INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE
IFPRI

POLICY NOTE AUGUST 2026

Modernizing Bangladesh's Social Protection System

Priorities for Greater Effectiveness

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Executive Summary

Bangladesh has made considerable progress in reducing poverty and improving human development, with social protection playing an important role in protecting vulnerable households and supporting human capital. The Government has demonstrated a strong commitment to social protection, particularly through the National Social Security Strategy (NSSS) adopted in 2015 and subsequent efforts to streamline programs.

Despite this progress, the social protection system faces persistent challenges. The system remains fragmented across numerous programs and ministries, significant targeting errors persist, and benefit levels are often inadequate. A substantial share of social protection spending is directed toward programs that do not primarily benefit the poor, while many vulnerable households remain inadequately covered. Addressing these shortcomings has become increasingly important as Bangladesh confronts rising food prices, slower economic growth, and climate-related risks.

Bangladesh now has an important opportunity to modernize social protection. Recent efforts to consolidate programs and the introduction of the Family Card Program provide a foundation for building a more coherent, inclusive, and effective system. The priority should be to improve the quality and effectiveness of spending rather than simply increase the overall budget.

This policy note presents a roadmap for building a more efficient, equitable, and adaptive social protection system. It recommends scaling up successful programs while phasing out inefficient ones. By improving targeting and reducing benefit leakage, social protection coverage for poor households can be significantly expanded even within the current budget.

Key Challenges

Inefficient allocation of resources. A major concern is the composition of public spending. A substantial share of the social protection budget goes to pensions for government employees, while agricultural subsidies and some infrastructure expenditures are also classified as social protection. Although these expenditures serve legitimate public purposes, including them in the social protection budget inflates the reported size of social protection spending and obscures the resources directed toward poor and vulnerable populations.

Fragmentation and weak coordination. Fragmentation is another major concern. Numerous programs administered by different ministries create duplication, raise administrative costs, and weaken coordination, making consistent beneficiary selection and service delivery difficult. At the same time, resources are concentrated in a small number of programs, leaving many others underfunded and unable to provide adequate support for those in need.

Inadequate benefits. Transfer amounts are often too low to provide meaningful protection against poverty and shocks, while inflation steadily erodes their real value. Many allowances that were adequate several years ago now cover only a small share of household needs. Although expanding coverage is important, doing so without ensuring adequate benefits risks spreading limited resources too thinly to make a meaningful difference.

Targeting errors. Many poor households remain excluded, while benefits also reach households that are not poor. Limited information, administrative constraints, and local selection practices contribute to both inclusion and exclusion errors. Strengthening targeting is therefore essential to improving the cost-effectiveness of the social protection system without necessarily increasing the overall budget.

Limited responsiveness to shocks. Natural disasters, health-related shocks, economic downturns, and employment shocks can rapidly push households into poverty. The social protection system needs greater capacity to expand coverage and benefits rapidly when such shocks occur.

Priority Policy Recommendations

1. Reallocate resources toward poor and vulnerable households

The Government should systematically review social protection programs based on their objectives, beneficiaries, costs, and effectiveness. Programs with limited poverty-reduction impacts should be reformed, consolidated, or phased out, with resources redirected toward programs that demonstrably benefit poor and vulnerable households. The Government should also clearly distinguish poverty-focused social protection from broader public expenditures that are currently classified as social protection in the social security budget.

2. Scale up high-performing programs

Evidence shows that some social protection programs consistently perform better than others. Policymakers should prioritize programs with strong targeting and demonstrated impacts, including the Vulnerable Group Development program, Mother and Child Benefit Program, Old Age Allowance, Disability Allowance, and Allowance for Widow and deserted women. Increasing benefit levels, expanding coverage, strengthening digital payments, and periodically adjusting transfers for inflation could significantly enhance their effectiveness.

3. Strengthen targeting

Social protection programs should adopt a hybrid targeting approach that combines proxy means testing, categorical targeting, community validation, and self-targeting, as appropriate. Using multiple targeting methods can help reduce both inclusion and exclusion errors more effectively than relying on any single method. The Family Card Program provides an important opportunity to test, refine, and strengthen this approach.

4. Improve benefit adequacy

Inadequate benefit levels remain a major challenge across most programs, limiting their effectiveness and impact on household welfare. Transfer amounts should be reviewed regularly in relation to inflation, food prices, and minimum consumption needs. Cash transfers should be adjusted for inflation every three to four years to preserve their real value. Better targeting and adequate benefits should be pursued together to ensure that limited resources reach households most in need and provide meaningful protection.

5. Make social protection more inclusive and shock responsive

The social protection system should place greater emphasis on addressing urban poverty and vulnerability, which are becoming increasingly important as urbanization accelerates. Low-income urban households, particularly informal workers, often face insecure employment, high living costs, and limited access to affordable housing and basic services, yet remain underserved by existing programs. The system should also become more shock responsive by pre-identifying vulnerable households, establishing contingency financing and rapid payment mechanisms, and developing clear procedures for quickly scaling up assistance following disasters, economic downturns, and other shocks.

6. Promote sustainable graduation from poverty

Cash and food transfer programs can effectively improve household food security and livelihoods in the short term. However, most interventions do not generate sustained income growth after program support ends. Sustainable graduation from poverty depends on program design. Transfer programs are more likely to produce lasting improvements when adequate transfer sizes are combined with complementary interventions that promote sustained income generation, such as skills development training, behavior change communication, and access to financial services.

7. Strengthen health protection for the poor and vulnerable

Catastrophic health expenditures are a major source of financial shocks in Bangladesh, pushing vulnerable households into poverty and deepening poverty among those already poor. Strengthening health protection should therefore be an integral part of the social protection system. A social health insurance program for poor and vulnerable households in both rural and urban areas could be piloted and rigorously evaluated. Given the administrative and financing challenges of insurance, health vouchers may provide a simpler and more targeted alternative. Vouchers could be linked to existing social transfers and designed to cover priority health services based on local needs.

8. Establish a dynamic social registry

A dynamic social registry should become core infrastructure for the social protection system. It should integrate relevant administrative information, allow households to update their circumstances, identify newly vulnerable households, reduce duplication, and support rapid expansion of assistance following shocks.

9. Strengthen monitoring, evaluation, and accountability

Major programs should have clear objectives, measurable indicators, and independent process and impact evaluations. Monitoring should assess not only program expenditures and beneficiary coverage but also targeting accuracy, payment timeliness, and benefit adequacy. Effective grievance redress mechanisms and transparent reporting should strengthen accountability. Rigorous evaluations should assess whether programs are achieving their intended outcomes, particularly in improving livelihoods, reducing poverty, and strengthening resilience.

10. Realize the potential of the Family Card Program

The Family Card Program, launched in March 2026, offers an important opportunity to modernize Bangladesh’s social protection system and strengthen support for poor and vulnerable households. Its success will depend on strong governance, transparent beneficiary selection, and safeguards against leakage and misuse of resources. Women should have direct access to and control over monthly transfers, making the program an important instrument for women’s empowerment. Independent and rigorous impact evaluations should assess its effectiveness in improving household welfare and reducing poverty. An effective exit and graduation strategy should be developed, complemented by interventions that promote sustained income generation. Integrating nutrition behavior change communication for women would further strengthen the program’s nutrition impact.

Introduction

Bangladesh's Social Protection Journey

Bangladesh has extensive experience supporting the poor through various social safety nets and protection programs. Since the 1970s, the country’s social protection efforts have developed through continuous innovation and experimentation. The safety net system has evolved from being relief oriented to incorporating various components of long-term development objectives.

In Bangladesh, social protection or safety net initiatives are referred to as social security programs encompassing social insurance, labor market interventions, and assistance programs to reduce poverty and vulnerability. The National Social Security Strategy (NSSS), adopted by the government in 2015, guides the country's social protection initiative. The NSSS emphasizes a lifecycle risk approach, digital government-to-person (G2P) delivery systems, inflation-adjusted benefits, and robust monitoring and evaluation. In line with the NSSS, the government has streamlined its social protection system by reducing the number of programs and consolidating various fragmented programs (Ministry of Finance 2026).

Recent Reform: The Family Card Program

As a major social protection reform initiative, the Government launched the Family Card Program in March 2026. The program has the potential to become the country's most significant social protection reform since the introduction of the NSSS. As Bangladesh's newest and largest social protection initiative, it provides an unconditional monthly cash transfer of 2,500 Bangladeshi Taka (about US$20.50) to marginalized rural and urban households through Government-to-Person (G2P) digital payment channels. The Family Card is issued to the mother or female head of the household to promote women's financial inclusion and strengthen their role in household decision-making. Beneficiaries are identified using Proxy Means Testing (PMT) to target poor and vulnerable households. The program is implemented by the Ministry of Social Welfare (IWMI 2026; Ministry of Finance 2026).

Trends in Public Spending on Social Protection

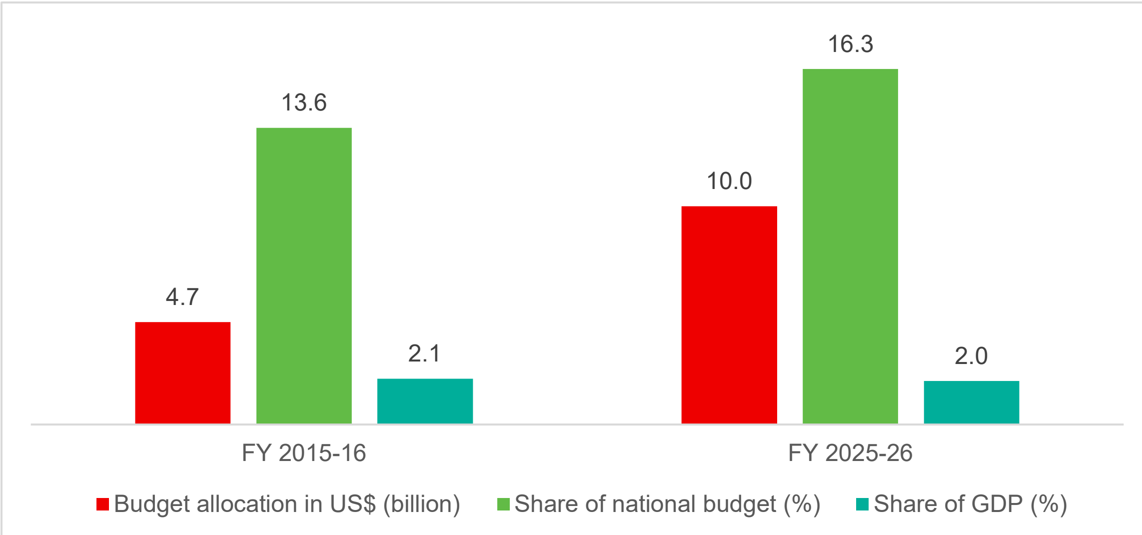
The government allocates a significant portion of its budget to social security programs. Figure 1 shows social security program (SSP) budget allocations in US$ and as shares of national budget and gross domestic product (GDP) in fiscal year (FY) 2015-16 and FY 2025-26. In FY 2015-16, the government spent 35,975 crore[1] Taka[2] (US$4.7 billion) on social security, which constituted about 13.6 percent of the national budget and 2.1 percent of the country's GDP. By FY 2025-26, the allocation had surged to 120,596 crore Taka (US$10.0 billion), representing 16.3 percent of the national budget and 2.0 percent of GDP (Ministry of Finance 2026).[3]

[1] 1 crore = 10 million.

[2] Taka (Tk) is the currency of Bangladesh. The average official exchange rate was Tk 76.54 per US$1.00 in FY2015-16 and Tk 120.60 per US$1.00 in FY2025-26.

[3] The FY2025-26 allocation represents the revised budget. The Bangladesh Social Security Budget for FY2026–27 proposes a record Tk 144,338 crore (Tk 1.44 trillion), a 20 percent increase from FY2025-26. Source: Ministry of Finance. 2026. *Social Security Budget Report FY 2026-27*. Ministry of Finance, Finance Division, Government of the People's Republic of Bangladesh, June 11, 2026.

Figure 1: SSP budget allocations in US$ and as shares of budget and GDP in FY 2015-16 and FY 2025-26



Source: Social Security Budget Report FY 2026-27, Finance Division, Ministry of Finance, Government of Bangladesh.

Key Challenges Facing Bangladesh's Social Protection System

Bangladesh's social security system has played an important role in helping vulnerable households smooth consumption, stabilize incomes, and cope with economic shocks. Despite these achievements, the system faces several structural weaknesses that limit its effectiveness, efficiency, and overall impact.

Misallocation of Public Resources

A major concern is the composition of public spending. Over the past decade, a substantial share of the social protection budget has been allocated to pensions for government employees and their families, although most beneficiaries are neither poor nor particularly vulnerable. In addition, agricultural subsidies and certain infrastructure expenditures are classified as social protection even though they do not directly serve its core objectives. While these expenditures serve legitimate public purposes, they should not be conflated with poverty-focused social assistance. Including such expenditures inflates the reported size of the social protection budget and gives a misleading impression of the government's investment in protecting poor and vulnerable populations.

Fragmentation of Programs

The system is also highly fragmented. In FY 2025–26, Bangladesh operated 90 social security programs across 25 ministries, contributing to duplication, weak coordination, and administrative inefficiencies.

Figure 2 shows the budget shares of 25 major programs in FY 2025–26, which together accounted for about 95 percent of the total social security budget, leaving the remaining 65 programs to share just 5 percent. The pension program for government employees alone accounted for 29 percent of total spending. Moreover, the five largest programs absorbed about 67 percent of the budget while reaching only 5.5 percent of beneficiaries. This highly uneven allocation leaves many other programs with limited resources, resulting in inadequate benefits and limited coverage for those most in need. Such fragmentation and concentration of resources undermine both the effectiveness and equity of the social protection system.

Inadequate Benefit Levels

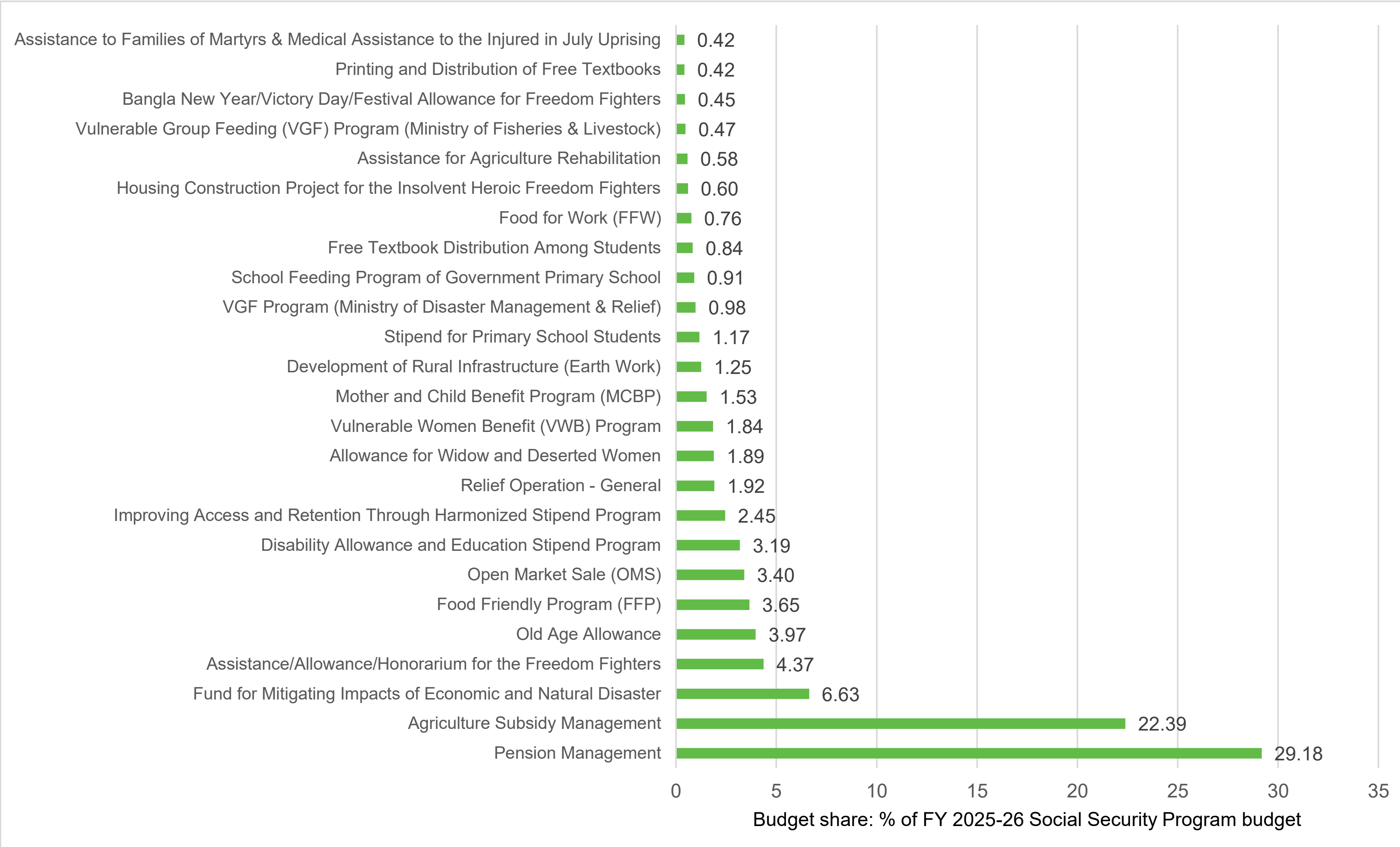
Benefit inadequacy is a major challenge. In an effort to expand coverage, many programs have kept benefit levels extremely low. For most poor and extremely poor households, transfers represent only 1 to 3 percent of total household income—far too little to meaningfully improve welfare, build resilience, or help households escape poverty (World Bank 2021). Expanding coverage without ensuring adequate benefit levels has reduced the transformative potential of social protection.

Weak Targeting and Coverage

Finally, weaknesses in beneficiary targeting continue to undermine program performance. Significant inclusion and exclusion errors persist across most social protection programs, leaving many eligible households without support while allowing many non-poor households to receive benefits (Coudouel, Sabbih, and Ahmed 2021). The Social Security Budget Report FY 2026–27 acknowledges that these targeting errors remain high in major programs (Ministry of Finance 2026). Improving the accuracy of beneficiary identification is therefore essential to enhance both the equity and efficiency of public spending.

Together, these challenges—misallocation of resources, fragmentation, inadequate benefit levels, and weak targeting—reduce the poverty-reducing impact of Bangladesh's social security system. Addressing these structural weaknesses is critical to building a more efficient, equitable, and responsive social protection system capable of meeting the country's evolving development needs.

Figure 2: Budget shares of major social security programs in FY 2025-26



Source: Authors' estimates using data from Social Security Budget Report FY 2026-27, Finance Division, Ministry of Finance, Government of Bangladesh.

Note: The Vulnerable Group Development (VGD program has been renamed as 'Vulnerable Women Benefit' (VWB) program by the government.

Strengthening Targeting for Better Outcomes

To enhance the effectiveness of the social protection system in uplifting the poor, there is a pressing need to improve targeting, increase benefit amounts, expanding urban coverage, and scale up successful programs while phasing out inefficient ones. By improving targeting and reducing benefit leakage, social protection coverage for poor households can be expanded even within the current budget.

Why Better Targeting Matters

According to the latest poverty estimates, 18.7 percent of the country's population (31 million people) were poor in 2022 (BBS 2023). Improving program targeting to reach the poorest of the poor effectively is needed to address the wide gap between the resources available for social protection programs and those in need of support.

Targeting effectiveness indicates the extent to which program benefits are received by the neediest versus the less needy or non-needy population. A well-targeted intervention improves the livelihoods of the neediest without providing those benefits to members of society who are better off. As such, targeting benefits to those most in need is an obvious way of reducing the costs of a program.

Targeting Approaches

Social protection programs generally use two broad targeting approaches: (1) self-targeting (indirect targeting) and (2) administrative targeting (direct targeting).

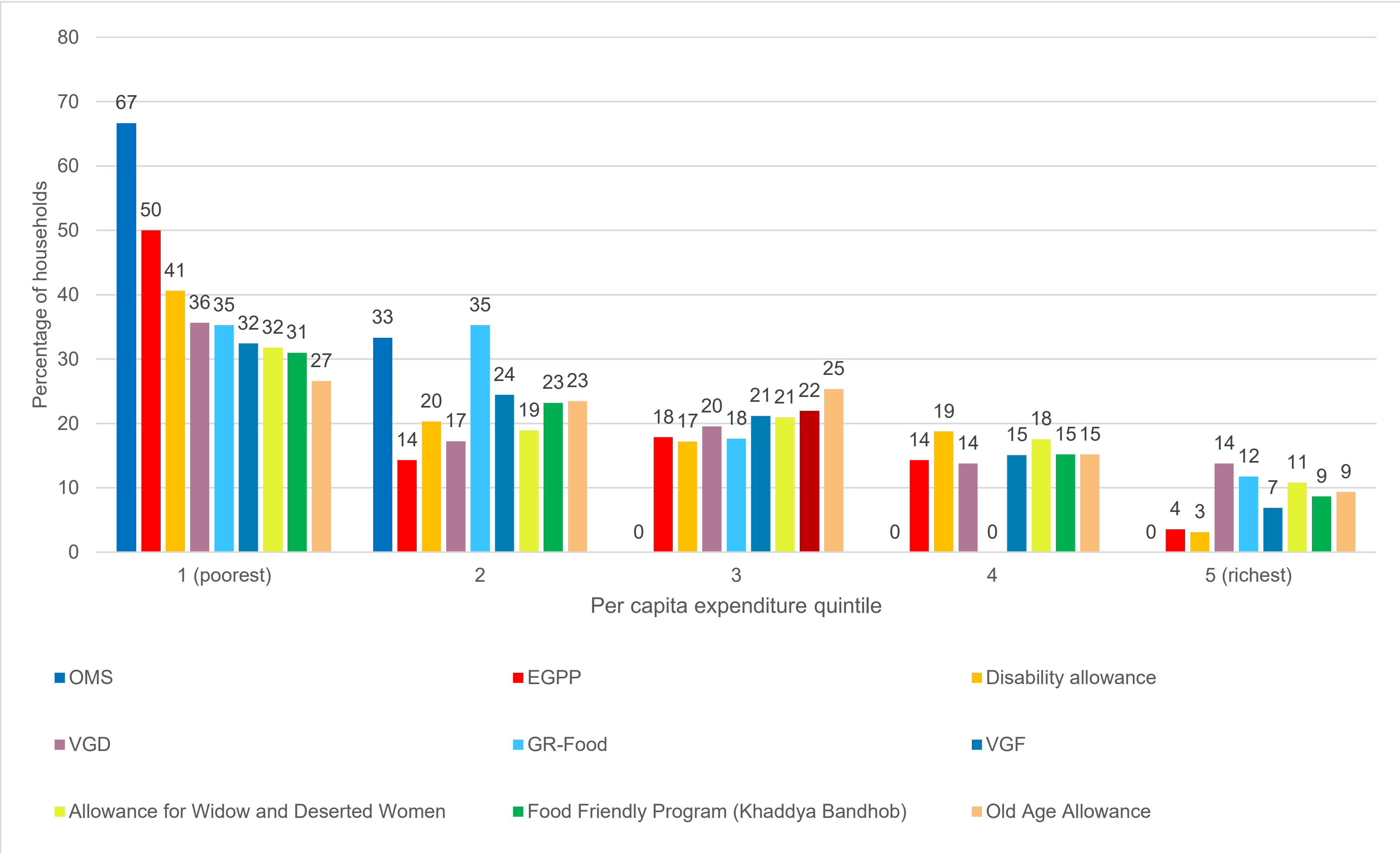
Self-targeting occurs when program benefits are available to all, but the program is specially designed so that mainly the poor choose to participate. This approach reduces administrative costs, does not require income verification, and is often more politically acceptable because participation is based on individual choice rather than government selection.

Administrative targeting complements self-targeting by identifying eligible poor and vulnerable households through defined eligibility criteria. Its main challenge is developing an accurate and cost-effective system to distinguish those in need from those who are not. Inevitably, some poor households are wrongly excluded (exclusion errors) while some nonpoor households are wrongly included (inclusion errors). Reducing one type of error generally increases the other, requiring a careful balance between coverage and targeting accuracy (Grosh 1994).

Evidence from Bangladesh

We assessed targeting performance using data from IFPRI's Bangladesh Integrated Household Survey (BIHS). Figure 3 shows the pattern of distribution of total safety net participants of major programs by income groups in 2019.

Figure 3: Targeting effectiveness of major social safety net programs in Bangladesh, 2019



Source: Authors' estimates using data from IFPRI's Bangladesh Integrated Household Survey (BIHS), 2018/2019.

Note: EGPP=Employment Generation Program for the Poorest. GR-Food=Gratuitous Relief (Food). OMS=Open Market Sales. VGD=Vulnerable Group Development. VGF=Vulnerable Group Feeding.

The Open Market Sales (OMS) and the Employment Generation Program for the Poorest (EGPP) target the poorest most effectively, followed by Disability Allowance, Vulnerable Group Development (VGD), Gratuitous Relief (GR-Food), Vulnerable Group Feeding (VGF), and Allowance for Widow and Deserted Women programs. The OMS program features a self-targeting component. Although it is technically open to all, participation is much higher among the poor compared to the non-poor. Beneficiaries seeking subsidized food often endure long waits in queues for the OMS truck. However, the associated stigmatization can be significant.

EGPP involves physical labor, primarily earth-moving tasks, performed by both male and female beneficiaries. The heavy physical work requirement of the EGPP at a low daily wage makes the program strongly self-targeted. However, a major limitation of workfare programs is that the demographically vulnerable — including children, the elderly, and those who are disabled or chronically ill — are often not able to perform the intense physical labor involved in cash- or food-based public works programs.

The Disability Allowance, VGD, Gratuitous Relief, VGF, and Allowance for Widowed and Deserted Women programs target poor households relatively well. The Disability Allowance provides cash transfers to people with disabilities. The VGD program, one of the largest social protection programs, supports ultra-poor households while promoting the empowerment of disadvantaged rural women. The food-based VGD program operates on a two-year cycle, with female beneficiaries receiving a monthly rice ration. Gratuitous Relief provides emergency food (GR-Food), cash, or materials to vulnerable and disaster-affected populations. The VGF program provides emergency food assistance to poor and vulnerable households during natural disasters, seasonal lean periods, and major religious festivals. The Allowance for Widowed and Deserted Women provides unconditional cash transfers to improve the livelihoods of socially disadvantaged poor women who are widowed or deserted by their husbands.

Improving Beneficiary Identification

The Social Security Budget Report FY 2026-27 states, “The government has introduced a Proxy Means Test (PMT)-based poverty assessment under the Family Card Pilot Programme to establish a more transparent, objective and data-driven targeting framework.” (Ministry of Finance 2026).

Proxy means testing (PMT) is used in many developing countries to identify poor households for targeted social protection programs. PMT uses a multivariate regression model to estimate household income or consumption based on characteristics that are correlated with poverty, such as household assets and demographic characteristics. Points are assigned to selected indicators based on their estimated weights, and households are ranked according to their total scores to determine eligibility for program benefits. The weights assigned to the indicators are derived from the estimated coefficients of the selected explanatory variables. At IFPRI, Ahmed and Bouis (2002) developed a PMT methodology for targeting the food subsidy program in Egypt.

Limitations of Proxy Means Testing

Predictions from any model are never exact, and some degree of error is inevitable. Indeed, evidence from a growing number of countries around the world show that exclusion errors generated by proxy means tests are very high (World Bank 2011; AusAID 2011; Kidd, Gelders, and Bailey-Athias 2017).

Several reasons explain inaccuracies in the PMT targeting. Underlying them is that regression models rarely explain more than half of the variation in consumption expenditure between households (Coady, Grosh, and Hoddinott 2004).

A Hybrid Targeting Approach

In Bangladesh, recognizing the limitations of relying solely on PMT for targeting, the government directs that PMT scoring be recalibrated on current Household Income and Expenditure Survey (HIES) data and a hybrid framework combining community validation (Ministry of Finance 2026).

Evidence-Based Categorical Targeting

As an alternative to PMT, we propose adopting an evidence-based categorical targeting approach that directs social protection benefits based on characteristics—such as age, gender, disability, and other easily observable and verifiable indicators—that are strongly associated with poverty.

The 2026 Social Security Budget Report includes maximum income thresholds as eligibility criteria for programs such as the Old Age Allowance and the Allowance for Widowed and Deserted Women. In practice, however, income is difficult to verify because of limited tax records, multiple and fluctuating income sources, and unreliable self-reported earnings. Income-based targeting should therefore be avoided as a primary eligibility criterion and replaced with more readily observable and verifiable indicators of poverty and vulnerability.

At the request of the Ministry of Women and Children Affairs (MoWCA) and the World Food Programme (WFP), IFPRI developed evidence-based targeting criteria for the Vulnerable Group Development (VGD) program and the Improved Maternity and Lactating Mother Allowance (IMLMA), now the Mother and Child Benefit (MCB) program. Using data from the Bangladesh Integrated Household Survey (BIHS), representative of rural Bangladesh, IFPRI identified simple, verifiable indicators that would substantially improve targeting accuracy. MoWCA subsequently adopted these criteria for both programs (Ahmed 2018a, 2018b).

MoWCA and WFP further requested IFPRI to develop indicators for targeting the urban poor through the Vulnerable Women's Benefit (VWB) program. IFPRI developed a set of targeting indicators using the urban sample of the 2016 Household Income and Expenditure Survey (HIES). Seven indicators were identified across four categories: occupation (household head is a rickshaw/tricycle van puller or a non-agricultural day laborer, households with a member who is a maid servant), assets (households with no electric fan or television), dwelling characteristics (households with walls made of hemp/hay/bamboo, etc.), and location (households living in slums or other low-income areas). Households meeting at least two of the seven criteria would qualify for the program. An ex-ante evaluation showed that these indicators correctly identified 85 percent of poor urban households, with only 15 percent of the poor incorrectly excluded (Ahmed and Bakhtiar 2022).

Improving Transparency and Accountability

Local selection practices and political influence often lead to substantial inclusion and exclusion errors in Bangladesh's social protection programs, even when targeting indicators are well designed. Reducing favoritism and rent-seeking requires transparent, standardized, and consistently applied beneficiary selection procedures.

Program eligibility criteria should be clearly communicated and widely publicized at the community level. A robust grievance redress mechanism should also enable households that believe they have been wrongly excluded to appeal and have their eligibility reviewed. These measures would strengthen transparency, accountability, and fairness in beneficiary selection while minimizing the exclusion of deserving households.

Reform Priorities for a More Effective Social Protection System

Scale Up High-Performing Programs

A comprehensive review of social safety net evaluations in Bangladesh has enabled us to identify the most effective programs. Based on our assessment of targeting performance and potential welfare impacts, we identified five social protection programs for expansion:

1. Vulnerable Group Development
2. Mother and Child Benefit Program
3. Old Age Allowance
4. Allowance for the Financially Insolvent Disabled
5. Allowance for Widow and Deserted Women

VGD participants receive 30 kg of rice per month for a period of 24 months.

The nominal value of food-based programs adjusts with changes in food prices, ensuring that beneficiaries receive appropriate support despite price fluctuations. However, for cash transfers, inflation erodes the real value of benefits. Therefore, it is critical to adjust cash transfer amounts every 3 to 4 years to account for inflation.

► ***Increase benefit amounts and expand coverage***

To strengthen the key programs for scaling up, we propose the following:

1. Vulnerable Group Development program:
   - Incorporate high-quality, intensive nutrition behavior change communication (BCC) training for women in each two-year program cycle: This addition would make VGD a nutrition-sensitive social protection program.

2. Cash-based programs (Mother and Child Benefit Program; Old Age Allowance; Disability Allowance; Allowance for Widow and Deserted Women):
   - Expand program coverage: Increase program coverage in both rural and urban areas to reach a larger proportion of vulnerable households.
   - Increase benefit amounts: Substantially increase the benefit amounts to ensure that participants experience meaningful improvements in their livelihoods.
   - Implement the government-to-person (G2P) payment scheme: Streamline and expedite the disbursement of cash benefits to program participants through the G2P payment system.

In the food-based VGD program, the current value of the monthly transfer of 30 kg of coarse rice is approximately Tk 1,800. However, the monthly cash transfer amounts for the other programs— Mother and Child Benefit Program (Tk 850), Old Age Allowance (Tk 700), Disability Allowance (Tk 1,000), and Allowance for Widow and Deserted Women (Tk 700)—are relatively low. To ensure a meaningful impact on welfare, we recommend a substantial increase in these cash transfers.

Expand Urban Social Protection

Rapid urbanization is reshaping Bangladesh's poverty and vulnerability landscape, yet social protection remains heavily concentrated in rural areas. Low-income urban households face distinct risks, including insecure employment, high and rising living costs, and limited access to affordable housing and basic services. Their dependence on markets for food makes them particularly vulnerable to food-price increases, which can quickly lead to food insecurity and malnutrition.

Urban social protection programs therefore need to reflect the realities of urban livelihoods rather than simply extending rural programs to cities. Urban women, for example, are more likely than rural women to engage in diverse forms of paid employment and informal economic activities, requiring greater flexibility in program design and delivery. The National Social Security Strategy (NSSS) and the 8th Five-Year Plan recognize the inadequate coverage of social protection among the urban poor, despite substantial rural-to-urban migration. In 2010, about 30 percent of rural households benefited from social safety net programs, compared with only 9.4 percent of urban households. The NSSS consequently calls for expanding urban social protection to ensure more equitable coverage, particularly for vulnerable women (GED 2015).

- ***Expand the Family Card Program in urban areas***
  Use the Family Card Program as a key platform for extending social protection to poor and vulnerable urban households. Its expansion should incorporate urban-specific approaches to targeting, enrollment, benefit delivery, and complementary services. Particular attention should be given to households facing insecure employment, high food and housing costs, and other vulnerabilities associated with urban livelihoods. Expanding the Family Card in urban areas would help close the substantial coverage gap and make social protection more responsive to Bangladesh's changing poverty profile.

- ***Expand the Open Market Sales (OMS) program***
  Scale up the distribution of essential foods, such as rice, wheat flour, and cooking oil, at subsidized prices to help protect low-income urban households during periods of food-price increases, particularly the seasonal price spikes that typically occur in March–April and September–October. Prioritize truck-based distribution in low-income urban neighborhoods to improve access for the poorest households. OMS is inherently self-targeting because the time and effort required to obtain subsidized food make the program less attractive to better-off households.

- ***Introduce urban public works***
  Establish urban public works programs that provide temporary employment to poor households while improving urban infrastructure and public spaces. For example, a citywide clean-up initiative could engage both men and women in cleaning roads, drains, parks, and other public areas. Such programs can provide income support during periods of unemployment or economic stress while delivering visible benefits to urban communities. Because the work involves physically demanding, low-wage employment, it would also have a strong self-targeting effect, with limited participation by better-off households.

Promote Sustainable Graduation from Poverty

Cash and food transfer programs can effectively improve household food security and livelihoods in the short term. However, most interventions do not generate sustained income growth after program support ends. Sustainable graduation from poverty depends on program design. Transfer programs are more likely to produce lasting improvements when adequate transfer sizes are combined with complementary interventions that promote sustained income generation, such as skills development training, behavior change communication, and access to financial services.

Research, such as studies on BRAC's Targeted Ultra Poor (TUP) program, demonstrate that asset transfers bundled with training and other support can lead to sustained improvements (Ahmed et al. 2009). Multisectoral social safety net programs are costlier than traditional safety nets, requiring careful balancing between program coverage and sustainability, but their longer-term benefits may enhance their cost-effectiveness. Given their positive outcomes, scaling up these programs with contextually appropriate designs is recommended in economically lagging and disaster-prone areas.

There is increasing interest in assessing the long-term impact of social protection programs on poverty reduction, particularly after transfers conclude. IFPRI developed the Transfer Modality Research Initiative (TMRI), a two-year cluster randomized controlled trial (RCT) designed to assess the most effective form of safety net transfers—cash or food—for ultra-poor women in rural Bangladesh. The study also explored whether combining these transfers with nutrition behavior change communication (BCC) would enhance their impact (Ahmed et al. 2024, Ahmed et al. 2025b).

IFPRI re-surveyed TMRI households in 2018, four years after the intervention ended. The results demonstrate that combining either cash or food transfers with nutrition BCC led to a sustainable reduction in poverty (Ahmed et al. 2025a).

Strengthen Health Protection for the Poor

Social health insurance program: Households in Bangladesh are highly vulnerable to shocks such as natural disasters, economic downturns, and agricultural losses, which can severely disrupt livelihoods and increase food insecurity and financial instability. High health-related expenses can further exacerbate these vulnerabilities. Data from IFPRI's 2019 Bangladesh Integrated Survey (BIHS) show that 22 percent of rural households reported health expenditures as their most significant negative income shock, with no households having health insurance. Health-related shocks often drive nonpoor households into poverty and worsen the condition of already poor households (Quisumbing 2011). Given the catastrophic impact of healthcare costs, a well-designed health insurance program for *both* rural and urban poor is essential and should be piloted and evaluated for effectiveness.

Health vouchers: Health insurance systems are complex and time-consuming to establish, requiring strong administration, regulatory frameworks, and funding for sustainable coverage. Health vouchers, by contrast, provide a simpler solution with direct, targeted access to services, needing minimal infrastructure and adaptable to specific needs—ideal for linking social transfers to health services in resource-limited settings. In Bangladesh, programs like the Maternal Health Voucher Scheme have been introduced on a limited scale, showing improved maternal and child health outcomes and increased health service utilization among participating women (Sultana et al. 2023; Das and Nag 2018; Nandi et al. 2022). Further research on the supply and demand of health voucher programs can maximize their impact on service uptake and health outcomes and can benefit rural and urban poor.

Establish a Dynamic Social Registry

A dynamic social registry should become core infrastructure for the social protection system. It should integrate relevant administrative information, allow households to update their circumstances, identify newly vulnerable households, reduce duplication, and support rapid expansion of assistance following shocks.

Strengthen Monitoring, Evaluation, and Accountability

Major programs should have clear objectives, measurable indicators, and independent process and impact evaluations. Monitoring should assess not only expenditures and beneficiary numbers but also targeting accuracy, payment timeliness, and benefit adequacy. Effective grievance redress mechanisms and transparent reporting should strengthen accountability. Rigorous evaluations should be designed and conducted to assess program impacts on poverty, livelihoods, and household welfare.

Leverage the Potential of the Family Card Program

The Family Card Program, launched in March 2026, represents an important opportunity to modernize Bangladesh's social protection system and strengthen support for poor and vulnerable households. Its success will depend on strong governance, transparent and credible beneficiary selection, and effective safeguards against leakage and misuse of resources. Women should have direct access to and control over monthly transfer payments, helping the program become an important instrument for women's empowerment. Program managers should also encourage independent and rigorous impact evaluations to assess whether the program improves household economic welfare and reduces poverty. An effective exit and graduation strategy should be developed, complemented by interventions that promote sustained income generation and economic inclusion. Incorporating nutrition behavior change communication for women would further enhance the program's contribution to improved nutrition and make the Family Card more nutrition sensitive.

A Strategic Way Forward

Bangladesh does not necessarily need a much larger social protection system; it needs a smarter, better-targeted, and more effective one. Future reforms should move beyond short-term income support toward building resilience, developing human capital, and enabling sustainable graduation from poverty through integrated interventions.

The Family Card Program can serve as an important building block of this modernization agenda, but its expansion should be evidence-driven and informed by rigorous process and impact evaluations. Evidence on targeting, local governance, beneficiary selection, payment delivery, and welfare outcomes should guide the program's design and expansion.

Ultimately, Bangladesh should move from a system that measures success primarily by how much is spent and how many programs exist to one that measures success by how effectively public resources protect vulnerable households, strengthen their resilience, and improve their well-being.

A more coherent, transparent, and shock-responsive social protection system would enable Bangladesh to achieve greater poverty-reduction and human-development gains from available resources while better preparing households for future economic, demographic, and climate-related challenges.

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ACKNOWLEDGMENTS

This policy note was funded by IFPRI through its Poverty, Gender, and Inclusion (PGI) Unit. We are grateful to Daniel Gilligan, Director of the PGI Unit, for facilitating this support. We also thank Shalini Roy, Senior Research Fellow at IFPRI, for her valuable comments and suggestions on the policy recommendations.

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