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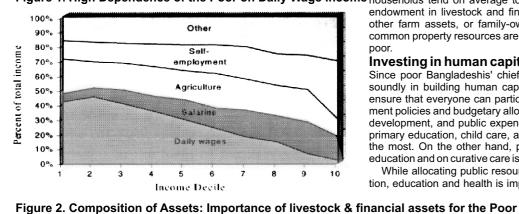
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Making economic growth more pro-poor in Bangladesh

SALMAN ZAIDI, RINKU MURGAI

This is the third article in a trilogy on (i) growth and poverty reduction in Bangladesh, (ii) accelerating economic growth, and (iii) making growth more pro-poor

F Bangladesh wants to reach its goal of halving the roughly 63 million people living below the poverty line by 2015, accelerating economic growth -- to at least a sustained 6 percent per annum-- will be essential. However it will not be enough. Unless that growth is targeted to help the poor, evidence has shown that the relatively well-off will prosper while the cycle of poverty will continue for the millions who cannot even meet their most basic human needs. One way to approach this issue is through a better understanding of the main activities and sectors from which poor people derive their livelihoods. Policies aimed at promoting pro-poor growth can



raise their incomes, and providing complementary public infrastructure and other support needed to help raise returns to these assets

Main sources of income and assets of the poor

Survey data from the 2000 Household Income and Expenditure Survey conducted by the Bangladesh Bureau of Statistics reveals that households n Bangladesh pursue a broad range of activities to earn their livelihoods.

One of the marked differences distinguishing the poor from the rich is their high reliance on income from daily wage labour (Figure 1). Analysis of wage data shows that local labour markets offer significant premiums to education: the greater the number of years spent in school, the higher is income Bangladeshis in the top ten percent of the population average seven times as many years of schooling as those in the bottom ten percent in terms of heir income

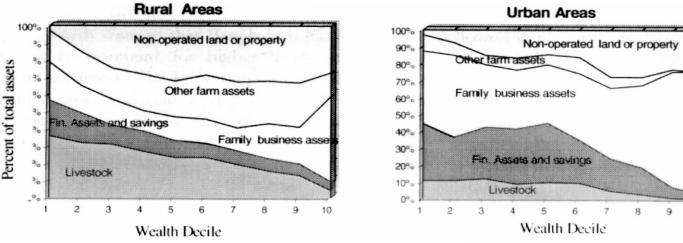
Closer examination of household asset holdings reveals that land ownerthen be seen as a way of both helping people build key assets needed to ship is out of reach of most Bangladeshis living in poverty in rural areas. Poor **Figure 1: High Dependence of the Poor on Daily Wage Income** households tend on average to hold a greater share of their total asset

endowment in livestock and financial assets, and relatively less in land, other farm assets, or family-owned enterprises (Figure 2). Natural and common property resources are also important sources of livelihood for the

Investing in human capital

Since poor Bangladeshis' chief asset is their labour, the need to invest soundly in building human capital is clear. Basic education is critical to ensure that everyone can participate in and benefit from growth. Government policies and budgetary allocations have focused effectively on human development, and public expenditure analysis indicates that spending on primary education, child care, and pre-natal care have benefited the poor the most. On the other hand, public spending on secondary and higher education and on curative care is less equitably distributed.

While allocating public resources to priority sectors such as child nutrition, education and health is important, how these resources are used is



also of crucial importance. Better targeting of nutrition interventions and emphasis on fostering behavioral change through communication will be necessary -- indeed critical -- to shrink the incidence of malnutrition among children

Promoting growth in the agriculture sector

Eighty-five percent of Bangladesh's poor live in rural areas where agriculture is the predominant activity, so accelerating growth in agriculture through raising productivity of existing crops and diversification will be crucial. With the poor being predominantly landless, improvements in the operation of land markets, including tenancy and sales, are necessary to help them strengthen their position in the rural economy. The continued development of livestock and fisheries -- which are important assets for the landless -- as well as better management of common property resources in environmentally sustainable ways that benefit them rather than better-off households would be of particular importance to the poor. In addition, through greater attention to research and improving markets, the government in Bangladesh can help the agricultural sector improve the yield from crops, especially rice; and diversify into cultivation of crops that bring notably higher per-acre revenues than rice and wheat.

Promoting growth in the non-farm sector

For wage workers in Bangladesh, non-farm employment offers significant premiums relative agricultural daily work, so this sector is clearly of great importance for poverty reduction. However, for the poor to gain equitably from economic growth in the off-farm sector, they need assets beyond their labour to invest in widening opportunities. Financial assets in the form of micro credit are more available than land to the rural poor in Bangladesh, thanks to successful innovations adopted by various non-governmental organisations. However, despite tremendous progress, there is still considerable scope to extend the reach of micro credit financial institutions and of formal-sector lenders, as evidenced by the high dependence of small household-based enterprises on inheritance, savings, and other personal sources to set up their businesses. NGO micro credit and lending from agri /commercial banks represent only a small share of the needed funds, and unless their market shares rise, the rural credit market itself is not likely to be a powerful enough engine of non-farm growth and poverty reduction.

law has already been noted in the previous article in this series. The importance of local public infrastructure is also noteworthy in this context, as it is critical to the development of a modern agricultural and non-farm sector. Farmers have little incentive to diversify crop production if what they grow cannot easily be sold, or if critical inputs are not readily available. Industry, businesses, and households all depend on public infrastructure. While Bangladesh has done well compared to other South Asian countries in improving access to water and sanitation, physical infrastructure remains a priority concern (Table 1).

Promoting social assets and inclusion

In preparing its Poverty Reduction Strategy (PRS), Bangladesh has an unprecedented opportunity to devise a long-term comprehensive strategy for poverty reduction. Not only have various domestic agents of change such as the government, civil society, and the academic community been resolutely engaged, the academic community has also pledged full support to the initiative. PRS consultations at all levels in the country have confirmed that strengthening local governments is one of the most desired institutional changes needed for faster poverty reduction.

Decentralisation and participation, by enabling people to voice their demands for intervention and hence shape the development process, are particularly important in Bangladesh where there is considerable heterogeneity amongst the poor. Supporters argue that while Bangladesh has made reasonable progress in poverty reduction during the past decade, accelerating the rate of poverty reduction will require increasing the development choices available at the local level as well as better inclusion of all social groups in these choices. For local governments in Bangladesh to function ffectively, an encompassing legal framework is essential to properly define their roles and responsibilities, as is the need to back these with clear policies on fiscal decentralisation. Finally, capacity-building and strengthening local-level accountability will also be important complementary initiatives needed for effective decentralisation.

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Pakistan

337

57.0

19

Thailand

1.345

97.5

84

Vietnam

370

440

232

25.1

26

Enabling higher returns to

Table 1. International Comparisons of Selected Infrastructure Indicators

China

746

70

India

384

45.7

22

5 5	
ivate assets:	Indicator
lping poor households build	
vate assets to accelerate private	GNP per capita
ctor-led growth is consistent with	(Dollars 1999)
growth strategy that Bangladesh	Commercial energy use p
s successfully followed in recent	(kg. of oil equivalent,
ars. Creating a more conducive	Electricity consumption p
vironment for higher levels of	(kilowatt-hours, 1998
urns to private assets in turn	Paved roads
uires several important elements.	(% of total, 1998)
e importance of macroeconomic	Telephone mainlines
bility, an improved investment	(per 1,000 persons, 19

Source: World Bank, 2001a.

370 780 450 470 1,960 1.153 159 830 486 440

Bangladesh

81

9.5

3

per capita 1998) per capita 8) 998)

Democratic norms, not sedition charges, may help build image

KHAIRUL MAJID MAHMUD CHANDAN

ODAY like many other concerned citizens of the country, I am disturbed and frustrated with the current politica scenario. The usual lack of tolerance, understanding, mutual respect and the rivalry amongst the politicians and political parties have reached an absolutely unacceptable level and does not fall in any category of political or democratic norms whatsoever.

After thirty-one years of independence, we must evaluate our achievements in terms of economic developments and improvements and practicing democratic norms and establishing democratic rule in real sense compared to other new democracies of the world. In fact we have developed to the extent where by exhaust ing all options, faced with the hard reality and compulsion of exporting gas, which could severely harm and weaken the energy security of the country as opined in many roundtables, and negative recommendation by the majority in the technical committee. We have improved to the level where our representatives go to beg from the donors in G-8 summit, while we have been regarded as the most corrupt nation for two consecutive years by Transparency International. And as far as democracy is concerned, just having two national elections under the supervision of caretaker governments does not fulfil conditions of democracy where our politicians and lawmakers have regrettably failed to establish functional democracy in the parliament. Isn't it about time that our politicians stop and think what in the world have they been doing wrong for the last thirty-one years? Isn't it time to realise and correct ourselves before it is too late? When we should be concentrating on good governance and be thinking of poverty alleviation, population control, building shelters for the homeless, creating jobs for the unemployed, encouraging foreign investment, setting our short and long-term goals for economic emancipation and much needed separa-

tion of judiciary from the executive branch to establish rule of law, we are busy scraping law to bring down the portrait of Bangabandhu Sheikh Mujibur Rahman from the government entities, erasing his message of historic 7th March from the Can-

tonment Bijoy Keton Museum or passing a bill in the Parliament to remove his name from the National Agricultural Award etc. Does passing or scraping the portrait law make an y difference to the Bengalis as far Bangabandhu is concerned? Was it necessary or of highest ority in the ministry of agriculture remove his name than procuring the Boro (rice) seed for the farmers? Can the passing of this bill remove his name from the heart of the people? Did the removal of baily bridge from the Crescent Lake take our country any further than we are now? It has become an established practice of every party in power to

armed forces into controversy. The army must be kept above all controshall be taken except in accordance with law" (Article 31). Sooner or versy. Our army means a lot to us later, somebody in the government and we are proud of them. They has to take the responsibility of have proved their worth in times of frequent natural disasters in the answering a lot of questions regarding these custodial deaths.

country and earned lot of name and Our Press performed to the best fame by serving under the banner of of their abilities by repeated warn-United Nations in many peace ings to the government pointing out keeping missions around the world. the undue harassment, torture and The broadly accepted notion is deaths in custody as clear indication that, basically army is trained to of human rights violation. Similar defend the country from external aggression, fight the enemy and voice was echoed by the leaders of the civil society, intellectuals, emi-nent lawyers and politicians along protect the sovereignty. They are rained to carry out orders to perwith the human rights organisations form a specific task or achieve a and the concern of the democratic given target. Once the order is platforms and governments abroad passed on, they would go hard at it were also noted. The latest addition and by any means achieving their to the chorus was none but the Honorable President of the Repubgoal becomes the highest priority. n the process they cannot be asked lic himself Professor lajuddin to work half-heartedly and inter-Ahmed, who termed the torture and fered; that would only confuse and deaths in custody as disgrace to civilization deter them to achieve the ultimate

was not arrested in the first place and let go to perform Omrah, while number of illegal arms and ammunitions were recovered from the house in his absence earlier? How about earlier arrest of former state minister Dr. Mohiuddin Khan Alamgir (released on bail) and Bahauddin Nasim, APS to former Prime Minister Sheikh Hasina arrested (prior to joint drive) for carrying excessive foreign exchange while travelling but later charged with involvement in the motorcade attack of Begum Khaleda Zia, rotting in the jail without a bail? Needless to say the routine search of the houses of AL's top leaders and thrust of arresting journalists being charged with sedition and undermining their character and morale.

To justify the arrests of the opposition activists, BNP Secretary General and LGRD minister Mr.

some reports and articles published in some foreign newsmagazines portraying Bangladesh to be vulnerable to fundamentalism. It seems that the four-party alliance has been obsessed with their preconceived idea of blaming a particular political party and its leader for anything and everything that's being going wrong since their assumption of power. It is just like the obsession and preconceived idea of the foreign press projecting growing fundamentalism Bangladesh and a neighbour beating around the bush to pursue some interest to their own benefit.

Although we are a moderate, liberal democratic country and our culture, values and commitment to secularism always supercedes fundamentalism, at the same time being a Muslim majority nation we should not totally neglect the concern and brush it off, of course without mixing Islamic sariah with

with beards and turbans, it can be

parliament, none of which have been entertained. Lately, the main opposition brought few issues of national interest and concern like deaths in custody, arrest of sitting lawmakers, price hike of daily essentials and so forth to the Business Advisory Committee to be included in the agenda for discussion in the Parliament. The request was turned down. In fact, Parliamentary Affairs Advisor to the Prime Minister, Mr. Salahuddin Quader Chowdhury cited that there was no such precedence in any parliamentary democracy of the world that the Parliament was run by the suggestion of the opposition. For the information of veteran parliamentarian, neither there is a precedence that the issues of national interest or concerns are avoided or not discussed in the parliament nor there is a precedence of barring the opposition to voice and raise the legitimate

cies that are being pursued by the four-party alliance. It was again reflected in the indication by the Honorable Prime Minister while spontaneously ordering investigation by judicial inquiry commission and simultaneously pointing her finger at a particular political party for the Mymensingh bomb blast, the heinous act of terror that shocked the country once again after Udichi, Ramna Batamul and Paltan. Such a prejudiced statement was only the re-endorsement of the attitude and policies being pursued by the government and should not be confused in the name of fighting crime and improve law and order situation.

Enough is enough, it is time to get along and move ahead. We must come to terms with expected political norms and proven democratic practices in establishing democratic rule. To remind, in the political history of our country, pursuing ambitious and aggressive policies of arrest, torture and oppression to undermine the legitimate opposition by any government repeatedly proved to be disastrous and unsuccessful. Not to mention the fact, the people of Bangladesh never failed to rise on the right occasion for the right cause.

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criticise the predecessors and blame it all on them for the failure of the present while repeating the same mistakes.

Awami League can be credited for their performance and achievements in various sectors during their last five-year governance, except law and order for which AL is said to have lost in the last general election. After the takeover by the four-party alliance, the law and order situation of the country deteriorated to such extent and the ruling alliance failed so terribly and lost control that it was not left with many choices but to call in the military in aid of the civil administration to nab criminals. The peace loving people of the country appreciated the decision of the Honorable Prime Minister and they could feel the difference within weeks and breathe sigh of relief. Provided, till today, neither the Leader of the House gave a clear cut explanation about the legal aspects of deployment, nor the issue of such serious stature and importance was discussed in the parliament for the sake of transparency and accountability?

The Leader of the Opposition in parliament was not against military deployment but had reservations fearing the interference, intervention and politicisation that might hinder the intended purpose and put

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goal. Their training is not designed to control law and order of the country. Nevertheless, since they were brought in aid of the failed civil administration to help improve the law and order situation they would definitely go by their own rules and practices to achieve their goal and subsequently the margin of error should be taken into consideration. But in the Operation Clean Heart, the rate of heart attacks and deaths in custody seem way too high than usual and exceeded the expected margin of error.

As the operation has taken place at the directive and under the umbrella of a democratic government, we must not forget the constitution of the Republic which clearly declares that " It is the inalienable right of every citizen to have the protection of the law and to be treated in accordance with the law wherever he may be and no action detrimental to the life, liberty, body, reputation or property of any person

I was of the opinion that the joint forces operation was not politically motivated which was feared by Sheikh Hasina but as the joint forces almost completed two and half months of their drive, one is being burdened with too many questions. Just to mention a few, it is evident that the joint forces could not recover stack of illegal arms from the Awami League's research wing in Dhanmondi but what objectionable documents detrimental to national interest were found which triggered them to seal the centre is yet not disclosed by the government. What prompted them to arrest and detain former minister and Al leader Sheikh Selim MP and former deputy minister and MP Saber Hossain Chowdhury, political secretary to the leader of the opposition and later shown arrested by implicating him in the case of attacking the motorcade of the then leader of the opposition Begum Khaleda Zia? It is hard to believe that they were hiding along the road side and led a guerrilla attack in Keraniganj, Madaripur and Savar and repeatedly failed in their attempts to kill Begum Khaleda Zia while they were at the helm of affairs! What about repeated arrest of social activist Shahriar Kabir, why the objectionable materials contained in the video cassettes were not shown on the national television: or historian professor Muntasir Mamoon arrested quickly after the Mymensingh bomb blasts for "anti state activities" which surprised most of his colleagues in the Dhaka University? What instigated the arrest of former state minister Talukdar Khaleque MP, former whip Shuja, and latest of all former minister and AL presidium member Tofael Ahmed disregarding the High Court order? Not to mention AL leader Mukul Bose and many other district and Thana level leaders arrested recently. Why was independent MP Hemayetullah Auranga tied hands behind after arrest and charged of possessing illegal arms while it was contradicted by his family members in the media by confirming the possession of licence? It is not the person, it is the chair that matters and regardless of one's records and cases, nobody is guilty until and unless proven guilty in the court of law. Why commissioner Deepjo

Mannan Bhuiyan said that, so far the joint forces arrested more BNP activists and workers than that of AL's. One wouldn't doubt the authenticity of his statement. It is relevant considering the ruthless campaign of terror and repression unleashed by the activists and workers of four-party alliance against the leaders, activists and workers of Awami League all over the country right after the last general election. The repeated attack by pro-alliance cadres in broad day light firing shots and throwing bombs on the motorcade of Deputy Leader of the Opposition Abdu Hamid and confining the entourage in Barisal Circuit House and forcing them to take refuge in Tofael Ahmed's house in Bhola was only the reaffirmation of the situation The monster they created went so much out of control that only the Operation Clean Heart could cage them and force them into hiding and contain the situation at least for the time being. Not to mention the nominations for the post of commissioner to the listed criminals and persons with multiple criminal records and cases by the ruling alliance in the last Dhaka City Corporation election disregarding the repeated caution by the press and much concern of the city dwellers which waited only to be proved with the killing of city commissioners by feuding factions after the election. Later government went to the extent of providing them protection with the tax payers' money whereas the much needed protection was withdrawn from the house of the Leader of the Opposition and curtailed from her daily entourage and claimed unnecessary by the government. The words like conspiracy, traitor,

anti-state, sedition have become very popular nowadays with the leaders, workers and activists of the alliance. Not to mention the undue, unjust, and irrelevant statements and wrong assumption of our Foreign Minister linking the recent visits of Sheikh Hasina to Europe and India to the European Union Parliament resolution and to the statements by the Indian ministers alleging Bangladesh of harbouring insurgents and terrorists of fundamentalist AL-Qaida network.

The whole thing started with

issues that deserve a valid debate. The participation of the opposition in debate and discussion makes a parliament effective in a parliamentary democracy. It is only the positive intention not the precedence that matters, and is of utmost importance at this time to make our parliament democratically functional.

It would only be unjust to question the intention of Sheikh Hasina, fumdamentalism. It doesn't hurt to leader of the oldest and largest be careful and cautious. We can political party, erstwhile head of the take it to be a wake up call for our government and the Leader of the benefit and in reality if there is any. Opposition in Parliament. Nor it there is nothing to panic about our would be just to undermine the good image and hide it rather accept the intentions of the Prime Minister but reality and face it politically. The transformation of fundamentalism the preconceived attitude, oppresdoes not only come with tall men sive approach and the wrong poli-

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compared with a single cancerous cell in a human body that grows and spreads fast and if not diagnosed and treated at an early stage, the chance of saving the patient becomes limited as the decease is deadly Why has the government become so determined and desperate to link all these unsubstantiated foreign press reports, observations and concerns of foreign governments and platforms to a particular political party and a person? How could Sheikh Hasina all on a sudden become so successful in influencing foreign press to go by her views, or become a successful lobbyist in passing the resolution in EU parliament and pursue Mark Boucher of US state department? Why the government of late became so conscious about the image of the country? Is it the image of the country or of the government itself that it is worried about? Don't the foreign journalists and media have access to our daily news through internet? Aren't the foreign governments being updated regarding the developments that take place here through their respective embas-sies? Was it Sheikh Hasina or the member of the four-party alliance Islami Oikyo Jote on record, who inspired the foreign journalists and media by making statements por-traying allegiance to fundamentalism? It is their basic right to express their views and there is nothing wrong with it. nor it is wrong if Sheikh Hasina pointed out the fact, motive and trend of a political party or cited instances of HR violation and victimisation of the opposition leaders. activists and workers in Brussels of elsewhere in the world that definitely doesn't portray the people or the country as fundamentalist. Since the summoning of the first session of this parliament, AL lawmakers brought more or less two

hundred notices to discuss in the