SITUATION OF BANGLADESH

Growing Urban Poverty in South Asia

by D L Mallick

A high rate of population growth and recurring natural calamities have weakened the rural economy of Bangladesh. As a result, rural to urban migration has become inevitable which causes rapid expansion of urban cities and enhanced urban poverty.

THE problems of the urban poor are seen in their most acute forms in the metropolitan cites of developing countries. Here, the urban poor, consisting mainly of migrants from rural areas, live in squatter settlements, often devoid of the basic necessities of life. They also form that section of the community most vulnerable to the socio-economic and environmental hazards which are generated by the process of economic growth or partial development. This is the high time to asses the social, economic, environmental and spatial dimensions of urban poverty.

The cities of South Asia present a picture of poverty and affluence, scarcity and abundance. There are also luxuries of life and worst slums existence in every townships of the South Asia. The anomalies of the city and town life are linked with the process of urban growth and parasitic development efforts which aggravated and complicated the poverty situation and environmental problems of the cities.

These rapidly growing big cities have more workers (majority of them are unskilled) than jobs are available and hence the surplus labour is absorbed by the low income generating activities in unorganized informal sectors. An excessive rise of population in the cites and townships not only create pressure on job sectors, it also put tremendous pressure on housing. Hence, millions of low income group people take shelter in slums and squatter settlements. The settlements of the poor are extremely vulnerable to environmental pollution. Moreover, they lack the basic amenities of water, light, fuel and sanitation.

Urban Population

There has been a very rapid growth of urban population in South Asian cities over the last few decades. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Shri Lanka have 26.3 per cent or near about 300 million of urban people as against a total population of 1,140 million. Bangladesh has 21 per cent or near about 24 million urban inhabitants living in different cities. Rapid demographic growth and rural unemployment have added millions of people to the urban population in developing countries during the last few decades and the growing urban population has enhanced immense urban poverty in these countries.

The growth of urban population is high in all the South Asian countries which is on an average of 4.3 per cent. Bangladesh, Bhutan and Nepal have greater rural to urban migration in recent year. However, the annual growth rate of urban population is high in all SAARC countries and each of them has enormous urban poor. More than 40 per cent of urban people in Bangladesh, India, Nepal and Pakistan live in absolute poverty, whereas Nepal 55 per cent and Bangladesh 45 per cent have very high degree of urban poverty.

Country	Total Population (Million)	Population Density	Annual Growth Rate (%)	Urban Population (Million)	Annual Growth of Urban Population	Absolute Poverty of Urban Population
Bangladesh	116.4	8,946	2.4	24.0	6.2	45%
Bhutan	1.6	335	2.3	0.08	6.3	-
India	862.7	2,902	1.8	232	3.9	40%
Maldives	0.2	7,333	2.9	0.06	-	-
Nepal	20.1	1,467	2.4	2.01	6.5	55%
Pakistan	121.5	1,576	2.7	40.0	4.6	32%
Shri Lanka	17.4	2,698	1.2	3.7	2.5	-
Total	1,139.9	3,608	2.2	295.36	4.3	44.0%

Source : Human Development report 1993, UNDP

Urbanised centres and regions have shown higher GNP per capita with higher education, higher scientific and technological advancement, better health and cultural attainments. However, the process of urbanisation does not have an unmixed blessing. One major consequence of urbanization is it's negative impact on the environment.

The rapid urbanisation also accentuates inequality among the mass. Thus, urbanisation regenerates poverty among the urban inhabitants, especially in the case of developing countries. The poor tend to locate near polluting industrial areas, public waste sites. They are crowed into small areas which have little room and they have to abide with extremely poor health, sanitation and inadequate civil amenities. Vast population of under subsistence level live outside the legal framework of those cities who lack in civic amenities like water, sanitation, transportation, adequate shelter and unserved by social services such as health and education. The poor quality of life of the millions of urban people is further worsen amidst a deteriorating environment.

Urban Poverty in Bangladesh

The urban growth in Bangladesh now ranks among the highest in South Asia with the rate of 6.2 per cent. More than 20 per cent people live in towns and cities in Bangladesh which is 24 million out of total 118.4 million and this is expected to reach over 30 per cent by the year 2000. The urban population in Bangladesh live about 500 small townships, municipalities and in four metropolitan cities.

Deteriorating poverty situation, increasing landlessness and river bank erosion in the rural Bangladesh have pushed a large section of rural population into slums and squatters of different towns and cities of Bangladesh, mainly in the capital city of Dhaka. Major large cities of Bangladesh, i.e., Dhaka, Chittagong and Khulna face enormous population pressure. A high rate of population growth and recurring natural calamities have weakened the rural economy of Bangladesh. As a result, rural to urban migration has become inevitable which causes rapid expansion of urban cities and enhanced urban poverty.

Level and Magnitude of Urban Poverty

Poverty comes of low income, low consumption and low afordability of civic amenities. These low income families have 1 to 2 earning member as against 4 to 5 persons of dependable. The self employed have low income and this is not substantial to maintain families. The level and trends of poverty is measured by the deficiency in income and nutrition. Poverty is said to be exist when an individual does not have the capabilities to lead a healthy active life, free of avoidable morbidity and pre-mature mortality to develop inherent qualities for the satisfaction of the self and the society and to maintain once's dignity with adequate clothing, shelter and other basic needs. A study 'minimum consumption bundle' estimated for an average Bangladeshi population contains 832 gm consisting of 437 gm of cereals, 177 gm of vegetable, 40 gm of pulses, 58 ml of milk, 48 gm fish and 12 gm of meat. It corresponds to an average per capita daily intake of 2,112 calories and 58 gm protein

Urban poor are of those section of urban population who can not afford to meet their basic needs with their own income. The basic requirements are : Food intake having 2,112 calories per capita daily, at least two sets of cloths, access to primary health care, primary education and an independent room of shelter. There are about 50 per cent of the rural people of Bangladesh living under poverty level (measured by calories intake), whereas this is 45 per cent in the urban areas at present. Rural poor are moving towards urban centres and the urban poverty situation is deteriorating rapidly. At this level, there are 10 million urban people remain bellow poverty line and by the year 2000, there would 40 million people in the urban centres of Bangladesh.

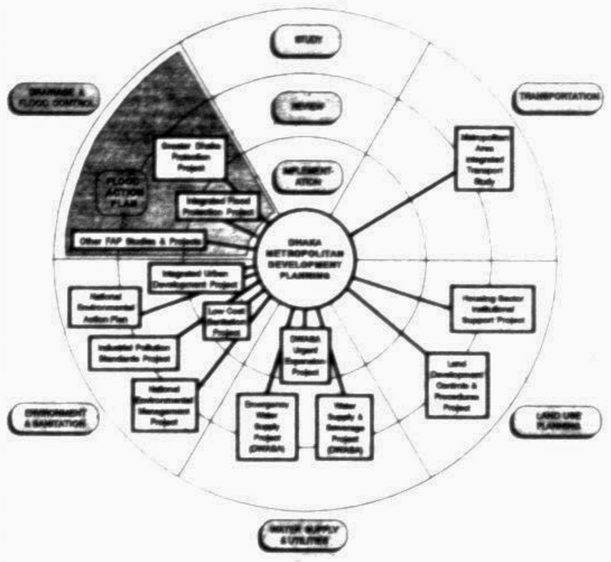
Hard-core Poverty in Urban Slums

The number of urban hard-core poor in Bangladesh is now estimated at about 10 million which is likely to reach 15 million by the year 2000. The rising urban poverty is one of the major concerns. It is apprehended that the trend of rapid urbanisation without employment provision both in formal and informal sectors may lead to economic, social and environmental crisis. The fastest growing section of the urban areas are slums. It is estimated that slums and squatter settlements house nearly 50 per cent of the total urban population of the country. The common feature of slum is high population density and poor housing made of flimsy structure. The slum and squatter settlement have inadequate water supply, poor sewerage and drainage facilities. Lower income group people mainly who are employed in informal sectors live in slums and squatter settlements. Poor families tend to have more children and can not afford to live in a decent place, other than the crowded squatter settlements and suffer from all kinds of pollution and health hazards. They lead subhuman lives. The policy planners and development workers should give due attention to this issue.

— BCAS Feature

A New Plan to Redistribute Growth

by Raffat Binte Rashid



THE first and only master plan of Dhaka metropolitan city was done thirty five years ago in 1959. From then on the city has grown six times or more. The plan is no longer official, unofficially that is.

For a city constantly growing like Dhaka, a new plan is underway — Dhaka Metropolitan Development Planning (DMDP), a Rajuk project supported by United Nations Development Programme (UNDP), and United Nations Centre for Human Settlements (UNCHS).

"To produce a plan for the next 20 years, we have done an initial background study since 1992 and finally now we are in a position to begin planning," informs Tony Edwards, Project Manager and Planning Team leader of DMDP.

According to the 1991 census, seven million people live only within the Rajuk area which is 590 sq miles covering Narayanganj in the south, Joydevpur in the north and Savar in the west. "Studies and research show that by the year 2000, 15 million will reside alone in the metropolis, which will still be very attractive to the rural people," thinks Edwards. At the moment Dhaka attracts 40 per cent of the rural population which is 80 per cent of the total.

"The city will continue to grow at a similar pace until other cities or areas adjoining the capital are made attractive to the rural migrants," he says. Bangladesh is not very urbanized now only because the size of its population makes it very difficult to carry out development projects quickly and efficiently.

"We should come up with a plan that will cater to the poor people, keeping in mind the financial and human resources constraints. We should look at an approach that would allow the government to recognise this 80 per cent." Therefore instead of centralized action, the pressure should be eased and evenly spread.

"The poor people always want to be close to the action, infact they need to be and this is the main reason for such a rush towards the capital." This new plan will work out a number of mechanisms to try and encourage an even spread of job opportunities. "Induce manufacturing industries, encourage new establishment into more dispersed location, we should set up financial incentives miles away from central Dhaka. For example Motijheel cannot be shifted to Mirpur, but part of its action can. "If we move commercial activities somewhere, the people will automatically move. This simultaneously would ease pressure at the central point as well as help the transport system," Edwards thinks.

Commercial activities are concentrated in mainly two sections, formal and informal. The formal section deals with government, public and private sector activities whereas the informal section deals with the major working force, like small operation labourers and rickshaw pullers. This informal section tends to move where economic activities are. "Government administration manufacturing, commercial retailing centres, all economic activities should be dispersed evenly to ease pressure and allow poor working people to spread out," he comments.

Environmentally unfriendly industries like the tanneries should be moved out of the city centre and be relocated for the same purpose. For all these activities and planning, the government and public sector should best help the development process, Edwards believes.

"We are not making proposals here, basically we are advisers to the government," both Edwards and Harold B Senter, Jr Project Coordinator think. "Planning is progressed over time, we do not predict what it would look like 20 years from now but rather look at the existing opportunities," says Senter.

"We are now working with factors like migration, flood control, major transport problem etc."

"We are working closely with Flood Action Plan (FAP) 8A and 8B. Basically we are supportive of the current proposal of FAP particularly FAP 8B," Edwards informs.

"It involves strengthening most of the existing urban Dhaka which will have flood protection or be flood risk free." The Dhaka-Narayanganj-Demra (DND) triangle, for example should not be flood prone which hampers development.

"Priority for FAP should go to areas that are already settled and are showing signs of rapid development. South and South East Dhaka are not developed because of flood risks, we should try to develop processes that will help", Edwards comments.

"When we plan, the reality of the situation should be, to look at continuous growth, we are not being pessimistic but absolutely realistic," comments Edward, a feeling shared by Senter.

Replicating Grameen in Thailand

by Nancy Wong

Taking into account whatever "shortcomings" detractors may point out, Grameen Bank is the only institution of its kind which gives loans to the poor without any form of collateral. It has devised a system which has guaranteed an unprecedented repayment rate of 98 per cent and helped millions of the poorest of the poor turn their lives around.

A delegation of nine top bankers and officials from the Thai Ministry of Finance came to Bangladesh recently to see for themselves how Grameen Bank functions at the grass roots levels; with the idea of replicating this "poor people's bank" in Thailand. Although Thailand has been going through several years of double digit growth which has made its burgeoning economy the envy of many countries, there are pockets of poverty where people have been left behind in the race towards material success.

Realising this, the delegation, led by Nibhat Bhukkanasut, Director-General of the Treasury Department, requested Grameen Bank to let them see for themselves the results of 17 years of "banking on the poor". During their three-day stay, they attended a workshop for women borrowers at branch levels, saw displays of handicrafts and produce at a zonal workshop and visited a village, Dewjan Delduar, about two hours' ride from Dhaka, where they interacted with Grameen borrowers in their home and environment. Their packed programme also included a briefing and debriefing session with the Deputy Managing Director, Khalid Shams and the Principal Officer in charge of international training, Chitta Ranjan Chaki; and other senior officers at the bank's head office in Mirpur Road.

Commenting on the working style and objectives of Grameen Bank, Bhukkanasut declared, "What you have done is revolutionary. The changes I have seen today in the village we visited and the people's attitude (especially the women's) together with their vast improvement in the standard of living is most impressive." He should know — for he had visited villages in Bangladesh 26 years ago when he came with Robert McNamara, the President of the World Bank, on a mission to assess the country's eligibility to apply for soft loans from the IDA funds.

The poor are bankable

Expanding on his impression, Bhukkanasut said, "Where before I saw despair and exhaustion in the eyes of the women in the villages, today I see confidence and hope in the sparkle of their eyes and stride in their walk. We didn't visit every house in the village because of time constraints, though many were eager for us to go inside their homes to show off their progress. One female Grameen member proudly displayed her rack of saris, her six handlooms, some gold ornaments and a brand new house built with loans from the bank." Commenting on the inferior status generally accorded to women in an orthodox Islamic society, he expressed delight (as did the two women delegates) at the large number of men in Grameen Bank helping to uplift the poor women's lot in life.

All the delegates had heard of Grameen's success in changing the lives of the dispossessed of rural Bangladesh, from one of abject poverty to that of decent living; but as Dr Mongko Dandhanin, Director of the Research and Development Institute of Khon Kaen University, confessed; "I felt skeptical about Grameen Bank's activities from afar, but now that I have seen for myself how they really work — and the results, I appreciate the chance to see at first hand the bank's operations. I am truly convinced that there is a social revolution going on in the villages which is enabling the deprived to realize their abilities and fulfil their potential."

Being hard-headed bankers and economic minded officials of the Finance Ministry, some members of the delegation were quite preoccupied with the subject of interest rates. They were keen to know whether Grameen Bank rates were compatible with those of the commercial banks and if they were more favourable towards the borrowers, whether the bank's activities could be sustainable in the long run. To this penetrating question, Khalid Shams informed that the interest rates are at par, except that while the commercial banks charge compound interest, Grameen applies the simple rate.

Therein lies the rub. Vibul Aunsnunta, Director General of the Government Savings Bank, was clearly worried that if soft loans from the international development agencies such as IFAD were to dry up, Grameen Bank's sustainability would be in danger. As an experienced banker, he felt that there will come a time when the bank may not be able to avail itself of concessional loans and hence be forced to charge its poor borrowers commercial rates.

As a matter of fact, Khalid Shams disclosed that this had already happened since the end of 1993 when they were compelled to borrow at commercial rates.

At this juncture of the bank's development, it is obvious that government support is crucial — and well deserved. What is not welcomed however, is government interference; as experience has shown that in such circumstances, politicization with consequences of "vote buying" takes place and matters get out of hand.

While members of the Thai delegation were favourably impressed with the results of Grameen Bank's unique social approach towards poverty alleviation, they were of the opinion that certain aspects could not be "transplanted" on Thai soil.

"For one thing", Aunsnunta revealed, "Thai women's status are more or less equal to that of men, so there is no need to have the saluting drills to demonstrate empowerment to women. Another distinction is that Grameen members are obliged to have nine taka deducted from a hundred taka loan to form part of an emergency fund. Thai borrowers expect the full amount — without deductions of any kind."

Nevertheless, all said and done, taking into account whatever "shortcomings" detractors may point out, Grameen Bank is the only institution of its kind which gives loans to the poor without any form of collateral. It has devised a system which has guaranteed an unprecedented repayment rate of 98 per cent and helped millions of the poorest of the poor turn their lives around. As Bhukkanasut observed: "A poor woman noted, 'before I became a Grameen member, I couldn't even speak to the local zamindar. Now I'm speaking to top bankers from Thailand ... a faraway country'..."

This kind of success is rate in development models replete with costly failures. Hence countries all over the world, rich and poor, have sought assistance in their efforts to replicate Grameen Bank's "modus operandi". Grameen Trust was established with this in mind. In a rich country such as Malaysia, 30 models of the bank (with local variations) have been established in its rural areas. A Memorandum of Understanding has been signed between Grameen Trust and the Asia and Pacific Development Centre, based in Kuala Lumpur, to cooperate in promoting the Grameen Bank style in Asia.

Not surprisingly therefore, Paiboon Wattanasiritham, Managing Director of the Urban Development Office, voiced his enthusiasm for managing credit programmes for the urban poor along the lines of Grameen Bank. His concluding remarks were: "I have already studied the Grameen Bank experience before coming here. This visit has helped me put the pieces of the jigsaw puzzle together. Now I see the complete picture. Action can be taken at home in interrelated fields. We need to join hands to apply whatever effective techniques are discovered. There are formidable challenges in the years ahead but I do believe in the human ability to adapt to changing circumstances. Co-operation among countries in Asia is important and I would certainly like to provide a link between Bangladesh and other countries in the field of poverty alleviation."

As a goodwill gesture and appreciation of their "enriching experience" in their field trips, team leader, Nibhat Bhukkanasut, awarded contributions to the emergency funds of the centres they visited.

A New Scorecard for Development

by Hazel Henderson

THE days of measuring a country's progress and wealth by its gross national product (GNP) and its narrower version, the gross domestic product (GDP), are numbered. A new international System of National Accounts, 1993 (SNA) will soon supersede the old system.

Originally adopted to maximize the Allies' war production during the Second World War, the GNP/GDP index values bombs and tanks more than healthy, educated citizens, a clean environment, and even infrastructure, which are valued at zero.

Steering a national economy by its GNP is like flying a jumbo jet with only a fuel gauge on the instrument panel. Even the respected London-based magazine, The Economist, a bastion of economic orthodoxy, refers to the GNP/GDP index as a "Grossly Distorted Picture".

Like a malfunctioning strand of our 'cultural DNA codes', it led to what might be called cancerous economic growth, generated by devouring its host body: the planet itself and the diversity of other human values and goals. No wonder statisticians have been at work at the United Nations, the International Monetary Fund (IMF), the World Bank, and the OECD to overhaul GNP.

Unveiled in February, the new SNA is a joint effort of all these institutions as well as the European Union. These new scorecards, when spliced into our cultural DNA codes, can lead to a healthier and more normal development of human societies.

In most economies, what isn't counted just doesn't count. The new SNAs will change the future course of development by counting social and environmental factors, measuring poverty, health, and education. These new gauges will be added to government instrument panels.

The story behind this new scorecard began in the 1950s when worried researchers were able to show how steering by GNP was dragging countries off course. For example, GMP measures progress as rising average per capita income, which ignores growing poverty gaps. Thus the income of a few millionaires could make a country register progress though most of its people were worse off.

Social scientists have devised new social indicators to measure individually poverty, illiteracy, ill health, and malnutrition rather than add them all together in one mystifying averaged index. But macroeconomists ruled the roost, and the tools of national macroeconomic management — such as GNP — went unchallenged until the lost decade of the 1980s.

Economists' recipes for GNP growth had led not to development but to widening poverty, inequality, and mountains of debt. Social programmes, health, and education were sacrificed to IMF and World Bank structural adjustment conditions in exchange for loans. "Economism" had become the prevailing ideology.

But by the 1970s people began to rebel against the global bankers and their harsh social prescriptions for more GNP growth, often to service debts. Citizens movements for social justice, better education, health, and nutrition joined environmentalists in demanding that GNP be overhauled to correct for the social and environmental harm that such short-term economic thinking had caused.

Certain courageous economists broke rank and joined other scientists in offering new indicators which took into account such costs of GNP growth. Up until now, debate of these issues has been behind closed doors, in government offices or academia.

In 1990, the pioneering United Nations Development Programme released its first Human Development Index (HDI) which factored in literacy rates, infant mortality, poverty, and soon added some environmental data.

At the 1992 Earth Summit in Brazil, thousands of peoples organisations found that overhauling the GNP measuring system was a key part of many of their agenda. Whether they were for sustainable development, indigenous or women's rights, biodiversity, consumer or environmental protection, more rural and local employment, they all agreed on the need for new national accounts.

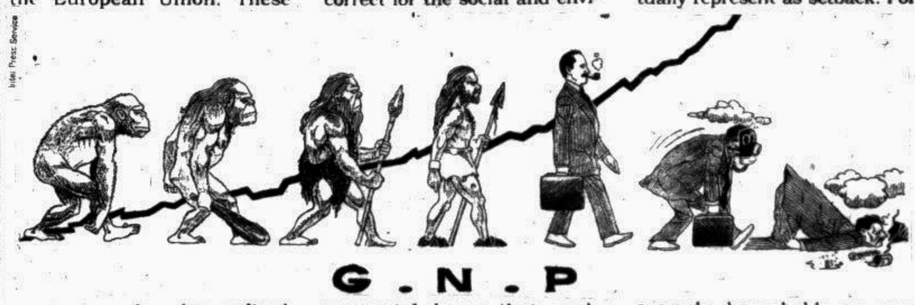
A consensus emerged that GDP was steering their societies further toward environmental losses, jobless growth, social inequality, unsustainable exports, and more indebtedness to a global financial system that was increasingly out of control.

The Agenda 21 Declaration, signed at the Earth Summit by over 170 countries, at last called on all governments to come up with a new SNA to measure environmental gains and losses as well as unpaid work in the burgeoning "informal" economic sectors.

In many countries, subsistence farming, volunteering, household business, construction, barter, parenting, housework, and caring for the old and sick are the hidden 50 per cent (and often much more) of the national product.

The recent launching of the new SNA is a victory for civil organisations, grass roots groups, and people everywhere. But the battle is not yet won.

Some parts of the SNA actually represent as setback. For example, households are now included, but the emphasis is on quantifying their "consumption" of non-market services" government subsidized education, health etc.



The SNA still ignores accounting for households' unpaid production. These vital goods and services produced by households save taxpayers millions in government social programmes. Citizens groups must remain vigilant to ensure that the new SNAs truly steer all countries toward genuine human security and sustainable development.

(The writer is a specialist in sustainable development policy.)