

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0.

With its focus on ensuring social protection for all and on improving governance reforms, the action will contribute to improve targeting of persons with disabilities in relevant programmes, in line with the NSSS.

Reduction of inequalities

As per the Inequality Marker, this action is labelled as I-2.

In Bangladesh, the Palma ratio increased from 2.9 in 2016 to 3.2 in 2022, with the richest 10% now holding 41% of total income. Factors such as inadequate income, an education system which is not able to prepare young people for an economy rapidly changing, limited industrial diversification, weak governance, and corruption fuel this inequality. The RMG sector employs over 4 million workers, many lacking social protection. Political ties and lack of enforcement hinder workers' rights. The situation is particularly dire in the informal sector and for women. The NSSS addresses inequality by focusing on socially excluded groups and improving targeting to ensure benefits reach the poorest and most vulnerable households. However, the social protection budget includes programmes that do not target the poor. The selection and enrolment of beneficiaries are frequently influenced by personal and political affiliations, leading to a lack of inclusivity and transparency in the distribution of benefits. Moreover, the delivery of benefits is often untimely, not fully accessible, and fails to reach groups and communities impacted by multiple layers of vulnerability, such as women in rural areas, persons with disabilities and minority groups. This action aims to build upon past achievements by continuing to invest in digital and governance reforms. These reforms will improve targeting, enhance efficient systems for benefit delivery, and adapt social protection measures to mitigate the impact of natural disasters on livelihoods. Finally, efforts will be made to strengthen the social protection framework for workers in the formal and export-oriented sector. Together, these activities will contribute to reduce the inequality gap and address the needs of people living in the most vulnerable and marginalized situations.

Democracy

Social protection plays a crucial role in reducing inequalities and as such promotes the democratic principles of social justice and equality. This action enhances the management process of social protection programmes, promoting oversight, monitoring, and evaluation to prevent corruption and inefficiency. The EU will ensure inclusive participation of rights-holders through regular monitoring, outreach visits, and meetings with CSOs. Additionally, it supports democratic governance by aiding the GoB in building a nationally appropriate social protection system in line with the NSSS, benefiting all Bangladeshis.

Conflict sensitivity, peace and resilience

Social protection strengthens socio-economic systems and people's resilience in times of crisis. The NSSS pursues the objective of strengthening resilience towards shocks by ensuring availability of adequate and scalable mechanisms to provide rapid responses. The action will improve the responsiveness of the MCBP, the implementation of the unemployment benefit scheme for workers in the export-oriented sector and broaden the contributory portfolio with the goal to protect people in the face of shocks and promote social cohesion.

Disaster Risk Reduction

The consequences of climate change-induced and other natural disasters affecting people in vulnerable situations will be addressed by building the adaptive capacities of the social protection system. For this, the Action will work across the humanitarian/development nexus and build on the lessons learnt of ECHO programmes to incorporate elements of shock responsiveness into early years schemes and into the social protection system.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood	Impact	Mitigating measures
External environment	Weakened macro-economic situation and squeezed fiscal space for financing social spending	M	H	Intervention design will lever on IMF conditions; synergies will be sought with the EU programme on domestic revenue mobilization, budget oversight and with the e-governance programme. The intervention will promote the expansion of