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Executive Summary
of
Employment Generation for the Hardcore Poor and
National Service

Challenges of Effective Implementation

A paper prepared under the programme
Independent Review of Bangladesh's Development (IRBD)

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Expert Group Consultation

CPD organised an expert group consultation on 18 April 2010 at the CPD Dialogue Room to share the initial findings of the study. The authors are grateful to all those present at the consultation who shared their thoughts and made comments. However, the authors themselves remain responsible for the contents of this report.

A list of the participants of the meeting is provided below (in alphabetical order):

Mr Nepur Ahmed Director, Disaster Management and Relief Division, MoFDM	Mr Shaikh Ahmed Senior Economist, World Bank
Dr Anwara Begum Senior Research Fellow, BIDS	Dr Marie Jo A Cortijo Socio Economic Advisor, FAO
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Employment Generation for the Hardcore Poor and National Service Challenges of Effective Implementation

EXECUTIVE SUMMARY

SECTION 1: INTRODUCTION

The Context of Social Safety Nets Programmes

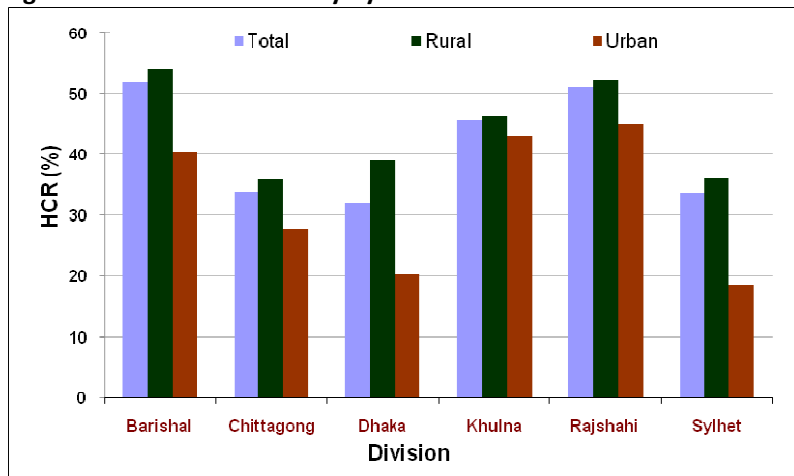
1. ***Developing and least developed countries suffer from high rate of unemployment and poverty.*** Additionally, they are vulnerable to external shocks and natural disasters. Given the resource constraint it is difficult for governments of these countries to ensure employment and income to all. This compels governments to resort to targeted programmes for the most vulnerables.

2. ***Social safety net programmes (SSNPs) are designed with the objective to provide support to the vulnerable section of the society in the developing countries.*** Conceptualization of SSNPs has evolved from the traditional relief or grants and has now been transformed into an effective policy tool for long run poverty reduction in these countries. According to modern schools of thought, the SSNPs need to play both redistributive and productive role. Conventionally, providing indirect support in terms of pricing and subsidy to make changes in the demand patterns with a view to ensuring optimal consumption is a common approach of safety net programmes. The modern economic policy has departed to some extent from the traditional subsidy and relief based direct in-kind transfer approach. Following the philosophy evolved at the global level the safety net programmes in Bangladesh are now designed in the form of conditional transfer and employment generating (including microcredit programmes) modes.

Why SSNPs in Bangladesh

3. ***In Bangladesh, 40 per cent people were living below the poverty line while 25 per cent people were hardcore poor in 2005 even though significant reduction in poverty has also been observed between 2000 and 2005.*** Though the country saw a faster pace of poverty reduction during the first half of this decade compared to 1990s, this success was accompanied by a worsening income distribution. Growing inequality emerged as one of the major concerns for the economic development of Bangladesh. It has also been identified that inequality does not only persist within urban and rural areas. There is strong prevalence of regional disparity. Household Income and Expenditure Survey (HIES) 2005 data clearly identifies the divide between the eastern and western parts of the country in terms of state of poverty which is popularly known as the *East-West divide*. Divisions in the east (Rajshahi, Khulna and Barisal) are found to be the highest poverty prone areas whereas the western divisions (Dhaka, Chittagong and Sylhet) have recorded faster poverty reduction (Figure 1).

Figure 1: Incidence of Poverty by Division - 2005



Source: HIES (2005).

4. **Employment creation is one of the sustainable ways for poverty eradication.** Employment subsidies, whereby employers are offered financial support for the extra jobs they create, account for a large expenditure on active labour-market programmes in many developed countries including the member states of the Organization for Economic Cooperation and Development (OECD). Most of these employment subsidy schemes are aimed at specific target groups, such as low-wage, less skilled workers, the long-term unemployed, youth, older persons and persons with disabilities. However, in contrast, there are generally two types of special employment programmes found in developing countries: self-employment creation schemes and direct wage employment schemes. Self-employment creation schemes (e.g. microcredit programmes) are typically designed to enable the poor to acquire income-generating assets by providing them with access to credit, marketing, and other inputs. On the other hand, direct wage employment schemes provide employment opportunities, typically on rural public works, to the poor.

5. **The labour market in Bangladesh can be characterised by a number of distinguished features:** (i) a fast growing labour force with about 1.8 million additional people joining each year; (ii) a faster growing women's participation rate – share of female workers in total labour force increased by 4 percentage points in last five years; (iii) large share of youth (aged between 15-24 years) in total labour force (36 per cent); (iv) about three-fourth of the total labour force residing in rural areas; (v) about half of the jobs originating from the agriculture sector; (vi) high rate of underemployment rate (24.5 per cent) and (vi) the underemployment rate is even higher for female segment (68.3 per cent). With an underemployment plus unemployment rate of 28.8 per cent (32 per cent in rural area), creating job opportunities for these and also for the new entrants to the job market poses formidable challenge for Bangladesh (Table 1).

Table 1: Employment Situation in Bangladesh (2005-06)

Indicator	National	Rural	Urban
Labour Force (million)	49.5	37.8	11.7
Total Employment (million)	47.4	36.1	11.3
Unemployment Rate (%)	4.3	4.2	4.3
Underemployment Rate (%)	24.5	27.8	13.9

Source: LFS (2006).

6. **Bangladesh's attempt to create employment for the rural poor traces back to the mid-1970s when programmes such as FFW, RMP, VGD, TR etc. were introduced.** In FY2008-09 the government substantially increased the total allocation of safety net programmes (48 per cent) and introduced 100-Days Employment Generation Programme (100-DEGP) in the backdrop of price volatility of essential commodities and natural disaster such as Aila (2009) and Sidr (2007) resultant unemployment and poverty.

7. **In FY2008-09 the government substantially increased (by 48 per cent) the total allocation of safety net programmes.** The 100 Days Employment Generation Programme (100-DEGP) was introduced as the largest and first attempt of its kind in Bangladesh to alleviate poverty and hunger with *GUARANTEED EMPLOYMENT* and income in the short run, and develop rural economy in the long run by building rural infrastructure with an allocation of Tk. 2,000 crore, equivalent to 11.8 per cent of total safety net budget. The objective of 100-DEGP was to create employment 2 million for extreme poor and unemployed people in the rural areas and to increase purchasing power of the extreme poor affected by price hike. CPD undertook a study in 2009 to make an assessment of the 100-DEGP to review the design and implementation of the programme, and recommend policy measures to enhance the effectiveness of the implementation procedure. 100-DEGP created great enthusiasm among the beneficiaries. However, the programme was discontinued after the completion of the first phase.

8. **In its election manifesto of 2008, the newly elected Awami League government, put emphasis on poverty reduction through employment generation.** Later, the government initiated two flagship safety net programmes, namely *Employment Generation for the Hardcore Poor (EGHP)*, which had replaced the erstwhile 100-DEGP, and the *National Service (NS)*. In FY2010-11, 6 per cent of the total safety net allocation is directed to these two programmes. In continuation to CPD's earlier work on employment generation programme, the current study also attempts to review the two important employment generation programmes of the current government.

Objective and Scope

9. **The broad objectives of the study are:** (i) to review the design and implementation of the employment generation programmes under the SSNPs, namely *EGHP* and *NS*; (ii) to assess the impacts of these two programmes; (iii) to review and compare these programmes with the previously implemented 100-DEGP in Bangladesh and similar programmes in other countries to draw lessons; and (iv) to suggest policy recommendations for fine tuning the programmes and enhancing effective implementation during the upcoming phases.

Methodology

10. **The analytical approach of the study is qualitative, which is based on both primary and secondary data.** The study is primarily based on information from filed level investigation. Four sample districts were selected for collecting information at the micro level. All of these districts have their unique socio-economic characteristics which were appropriate for the study. Nilphamari, Jamalpur and Kurigram are examples of poor, monga-prone and river erosive areas of Bangladesh while Chittagong is the industrialised but disaster-prone area. A total of 25 FGDs with randomly selected programme beneficiaries were conducted during the field survey (detailed information regarding the field survey is given in Table 2 and Table 3). In addition to this, a number of relevant stakeholders including District Commissioners (DCs), Upazilla Nirbahi Officers (UNOs), tag officers, Union Parishad (UP) chairmen and members, relevant officials from the government agencies including the Department of Youth Development, local and national NGO professionals and other members of the civil societies at the local level in these areas were interviewed. The field visits were

made during April, 2010 – at a period when the implementation of the second phase of the EGHP and first instalment of NS in Kurigram were underway. A semi structured questionnaire was used during the FGD process. A number of debriefing sessions were held with responsible officials working at the Ministry of Food and Disaster Management (MoFDM) and Ministry of Youth and Sports (MoYS). The study also draws information and findings from the existing literatures on various SSNPs in Bangladesh and across the world. The study does not attempt to do any quantitative impact analysis of the programmes. Hence, estimation of the impact on income and incidence of poverty of the beneficiaries are not within the scope of the paper.

Table 2: Focus Group Discussions (FGD) with the Beneficiaries of EGHP

District	Upazilla	Union	No of FGDs	Male	Female	Total
Nilphamari	Sadar	Luxmichup	2	10	3	13
	Sadar	Kundupukur	1	0	17	17
	Chilahati	Ketkibari	2	21	22	43
	Chilahati	Nich Vogdabari	1	0	28	28
Kurigram	Sadar	Vogdanga	2	49	1	50
	Nageshwari	Berubari	2	72	19	91
	Nageshwari	Kaliganj	2	9	3	12
Chittagong	Sitakund	Shonaichori	1	2	0	2
	Sitakund	Muradpur	1	7	0	7
	Sitakund	Barobkund	1	10	0	10
	Sitakund	Bashbaria	1	11	0	11
	Mirersharai	Jhulunpur	1	3	3	6
Jamalpur	Islampur	Kulkandi	2	42	0	42
	Dewanganj	Chukaibari	2	6	25	31
	Dewanganj	Chikajani	2	3	19	22
Total			23	245	140	385

Source: Authors' field investigation (2010).

Table 3: Focus Group Discussions (FGD) with the Beneficiaries of NS

District	Upazilla	Union	No of FGDs	Male	Female	Total
Kurigram	Sadar	Sadar	2	32	14	46
Total			2	32	14	46

Source: Authors' field investigation (2010).

SECTION 2: AN OVERVIEW OF THE EMPLOYMENT GENERATION PROGRAMMES

11. *In Bangladesh, programmes under the safety net can be classified into four broad categories considering their nature, design and objectives:* (i) employment generation (both self-employment and wage employment); (ii) conditional transfers; (iii) transfers, and (iv) emergency relief. A short list of major safety net programmes in Bangladesh according to these categories is presented in Table 4. Safety net programmes in the form of generating wage employment that are seasonally targeted can potentially have a major welfare benefit for the poor, especially for an agriculture dependent third world country like Bangladesh. Some of these include 100-DEGP, Food for Work (FFW), Vulnerable Group Development (VGD), Test Relief (TR), Rural Employment Opportunities for Public Assets (REOPA), and Rural Employment and Road Maintenance Programme (RMP). On the other hand self-employment programmes in Bangladesh are generally dictated by microcredit schemes. One very

popular form of SSNP recently has been the conditional transfer programmes. The transfers are made to the targeted households with conditions for developing human capabilities (e.g. education and health). These programmes aim to influence the income poverty in the short run and improve on human capabilities in the medium and long run. Programmes such as old-age allowance, allowance for the widow, deserted and destitute women, honorarium for insolvent freedom fighters, assistance to the fully retarded, fund for mitigating risk due to natural disaster, fund for rehabilitation of the acid burnt women and disabled, and maternity allowance for the poor lactating mothers are among the few to be mentioned in the direct support category. Bangladesh bears serious consequences from natural calamities, the poorest segment being the worst victim. Risk reduction is seen as one of the primary functions of public safety net programmes. The objective of such programmes is to help the households withstand sudden shocks or disasters and avoid steep fall in consumption. This calls for action in form of direct support after the shock or disaster. Major programmes include Vulnerable Group Feeding (VGF), Relief, and Gratuitous Relief (GR) programmes that are targeted to provide direct and immediate support to disaster victims.

Table 4: Major Safety Net Programmes in Bangladesh according to Categories

Categories	Programme Examples
Employment Generation	<ul style="list-style-type: none"> • Employment Generation for Hardcore Poor (EGHP) • National Service • Rural Employment and Rural Maintenance Programme • Food-for-Work (FFW) • Vulnerable Group Development (VGD) • Test Relief (TR)
Conditional Transfers	<ul style="list-style-type: none"> • Stipend for Primary Students • School Feeding Programme
Transfers	<ul style="list-style-type: none"> • Old Age Allowance • Honorarium for Insolvent Freedom Fighters • Allowances for the Financially Insolvent Disabled
Emergency Relief	<ul style="list-style-type: none"> • Vulnerable Group Feeding (VGF) • Open Market Sales (OMS)

Source: Authors' Compilation.

12. **Efforts towards widening the SSNPs in recent years are evident in Bangladesh.** Total number of programmes has been increased from 63 to 82. An amount of Tk. 19,497 crore (equivalent to 14.8 per cent of the total national budget) has been allocated under different SSNPs for FY2010-11 (Table 5) with an increase of 16.7 per cent compared to the revised budget for preceding year. It is, however, surprising to find that the allocation for EGHP was slashed by 7 per cent compared to the revised allocation for FY2009-10. Lack of implementation capacity may have contributed to such reduction in the allocation for EGHP! On the other hand the allocation for NS has been increased by a substantial amount in order to expand its coverage in two more districts.

Table 5: Allocation of Major Safety Net Programmes in Bangladesh

Types of Programme	Allocation in FY10 (crore Tk)	Allocation in FY11 ^{RB} (crore Tk)	Increase (%) in FY11 over FY10RB	Share of Individual Programme in FY11 (%)
Employment Generation				
Employment Generation for Hardcore Poor (EGHP)	1076	1000	-7.1	5.1
National Service				
Rural Employment and Rural Maintenance Programme	185	140	-24.3	0.7
Food-for-Work (FFW)	928	994	7.1	5.1
Vulnerable Group Development (VGD)	595	638	7.3	3.3
Test Relief (TR)	898	954	6.2	4.9
Conditional Transfers				
Stipend for Primary Students	575	750	30.5	3.8
School Feeding Programme	7	18	157.5	0.1
Transfers				
Old Age Allowance	810	891	10.0	4.6
Honorarium for Insolvent Freedom Fighters	225	360	60.0	1.8
Allowances for the Financially Insolvent Disabled	94	103	10.0	0.5
Emergency Relief				
Vulnerable Group Feeding (VGF)	1097	1536	40.0	7.9
Open Market Sales (OMS)	1072	1190	11.0	6.1
Total Safety Net	16706	19497	16.7	100.0

Source: Calculated from budget documents, MoF.

Note: RB stands for revised budget.

SECTION 3: EVALUATION OF EMPLOYMENT GENERATION FOR THE HARDCORE POOR (EGHP)

13. *Attempts to reduce poverty through employment generation in Bangladesh, as was mentioned earlier, can be tracked back to the mid-1970s of which, as was mentioned earlier, the 100-DEGP was the latest milestone.* The initiation of EGHP in FY2009-10, a flagship SSNP in continuation of 100-DEGP, is a commendable step towards reducing poverty by providing employment to the poorest section of the society that is vulnerable due to high inflationary pressure and seasonal unemployment.

14. *Globally a number of programmes can be found in many countries, having similar objectives and philosophy though their designs, modes of implementation and ultimate achievements vary immensely.* In African countries such as Ghana, Kenya, Lesotho, Malawi, Mozambique, Tanzania, Zimbabwe, Cape Verde, and Botswana, rural employment programmes were initiated during the famines that occurred in the 1980s. Many countries in Latin America such as Argentina, Bolivia, Chile, and Peru, have used public employment programmes to counter the temporary drops in labour demand that occur during periods of structural adjustment or macroeconomic shocks. For instance, at the peak of its recession in 1983, Chile's public employment programme provided employment to 13 per cent of the labour force. In South Asia, India has been the front runner in designing and implementing such employment schemes (*Jawahar Rojgar Yojana, Maharashtra Employment Guarantee Scheme* and current *National Rural Employment Guarantee Act*) and the

NREGA is recognised globally as one of the most successful schemes. For a country like Bangladesh, it is of utmost importance to draw experiences from successful programmes similar to EGHP to make the programme more effective within a short span of time. While assessing various aspects of EGHP, reference of a number of such experiences has been made in the current chapter of this volume.

Goals of the EGHP

15. **The broad goal of EGHP is to provide employment to the poorest section of the society, especially to the unemployed, seasonally unemployed and marginal farmers during the lean period.** Additionally, through employment creation, the programme aims to develop and maintain rural infrastructure and local public assets in small scale. The 100-DEGP had almost similar objectives, except for the fact that that a key consideration was the ‘intolerable price hike’ which prevailed during 2007-08. The Indian NREGA also has similar goals, i.e. enhancement of rural livelihood along with creation of durable assets for the society. The Argentine TRABAJAR, however, aimed to support the poor and unemployed people through temporary employment.

Allocation and Coverage of EGHP

16. **In FY2009-10, the first phase of EGHP started with an allocation of Tk. 1,775 million to cover 4,37,065 beneficiaries from 16 districts.** During the second phase, allocation was scaled up to Tk. 6,000 million expanding the coverage to encompass 12,18,456 beneficiaries from all the 64 districts. A comparative summary of the two phases of EGHP and 100-DEGP (in terms of total allocation, disbursement, total number of beneficiaries, projects and working days) is presented in Table 6.

Table 6. Comparative picture of EGHP and 100-DEGP

Indicators	100-DEGP (Phase 1)	EGHP I	EGHP II
Total Allocation	Tk. 12,000 million	Tk. 1,775 million	Tk. 6,000 million
Coverage Area	64 districts	16 districts	64 districts
Time-frame	Sep-Nov	Sep-Nov	Mar-Apr
No. of Working Days	60	40	40
Total disbursement (share of total allocation)	Tk. 9,155 million (76%)	Tk.1,538 million (86%)	Tk.5,572 million (95%)
Total no. of beneficiaries	19,97,075	4,37,065	12,18,456
Total no. of started projects	1,01,059	7,014	20,109
Total no. of completed projects	51,207	4,354	16,977

Source: Ministry of Food and Disaster Management.

Targeting in EGHP

17. **The strength of the programme lies in its target-oriented approach.** It aimed to target a particular group of beneficiaries from particular geographical locations for a particular time-period. Hence, success of the programme also depends on the efficacy of targeting.

Target Area

18. **EGHP targets to provide support to the beneficiaries of monga-prone, river erosion-prone, char, haor-baor along with other disaster prone areas.** The 100-DEGP also targeted similar areas, but was implemented in all 64 districts. CPD, in its earlier assessment of 100-DEGP in 2009, recommended that the focus should only be on specific economically stressed areas. Initially EGHP was implemented in 16 districts which are mainly *monga*-prone areas or shattered by cyclone *Aila*. However, districts such as Jamalpur which is simultaneously stressed by monga, flood and river

erosion, was not included in the programme. Later, during the second phase, EGHP expanded its coverage in all the 64 districts of the country.

19. **CPD feels that EGHP should also primarily focus on highly poverty-stricken regions.** Poverty maps can be used to identify the number of hardcore poor at upazilla levels. Piloting can be very useful before expanding the programme nationwide. It has to be kept in mind that once implemented throughout the country, it will be challenging afterwards to narrow down the coverage area. NREGA (India) was piloted in Maharashtra while the coverage was expanded later in a phased-in fashion and currently it is implemented throughout the country. On the other hand, TRABAJAR targeted poverty prone geographical areas.

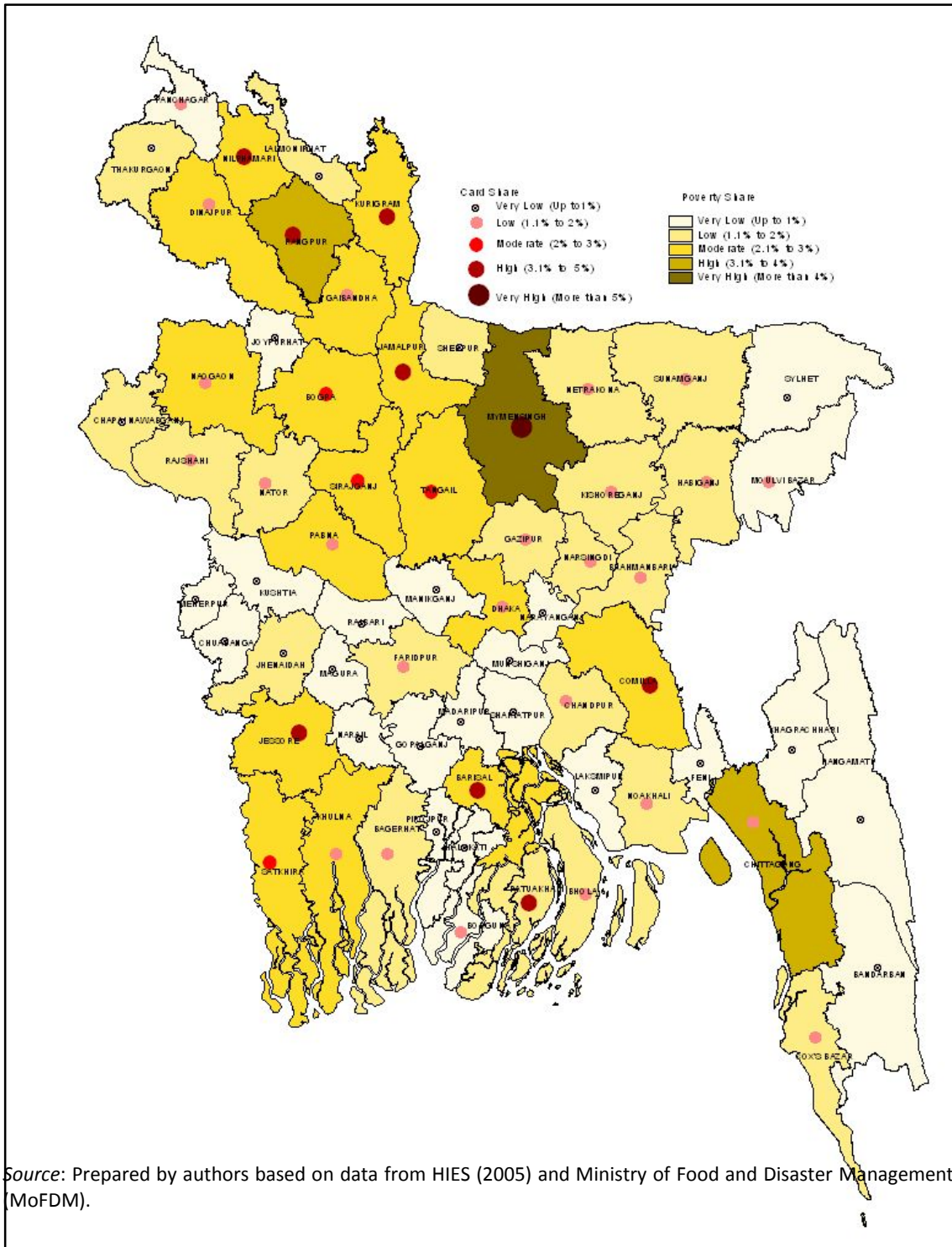
20. **Distribution of cards at division level, in general, was found to be proportionate to the share of poverty (Table 7 and Map 1).** However, some anomalies at the district level need to be addressed. Out of the 64 districts, 37 districts are found to be poverty prone (poverty rate is higher than national poverty rate of 40 per cent). Among these, share of allocated “card” is lower than the share of “poor household” in 22 districts (grey areas in the Map 2). Two (Bhola and Jhalakati) of these belong to Barisal division (out of six districts); four (Faridpur, Gopalganj, Sherpur and Tangail) belong to Dhaka division (out of ten districts); one (Khulna) belongs to Khulna division (out of ten districts); twelve (Bogra, Joypurhat, Dinajpur, Thakurgaon, Pabna, Sirajganj, Naogaon, Natore, Chapainawabganj, Rajshahi, Gaibandha and Lalmonirhat) belong to Rajshahi division (out of sixteen districts); and two (Habiganj, Sunamganj) belong to Sylhet division (out of four districts). These districts may find themselves discriminated in terms of being less than adequately targeted for EGHP. For example, Pabna (second most poverty prone district after Nilphamari) received only half of the deserved cards during phase II of EGHP. However, except for these cases, in general, high poverty prone districts such as Nilphamari, Kurigram, Rangpur and Barisal received higher share of allocated cards. Such positive discrimination is desirable, while allocation for more solvent areas (say for districts with less than 25-30 per cent poverty rate) could be scaled down in the upcoming phases of EGHP.

Table 7. Division wise share of allocated cards vs share of poverty

Region	Card Share (%)	Poverty Share (%)
Barisal	10.5	8.5
Chittagong	13.4	16.6
Dhaka	27.4	25.1
Khulna	13.5	13.5
Rajshahi	30.8	31.1
Sylhet	4.3	5.4
Bangladesh	100.0	100.0

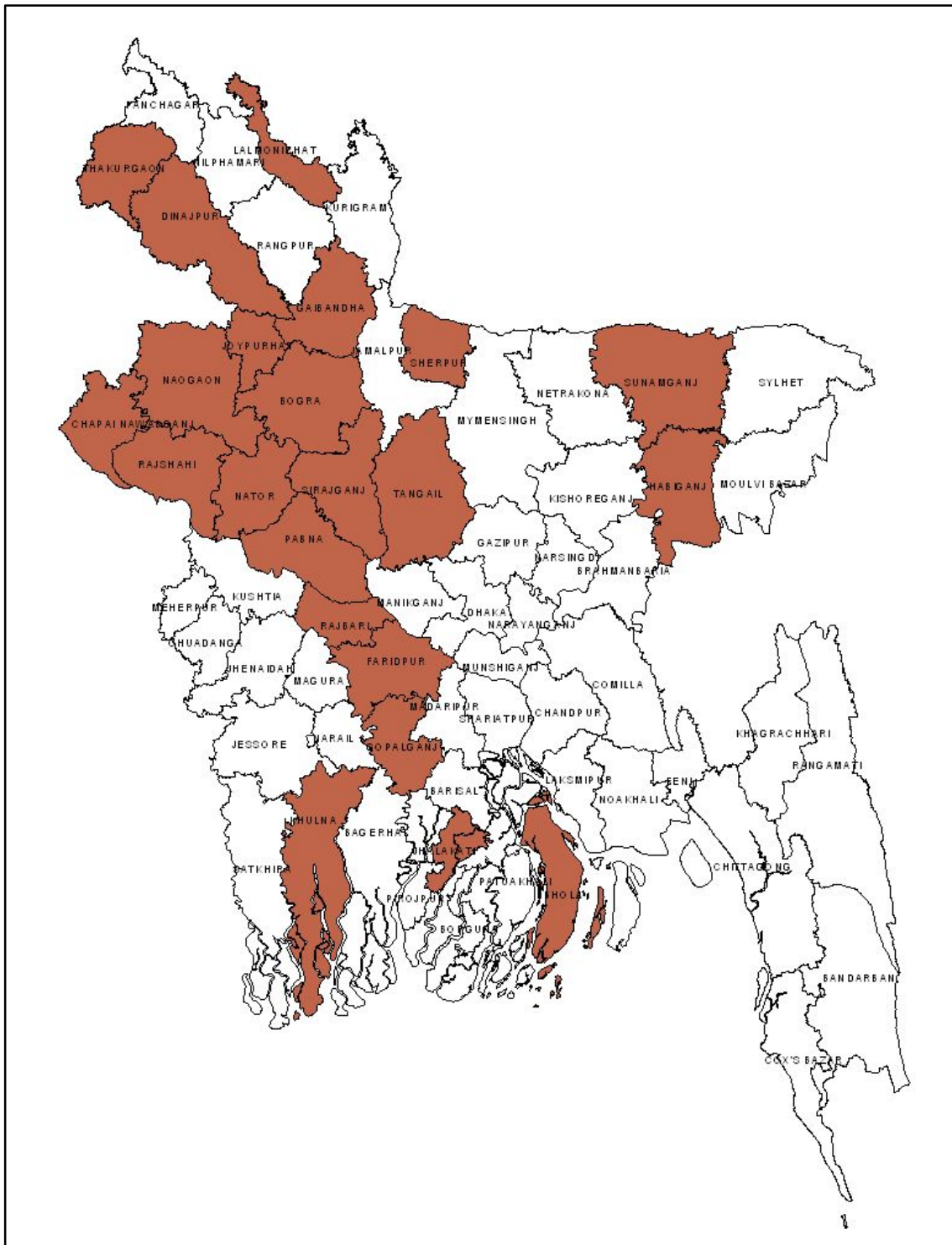
Source: HIES (2005) and Ministry of Food and Disaster Management (MoFDM).

Map 1: Share of card holders against share of poverty



Source: Prepared by authors based on data from HIES (2005) and Ministry of Food and Disaster Management (MoFDM).

Map 2: Indication of districts where share of allocated “card” is lower than their share of poor household



Source: Prepared by authors based on data from HIES (2005) and Ministry of Food and Disaster Management (MoFDM).

Targeted Time-frame

21. **As in incase of 100-DEGP, the new EGHP also targets to implement the programme in two phases during a year;** i.e. from September to November and from March to April. This time-frame addresses two major lean periods of the year. However this period is more suitable for the *monga*-prone northern region and less for other regions. As the period from September to November is the rainy season, which is often associated with flood in many areas, operation of projects involving earthworks is extremely difficult. On the other hand, the period from March to April is the crop growing season and it would be difficult to collect soil for construction.

22. **There is a provision for adjustment period of 30 days based on local situation and demand but no such cases were found during field visits despite the fact that in some cases** (eg., in Kurigram), due to late start, harvesting season arrived before the completion of the projects making it difficult to retain labourers as the market wage is higher during harvesting. In view of this, the programme should have different time-frame for different areas based on seasonal and agricultural pattern. Similar provisions are allowed for programmes such as NREGA (India) and TRABAJAR (Argentina), where projects can be implemented throughout the year based on demand of the beneficiaries.

Targeting Beneficiaries

23. **EGHP targeted the hardcore poor who are assetless, completely or seasonally unemployed, marginal farmers and those who are excluded from any other SSNPs.** The 100-DEGP had targeted similar beneficiary group. However, there were no quota for female participation. CPD recommended for mandatory female quota, and EGHP came up with the provision of obligatory one-third female participation quota. Field observations revealed that female participation varied, and even negligible in conservative areas (eg., Chittagong). In areas like Nilphamary and Jamalpur where migration rate is usually high, proportion of female beneficiaries found to be higher as the male member of the family can migrate to other districts for better opportunities.

24. **Beneficiary targeting was found to be more or less good.** Selection criteria were broadly followed and the hardcore poor were selected. Mistargeting was frequent in solvent areas (eg., Chittagong) where it was difficult to find labourers at Tk. 120 as the market wage was higher. Some cases of irregularities such as political influence and nepotistic behaviour were observed.

25. **In some high poverty stricken areas, the number of cards allocated has been scaled down by 10-12 per cent in EGHP phase II compared to the earlier phase (EGHP phase I) despite the fact that some of the funds allocated in the original budget remained unutilised.** Targeting in the NREGA and TRABAJAR programmes is demand driven – where groups of beneficiaries apply for projects. However, this might not work in Bangladesh given the huge number of potential beneficiaries against limited resources.

Selection Process: Beneficiary Selection

26. **To get selected as a beneficiary of EGHP one must be within the age limit of 18-60 years, lacking assets (landless or devoid of any other assets eg., pond, livestock etc) and be excluded from of any other SSNP.** No more than one person from a family can be selected. The 100-DEGP had almost similar selection criteria except for the age limit which was between 18 to 50 years. Given the fact that many of the labourers above 50 years were very much capable to work, CPD recommended to revisit the age limit. In NREGA, more than one member from a family can apply even if they are covered under other SSNPs. However, given the high supply of labour particularly in high poverty prone areas this might not be suitable for Bangladesh.

27. As members of the Union committee were from grassroots level local administration, the best targeting can be done by them. During the first phase of EGHP, Union committee worked as the terminal service provider and prepared beneficiary lists. In second phase the Union committee is disabled in view of the upcoming UP election and the Upazilla committee took charge of the duty. In view of this, the Union committee should be reactivated as soon as possible. The involvement of NGOs (as consultants) during the selection was absent though the directive is given in the guideline as regards NGO involvement.

Project Selection

28. Most of the projects encompassed construction and reconstruction of roads and dams, ground filling of various public properties or organizations and canal excavation or re-excavation. One common characteristic of these projects is that all of them involve earthworks. Institutional setting for project selection process is similar to beneficiary selection process. Project selection and designing procedure still remained a top-down exercise having limited local consultation and minimal coordination with LGED or similar local planning authority. In NREGA, Gram Panchayat and Gram Shabhas propose and design projects whereas in TRABAJAR, project selection can be participatory or selected by local government which are reviewed by professionals before approval.

29. In EGHP, approved projects were usually large and visible, often involved several adjacent wards. In case of 100-DEGP, projects were selected on an *ad hoc* basis, and not as part of an integrated local development planning. Projects were small, discrete and lacked coordination. Considering benefit for the broader society, often several small projects were merged into one big project. In several cases, projects under the EGHP complemented local development projects under ADP.

Wage and Payment

30. Wage rate for 100-DEGP was Tk. 100 per day which was kept unchanged in EGHP phase I, which was increased to Tk. 120 per day during the second phase (EGHP phase II). Wage for similar programmes in other countries are set at a rate usually less than market wage. This acts as a filter to exclude non-target group. For the case of NREGA (India), minimum wage is equivalent to the minimum wage of agricultural labours. The offered wage is not suitable for some areas. In Chittagong, market wage is approximately Tk. 250 per day. As a result it is difficult find beneficiary at the given wage rate of Tk. 120 per day.

31. Daily payment was mandatory in 100-DEGP. Field observations during the earlier CPD study found this to be difficult to manage by the providers. Hence CPD recommended to introduce weekly payment system. Beneficiaries of EGHP are paid every 5-7 days. In some areas, the workers had to pay for a Tk. 5 revenue stamp to get a payment of more than Tk. 500 though EGHP was exempted from such requirements. This needs to be clarified in the forthcoming guideline.

Non-Wage Cost/Administrative Cost

32. In the 100-DEGP, the allocation for administrative cost or non-wage cost was almost negligible - approximately Tk. 1,000 per Union. CPD recommended for adequate allocation of non-wage costs (including administrative cost and material cost) which is essential for better implementation, monitoring and sustainability of the projects. In EGHP, Tk. 16.6 million was allocated as administrative cost in FY2009-10 of which 50 per cent was disbursed by the end of the first phase. The allocation for administrative cost was about Tk. 25,000 per Upazilla, which is still inadequate and uniform across the board.

33. **Administrative cost for implementing and monitoring officers should be based on the area and number of projects they cover.** Many projects may require construction materials for which there is still no provision. For durable construction and maintenance of infrastructure, additional allocation should be made based on the type of projects. On an average, 22 per cent of the total allocation for NREGA is assigned as non-wage cost. In some areas such as Jammu, Asam and Kashmir, non-wage cost is more than 40 per cent. However, in Monipur, there is no allocation for non-wage cost.

EGHP in FY2010-11

34. **The next installment of EGHP, planned to get started in October 2010, is expected to come with a number of changes.** *First*, budget for the two phases is set to be Tk. 1,000 crore. *Second*, wage rate is proposed to be scaled up to Tk. 150 from the existing Tk. 120 and paid through bank accounts. *Third*, the World Bank has agreed to finance USD 150 million for next three years equivalent to about one-third of the total project cost. *Fourth*, non-wage material cost (around 10-20 per cent) may be introduced. *Fifth*, it will be implemented nation-wide but using the existing poverty map for targeting. *Sixth*, information boards at the project sites may be placed for disclosure of information.

35. **The World Bank also expressed its plan to support in various areas of the programme** such as gradual introduction of electronic beneficiary list, independent assessment of the programme implementation with additional funds, impact evaluation with three rounds of survey over the next three years with additional funds, and providing training to staffs engaged in the EGHP to enhance their capacity for targeting beneficiaries and delivering benefits.

SECTION 4: EVALUATION OF THE NATIONAL SERVICE

National Service: Backdrop and Objectives

36. **According to LFS 2005-06, 4.3 per cent of the country's total labour force are unemployed.** If those who are educated at least up to HSC level are considered, unemployment rate accounts for 10 per cent. The GoB started the National Service programme in FY2009-10 to develop this particular group of educated but unemployed people as a productive work-force through training and temporary employment. Hence, the objective of the programme is to create temporary employment for and build capacity among the youth who have educational qualification of minimum SSC level, and whose age ranges between 18-35 years.

37. **Primarily, the programme has been initiated on pilot basis in 3 districts: first in Kurigram (started from 6 March 2010) followed by Barguna (started from 6 May 2010) and Gopalganj (started from 31 July 2010).** Coverage under the programme was determined on participatory basis. Interested eligible candidates apply for inclusion when the government makes any circular. The *Upazilla Coordination Committee* selects eligible candidates through survey. Coverage of the programme is given in Table 8.

Table 8. Coverage of National Service

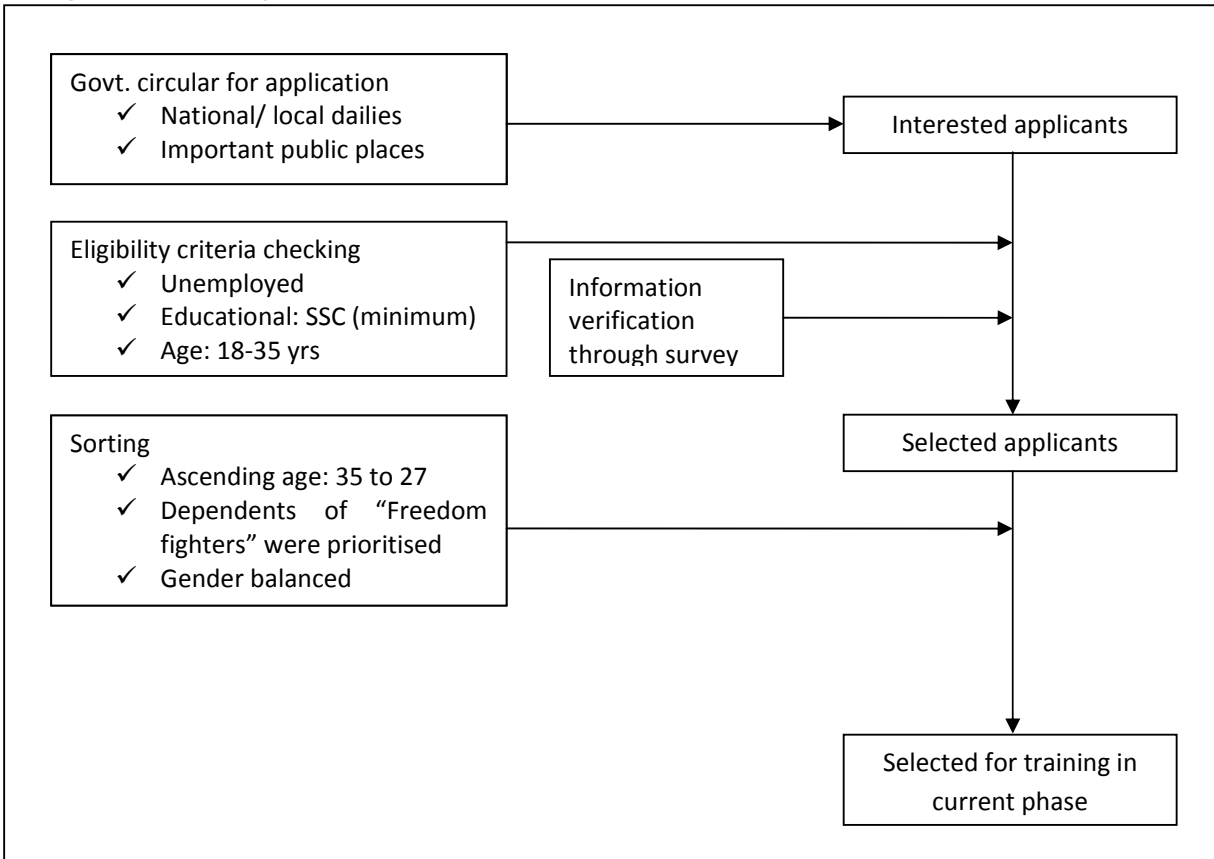
Indicators	Kurigram	Barguna	Gopalganj
No. of selected applicants	31,620	13,734	19,394
No. of trainees in Phase 1	9,950	4,000	5,000
No. of trainees to be covered in FY2010-11	21,670	9,734	14,394

Source: Department of Youth

Selection Procedure

38. **Selection procedure starts with a public circular (published in national and local dailies and important public places) from the programme implementation authority calling for application from interested candidates.** Interested candidates apply to the *Upazilla Coordination Committee* providing necessary information and proof of their eligibility. The committee verifies the eligibility of the candidates through survey and prepares the final list of beneficiaries. This list is then sorted in ascending order based on candidates' age, and a portion from the top is selected for training in the current phase. The procedure is presented in Figure 2.

Figure 2: Selection process of beneficiaries of National Service



Source: Prepared by the authors' based on consultation with MoYS.

Training and Temporary Attachment

39. **Selected candidates were subjected to 3 months of training.** The first half (1.5 months) of this training encompasses 4 general modules. Successful completion of the general module is followed by 1.5 months of specialized training on specific modules. Choice of special module is based on assessment test and demand from employing sector.

40. **After successful completion of the training, trainees are temporary attached for two years in sectors such as primary or secondary educational institute, computer trainer, community police, health and family planning, livestock or agriculture, social safety net, local govt. agencies, etc.** During training period each trainee is paid Tk. 100 per day (equivalent to Tk. 3,000 per month) which is increased to Tk. 200 per day (equivalent to Tk. 6,000 per month) during the temporary attachment period. All payments are made through account pay-cheques.

Critical Issues

41. **To train and employ almost 65,000 youths for two years in the aforesaid 3 districts, approximately Tk. 1,000 crore is required.** In FY2010-11, Tk. 190 crore is allocated for the programme. Besides, additional resource is also required to pay the trainers and finance training centres and other facilities. Furthermore, eligible candidates will be added up to the list each year. In this backdrop, country-wide implementation of such programme would require huge resource which is unaffordable by the government.

42. **Till now, the programme is supply driven in nature.** To maintain a balance between supply and demand, it is crucial to match the expectation of supply-side with the reality of demand side while appointing the candidates for jobs.

Suggestions

43. **The authority can consider hiring qualified external trainers and consultants since the duty as a trainer or other implementing officer is an additional responsibility for the corresponding officer beside his or her regular official duties which is difficult to manage.** There is also a lack of training facilities and centres. To achieve the desired benefits from the programme the need for adequate training facilities should be well recognised.

44. **The NS does not provide any guarantee for permanent employment. Once the two-year contract expires, it will be a challenge to absorb them in permanent position.** In view of these, trainees of the programme can be given priority in further recruitments. In addition, trainees can be provided with soft loans to encourage self-employment. Another very important issue that needs to be taken into cognizance is the opportunity cost of higher education. Whether the programme would tend to restrain students from enrolling for higher education should be reviewed carefully.

45. **Given the huge expenditure required for this programme, government can tag this programme with the private sector whereby applicants will be appointed as apprentice for a certain period by the entrepreneurs while the government, following the OECD model, will offer employment subsidy i.e. financial support for the additional jobs created by the private sector.** As the programme is still in pilot phase, it is the best time to address these issues and consider them while formulating its medium and long term strategies.

SECTION 5: RECOMMENDATIONS

A. EGHP

46. **In a number of ways EGHP is passing a transitional phase.** A number of provisions is about to be amended, and moreover, various new rules are expected to be introduced. Therefore, there are enough scopes to improve the programme both in qualitative and quantitative terms. The following section summarises major recommendations.

i. Coverage Area

47. **Another country-wide implementation plan implies that area-focused targeting may not be feasible in near term, particularly from the political economy perspective.** It may thus be recommended that more poverty stricken areas could be given priorities keeping the allocation for more solvent and high wage areas minimum.

ii. Targeting: Allocation and Coverage

48. **Considering the possible changes planned, at least for FY11, one may expect that the coverage of EGHP is going to be reduced substantially.** This reduction of coverage is expected from two sources. Firstly, total allocation for the programme is scaled down to Tk.1000 crore. One may recall that only Tk. 600 crore was allocated for the EGHP phase II, where 95 per cent of the fund was spent. Secondly, a 25 per cent increase in wage rate implies lower number of beneficiary coverage. The possible scale down of beneficiary coverage could be as high as 50 per cent. The coverage for EGHP phase II was only 10 per cent of the total poor households (assuming the 2005 poverty rate and no leakages in beneficiary targeting). This is a challenging political situation at grassroots level particularly in areas where supply of labour has been higher at the given wage rate. In this context, it is also important to mention that working days was consequently reduced in EGHP by 20 per cent compared to the earlier 100-DEGP. The number of working days is 40 compared to 60 days under the EGHP phase I (Sep-Nov). It will be interesting to see that whether the government will be prepared to increase the allocation if demand for increased coverage is placed at the grassroots level. It will also call for some decision making from the donor's side.

iii. Beneficiary Selection

49. **The selection of beneficiaries will always remain at the heart of the programme implementation.** Until now the selection procedure is highly supply driven and controlled by the local level political agents with some monitoring from the UNOs. It is desirable that programme guideline would incorporate some clauses to ensure more active participation from the non-political NGOs and civil society members in the selection process. Since a demand driven self-selection process (like NREGA) is not possible at the current state of the supply-driven programme design, the government may consider implementing a semi-demand driven self selection mechanism in the medium term. To operationalise the process the government may call for applications from the prospective participants and then randomly select the nominees for the programme at the central office at capital to avoid any possible leakages. In this regard, development of a simple software for beneficiary selection may also be considered. This action will also facilitate the government to assess the demand side of such employment opportunities.

iv. Non-wage Cost

50. **About 10-20 per cent of total fund is expected to be allocated for non-wage material cost for EGHP for FY2010-11.** Proposed introduction of non-wage material cost will ensure inclusion of larger and visible projects where the social assets or infrastructure can also be made more durable. However, close monitoring is needed or this since this will also create opportunities for corruption. The government should also closely observe the changes this provision would bring in the project designs. Global experiences suggest that the proposed 10-20 per cent non-wage material cost may not be too high for certain feasible projects.

v. Design and Planning

51. **The experiences from last two years suggest that the local level planning process and its coordination with central decision making bodies do not always meet the desirable efficiency.** Often crucial time was lost due to the delay in coordination and planning. One must consider the fact that the programme is designed to facilitate employment opportunities during the lean periods, and with delays by one or two weeks, it may overlap with the harvesting period in some areas. It is desirable that central allocations and guidelines should be prepared and disseminated among local level implementing stakeholders as early as possible, preferably one month ahead of the programme

period. It will facilitate better planning and preparation at the grassroots level. At the same time, grassroots level implementing agents and stakeholders should be encouraged to plan and prepare for the programme early. The government may also consider the provision for multi-year (or phase) projects. Specific guidelines should be prepared for this purpose. Large and sustainable projects can be implemented for the benefit of a broader spectrum of the society.

vi. Wage Rate

52. Globally, it is recognised that keeping the wage rates for these programmes below the market wage rate is crucial for minimizing leakages. In many countries wage rate for these programmes varies in different regions. It was also observed during the field survey that in Bangladesh the market wage rate varied according to the geographical locations which was found to be a determining factor for minimising leakage. However, no attempt has been made so far to differentiate the wage rates according to the regions (perhaps the possible operational hazard is a major constraint). Furthermore, the government has decided to increase the wage rate of EGHP in FY2010-11 for the second time during the last one year. Such upward revision of wage rate may reduce the beneficiary coverage which may not be the optimal choice for a country with high underemployment.

vii. Monitoring, Evaluation and Transparency

53. Monitoring and evaluation is of utmost importance for any SSNP and ensuring flow of information should be prioritised in this context. It is planned that from this year (FY2010-11) every project site must have an information board. It is recommended that the board should contain the following information: (i) duration of the projects with dates; (ii) number of workers (including male and female); (iii) a list of all workers working in the project; (iv) cost of the projects with breakdown and (v) name and cell number of the relevant tag officer. In many areas it is found that one (or more) of the beneficiaries has been informally selected to play the role of the labour-supervisor of the project. It is also recommended by a number of people related to EGHP that this process should be formalised and included in the guideline. Democratic involvements of beneficiaries in such selection should also be encouraged.

viii. Payment Method

54. It is now planned that payment of workers' wages will gradually be delivered through bank accounts. There are a number of bright sides of this mechanism. Firstly, it may increase transparency of the payment system. Secondly, it may reduce government's transaction cost for delivery and record keeping. Thirdly, it may facilitate to expose the beneficiaries to a formal financial institute giving the programme a feel of mainstream economic activity. And finally, it may encourage beneficiaries to save a portion of their earnings. However, several limitations may hamper the smooth operationalization of this idea such as: (i) it may not be feasible for the beneficiaries to visit the bank every week at the time of programme implementation, and (ii) managing such a huge pressure of new account holders will be quite difficult for the banks given their constraints in terms of human resource and infrastructure. Therefore, the payment through banking system should be introduced in limited areas on pilot basis and the merits and constrains should be assessed before further expansion of the system. In addition to this, feedbacks from grassroots level stakeholders (i.e. beneficiaries) need to be considered before implementing the system on a larger scale. Adequate time will be needed in advance for preparation before the start of each phase to operationalize this delivery mechanism effectively. The beneficiary list will also need to be finalized as early as possible for timely and smooth implementation.

ix. Sustainability

55. ***In the context of sustainability of the programme, it will be necessary that the government starts to formulate a set of strategies to mainstream the programme through which EGHP could gain efficiency.*** In the backdrop of growing gap between demand for and supply of public investment, labour intensive employment generation programmes may complement the traditional annual development plan (ADP), particularly for the small scale rural infrastructure and public assets maintenance projects. At the same time, careful sequencing of the EGHP projects can also prepare the ground for future ADP projects. Such transformation of projects under EGHP could, on one hand, will provide ground for long run sustainability, and on the other hand ensure greater ownership of the grassroots people in local public assets. To reduce leakages and ensure maximum benefit and better coverage, it is now time to initiate a community level social safety net database.

B. National Service

56. ***For the NS programme the context is very different when compared with EGHP. In contrast to EGHP, the NS is yet to be fully-tested on many grounds.*** The success of the NS will mainly depend on two factors: (i) the graduation of the trainees from short term public sector to long term private sector employment, and (ii) the government's ability to ensure required resource envelop for smooth functioning of the programme. It also needs to be observed closely whether the inclusion of such energetic semi-skilled manpower could raise the efficacy of public service delivery. It is recommended that the on-going pilot process should continue and the government should pursue a go-slow procedure for the time being until the implication of the programme is fully understood.

SECTION 6: CONCLUDING REMARKS

57. ***Currently there are 82 SSNPs running country-wide.*** These two new but important programmes have once again drawn some attention in view of the need for a comprehensive approach in designing the SSNPs in Bangladesh. Both the programmes are at their preliminary stages and it is the best time for fine tuning to make them sustainable and successful.

58. ***Given the poverty and inequity situation in Bangladesh, the above-discussed employment generation programmes have excellent potentials to reduce the vulnerability among the unemployed section of the society and improve socio-economic condition of the country.*** These programmes can also contribute towards long-run and sustainable development of the country. However, the long run success of these programmes will hinge on three fundamental aspects: (i) mainstreaming of these programmes with socio-economic development plan; (ii) ensuring efficacy of implementation through enhanced monitoring capacity and (iii) formulation of medium to long term plan for such programme.



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