

CAN BANTUAN SARA HIDUP (BSH) BE FURTHER IMPROVED?



Recently, the cash transfer program, BR1M, has been rebranded as Bantuan Sara Hidup (BSH) and changes to the benefit structure and delivery system have been proposed in both the Budget 2019 speech as well as in statements by ministers.

WHAT'S NEW?

BRIM 2018

Households earning RM3,001-4,000/month

RM900/year

Households earning below RM3,000/month

RM1,200/year

Singles (>21 yrs) earning below RM2,000/month

RM450/year

BSH 2019

Households earning RM3,001-4,000/month

RM500/year

Households earning RM2,001-3,000/month

RM750/year

Households earning below RM2,000/month

RM1,000/year

Each additional child in household (Max of 4)

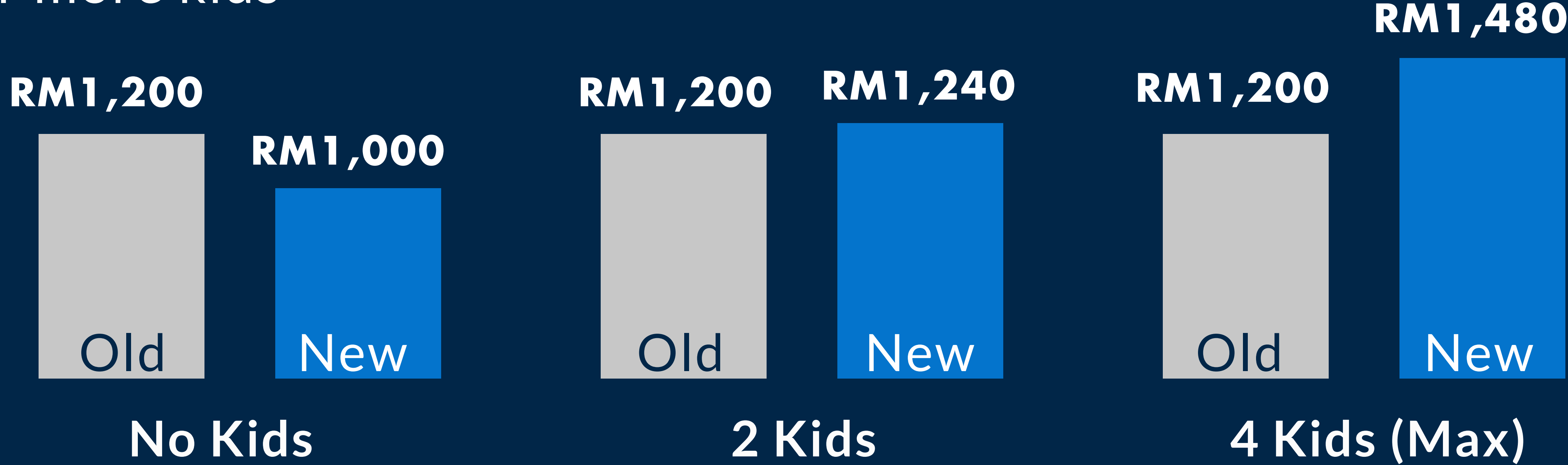
+ RM120/year

KEY CHANGES

- > Removal of the individual category for BSH recipients
- > Headline benefit amounts decreased, but new BSH pays out RM120/year for each additional child in the household
- > A proposed shift to a smart card system so as to ensure BSH benefits can only be spent on essential goods

Source: Agriculture and agro-based industry Minister, 7 November 2018

For households earning below RM2,000, the new BSH annual benefits are actually higher than the previous BR1M for those with 2 or more kids



HOW DO THESE CHANGES STACK UP?

✓ THE GOOD

- Additional child benefits better accounts for household size
- Removal of individual category streamlines beneficiary targeting
- These changes suggest BSH may become a permanent component of Malaysia's social welfare system

✗ THE BAD

- Moving from electronic cash transfers to the proposed smart card system will be a step backward:
- Smart card systems are much more costly and complex than electronic cash
- Card systems limit the flexibility of recipients to save and invest

4 IDEAS TO IMPROVE BSH

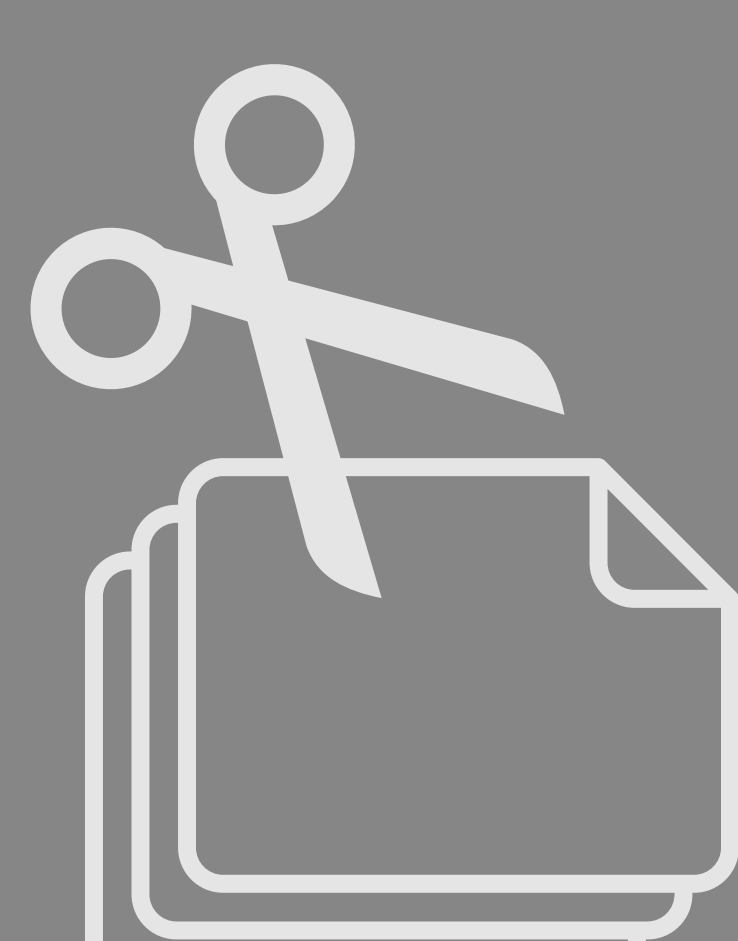


Maintain electronic cash payments and continue elimination of physical cash delivery

Electronic cash payments still the cheapest, most efficient, and most transparent option

Establish rigorous independent Monitoring & Evaluation mechanisms

Independent evaluation will improve program credibility, increase understanding of the structural causes of poverty, and allow continual improvement



Clarify and continue consolidation of overlapping subsidies

Fewer competing programs will increase efficiency and allow better program impacts for less money

Link increases in BSH benefits to inflation

This will allow BSH benefits to adjust to changes in costs of living over time and limit political influence in setting the payment amounts

