at different stages of life. For example, the life cycle approach considers maternal support to reduce the economic risks associated with pregnancy and early childhood, and support for elderly people to mitigate the risks associated with old age and disabilities. The current social protection scope in Bangladesh is too narrow to meet the varying social needs of a life cycle.

## **D. Summary and Recommendations**

9. Core areas for further coordination with development partners will be the digital payment of social protection benefits, the strengthening of the digital and financial literacy of poor and vulnerable people, and improvements in the administrative coordination across line ministries. Further technical support is needed to improve the design of social protection programs. Also, developing a social insurance system and strengthening the protection of the urban poor are major longer-term challenges. ADB will continue communicating and coordinating with key development partners to successfully attain the objectives of social development in Bangladesh.