



Scaling up of the Mother and Child Benefit Programme (MCBP)

Assessing the financing need



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KEY MESSAGES AND RECOMMENDATIONS

Current pace of MCBP out of step with DIP plans of increasing beneficiary coverage and transfer value. The MCBP is currently (2022-203) reaching 1.25 million beneficiaries (with each beneficiary receiving BDT 800) against the plan of reaching 2.6 million beneficiaries (with each beneficiary receiving BDT 1,200). DIP targets to reach 6 million beneficiaries with each beneficiary receiving BDT 2,000 taka by 2025-2026.

RECOMMENDATION

Recommendation: The government is encouraged to consider alternative expansion scenarios to meet the expansion targets.

BACKGROUND

Expanding social protection investment in early years.

Bangladesh adopted a life cycle approach to social protection as part of its commitment to uphold the right to social security for all. About 15 per cent of the social protection expenditure is on children (37% of the total population). Recent estimates suggests that only 2 per cent of the social protection expenditure targets children of 0-4 years.¹ Bangladesh invests in early years of childhood particularly through the flagship social protection programme called Mother and Child Benefit Programme (MCBP). The MCBP programme currently (2022-23) covers 1.25 million beneficiaries, is planned to expand to cover 4 million beneficiaries by 2023-24 with an ultimate target to reach 6 million beneficiaries (close to 50% of children of 0-4 years) by 2026².

ISSUE

Current budget allocations insufficient to achieve planned expansion.

The MCBP is entirely funded from the government's revenue budget. In the budget for 2022-23, the MCBP coverage has been increased by 20% over the previous year, with almost a matching increase (19.4%) in the budget. With a target to reach 6 million beneficiaries by 2025-2026, budget allocation will require a five-fold increase of the current (2022-23) allocations over the next three years.

The MCBP Detail Implementation Plan (DIP) has a clear roadmap for gradual increase in beneficiary coverage and transfer value (Table 1). The Annual budget for the programme to reach about USD 1.35 billion (BDT 14,543 crore) by 2025-26 to meet the 6 million beneficiary target. The current pace of expansion needs to pick up if the target is to be met.

Table 1: Planned and actual expansion of MCBP

Fiscal Year	Beneficiary (Millions)		Cash Benefit (BDT/Beneficiary)		Budget (BDT Crores)	
	DIP Target	Actual	DIP Target	Actual	DIP Target	Actual
2021-22	1.6	1.04	800	800	1572	1041
2022-23	2.6	1.25	1200	800	3887	1243
2023-24	4		1600		7823	
2024-25	5		2000		12143	
2025-26	6		2000		14543	

Source: Detail Implementation Plan (DIP) of MCBP

It needs to be noted that the DIP targeted investment in MCBP for 2023-24 (BDT 7823 crore) will be more than double (123%) the entire ministry budget of the Ministry for Women and Children Affairs (MoWCA) for 2022-23 (BDT 3,507 crore)! Therefore, to reach the targeted investment for MCBP, significant additional fiscal space for MoWCA will need to be figured out.

On the other hand, the planned investment in the programme will also require a commensurate investment in the implementation capacity of MoWCA in priority issues such as –

- improved service linkages and strengthened Social and behavior change communication (SBCC) interventions
- improved targeting efficiency (e.g., development and operationalisation of interoperable MIS)
- better delivery (e.g., increasing the number of Upazila Women Affair Officers, providing adequate IT equipment with required capacity to operate)

¹ World Bank, 2021. "Bangladesh Social Protection Public Expenditure Review (PER)." World Bank Group, Dhaka, Bangladesh.

² Detail Implementation Plan, Mother and Child Benefit Programme, Department of Women Affairs (DWA), Ministry of Women and Children Affairs (MoWCA), Government of Bangladesh.

- enhanced coordination, monitoring and feedback (e.g., improved coordination between different levels of operation, simplified Grievance Redressal Mechanism), etc.

Currently about 96.8% of the MCBP allocation is for cash benefits and only 3.2% is for operation costs. In view of the need for capacity building and to accommodate sufficient necessary operating costs (travels, maintenance, other office expenses) additional financing may need to be provisioned.

RECOMMENDATION

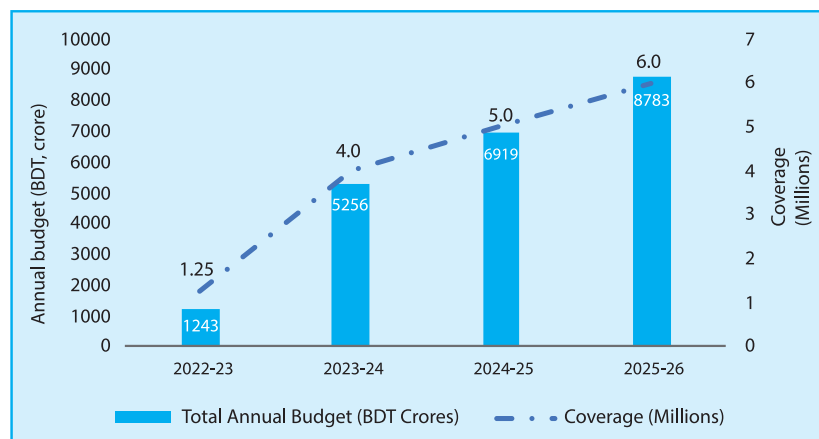
Consider alternative scale-up scenarios to meet the DIP expansion targets

To keep up with the scale-up plan, in 2023-24 the monthly transfer value will need to be doubled, which could be challenging in the midst of a shrinking fiscal space. However, at the minimum, the transfer value needs to be adjusted with inflation.

Instead of the planned transfer values in DIP, if inflation adjusted³ transfer values are considered, annual financing need by 2025-26 with 6 million beneficiaries will amount to about BDT 8,783 crore (about USD 0.82 billion), including other programme and operation costs considering current ratios (Figure 1). This, however, may not be enough if capacity building investments and strengthened non-cash components are taken into consideration.

Figure 1

Required annual financing for MCBP with inflation adjusted value of transfer



Source: Targeted coverage from DIP of MCBP, transfer value adjusted with CPI from 'Economic Trends' of Bangladesh Bank

Table 2 presents three alternative financing scenarios. Beneficiary coverage expansion will require annual budget allocations of BDT 5817 Crores by 2025-26 (Scenario 1). About BDT14,543 Crores will be required to meet DIP expansion plan (Scenario 2) while BDT 8783 Crores will be required to meet the 6 million beneficiary target with inflation adjusted transfer value by 2025-2026 budget year.

Table 2: Alternative financing scenarios of MCBP till 2025-26

Fiscal Year	Beneficiary coverage (Millions)	Required annual budget (Scenario 1: with transfer value BDT 800 unchanged)	Required annual budget (Scenario 2: with transfer value as per DIP)	Required annual budget (Scenario 3: with transfer value adjusted for inflation)
		BDT Crores (USD Billions)		
2023-24	4	3912 (0.36)	7823 (0.73)	5256 (0.49)
2024-25	5	4857 (0.45)	12143 (1.13)	6919 (0.64)
2025-26	6	5817 (0.54)	14543 (1.53)	8783 (0.82)

Source: Calculations based on coverage targets from DIP, transfer values from DIP for scenario 1, transfer value adjusted with CPI from 'Economic Trends' of Bangladesh Bank⁴.

³ based on annual average change in Consumer Price Index (CPI) over the last five years

⁴ USD/BDT exchange rate (1:105.297) used from www.oanda.com (accessed on 17 April 2023).

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