

POVERTY REDUCTION IN BANGLADESH

An agenda that cannot wait

PRAFUL PATEL

BANGLADESH is currently going through a political transition. The main issues being debated are the timing of the next elections, the reform of the political establishment and the anti-corruption drive. So why write an op-ed on poverty at this point in time? The reason is that I believe the current situation should not take away the focus from improving the lives of the poor in Bangladesh. The caretaker government is in a unique position to institute reforms and focus public policy in a manner that has a long-lasting impact on poverty. This window of opportunity to accelerate the development agenda may not arise again.

Bangladesh's progress in reducing poverty is nothing short of remarkable. Once described as a "basket case" by Henry Kissinger, periodically subject to floods and governance problems, this same country now has one of the fastest rates of poverty reduction in South Asia. In 1991, 57 percent of Bangladesh's population was living below the poverty line. By 2000 this number came down to 49 percent. Over the period 2000 to 2005, the poverty rate further declined to 40 percent with around six million people lifted out of poverty. If this progress continues, Bangladesh will meet the Millennium Development Goal (MDG) of halving the poverty rate by 2015.

This sharp reduction in poverty in Bangladesh during recent years is also mirrored by substantial improvements in living conditions that include quality of housing, asset levels, and access to sanitation facilities, electricity and communications. For instance, the proportion of households living

under a straw roof – a highly sensitive indicator of extreme poverty – fell from 18 per cent of the population in 2000 to 7 per cent in 2005.

One reason poverty has declined rapidly is that inequality has changed little over the past decade in Bangladesh. The most commonly used measure of consumption inequality, the Gini coefficient, increased marginally from 0.30 to 0.31 between 1995 and 2005.

Consumption growth for the poorest and richest ten percent of the population was the same (14%) between 2000 and 2005. Hence growth has been broadly egalitarian in Bangladesh and has therefore made a real dent on poverty.

Amidst these positive findings, it is important to stress that the pace of poverty reduction in Bangladesh is still much slower than in the fast-growing East Asian countries, like China, Thailand and Vietnam. The poverty rate in Vietnam fell from 58 per cent in 1992 to 20 per cent in 2005. In other words, although the proportion of poor in Vietnam was similar to that in Bangladesh in the early nineties, it is now around half that in Bangladesh. The main reason is that Vietnam's annual growth was on average 2.5 percentage points higher than Bangladesh's during this period.

Key to Vietnam's success are the infrastructure investments that have created three 'growth poles' within the country, the government's focus on boosting exports and the decentralization process that has improved public sector performance. The rate by which growth is 'converted' into poverty reduction (what economists call 'elasticity') is similar in both countries. If Bangladesh can now raise GDP growth to a sustained 7.8 per cent rate, it will be able to match the pace of poverty reduction seen in the likes of Vietnam and China.

While the overall progress in reducing poverty in Bangladesh is impressive, there are major differences between the eastern and western parts of the country. Dhaka, Chittagong and Sylhet divisions, all in the eastern part of the country, have had the most significant reductions in poverty; in contrast to Barisal, Khulna and Rajshahi divisions, in the western part of the country. Regional differences were thus quite sharp in 2005 – the poverty headcount ranged from a low of 32 percent in Dhaka and 34 percent in Chittagong and Sylhet to over 50 percent in Barisal and Rajshahi. In fact, Dhaka and Chittagong, with just over half the country's population, contributed as much as 79

percent of the aggregate reduction in poverty headcount between 2000 and 2005.

The reasons for these patterns are varied. International remittances are concentrated in Chittagong (24 percent of households received remittances in 2005) and Sylhet divisions (16 percent). In contrast, less than five percent of households in Rajshahi, Khulna and Barisal received remittances from abroad. Sub-districts with more rapid expansion of microfinance coverage also experienced a higher rate of poverty reduction. Another important factor is connectivity. Lower travel time to the nearest town, as well as to Dhaka, explains some of the regional differences in poverty. The reduction in poverty in Bangladesh has also been helped by a fall in household size between 2000 and 2005. This pattern is broadly consistent with the decline in fertility up to the mid-1990s – although one should note that there has been a tapering off in recent years. Finally it is evident that the rewards for the sharp increase in female secondary schooling are now paying off, as women are now shifting towards occupations that generate higher income, lifting their families and themselves out of poverty.

While significant progress has

been made, the government, NGOs and development partners cannot afford to lose sight of the 56 million people who remain below the poverty line and whom we need to collectively fight for, so that they can overcome the daily struggles that they face. Given this context, let me return to the policy directions that this caretaker government can initiate or accelerate.

First, the comparison with East Asia highlights the fact that even greater poverty gains are possible if the obstacles to higher economic growth (e.g. power supply shortages, an inefficient port, unskilled labour) are removed. The sharp improvement in Chittagong Port efficiency in the past few months, if sustained, is an important step towards a higher growth path and clearly shows what the caretaker government is capable of. Second, the regional disparities highlighted above may progressively become worse given the possible dire consequences of global climate change on Bangladesh. Some of the existing pockets of poverty (e.g. southwest parts of the country) are highly vulnerable to rising sea levels. Hence, there is a real urgency to act now to improve infrastructure facilities, create

diverse employment opportunities and expand insurance programmes in lagging areas.

Third, Bangladesh's innovations in the social sectors are clearly paying off. It is essential to maintain the focus on reducing fertility even further as well as improving the quality of education so that Bangladesh can take advantage of higher-skill employment opportunities such as in the Information Technology sector. Fourth, inasmuch as micro-credit

and remittances have played an important role in this pro-poor growth process, an enabling macro-economic and regulatory environment for micro-credit is essential as is the development of greater investment options to increase the incentives to remit money from abroad.

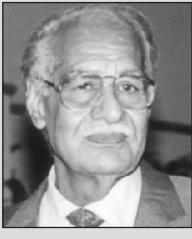
Not all these actions can happen at once. Some will require sustained policy commitment over a long period. Yet even during this political transi-

tion, the caretaker government is in a position to accelerate and initiate actions that can push Bangladesh onto a higher growth trajectory, reduce regional inequalities and contribute to ending poverty within a generation. This development agenda, and millions of poor citizens, cannot wait.

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Ayub's obiter dicta



KULDIP NAYAR
writes from New Delhi

BETWEEN THE LINES

Ayub also did not appreciate the volcano rumbling in East Pakistan. Instead, he had contempt for its people and all those who wanted to rule themselves. This is what he wrote on August 14, a few months before Bangladesh liberated itself. "Today is the 27th anniversary of Pakistan. Normally it should be a day of rejoicing but I wonder how many people feel that way. The idea that had brought Pakistan into being can never lose validity, but its spirit has lost attraction, certainly for the generation below the age of 30 who form the bulk of the population..."

himself into a stupor and led a very loose life."

Ayub's noting in his Diaries is like obiter dicta. He makes pronouncements, off the cuff, without realising the effect they could have. He has preconceived notions, and interprets events and situations accordingly. In fact, this has been the problem with military dictators all over the world. They have a simplistic and naïve approach to politics. For them, there are no shades, there is only black and white, friend or foe. The manner in which Ayub presents his views as policy statements leaves you cold. He was the man who guided the destiny of Pakistan for almost a decade. Some

in his country still remember him as the ruler who gave them stability.

Writing on India on September 8, 1967, Ayub says, "the real trouble is that India has no ideology (curious), this is exactly what I told Nehru when he came to Pakistan in 1962, to act as a force for integration and cohesion. Gandhi's philosophy of non-violence was supplemented by Nehru's secularism and non-alignment. Both have met their doom because how can Hindu society be turned secular and non-belligerent? It is, in any case, in a shambles because of changed world circumstances. It is now an empty slogan with no relevance to realities."

The Pakistan High Commissioner in Delhi at that time was equally out of his depth when it came to analysing the Indian political scene. He says in a dispatch which Ayub quotes: "The rightists and Hindu bigots, all parties, are getting together. Chances are that they will throw out Indira (Mrs Indira Gandhi) and put a man like (Y.B.) Chavan in her place. The anti-Pakistan and anti-Muslim feelings will grow. They will seek to undo Pakistan and settle Kashmir by military means. So, security problems will assume much more serious dimensions as turmoil and instability increases in India, and bigoted and narrow-minded Hindus

assume power." Ayub quotes in his support one Dr Berg, the head of a German TV organisation, as saying: "Nehru is largely to blame for India's misfortune. He ruled India as a private property, history will never forgive him for not coming to terms with Pakistan and even China. Any chance for revival of India is out of the question."

Perhaps, these kinds of analyses

have been the bane of Pakistan's jaundiced policy on India.

Islamabad would depend on some

nit-wit, and the clueless high commission which collected yarns and passed them on as the thinking in the country. That is why Islamabad

lived in a make-believe world as far as

India was concerned, and seldom differentiated between the facts and the bazaar gossip. I believe there is a better appreciation of the situation in India now than before. In fact, it has been so for the past few years. A democratic society may look chaotic and disorderly and, for that matter, every democratic polity is so in a way. What holds it together is its indiscipline and its disdain for the do's and don'ts the nation is supposed to observe. Institutions are the backbone of a democratic structure, not a set of rules or stern warnings.

Ayub believed that India would fall apart. The same view was aired by his son Gohar Ayub as far back as 1984, when I met him at Abbottabad nearly 18 years after his father's foreboding. Gohar said that Pakistan was waiting for India to disintegrate into six parts before holding any serious talks with it. The basic unity of India remains intact. A country like Pakistan, which has been ruled by the military for more than 45 years, has developed a different kind of ethos. It does not mean that people have ceased to believe in democracy. It means that they have become reconciled to a situation which they believe they cannot change. It is an

act of resignation, not renunciation. That is the reason you see at times a glimpse of the fire burning within people's heart. The lawyers' movement over the suspension of Chief Justice Iftekhar Chaudhary indicates that unquenchable spirit. Man, however long he remains shackled, asserts his self in one way or the other.

India itself lost democracy for nearly two years, from 1975 to 1977, when the emergency was imposed. Dissent was smothered, the press gagged and arbitrary arrests were made in thousands. A nation accustomed to free, democratic living was initially in a state of shock, unable to realise the direction and implications of actions by the government and its functionaries. The rulers did not assess the people's anger. When it came to assertion, even Mrs Gandhi, the architect of the emergency, was defeated at the polls.

Ayub also did not appreciate the volcano rumbling in East Pakistan. Instead, he had contempt for its people and all those who wanted to rule themselves. This is what he wrote on August 14, a few months before Bangladesh liberated itself. "Today is the 27th anniversary of Pakistan. Normally it should be a day of rejoicing but I wonder how many people feel that way. The idea that had brought Pakistan into being can never lose validity, but its spirit has lost attraction, certainly for the generation below the age of 30 who form the bulk of the population..."

ayudh's panacea, like that of any dictator, was the use of force. He said: "The only binding force left is the army. It has the formidable task of holding the country together and meeting the threat of Indian aggression, which is getting ever louder and provocative."

No wonder, President General Pervez Musharraf believes that he is providing cohesion and order to Pakistan, as he goes on justifying the parallel rally against the lawyers and their supporters in Karachi the other day. Certain things are simply not defendable.

Kuldip Nayar is an eminent Indian columnist.

Development at grassroots: UP coordination

DR. MUHAMMAD SOLAIMAN

SUSTAINABLE rural development programmes at the grassroots level have all the time felt the need for well structured institutional base. The institution is to organise the people; mobilise resources; ensure participation of people, accountability and transparency; formulate plans; coordinate and implement development activities. Of the institutions, local government gets overriding importance as various studies indicated that the leading role of local government institutions in implementing rural development projects brought better results in the improvement of the household economy in the rural areas. Nation building departments (NBDs) were tagged with the tiered tiers of local government for developing partnership between the people and the government. NBDs are to provide technical support to the local government institutions, orient and train people on new technology and channel inputs and resources of government to the people through local government institutions.

The region that constitutes Bangladesh has experienced introduction of various institutions and development programmes since the Chowdary Panchayat Act of 1870 passed by the British colonialists. The Act of 1885 gave a clear shape to the local government tier at present Union Parishad (Council) consisting of around 20 villages. In the subsequent orders, ordinances and Acts the Parishad has been given multifarious functions to perform including law and order, physical infrastructure development, agriculture, education, health, sanitation, family planning, etc. In order to perform these functions resources like grants, taxation power and other avenues of resource generation were allowed

to it. Along with local government institutions cooperative as a village based organisation was introduced by the British in 1904 for delivery of credit to the people for production, income and employment generation activities at the household level.

In Bangladesh various NBDs posted officers and staff at the Upazila level as it was considered as the focal point for development administration, planning, training and provision of services and supplies. Similarly, as many as 11 Departments posted staff around Union Parishads had to facilitate delivery of services at the doorstep of the rural communities and to work as extension agents under the guidance and supervision of the Upazila level officers. Since the seventies of the last century non-government organizations (NGOs) came in the scene with their approach of organising small target group households including the women for micro credit delivery with the prime objective of alleviating poverty. With the privatisation programme initiated by the government since the eighties of the last century under the structural reorganisation programme the private sector agencies also emerged for delivery of inputs to the people. Service delivery at the village community level by the NBDs, NGOs and the private sector experienced duplication of efforts, by passing of some community people, crisis of supply, lack of planning and coordination of such activities. Above all, these efforts lacked good governance, accountability and transparency.

The UP with its long history of 125 years of elected local council and being closest to the rural communities faced the situation of missing link between the people and the grassroots and the service delivery at the far away Upazila level. To overcome the situation and to strengthen its capacity as a participatory planning and monitoring, performance based

funding, open budget preparation through consultation with the community in their presence, women empowerment, participatory performance assessment of UP, transparency and accountability are stressed in the project.

The Participatory Rural Development Project (PRDP) being pilot tested at 16 Unions by the Bangladesh Rural Development Board (BRDB) with technical assistance from the Japan International Cooperation Agency (JICA) emphasises Union Parishad as a focal administrative unit for rural development, but the NBD staff posted around the UP did not have any linkage and coordination with the UP. Community people, in the absence of a structured mechanism were confused as to where and whom to approach for services. Service providers were also not finding out an appropriate outlet or window to provide services to the people at the grassroots level.

PRDP aims at promoting Link Model, a coherent framework to link villages with the local government institutions (UP) and service departments to incorporate the needs of the villagers in the development process. It thus promotes coordination among the local government council, NBDs and NGOs and links these services to villagers thus making a synergy relation between service providers and service recipients. It initiates micro-infrastructure projects with compulsory 20 percent local contribution

technical support from JICA. It follows PRDP formula and slightly deviates in respect of formation of Ward Development Committee (WDC) with Ward UP member, Gram Sarkar Members, selected members from the Ward and representatives of women members from the two women forums (WF) formed by it in each Ward. Unlike PRDP it has no organisation at the village level like VC. It emphasises Union Development Coordination Committee (UDCC) at the Union and WDC at the Ward level, service delivery and training of the villagers by the NBD staff through village visits and reporting of the activities at the Union Development Coordination Committee Meeting (UDCCM).

UDCC lays stress on

NBD staff, as the one stop service centre and hub of activities of the WDCs, NBDs and NGOs under the coordination of Union Parishad. NBD staff visit villages for awareness development, information dissemination to the villagers through discussion and training. WDC and WF arranges such discussion and training sessions. One Union Coordination Officer (UCO) deputed by LGED works as the facilitator of UDCCM. UDCC emphasises micro-infrastructure development by the WDC. As a condition the community is to pay hundred percent of the Union

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ties for production, employment and income generation in both farm and non-farm sector and above all for poverty reduction cannot be denied in any way. In that case UP has to have some linkage with village level organisations. Along with infrastructure plan UP should also make plan for economic development of the whole Union. Road infrastructure in the rural areas pays for undertaking income earning activities including production. Should we not give equal attention to small scale drainage, embankment and irrigation channel projects, bringing the cultivable land under direct fold of the farmers so that they can grow any crop any time they desire towards providing direct benefit to production and for maintenance of environment?

UPs could make five-year drainage, small scale embankment, irrigation and road plans under the Rural Works Programme and implemented the same in the sixties with support from one sub-assistant engineer at the Upazila. With the present necessity and future perspective UP is to have a wider view beyond road, school furniture and sanitation issues. This is not an imposition but a process of developing the awareness regarding the future priorities and development potentials.

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