

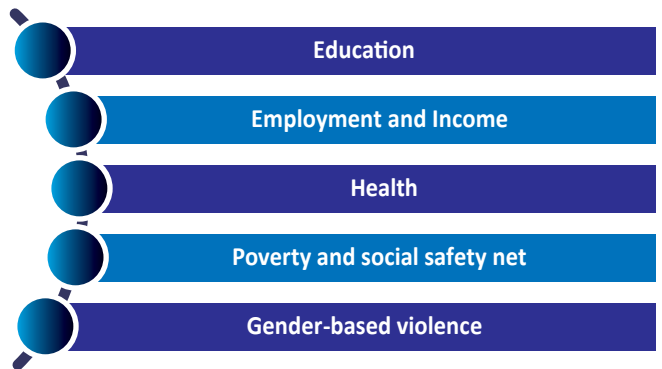
Youth Sensitive Budgeting in the pandemic context: Analysing Proposed Budget of FY2021-22

Background

Bangladesh is currently experiencing a window of opportunity for utilizing the demographic dividend, which will close around 2040. Since 2020, the COVID-19 pandemic has induced education, income, employment, and health-related challenges on youth. There might be an increase in unemployment, the proportion of the NEET youth population, crime in society, early marriages, and domestic violence, all with an ageing workforce and a declining level of national output. Long-term intergenerational effects, including inadequate skill formation, lack of nutrition, unwanted pregnancies, etc., require further data to assess appropriately. Overall, the country's pathway towards sustainable economic recovery and social cohesion is vulnerable due to the pandemic's effect on the youth. Therefore, if policies do not address the constraints of youth development, the demographic dividend, cannot be realised. The budget FY2021-22 should address the short to mid-term challenges facing the youth. This study attempts to assess the proposed national budget 2021-22 from a youth perspective in the COVID context and present the expectations.

Youth during Covid-19

Figure 1: Transmission mechanism of pandemic impact on youth



Since all educational institutes closed in March 2020, millions of students in Bangladesh have missed out on the opportunity to engage in learning. At the national level, only 22% of the students participated in online classes regularly (SANEM, 2020a). Pre-pandemic estimates showed that 8.4 million students belonged to families below the poverty line. With the 25% income shock generated by the pandemic, 19% of additional university students' families will fall below the poverty line, making it difficult for them to continue education (SANEM, 2020b). Reopening educational institutions is mostly conditional upon ensuring proper

sanitation and hygiene facilities in schools and inoculating students against COVID-19. However, given the vaccination rate mentioned in the budget speech prevails (0.25 million per month), the plan for reopening schools after vaccinating students and teachers may be challenging from a learning perspective. Across the world, young people are disproportionately affected by the economic fallout linked to the pandemic as they are generally involved in more vulnerable and

informal forms of employment. This is particularly true for Bangladesh, which had a high rate of youth unemployment even before the pandemic. Young women have suffered more from the economic consequences of the pandemic partly because of being employed in low-paid, insecure jobs and partly because of the increased burden of unpaid care work. Due to stay-at-home measures, women and young children also face an increased likelihood of exposure to domestic violence.

| Table 1: Profile of youth in the pandemic context | |
|--|----------------------|
| 7.6% of youths participate in local decision-making with their local governments' engagements. | YDE survey 2020* |
| 22.7% of educational institutions regularly take online classes. | |
| 57.7% have never availed of any digital device for educational purposes. | |
| 87.8% of married female youths experienced IPV during the pandemic period. | SANEM HH survey 2020 |
| 79.7% of the self-employed youths have reported a decline in profit. | |
| 57.4% of wage-employed youths have reported a decline in wages. | |

*Conducted in Satkhira, Barguna, Rajshahi, and Kurigram upazila

Youth in Development Plans

Table 2: Projection from 8FYP

| Variable (unit) | FY2021 | FY2022 |
|--|--------|--------|
| Real GDP growth (%) | 7.40 | 7.70 |
| Additional domestic employment (million) | 1.43 | 1.52 |
| Additional overseas employment (million) | 0.58 | 0.61 |
| Additional total employment (million) | 2.01 | 2.13 |
| Additional labor force (million) | 1.49 | 1.53 |
| Excess employment (million) | 0.52 | 0.60 |

Source: 8FYP

Over the last two years, the government has systematically integrated youth-related issues in national policies and plans, including the National Youth Policy 2017, 8th Five Year Plan, Vision 2024, etc. As indicated in Table 2, the 8th FYP projects total employment to increase by 2.13 million in FY2022. However, this expected increase in employment requires improved policy space for the economic sectors as well as effective implementation process. Regardless, the adopted policies are not being implemented as envisioned in the yearly budgets, which deserves further critical analysis.

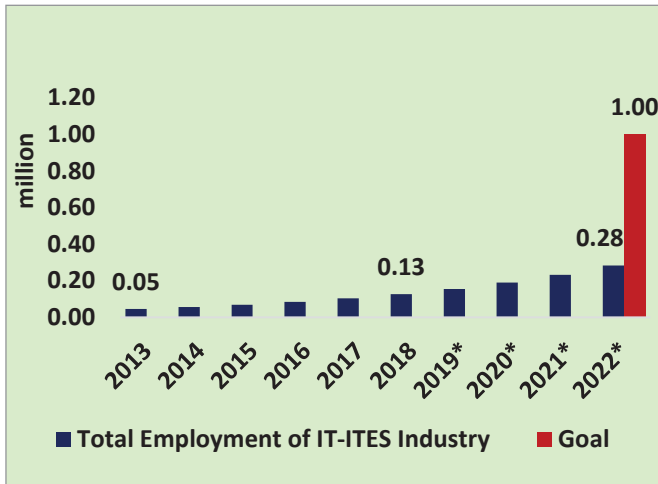
Budget 2021-22 from the youth perspective

Bridging the gap between policy formulation and implementation requires the government to make special allocations for youth development in the national budget.

For example, the IT sector has been discussed for a long time as a potential source of a high level of employment and revenue due to the continued success brought by young entrepreneurs. However, the trend of global online labour supply reminds us of the necessity of adequate infrastructure and policy support to realize such ambitions (Figure 3). Furthermore, the expected youth employment in 2022, as mentioned in the budget, far outweighs the trend or even the total employment generated by the sector in five years from 2013 to 2018 (Figure 2). Despite the increase in funds allocated to the Ministry of Youth and Sports, ADP allocation for the Department of Youth Development has declined significantly from 49.6 crores to 1.9 crores in the current budget (Figures 4 and 5).

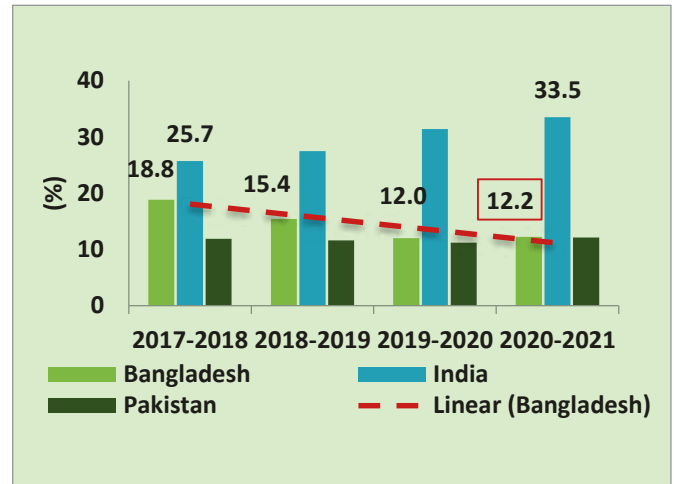


Figure 2: Employment in IT sector in Bangladesh



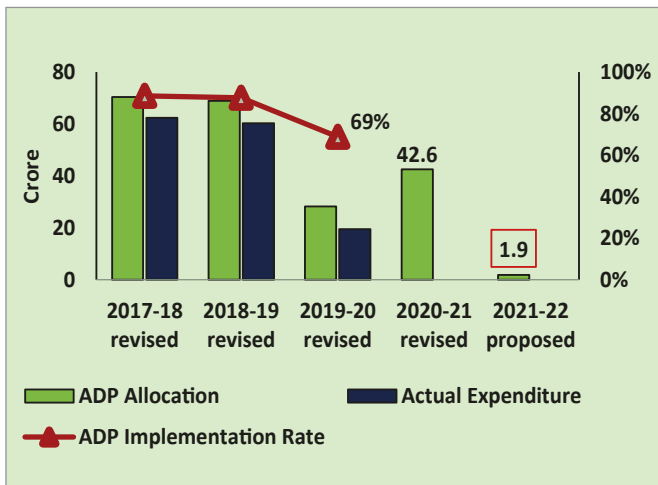
Source: ICT division, 2019 and budget speech FY 2021-22
*Estimated

Figure 3: Share of global online labor supply



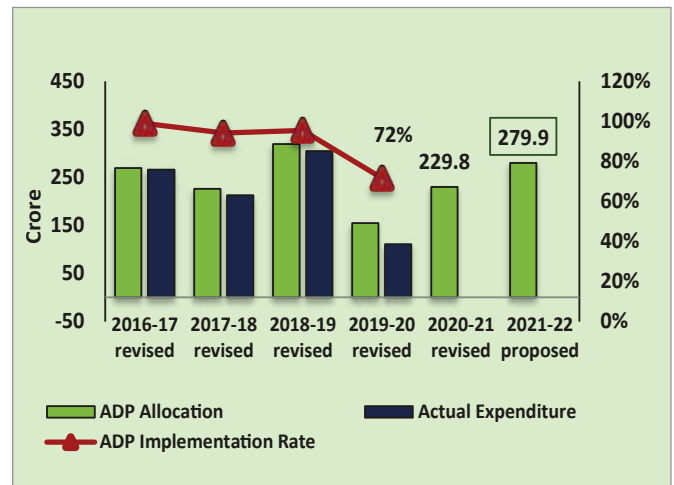
Source: ILO, 2021

Figure 4: Department of Youth Development



Source: MoF & IMED

Figure 5: Ministry of Youth and Sports

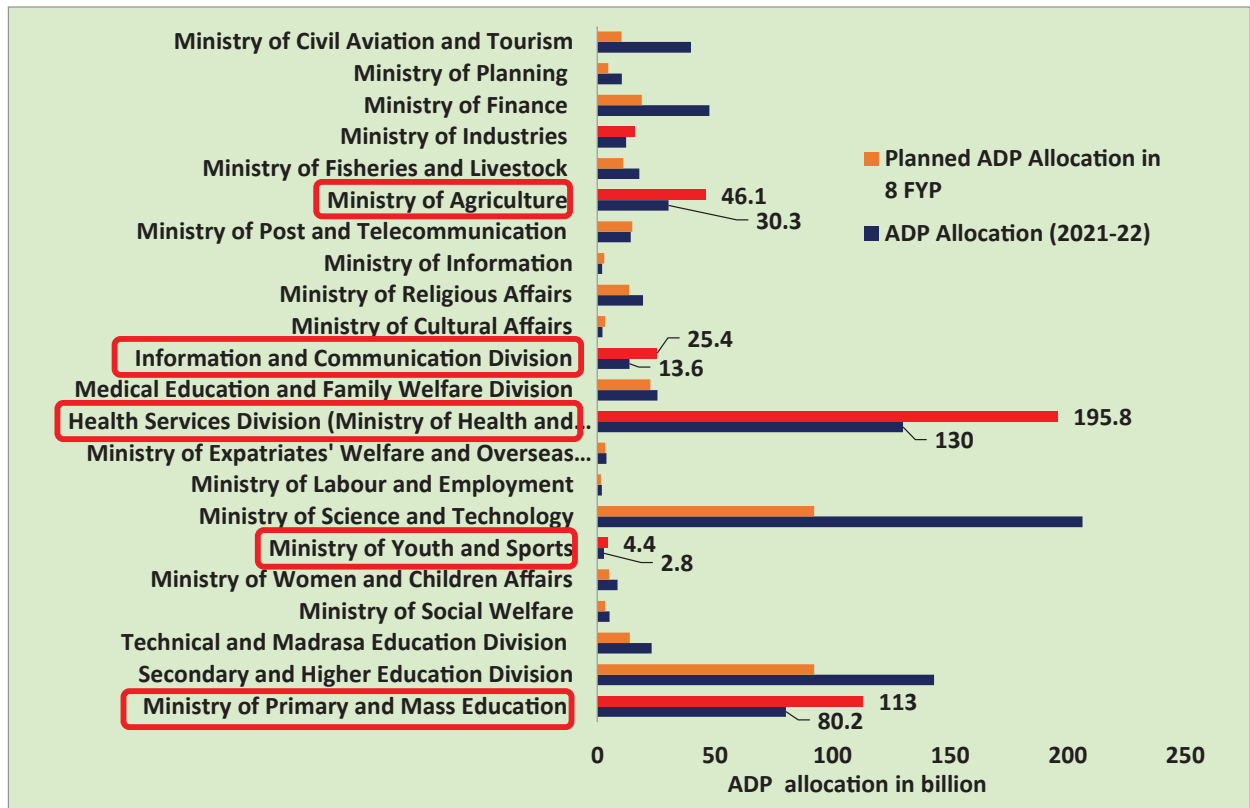


Source: MoF & IMED

Comparison of the ADP allocation in the 8FYP with the current budget reveals, the allocation in several key ministries, including the Ministry of Primary and Mass Education, Ministry of Youth and Sports, Health Services Division, Information and Communication Division and Ministry of Agriculture has been much lower than target-

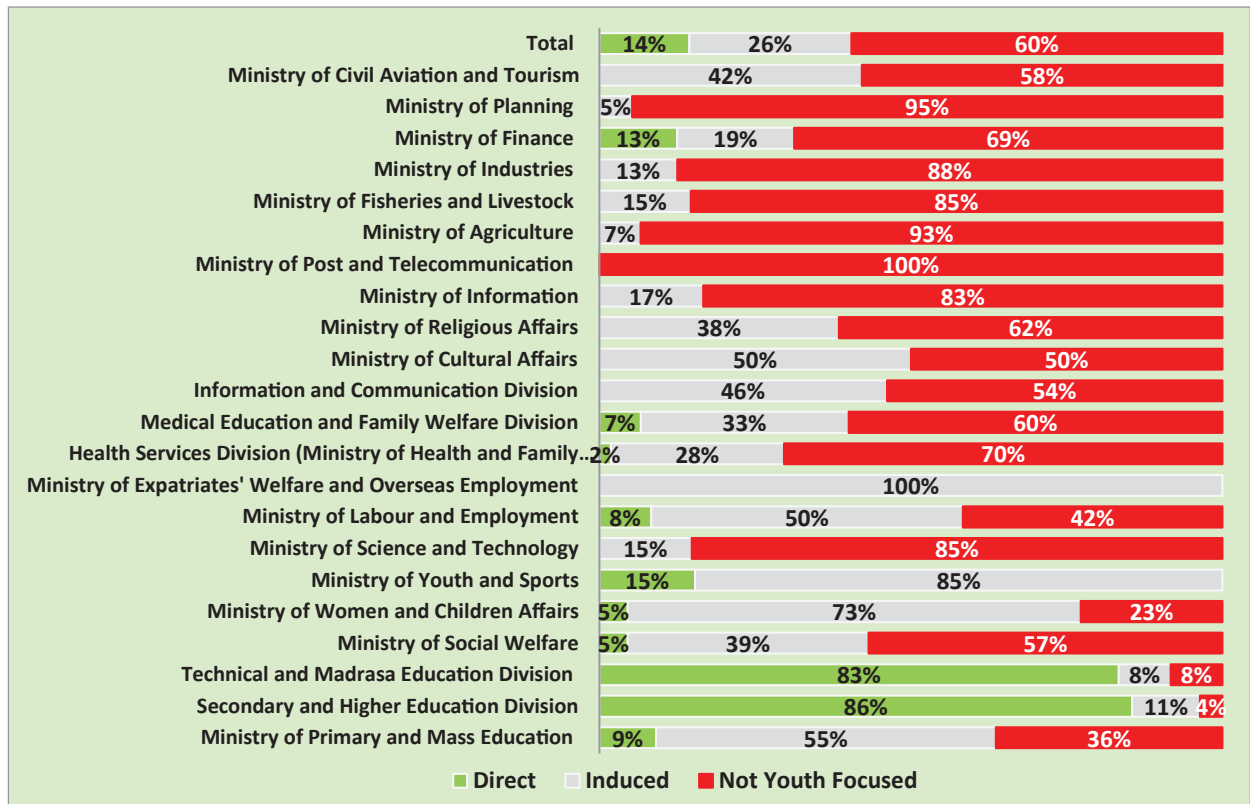
ed (Figure 6). As seen in figure 7, a youth sensitivity analysis of the proposed ADP for FY2021-22 shows that only 14% of the approved ADP directly benefit the youth, 26% are indirectly youth-sensitive, and the majority, 60% of ADP are not sensitive to the youth need.

Figure 6: Proposed ADP allocation in FY 2021-22 and planned in 8FYP



Source: Budget speech 2021-22 and 8FYP

Figure 7: Youth sensitivity of proposed ADP for FY 2021-22



Source: SANEM's calculation from MoF data

Proposed key policies for youth in FY2021-22

- Online classes through BTV, Bangladesh Betar, Community Radio etc. titled 'Amar Ghare Amar School'
- Soft loans to 41, 501 financially insolvent university-level students
- 'Training of Madrasa Teachers to Enhance Teaching Skills' project is in place to improve quality of madrasa education
- Training Centers will be set up at Chattogram and Khulna University of Engineering and Technology.
- Policy Framework for internship and 160 Upazila ICT Training and Resource Centre for Education
- University Innovation Hubs' will be set up at 3 universities
- Rural youth and agri-entrepreneurs will be provided training through rural mechanization services
- 1 million employment opportunities for the young people have already been created in the IT sector, and another 1 million will be employed by 2021.
- 979 Adolescent Friendly Health Corners will be established at Union Health and Family Welfare Centers and Maternal and Child Welfare Centers by 2022.

Source: Budget speech 2021-22

Recommendations

The realization of "Policy Framework" for apprenticeship

To ensure the implementation of large-scale apprenticeship programmes mentioned in the budget, it is essential to strengthen public-private partnerships and develop appropriate mechanisms for employers to invest in trainees.

Unemployment benefits for youth employed in the informal sector

Unemployment benefits for the youths in informal sectors can prove to be effective in job-search periods and increase security.

Increased allocation in health and education

Higher budgetary allocations in health and education can translate into high out-of-pocket payments, poor quality of services, and inadequate access to SRHR services, which directly and indirectly impact the youth, and their wellbeing.

Easier access to stimulus packages for youth involved in the SME sector

Stimulus package related constraints, such as, lack of knowledge, collateral and assets, complicated paperwork, and discriminatory behaviour by

banks towards youth entrepreneurs, especially the ones involved in the SME sector, needs to be addressed.

Removal of tax on private educational institutes

A 15% tax on income of private educational institutes was proposed, in the recent budget, which needs to be removed, especially in the pandemic context. This step may increase educational expenditure for students along with the pressure on already over-burdened public educational institutes.

The participatory approach of intersectional youth in the policymaking process

Engaging the youth in policymaking empowers them to take an active role in society and act as change agents. This approach helps to improve the prospects of all young people irrespective of race, gender, background, or social status.

Updated data and research to assess the impact of the pandemic on youth and evidence-based policymaking

It is essential to revamp the data collection and sharing process to uncover the full impact of the

pandemic regarding education, employment, and health-related issues and design strategies to mitigate the challenges faced by youth.

A clear roadmap of poverty reduction, employment generation, and inequality reduction

To realize the goals in employment generation, poverty and inequality reduction, the government needs to reform the national social security system by ensuring more effective and efficient use of resources and aligning them with youth development goals.

Rigorous monitoring and evaluation of stimulus packages

Monitoring and evaluation of stimulus packages is an essential prerequisite to ensure a sustainable and inclusive recovery process.

This document is jointly developed by ActionAid Bangladesh and SANEM. The authors are Selim Raihan, Sayema Haque Bidisha, Eshrat Sharmin, Mir Ashrafun Nahar, Syeda Tasfia Tasneem from SANEM. From ActionAid Bangladesh, the document is contributed by Nazmul Ahsan and Iqbal Hossain.

About ActionAid

ActionAid is a global movement of people working together to further human rights for all and defeat poverty. We believe everyone has the power within them to create change for themselves, their families and communities. ActionAid is a catalyst for that change.

ActionAid works in over 45 countries across the world with more than 15 million people. We have a 'bottom up' approach to decision making. Our secretariat is located in Johannesburg, South Africa with hubs in Asia, The Americas and Europe too.

We believe that we can only achieve our goals by working collaboratively-locally, nationally and globally- with people in poverty, our supporters, partners, and peers. We are more powerful and effective when we work together.

About SANEM

SANEM, launched in January 2007 in Dhaka, is a non-profit research organization registered with the Registrar of Joint Stock Companies and Firms in Bangladesh. It is also a network of economists and policy makers in South Asia with a special emphasis on economic modeling.

SANEM aims to promote the production, exchange and dissemination of basic research knowledge in the areas of international trade, macro economy, poverty, labor market, environment, political economy and economic modeling. It seeks to produce objective, high quality, country- and South Asian region-specific policy and thematic research. SANEM contributes in governments' policy-making by providing research supports both at individual and organizational capacities.

